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## HELP!

**H**elp! Our sales are down 15 percent heading into the third quarter! What can I do? Help! I promised the franchisees a Super Bowl sweepstakes! How do I do it? Oh my! I need a tie-in partner! Who and how? Yikes! We've got a warehouse of industrial sprayers, and we're introducing a new line. Hmm. That loyalty idea of mine sounded easy at the time—I'm clueless where to start! Do'h! It's already November, and I need to motivate Thanksgiving Friday traffic! No, no! The competitor just cut its abrasive roll costs \$10 a pallet! How can I match that value? Umm, what's a dangler?"

**I**f you want to study a lot of theory, graphs, irrelevant industry figures, and rose-colored case histories and memorize test questions, don't buy this book! This book is for people with a lot to do and not much time to waste—people who need to know what direction to take, how to do it, and how to avoid the pitfalls in the process.

If you're ready for a comprehensive crash course in designing and executing a sales promotion, just get a highlighter and Post-it flags. This is information you can use—ideas, actions, and how-tos to help your company sell a lot more stuff through tried-and-true promotional marketing techniques.

For every informative page in this book, we may well have reviewed over 100 reference pages. That's because 99 percent of the published information out there isn't usable. So this book can save you reading thousands of pages of information you can't use.

It might even save your job, because it also tells you the pitfalls and risks. Most promotional marketing books dwell on successes, real or not. (I've personally received calls from panicked agencies trying to dump Ninja Turtle overstocks, Olympic lapel pins, and "hit" videos from promotions that failed, some of which were award winners.)

In short, this book cuts to the quick so you can develop a well-planned promotion from concept through completion.

## WHAT IS PROMOTIONAL MARKETING?

Promotional marketing used to go by the less distinguished name of "sales promotion." It simply referred to extra ways and means of promoting sales, from sales incentives to price-off signs. As Don Schultz's introduction points out, marketers began to realize there was more to promotion than a pure sales function. Like advertising, direct marketing, and similar disciplines, promotional tactics are effective marketing tools that help to extend the brand image, target consumer segments, support strategic planning, and, of course, promote sales. In fact, promotional marketing accomplishes objectives less achievable with other marketing disciplines, such as continuity, qualified traffic, multiple purchase "loading," sampling, and "bounce-back" purchases. Promotional marketing is a term of broad scope for several disciplines and an integral part of any successful marketing plan.

**Briefly put.** *Promotional marketing* ("sales promotion") is the marketing discipline that utilizes strategic motivational tactics to encourage a predetermined action(s) by the sales, distribution, trade, end-user, and/or consumer target(s).

**Action!** Sales promotions generate an immediate action. Advertising viewers may flip the page or continue watching the game. Public relation events may make people feel good about the product. But promotion motivates people to do something—clip a coupon, enter a sweepstakes, purchase a value-added offer, collect another stamp, reach a sales quota, open a new account, and other strategic activities.

**Strategic tactics.** Sales promotion relies on motivational tactics derived from marketing and sales strategies. Each tactic has a subset of variations. This book describes 135 varieties of 12 strategic tactics.

**Measurable results.** Well, somewhat measurable. If you drop a coupon, for example, you'll learn how many were redeemed, and that's measurable. But other factors are always at work—advertising levels, competitor activities, the economy, the product itself, even the weather.

Promotion results vary greatly by industry and tactic. A popular grocery brand may consider a 2 to 3 percent coupon redemption good. Meanwhile, nearly half of marketers target incremental sales gains from 15 to 20 percent through their various promotions.

## Advertising versus Promotion

You might say advertising opens the sale, whereas promotion closes it. Advertising creates awareness and positions a product in terms of its image, benefits, and uniqueness. Promotion encourages direct action through motivational tactics, from discounts to bonus offers to sales incentive programs. Ideally, it also reinforces the brand and advertising.

### 2003 Spending per Discipline

Consumer promotion	30.6%
Trade promotion	26.6%
Advertising	37.6%
Other	5.2%

Source: *PROMO* Promotion Trends Report 2003.

### Marketing Allocations by Type—2004

Sales promotion	14.8%
Event marketing	10.5%
Direct marketing	22.3%
Trade promotion	19.2%
Consumer advertising	22.8%
Public relations	7.3%
Other	3.1%
<b>Total marketing budget:</b>	<b>100%</b>

Source: "Industry Trends Report," *PROMO* magazine (<http://www.promomagazine.com>), a Primedia publication.

Promotional marketing crosses over into a few of the above allocations. For example, direct marketing may include a sweepstakes or refund promotion. As a rule of thumb, yearlong marketing expenditures break down to one-third for advertising, one-third for promotional marketing, and one-third for trade promotion. However, a smaller packaged good brand may devote as much as 90 percent to trade promotion.

### Sales Promotion Is Executed through a Chain of Links

Promotion addresses the product pipeline. For packaged goods, manufacturing creates special packaging with custom delivery schedules. Sales is trained and motivated to deliver the program to distributors, who deliver it to the trade, which executes the program in-store. The consumer is the last link in the chain. The world's greatest promotional idea may be doomed if the chain breaks.

### Objectives, Strategies, and Tactics

These three terms, which can overlap, are often confused with one another. Beyond business objectives (i.e., sales), promotional objectives might be the following:

- Increased distribution outlets
- Increased shelf space
- Increased in-store presence
- Expanded selling season
- Increased purchase frequency
- Increased usage occasions
- Increased transaction size
- Trial

Strategies and tactics often become confused with one another. Here's a simple *and* promotional differentiation:

- *Strategies* are the plans by which you'll achieve your objectives.
- *Tactics* are the actions you'll take *as you define where you spend your money* to achieve your strategies (an ad with a coupon, a sweepstakes prize, a free on-pack, etc.).

## How Should You Plan Your Promotion?

Promotion lives and dies on execution. Sales has to understand the promotion and sell it in to their business customers. Buyers have to approve it and alert the system. The point-of-sale kit has to be self-contained and simple, including easy instructions. Someone has to receive the kit without shoving it to the back of the warehouse. And someone, possibly a teenage stock person, has to assemble the display—all right on schedule. Remember that different tactics require different lead times. And every program's first question should be: "When does sales have to sell it into the trade (or business-to-business target)?"

In a nutshell, be sure to perform each of the following 21 steps:

1. Review your business on every front. See the following section: "Step One—Identify Yourself."
2. Review the extended index, which lays out all the promotional possibilities. Get an idea of what strategies and tactics to explore based on your business review.
3. Establish the objectives that will have the greatest impact on your business—with the most achievable execution demands.
4. Establish the strategies to achieve your objectives and then the tactics for those objectives. (Again, tactics are where you start spending money.)
5. Start your plan and budget, taking the following areas into consideration:
  - Manufacturing
  - Operations
  - Distribution
  - Sales
  - Trade
  - Consumers
  - Retailers and business to business—map your pipeline
6. As you plan, review the relevant chapters of this book, noting the advantages, pitfalls, guidelines, and checklists. (Again, review "Step One—Identify Yourself.")
7. Establish your criteria for success: not just sales but sales and trade participation levels, display penetration, and so on.
8. Create a checklist and assign the people best qualified to address each point.

9. Create a flow chart, critical path, Gant chart, or whatever your business calls a “schedule,” with every department, participant, and target accounted for. And allow for these things:
  - Lead times for every item and execution from creative development to approvals, sell-in process, warehousing, and shipping—everything
  - Communication materials for all parties
  - Executional tasks—who does them, when, and how
  - How-to sheets for every participating party from phone operators to teenage store clerks
  - Anything you can think of
10. Put a low-maintenance/cost backup plan and/or program in place in case something falls through.
11. Perform reality checks, running your plan past as many participants as possible, including every party you want to motivate.
12. Advise the system a promotion is coming and what will be expected.
13. Set up various meetings to introduce the plan and all its elements to every group involved.
14. Have sales introduce and sell the program to its respective targets—distributors, businesses, retail accounts, or franchise operations.
15. Obtain as much participation feedback as possible—even enrollment forms if appropriate—so you can project all the quantities.
16. Order and monitor warehouse receipts of all materials.
17. Ship the materials, launch the program, and bird-dog every angle constantly via the phone, the fax, e-mails, and newsletters; and bird-dog even in the field. *Execution is everything.*
18. Track everything so you can evaluate the total program later.
19. Create an evaluation, including comments from a sampling of everyone involved. Include recommendations for future programs.
20. Distribute thanks to everyone involved through letters, certificates, or simple novelties. Small gestures mean a lot, because you’ve probably put everyone through a lot. Let them know their efforts were noticed and appreciated.
21. Schedule a vacation for when it’s all over!

## STEP ONE—IDENTIFY YOURSELF

“If anything can go wrong, it will.” To avoid this popular prophecy as well as maximize your program’s results, consider every angle in your planning. Before you even begin to develop ideas, make sure you take into account the items in the following “Brand Background Document.” You don’t need to address everything it lists, but use it as a checklist to make sure you don’t neglect any important considerations. It will help in all your subsequent planning efforts, including a “SWOT” analysis (strengths, weaknesses, opportunities, threats).

### Brand Background Document

Note: This broad-based questionnaire should be adapted according to the brand’s category: retail, packaged goods, service, and so on.

#### PRODUCT/SERVICE

Brand objectives

Products included in this assignment

Product description

Range of models/levels

Quality, price, and the like compared with the competition

Features versus the competition’s features

#### CONSUMER/END-USER MARKET

Age

Income

Gender

Demographics

Psychographics

Region

Database

Levels of loyalty/usage

End-user profile (Also, see distribution.)

**COMPETITION**

Who?

Activities

Comparison of sales and distribution structure

Respective shares

Point(s) of difference

Strengths/weaknesses

Share of market

Advertising, promotion, and collateral samples

**ADVERTISING**

Positioning

Unique selling proposition

Image

Slogan

Media

Advertising samples

**PROMOTION HISTORY**

Types of promotions

Consumer offer and requirement

What does/does not work

What was rejected

Channels

Sales, distribution, and trade sell-in

Redemption/participation

Timing and duration

Evaluation criteria

Samples

**PACKAGING**

Configurations

Packout

Samples

In-pack/on-pack capability

Packout capability (self-shippers, pallet package, etc.)

Print on package? Where and how much space?

Other manufacturing capabilities/limitations



**SALES**

Unit

Dollar

Share (and competitors' share)

By channel

Growth/decline trends

**SEASONALITY/REGIONALITY**

Sales percentage by period

Sales percentage by region

A, B, C, D county

Key sales periods

**PRICING/BUDGET**

Suggested retail price and everyday price

Competitors' suggested retail prices and everyday prices

Margin

Turn rate—heavy versus moderate consumer

Typical coupon/discount value

Retailer and wholesaler profitability

Promotional allowance funding and usage

Promotional marketing budget per item

**DISTRIBUTION**

Sales channels—consumer, industrial, commercial, for example

Retail channels—grocer, drug, mass, hardware, mom-pop, services, for example

Dedicated salesforce? Whom do they sell to? Hierarchy?

Salesforce

    Broker/distributor salesforce? Number of reps and other products they rep? Hierarchy?

    Importance of brand—share of interest

    Incentives and how they compare with other lines

    Compensation

Warehouse (storage and delivery?)

Store-door?

Frequency of visits/calls and by whom

Market penetration—ACV, number of outlets

**BUSINESS-TO-BUSINESS BUYER**

Who buys/authorizes at different levels?

Who are end users? Do they influence buyer?

What buyer *expects*: allowance, in-ad, slotting, and degree and manner of advertising

What buyer/business *needs*: employee incentive, traffic, referrals, direct mail list/program, awareness beyond advertising medium, trial, push-pull, goodwill, publicity, flyer participation, other (Can you contribute to any of these needs?)

Scenario of sales/buyer meeting at each level

**ALLOWANCES/INCENTIVES**

Overall allocations: customer headquarters, customer locations, distributors, sales, for example

New products

Slotting

Display

Advertising

Personnel allocations: sales/distribution incentives—managers to route people

Trade/distribution: types (case, promotional, rebate, spiffs, etc.)

Required performance(s) and allocation for achievement

How promotional allowances to be used—best to worst cases

**POINT-OF-SALE CONSIDERATIONS**

Store sections

Configuration—shelf, pegboard, floor, end cap, bunker, stack, for example

Shelf life

Average number of facings

Turn rate

Who maintains: stock boy, route salesperson, crew, floor salesperson, merchandiser

**DISPLAYS/SIGNAGE**

Types: shelf talker, stacker card, floor/pole sign, shelf/easel, self-shippers, end aisle, decal, ceiling, permanent/semipermanent

Samples

Number of units by channel

Price per unit

Who sells in to chain

Who places: route salesperson, merchandiser, broker rep, retail employees

Longevity

Criteria for getting display: loader, case allowance, promotional allowances, event tie-in, favored cause, creative/graphics, advertised promotion, flyer in-ad, in-store sampling, other

#### TIMING, LOGISTICS, AND MATERIALS

Internal sell-in

Sales sell-in (sales meeting?)

Distributor sell-in

Distributor materials

Trade sell-in (trade show?)

Materials to distribution center

Materials to trade

In field

Lead times for packaging, product, POS, shipping, other

#### BUDGET

How allocated and to what areas

#### WISH LIST

Anything you may want to set your sites on for the future, even if you can't achieve it now

#### CRITERIA FOR SUCCESS

Make sure all items and considerations are measurable and can serve as benchmarks for future programs. Start to build a learning curve.

#### EVALUATION

Review the criteria for success.

(Sales are not the only benchmark. If the retailer places the display to receive the self-liquidating premium, it doesn't matter how many consumers ordered the premium—the display got up. And if the product still didn't sell, the display objective was nevertheless successful.)

What will be measured to evaluate the program and how will it be measured?