Sales Promotions

Promotions

- Promotions designed to move sales forward more rapidly than would occur with advertising alone

Sales Promotions

Trade Promotions

- Trade promotions is promotions by manufacturers to their distributors
- This is generally in some form of price promotion
    - Price-off promotion: they reduce the distributor's cost price and thereby allow a larger profit for the distributor
    - The majority of trade promotions are in various forms of price promotions
- Manufacturers are interested in the consumer and want extra performance by the distributor to those consumers in return for price promotions
- Two types of Promotions:
    - Trial Promotions
    - Repeat-Purchase Promotions

Sales Promotions

"Trade" Trial Promotions

- Price Promotions that are used to gain trial of the product by the distributor/retailer (e.g., initial stocking of product) are in the following 3 types:
  - New line fees (slotting allowances): which are cash payments or a proportion of the shipment donated free, in return for stocking a new product or offering a new service for a specified time period
  - Price-offs: straight reduction in the selling price to the distributor
  - Returns: manufacturer agrees to buy back unsold quantities of the product