RETAIL MARKETING

Instructor:
Dr. Mayo De Juan Vigaray

Power points: conceptual framework
PART 6
RETAIL SALES PROMOTION

- P.1. ELEMENTS OF RETAIL IMAGE
- P.2. The Retail Promotion Mix
- P.3. Objectives, Characteristics, Disadvantages, Advantages
- P.4. Types of sales promotions
ELEMENTS OF RETAIL IMAGE

Attributes of Physical Facilities
- Shopping Experiences
- Community Service

Promotional Tools
- Advertising
- Public Relations
- Personal Selling
- Sales Promotion

Overall Retail Image

Target Market

Firm’s Positioning

Customer Service

Store Location

Merchandise Attributes

Pricing
# RETAIL SALES PROMOTION

## P.1. Elements of Retail Image

## P.2. THE RETAIL PROMOTION MIX

## P.3. Objectives, Characteristics, Disadvantages, Advantages

## P.4. Types of sales promotions
THE RETAIL PROMOTION MIX (I)

Advertising

Paid nonpersonal communication transmitted through out-of-store mass media by an identified sponsor.

Customers do not tend to make up their mind at the TV & billboards stage, even though they might be interested in the product.
ADVERTISING OBJECTIVES

- Lifting short-term sales
- Increasing customer traffic
- Developing and/or reinforcing a retail image
- Informing customers about goods and services and/or company attributes
- Easing the job for sales personnel
- Developing demand for private brands
THE RETAIL PROMOTION MIX (II)

Personal selling

Oral communication with one or more prospective customers for the purpose of making sales
PERSONAL SELLING OBJECTIVES

- Persuade customers to buy
- Stimulate sales of impulse items or products related to customers’ basic purchases
- Complete customer transactions
- Feed back information to company decision makers
- Provide proper levels of customer service
- Improve and maintain customer satisfaction
- Create awareness of items also marketed through the Web, mail, and telemarketing
THE RETAIL PROMOTION MIX (III)

Public relations

Entails any communication that fosters a favorable image for the retailer among its public.

Nonpersonal, personal, paid, nonpaid, sponsor controlled or not controlled
THE RETAIL PROMOTION MIX (IV)

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Sales promotions

Store atmosphere & visual merchandising

Short-term incentives to increase the effectiveness of the promotional efforts
## RETAIL SALES PROMOTION

| P.1. | Elements of Retail Image |
| P.2. | The Retail Promotion Mix |
| P.3. | OBJECTIVES, CHARACTERISTICS, DISADVANTAGES, ADVANTAGES |
| P.4. | Types of sales promotions |
OBJECTIVES

In-store displays designed to increase sales

INFORM
Increasing short-run sales volume
Maintaining customer loyalty
Emphasizing novelty

PERSUADE

REMIND
Supplementing other promotion tools
CHARACTERISTICS

Offer extra value and incentives to customers to visit a store and/or purchase merchandise during a specific period of time.
DISADVANTAGES

- It may be difficult to terminate certain promotions without adverse customer reactions.
- The retailer’s image may be hurt if trite promotions are used.
- Sometimes “frivolous” selling points are stressed rather than the retailer’s product assortment, prices, customer services, and other factors.
- Many sales promotions have only short-term effects.
- It should be used only as a supplement to other promotional forms.
ADVANTAGES

- It often has eye-catching appeal
- The themes and tools can be distinctive
- The consumer may receive something of value, such as coupons or free merchandise
- It helps draw customer traffic and maintain loyalty to the retailer
- Impulse purchases are increased
- Customers can have “fun”, particularly with contests and demonstrations
## RETAIL SALES PROMOTION

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### TYPES OF SALES PROMOTIONS

1. Displays
2. Contests & Sweepstakes
3. Coupons
4. Frequent-shopper program/ Clubs
5. Prizes
6. Samples & Demonstrations
7. Referral gifts
8. Other limited-time selling efforts outside of the ordinary promotion routine
DISPLAYS (I)

Display Distributed to Retailers Used to Call Customer’s Attention to Product Promotions

Some of the Most Popular POP Tools & Techniques

- Carton Displays
- Special Racks
- Banners
- Signs
- Price Cards
- Point of Sale
In-store displays designed to increase sales

- Window, floor and counter displays that allow a retailer to remind customers and stimulate impulse purchases
DISPLAY (CARTON DISPLAY)

- to remind customers and stimulate impulse purchases

DISPLAY (SIGNS)

- Displays or other communications just inside the entrance of a store generally go unnoticed ....

- .... as customers are still in transition mode
DISPLAYS (II)

- remind customers
- stimulate impulse behaviour
- allow self-service to be applied
- reduced a retailer’s promotions costs when manufacturers provide displays
CONTESTS & SWEEPSTAKES

Seek to attract and retain customers by participation in events that can lead to substantial prizes

**CONTESTS**
- Compete for a prize based on some skill or ability
- Generates high degree of consumer involvement
- Can help revive lagging sales

**SWEEPSTAKES**
- Participants submit names to be included in drawing
- Game – type of sweepstakes; time frame much longer
CONTESTS

ADVANTAGES

- Effective way of getting the consumer to become involved with the brand by making the promotion relevant
- Generate interest in or excitement over a brand and attracting attention to advertising

DISADVANTAGES

- Customer reliance on these tools as the reason for continued retailer patronage
- Effort required of consumer
CONTESTS

Customers compete for prizes by completing a contest (game) such as a crossword puzzle, a slogan, or a football lottery.

- Winning is *at least* partially based on a correct answer (skill)
- Requires a customer to demonstrate some skill in return for a reward
- Differ from price-off sales in that only a few customers receive rewards
SWEEPSTAKES

Similar to a contest, except that participants merely fill out application forms and the winner is picked randomly (chance)

- No skill is involved
- Direct-mail retailers use this tool quite often
Retailers advertise special discounts for customers who redeem advertised coupons

- Customers clip coupons from print media or POP displays, and redeem them with the retailer
- Discounts from the regular selling prices of manufacturer and retailer brands
COUPONS (II)

Many cases, manufacturers pay to advertise and redeem coupons

Are very helpful to an ongoing ad campaign and increase store traffic

Encourages non-users to try an established brand or users to repeat use

Its use increases the consumer’s perception that a retailer offers good value

Ad effectiveness can be measured by counting redeemed coupons
COUPONS (III)

Possible negative effect on the retailer’s image

Consumers shop only if coupons are available – do not show loyalty

Low redemption rates

The clutter of coupons

Retailer and consumer fraud

Handling costs

DISADVANTAGES
FREQUENT-SHOPPER PROGRAM (I)

Simply making a sale isn’t enough. Although a customer may like a retailer, the retailer is vulnerable to appeals made by competitors.

Retailers need to build repeat sales and loyalty by reminding customers about their offering and its benefits.

Customers are given points or discounts based on the dollar amounts of their purchases.

The points are accumulated to acquire goods or services.

Foster customer relationships by awarding special discounts or prizes to people for their continued patronage.
FREQUENT-SHOPPER PROGRAM (III)

Loyalty bred, customers can accumulate points only by patronizing a specific firm or firms (as previously shown)

ADVANTAGES

The “free” nature of awards to many consumers

The competitive edge for a retailer that is similar to others
FREQUENT-SHOPPER PROGRAM (IV)

Some consumers feel these programs are not really free & would rather shop at lower-priced stores without these system.

DISADVANTAGES

It may take customers a while to gather enough points to get meaningful gifts.

Profit margins may be smaller if retailers with frequent-shopper programs try to price competitively with firms that do not have these programs.
CLUB (I)

.....difference between a

CLUB & a FREQUENT SHOPPER PROGRAM?

- **CLUB** advantages can only be *used within that particular organisation* & there is usually a minimum sale of a product/year

- **FREQUENT SHOPPER PROGRAM** advantages, can be *used with a particular organisation & its partners*
Is almost the same as the frequent shopper programme.

Consists usually of professionals/distributors that are specialized (for example Bertelsmann Club, that is specialised in books and music) that offer special types of promotion to their customers.

Being a member of those clubs brings certain advantages, like special sales or money voucher.
OTHER TYPES OF CLUBS

- There are different types of clubs available
- regular club
- discount club
- shopper club
- executive club
- VIP club
CLUB (III)

- Intensive operation
  - the advantage is customer loyalty (buying and receiving a reward for it)
  - companies can analyse shopping habits

- The disadvantage is HIGH MAINTENANCE
DISCOUNT CLUB

- Simple membership, where one receives plenty of discounts for various goods in a specific shop with specific partners.
SHOPPER CLUB

- A newsletter or mail service that brings you information about sale prices and special purchases as they happen.

- You learn about special pricing on products as soon as they become available.

No more expired sale prices!
NEWSLETTER CLUB

- The information is being forwarded to members by mail, either email or postal mail

Ihr weltweiter online Hotelreservierungsservice

Lieber THOMAS,
Fantastische Last-Minute-Angebote von HotelClub

Bitte klicken Sie hier, um sich den Newsletter anzusehen
EXECUTIVE CLUB

- It is designed to reward the customer, for his/her loyalty
- You can take advantage of several benefits, usually the higher your tier, the greater the benefits available to you
- With all airlines, special lounges available – enjoy snacks/ drinks or relax in comfortable areas
VIP CLUB

- Special members are in possession of VIP (Very Important People) cards
- This will lead to a preferred treatment, free entrance, free drinks
PRIZES (I)

Similar to frequent-shopper programs, except that the retailer gives prizes immediately, such as glasses, silverware, and others.

- Usually, one piece of a set is obtained with each purchase.

- Prize giveaways encourage loyalty.
- Premiums are used to increase consumption for the current consumers and to persuade new customers.
PRIZES (II)

DISADVANTAGES

Cost of the prizes
Difficulty of termination
Possible impact on image
SAMPLES & DEMONSTRATIONS

Free tastes or smells of items are given to customers to build excitement in the store and stimulate purchases

Taste of a cake & cooking
Smell of a perfume
Fashion shows
SAMPLES & DEMONSTRATIONS

In department stores, fashion shows and cooking demonstrations draw customers to the store and encourage impulse purchases (*).

ADVANTAGES

- Effective because customers become involved
- Impulse purchases increase

DISADVANTAGES

- Loitering
- Costs

REFERRAL GIFTS

Presents or gifts are given to current customers when they bring in new customers

- Used to encourage existing customers to bring in new customers
- Direct marketers (book and record clubs) often use this tool

ADVANTAGES

Is a technique with no important shortcomings

Recognizes the value of friends in influencing purchasing decisions
# OTHER EFFORTS

**Items that contain the retailer’s name are given to customers**

- Pens
- Calendars
- Shopping bags

- Promote retailer’s names but are not part of a set
- These items should be used as supplements

## ADVANTAGES

- Longevity

## DISADVANTAGES

- There is no real disadvantage