



Sales promotion and the brand

Roderick White reviews the role of promotions in the marketing mix and the changes that are affecting the marketplace

IT IS GENERALLY agreed that the last 20-30 years have seen a steady transfer of marketing budgets from media advertising to other 'below-the-line' activities, especially promotions, both to trade and consumers (I, 4, 18), in response to the growing power of organised retailers and changing consumer behaviour (I, II).

The shift is reflected in new thinking by both advertisers and agencies. Key account management (KAM) (16) and category management (19) have become major concerns on the trade side; while to consumers promotion has evolved to include the new disciplines of brand activation (9, 10) and shopper marketing (11, 12).

While this article is primarily concerned with consumer promotion, and especially fmcg (packaged goods) markets, the trade cannot be ignored, and promotional techniques have permeated all advertised categories (23, 27). As retailers have become bigger and more sophisticated, the pressure on manufacturers to devote more cash to the trade, and to conform to the retailer's priorities, which are usually different to the brand owner's, have risen (I, 7, 17, 18). Controlling the trade budget has become a major issue for CMOs (17, 18), while convincing retailers and manufacturers to cooperate has not always been easy (10, 19).

Formats and objectives

While consumer promotion covers a wide range of activities and formats, the majority are focused on price - money off, BOGOFs, extra-value packs, multi-buys, and so on. And as these play well to retailers' priorities, they will continue to dominate. (For manufacturers, too, there is evidence that price promotions are more successful than EDLP - everyday low prices (I, 3, 13, 21).)

The key issue for brand owners is to define and control the role of promotion in the marketing mix. Promotions are, in the words of the UK's Institute of Sales Promotion, 'a range of tactical marketing techniques designed within a strategic framework to add value in order to achieve specific sales and marketing objectives' (I). For promotions, possible objectives are listed in Box I. From the

definition, a key question is how far promotions can help brand building as well as creating short-term sales 'spikes' (I, 2, 3), for whatever purpose (8, 26).

There are, by now, many good analyses available to suggest the appropriate promotion to achieve specific objectives (4, II, 13). Careful definition of objectives should lead to a clear indication of what type of promotion can best achieve them. Then, the challenge is to create a relevant promotion (23) that will involve (24) and excite consumers (25), and to structure and control it in order to ensure that it is cost-effective - the penalties for mis-forecasting uptake of a promotion can be substantial (4).

Beyond 'straight' brand promotions, joint promotions are a long-established format that requires careful matching of partners for the best impact (15, 29), and 'social' promotions are a growing element in the market (eg, 24).

Planning

Planning promotions should, as the ISP indicates, be a part of the marketing planning process (I, 4). They should be rooted in the overall marketing strategy for the brand, with a clearly defined role and specific, quantified objectives (4, 10, 22). Within this, it may be realistic to identify consumer segments to target with specific promotional objectives (6, 23). On the basis of this, a promotional calendar and timetable need to be developed, and a creative brief for each promotion (4). Each

should have its own budget, related to what is affordable to achieve the objectives - and executions should be developed that can, ideally, achieve the objectives well within budget. SMART (strategic, measurable, actionable, realistic, timely) is a useful discipline to apply to the process (4).

Finally, while the programme should be developed on a rolling annual basis, there needs to be sufficient flexibility within it to allow for ad hoc responses and adaptations when, for example, a competitor takes an unexpected initiative (4).

Price

Price promotions are always tactical - though they may become a routine part of a category's whole marketing activity (4). There is no real evidence that they can achieve strategic objectives - attracting genuinely new users to the brand or building loyalty (2, 21, 26), and their effect is typically short-lived (2, 3). Price deals are mainly bought by people who already have a brand in their repertoire: attracting new buyers is wishful thinking (2, 3). There is, too, a suspicion that a brand whose price is too frequently cut may devalue its reputation (3).

Price is, too, expensive to manipulate (I, 26), so it is critical for brand managers to be clear about their pricing objectives, and for sales to cooperate with marketing to maintain the price policy (3, 4). The theoretical principle is to reduce the importance of price within the mix (2, 7).

Recent developments

The 'brand activation' movement tries to use promotional techniques to add value to the brand, especially through various forms of enhanced brand experience (28). Activation campaigns are usually part of an integrated, multi-discipline programme, though some form of promotion, frequently sampling or demonstration, is at their core (9, 10). Integration is important, because there is evidence that promotions benefit from other activity especially advertising (15, 22, 24, 25, 26).

The shopper marketing focus is based on the recognition of the importance of in-store decision-making in shoppers' behaviour (II, 12), and the significance

BOX 1

Promotional objectives

- ▶ Get retailers to stock or display the brand
- ▶ Generate awareness
- ▶ Gain trial
- ▶ Increase brand usage
- ▶ Create brand loyalty/reward loyal users
- ▶ Liquidate old stocks
- ▶ Counter competitive action/pre-empt competitive launch
- ▶ Build consumer database
- ▶ Enhance brand image

of the 'moment of truth' (a P&G term) when a shopper is faced by a product on the shelf (12). Shopper marketing concentrates on understanding the retail environment, and working with retailers to deliver promotional activity that influences consumer choice *in situ*.

Globalisation

As major brands become increasingly international, marketers look to implement promotions across national boundaries (I, 5, 7). This brings them up against barriers of culture, legal requirements and local practice, as well different stages of development of brand category, the retail scene and consumer sophistication (1,5, 7,14).

While legal issues, once substantial within Europe, in particular, are eroding, there is only limited evidence of how the other issues affect promotional performance. Some research suggests that structural issues, rather than culture, most affect this, though the point remains open (7). What is clear is that promoters should be careful to take note of local conditions (5).

Research and evaluation

How do promotions affect consumers? While everyone likes a bargain, and some like to find shopping 'fun', some people are more susceptible than others (3) - young children, are vulnerable to promotional appeals (22). Research has identified clear differences in response to some promotional techniques between 'price-conscious' and 'value-conscious' consumers (13), and others suggest a whole typology of attitudes to promotion. Similarly, promotional intensity - and presumably susceptibility - varies by category (3, 6). More broadly, there is a widely held, hardly proven, view that increased emphasis on price promotion in recent years has led both to a greater expectation of price cuts and willingness to switch brands in response (2,3,13).

A key element in effective promotion management is evaluation. If you set specific, quantified objectives, it should be relatively easy to measure the results (6). At issue, though, may be the *potential* effectiveness of a promotional idea. A particular framework that has been suggested (21) to evaluate a promotion in advance involves looking at four key aspects of the promotion: its ability to gain attention; its ability to communicate its key message; its ability to persuade or convince; its effect on purchasing (or purchase intent). Ideally, a promotion should be able to tick all four boxes. One possible way to go about pre-testing is to use virtual shops (20).

Core reading

1. C Bunn and J Banks: Promotions: adding value or driving sales? *Admap* 451, June 2004.
2. A Ehrenberg and K Hammond: The case against price-related promotions, *Admap* 418, June 2001.
3. E Garner: Do sales promotions really work? *Admap* 430, July 2002.
4. A Gerwin: Sales promotion planning. POPAI, 2004.

Planning

5. M Hanson: Globalisation: promotions across frontiers. *Admap* 425, February 2002.
6. B Humbert and M Khandewal: Attitudinal and behavioural convergence. ESOMAR Brandmatters conference, 2006.
7. L Simpson: Enhancing food promotion in the supermarket industry - a framework for sales promotion success. *International Journal of Advertising* 25, 2, 2006.
8. C Reed: Newspaper promotions: the good, the bad, the profitable. INMA *Ideas magazine*, November 2004.

Brand activation/shopper marketing

9. V Barcesat and V Gruart: Brand activation: strategic versus tactical objectives. ESOMAR Latin America conference, 2005.
10. M Joy: Brand activation is king! Long live the king! *Admap* 468, January 2006.
11. J Maskulka: In-store marketing. POPAI 2001.
12. M Staines: Moments of truth. *Admap* 490, January 2008.

Consumer response

13. J Garretson and S Burton: The highly coupon and sale prone consumer: benefits beyond price saving. *Journal of Advertising Research* 43, 2, June 2003.
14. L Huff and D Alden: An investigation of consumer response to sales promotions in developing markets. *Journal of Advertising Research* 37, 2, March 1997.
15. N Sharman and J Pawle: Horse and carriage, Sun and surf? *Admap* 435, November 2003.

Trade promotion

16. L Bruce and L Ryals: Key account management: five common myths dispelled. *Market Leader* 27, Winter 2004.
17. S Butscher and J Christie: Could your trade funding be managed more efficiently? *Admap* 485, July/August 2007.
18. H James: Trade funds investment: getting control and delivering value, *Market Leader* 18, Winter 2002.
19. S Needel: What's the future of category management? ESOMAR, Retail Conference, February 2007.

Evaluation

20. M Draper: Understanding decisions - the power of the virtual shopper. *Admap* 489, December 2007.
21. E Gardener and M Trivedi: A communications framework to evaluate sales promotion strategies. *Journal of Advertising Research* 38, 3, May/June 1998.
22. D Lawrence: Measuring the pulling power of promotions. *Young Consumers* 6, 1, 2005.

Case studies

23. DDB: McText. CAANZ Awards, 2003.
24. Dynamo: Sainsbury's supermarkets - Sainsbury's Active Kids 2005. PMC European Awards, IMCC, 2006.
25. N'Lil: Carlsberg (Belgium) - Win your private jet. PMC European Awards, IMCC 2006.
26. M Smith: Ocean Spray: the longer-term effects of advertising over promotion. IPA Awards, 2002.
27. SMP: Budget Car Rental (UK) - Rent it with flowers. PMC European Awards, IMCC, 2006.
28. The Big Kick: Premier Foods (UK) - Branston Baked Beans 'Great British Bean Poll'. PMC European Awards, IMCC, 2006.
29. L Fontenot: Church's Chicken partners with World Championship Wrestling. *The Advertiser*, October 1999.

More generally, it is important to recognise that it is easy to promote in such a way as to generate sales volume (though there are some products you can't even give away), but less easy to do so profitably (3,4). It has been argued that

to do this properly, you really need to employ econometric techniques (I). It is necessary to measure not just volumes, but revenues and profitability; and if the aim is to add value to the brand, you need to measure that outcome too (9, 15, 26). •