

Sales Promotion Definition

Sales promotion is a marketing strategy where the product is promoted using short-term attractive initiatives to stimulate its demand and increase its sales.

This strategy is usually brought to use in the following cases –

- to introduce new products,
- sell out existing inventories,
- attract more customers, and
- to lift sales temporarily.

American Marketing Association defines sales promotion as –

Media and nonmedia marketing pressure applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand, or improve product availability.

Importance Of Sales Promotion

Sales promotion is a handy technique to fulfil the short term sales goals by persuading potential customers to buy the product. It is an important promotional strategy to –

- **Spread information about the brand** to new customers or new market
- **Stabilize sales volume** and fulfil short-term sales goals
- **Stimulate demand** for a short term by making the product look like a great deal.

Objectives Of Sales Promotion

The answer to the question *what is sales promotion?* also gives a hint to sales promotion objectives, the main objective being lifting the sales temporarily.

Other objectives include but are not limited to –

To Create Market For New Products

It is sometimes hard to establish demand for a new product in a market of similar products. In such cases, the company opt for increasing some sales by using sales promotion strategies like penetration pricing, offers, discounts, and scarcity principle.

To Remain Competitive

Companies use temporary sales promotion techniques to compete with competitor's short term marketing strategies.

To Gain Dealers Trust

Sales promotion techniques increase the sales of the products. This increases dealers' income and results in them preferring the brand more.

To Take Products To New Markets

New markets are often hard to enter. Sales promotion increases traction and makes more customers try the new product.

Increase Brand Awareness

It includes attractive incentives which help increase brand awareness, which eventually leads to more sales.

Woo Existing Customers

Sales promotion is also used to tackle the poaching strategies of competitors and keep existing customers with the brand.

Sales Promotion Strategies

Sales promotion strategies can be divided into three broad types. These are –

- **Pull Strategy** – The pull strategy attempts to get the customers to ‘pull’ the products from the company. It involves making use of marketing communication and initiatives like seasonal discounts, financial schemes, etc.
- **Push Strategy** – The push strategy attempts to push the product away from the company to the customers. It involves convincing the intermediary channels to push the product from the distribution channels to the final consumers using promotional and personal selling efforts. This strategy involves making use of tactics developed especially for resellers, merchants, dealers, distributors, and agents.
- **Hybrid Strategy** – A hybrid sales promotion strategy makes use of both the pull and push strategy to sell the product with the least resistance possible. It involves attracting the customers using special coupons and also providing incentives to the merchants to sell the brand’s products.

Types Of Sales Promotions

Sales promotion can be broadly divided into two types according to whom the promotion is targeted to. These are –

Consumer Sales Promotion

When the sales promotion strategies are targeted to the end consumers, it is referred to as consumer sales promotion. An example would be offering 20% off on certain products to the customers. The main motive of consumer-oriented promotion is to increase sales directly by attracting new customers and wooing existing ones.

Sales Promotion Techniques Targeted To Consumers

Sales promotion tools used for consumer-oriented promotion are –

- **Free Samples:** Distributing free samples increases brand awareness and triggers the psychology of ownership where the person chooses the promoted product if he liked the sample.
- **Free Gifts** – Offering free gifts attract customers as they get more while paying for less.
- **Discounts/Discount Coupons** – Discount coupons are a great method of increasing sales for the short term. People go for discount coupons as they let them buy the products they couldn't afford otherwise.
- **Exchange Schemes** – Exchange schemes attract many customers as they get some value even for their old product.
- **Finance Schemes** – Finance schemes like no-cost EMI, low-interest EMI, etc. makes it easier for customers to purchase expensive products.
- **Shipping Schemes** – Sometimes huge shipping costs discourage the customers from buying products. Such short term shipping schemes remove friction.
- **Bundle Discounts** – These deals are a great way to reduce unsold inventory. It includes selling bundled products at a price lesser than when those number of products are bought separately.
- **Bulk Purchase Deals** – This is a great sales promotion tactic to reduce unsold inventory. It includes providing discount to customers who buy in bulk.

Trade Sales Promotion

When the promotion activities are strategized keeping in mind the dealers, distributors, or agents, it is called trade sales promotion. In this type of sales promotion, offers are provided within the trade channels with an aim to woo

retailers, wholesalers, agents, or distributors. This is done to get more shelf space as compared to competitors, motivate the dealers to sell more of the brand's products and to increase the sales indirectly.

Sales Promotion Techniques Targeted To Traders

- **Point Of Purchase Displays** – This includes providing free point of purchase (POP) display units to the retailers to increase their sales.
- **Trade Shows** – Trade shows are a great sales promotion strategy where the business promotes its product to thousands of traders in the trade show. Trade shows also witness huge discounts as compared to when bought usually.
- **Push Money** – Also known as spiffs, this technique includes extra payments to traders to motivate them to meet specified goals. For example, giving them a \$50 bonus per unit for selling product A and \$30 for selling product B for a specified time period.
- **Deal Loaders** – These are the gifts provided to the traders (wholesalers and retailers) for ordering a certain quantity of product.
- **Trade Deals** – These are special concessions provided to the merchants to encourage them to promote a specific product and increase its sales for a limited time period.
- **Buying Allowances** – Special discounts provided to the sellers when they order a specified number of products.

Sales Promotion Examples

A product can be promoted for a limited time using innumerable tactics. Here are a few examples of sales promotion tactics that exist –

Black Friday Sale

Black Friday sale is a seasonal sale which occurs only once a year. It involves huge discounts and special offers which are limited to a day. As a result, it increases the sales manifold.