



TRAINER'S BOX®

Sales promotions guide

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What is a sales promotion?

There's a widely-accepted axiom that has stood the test of time regarding 2 primary certainties of life. You've probably read it or heard it or even quoted it to a loved one or friend at a happy hour or in a mild state of melancholy.

For those who haven't, it goes something like this: We'll all pass away 1 day and, in the meantime, we all must pay taxes.

While that sentiment is generally accepted, some playful observers argue there's 1 more certainty of life: We all love a sale.

Think about it. Consumers passionately embrace the concept of paying less than regular price for a product or service that they've deemed they absolutely must have. Clever marketers recognize this affinity and craft sales promotions to cash in on it.

So, what is a sales promotion?

Simply stated (and we'll delve deeper shortly), a sales promotion is an initiative applied by a business for a predetermined and limited amount of time with the primary objectives being to increase consumer demand and to stimulate timely sales.

Marketing experts agree that sales promotions, which can vary greatly, are a vital instrument to lubricate a company's marketing efforts and a necessary tool to boost revenue. They also can be used to introduce a new product and/or clear inventories, but the main goal of a sales promotion is to trigger impulse purchases through short-term incentives, which are non-recurring. In other words, sales promotions rarely are suitable as the primary method of building long-term customer loyalty.

Other objectives of a sales promotion include:

- Attract new customers
- Encourage repeat purchases
- Gain advantageous shelf-space
- Counter or block competitors' moves

As promised, let's take a deeper look at the definition of a sales promotion, with help from The American Marketing Association (AMA), which defines sales promotion as "media and nonmedia marketing pressure applied for a predetermined, limited period in order to stimulate trial, increase consumer demand, or improve product availability."

In the big picture, sales promotions should be considered an investment as opposed to an expenditure. If done well, a promotion can produce hefty returns at nominal costs.

Here's more from the AMA: "Sales promotion includes those marketing activities, other than personal selling, advertising, and publicity, that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and expositions, demonstration, and various non-recurrent selling efforts not in the ordinary routine."

Sales promotions can be segmented into 2 categories: proactive and reactive.

A company implements a proactive sales promotion hoping to gain additional market share or revenue, expand the target market, and to develop a favorable consumer experience with a product or service. Reactive sales promotions are all about responding to a competitor's move or clearing excessive inventory and/or a discontinued product(s).

The use of sales promotions has increased in recent years. In the past decade, they've become an integral component of the marketing landscape and of marketing strategies for large and small businesses alike. A modern sales promotion is unique from traditional advertising in that it can inform, remind and/or stimulate buyers at the point of purchase.

However, some marketing experts argue that sales promotion efficiency is in decline because today's consumers are inundated with them daily rendering them less compelling because of oversaturation.

From Paul Talbot in [Forbes](#): "Promotions have traditionally been a default move for marketers under pressure to deliver immediate revenue. The challenge is executing a promotion without corrupting and cannibalizing media campaigns that build the brand and create enduring value."

Talbot, citing an [ROI Genome Report released by Analytic Partners](#), reports that the ROI delivered by marketing promotions is skidding. Nevertheless, logic suggests that sales promotions are here to stay. The key will be in how each business chooses to use them.

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Benefits of sales promotions

Sales promotions offer potential customers an additional motive for patronizing a business, and they can also reinforce other messages found in a company's various marketing elements.

The latter is helpful because consumers are incredibly selective when making their buying choices, and, thus, an effective sales promotion can be crucial to reaching them.

Most consumers are looking for low price, high value and/or premiums. Sales promotions can provide all of those and by doing so can convert potential customers into loyal brand supporters.

Offering an attractive sales promotion can be an effective method for helping a company stand out in a crowded marketplace. If designed and executed successfully, a sales promotion will spark short-term sales while also attracting new customers, prompting positive reviews, and creating repeat business.

While sales promotions are clearly beneficial for reasons detailed above (and, coming soon, below), marketing experts warn that staging sales promotions too frequently will indirectly train customers to buy only when promotions are in effect. Wise businesses recognize this dynamic and use them in moderation.

Here are some key benefits of implementing a sales promotion:

Creates immediate sales boost

Nothing can increase revenue quite like an epic sales promotion. Slashed prices are beneficial for both customers and businesses because it creates opportunity for consumers to buy more for less while allowing companies to sell large volumes and clear inventory as the business moves forward.

Encourages new customers, repeat purchases

Sales promotions allow potential customers to try a new product or service with minimal risk. They like that, and most will reward businesses with loyalty if their original purchasing experience triggered by the sales promotion is positive.

Introduces new products

Bundling a new product as a freebie when selling a tried-and-true product is a clever way to introduce the new product to consumers.

For example, fast-food chains sometimes include their “new curly fries” with the purchase of their signature hamburger to let people know they are now offering curly fries instead of just standard French fries or onion rings. The goal is to get consumers to try the curly fries and hopefully they’ll like them enough to purchase them at full price on their own the next time they visit the restaurant.

Raises brand awareness

Online and print ads supporting a sales promotion increase brand awareness. So do positive reviews and positive word of mouth generated when a sales promotion is well conceived and properly implemented, especially if the praise comes from an entity or someone the potential customer trusts. According to Invesp, [64% of marketers believe word-of-mouth marketing](#) is the most effective marketing tool and only 6% of them have mastered it.

Helps build a consumer database

If crafted well, a sales promotion can not only increase revenue but can retrieve key consumer data such as home addresses, email addresses, and/or phone numbers. Acquiring this information generates a terrific opportunity to target a potential customer via personalized marketing.

Generates a good public image

A smart small business will create an occasional sales promotion that directly or indirectly aligns itself with a charitable and/or popular cause.

Studies have discovered that a majority of consumers are likely to trust and be loyal to a company that supports such a cause. Plus, consumers want to feel good about themselves when they buy something they don't necessarily need and can rationalize the purchase by convincing themselves they're supporting a worthy cause, albeit in a roundabout manner.

A shining example of a respected and well-supported promotion is 1 that provides a discounted price or premiums to members of the military. Per SheerID.com [94% of current and past military personnel and their families](#) say that they notice when companies are “military-friendly” and have a positive impression of those companies.

Types of sales promotions

Sales promotions are a quick and creative way for businesses to increase revenue and expand brand awareness.

Note the word “creative” in the previous sentence. Business owners shouldn’t be afraid to try different types of promotions, as there are many, and build on what works for them and tinker with what doesn’t. Mixing and matching also is encouraged.

Here are some effective types of sales promotions:

Flash sale

A flash sale offers savings on a product or service, but only for a short, predetermined period. Business owners use this deadline to act to create urgency, sometimes even mild panic among consumers. Phrases such as “Buy Now!” or “Act Fast!” or “Time is Running Out!” are effective in creating hype.

Because of this buzz, a flash sale can create a sudden awareness about a brand, and often attracts new leads. It also shortens the sales cycle, inspiring consumers to make a purchase when perhaps they would have otherwise waited or passed entirely. As a result, a flash sale can bring in a sudden burst of cash and produce additional revenue during a slow time of year.

Flash sales also are an effective way in which to sell products that are either somewhat outdated and/or out of season. If a small business can jettison products that have been collecting dust in storage, it can create space for newer inventory that’s more popular with its customers.

The best flash sales are those that feature a limited quantity and that are offered for a very short period, according to a study by [Experian Marketing Services](#), which found that 3-hour sales have the best transaction-to-click rates (59 percent higher than usual). The study also concludes that they’re best promoted via email, which drives 18 percent of flash-sale traffic. For a step-by-step look at setting up a flash sale email series, check out our ebook, [Cash in a Flash](#).

Other keys to a successful flash sale include:

- Keep it simple
- Tailor it to a specific target market
- Promote it using marketing, social media and SEO

Buy 1, Get 1

Consumers have a very difficult time saying no to the notion of getting something for free.

That's why a "Buy 1 Get 1"—or BOGO—sales promotion can be incredibly enticing and compelling. Think about it. Who doesn't want to buy an item and get another item at no extra charge or, at worst, at a highly discounted rate? It's seemingly a no-brainer. And it's also a very straightforward approach, which consumers crave. In other words, there's no fine print to worry about with a BOGO.

Per a survey conducted by AMG Strategic Advisors, [93% of consumers](#) say they've taken advantage of "Buy 1, Get 1 Free" promotions. Furthermore, The AMG Shopper Panel reports that nearly 2 out of 3 shoppers prefer BOGO free promotions versus other promotions.

Like with all sales promotions, the ability to create the perception of getting a great deal is paramount. Consider the following: A small business offers a BOGO at 50% off a second product or service. In reality, it's identical to offering 25% off the entire purchase of the 2 items. However, for the customer, the feel of getting half off the second item versus getting one-fourth off 2 items is much different. And therein lies the key to a BOGO—the perception.

BOGO promos are effective in moving inventory and creating cash flow. They can also introduce customers to offerings they wouldn't have otherwise purchased. Plus, businesses can use a BOGO to dump overstocked inventory with a profit margin in mind.

Discounts

Considered by some to be the most popular type of sales promotion, discounts are a money-off offer applied to products or services, either online or in-store.

They work well because they trigger consumer spending and allow businesses to earn profit while sometimes getting rid of overstocked products.

Here are some common discount strategies:

Prepayment discount

Businesses sometimes offer a small discount to customers who can pay for their products or services in advance, perhaps even months before receiving them.

Bundled discount

Rather than lower the price of a product or service, businesses sometimes lower the price of multiple items purchased as a group, aka a “bundle.”

Volume discount

Businesses sometimes entice consumers to buy more units per order with a volume discount. It's a good strategy for those wanting to clear inventory and/or increase the average value per order.

Seasonal discount

Sensing the public is in purchasing mode, wise businesses usually offer discounts during holidays, such as New Year's Day and Valentine's Day and Labor Day.

Not wanting to be forgotten or left behind, they also offer bargains during widely recognized discounting days, such as Black Friday and/or Cyber Monday. Business Wire reports [sales on Cyber Monday 2018 hit \\$7.9 billion and \\$6.2 billion on Black Friday 2018](#).

Free shipping

Offering free shipping is another proven method to increase sales, but not charging for shipping can hurt a business if it's working with low margins or if shipping costs aren't factored into the price of the products. To ensure free shipping is wise, businesses can offer free shipping only when an order reaches a certain amount.

According to convinceandconvert.com, [consumers are 4 to 5 times more likely](#) to make a purchase if you offer free shipping. Moreover, studies show that people are more likely to buy something at \$5 with free shipping and pass it up at \$2.50 with a \$2.50 shipping fee.

Coupons

Coupons are an established method to drive customers to your business, and, believe it or not, they're thriving. Yes, some consumers still are clipping them from circulars, but a growing number are flashing them on their smartphones and/or typing coupon codes into online shopping carts more and more. In fact, according to readycloud, [more than 25 million Americans use couponing apps](#) to save money each month.

The advantages of offering coupons to consumers are numerous, including introducing new customers to your business and introducing new product lines. The key is to calculate whether the discount offered by the coupon will make a difference to your profit margin.

It's worth noting that some businesses offer a coupon or gift card as part of a purchase. This is a win-win as the customer gets a chance to save money and the business gets a follow-up chance to make more money from that customer, as long as the discount offered via the coupon or gift card still allows for a profit margin.

Plus, there's a nifty bonus for businesses: Per Finder.com, [more than \\$45 billion "has been floating around in unused gift card balances"](#) since 2005.

Gifts/samples

Never underestimate how much people love freebies! For example, go to a professional sports event on a night the home team is giving away a bobblehead doll of their star player. People will stand in line for hours to get their hands on 1 of those cute yet otherwise useless collectibles. Some will even beg for an extra for their nephew or niece who couldn't make it to the game (wink, wink).

Better yet, go to a Costco on a Sunday afternoon and watch how people hover around those friendly folks serving up free samples of food products Costco just happens to sell. It's a feeding frenzy! And why? Well, it's not because that minuscule pig in a blanket is so tasty. It's because there is no charge to eat it there at the end of Aisle 17. There is absolutely nothing for that consumer to lose, except for 15 seconds—or perhaps 30 if they choose to interact with the server.

Let's face it, getting something for nothing is awesome for the consumer. On the flip side, the business handing out the freebie gets to entice customers to buy a product they may not have considered purchasing before. People like trying something before they commit to buying it. It's wise to let them do so via a free sample.

Recurring sale

Recurring sales are all about training customers to react to a good deal when they see it. At the same time, they provide an exciting benchmark for the consumer to look forward to and create excitement and anticipation within an otherwise structured schedule. For example, Nordstrom's Anniversary Sale, which is spread out over 3 weeks every July/August, is 1 of the most highly anticipated shopping events of the year and a glowing example of a recurring sale done correctly. And here's why: Instead of discounting its unwanted summer leftovers, the retailer instead marks down shiny new arrivals for fall (i.e., every fashion lover's favorite season).

It's a bold strategy that works extremely well for Nordstrom. Small business owners should strive to create a similar phenomenon within their means.

“Nordstrom had a really revolutionary idea with discounting products at the beginning of the season,” said blogger Caitlin Covington, as quoted by Adweek.com. “All of the items are brand-new, and they’re automatically on sale, which makes it so much more exciting than if the products were to come out at a normal price and then be discounted later on.”

Tripwire

A tripwire is a low-priced offer and its sole purpose is to convert a prospect into a first-time buyer as quickly as possible. The thinking is that once a customer experiences the value in a business’s product or service, that customer will be more comfortable and more likely to make a bigger purchase from that company.

Quite simply, it’s all about a business building trust with a customer via an irresistible offer.

Tripwires are an effective sales promotion because they are so inexpensive. Most are priced between \$5 and \$25, and most consumers are willing to take a risk having deduced that at such a low cost, the offer is just too good to pass up.

The product or service offered as part of a tripwire promo usually is a “splinter “ of 1 of the business’s bigger core products. The goal in offering the splinter is to impress the consumer with the quality of the less impactful product and then get them to buy higher-priced products. Popular tripwire examples include a book, a webinar, a free or paid trial, or a software product, to name just a few.

A business often will lose money selling a tripwire product or service at such a low cost, but it must remember the ultimate goal, which is to get a paying customer in the mix to make an upsell or cross-sell. Remember, a tripwire promo is most effective in separating the “Just Lookers” from the “Buyers.”

Consider this eye-popping claim from powerdigitalmarketing.com “People who purchased tripwires were 10 times more likely to purchase a core offer.”

Sales promotion ideas—good and bad

Businesses shouldn't fear trying various types of sales promotions, and should even attempt to invent new ones as they move forward and expand.

It's OK for a small business to embrace—albeit not recklessly—promotions on a trial-and-error basis to find out what works and what doesn't. Chances are, what works for 1 small business won't work for another.

Here are 3 examples of sales promotion ideas that worked well:

The Good



BuildAsign.com does a terrific job in highlighting exactly how much consumers will save as part of this flash sale. It's a simple, non-cluttered approach with a very apparent and effective call to action. The length of the sale (48 hours) is clearly defined.



Catherines uses soothing background imagery that transports the consumer to a place it presumably wants to be, creating the proper mood to consider buying swimwear. The bright yellow inflatable in the middle draws the eye to the deal, and the company wisely provides 2 options for those consumers who are more inclined to spend more.



This tripwire sales promotion worked because at \$14.99 for anything in the entire Gymboree store, there's seemingly something for everyone. And once an adult shops for 1 child's clothing at this price point, and is satisfied with the product, he/she is likely to return when they need to purchase clothes for another child.

Check out many more successful sales promotion examples in [Keap's in-depth promotion ideas blog](#).

The Bad

In 2009, Electronic Arts—aka EA—shipped brass knuckles as part of a press kit it sent to review sites and bloggers to promote the successful American video game company's new Godfather II product.

The promotional marketing idea failed because possessing brass knuckles is illegal in many of the states EA shipped them to, including California (where EA is based), and comes with harsh penalties.

EA quickly realized the embarrassing gaffe and asked all who had received the illegal weapons to throw them away or return them to EA via a pre-paid shipping package. Making matters even worse, it's

illegal not only to possess brass knuckles in some states, but to ship them, too.

In 2003, seafood restaurant chain Red Lobster learned the hard way not to challenge America's appetite.

Looking to lure diners, Red Lobster unveiled its Endless Crab Legs promotion and quickly discovered that the nation had an insatiable love of the non-hearty marinal delicacy.

With crab prices at an all-time high at the time, Red Lobster reportedly lost \$3.3 million in just 7 weeks and swiftly discontinued the promotion.

Clearly Red Lobster underestimated just how many times customers would request another plate of crab legs during a single visit. The bungled promo eventually cost the company president her job.

In 1992, the British division of appliance maker Hoover was looking to jettison its surplus of washing machines and vacuum cleaners from its warehouses.

To help do so, the company came up with a sales promotion idea that featured giving away 2 round-trip airline tickets to Europe when anybody spent 100 pounds (or more) on a Hoover product. Then, they expanded the promo to include round-trip flights to the United States, and madness ensued as approximately 200,000 people bought the cheapest Hoover appliance they didn't want just to get the free flights.

Hoover expected to make some of the money back through upselling extras, but it ultimately couldn't keep up with the demand and the cost of the airline tickets, and the company reportedly lost about \$60 million.

The moral of the Hoover sales promotion fiasco is remembered still today, nearly 30 years later: don't offer anything that is perceived to be worth more than the product it's promoting.

Note: Keap recently hosted a free on-demand webinar entitled “3 Sales Promos to Try Now”

In [this webinar](#), Keap demonstrates how to:

- Choose the right type of promotion for your business
- Execute 3 different promotions, from setup to follow-up
- Create high-converting emails and landing pages
- Quickly get more cash into your business

How to execute a sales promotion

A sales promotion, if researched and created properly, is relatively simple to implement.

[Salesforce.com recently published an insightful blog](#) that explained in great detail the key elements to running a successful sales promotion:

Here's a summary:

Target the effort

Before starting, a business should decide what its customer base is and who it's trying to attract with the promotion. Sales promotions are designed to trigger purchases by current customers, attract new customers, lure customers from other businesses, or convince current customers to buy differently. Choosing which of these results is the goal of the promotion is crucial.

Within the blog, author Amanda Berkey offers some useful advice:

“To understand the best target audience for your promotion, you first need to understand more about the customers you already have. Send customers a simple survey asking them about themselves. Offer an incentive that encourages them to take the time and share their personal information. Once you have a clear idea of who uses your product or service, identify exactly what kinds of problems your product or service is designed to solve. With these 2 factors in mind, you should focus your sales promotion toward those who are most likely to be genuinely interested.”

Define the goal

A sales promotion works best when a business establishes exactly the outcome it wants it to accomplish by implementing it.

For example, a business should set a specific number of sales it wants the promotion to generate, or a specific number of contact e-mails it wants the promotion to gather. Doing so allows a business to track its success, or lack thereof, and also to discover elements of the promotion that need tweaking.

Once a specific goal or goals are defined, the business should then construct a budget and dedicate the necessary resources to carry it out in a financially responsible manner.

Limit availability

Providing consumers only a brief opportunity to take advantage of a sales promotion typically works like a charm because it creates a deadline-based urgency to buy. Some good promotions last a few weeks or days, while others last just a few hours. Some really clever ones online even feature ticking clocks that are counting down the amount of time left to buy before the promotion expires.

In addition to featuring a deadline, a smart promotion prompts customers to act immediately by offering incentives to do so such as samples, trial offers and/or price savings.

Regarding the latter, businesses should remember that price offers must be attractive enough to compel, but reasonable enough to avoid the business losing money. In other words, businesses shouldn't bother offering ho-hum 10% discounts, but they also shouldn't offer extremely generous savings that will ultimately hurt a bottom line. Instead, they should determine a middle ground that's a win-win for both the consumer and for the business.

Promote widely

With marketing costs in mind, a business must present the promotion itself, like a product, to its target audience. The messaging promoting the promotion, if you will, should be compelling and concise and easy to understand.

Effective venues/methods in which to advertise a promotion include:

- A company website
- Blog posts
- Social media posts
- Email marketing campaigns
- E-newsletter stories
- Media releases
- Print ads (yes, they still work in 2019!)

Offer real value

Consumers value value. Wait, what? Read that 3-word sentence a few times. It makes total sense.

A sales promotion will inevitably fail if it doesn't leave the consumer feeling as if they've received value for their money, regardless of all the hype surrounding it or all the bells and whistles connected to it. And if they do feel they've received value in return for their quick cash, they're likely to reward the business that provided it to them with loyalty in the marketplace.

Review results

Before moving on to the next sales promotion, businesses should perform a postmortem on the previous 1 to discover its impact and how it performed with regards to pre-promotion goals. To do this properly, businesses should track relevant data before, during and for weeks or even months after the promotion ends, keeping in mind that the effects of the promotion on sales might be delayed.

For more information, read our blog post, "[5 Sales Promotion Ideas that Small Businesses Can Execute.](#)"

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