

## **Retail Promotion**

Creating and managing the promotions process & merchandising are immensely challenging tasks when they are done from the perspective of the retailer. The business is full of extremely talented, intelligent and creative people, working together toward these goals.

Few people who work in merchandising and promotions are neutral about it. Those who succeed thrive on the constant pressure and challenges; those who drop out find the rewards to be insufficient to maintain the constant push; and many who remain would like to leave but find they can not tear themselves away from something they really enjoy doing.

It is easy to create a controlled, persuasive message; anyone can do it. Most people have already done it by writing a classified ad for the newspaper, by putting up a poster, by asking another person for a date or by trying to get a grade changed. While it is easy to create a message, it is extremely difficult to create the most appropriate message for the occasion, to create the real image of a store.

## **Issues**

**a) Store design:** The most visible element of the store is the design of its storefront and interior decor. The storefront or exterior must be eye-catching, inviting, and reflective of the merchandise offered inside. The interior design must be comfortable, put the shopper in the proper buying mood, and provide a backdrop that enhances but does not overpower the merchandise. The store designer must always remember that shoppers are there to look at the merchandise, not to admire the store design.

**b) Visual Communications:** A successful selling environment is based on effective visual communications with the retailer's customers. Because shoppers require information even when sales associates are not available, visual communications must be used throughout the store to provide direction, specific, and prices. A visual communications program begins with the store name and logo and includes a range of interior signage that walks the customer through the buying experience.

**c) Retailer's Promotion mix:** A retailer's promotion mix comprises advertising, sales promotions, publicity and personal selling. All four components need to be managed from a total systems perspective and must be integrated not only with each other but with the retailer's other managerial decision areas such as location, merchandise and fixtures, customer service. In addition, the retailer must realize that its promotional activities may be in conflict with the way other channel members use promotion.

## **Introduction**

Retail promotions are designed to promote the goods and services offered in the business and to directly generate retail sales. Retail promotions should be used as part of a broader promotional strategy, which also can include special events and image-building promotions. Retail promotions can either be discount-oriented sales events or targeted, non-sale promotional events.

Retail events can promote general services (e.g. invited hours for regular customers), convenience and special attractions, rather than using reduced prices to draw shoppers. Cooperative promotion, cross-retail promotion and niche promotion are all examples of retail promotion activities.

*Cooperative promotion* activities focus attention on a cluster of stores in the same category that can be promoted together. For instance, cooperative promotion could be used to generate customer traffic during otherwise slower periods.

*Cross-retail promotion* activities group businesses with complimentary goods in a single retail event or coordinated display. Cross-promotion can be used both to bring new customers to a business and to encourage those in the business to patronize additional businesses.

*Niche promotion* activities target specific consumer groups through specially distributed flyers, coupons, posters and/or media advertisements.

## **Special Events**

Special events are traffic-building events that are designed to generate eventual (not necessarily immediate) retail sales for businesses in the business. Special events should be used as part of a broader promotional strategy, which also can include retail promotions and image-building promotions.

Special events should be designed to appeal to specific groups of consumers or as staged celebrations involving the entire community. In planning special events, it is important to be clear about the target audience for the event and to plan specific activities that will appeal to each target audience. To ensure that businesses support and benefit from the event, unique merchandising opportunities should be provided for businesses along the corridor.

Special events are often held in the street or on the sidewalks. Special events permits are required for events in public space.

## **Image-Building Promotion**

Image-building promotion consists of ongoing activities to define a healthy image for the commercial business. Successful image-building campaigns build upon the commercial corridor's existing assets and offerings, its market potential and the values of community. The identity developed in image-building promotions should form the basis for a broader promotional strategy, which also includes retail promotions and special events.

Through marketing campaigns, a business can promote itself as a unified area with a recognizable identity and image. Marketing campaigns can accomplish a range of goals, including:

- Building general knowledge and interest in a neighborhood commercial business, including promoting and branding the neighborhood business or providing information about the retail and restaurant offerings through a business directory for the business.
- Promoting the business as a niche shopping destination.

#### **Proven Cross-Promotion Activities**

- Create a "frequent buyer" card where customers receive a stamp for buying something.
- Frequent buyers are eligible to redeem points for prizes, discounts, gifts...
- Create a monthly evening event where customers can get discounts.
- Retailers (or restaurants) seek out nearby restaurants (or retailers) and exchange promotional materials or coupons.
- Find a retailer that sells similar products but not the same brands and begin make referrals.

#### **Conditions for Effective Promotions**

Two major retail strategies affect consumer response: price format and store format. Retailers typically use the Everyday Low Pricing (EDLP) or Hi-Lo pricing strategy. Since prices at EDLP stores are always reduced, these retailers do not offer as many promotions. Furthermore, discounts at EDLP stores are typically lower than at other stores, due to the already heavily discounted normal prices. Hi-Lo stores normally have high regular prices, and then reduce those prices by substantial amounts, discounting more frequently than EDLP stores.

Consumers who shop at stores with an EDLP pricing strategy are less sensitive to short-term price cuts than consumers at Hi-Lo stores.

Store location and breadth of product assortment also impact consumer response to promotions. Retail chains with more stores in a geographic market do not get as much benefit in sales from using feature ads as chains with fewer stores. In addition, consumers who shop at retail chains with a large number of stores in a given market are less likely to be influenced by displays, since they are already familiar with store layout.

In markets with greater retail competition, there is greater price sensitivity,

making consumers more responsive to price cuts. More competition makes it easier to compare prices across national brands.

Important consumer characteristics in determining promotional response are household income, home value, and age. Higher income consumers are less likely to respond to price cuts, but more likely to use feature ads and in-store displays to save time and effort in searching for better prices. For older consumers, physical and mental constraints mean that they are more likely to use feature ads and displays to make searching for better prices easier. The study shows that older consumers are more sensitive to displays and features than price.