

14.8: Main Types of Sales Promotion

Learning Objectives

By the end of this section, you will be able to:

- Discuss the primary types of consumer-oriented sales promotion.
- Discuss the primary types of trade-oriented sales promotion.

Consumer-Oriented Sales Promotion

Sales promotion can be categorized in two ways. The first category of sales promotion is consumer-oriented, which focuses on the consumer pulling the product through the marketing channels. The second category is trade-oriented, which is intended to push the product through the channel to the consumer.

Consumer-oriented sales promotion gives the customer an immediate inducement to purchase a product. The goal is to have the consumer seek out the product and “pull it” through the marketing channel. There are many common forms of consumer-oriented sales promotion.

Coupons

The goal of coupons is to reduce the product's price and prompt the consumer to make an immediate purchase. The major goal is to increase sales quickly, attract repeat purchases, or try new product versions. Consumers using coupons recognize the savings when they relinquish the coupon at the time of purchase. Coupons come in many different forms, including printed, digital, and mobile. Because a coupon has to be redeemed to obtain the reward, manufacturers can determine the effectiveness of the coupon offer and the delivery method.

The company HelloFresh sends a direct mail piece with a coupon for 16 free meals. When consumers sign up for the home delivery meal plan, this is a great example of how a coupon might be used to create brand awareness and acquire new customers. The direct mail might also include a code to use online for the digital application of the offer.

Samples

Samples are most often used to induce trial of a new product. This tactic can be very effective in increasing sales volume during the early stages of the product life cycle and helping with better distribution. Samples can be given out in stores, at events, or through the mail. This is an expensive form of sales promotion but can be highly effective at inducing purchase. Costco regularly has samples within its aisles and at the immediate point of sale as consumers are shopping. Another example is from the 2022 SXSW conference in Austin, Texas, when Creminelli Fine Meats distributed free mini packs of salami to showcase the company's line of “charcuterie-grade snacking” products. The makers of White Claw Hard Seltzer were corporate sponsors of the event; conference-goers were treated to free samples of new flavors, such as Passion Fruit (Cruz, 2022).

Premiums

Premiums are items offered free or at a minimum cost alongside the purchase of a product. Some of the most famous premiums include the McDonald's Happy Meal toys and Cracker Jack (“The more you eat the more you want”) with a prize inside (Huddleston, 2020). Premiums are very good for attracting new buyers and incentivizing customer loyalty. Using the Happy Meal toy created significant customer loyalty among consumers who wanted to collect all the toys in a series.

Contests

Contests make consumers use their skills to compete for prizes. Using contests allows customers to engage with products and become invested in trying to win something of value. Companies often use contests in coordination with other sales promotion tactics, such as coupons. Doritos regularly includes a contest as part of its advertising. Pepperidge Farm challenged consumers to #GoForTheHandful and create an Instagram duet with pro basketball player Boban Marjanović. The goal was to see if consumers could hold more Goldfish crackers in their tiny hands than the large hands of the pro basketball player. Winners were treated to Goldfish for a year and the title of Official Goldfish Spokeshand (Miller-McNatt, 2021). Contests are based on analytical or creative skills.

Sweepstakes

Where contests are based on skill, sweepstakes are based on chance. Companies use sweepstakes to increase sales volume in the short term. Sweepstakes ask contestants to submit their names for inclusion in a drawing for prizes. Publishers Clearing House conducts one of the most well-known sweepstakes. The company ultimately wants consumers to order magazines; however, purchasing a magazine is not necessary to enter and win the \$1 million cash prize. However, Publishers Clearing House is able to add to its mailing list when consumers enter to win.

Loyalty Programs

Loyalty programs have increased in popularity. Most of today's loyalty programs are tied to a mobile app. The attractiveness of loyalty programs is that when consumers spend, they get points toward something free. For example, Wired Coffee Bar offers consumers \$5 off of a product in-store when they spend \$50.

Point-of-Purchase Displays

Point-of-purchase displays have been a hallmark in store aisles for decades. The point-of-purchase display allows manufacturers to showcase their products in a way that stands out from all the other products in the store. Companies typically utilize the point-of-purchase promotion method for new products being introduced to the market. Some common point-of-purchase presentations include outdoor signs, window displays, countertop containers, display racks, and self-serve cartons. The key to a good point-of-purchase is a display that attracts customers and enhances the product's brand image.

Rebates

Rebates provide some reimbursement for the cost of a product when the consumer completes certain information about the time, place, and price of the product purchased. Typically, the consumer must submit the rebate form by a certain date and include receipts or bar codes from the purchase. Rebates usually induce the consumer to buy the product as it is being offered at a perceived cheaper price. Consumers often fail to submit the required materials for the rebate, as they might see the process as too laborious.

Marketing in Practice: Domino's



Figure 14.4 Companies will often use national days for sales-oriented promotions, like Domino's does on National Pizza Day. (credit: "Domino's Pizza delivery bikes" by Erica Fischer/flickr, CC BY 2.0)

Companies use sales promotion to generate more sales and to promote their brands. Setting up special days for certain products and causes can help bring focus and attention and boost sales or donations in the short term. For example, days such as National Coffee Day, National Pet Adoption Day, and National Pizza Day put a spotlight on the product or cause and can work to create a news story that helps to generate consumer interest.

During National Pizza Day, companies selling pizza will run various promotions to sell more pizza and get consumers across the country to eat pizza. Although Domino's Pizza regularly runs discounts and promotions, most are "deals" that consumers can use regularly (see Figure 14.4). Pizza delivery companies regularly utilize sales promotion strategies to deal with the highly competitive nature of the pizza delivery industry.

For National Pizza Day 2022, Domino's, a company known for fast pizza delivery, ran an unusual sales promotion offering cash back if consumers picked up their pizza instead of having it delivered. For a limited time, Domino's, the world's largest pizza chain, offered to give consumers back \$3 when they opted to pick up their pizza instead of having it delivered. "The \$3 coupon was redeemable the following week on another carryout order of \$5 or more before tax and gratuity" (Breen, 2022)

Trade-Oriented Sales Promotion

Trade-oriented sales promotion is focused on the channel intermediaries: the wholesalers and retailers. The goal is for the intermediary to be incentivized to push the product to the consumer.

Allowances and Discounts

Manufacturers provide the retailers or wholesalers with allowances to pass along in the form of price breaks to the end customer. For example, Ford Motor Company might offer a \$3,000 trade-in allowance for the new F-150. This is an [incentive to come into the dealership and buy the F-150](#). The dealer has the allowance from Ford and can pass the savings to the consumer as an incentive to come in and buy a new truck.

Cooperative Advertising

Advertising can be expensive for retailers. Typically, they advertise products they have in stock to induce consumers to come in and make a purchase. Cooperative advertising is a way for manufacturers to help with the cost of the advertising in exchange for the retailer to advertise the products produced by the manufacturer. When supermarket chain Publix advertises Boar's Head meats and cheeses, Publix uses cooperative advertising from Boar's Head to run the ads featuring Boar's Head products.

Cash Bonuses

Some manufacturers provide bonus cash as an incentive for the retail sales associates to push the manufacturers' products. Bonuses can be given to the sales associate who sells the most or to the store that is the highest sales producer. It is then up to the store to determine how best to use the cash bonus.

Credit Terms

One way manufacturers can help the retailers and wholesalers who sell their products is to provide them with favorable credit terms. Often these terms allow the wholesaler or retailer to sell the products long before actually having to pay for the product.

Dealer Conferences

When companies have dealers who distribute their products, they want to incentivize the dealer sales force to sell the product. Additionally, dealer conferences are a good method of training and educating dealers to work with customers and ultimately sell the product to them.

Push Incentives

Push incentives work to create demand for a product through discounts that retailers pass on to customers. In the mobile phone industry, Apple may provide a discount on phones through one of its retail partners to encourage buyers to choose the iPhone through the distributor. Push strategies focus on selling directly to the customer. Typical tactics include point-of-sale displays and direct approaches from the retail store sales professionals to the customers.

Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1.

_____ are certificates that entitle the bearer to a stated saving on the purchase of a specific product.

- a. Samples
- b. Coupons
- c. Rebates
- d. Premiums

2.

Which of the following consumer promotion tools offers a free amount of a product or service delivered door-to-door, sent in the mail, picked up in a store, attached to another product, or featured in an advertising offer?

- a. Coupons
- b. Rebates
- c. Premiums
- d. Samples

3.

Which of the following allows consumers to do things to have a chance of winning?

- a. Coupons
- b. Sweepstakes
- c. Contests
- d. Rebates

4.

Which of the following is an example of a trade promotion?

- a. Allowances and discounts
- b. Coupons
- c. Loyalty programs
- d. Premiums

5.

Which of the following elements of the marketing communications mix consists of a collection of incentive tools, mostly short-term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade?

- a. Advertising
- b. Personal selling
- c. Public relations
- d. Sales promotion

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