SALES PROMOTION

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· The system of sales promotion

Sales promotion is the use of various incentive tools aimed at increasing sales volume within a certain period. The tools of promotion include: rewards, discounts, gifts for consecutive purchases, lotteries and various games, adding complementary items to a product, free delivery and installation, free maintenance for products sold within a specific period, and others.

In sales promotion, appeals are made to consumers who may not have enough information about the product. Therefore, the task of the promotion policy is to arouse their interest in purchasing the company's products in the future and to establish continuous communication with them. Usually, demand creation activities are directed at consumers and sellers.

Consumer promotion provides them with significant commercial benefits, such as:

- privileges for purchase volume and maintaining continuous relations;
- selling goods on various forms of credit;
- free distribution of samples to encourage bulk purchases;
- temporary free use of products;
- accepting used goods under specific conditions;
- presenting new products to potential buyers;
- organizing tours at manufacturing enterprises;
- holding press conferences dedicated to the introduction of new products to the market;
- announcing significant price reductions through radio, television, and print media.

Promotion policies for products depend on their buyers. The promotion of intermediaries is aimed at increasing their activity and initiative, as well as expanding the circle of consumers. The formation of demand and sales promotion policies must correspond to the product's life cycle stages in the market and be adapted to each of them accordingly.

During the market entry stage, if a firm is entering the market for the first time, a special strategy is developed. Usually, four types of marketing strategies are used:

1. Intensive (Rapid) Marketing

This strategy is applied when most buyers are not aware of the product or are not influenced by its high price. It involves attracting customers and stimulating demand through large promotional expenditures. The product price is set high to achieve greater profit.

2. Selective Market Entry Strategy

This is used when the market size is small. The product is unfamiliar to most consumers, but even with a high price, it can still be sold. Competitors are few, so with minimal promotional expenses, higher profits can be achieved.

3. Broad Market Entry Strategy

This is used when the market is large, buyers have little awareness of the product, and they are reluctant to pay high prices. In addition, competition is strong. Increasing production volume reduces cost price, creating opportunities for "price wars." This allows for higher promotional spending.

4. Passive (Slow) Marketing

When the market size is large, and buyers are already familiar with the product, success can be achieved with lower costs and lower prices, especially under low-competition conditions.

During the growth stage of the product life cycle, as consumers become more familiar with the product, competitors begin to emerge. If the market is large, competitors start producing similar goods. To counter them, modern versions of the product are introduced for new consumers. During this period, product models are updated and various demand stimulation activities are carried out.

Advertisements emphasize the product's proven features in real consumer experience, while offering more benefits and reducing prices.

At the maturity stage, the full product assortment is available, and more than 50% of consumers are already provided with the necessary products. Therefore, purchases are mainly made by selective buyers. Demand stimulation activities focus on highlighting the usefulness of the product.

At the saturation stage, sales continue mainly due to repeat purchases by consumers. In this case, promotion policies lose effectiveness, so only high-demand products remain in the market. However, advertising is not reduced — instead, it is intensified. Prices are lowered to make the product more accessible to a larger number of consumers.

During the decline stage, demand and promotion activities for that product are stopped. Sales promotion activities aimed at sellers are carried out to increase sales, such as:

- providing cash bonuses;
- offering additional rest days or company-funded trips;
- giving valuable gifts;
- moral encouragement;
- advertising company performance;
- active participation in charitable activities, and others.

In addition, exhibitions and fairs are considered effective tools of marketing and advertising. The main advantage of exhibitions and fairs is that they allow the product to be presented to consumers in its real form. Both are commercial-entertainment events.

The difference is that an exhibition can be organized in any city for various reasons, even without products. A fair, however, is held regularly and in the same place. Furthermore, exhibitions are mainly educational and promotional in nature — often featuring “future products.” Fairs, on the other hand, are primarily commercial, and may include “old” products that are still in demand.

2. Sales promotion activities

Sales promotion activities are aimed at buyers who are already familiar with the product's consumer features through their personal experience. The objectives of sales promotion are to encourage repeat purchases of the product, increase the purchase of larger quantities, and promote regular commercial relations between the company and customers.

Usually, sales promotion is directed toward both buyers and sellers (intermediaries, agents, dealers), as they can distinguish between various promotional actions. Sales promotion for buyers involves offering significant commercial benefits under agreed conditions when purchasing goods. These benefits are mainly expressed in the following forms:

a) Discounts — for the volume of the purchased goods;

b) "Bonus" discounts — for regular purchases of certain goods;

c) Credits with extended terms, absence of down payment, or a certain amount of money given as a "gift" upon purchase;

d) Free distribution of product samples — hoping to encourage bulk purchases;

e) Temporary free use of goods — allowing the consumer to "try" the product;

f) Acceptance of used goods as an initial payment for new products.

Sales promotion activities also include:

1. Special presentations of new products for potential consumers;
2. Excursions to manufacturing enterprises;
3. Press conferences dedicated to the introduction of new products to the market;
4. Price reductions on the occasion of launching a new model;
5. Lottery coupons with gifts attached to purchased goods;
6. Shaping the product's image.

Promotion toward intermediaries encourages them to sell the product more actively and expand their customer base. The following incentives may be provided to intermediaries:

1. Special equipment for pre-sale or after-sale service, supplied free of charge or on preferential terms;
2. Mobile service centers and workshops;
3. Discounts from the selling price.

Promotion toward salespeople (such as store or showroom staff) is aimed at achieving higher performance levels in sales. The following types of incentives may be used:

1. Cash bonuses;
2. Additional vacation days;
3. Company-sponsored leisure trips;
4. Valuable gifts.

Communicative Aspects of Personal Selling

- Among the elements of communication marketing, personal selling represents direct interaction between the seller and the buyer;
- Establishing two-way communication allows quick responses to every customer inquiry;
- Personal selling is the only form of communication marketing that necessarily ends with the sale of a product or service;
- Long-term relationships are established between the buyer and the seller.

Developing a Sales Promotion Program in Tourism Firms

Tourism companies should develop a sales promotion program that includes:

- The purpose of sales promotion;
- Selection of promotional tools (gifts, souvenirs, discounts, bonuses, coupons);
- Identification of a specific market segment;
- Determination of information distribution channels (radio, television, exhibitions, etc.);
- Scheduling of promotion activities;
- Development of a sales promotion budget.

Thus, it is necessary to determine the efficiency conditions for each communication element. Wherever possible, expenses for each communication tool should be minimized. In most cases, tourism firms strive to use the most effective communication element. To do this, it is first necessary to identify the strengths and weaknesses of each element, as this helps to understand what to expect from each of them. Other efficiency factors must also be considered — such as product characteristics, market competitiveness, and the level of consumer readiness to use the tourism company's services.

Advertising Agencies

An advertising agency unites skilled copywriters, artists, television specialists, researchers, and administrative staff into a single professional enterprise. These specialists stand out for their sociability, responsiveness, and deep knowledge of advertising and marketing tools.

The agency creates a collaborative environment that allows its experts to work together and develop effective advertisements for individual clients. The advertising agency serves as an intermediary between advertisers and mass media outlets that deliver advertisements to consumers. The services offered by agencies are generally broader in scope and higher in quality than those that individual advertisers can provide on their own.

Advertising agencies can be classified as follows:

- By the scope of services offered — general-purpose agencies;
- By specific products or media used — specialized agencies;
- By field of operation — those working in domestic and foreign markets.

Today, "full-service" agencies are becoming increasingly common. They provide clients with consulting on general and specific issues of sales advertising policy, prepare recommendations regarding the feasibility of launching certain products on the market, and assist in planning and budgeting advertising campaigns. They also determine product release schedules and advertising frequency, purchase advertising space and services, and manage campaign timing and execution. Thus,

a full-service agency not only launches advertising campaigns but also performs many marketing-related functions.

Currently, more than five thousand firms operate as advertising agencies in the United States. However, the main activity is concentrated among a few large organizations. Major agencies serve large advertisers, who typically operate within a limited range of product categories — such as food, pharmaceuticals, cosmetics, automobiles, tobacco products, and similar goods.

Manufacturers use large-scale national advertising to accelerate product sales and build consumer loyalty toward their brands. In such cases, advertising becomes a leading component of the overall marketing complex.

3. Some features of sales promotion

Sales promotion usually begins at the “lower level” of activity that influences consumer behavior differently than direct sales stimulation or actions aimed at encouraging consumers to act in a particular way. There may not be a significant difference between sales promotion and advertising, since most promotional information is delivered through advertising media. However, the distinction lies in the fact that advertising is mainly used to build brand identity or organizational awareness.

In practice, most advertisements are used to stimulate sales by accelerating product specialization. At the same time, they can also serve to enhance brand recognition within a limited time frame. Often, promotional campaigns are used not only to support general communication strategies but also to increase awareness of the brand and product, launch new services, or reintroduce a brand or product. In such cases, interest is generated through the company’s unified communication efforts, and sales are stimulated.

Sales promotion acts as a form of incentive and motivation, which is reflected through communication messages. Sales promotion is often presented in the form of value-added offers, rewards, or limited-time updates. As a result, the consumer is encouraged to take action within a short period to benefit from the offer.

Often, sales promotion is used as an incentive by increasing the perceived value of a service. This may involve price discounts or free additional services, such as complimentary bar access or extra accommodation benefits.

However, it is important to distinguish between increasing value and raising prices in sales promotion. Additional value offerings may take the form of service upgrades or enhanced paid options — for example, offering an upgrade from a standard hotel room to a deluxe one, providing a sea-view room, or giving a souvenir gift.

Such updates can also accumulate over a longer period, such as through loyalty programs. Nevertheless, sales promotion activities may also be directed toward employees or agents working within the distribution network, encouraging them to enhance their performance and sales efforts.

4. Methods of sales promotion

It is incorrect to confuse the *mixing approach* of sales promotion as a marketing communication tool with the management of expenses within an overall marketing strategy. Value management as a strategic choice includes the sale of certain promotions, either continuously or on a one-time basis, throughout the entire activity cycle. Nevertheless, value management conveys the concept of providing the lowest possible price for a service and often serves as a guarantee of that commitment.

In the United Kingdom, the first promotional holidays declared a *lowest price guarantee* on their websites, stating:

"If you find the same online booking service at a lower price elsewhere during your vacation, we will cover 110% of the difference."

Within communication strategies, the reasons for engaging in sales promotion activities include:

• Stimulating short-term sales prospects;

• A continuous approach to meeting long-term marketing goals in market share;

• Responding to competitors' actions.

A clear example of a travel company claiming cost leadership within an overall strategy is Ryanair (www.Ryanair.com). However, due to the highly competitive nature of the low-cost air travel sector, the company continuously participates in short-term tactical sales promotions. Ryanair's strategies are sometimes induced by competitors' actions, which is another characteristic of sales promotion activities.

In traditional business sectors such as tourism and hospitality, the role of sales promotion can be seen either as a positive and consistent business element or as an inevitable cost. Many service providers in this sector rely on seasonal fluctuations in demand to maximize returns during limited periods. Some organizations aim to smooth out demand cycles, using peak season revenues to offset operational costs.

The impact of workforce availability during the low season, combined with discounting, advertising, and other fixed and variable costs, often remains uncertain.

In most cases, businesses in this sector can stimulate sales during the low season, though this may sometimes produce contradictory results — for instance, achieving high occupancy rates during peak times when additional promotion may no longer be necessary.

A good example is a ski resort that depends on the presence of snow during the busy season. Purdue's approach highlights the importance of integrating sales promotion, revenue management, and communication advertising strategies when addressing challenges in ski resort operations.

An example can also be observed in the UK food and beverage sector, particularly in pubs. Consumption patterns have shifted significantly. J. Wetherspoon, one of the leading pub brands in the UK, conducts large-scale sales promotion campaigns such as "Curry Night" or "Steak Night." The company reports selling over 60,000 curries per week, offering a *curry and pint* deal for £4.95, making it one of the largest curry retailers in the UK.

Wetherspoon emphasizes that the pub business has changed drastically in recent years. In the past, pubs were primarily male-oriented spaces, and alcohol consumption was restricted to evening hours. Recently, however, pub businesses have expanded into coffee sales, daily food service, and non-alcoholic beverages, reflecting a broader trend in the food market.

Previously, pub promotions were focused mainly on alcoholic beverage offers (e.g., "two-for-one" drink promotions). Nowadays, promotions combine both food and drinks, reflecting changing consumer habits.

Sales promotion also includes loyalty schemes such as *preferred guest programs* or *frequent visitor initiatives*. These systems operate on a point accumulation basis, where repeat purchases earn rewards, thereby enhancing brand loyalty. While widely implemented in the tourism sector, the nature and benefit of these relationships have sometimes been questioned.

Sales promotion often aims to boost sales volumes through specific channels, particularly online purchasing platforms. Pens, calendars, brochures, local food samples, souvenirs, and additional incentives are often given to company employees to motivate them to achieve sales growth or meet customer satisfaction targets.

Such incentive programs may include free travel vouchers, familiarization trips, or complimentary stays at company facilities. Consequently, sales teams play a crucial role in ensuring sales growth and achieving targeted levels of customer satisfaction.

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