

6.2 Types of Sales Promotions

There are many types of promotional tactics that can be used by businesses. Each of these tactics is associated with either **consumer promotions**, which are directed to the final user, or **trade promotions**, which are directed at retailers or wholesalers instead of consumers. Table 6.2 shows a sampling of major consumer sales promotions tactics and Table 6.3 shows main trade promotions. Although many different types of promotional activities are mentioned, only the main tactics will be discussed in detail within the chapter.

Table 6.2 Types of consumer promotions

Type	Description	Example
Coupons	A document that can be exchanged for a discount off the price of a product or service	On many websites, there are printable coupons that can be redeemed online or in store.
Sampling	A free sample of the product is provided; this may be done at point-of-sale, or it may be done through the Internet, mail, attached to a product, or through an advertisement	A company representative cooks sausage at a local market and gives out free samples to customers in the store.
Cash refunds or rebates	Return, reduction, or refund on the purchase price of a product or service	Customers buying three boxes of cereal will receive a \$2 refund in the mail if they send a form and proof of purchase to the manufacturer.
Cents-off	Tagging a product's package with a discount off the regular price of the product which can be peeled off, many times two products may be packaged together for the same effect	A person buying a razor may find an attached peel-off coupon that gives 50 cents off the product.
Premiums	When consumers purchase a set amount of products, they receive a gift.	Customers receive a free purse if they purchase branded perfume.
Sweepstakes, games or contests	Sweepstakes are drawings of chance and are free to enter (no purchase required); contests or games may not be free and require skill or are based on both chance and skill.	Companies often hold sweepstakes to increase brand recognition and sales.

Point-of-purchase (POP) display or point-of-sale (POS) display	Specialized sales promotions located in a retail store; they often hold products and are found near the check-out location.	A store may set up POP display that holds batteries for a specific brand.
Frequency or loyalty programs	Consumers are rewarded for frequently making purchases of a business's products.	The airlines often use frequency programs, commonly referred to as frequent flyer programs.
Free trials	Provides an opportunity for a customer to try a product before buying.	A customer may receive a free subscription to a magazine for a short period with the hope that the customer will become a paying customer.
Warranties and guarantees	Warranties are assurances about a product or service and guarantees are a promise that the product or service will perform.	Some Craftsman hand tools (Sears) will be repaired or replaced free of charge for the lifetime of the tool.
Tie-in promotions	A type of cross promotion in which two or more brands (or companies) join to develop coupons, refunds, contests, rebates, etc.	A video game and movie join forces to increase sales of both.
Cross promotions	One brand is used to advertise or promote another noncompeting product, brand, or service.	A fast food chain promotes a children's movie by providing toys from the movie in a kid's meal.

Table 6.3 Types of trade promotions

Type	Description	Example
Trade allowances	An allowance provides the business with cash or merchandise incentives for featuring a brand, product, or service in a special way. There are also allowances for the trade creating and featuring displays of a manufacturer's products or services (called a display allowance).	A manufacturer may offer another company an advertising or IMC monetary allowance for advertising the manufacturer's products.
Trade contests	Contests offered by manufacturers to intermediaries as well as retail salespeople and retail stores to motivate them to increase their sales performance over a given period.	A manufacturer offers an expense paid trip to the top salesperson for a chain of retail stores the manufacturer sells to.