

TRADE & CONSUMER PROMOTION.

You see consumer promotions, but you generally don't see the ones to the trade – even though the dollars spent may be greater.

With trade promotions, wholesalers, distributors, and retailers are given an incentive (often discounts or other cash incentives, sometimes contests) to push the product on to the next member of the distribution channel – or the consumer.

In general, consumer promotions are thought of as “pull” – i.e., they “pull” product off the shelf.

Trade promotions are “push” – they “push” merchandise into the distribution channel.

(Note: This may not have a lot to do with writing, but it has a lot to do with thinking about the job. Remember, this chapter is titled “PromoThink.”)

A big promotion may have elements of both pull and push. It may have a consumer component and a trade component.

SALES PROMOTION OBJECTIVES.

The objective is to increase (promote) sales.

The first thing you need to think of is where those sales come from. What kind of sales do you want?

More new customers trying the product?

Current customers buying and using more?

Getting store owners to stack it in the aisle, so that you get more impulse purchase?

Trial of your new or improved product?



Trade + Consumer. Here, Am-Ex promotes restaurants that feature their card.



BlockBuster Rewards. This continuity program encourages additional rentals and rewards heavy users.

WIN/FREE/SAVE.

A Quick Introduction to Sales Promotion Tactics:

As you start learning to think promotionally, these are some of the basic tools you can use.

Realize that each simple tactic – such as a Sweepstakes – can have tremendous variety in the specifics.

Many of these decisions will be driven by things like the brand personality, “hot” trends with the target audience, availability of tie-in partners, budget, etc.

Here are the kinds of tactics you need to think about:

“SAVE” Tactics: Coupons, Rebates, Cents-Off, Free Standing Inserts (FSIs).

FSIs. Today, this is the most popular way to distribute coupons. FSIs are those sections full of 4-color ads with coupons – you’ll find them in your Sunday paper.



Coupons are also distributed other ways: newspapers or magazine ads, direct mail, placed in or on the package, and even distributed electronically

at point-of-sale (e.g., cash register receipts). They can go online or be linked to a “smart card” or membership card.

Rebates are cash refunds for purchase. They can be big (cars) or small (buy a certain amount and get money back). Though many buy because of the possibility of a rebate, most rebates go uncollected due to the hassle of filling out a form and mailing it in with proofs of purchase and receipts.

Cents-off Promotions can be done quickly, and they work.

Stack ‘em and stick on the sign. Not much creativity.

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WIN/FREE/SAVE (Cont.)

WIN Tactics:

Sweepstakes, Games, Contests.

These are similar but different:

Sweepstakes are strictly based on luck. They cannot require a purchase to enter, or it becomes a lottery, and that's illegal, unless you're a state lottery.

Games are also based on luck, but are more involving since they often require repeat visits for game pieces. This makes them a good continuity device.

McDonald's, which wants you to come back to their restaurants frequently, has used games for years.



Contests require some skill (usually, not much) to win the prize – often something involved with the product. Some contests, like the Pillsbury Bake-Off, may require quite a bit of skill. (Cont.)

How much can you afford to offer as an incentive to accomplish this objective and still make money?

That's a huge question. And remember that your competition is also meeting with their sales promotion people – with pretty much the same objective.

Now it gets interesting.



Adding Value with Branded Premiums. Friskies aims at pet owners with a "\$29.99 Value" Travel Kit for \$12.99 and proof of purchase. Plus coupons.

SALES PROMOTION STRATEGIES.

While many might disagree with this, once the sales objective and target are defined, *usually, there is only one basic strategy – get attention/add value.*

The attention part is, quite simply, letting your target know there's something going on.

The add value part is, well, it's the incentive.

And now it gets even more interesting.



Got Game? Building on two brand equity properties, "Got Milk?" and "The Milk Mustache," milk marketers teamed up to offer an "under-the-cap" promotion, the "Milk Mustache Fame Game." Other promotional efforts included celebrity calendars and custom-published magazines.



Add-ons & Tie-Ins. Marketers can get extra leverage by using one of their products as an add-on to add value in a promotion. Or they can team up with another compatible product in a tie-in. Sometimes both marketers share the costs, other times, the partner that adds the value gets a free ride – or a fee.

SALES PROMOTION TACTICS.

Sales promotion tactics are, essentially, all the different kinds of incentives that you can think of.

If it adds value and has the potential to increase sales, it's a candidate for a sales promotion tactic.

And, as you can see, even though they're based on three simple fundamentals, there's a wide variety of options that you can generate.

And that's what it takes to think promotionally.



Promotions with Brand Equity and Kid Appeal. Pleasing a certain member of the family can add to a promotion ("Oh no, the Wiener Bank isn't for me, it's for..."). And if that promotion can reinforce brand values, that's even better. Here, Peter Pan Peanut Butter develops an obvious tie-in with a Disney re-release of Peter Pan, and Oscar Mayer banks on their classic brand icon.



FREE Tactics: Samples, Premiums, and Continuity Programs.

A **Premium** can be any additional item given free, or greatly discounted, to induce purchase of the primary brand.

A premium where the full cost is recovered by the money the consumer sends in is known as a **self-liquidator**.

If the premium chosen is "hot," this can be very effective in increased sales, and, if it's a branded premium, the premium itself can enhance brand image.

But, if your premium is "not so hot," you could find yourself with a warehouse full of them.

Bonus Packs. This is Save plus Free, providing "free" merchandise or more for less. Buy Two Get One Free. Buy One Get One Free. 20% more, etc.

Done right, it can attract new users and reward current users.

Done wrong, it can seriously cheapen the value perception of your brand.

Sampling is a powerful, though expensive, way to promote.

But if the product has a clear, easily demonstrable superiority, sampling may be worth it.



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Continuity Programs can offer “free” product or unique branded merchandise. The most common is the punch card, offering a free product (coffee, bagel) or service (car wash, haircut, video rental) after a certain number have been purchased and a card punched or stamped.

This encourages repeat business and builds customer relationships.

Major brands, such as Marlboro and Pepsi, have tried continuity programs – some with great success.



“Drink Pepsi – Get Stuff” is an example.

And, of course, frequent flier programs are now a part of all airline marketing, with many other marketers tagging along by offering “free miles” on a whole range of purchases.

In-pack, On-pack, Near-pack.

Some premiums can be offered at the point of purchase. The Happy Meal is one we’re sure you’re familiar with.



For packaged goods, there are three ways of delivering premiums, referred to as **in-pack**, **on-pack** (attached to), or **near-pack** (nearby).

For some products, you can use the package itself as a premium.

Assignment #22:

WHILE THE BASIC TACTICS are pretty straightforward, most writers don’t get much practice thinking in a sales promotion mode.

So, you might want to go through these exercises.

Remember, your strategy is the behavior you want to occur. Your tactic motivates the behavior.

Whether you do these exercises or not, try to spend some time developing the mindset that you need to be a good promotional thinker. OK, here goes.

Exercise #1: Try/Keep/Retry.

This exercise is about how the function of the coupon or offer and the message can depend on the job you have to do.

SAMPLE CLIENT: Mama’s Pizza Parlor. But it could be virtually any pizza place, restaurant, or retailer – even a professional services business like a dentist. Your prices are competitive, your product is fine, and you have lots of new competition. If you’re on campus, you might want to use your favorite pizza place as the sample client.

ASSIGNMENT: Design messages and offers for each of those three purposes.

- A. Get people to try Mama’s Pizza Parlor.
- B. Get current customers to keep coming back to Mama’s Pizza Parlor (and maybe bring their friends).
- C. Get former customers to come back to Mama’s Pizza Parlor.

Assume you have a list of former customers and you can pull out those who have not been back in six months. If you’re on a campus, some of this may be as simple as the fact former customers graduated.

Nonetheless, assume your database people can pull this group out of your customer list.

Now, let's think about how each of these may be very different in terms of target, purpose, and the way our offer is constructed.

A. Non-Users. Chances are, since we're talking about pizza, they like pizza. So they're probably getting their pizza somewhere else. And there's probably a geographic component.

Whether your business is sit-down, delivery, or both, you should probably concentrate your tactic on a certain geographic area.

You also need to have an offer strong enough to draw people in. And you might want to think about a "bounceback" – something to give them when they come in to get them to come back.

B. Current Customers. You know a few things. They know where you are. They like your pizza. And, if you've been doing a good job of keeping up a customer list, you've got their name and address.

- Develop two tactics – one that you deliver in-store and one that you deliver by mail.

Remember, they like you already, so you don't have to discount deeply for trial, but there may be some things you want to do to build your frequency (the number of times they buy your pizza) or the ticket size (the amount they spend).

C. "Rejector Base." You know something about these people, too. They know your restaurant. And they're not going there now.

First, you should probably find out why they're not coming back. So we can move along on this exercise, let's say you found out (or knew) that the main reason is Papa's Pizza Parlor opened up three blocks away six months ago. They dropped a lot of coupons. Now, a bunch of your former customers are eating their pizza. It's time for Pizza Wars!!

Remember, when dealing with a rejector base, you need to provide "A Reason for Retrial."

TRADE TACTICS.

These may be invisible to you but, in some cases, may cost more than ad expenditures. It's still Win/Free/Save – though it might be more accurately described as "Pay." Tactics include:

- **Dealer Contests**
- **Deals** – usually a straight price discount offered to a wholesaler/distributor or retailer to help push product through the channel.
- **Point-of-sale displays** (and display allowances – essentially paying the trade to put up the display).
- **Push money** (also called spiffs) – this is common in categories where consumers ask for recommendations (cameras, audio and video equipment, cosmetics, etc.) If there's a sales force involved, there's usually a "spiff."
- **Co-op** – (short for cooperative advertising) – marketers pay a percentage, (often 50% or more) of the retailer's ad cost, provided the marketer's brand is featured prominently. An example of a co-op campaign you've seen for years is Intel Inside!



By featuring those two words, the logo, and the little audio ID, the computer manufacturer receives partial funding for their advertising from Intel.



Merchandising the Advertising to the trade is a common tactic. In some cases, just telling them you'll be dropping an FSI coupon in their market will promote distribution and display of your brand. But a display allowance wouldn't hurt.

SALES PROMOTION PROBLEMS.

As you work to develop successful sales promotion programs, here are some of the obstacles you have to overcome:

1. The Trade.

While your trade channel is in the business of making money selling your products, they're also in business selling *anyone's* products, so their loyalty to you is often short-term in the extreme.

To make matters worse, all of your competitor's are doing what you'd expect – they're competing.

So the trade has been trained to work you over for the best deal.

There are some other things driving your relationship.

You need them. They need you.

But it's going to cost.

The trick with trade promotions seems to be – just like consumer promotions – to deliver as much value to the trade as you can with as little cost to you.



For example, that was one reason NASCAR promotions went so well in the early days. It wasn't that your average housewife was more prone to buy Tide (though there are many couples who have a great time going to NASCAR events), it was that a NASCAR trip was a heck of an incentive to executives at southern supermarket chains.

2. Costs.

Even giving it away costs money.

For example, a simple effective technique like sampling generates costs in terms of: product costs, special packaging (often needed for "sample size"), distribution costs (shipping, etc.), and the actual delivery of the sample.

A sampling event in a single grocery store can cost over \$100 a day – just to give it away.

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Got it? OK, start thinking.

Think about all the things you need to think about. For example, ways to deliver the message – in the mail, in the store, on the doorknob, under the windshield wiper, on a poster, etc.

Think about your options for this specific store. Then think how you might have to configure things if Mama's were a chain and you had to do something that could be replicated in all their stores.

Whether this is a real class assignment or not, you should spend some time thinking about it, because I guarantee that some version of this problem will be a real world assignment – very soon.

Exercise #2: Channels

Your client is your vegetable or fruit. Objective – increase usage of your fruit or vegetable. Design a promotion delivered in the following media channels.

A. In-store. Think up something that can be delivered at the point of sale.

B. Direct Mail or Co-op. Now we need something that can be sent to your store's customers. Remember, this could cost you \$1 per mailing, given postage, printing, and other things involved.

What will be your offer? How many will you send out per store? Do you think it will pay out?

Or can you build a program where you become a part of your store's advertising? What would it be?

C. FSI. Create a full-page 4-color coupon ad.

D. Create a 1000-line newspaper ad (2 color) that might run on "Best Food Day" (usually Thursday). Your coupon redemption will be lower, so this ad better do something besides deliver that coupon.

E. Other Channels. OK? What else makes sense to stimulate sales for your fruit or vegetable?

Local cable? Bus bench backs? A blimp in the shape of an eggplant? Let's do some thinking.

Exercise #3: Adding Value

This is the key to building successful promotions.

Select any product you wish. Think of ways to add value to that purchase. For example, a fried chicken store could offer an extra piece of chicken or a Free Soft Drink. A cookie company might offer a special cookie jar. You get the idea.

If you go into the promotional field, this is the kind of thing you'll need to think of every day.

Exercise #4: Tie-Ins

A. Kraft Macaroni and Cheese & Spam. Every year, when I worked on Kraft Macaroni and Cheese, our group would have to do this ad – a tie-in with Spam. It would have a recipe (one year we did Spam-Ka-Bobs, bet you're sorry you missed it) and a coupon. (You had to buy both to get savings.)

Now it's your turn. Your assignment is to invent a recipe using Kraft Macaroni and Cheese and Spam (you can add other things if you want).

Name it. Design an ad promoting both products.

Add an offer (probably a coupon).

Wait, this assignment isn't tough enough – make it *Reader's Digest* size. (That's what we had to do.)

B. More Tie-ins. By now, you have a number of products in your client list. Time to think of some tie-in partners.

List current "clients" and then list some possible tie-in partners. Rough out an FSI (full-page, 4-color coupon ad – half page if it's a small client) with the tie-in, an appropriate coupon, and the offer.

Or do a "concept board."

Don't know what that is?

Read the next article.

3. Long-Term Brand Image.

A consistent policy of discounts and deals teaches customers your new price.

Many fast food chains, particularly pizza places, experience this problem.

Everyday prices become perceived as a "rip-off," and many consumers will only purchase with a coupon.

Many also feel it tends to devalue the brand – though many brands have established dominant market shares through aggressive pricing and dealing.

Though times can change things, too.

Recently, Suave, a price brand in the hair care category, has experienced a certain buoyancy in sales due to a general economic downturn.

For certain brands like Suave, bad times can be good news.

One more concern. Consumers continually exposed to "Fire Sale" promotional tactics may begin to sense that the brand is in trouble – and this contributes to a loss of standing with consumers.

Remember, a brand selection is, to varying degrees, a personal statement, and people like "winning brands."

4. Scattered Communication. The cumulative force of focused communications builds brands and consumer franchises.

Leo Burnett called it "*the glacier-like power of friendly familiarity.*"

A chaotic sequence of deals and events can create noise in the marketplace, but it's not a message.

Over the long term, we believe that sales promotion management demands attention to long-term brand values and a consistent approach that will build good relationships with both the trade and consumers.

Budweiser's "Bud Bowl" and the Pillsbury Bake-Off are two good examples of promotional events that became a positive part of the brand heritage and reinforced relationships with both the trade and the consumer.

Professional Promotional Advice.

by Colleen Fahey, Sr. V.P., Group CD, Frankel & Company, generally acknowledged as one of the world's foremost sales promotion agencies. Clients include Coca-Cola and McDonald's. If you ever had a Happy Meal, Colleen has had an impact on your life.

DOUBLE YOUR CHANCES OF FINDING A JOB: START YOUR PROMOTION PORTFOLIO TODAY.

(Offers limited. While supplies last.)

By now, you've probably heard a lot of not-so-good news about the advertising agency job market. I started out in an advertising agency; I liked it a lot. Then I moved to sales promotion. I love it. And now for a little good news.

Promotion is still a growing business – gaining in size and gaining in stature.

Promotion agencies are expanding. International networks are flourishing.

Ad agencies are starting their own promotion divisions and buying promotion agencies. One is even integrating promotion specialists with their account and creative groups. This is lucky for you.

Because (personal opinion) promotion is about the most fun you can have and still be working.

UNEXPECTED CREATIVITY.

Promotion lets you be creative in unexpected ways.

You aren't constrained to the boundaries of a page or a thirty-second commercial.

You aren't even constrained by two dimensions. The medium for your idea can be anything from a hot air balloon to the great American T-shirt.

Your work is often molded, diecut, backlit, or in motion. You get to create premiums and prizes that have never existed before.

By now, a niece or nephew, or little brother or sister may be pouring their Heinz Ketchup from a dinosaur's mouth. We created that little creature.

In promotion, you get to use both your practical side and your wildly imaginative side, and because it's so varied, you never get stale.

Best of all, there's still room for new creatives. So take a look, start your book.

You may find, as I did, that you'll never give a thought to going back to advertising.

THE CHALLENGE: PROMOTING A SALE.

Promotion is the part of marketing that focuses on making a sale within a predictable period of time. You tell the customer what you're offering, you say what you want in return, and you make it clear how long the offer will last.

Not long afterwards, you'll find out whether your offer succeeded or failed.

In promotion, the most challenging task is to come up with a motivating offer. The most fun job is to find the twist that makes the offer fresh and motivating. And the most gratifying part is to watch the results come in.

HOW TO THINK PROMOTIONALLY.

Your first step is to translate the objective (e.g., build sales 3%) into something the customer can act on. Here are some of the actions you would typically be trying to encourage a customer to take:

- Buy two packages at a time instead of one
- Come into a store or restaurant more times
- Buy several different products from the same manufacturer
- Buy a larger size

The next step is to get a good fix on exactly who your customer is.

This can be tricky. A product aimed at a child (who might think a whoopee cushion is the perfect promotion premium) might actually be purchased by his mother (who's more likely to be motivated by free school supplies).

A careful look at the audience will tell you where the offer will do the most good. Here are some broad groups our clients often need to influence.

- Mothers of young families
- Business people who fly constantly
- Affluent, single working women

The next stop for your promotional train of thought is the traffic itself.

Here's a partial list of tactics you can use:

• **A premium** is a gift offered free or at lower-than- retail cost in return for purchase, test drive, or visit.

A perfect example is McDonald's Happy Meal. The offer is simple: The customer buys a child's meal combination and, in return, the child gets a toy. There's even a premium that meets the needs of parents: a container that keeps the child busy with puzzles, jokes, and games so parents can enjoy a relatively peaceful meal.

• **A sweepstakes, game, or contest** offers a big, eye-catching reward to a few people, instead of a small one to everyone.

• **A bonus offer** gives the customer more of the product or service for the same price.

• **A coupon, rebate, or special price** reduces the cost of the product.

• **A continuity program or frequency program** is a long-term promotion that tries to keep people from switching brands. Airlines frequent-flier plans are good examples of these promotions. So are saving stamps.



WHERE DOES CREATIVE COME IN?

What makes the whole business creatively exciting is the next step: *figuring out how to combine tactics, embellish them, maybe add a bit of borrowed interest or make them work especially hard to enhance the brand's image.*

A Happy Meal becomes a Nintendo Happy Meal with spring-action Mario Brothers toys. It might even carry a tiny in-pack coupon book full of values for Mom.

A sweepstakes becomes the Benson & Hedges 100's Sweepstakes and gets the customer involved in choosing prizes that help highlight the product's most salient feature – its exceptional length.

Heinz Ketchup and Ore-Ida Fries get together to offer a free dinosaur head to grace a ketchup bottle top and encourage children to consume both products.

Borrowed interest is not a dirty word in promotional marketing. To be good at this part of promotion you need to be aware of what's going on in sports, entertainment, toys, and fads. Promotions that catch popular waves really create sales peaks.

The year I wrote this, we created promotions affiliated with properties like Batman, "Where's Waldo?" Nickelodeon, the Olympics, and several charities.

A HIT WITH YOUTH BASEBALL.

Oscar Mayer created an alliance with Youth Baseball that lasted three years and gave birth to many promotions that underscored its positioning as a wholesome, All-American product.

- One was a continuity program that rewarded baseball teams with baseball equipment in return for Oscar Mayer proofs-of-purchase.
- Another was a self-liquidating premium offer for a personalized Louisville Slugger.
- To assure trade support, the program allowed local retailers to make equipment donations to neighborhood ball teams in their own names, compliments of Oscar Mayer. (In return, retailers agreed to feature specials on Oscar Mayer products.)

The possibilities go on and on.

Remember, if you choose a movie, sport, character, or event to add appeal to your promotion, do it with any eye to extending the image of your brand.

HOW TO START A PROMOTION BOOK.

You can use your best ad ideas as jumping-off points for your promotion ideas.

What would motivate a customer to purchase your brand?

What will you give in return?

For your book, it's important that you show an understanding of how to create an immediate impact on sales without confusing the long-term brand image.

Don't follow the ads slavishly, but you have to be true to the brand's identity.

Here's what I'd like to see in your book.

1. Take one promotional assignment and try three concepts that address it.

This will show me how much creative flexibility you have within the constraints of a single set of rules. That's important in sales promotion.

2. Pick your favorite one of these ideas and create the support pieces for it.

- An ad or FSI
- A display
- A TV commercial or radio spot
- The premium itself, a PR idea, a trade sell-in piece, or an especially original way of merchandising it. (This will help me understand your creative style and your ability to achieve continuity through different elements and to different audiences.)

3. Pick three products in at least two different business categories.

4. Do a "concept board" for each. If you see some natural extensions, you're welcome to include them. (This will let you show them off.)

WHAT'S A CONCEPT BOARD?

A concept board simply conveys the core idea.

It needs a theme, key visual, and quick bullets describing any important mechanics.

Each concept should have a theme or "handle."

Theme lines are usually shorter than headlines – they announce the event and generally appear on all elements that carry the promotional message (e.g., floor displays, hang tags, and window banners).

Note to writers: a concept board usually doesn't give you a chance to showcase your writing. So put longer pieces into your book, too. Even though we spend a lot of our time writing bullets and themes, there are always clients who need longer copy for brochures, mailings, newsletters, and speeches.

WANTED: FRESHER THEMES.

You've seen lots of blah themes – retailers recycle them continuously: "Fall Festival of Values," "Sell-abration" and "Strike It Rich Sweepstakes."

Here are a couple of fresher approaches from my current pile (if you're reading this a few years later, we've moved on):

- *School's Baaack!* A fall promotion for Target. In two words, it conveys timing, merchandise, and a contemporary attitude.
- *Happy Hallowclean:* An October theme for Colgate toothbrushes and toothpaste.
- *With Our Compliments:* An everybody-wins sweepstakes offered through hotels or guests who paid with Visa cards.



WANTED: PROMOTIONAL LOGO DESIGNS.

Note to art directors: a theme will often appear as a design element that repeats throughout the promotional materials.

Here's a chance to show how you'd approach a design for a promotional theme. (It helps to tuck your roughs into the backs of the books, too. We like to see how you made your choices.)

HOW TO PRESCREEN YOUR IDEAS.

The CD will be trying to understand how you think, even more than how you execute a program. We're all looking for someone to think up ideas that haven't been thought of yet. Here are some of the ways we evaluate promotions:

- Is it clear how it will help sell product?
- Does it extend the image of the brand?
- Is the idea or the execution fresh and inventive?
- Does it communicate quickly?
- Do I wish I'd thought of that?

If your ideas pass muster, put them in the book.

Show your range. Big, flamboyant ideas are great.

So are small practical ideas – as long as they're a perfect fit. A fair number of ideas should show you were having fun while you were working on them.

Believe me, if you do this, you'll have far more promotion in your book than almost any fresh-out-of-school applicant we've seen.

And we'll be impressed with your commitment right off the bat.

If we're also impressed with your work, you could end up with one of the most demanding creative jobs in marketing.

And, no matter how often you explain your new job to your mother, she'll still tell all her friends you're in advertising.

About the Author. Collen Fahey started her career in advertising in New York City. When she moved to Chicago, she decided to go into promotion for one year so she'd be a more well-rounded ad person. She never went back.

Now in her 20th year in promotion, she is a key manager at what many regard as the world's leading promotional agency.

"Creatives" at Frankel come from widely diverse backgrounds.

"What they all have in common is an unwillingness to choose between being right-brained and left-brained. They want to be in on everything. So do I."