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Sales Promotion – A cutting edge marketing tool

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Sales promotion is one of the most measurable and directly effective marketing techniques. It offers tangible rewards or the opportunity to receive tangible rewards in return for a given action or a change in purchasing behavior. It is a marketing technique that encompasses a wide range of tactics including loyalty promotions, trade incentive schemes, consumer incentive schemes, games, competitions, premium promotions – normally free gift with purchase, and special offers for example, buy two get one free.

Sales promotion can certainly be one of the most effective marketing techniques and can be used to achieve a number of objectives. Probably the most common objective of a sales promotion campaign is to encourage loyalty, this is most frequently seen in the forecourt promotions run by the petrol station chains or in the loyalty card schemes operated by the major retail chains.

Competitions and games can be used to encourage trial purchase or sometimes simply trial, as often seen for example in their usage by car retailers when offering the opportunity to win for example a holiday in return for taking a test drive. Premium promotions are also frequently used to encourage trial purchase, a premium promotion would typically entail giving a free gift with purchase. One of the advantages of this type of premium promotion is that the gift itself can be branded so as to keep the brand logo and slogan of the supplier in the purchaser's mind.

Trade incentive and customer incentive schemes offer rewards to clients and customers in return for making a given level of spend during a set time period of time. Rewards vary in nature but in a business to business environment may be business related items such as equipment or free extra products, etc. In consumer markets the rewards are more likely to be consumer goods or holidays, glassware, dinnerware, household goods and garden tools have commonly been used.

Whilst sales promotion can be very effective and is also a relatively inexpensive form of marketing, it is also a minefield. Many laws control sales promotion, for example, it is illegal to require a consumer or business to spend in order to take part in a competition unless skill is the only factor which will determine who will win. Hence the frequent use of tie breaks in competitions. For this reason when developing a sales promotion it is always a good idea to enlist professional advice or at the very least to consult a specialist law book such as Sales Promotion Law by Circus & Painter.

To achieve the required objectives it is important that a sales promotion is well thought through and professionally presented and promoted. For instance, if you are offering a reward such a holiday in return for a given level of spend over a set period of time, think about how much you can reasonably ask customers to spend in that period in order to act as an incentive for them. Also think about whether the additional revenues from sales will cover the costs of the promotion. When developing a competition think about what type of prize will entice your target market to want to enter. If you get everything right, the rewards can be big!

For more information on making your business a success email
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