

## Will the Retailer Support the Sales Promotion?

A significant proportion of planned sales promotions do not get implemented due to the lack of full support by the retailer (except for major brands who tend to have strong retailer relationships).

Your task in this activity is to determine whether or not the retailer is likely to run/support the sales promotion.

### **About this Challenger Brand**

Big 'n Tasty noodles is the second largest brand (by market share) that is sold in the major supermarkets. This winter they plan to run a major sales promotion, just like they did last winter with tremendous success.

Their sales promotion consists of in-aisle displays, an in-store promotion (including free samples), and a 20% discount (provided to the supermarkets, which was partially passed on to end-consumers last promotion).

The following table shows the results from last year's campaign (also includes competitor data):

	<b>Normal Market Share</b>	<b>Market Share During Sales Promotion</b>	<b>Retailer's Normal Profit Margin (Per unit)</b>	<b>Retailer's Profit Margin During Sales Promotion</b>
<b>Leading Brand</b>	40%	30%	\$1.00	\$1.00
<b>Big 'n Tasty</b>	30%	50%	80 cents	90 cents
<b>Smaller Brand A</b>	20%	10%	\$1.00	\$1.00
<b>Smaller Brand B</b>	10%	10%	40 cents	40 cents

Please Note: Weekly sales remain constant at 10,000 units during the campaign, only the market share has altered.

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### **Student Discussion Questions**

1. Looking from the retailer's viewpoint, would they be keen to support the sales promotion again this year? Why
2. Why would the manufacturer be keen to rerun the sales promotion?
3. How could the manufacturer convince the retailer to support the promotion again?
4. From a retailer's viewpoint, do they want to be involved in many or few sales promotions?