

## Using Trade Promotions

Many firms target their sales promotions at wholesalers and retailers in an attempt to generate greater support and sales. Sometimes these trade promotions are designed to get preferential treatment from the retailer (e.g. better store/shelf placement) and sometimes they are simply designed to pass through to the end-consumer (such as a discount).

Listed below are some possible trade promotion tools. Your task is to identify which one/s would be most appropriate for:

1. A manufacturer of shampoo/conditioner, and
2. A manufacturer of quality outdoor BBQ's (ranging in price from \$500-\$4,000)

	Possible Trade Promotion Tools	For shampoo?	For a quality outdoor BBQ?
1	Provide simple signs/posters/brochures for the retailers		
2	Provide more elaborate point-of-purchase displays (e.g. a video and player)		
3	Undertake joint advertising (e.g. pay for space in the retailer's regular catalog)		
4	Provide discounts to the retailers for above average purchases		
5	Pay 'extra' commission to the individual <u>stores</u> (for sales)		
6	Pay 'extra' commission to individual <u>salespeople</u>		
7	Hold a product party (and/or information seminar) for retail salespeople		
8	Provide hospitality to the retailer's management (e.g. invite them to lunch or an event)		
9	Tie to their loyalty program (that is, bonus points)		

10	Provide a particular product on an exclusive basis to a major retailer		
11	Provide interest-free financing deals		
12	Take out trolley advertising		
13	Utilize in-store radio advertising (if available)		
14	Provide promotional staff for in-store demonstration or free samples		

### Student Discussion Questions

1. Start this activity by completing the above table.
2. Which trade promotion tools did you use the most? Which ones did you use least?
3. How does your trade promotion choices compare to those of your fellow students?
4. How important you think trade promotions are in building strong retailer relationships? Would a firm run an unprofitable trade promotion in order to strengthen their retailer relationship?