

Trade Sales Promotions

As note in the [Promotion Decisions](#) tutorial, certain promotions can help "push" a product through the channel by encouraging channel members to purchase and also promote the product to their customers. For instance, a trade promotion aimed at retailers may encourage retailers to instruct their employees to promote a marketer's brand over competitors' offerings. With thousands of products competing for limited shelf space, spending on trade promotion is nearly equal that spent on consumer promotions.

Many sales promotions aimed at building relationships with channel partners follow similar designs as those directed to consumers including promotional pricing, contests and free product. In addition to these, several other promotional approaches are specifically designed to appeal to trade partners. These approaches include:

1. Point-of-Purchase Displays
2. Advertising Support Programs
3. Short Term Allowances
4. Sales Incentives or Push Money
5. Promotional Products
6. Trade Shows

Below is a discussion of each approach.

Point of Purchase Displays

Point of purchase (POP) displays are specially designed materials intended for placement in retail stores. These displays allow products to be prominently presented, often in high traffic areas, and thereby increase the probability the product will stand out. POP displays come in many styles, though the most popular are ones allowing a product to stand alone, such as in the middle of a store aisle or sit at the end of an aisle (i.e., end-cap) where it will be exposed to heavy customer traffic.

For channel partners, POP displays can result in significant sales increases compared to sales levels in a normal shelf position. Also, many marketers will lower the per-unit cost of products in the POP display as an incentive for retailers to agree to include the display in their stores.

Advertising Support Programs

In addition to offering promotional support in the form of physical displays, marketers can attract channel members' interest by offering financial assistance in the form of advertising money. These funds are often directed to retailers who then include the company's products in their advertising. In certain cases the marketer will offer to pay the entire cost of advertising, but more often, the marketer offers partial support known as co-op advertising funds.

Trade Allowances

This promotion offers channel partners price breaks for agreeing to stock the product. In most cases the allowance is not only given as encouragement to purchase the product but also as an inducement to promote the product in other ways such as by offering attractive shelf space or store location, highlighting the product in company-produced advertising or website display, or by agreeing to have the retailer's sales personnel "talk-up" the product to customers.

Allowances can be in the form price reductions (a.k.a. off-invoice promotion) and buy-back guarantees if the product does not sell in certain period of time.

Sales Incentives or Push Money

Since sales promotions are intended to stimulate activity that leads to meeting promotional objectives, it makes sense that these can also apply to those in a channel member's organization who also affect sales. Thus, a marketer may offer sales promotions to their reseller's sales force and customer service staff where they are used as incentives to help sell more of the marketer's product. Sometimes called push money, these promotions typically offer employees cash or prizes, such as trips, for those that meet sales requirements.

Promotional Products

Among the most widely used methods of sales promotions is the promotional product; products labeled with the brand or company name that serve as reminders of the actual product. For instance, companies often hand out free calendars, coffee cups and pens that contain the product logo.

Trade Shows

One final type of trade promotion is the industry trade show (a.k.a. exhibitions, conventions). Trade shows are organized events that bring both industry buyers and sellers together in one central location. Spending on trade shows is one of the highest of all sales promotions. In fact, the Promotion Marketing Association estimates that over (US) \$20 billion is spent annually by marketers to participate in trade shows.

Marketers are attracted to trade shows since these offer the opportunity to reach a large number of potential buyers in one convenient setting. At these events most sellers attempt to capture the attention of buyers by setting up a display area to present their product offerings and meet with potential customers. These displays can range from a single table covering a small area to erecting specially built display booths that dominate the trade show floor.