

Lesson 15

Methods of Sales Promotion - II

Methods of Sales Promotion:

- b) Trade Promotions or Middlemen's promotion
- c) Sales Force Promotions

OBJECTIVES

After studying this lesson, you would be able to understand-

- Trade Promotional Devices
- Sales Force Promotional Devices

(B) TRADE OR MIDDLEMEN OR DEALERS' PROMOTION

When products are sold through middlemen (wholesalers and retailers or both), certain incentives are offered to those middlemen so that they may store the company's product in large quantity. Such promotions or incentives are:

1-Buying Allowance or Discount:-A discount on purchases is offered to the dealers to induce them to purchase company's products. Such discount may be either deducted on invoice price or on cash paid. Such allowance or discount may be given at a fixed percentage of total purchases during a fixed period of time. It increases the profit of the dealer and sales to manufacturer.

2-Buy-back Allowance:- This method of promotion is practiced to prevent a post deal sales decline. Under this method, the manufacturer offers a certain amount of money for additional new purchases based on the quantity of purchases made on the first trade deal.

3-Store Demonstration:-Demonstration for company's product are arrange in the premises of wholesalers and retailers. These demonstrations are arranged by the producer's sales force. For store demonstrations dealers are paid. It is good mode of

advertising company's product especially new product. Good demonstrations will attract new customers. Customers may ask questions from the demonstrators to clear their doubts. Demonstrations can explain peculiarities of the product to the prospecting consumers.

4-Display and advertising Allowance:- In this method, dealers display the company's product and they are paid advertising allowance by the company. The advertising allowance is paid on the basis of space provided to display the manufacturer's product in the shop. In this way company shares its advertising budget with the dealers.

5-Advertising Materials:- Certain companies provide advertising materials such as store signs; sign boards etc. retaliate with the dealer's name for advertising purposes. Other free goods like calendars, diaries and other publicity materials with dealer's name and address are also provided. This type of promotion performs the twin functions of consumer education and convincing of retailers in the need for cooperation in the promotion.

6-Special Contests:- This is an indirect way of promoting sales. It is to stimulate and motivate distributors, dealers, and their sales staff and arranged by the manufacturer. Such contests may take the form of window display, internal store displays etc. or sales volume contests. Cash prizes are offered to those who win the contest or make the highest sales during a fixed period of time. This certainly involves financial commitments. In view of the winning chances, sellers participate in the contests

7-Dealer Premium:- The dealer is offered a gift at the time of every purchase if the dealer purchases over a fixed quantity of the product. Such gifts are sometimes encashed at a fixed price.

(C) SALES FORCE PROMOTION

Personal selling by far is the most important method of sales promotion. To make it highly effective, sales force promotion schemes are felt necessary. The tools for sales force promotion are:

1-Bonus to Sales Force:-A sale quota is fixed for each salesman during a fixed stated period on company's terms. Bonus is allowed to salesmen on sales in excess of the quota fixed.

2-Sales Force Contest:-Sales force contests are announced by the company for the salesman. The top performer is offered cash prize in the form of cash or in some other forms (such as promoting a person showing good performance etc.

3-Sales Meeting, Conventions and Conferences:- These are conducted by the manufactures for the manufactures for the purpose of educating, inspiring and rewarding the salesmen. New products and new selling techniques are discussed in such meetings.

SELF CHECK QUESTIONS

1. What do you mean by Dealer Promotion? Explain the merits and limitations of Dealer Promotion.
2. Discuss in detail sales force promotion.
3. Describe the different tools of Dealer promotion and sales force promotion