Sales Promotion

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Abstract: While advertising aims to inform potential buyers about the company and its supply, sales promotion has as main goal to turn them into actual buyers through incentives, i.e. by activating some stimuli. More specifically, it is located between advertising and direct sales - because it is not addressed to a wide audience, as in the case of advertising, nor to a small group of people, such as direct sales – being an activity through which the buyers are given the product, to the distributors or sales agents a certain added value or a specific reward, in order to generate short-term sales growth [1]. Therefore, sales promotion should not be confused with promotion in general, it being but a part of the promotion actions. Usually, sales promotion marketing staff gives 50% more time than to advertising, some companies allocating even up to 25% of its total budget to promotion.

Keywords: promotion, publicity, buying, merchandising, sponsoring, games and contests.

Introduction

This kind of promotion is recommended (especially) for goods, having immediate effects, but limited in time (that is why it is used in combination with other forms of promotion).

Sales promotion relies on:
• communication - it captures consumer attention, giving information and guiding he/she to the concerned product;
• incentive - it provides some convenience (temptation), with a value for the consumer;
• invitation - it includes a clear suggestion to buy on the spot.

Means that this action is based on:
• own sales staff, prescribers and distributors, being known as type PHUS techniques, aiming at "pushing" goods to consumers;
• buyers, the used techniques being of the PULL type, stimulating thus the consumers' motivation to "pull" products from the shelves (to buy them) [2, p.193-195].

If the target is the sellers or intermediaries, the most appropriate used tools are:
• discounts;
• demonstrations and tastings;
• point of sale advertising;
• merchandising;
• sponsorship;
• samples and promotional gifts etc.

Forms of Promotion

Although all these incentives require greater financial efforts than for advertising, they can often be more effective than other forms of promotion.

a) Price reductions are the most common (and commonly used) form of sales promotion used by both manufacturers and retailers. They are signaled at the point of sale (through quite visible messages), or through the media. Offering consumers the possibility to spend less for the same amount of merchandise (or to buy more with the same amount of money) - and exploiting people's inclination to bargain - these relying on:
• strengthen customer loyalty and attract new buyers old (among people who requested not to be considered merchandise due to price too high for their income
• Increase the frequency of purchase of goods by the same customer;
• increasing the amount of goods purchased in a single act of buying;
• stimulating sales season;
• increasing the speed of rotation of stocks (or reduce them);
• weakening competition etc.

In all these ways there is, in fact, an attempt to not only stimulate immediate purchase, but sales growth (hence the name derives sales promotion).

If not definitive (which happens, unfortunately, rarely), price reductions have to be operated with great care, since the return to their original levels usually rise very negative reactions from the part of the buyers. Therefore, promoting sales through price reductions must be preceded (and accompanied) by advertising campaigns by means of which customers should become aware of their temporary nature. In addition, no matter how long they are valid, by means of the same advertising actions there must also be removed the suspicion that they would be accompanied by discounts on quality goods.

There are several ways to practice price decreases:
• the special offer, when they are very obvious, individual selling goods at a lower price limited time period;
• the grouped sales (in box), the following:
  • the homogeneous package, which contains only products of the same type (more razors, for example);
  • the assorted package consisting of different products (razor, cream and perfume men) - in both cases the overall price (each) being lower than the result of individual commodity prices adding that he contains;
• the savings realized by the buyer, being the first variant of price discount can also be shaped under a bonus package form, when to the usual amount of goods in the package there is added an additional amount of the same commodity (an offer of the type pay 2 and get 3 ), and the latter can be found in the form of package torque, when the ordinary commodity (shaving cream) is sold at the old price, but bundled with another product (the razor) it is provided free of charge.

A special form of price reduction is the refunding, which means that after purchasing the product at regular price, the buyer can recover a part of the amount paid.

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In all cases, in order to achieve the goal, price reductions should lead to an increase of income, caused by an increased demand of this type, greater than the loss of income which is also caused by them.

Given the fact that price discounts for bundled goods are not obvious (noticing them assuming a particular calculation from the part of the client), grouped sales may be considered as a special form of sales promotion.

However, you should not forget that, as some studies point out, currently, only one of 10 promotion campaigns gets to obtain a response rate greater than 5%, while a few years ago, this was almost the minimum expected level at any promotion [3, p. XIV]. Why?

b) Demonstrations and trials, including tastings, when initiated by the manufacturer (or seller) or accepted at the buyer's request, are forms of sales promotion that relies on removing any doubts regarding the product's performance (or the possibility of using it), a fact that can convince consumers that it is worth buying. In their absence, much of the potential buyers may be lost.

c) Promotional games and contests are very attractive and somewhat offensive ways of promoting firms offer by creating a relaxed atmosphere among the public, meant to encourage the sale. They are organized on a range of topics chosen so as to ensure the transmission of information to potential buyers and arguments able to motivate buyers to become effective. Usually, the winners are awarded with products belonging to the firm offer organizing the promotion.
d) **Advertising on the point of sale**, despite the fact that it is widely considered a quasi particular form of sales promotion would not be wrong if it were integrated into the first form of promotion (i.e. advertising, from where it gets its name), that is the advertising by means of display. It is meant to supplement other forms of advertising (primarily on the mass media), relying on immediate effects on customers who are already inside the business unit (especially those with self-service), the fairs or exhibitions. This is based on certain techniques of informing and guiding to customers within these areas, in relation to certain districts, brands or products, certain promotions etc.

e) **Merchandising**, according to the American Marketing Association, are all techniques and projections necessary to sell the right goods in the right place, in the right quantities at the right time and the right price. This is nothing but a system of procedures and techniques used by companies within the marketing process to ensure the best presentation material and psychological conditions of products in order to be sold, practised especially in *retail trade networks*, and in the case of *exhibitions* - where the combined offering products from many companies may generate an increase in the number of economic agreements.

Specifically, merchandising is concerned with [4]:

- marketing location of the product in the store / district (display, wrapping, packing, marking, labeling etc.).
- determining the area of sales attributed to each product;
- specify the quantity of each product that will be exposed in the district (so it is enough to avoid rupture of stocks between two periods of supply and avoid unnecessary stock);
- establish the means for arranging the layout and presentation of goods and furnishings used (adapted type of product - vegetables, fruits, textiles etc.).
- special marking surfaces impact on the purchaser (the "push" on the market of articles);
- arrangement as economic as possible of the goods;
- choice of signaling and advertising materials used at sales (labels, posters, banners, leaflets, commercial audio, video, animation, etc.).
- choice of arrangement: shop, how routing clients, serving flow, scenery, lighting, colors used, etc intimate atmosphere.

Summarizing, it can be said that merchandising aims the following techniques:

- location of the store;
- choice of the shop arrangement, the way of conducting the clients, serving flow, scenery, lighting, colors used, intimate atmosphere etc.

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- location of the store;
- landscaping store;
- location and presentation products sales places.

1) When choosing the **store's location** one must take into account a number of factors such as:

- size and population density;
- its revenue (and access to credit);
- the structure of consumption expenditures of the local population;
- consumers’ distances to the shop;
- area occupied by the store and parking existence;
- competition in the area etc.

2) Spatial arrangement covers both external store (access roads, external signals), and especially the interior (layout districts, visiting alleys, interior signage, location of the cash desks undergoing payments, cleaning, etc.).

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1 The „merchandising” term is composed from the noun *merchandise* and the suffix *ing*, which expresses the voluntary action of the trader to organize its activity in order to make the store more profitable.

2 Here it is about of the so-called the *rule of the 5 Rs*: R – the Right merchandise, R – at the Right place, R – at the Right time, R – in the Right quntities, R – at the Right price - [http://ro.wikipedia.org/wiki/Merchandising](http://ro.wikipedia.org/wiki/Merchandising)
3) Location and places selling product presentation aims to: placing goods on the shelves (respecting trade rules and ergonomic ones), products and labels visibility, information about products with special offers etc.

Merchandising is based upon the following regulations [5]:

1) **Goods which is not available** (the shelf or in stock) and is not available to customers is not sold. It was found, for example, that in the absence of a product (such as cigarettes) in the store, 50% of customers will seek it elsewhere, 35% will buy another product and only 15% can recover it later. Therefore, the stock must always be adapted to sales, which is only possible with certain costs.

2) **Customers choose, before all, with the eyes.** Upon this rule relies on about three quarters of merchandising - only one quarter remaining appealing to other senses (hearing, smell, touch).

Visual stimuli can attract customers in a shop by: posters presenting the merchandise in an attractive way; advertisements on promotional offers, shelf signs, billboards, posters etc. meant to guide the customer to the right shelf, packaging, mobile ornaments, the arrangement of goods in shelves, neighborhoods and so on).

This second rule can be expressed more detail and more explicitly in the following way:
- as long as the merchandise is not seen, it is not sold - to buy based on momentum, product visualization can be the decisive spur;
- the ideal place for displaying the goods in store is the busiest customers traffic point (not necessarily pass - entry, exit, cash register) - it increasing the probability that the goods be noticed by more customers and be sold better because:
  - running through all store customers buy more than just visiting a particular district
  - the greater is the time spent by the buyer in the store, the more likely is the possibility to buy more;
  - if not managed, traffic tends to be limited to peripheral areas of the store;
  - for a supermarket, it is ideal the arrangement similar to a circular belt without perpendicular racks;
- placing the goods on the shelf at eye level (on the visual axis of the consumers) raises the level of sales - studies showing that climbing a product on a shelf situated at the hands level to the eyes level increased sales by 60%, while the reverse movement decreased them by 30%;

3) **Placing outlets must take account of neighbors and their reputation.** Compliance with this rule may lead to increase sales by making joint use or consumption (ties are good to be sold in the vicinity of shirts) and in order to avoid competition (both of the very attractive, as well as of the compromised one - which removes customers of the bad reputation areas neighborhoods).

4) **The rack is the hand stretched towards customer's pocket;** it is the basic rule that should govern the arrangement of goods displayed for sale in the store. When shelves are placed behind the counter, it is recommended the horizontal arrangement of goods because, creating a perspective, the client will be tempted (as in reading) to go through it (with eyes) from left to right. In case of self-service store, where the shelf is accessible to customer, we recommend arranging goods vertically, thus it can be seen (without moving) from top to bottom. If shelves are overrun, many customers will have the impression that the product is selling well.

The complexity of merchandising concerns led to its transformation into a subject (including in higher education).

**j) Sponsorship** is a distinct promotional activity which is included in the relations with the public, or it is considered a special form of promotion. It aims to support (from a material or financial point of view) some cultural, scientific and sports activities and so on, under the trade marks of the company's on which expenses it is made in order to obtain a profit in terms of image and reputation by [6]:
- **Increase direct audience** among those present at the sponsored event that is under direct brand printed on the athletes’ clothing on cars or on billboards located in the stadium; on the promotional items offered to the public and so on;
- **Increasing indirect audience** (through media coverage of the event).
To achieve effective communication for enhancing the brand, the sponsored event must be closely related to the institutional positioning and to the product portfolio of the company.

Sponsorship can be:
• *Creative* - if created exclusively sponsor the event (primarily for his benefit);
• *Participative* – when the company is just one of the participants in the event.

Companies providing such support - sponsors - gain the beneficiaries’ trust, greatly improve their image and make publicity by means of sponsored individuals or institutions.

g) **Promotional samples and gifts.** Typically, samples are goods of negligible value, which are made available to potential customers free of charge for commercial purposes, in promotional campaigns for testing or demonstration products at points of sale.

The *sample* term designates an object from a series of identical objects or a small amount of a good enabling their appreciation of certain qualities which, due to the amount or manner of presentation, exclude any possibility of its use in other purpose than that of seeking orders [7] being offered in the store or mailed, along with other products.

**Promotional gifts** are means of sales promotion recommended especially to the companies whose annual turnover allows it - since they involve relatively high costs (but justified by helping to increase sales and profits). If their object consists of low unitary value things (T-shirts, ashtrays, pens, caps, lighters, etc., printed with the company name or brand, e-mail or phone number), the effort involved for practicing them may be maintain at a bearable level even smaller firms. When gifts are right the products of the company producing them, their utility in promoting increases considerably.

**Conclusions**

Thus, sales promotion is not only important for entrepreneurs. Equally, it is also beneficial for the buyers because [8]:
• buy products at more affordable prices;
• offer true financial or material advantages (as bonuses, gifts etc.);
• receive all information about the quality, characteristics and use of their products;
• in some solutions (like money back offer), they increase confidence towards the quality of the goods (and not only);
• benefit from rising living standards etc.

That is why it is the most convincing form of promotion.

**References**

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Sales promotion ideas and examples to increase sales. To get you started with this worthwhile strategy, here are 15 sales promotion ideas, accompanied by real examples, and categorized by the business goals they can help you achieve. We'll cover promotions to increase sales, to encourage repeat business, and to boost brand awareness. Sales promotion is a part of the promotional mix where the business uses many short-term customer-oriented strategies to stimulate the demand for its product by making it look more attractive and/or worthy. Here's a simpler definition of sales promotion. Contents show. 1 Sales Promotion Definition. 2 Importance Of Sales Promotion. 3 Objectives Of Sales Promotion. 4 Sales Promotion Strategies. 5 Types Of Sales Promotions. 5.1 Consumer Sales Promotion. 5.1.1 Sales Promotion Techniques Targeted To Consumers. The pros and cons of sales promotions. Running a sales promotion can help create loyalty and enthusiasm for your brand, increase sales and revenue and offer valuable insights into consumer behavior and price sensitivity. Strategically using sales promotions can help support a variety of business interests and keep your existing audience engaged with your offers. The downside of sales promotions is that some businesses suffer from becoming overly dependent on them in an effort to boost sales.