

Retail Promotional Strategy

Gopal Thapa, Ph.D.

Retail Promotion

- Any communication by a retailer that informs, persuades, and/or reminds the target market about any aspect of that firm

Elements of the Promotional Mix

	Impersonal	Personal
Paid	Advertising Sales promotion Store atmosphere Web site	Personal selling E-mail marketing
Unpaid	Publicity	Word of mouth

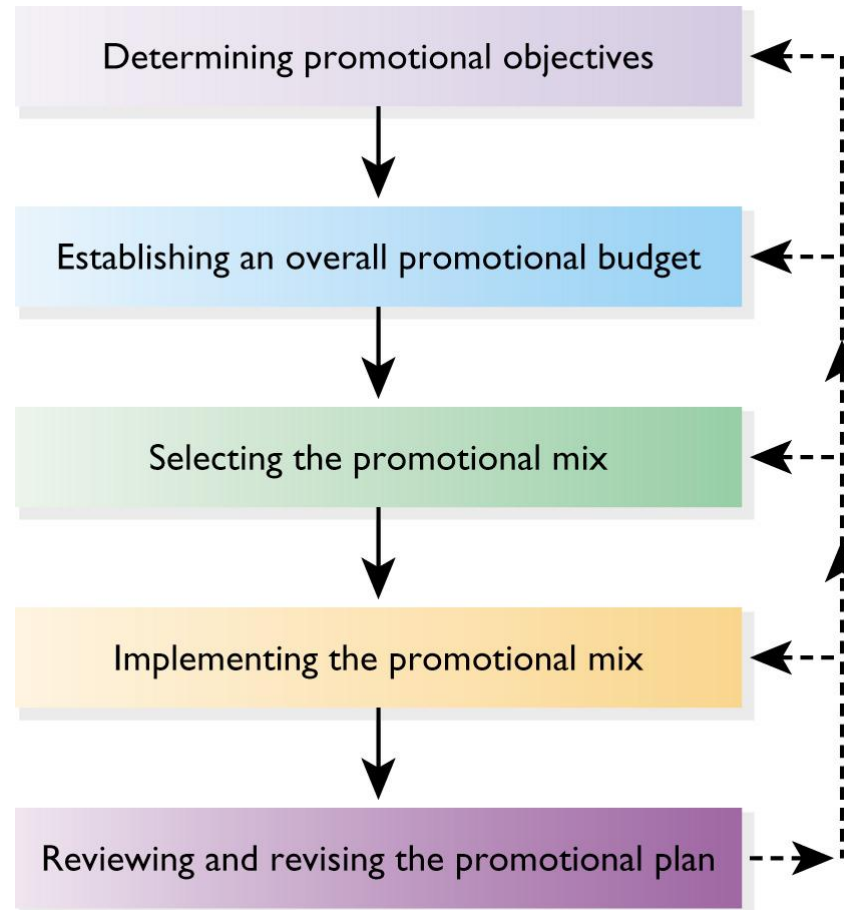
Management of Promotional Efforts Must Fit Into a Retailer's Overall Strategy

- A retailer's location will help determine the target area for promotions
- Retailers need high levels of traffic to keep merchandise moving – promotion helps build traffic
- Retailer's credit customers more store loyal and purchase on larger quantities making them an excellent target for promotions
- Promotions can increase short-run cash flow
- Promotional creativity and style should coincide with building and fixture creativity
- Promotion can be viewed as a major component of customer service because it provides information

Promotional Guidelines

- Utilize promotions that are consistent with and enhance store image
- Review success or failure of each promotion to help in developing future promotions
- Test new promotions when possible
- Use appeals that are of interest to your target market and that are realistic to obtain
- Make your objectives measurable and obtainable
- Develop total promotional campaigns, not just ads
- New stores need higher promotional budgets than established stores
- Stores in out-of-the-way locations require higher promotional budgets than stores with heavy traffic

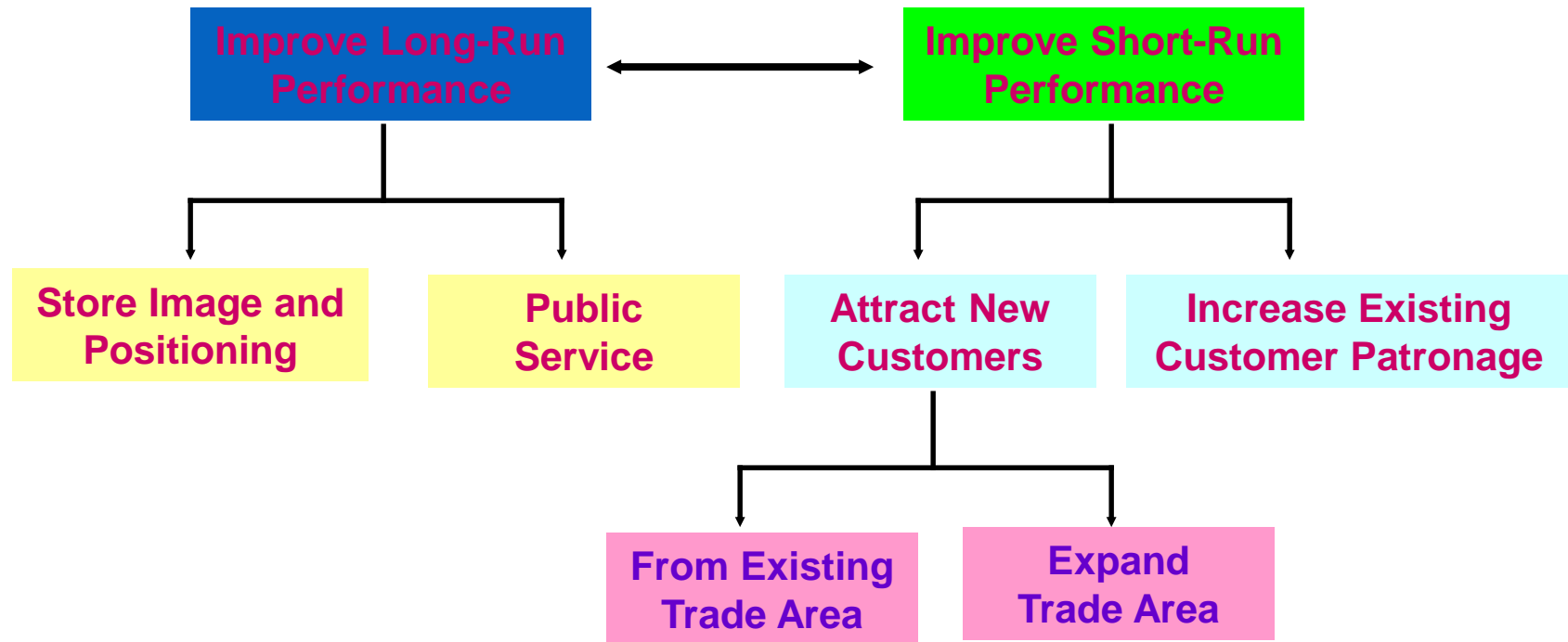
Planning a Retail Promotional Strategy



Promotional Objectives

- Increase sales
- Stimulate impulse and reminder buying
- Raise customer traffic
- Get leads for sales personnel
- Present and reinforce the retailer image
- Inform customers about goods and services
- Popularize new stores and Web sites
- Capitalize on manufacturer support
- Enhance customer relations
- Maintain customer loyalty
- Have consumers pass along positive information to friends and others

Promotional Objectives



Public Relations

- Public Relations - Any communication that fosters a favorable image for the retailer among its publics
 - Nonpersonal or personal
 - Paid or nonpaid
 - Sponsor-controlled or not
- Publicity – Any nonpersonal form of public relations whereby messages are transmitted through mass media, the time or space provided by the media is not paid for, and there is no identified commercial sponsor

Public Relations

Advantages

- Image can be presented or enhanced
- More credible source
- No costs for message's time or space
- Mass audience addressed
- Carryover effects possible
- People pay more attention than to clearly identified ads

Disadvantages

- Some retailers do not believe in spending on image-related communication
- Little control over publicity message
- More suitable for short run
- Costs for PR staff, planning activities, and events

Advertising

- Paid, nonpersonal communication transmitted through out-of-store mass media by an identified sponsor
- Key Features
 - Paid form
 - Nonpersonal presentation
 - Out-of-store mass media
 - Identified sponsor

Advertising

Advantages

- Attracts a large audience
- Gains pass along readership (for print)
- Low cost per contact
- Many alternatives available
- Control over message content; message can be standardized
- Message study possible
- Editorial content surrounds ad
- Self-service operations possible

Disadvantages

- Standardized messages lack flexibility
- Some media require large investments
- Geographic flexibility limited
- Some media require long lead time
- Some media have high throwaway rate
- Some media limit the ability to provide detailed information

Advertising Media Comparison Chart

Medium	Market Coverage	Particular Suitability
Daily Papers	Single community or entire metro area; local editions may be available	All larger retailers
Weekly Papers	Single community usually; may be a metro area	Retailers with a strictly local market
Shopper Papers	Most households in one community; chain shoppers can cover a metro area	Neighborhood retailers and service businesses
Phone Directories	Geographic area or occupational field served by the directory	All types of goods and service-oriented retailers
Direct Mail	Controlled by the retailer	New and expanding firms, those using coupons or special offers, mail order

Advertising Media Comparison Chart

Medium	Market Coverage	Particular Suitability
Radio	Definable market area surrounding the station	Retailers focusing on identifiable segments
TV	Definable market area surrounding the station	Retailers of goods and services with wide appeal
World Wide Web	Global	All types of goods and service-oriented retailers
Transit	Urban or metro community served by transit system	Retailers near transit routes, especially those appealing to commuters
Outdoor	Entire metro area or single neighborhood	Amusement and tourist-oriented retailers, well-known firms

Advertising Media Comparison Chart

Medium	Market Coverage	Particular Suitability
National Magazines	Nationwide	National chains
Local Magazines	Entire metro area or region, zoned editions sometimes available	Restaurants, entertainment- oriented firms, specialty shops, mail-order firms
Flyers/ Circulars	Single neighborhood	Restaurants, dry cleaners, service stations, and other neighborhood firms

Media Selection

- Coverage – maximum number of consumers in the retailer's target market
- Reach – actual total number of target customers who come into contact with the ad message
- Frequency – average number of times each person who is reached is exposed to the ad during a given time period

Planning a Cooperative Strategy

- What ads qualify, in terms of merchandise and special requirements?
- What percentage of advertising is paid by each party?
- When can ads be run? In what media?
- Are there special provisions regarding message content?
- What documentation is required for reimbursement?
- How does each party benefit?
- Do cooperative ads obscure the image of individual retailers?

Scheduling Retail Ads

- Ads should appear on (or slightly precede) the days when customers most likely to purchase
- Ads should be concentrated around the times when people receive their payroll checks
- If funds are limited, concentrate ads during periods of highest demand
- Ads should be timed to appear during time of say or day of week when the best cost-per thousand for the target market ((cost of ad/number of people in the target market viewing the ad) x 1000)
- The higher the degree of habitual purchasing of a product class, the more the advertising should precede the purchase time.

Personal Selling

Oral communication with one or more prospective customers for the purpose of making a sale

Personal Selling

Advantages

- Message can be adapted
- Many ways to meet customer needs
- High attention span
- Less waste
- Better response
- Immediate feedback

Disadvantages

- Limited number of customers handled at one time
- High costs
- Doesn't get customer in store
- Self-service discouraged
- Negative attitudes toward salespeople (aggressive, unhelpful)

Types of Sales Positions

Order-taker

versus

Order-getter

Selected Reasons Why Retail Sales Are Lost

- ✗ *Poor qualification of the customer.* ✓ Obtain information from the customer so the sales presentation is properly tailored.
- ✗ *Salespersons not demonstrating the good or service.* ✓ Show the good or service in use so that benefits are visualized.
- ✗ *Failure to put feeling into the presentation.* ✓ Encourage salespeople to be sincere and consumer-oriented.
- ✗ *Poor knowledge.* ✓ Train salespeople to know the major advantages and disadvantages of the goods and services, as well as competitors', and be able to answer questions.
- ✗ *Arguing with a customer.* ✓ Avoid arguments in handling customer objections, even if the customer is wrong.
- ✗ *No suggestion selling.* ✓ Attempt to sell related items (such as service contracts, product supplies, and installation).
- ✗ *Giving up too early.* ✓ Try again if an attempt to close a sale is unsuccessful.
- ✗ *Inflexibility.* ✓ Be creative in offering alternative solutions to a customer's needs.
- ✗ *Poor follow-up.* ✓ Be sure that orders are correctly written, that deliveries arrive on time, and that customers are satisfied.

Sales Promotion

Encompasses the paid communication activities other than advertising, public relations, and personal selling that stimulate consumer purchases and dealer effectiveness

Sales Promotions

Advantages

- Eye-catching appeal
- Distinctive themes and tools
- Additional value for customer
- Draws customer traffic
- Maintains customer loyalty
- Increases impulse purchases
- Fun for customers

Disadvantages

- Difficult to terminate
- Possible damage to retailer's image
- More stress on frivolous selling points
- Short-term effects only
- Used as a supplement

Types of Sales Promotions

Type	Description
Point-of-purchase	Window, floor, and counter displays that allow a retailer to remind customers and stimulate impulse purchases. Sometimes, the displays are supplied by manufacturers.
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).
Sweepstakes	Similar to a contest, except that participants merely fill out application forms and the winner is picked at random (chance). No skill is involved. Direct-mail retailers use this tool quite often.
Coupons	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.
Frequent shopper programs	Customers are given points or discounts based on the dollar amounts of their purchases. The points are accumulated to acquire goods or services.
Prizes	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.
Samples	Free tastes or smells of items are given to customers.
Demonstrations	Products are shown cleaning up floors, mixing foods, and so on. Services are also demonstrated (e.g., judo instructions).
Referral gifts	Presents or gifts are given to current customers when they bring in new customers.
Matchbooks, pens, calendars, shopping bags, etc.	Items that contain the retailer's name are given to customers.
Special events	Include fashion shows, autograph sessions with book authors, art exhibits, and holiday activities (such as children's rides).

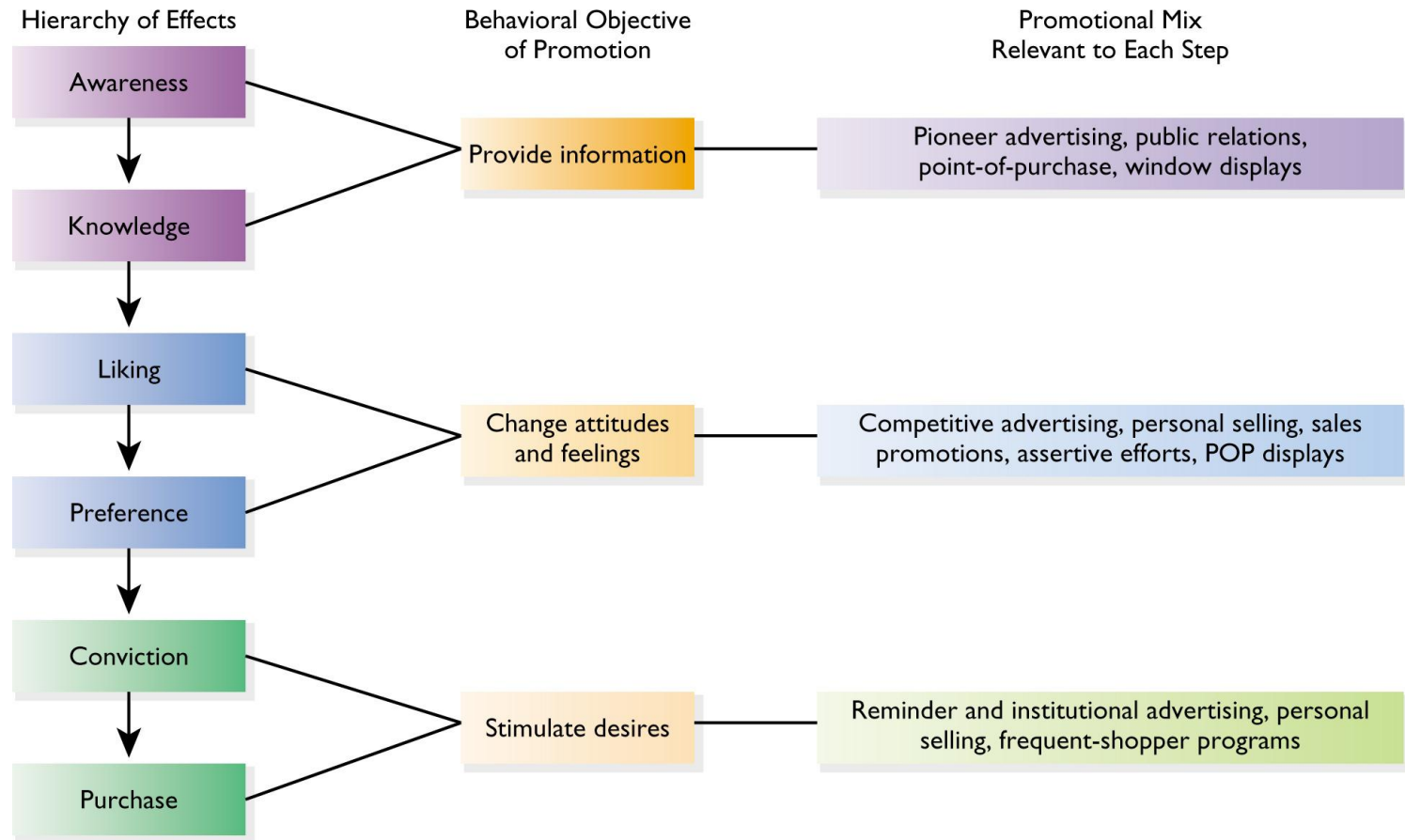
Advantages of Coupons

- Manufacturers may pay to advertise and redeem them – windfall to retailers since they generally receive 10-cent coupon handing fee (\$500 million + in 2002)
- 99% of consumers redeem coupons at least once during the year (but only 2% of all coupons redeemed)
- People may forget coupon but buy anyway
- They contribute to the consumer's perception of getting a good value
- Coupon redemption can serve as a measure of advertising effectiveness

Procedures for Setting a Promotional Budget

- All-you-can-afford method
- Incremental method
- Competitive parity method
- Percentage-of-sales method
- Objective-and-task method

Promotion and the Hierarchy of Effects



Any Query?



Thank You