Retail Promotions: non-Ad promotions

NPTEL

Dr. Swagato Chatterjee

VGSOM, IITKGP

Public Relations

- **Public Relations –** Communication that fosters a favorable image for the retailer
  - Non personal or personal
  - Paid or nonpaid
  - Sponsor-controlled or not
- **Publicity –** Nonpersonal form of public relations whereby messages are transmitted by mass media. The time or space provided by the media is not paid for, and there is no identified commercial sponsor

NPTEL

Public Relations Objectives for Retailers

- Increase awareness of the retailer and its strategy mix
- Maintain or improve the company image
- Show the retailer as a contributor to the public's quality of life
- Demonstrate innovativeness
- Present a favorable message in a highly believable manner
- Minimize total promotion costs

NPTEL

Public Relations Characteristics

Advantages

- No costs for message's time or space
- Mass audience addressed
- Carryover effects possible
- More credible source
- Image can be presented or enhanced
- People pay more attention than to clearly identified ads

Disadvantages

- Some retailers do not believe in spending on image-related communication
- Little control over publicity message
- More suitable for short run
- Costs for PR staff, planning activities and events

NPTEL

Personal Selling

Oral communication with one or more prospective customers for the purpose of making a sale

NPTEL

Personal Selling Objectives for Retailers

- Persuade customers to buy
- Stimulate sales of impulse items or products related to customers' basic purchases
- Complete customer transactions
- Feed information back to company decision makers
- Provide proper levels of customer service
- Improve and maintain customer satisfaction
- Create awareness of items also marketed through the Web, mail, and telemarketing

NPTEL

Personal Selling Characteristics

Advantages

- Message can be adapted
- Many ways to meet customer needs
- High attention span
- Less waste
- Better response
- Immediate feedback

Disadvantages

- High costs
- Doesn't get customer in store
- Self-service discouraged
- Limited number of customers at one time
- Negative attitudes toward salespeople

NPTEL

Sales Promotion

- Encompasses the paid communication activities other than advertising, public relations, and personal selling that stimulate consumer purchases and dealer effectiveness

NPTEL

Types of Sales Promotions

- Displays
- Contests
- Sweepstakes
- Coupons
- Frequent shopper programs
- Prizes
- Samples
- Demonstrations
- Referral gifts
- Other limited-time selling efforts

NPTEL

Sales Promotions Objectives for Retailers

- Increasing short-term sales volume
- Maintaining customer loyalty
- Emphasizing novelty
- Complementing other promotion tools

NPTEL

Sales Promotion Characteristics

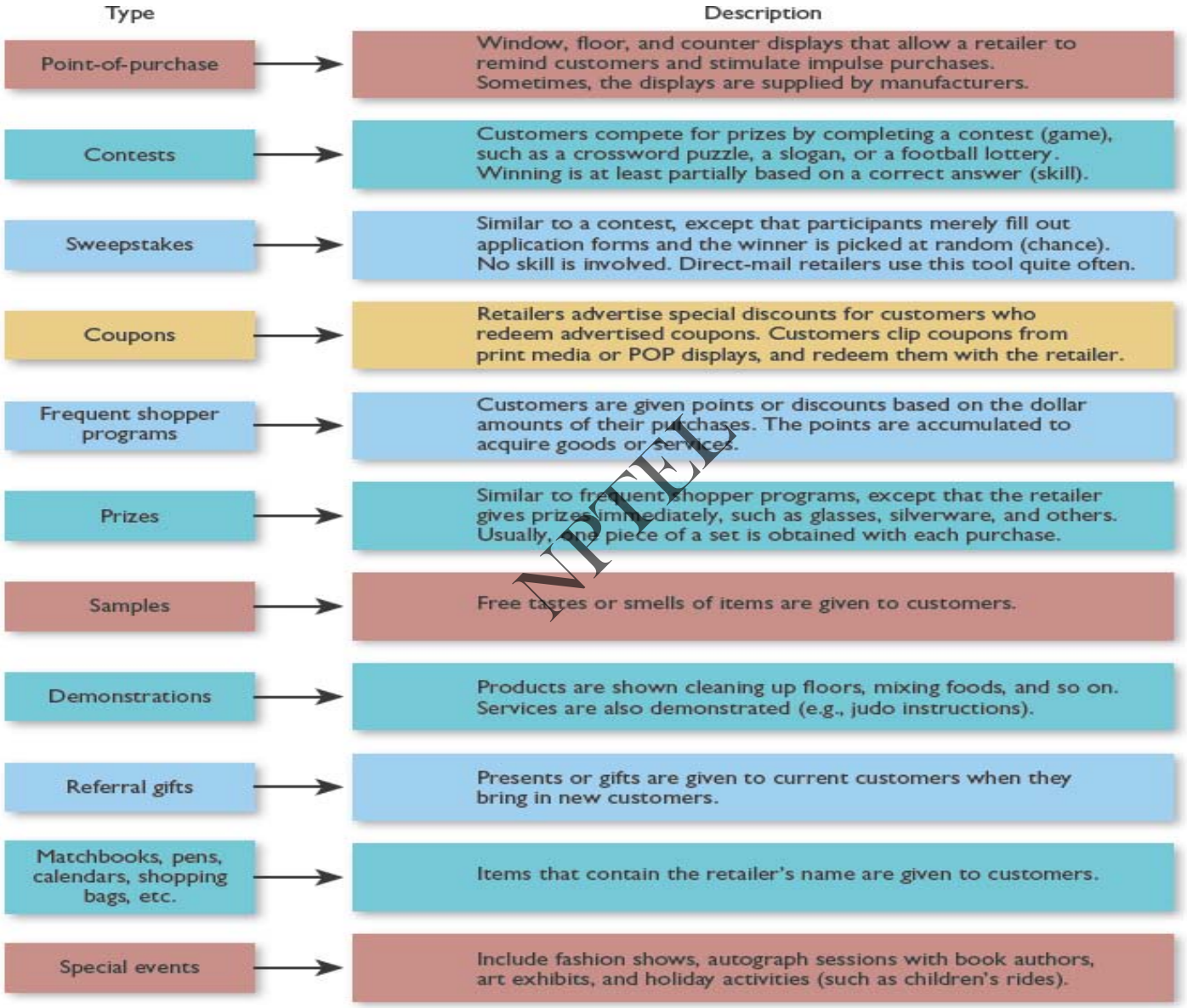
Advantages

- Eye-catching appeal
- Distinctive themes
- Added customer value
- Draws customer traffic
- Maintains loyalty
- Increases impulse purchases
- Fun for customers

Disadvantages

- Difficult to terminate
- Possible damage to retailer's image
- More stress on frivolous selling points
- Short-term effects only
- Used as a supplement

NPTEL

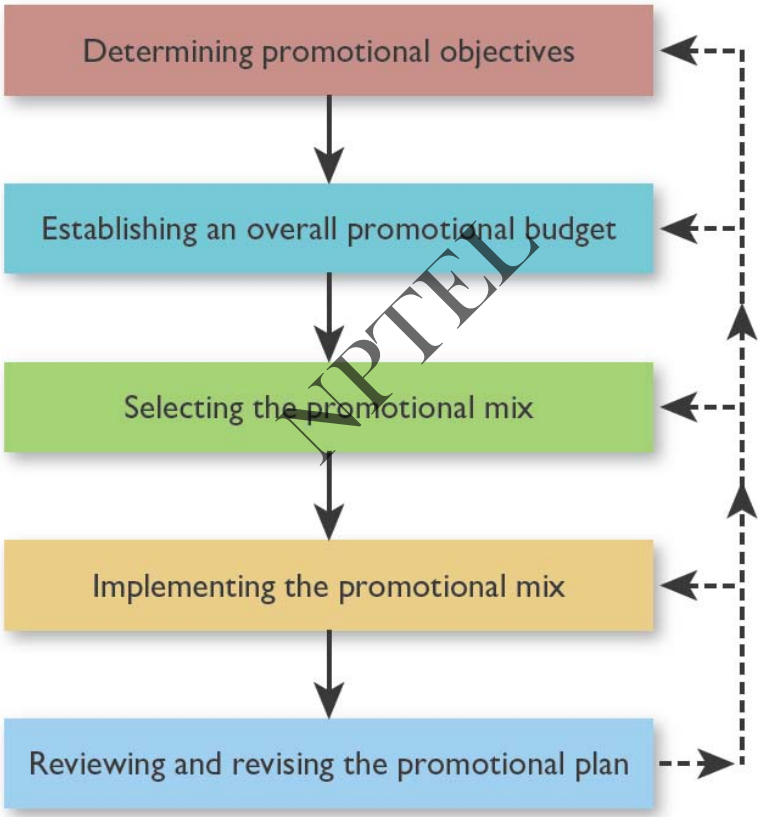

Type
Description
Point-of-purchase
Window, floor, and counter displays that allow a retailer to remind customers and stimulate impulse purchases. Sometimes, the displays are supplied by manufacturers.
Contests
Customers compete for prizes by completing a contest (game), such as a crossword puzzle, a slogan, or a football lottery. Winning is at least partially based on a correct answer (skill).
Sweepstakes
Similar to a contest, except that participants merely fill out application forms and the winner is picked at random (chance). No skill is involved. Direct-mail retailers use this tool quite often.
Coupons
Retailers advertise special discounts for customers who redeem advertised coupons. Customers clip coupons from print media or POP displays, and redeem them with the retailer.
Frequent shopper programs
Customers are given points or discounts based on the dollar amounts of their purchases. The points are accumulated to acquire goods or services.
Prizes
Similar to frequent shopper programs, except that the retailer gives prizes immediately, such as glasses, silverware, and others. Usually, one piece of a set is obtained with each purchase.
Samples
Free tastes or smells of items are given to customers.
Demonstrations
Products are shown cleaning up floors, mixing foods, and so on. Services are also demonstrated (e.g., judo instructions).
Referral gifts
Presents or gifts are given to current customers when they bring in new customers.
Matchbooks, pens, calendars, shopping bags, etc.
Items that contain the retailer's name are given to customers.
Special events
Include fashion shows, autograph sessions with book authors, art exhibits, and holiday activities (such as children's rides).
NPTEL

Advantages of Coupons

- Manufacturers may pay to advertise and redeem them
- Over 80% of consumers redeem coupons at least once during the year
- They contribute to the consumer's perception of getting a good value
- Coupon redemption can serve as a measure of advertising effectiveness

NPTEL

Planning a Retail Promotional Strategy



NPTEL

Promotional Objectives

- Increase sales
- Stimulate impulse and reminder buying
- Raise customer traffic
- Get leads for sales personnel
- Present and reinforce the retailer image
- Inform customers about goods and services
- Popularize new stores and Web sites
- Capitalize on manufacturer support
- Enhance customer relations
- Maintain customer loyalty
- Have consumers pass on positive comments

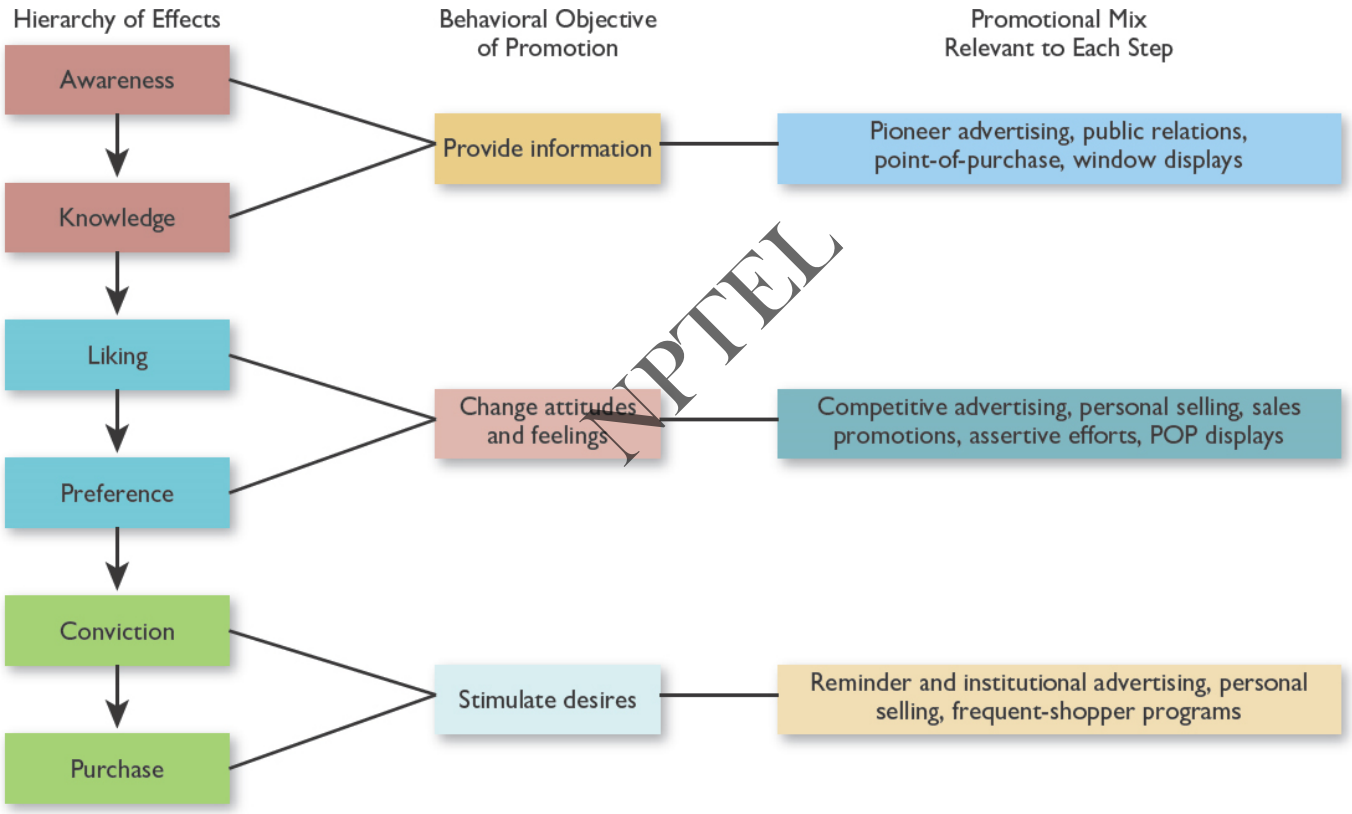
NPTEL

Procedures for Setting a Promotional Budget

- All-you-can-afford method
- Incremental method
- Competitive parity method
- Percentage-of-sales method
- Objective-and-task method

NPTEL

Selecting Promotion Mix and The Hierarchy of Effects



Implementation Decisions

- Media
- Timing
- Content
- Makeup of Sales Force
- Sales Promotion Tools
- Responsibility for Coordination

NPTEL

Media Rates (CPM) and Costs

$$\text{Cost per thousand} = \frac{\text{Cost per page} \times 1{,}000}{\text{Circulation}}$$

$$\text{Cost per thousand (target market)} = \frac{\text{Cost per page} \times 1{,}000}{\text{Target market}}$$

NPTEL

Thank You

NPTEL