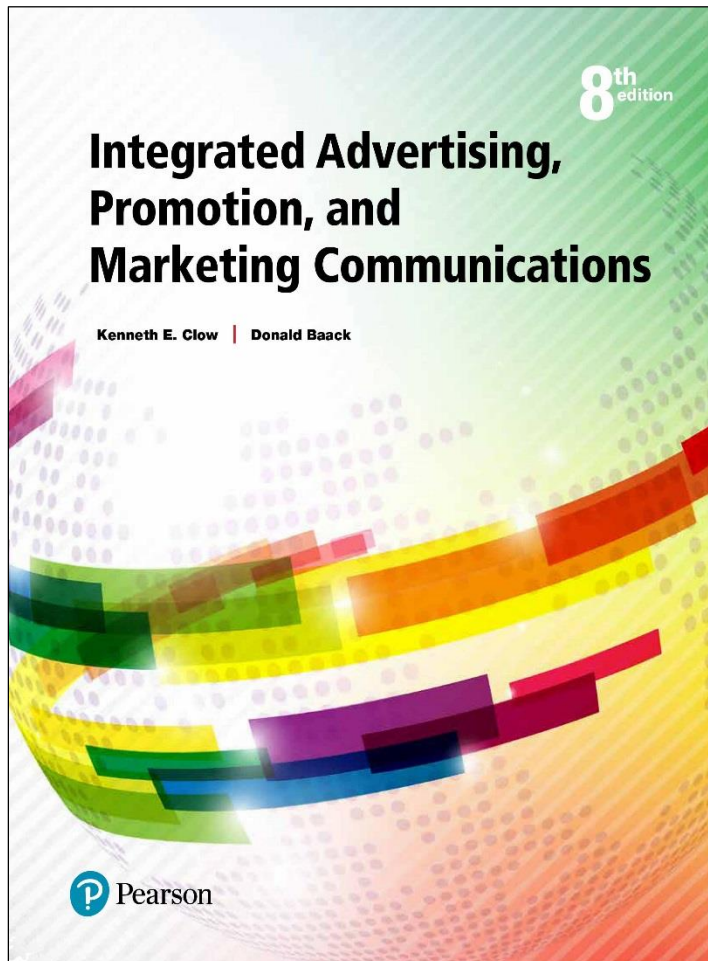


Integrated Advertising, Promotion, and Marketing Communications

Eighth Edition



Chapter 12

Sales Promotions

Chapter Objectives

1. How can the various forms of consumer promotions help to pull consumers into the stores and push products onto the store shelves?
2. How do different types of customers respond to consumer promotions?
3. What types of trade promotions can help push products onto retailers' shelves and eventually to end users?
4. What concerns exist for manufacturers considering trade promotions programs?
5. What issues complicate international sales promotions programs?



Chapter Overview

- Consumer promotions
 - Individuals/businesses that use product
- Trade promotions
 - Directed to channel members
- Possible erosion of brand equity
- Can differentiate a brand
- Use varies – product life cycle

Types of Consumer Promotions

- Coupons
- Premiums
- Contests and sweepstakes
- Refunds and rebates
- Sampling
- Bonus packs
- Price-offs





Coupons

\$500 billion per year

2.8 billion redeemed per year (0.85%)

Average value was \$1.94

Savings of \$4.9 billion

Coupons used by 72% of households



Coupon Distribution

Manufacturers issue about 80%

Free-standing inserts – 90%

Free-standing and print most popular

- Consumer makes conscious effort to clip
- Create brand awareness
- Encourage purchase next trip to store

Digital coupons growing in popularity

- Users more affluent, better educated

GIVE BREAKFAST A WAKE-UP CALL

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- A large burrito filled with meat, eggs, and guacamole, served on a white plate with kiwi and tomatoes. A green badge in the bottom right corner reads "MAKE THE SWITCH" and "Jenny O".

xi Burtin and other great recipes at JennifOconnorhedges.com.



Find more resources at www.SocialTutorials.com



Coupons for brands sold at Boyer's.

\$5.97  Green Mountain, Newman's Own, Cafe Escapes, Tully's, Caribou Coffee or Swiss Miss Hot Cocoa K-Cup Packs 3.9-8.35 oz LIMIT 1 COUPON PER HOUSEHOLD <small>Excludes good at Boyer's Food Markets only. Good thru 12/15/14. PLS SEE</small>	\$3.97  Stouffers Mac 'n Cheese 40 oz LIMIT 1 COUPON PER HOUSEHOLD <small>Excludes good at Boyer's Food Markets only. Good thru 12/15/14. PLS SEE</small>	\$1.77  Pillsbury Toaster Strudels 11.5 oz LIMIT 1 COUPON PER HOUSEHOLD <small>Excludes good at Boyer's Food Markets only. Good thru 12/15/14. PLS SEE</small>	77¢  Turkey Hill Teas & Drinks 64 oz LIMIT 1 COUPON PER HOUSEHOLD <small>Excludes good at Boyer's Food Markets only. Good thru 12/15/14. PLS SEE</small>	\$1.97  Fresh Baked 12 ct Cookies Chocolate Chip, Oatmeal Raisin, Sugar, Peanut Butter LIMIT 1 COUPON PER HOUSEHOLD <small>Excludes good at Boyer's Food Markets only. Good thru 12/15/14. PLS SEE</small>	FREE  Bananas 1 lb LIMIT 1 COUPON PER HOUSEHOLD <small>Excludes good at Boyer's Food Markets only. Good thru 12/15/14. PLS SEE</small>	\$3.97  Steak-umm 21 oz LIMIT 1 COUPON PER HOUSEHOLD <small>Excludes good at Boyer's Food Markets only. Good thru 12/15/14. PLS SEE</small>
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SAVE ON GROCERIES!



SHOP FAST SAVE MONEY



YOU DO THE MATH

You'll **SAVE \$42.71**
On Your Total Shopping Trip!



GO TO BOYERSFOOD.COM/RPMATH TO SEE THE DETAILS.

Look for the Tags
Over 6,000 Items On Sale Every Day!

Red Shirt Service!
Our Red Shirt Service motto is more than just a saying - it's a pledge. If you need help finding a product a Boyer's employee will walk you to the product and help you find it quickly.



SAVE MORE IN-STORE!

Get Your Favorite Of The Month Items For A Week!

Pick 5 Meats

Steak • Chicken • Pork • Crab Cakes & Much More!

Also Check Out Our Pick 4 Deli Only \$10!

YOUR CHOICE MIX & MATCH! ONLY \$19.99!

AMERICAN GREETINGS GREETING CARDS

ON SALE EVERY DAY! GET 2 FOR THE PRICE OF 1!

BUY 1 Get 1 FREE! EVERY DAY!

\$6 for 1 Greeting Card??? NOT AT BOYER'S!

Exclusively At Boyer's

FREEZER BUNDLES
20 lbs of Meat For Just \$49!
6 Different Bundles To Choose From Everyday!
Order Online at BoyersFood.com

BOYER'S HAS 17 LOCATIONS IN 7 COUNTIES TO SERVE YOU!
FIND OUR LOCATIONS, RECIPES & BUILD YOUR SHOPPING LIST AT
www.BoyersFood.com



Types of Coupons

Instant-redemption

- Lead to trial purchases

Bounce-back

- Encourages repeat purchases

Scanner-delivered

- Encourages brand switching

Cross-ruffing

Disadvantages of Coupons

Reduced revenues

80% used by brand preference consumers

Necessary evil

Types of Premiums

- Free-in-the-mail
- In- or on-package
- Store or manufacturer
- Self-liquidating

FREE SMALL TOTS*
with the purchase of any SONIC
Premium Beef Hot Dog**



EXPIRATION DATE:
8/10/2012

SONIC

* Excludes Sweet Potato Tots.
** At regular price. Limit one with coupon. Not good with combos or other offers. No cash value.
Only at participating SONIC® Drive-Ins. No copies. SONIC®'s WHOLLY GUACAMOLE® Dog
shown above.™ & ©2012 America's Drive-In Brand Properties LLC

Keys to Successful Premium Programs

Match the premium to the target market

Carefully select the premium

- Avoid fads, try for exclusivity

Premium reinforces the firm's product and image

Integrate the premium with other IMC tools

- Especially advertising and POP displays

Don't expect premiums to increase short-term profits

Contests and Sweepstakes (1 of 3)

- **Contests**
 - Require activity, skill
 - Can require purchase to enter
 - Some states illegal
- **Sweepstakes – random chance**
 - Must publish odds of winning
 - Cannot require purchase
 - Can enter as many times as desired

Contests and Sweepstakes (2 of 3)

- **Perceived Value**
 - Consumers selective
 - Perceived value important
 - **Extrinsic value** – attractiveness of prize
 - **Intrinsic value** – fun, skill
 - Small, incremental rewards
 - Scratch-and-win tickets

Refunds and Rebates

Refunds – soft goods

Rebates – hard goods

Hassle to redeem

Now expected by consumers

Redemption rates

- 30% overall
- 65% for rebates over \$50

Sampling

- Delivery of free good or service
- Business-to-business samples to prospects
- Service sampling
- Consumer survey
 - 33% who tried a sample made purchase during shopping trip
 - 58% would buy product again
 - 25% bought sample instead of intended brand



Methods of Distributing Samples

In-store distribution

Direct sampling

Response sampling

Cross-ruff sampling

Media sampling

Professional sampling

Selective sampling

Benefits of Sampling

- Introduce new products
- Generate interest
- Generate leads
- Collect information
- Internet sampling
- Boost sales





Successful Sampling Programs

- Central part of IMC plan
- Encourage trial purchases
- Most effective for
 - New products
 - New versions of current products
 - Current products to new markets
- Target right audience at right venue
- Mass sampling not cost effective

Bonus Packs

- Extra product in special package
- Typical bonus
 - 20% to 100% percent
- Most common
 - 30% bonus

The Home Of Pennsylvania's
BEST MEAT DEPARTMENT
Is Now In Carlisle!



Why don't other grocery stores offer full service meat departments for their customers? We don't know – but it's good for us!!

WHY KARNS MEATS???

Our Meat Is Fresher! – Many stores do the packaging somewhere else and then ship it to the stores – at Karns we do the cutting here – saving a step, which means your meats are fresher when you buy them!

Save Money – Need three pork chops instead of four – not a problem at Karns!

Save Even More – Our meat prices routinely beat other grocery store prices – check for yourself – you'll see the difference!!!

We Can Help – Have a question on how to prepare something? Our butchers can answer those questions so your meal turns out great.

PLUS CHECK OUT ALL OF THESE GREAT FEATURES!

Karns Heavenly Sausage!

Fresh Seafood Arrives Daily!

Oven Ready Entrees!

And more – you've heard the stores about how great Karns Meat Department is – now try it for yourself!



Karns is more than just great meats!

AT KARNS YOU'LL GET GREAT PRICES ALL OVER THE STORE!

Look for Max – When you see Max Saver – you know you're getting a great deal. There are over 3000 items on sale every day at Karns!



Save More with Essential Everyday – Great Products to save you money!!!

Karns Bakery – We love our Whoopie Pies and you will too. Plus you'll find a great selection of made from scratch pies, cakes and desserts!



Karns Deli – This is the home of Karns Famous Fried Chicken. It's a Harrisburg tradition – taste it and you'll know why! Plus choose from a great selection of our own Salads and custom ordered deli meats.

Milk Prices! We sell Swiss Premium milk gallons and half gallons at the lowest prices allowed by law EVERY DAY!



SAVE WITH THESE GREAT COUPONS!

Week 1 May 28 - June 3

FREE Essential Everyday Eggs

With \$15 Purchase – 1 Dozen Large

Coupon good at Karns Foods only. Limit one coupon per shopping visit. Must be combined with any other store coupons. Coupon valid 5/28/13 to 6/3/13. **PLU 193**

\$3 OFF Your \$30 Purchase

Coupon good at Karns Foods only. Limit one coupon per shopping visit. Excludes the price of milk, tobacco, lottery, gift cards, dry cleaning and bill payments. Coupon valid 5/28/13 to 6/3/13. **PLU 306**

Week 2 June 4 - June 10

FREE Swiss Premium Tea/Lemonade

With \$15 Purchase – **MAX 1 CAN**

Coupon good at Karns Foods only. Limit one coupon per shopping visit. Must be combined with any other store coupons. Coupon valid 6/4/13 to 6/10/13. **PLU 193**

\$3 OFF Your \$30 Purchase

Coupon good at Karns Foods only. Limit one coupon per shopping visit. Excludes the price of milk, tobacco, lottery, gift cards, dry cleaning and bill payments. Coupon valid 6/4/13 to 6/10/13. **PLU 306**

Week 3 June 11 - June 17

FREE Pillsbury Cake Mix

With \$15 Purchase – **15.25 oz**

Coupon good at Karns Foods only. Limit one coupon per shopping visit. Must be combined with any other store coupons. Coupon valid 6/11/13 to 6/17/13. **PLU 306**

\$3 OFF Your \$30 Purchase

Coupon good at Karns Foods only. Limit one coupon per shopping visit. Excludes the price of milk, tobacco, lottery, gift cards, dry cleaning and bill payments. Coupon valid 6/11/13 to 6/17/13. **PLU 306**

Week 4 June 18 - June 24

FREE All Meat Franks

With \$15 Purchase – **Kunzler 1lb Red Pack**

Coupon good at Karns Foods only. Limit one coupon per shopping visit. Must be combined with any other store coupons. Coupon valid 6/18/13 to 6/24/13. **PLU 193**

\$3 OFF Your \$30 Purchase

Coupon good at Karns Foods only. Limit one coupon per shopping visit. Excludes the price of milk, tobacco, lottery, gift cards, dry cleaning and bill payments. Coupon valid 6/18/13 to 6/24/13. **PLU 307**

Bonus Pack Objectives

- Increase usage of a product
- Match or preempt competition
- Stockpile the product
- Develop customer loyalty
- Attract new users
- Encourage brand switching

Price-Offs

Temporary price reduction

Boyer's 

LENTON SEAFOOD SALE!

Freshly Cut Cod or Flounder Fillets	 	\$4.97_{lb}
Tilapia Fillets		\$3.97_{lb}
Mrs. B's Seafood Salad	 	\$4.97_{lb}

SEE THIS WEEK'S CIRCULAR FOR MORE SEAFOOD SAVINGS!

SHOP FAST & SAVE MONEY

Price-Offs

Benefits of price-offs

- Excellent for stimulating sales
- Entices trial purchases
- Lower financial risk
- Encourages brand switching
- Encourages stockpiling

Problems with price-offs

- Negative impact on profits
- Encourages greater price sensitivity
- Potential negative impact on brand image

Overlays and Tie-Ins

Overlay

- 2 or more promotions

Intra-company tie-in

- Products within a company

Inter-company tie-in

- Partnering with another company