

Ch-3 Advertising and Sales Promotion.

Good Morning Students,

This lesson is for class 10th for the subject of Commercial Studies. The topic for today is 'Sales Promotion' which is covered in chapter 3 titled 'Advertising and Sales Promotion' of your book of Commercial Studies.

This lesson is being submitted to you on 22/7/24 and the voice is of Mr. Lokesh Arora.

All the students now please open page number 28 of your book and listen carefully.

Sales Promotion consists of all promotional activities other than advertising, personal selling and publicity that help to increase sales through non-repetitive and one-time communication.

"Sales Promotion refers to short term incentives of non-recurring nature used to stimulate consumer purchasing and dealer effectiveness". Various sales promotion tools which are used ~~to~~ are free samples, premium on sales, prize contests, discounts, gifts, exchange offers etc.

Sales Promotion activities are designed to achieve the following objectives:-

- (a) To introduce new products.
- (b) To attract new customers and stimulate demand.
- (c) To increase sales during slack periods and thereby clear old stock immediately.
- (d) To encourage dealers to carry large stocks.
- (e) To improve the public image of the firm.

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(1) To counter sales promotion campaigns of competitors

Distinction between Sales Promotion and Advertising

S.No.	Point of Distinction	Sales Promotion	Advertising
1.	Meaning	Marketing activities which stimulate consumer buying and dealer effectiveness.	Any paid form of impersonal presentation and promotion of a product, service or idea by an identified sponsor.
2.	Time horizon	Short-term perspective.	Long-term perspective.
3.	Aim	To increase immediate sales.	To build image of producer and his product
4.	Scope	Narrow — Free samples, coupons, contests, premium offers, displays, exhibitions, etc.	Wide — Newspapers, magazines, TV, radio, posters, films and other media.
5.	Regularity	Limited period, non-recurring.	Regular and recurring.
6.	Emphasis	Supplement to advertising and personal selling, pushes product towards buyers.	Informs, persuades and reminds, attracts customers towards the product.

Role/Importance/Benefits of Sales Promotion:-

Sales Promotion techniques are used to perform several functions and to achieve the following benefits.

- (i) Provides Information
- (ii) Stimulates Demand
- (iii) Creates Product Identity
- (iv) Meets Competition
- (v) Satisfy Customers.

For explanation refer to page 29 of your book.

Sales Promotion programmes may be designed for consumers and dealers.

(1) Consumer sales promotion programmes:-

Consumer sales promotion include activities designed to inform and educate the consumer and to stimulate demand. In sales promotion programmes directed towards the consumers, an attempt is made to reach the home or office of the consumer. The aim is to attract

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new customers, to counter a competitor's activities and to ~~at~~ control any seasonal decline in sales.

Followings are various Sales Promotion Techniques for consumers:-

(i) Distribution of Free Samples:-

Many a time free samples of low-priced and repeat sales items are distributed to selected people to gain consumer acceptance and to popularise the product. Pharmaceutical firms distribute free samples of medicine among doctors. This is an effective device of sales promotion as consumer can test the product before buying it. For example Tea, coffee, Ketchup, detergent etc.

(ii) Coupons:-

Some firms issue coupons to prospective buyers through newspapers, direct mail, dealers and door-to-door salesmen. A coupon is certificate that entitles its holder to a specified discount on purchase of a particular product. Coupons are used to introduce new products and to increase the sale of established products.

(iii) Premiums or Bonus Offer:-

A sales premium or bonus offer is the offer of an article free of cost or at a nominal price on the purchase of a specified product. For example, one 'Lux' soap can be given free on purchase of any economy pack of 'Surf' detergent powder.

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Premiums can be of following types:-

- (i) With Pack Premium.
- (ii) Price off Premium.
- (iii) Money Refund Premium
- (iv) Extra Quantity Premium.

For explanation refer to page 31. of your book.

Students before going further let's take a short break. Write the answers of the following questions during the break.

1. What is Sales Promotion?
2. Give two difference between Advertising and Sales Promotion
3. Give two objectives of Sales Promotion

(iv) Prize Contests:-

Under this method, consumers are given rewards for analytical or creative thinking about the product in form of slogan writing, sentence completion etc. Rewards are given to successful participants in the form of cash prizes, merchandise, free travel or meeting a celebrity.

(v) Free Offers:-

In order to promote sales, some firms offer a free gift with the purchase of an expensive product. e.g. a cordless phone or hair dryer is offered free on purchase of a LED TV.

(vi) Fairs and Exhibitions:-

Trade Shows, fashion shows, fairs and exhibitions

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are an important technique of sales promotion. They provide a forum for the demonstration of the product. Free literature can be distributed to introduce the firm and its product to the public.

(vii) Clearance Sale:-

Sales at reduced prices may be organised at important festivals to attract a large number of customers and help to clear accumulated stocks. For example, every ready made garment company give discounts on Christmas and on new year etc.

(viii) Exchange Offer:-

In this method, customers are offered the facility of exchanging old products with new. For example Samsung etc. offered to buyers of refrigerators that they could exchange their old refrigerator for new one and thereby pay less upto ₹ 3000 for the new one.

2. Dealer Sales Promotion Programmes:-

In these programmes, sales promotion activities are conducted to induce dealers to keep a large stock with them. Extra cash or trade discount is offered to dealers on the basis of orders placed. Sales promotion techniques for dealers are:-

(i) Dealer Premium:- Certain premiums are offered to the retailers for stocking and selling the product.

(ii) Dealer Contests:-

In these contests, additional incentives are

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offered for attaining predetermined sales targets. Prizes include car, foreign travel and expensive gifts etc.

(iii) Advertising Material:-

The producer provides signboards, banners, cutouts, shelf signs and other material for point of purchase display. Such point of sale material acts as the silent salesman.

(iv) Store Demonstration:-

In this method, salespersons of the manufacturer carry out special demonstration of the product at retailer's places. The aim is to educate the dealers and consumers about the features and uses of the product.

(v) Special Displays:-

The producer in collaboration with dealers may put up special shows of the product at fairs and exhibitions. In some cases, money is paid to the retailers for providing a separate space for the display of the product in their shops.

With this I am ending my topic here. Write the answers of the following questions in your note books.

Ques. 1. What are Consumer Sales Promotion programmes? Explain any two.

2. Explain various dealer sales promotion programmes.