

## **Chapter 16**

### **Sales Promotion, Events, and Sponsorships**

#### **❖WEB REVIEW QUESTIONS**

**1. Why is sales promotion on the increase as a percentage of the marketing communication budget?**

The chief reasons are the pressure for short-term profits and the need for accountability for marketing communication efforts.

**2. Explain the three types of sales promotion and how they differ.**

The most common sales promotion strategies target the three audiences of promotions: consumer, trade, and sales force. The first two—consumer sales and trade support—have direct implications for advertising and are the focus of this chapter. In the third category, sales force promotions include two general sets of promotional activities directed at the firm's salespeople to motivate them to increase their sales levels. The first set of activities includes programs that better prepare salespeople to do their jobs, such as sales manuals, training programs, sales presentations, and supportive materials—training films, slides, videos, and visual aids. The second set of activities deals with promotional efforts or incentives that motivate salespeople to work harder. Contests dominate this category.

**3. What is the difference between a contest and a sweepstakes?**

Contests require participants to compete for a prize or prizes based on some sort of skill or ability. Sweepstakes require only that participants submit their names to be included in a drawing or other chance selection.

**4. What is the difference between a premium and an advertising specialty?**

A premium is a tangible reward for a particular act, usually purchasing a product or visiting the point-of-purchase. Premiums are a type of incentive that work by adding value to the product.

An advertising specialty presents the brand's name on something that is given away as a reminder, such as a calendar, pen, water bottle, and so forth.

**5. What are the primary objectives that consumer promotions can deliver?**

Consumer promotions can create awareness, cause trial, maintain or increase market share, and serve as a brand reminder

**6. Who is trade promotion directed to? Why is that audience important?**

Trade refers to all the people involved in the channel of distribution—buyers, brokers, distributors, wholesalers, dealers, franchisees, retailers, and so on. Trade advertising directed at wholesalers and retailers provides trade members with information about new products and their selling points. In addition trade promotion techniques, especially price discounts, point-of-purchase displays, and advertising allowances, motivate retailers to provide shelf space for products and consumer promotions.

**7. How does sales promotion affect push and pull marketing strategies?**

Manufacturers hope to see their trade partners push a product. Consumer and trade promotions interact through complementing push and pull strategies. If consumers really want to try a product, based on what they have heard in advertising and publicity stories, they will ask their local retailers for it, which is called a pull strategy; that is, by asking for it they will pull the product through the distribution channel.

A push strategy pushes the product through the channel by convincing (motivating or rewarding) members of the distribution network to carry a product.

**8. What are the key objectives of trade promotions?**

- Increase sales.
- Gain trade support and cooperation and encourage their promotion of the product to the consumer.
- Manipulate levels of inventory.
- Expand product distribution.

**9. How can the Internet be used as a sales promotion tool?**

There are a number of ways that advertisers can use the Internet for sales promotion programs, including sampling, sweepstakes and contests, price deals, and coupons. Internet promotion is one of the hot areas of sales promotions. Many advertising campaigns include a campaign-dedicated Website designed as a tie-in for other promotions.

**10. What is the primary objective of loyalty programs?**

A loyalty program, also called a continuity or frequency program (such as airline frequent flyer programs), is a promotion to increase customer retention and reward customers for continued patronage. Typically, the higher the purchase level, the greater the benefits.

**11. What is the difference between co-branding, licensing, and tie-in programs?**

When two companies come together to offer a product the effort is called co-branding.

With licensing, legally protected brand identity items, such as logos, symbols, and brand characters, must be licensed, that is, a legal contract gives another company the right to use the brand identity element. In brand licensing, a company with an established brand “rents” that brand to other companies, allowing them to use its logo on their products and in their advertising and promotional events.

A tie-in is an effective strategy for marketers using associations between complementary brands to make one-plus-one equal three. The biggest tie-in deals are arranged around movies and other entertainment events.

**12. Explain how payout planning works.**

Payout planning refers to providing something of value as a reward for purchasing a product. The text provides examples of payout planning gone wrong in a Maytag promotion as well as a Burger King promotion.