

## 14.3: Sales Promotions in Retail

### Learning Objectives

- Outline the types of sales promotions used by retailers

The variety of sales promotions in retail is limited by only the creativity of the marketer. That's to say, if you can imagine a way to convey value to the consumer, you can create a compelling promotion. That said, it is best to focus on value **and** simplicity. Simplicity ensures that consumers easily understand the offer and qualification. When promotions are made complex, either by requirements or by timing, they reduce the likelihood of participation.

Some common retail sales promotions are:

- Price discounts
  - Value, e.g. "x now \$1.99"
  - Value off, e.g. "Save \$1.00"
  - Percent off, e.g. "25% Off"
- BOGO, i.e. Buy one, get one
- Buy One, Get \_\_\_, i.e. a derivation of BOGO, but the "get" can be adjusted for another value like "50% off" or "for only \$3"
- Price Multiples, e.g. 2 for \$4.00 or 4 for \$5.00
- Rebates, i.e. manufacturer discounts that can be applied at the point of purchase or after customer action like mail-in
- Coupons
- Bonus packs, i.e. sellable units with extra pieces
- Trial packs, i.e. sellable units with a free sample of a related item

These promotional vehicles are not all uniform. Instead, there are advantages to each, dependent upon context or strategic need. For example, price discounts can be used effectively to encourage trial or transactions. This can be especially helpful when introducing a new item or when trying to manage high inventory levels. Bonus and Trial Packs are also effective in encouraging trial. Price multiples, including Buy/ Get options, are useful tools, when trying to get additional market share or to expand consumption. Rebates, especially for higher ticket items, allow manufacturers to track customer information, potentially repurposing it for future direct marketing activity. Coupons can encourage trial, reward multiple purchases or shift share. However, it should be understood that their requirements, e.g. collection, presentation at the time of purchase and fixed period, result in them having very low redemption rates (1–2%), undermining their effectiveness.

Regardless of the chosen tool, there are countless ways to communicate value to consumers. Thus, retail sales promotions are powerful tools for encouraging trial, driving transactions and rewarding loyal customers.

### Practice Questions

<https://assessments.lumenlearning.co...essments/9308>

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