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CHANGING DYNAMICS OF CONSUMER-ORIENTED SALES PROMOTION TECHNIQUES ON CUSTOMER PURCHASE

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ABSTRACT

Sales promotion act as a direct inducement, offering added value, or incentive for the product, to resellers, sales persons or consumers. Sales promotion is a specific item amongst your marketing instruments. Not to be confused with the positioning you choose within your marketing strategy. Sales promotion has always something temporary in it. You make special actions, special offers to push your sales over a certain period. If these actions lose their temporary character, they then become part of your marketing strategy. In this paper we present some examples of these actions and offers. We also consider the role of overhead publicity as a sales promotion tool. For those of you who are dealing with consumer goods, we emphasize the role of point of sales promotion. We recommend producers of industrial products or those who are in business-to-business not to use price as a sales promotion tool. Also, for the purpose of this paper we intend to collect the data of 45-50 salesmen and take their views on the above mentioned topic and analyze the same.

INTRODUCTION

Sales promotion is an important component of a company's marketing communication strategy along with advertising, public relations, and personal selling. At its core, sales promotion is a marketing activity that adds to the basic value proposition behind a product (i.e., getting more for less) for a limited time in order to stimulate consumer purchasing, selling effectiveness, or the effort of the sales force. As this definition indicates, sales promotion may be directed either at end consumers or at selling intermediaries such as retailers or sales crews.

Sales promotion stems from the premise that any brand or service has an established perceived price or value, the "regular" price or some other reference value. Sales promotion is believed to change this accepted price-value relationship by increasing the value and/or lowering the price. Familiar examples of consumer sales promotion tools include contests and sweepstakes, branded give-away merchandise, bonus-size packaging, limited-time discounts, rebates, coupons, free trials, demonstrations, and point-accumulation systems.

TECHNIQUES OF CONSUMER PROMOTIONS

Consumer sales promotions are steered toward the ultimate product users—typically individuals—especially shoppers in the local supermarket. Some of the same general techniques may be used to promote business-to business sales, although they tend to be implemented in different ways given the contrasts between the consumer and the corporate markets.

Price Deals

A consumer price deal saves the buyer money when a product is purchased. The price deal hopes to encourage trial use of a new product or line extension, to recruit new buyers for a mature product, or to reinforce existing customers' continuing their purchasing, increasing their purchases, accelerating their use, or purchasing of multiple units of an existing brand.

Price Discounts

Buyers learn about price discounts and cents-off deals either at the point of sale or through advertising. At the point of sale, price reductions may be posted on the package or signs near the product or in storefront windows. Ads that notify consumers of upcoming discounts include fliers, newspaper and television ads, and other media.

Price Pack Deals

A price pack deal may be either a bonus pack or a banded pack. When a bonus pack is offered, an extra amount of the product is free when the product is bought at the regular price. This technique is routinely used for cleaning products, food, and health and beauty aids to introduce a new or larger size.

Refunds and Rebates

A refund or rebate promotion is an offer by a marketer to return a certain amount of money when the product is purchased alone or in combination with other products. Refunds aim to increase the quantity or frequency of purchase, to encourage customers to load up.

Coupons

Coupons are legal certificates offered by manufacturers and retailers. They grant specified savings on selected products when presented for redemption at the point of purchase. Manufacturers sustain the cost of advertising and distributing their coupons, redeeming their face values, and paying retailers a handling fee.

Contests and Sweepstakes

Historically, a great deal of confusion about the terms contests and sweepstakes has existed. Simply, a contest requires the entrant, in order to be deemed a winner, to perform a task (for example, draw a picture, write a poem) that is then judged.

Special Events

Several good reasons explain why so many marketers have jumped on the special events bandwagon. First, events tend to attract a homogeneous audience very appreciative of the sponsors. Therefore, if a product fits with the event in terms of the expected stereotypical homogeneity of the audience, the impact of the sales promotion dollars will be quite high.

Premiums

A premium is tangible compensation, an incentive, given for rendering a particular deed, usually buying a product. The premium may be free, or, if not, the cost is well below the usual price. Getting a bonus amount of the product is a premium, as is receiving the prize in a cereal box, a free glass with a purchase of detergent, or a free atlas with a purchase of insurance.

Continuity Programs

Continuity programs retain brand users over a long period by offering on-going motivations; in this sense, long-term continuity programs differ somewhat from most other forms of sales promotions since they are relatively permanent.

Sampaling method

A sign of a successful marketer is getting the product into the hands of the consumer. Sometimes, particularly when a product is new or is not a market leader, an effective strategy involves giving a sample product to the consumer either free or for a small fee. The first rule is to use sampling only when a product can virtually sell itself.

TRADE PROMOTIONS

A trade sales promotion is pointed toward resellers who distribute products to ultimate consumers. The term "trade" traditionally refers to wholesalers and retailers who handle or distribute marketers' products. Other terms for wholesalers and retailers include "resellers" and "dealers." Commonly, a senior marketing officer or product manager is responsible for planning a trade promotion.

The objectives of sales promotions aimed at the trade are different from those directed to consumers. Trade sales promotions hope to accomplish four overall goals:

- Develop in-store merchandising support or other trade support. Strong retail support at the store level is the key to closing the loop between the customer and the sale.
- Control inventory. Sales promotions are used to increase or deplete inventory levels and to eliminate seasonal peaks and valleys.
- Expand or improve distribution. Sales promotions can open up new areas or classes.
- Motivate channel members. Sales promotions can generate excitement about the product among those responsible for selling it.

TYPES OF TRADE SALES PROMOTIONS

POP Displays

Manufacturers provide point-of-purchase (POP) display units free to retailers in order to promote a particular brand or group of products. The forms of POP displays include special racks, display cartons, banners, signs, price cards, and mechanical product dispensers. Probably the most effective way to ensure that a reseller will use a POP display is to design it to generate sales for the retailer. High product visibility is the basic goal of POP displays.

Sales Contests

For salespeople, sales contests can be an effective motivation. Typically, a prize is awarded to the organization or person who exceeds a quota by the largest percentage. For example, Cepacol Mouthwash offered supermarket managers cash prizes matched to the percentages by which they exceeded the sales quota, plus a vacation to Bermuda for the manager who achieved the highest percentage. Often such programs must be customized for particular reseller groups.

Trade Shows

Thousands of manufacturers display their wares and take orders at trade shows. In the United States companies were spending some $13 billion each year on trade shows as of the late 1990s. For many companies, maximum planning effort and much of the marketing budget are directed at the trade show. Success for an entire year may hinge on how well a company performs there. Trade shows provide unique opportunities. First, trade shows provide a major opportunity to write orders for products.

Sales Meetings

Related to trade shows but less elaborate are sales meetings sponsored by manufacturers or wholesalers. Whereas trade shows are open to potential customers, sales meetings are targeted to the company sales force and/or independent sales agents. These meetings are usually conducted regionally and directed by sales managers and their field force..

Push Money

An extra payment given to salespeople for meeting a specified sales goal is called push money; it is also known as spiffs or PM. For example, a manufacturer of refrigerators might pay a Rs.30 bonus for sales of model A, a Rs.25 bonus for model B, and a Rs.20 bonus for model C between March 1 and September 1. At the end of that period, the salesperson would send evidence of these sales to the manufacturer and receive a check in return.

Deal Loaders

A deal loader is a premium given by a manufacturer to a retailer for ordering a certain quantity of product. Two types of deal loaders are most typical. The first is a buying loader which typically is a gift given for making a specified order size. The second is a display loader which means the display is given to the retailer after the campaign...

Trade Deals

Money spent on trade deals is considerable. In many industries, trade deals are the primary expectation for retail support. There are two main types of trade deals: buying allowances and advertising/display allowances. A buying allowance is a bonus paid by a manufacturer to a reseller when a certain amount of product is purchased during a specific time.

HYPOTHESES

- Sales promotion techniques are distinct from most other forms of marketing in that they directly link the strategy and execution of a marketing campaign.
- Sales promotion geared toward creating an immediate boost in sales volume in response to a substantive offer in the promotion (discount, premium, etc.)
- Sales promotion is considered an efficient and effective vehicle for marketing communications.
- For consumers, sales promotion provides a direct and often rational motivation to purchase the product or service being promoted.

METHODOLOGY

The study is based on primary and secondary data. For primary data views of 45-50 salesmen will be taken by us for the analysis of sales promotion technique and their impact on customer purchase. The secondary data has been collected from various journals, articles and websites. The study covers the role of Sales promotion on customer purchase and its effectiveness in marketing strategy of different organization. Different techniques of sales promotion elaborated with their benefits. Study analysis of primary and secondary data collected for the same topic.

DATA ANALYSIS

- 50 % of the responders are agreed and 44 % are strongly agreed with the statement:sales promotion creates an immediate boost in sales volume.
- 58% of the responders said that sales promotion attract audience whereas 32% said that sales promotion acts as an advertisement.
- 76% of the responders agreed with the statement: Consumers accepted sales promotion as part of buying decision criteria.
- 46% of the responders are agreed and 46% is strongly agreed with the statement: New technology like on-line shopping/ e-commerce helps in increasing the sales volume.
- 86% of the responders said that sales promotion technique like Price Deals (E.g.: price discounts, coupons, refunds, etc.) helps them in convincing the customer to buy the product.
- 50% of the responders said that Primary objective of Trade Sales Promotion (*Trade Sales Promotion is pointed toward resellers who distribute products to ultimate consumers) is to expand and improve distribution whereas 34 % said that the primary objective of TSP is to motivate channel sales.
- 48% of the responders said that the best Trade Sales Promotion technique which increases sales volume isPOP displays (E.g. display of cartons, banners, signs, price cards, etc.) whereas 30 % said that the best technique is Sales Contest for salesman (E.g. Prize Reward, Incentives, Vacations, etc.)

FINDINGS

- For marketing communication, in sales promotions companies must be careful not to violate their brand image with the promotion.
- Sales promotion voluntarily plays a significant role in marketing communication and attract customer for purchase.
- Trade Sales promotion motivates channel members and can gen-

erate excitement about the product among those responsible for selling it.
- According to primary data collected from marketing people the best Trade Sales Promotion technique is POP displays (E.g. display of cartons, banners, signs, price cards, etc.).
- With the help of collected primary data we came to know that good number of consumers accepted sales promotion as part of buying decision criteria.
- Marketing managers suggested that sales should be on factors of differentiation rather than based completely on price wars and factors should be presentable to consumer to justify product price.

CONCLUSIONS

Sales promotion techniques are distinct from most other forms of marketing in that they directly link the strategy and execution of a marketing campaign. They are geared toward creating an immediate boost in sales volume in response to a substantive offer in the promotion (discount, premium, etc.). As opposed to advertising to build brand image or name recognition, sales promotion is nearly always tied directly to the act of buying the product or service in question. As such, sales promotion is considered an efficient and effective vehicle for marketing communications. For consumers, sales promotion provides a direct and often rational motivation to purchase the product or service being promoted.

Given the many forms sales promotions may take, marketers must plan carefully which approach is best for their intended audience and the intended result of the campaign. In some cases this will be guided by precedence in particular industries; for example, soft-drink makers tend to rely on sweepstakes and continuity programs (often fostering accumulation in order to obtain merchandise) rather than bonus sizing or free samples. In this case, odd-sized beverage containers may present logistical troubles, and for established soft drinks, presumably most potential customers already know how they taste..

A classic example is with luxury or status products. In these categories discounting and even sweepstakes may send mixed messages to customers, as the assumption is usually that being able and willing to pay the full price is an intrinsic component of buying a status product. If the company violates its luxury brand by "cheapening" it (symbolically or economically), the promotion may alienate the established client base. Instead, the luxury marketer may wish to offer as a premium another luxury item or establish a continuity program.

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