



**SILESIA
UNIVERSITY**

SCHOOL OF BUSINESS
ADMINISTRATION IN KARVINA

MARKETING COMMUNICATION IN THE PLACE OF SALE, SENSORY MARKETING AND MERCHANDISING

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MARKETING COMMUNICATION 2/NAMK2

OUTLINE OF THE LECTURE

1. What is sales promotion?
2. In-store marketing communication
3. Merchandising
4. POP materials (displays)
5. Retail strategies
6. Sensory marketing

1. WHAT IS SALES PROMOTION?

- Sales promotion covers a wide range of activities intended to provide a short-term increase in sales.
- In all cases the intention is to provide an extra incentive to buy (or stock) a specific brand or product range.
- Sales promotion will often be useful for low-value items and is most effective when used as part of an integrated promotion campaign.

WHAT IS SALES PROMOTION?

- Sales promotion is defined as a temporary incentive used to encourage consumers to buy the product or service now (or in their next purchase cycle) and to gain the support of channel members (that is, resellers and others involved in selling to end users).
- Sales promotion is like direct marketing – to seek an immediate response. This has the effect of changing the buying behaviour by making the consumer or channel member buy sooner ⇒ **acceleration effect**. It also encourages a consumer or channel member to buy more ⇒ **called stockpiling**.

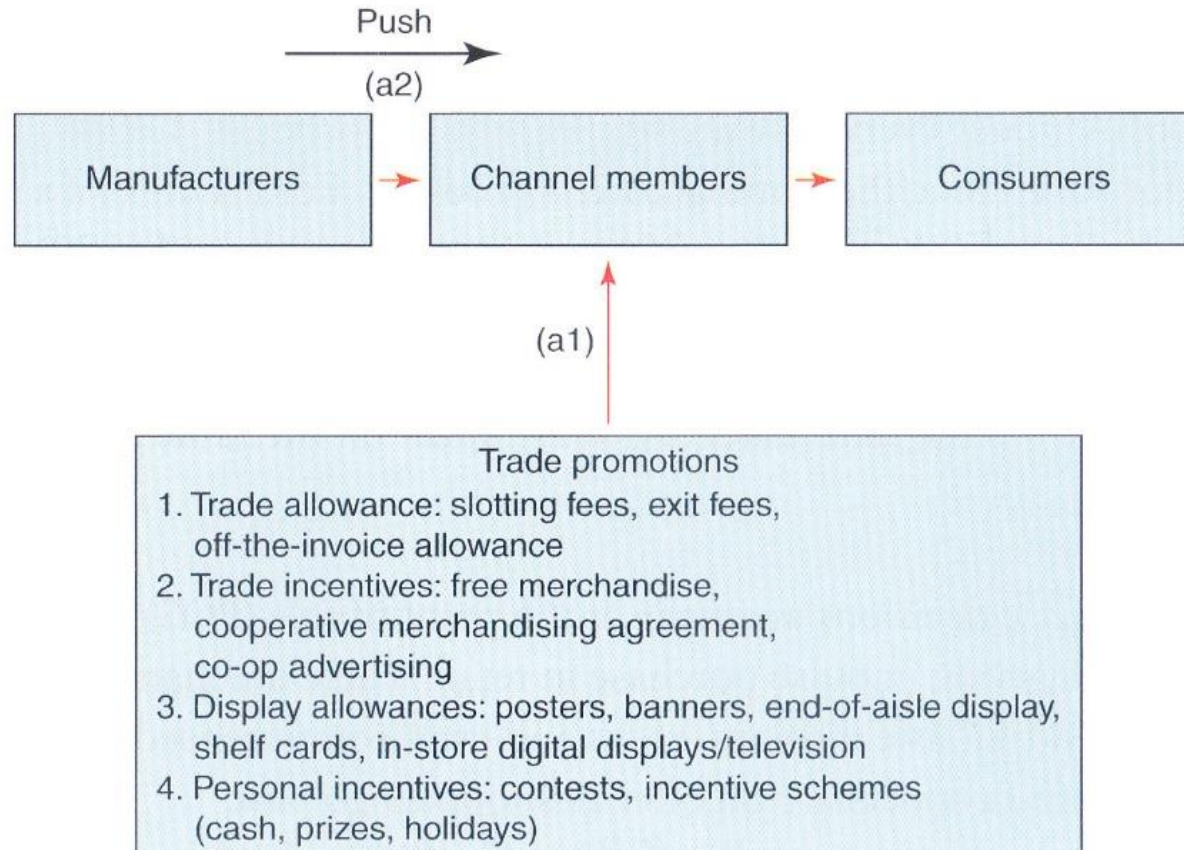
WHAT IS SALES PROMOTION?

- **Advantages:** SP is flexible and variable. SP supports brand (product) loyalty. SP can change purchase habits in case of the convenience goods. SP is accepted by customers – it is understood as increase in product value. SP can support effectively other parts of marketing communications mix. SP can encourage trial ⇒ attract new customer.
- **Disadvantages:** SP is short-dated. SP can be imitated by competitors. SP can damage reputation of brand.

TRADE AND CONSUMER SALES PROMOTIONS

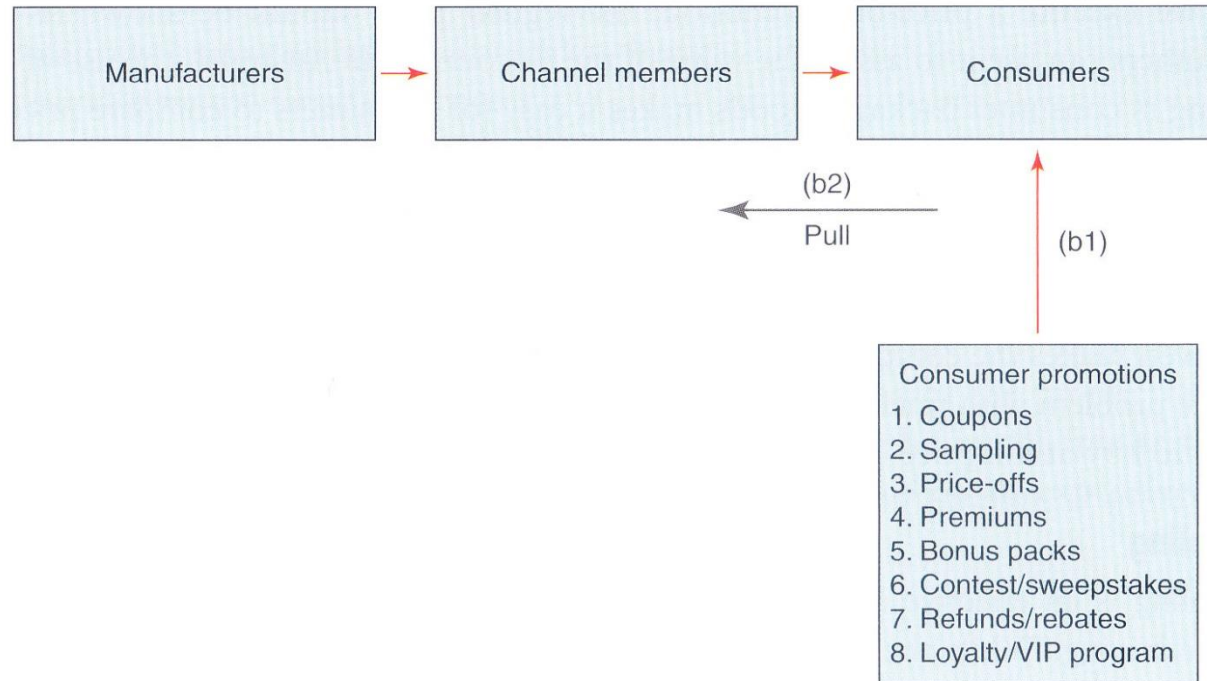
- **TRADE PROMOTIONS** – are those that help manufacturers gain support from channel members.
- **CONSUMER PROMOTIONS** – are those that appeal to the consumers. In recent years, the budget devoted to sales promotions has been steadily increasing. This is because of the growing distribution power of retailers and the rise of their private labels.

TYPES OF TRADE SALES PROMOTIONS



- Trade promotions help manufacturers „**PUSH**“ the products through the channel.

TYPES OF CONSUMER SALES PROMOTIONS



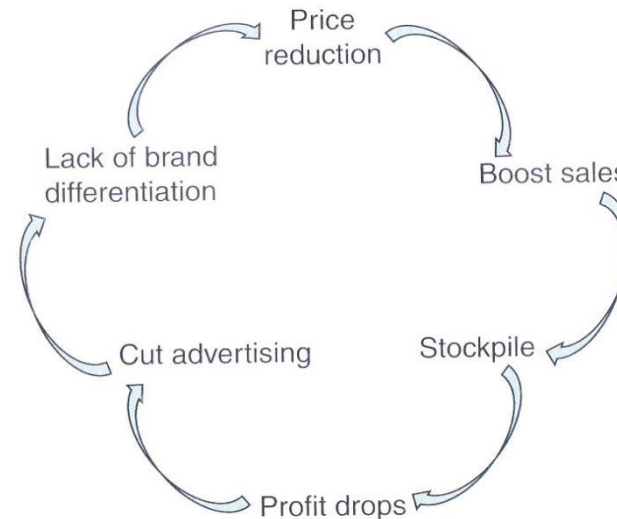
- Consumer promotions make consumers **„PULL“** the products through the channel by demanding them from retailers. Push strategy should be before pull strategy because products have to be readily available before the consumer promotions start.

NEGATIVE ORIENTED PROMOTIONS

- **Negative-oriented promotions (NOPs)** are often short term, reactive and driven by oversupply, and they rely almost exclusively on financial incentives (cuts or discount or coupons) because this is the quickest and most responsive way of increasing sales.
- However, if NOP is frequently practised, it changes the buying behaviour of consumers – they learn never to buy the product at full price.

NEGATIVE ORIENTED PROMOTIONS

- **The vicious cycle of constant price-discounting** – consumers can think of no other reason to buy the brand other than its price, which leads to the commoditisation of the brand, and, as with most commodities, people will buy based almost solely on price. The lack of profitability then leads to further price discounts to boost sales, which then leads to stockpiling and the vicious cycle starts all over again. Repeat this cycle over a number of years and the brand will soon not exist.



POSITIVE ORIENTED PROMOTIONS

- **Positive-oriented promotions (POPs)** are more proactive and long term, focusing more on the demand side of the equation, using non-financial incentives (premiums, sweepstakes, contests, games) to create hedonic benefits for the consumers.
- The danger is that consumers can demand the product not because of quality of it but they can only reach the object of sales promotion (McDonald's – toy included in Happy meal and so on).

NEGATIVE AND POSITIVE ORIENTED PROMOTIONS

NOPs	POPs
Short term	Long term
Reactive	Proactive
Business focused, concern more with supply side of the equation	Consumer focused, concern more with demand side of the equation
Financially based	Non-financially based
Instrumental	Non-instrumental
Utilitarian benefits	Hedonic benefits
Work-oriented (telic)	Play-oriented (paratelic)
Lowers brand equity, reference price and quality with repeated use	Undermines brand equity if promotion is unrelated to the brand and allowed to overshadow it

Source: Ang, *Principles of Integrated Marketing Communication*, 2015

SALES PROMOTION - RECOMMENDATIONS

- Advertise first, then promote.
- Signal that the sales promotion is only temporary.
- Sales promotion should not be predictably cyclical.
- The value of the promotion should be no more than 20% of the regular product price.
- Match the benefit of the sales promotion with the purchase motivation of the product (for high-equity brands).
- The promotions should not overshadow the brand.
- Creatively integrate the promotion with the brand.

2. INSTORE MARKETING COMMUNICATION

- In many consumer markets the consumer's final decision to buy is often made inside, and not outside, the store (about 70 per cent of decisions). Merchandising techniques are therefore vital communications tools that can guide buyer towards making a purchase.
- **Model EIEP:**
 - **Exposure** – zákazník si musí nástrojů všimnou již zdálky, pochopit, co je mu sdělováno, o jakou značku se jedná, ...
 - **Interruption** – vyrušení zákazníka z jeho rutinního nákupu – využití emocí.
 - **Engagement** – vzpuzení zájmu (silná emoce, sleva, výhody, hosteska), ...
 - **Purchase** – přesvědčení zákazníka ke koupi.

3. MERCHANDISING

- It's about creating an environment that would enable not only to sell, but people should enjoy the shopping.
- Merchandising or „5R“:
 - **R**ight product, In **r**ight place
 - In **r**ight time
 - For **r**ight price
 - Supported with **r**ight presentation

MERCHANDISING

- **Global perception of products: 6 meters**
- **Global vision of brands: 3 meters**
- **Precise vision of brands: 1 meter**
- **Manipulating with products: 1 meter**

- **Eye tracking** is frequently used to monitor customer perceptions of retail space.

MERCHANDISING TOOLS

- In addition to store design, store layout, and merchandise ranges and policies, there are number of in-store merchandising tools:
 - Leaflets and dispensers
 - Stickers, posters
 - Branded racks or display units
 - Dump bins
 - Free standing floor displays
 - Electronic gadgetry (video walls, magic mirrors, interactive POP displays, ...)
 - Shelf space, e.g. number of facings, colour blocking and integrated pack design
 - Shelf positioning (premium locations, cross-merchandising, ...)
 - In-store sampling
 - Window displays
 - Digital imaging and web-based merchandising analysis tools, ...

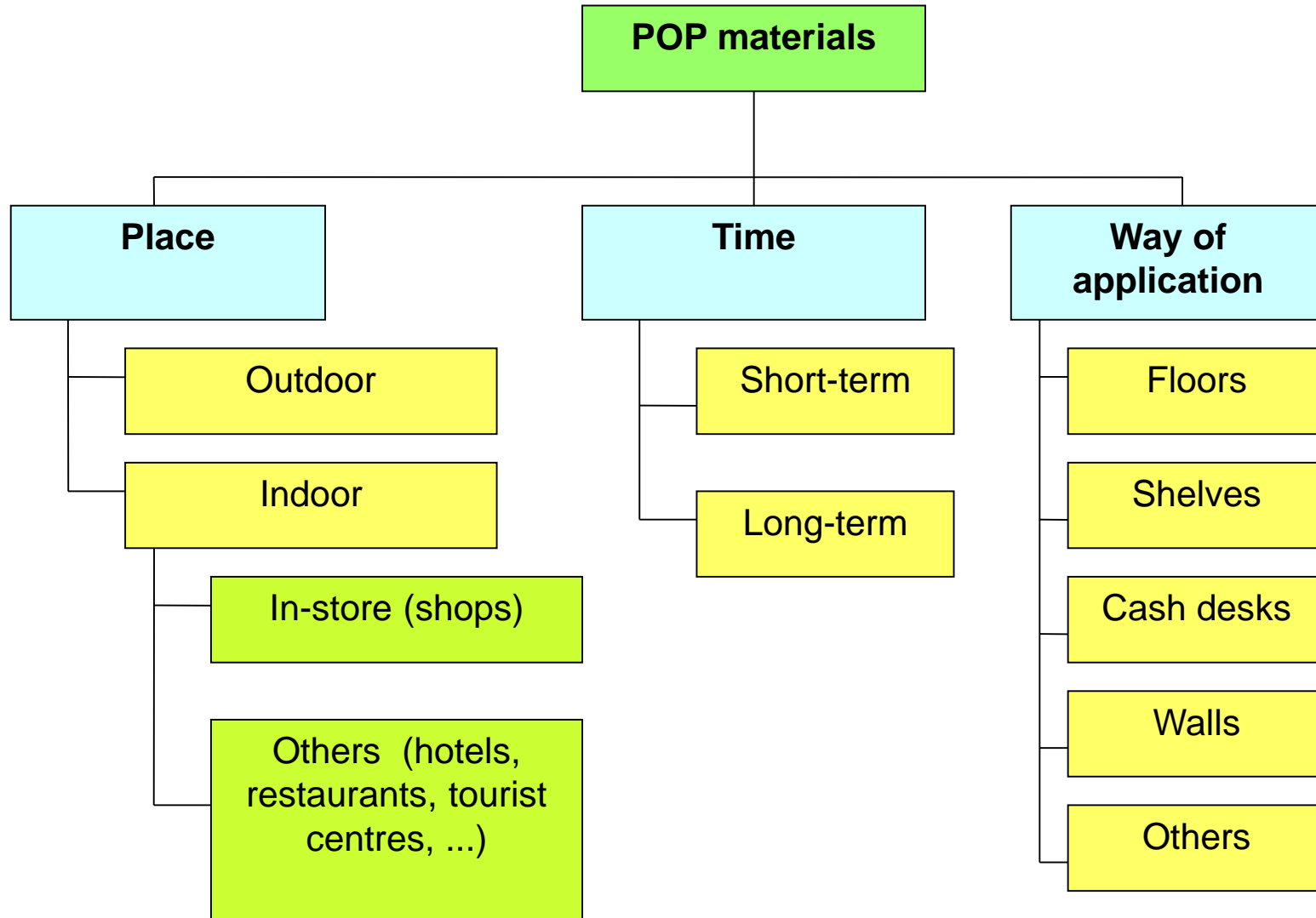
4. POP MATERIALS (DISPLAYS)

- **POP** (Point of Purchase) is the set of promotional materials in the place of purchase in order to increase the sale.
- 75 % of all purchasing decisions take place directly in place of purchase!!!
- **Expected functions of POP:**
 - inform,
 - remind
 - stimulate,
 - sell,
 - to create an atmosphere - shopping experience.

ADVANTAGES AND DISADVANTAGES POP

- **Advantages:**
 - The ability to influence buying behaviour directly .
 - Measurability.
 - Rapid transmission of information to the customer.
 - Increased efficiency with other marketing communication tools.
- **Disadvantages:**
 - Insufficient use of sophisticated precision measurements.
 - Distribution and logistics.
 - The additional costs.
 - Smaller areal reach than ATL communication.

POP ALTERNATIVES



5. RETAIL STRATEGIES

- The more common low-tech merchandising tools are now summarized and discussed under six key headings:
- **Store image (internal and external)** – Inside the shop the concept of the „**retail theatre**“ becomes evident. It is worth remembering that products, service and store design all contribute toward the overall store image, but if a customer has no prior experience of a particular store, or any WoM reference from peers, then the decision to enter or not to enter may be made solely from the store´s visual image. Today´s approach is to create so called „**soft discont shops**“.

RETAIL STRATEGIES

- **Store layout** – 9 out of 10 people are right-handed and naturally prefer turning to the right, so most supermarkets have the primary doors on the left-hand side so the shopping is done to the right in a sort of clockwise manner. General rule is if the goods are in the wrong place, people will not buy – „**out of sight, out of mind**“. Next rule is to visit very parts of the store – „**shop the full shop**“.
- **Merchandise ranges** – Fruit or perfume is positioned at the front of a store. This helps to create images and feeling of freshness and luxury respectively. **Cross-merchandising** remind the customer or related end-use products, which are carefully positioned beside each other. The maxim „**Full shelves sell best**“ is valid for FMCG retailers but not necessarily for some clothes shops. **Eye level is buy level**. Some retailers like to have their own brands placed alongside the main brands, often on the left hand side (since the Western eye reads from left to right and therefore spots the own brand first).

RETAIL STRATEGIES

- **Colour blocking** – A supermarket customer scans shelves at the rate of 4 feet per second from a distance of 8 feet away. Packaging, therefore, has to work very hard to attract the customer's eye. Retailers and packaging designers sometimes use colour blocking to attract attention by placing similarly coloured items close to each other to create a stronger shelf presence by means of a block of colour. **Colour blocking can also link colours to product use associations**, e.g. blue, green and white can be associated with stimulating and refreshing surf. This in turn might be built into the shower gel section.
- **POP displays and retail sales promotions** – This includes **displays, sampling points, dump displays** and so on. Many retailers will not allow suppliers this free space, since every square foot of retail generates a certain amount of revenue.

RETAIL STRATEGIES

- **Miscellaneous** – In-store sound effects can be used to make announcements (special offer), to add atmosphere, to relax the buyer or to stimulate the buyer to move faster and so on. Some POP displays engage customers in a dialogue by asking questions. Scents are also used inside a store to change shoppers' moods and buying behaviour.

RECOMMENDATIONS FOR RETAILERS

- Eye-level ⇨ 80 cm – 2 m, at cash desks ⇨ impulsive purchase.
- Cross-merchandising.
- To place goods especially on the right, to respect the clockwise rotation.
- The cleanliness of goods and place of sales.
- POP materials implementation (clean, undamaged).
- Not to be out of stock.
- The frontal orientation of product label.

SALES PROMOTION TRICKS

- The principle of reciprocity, scarcity principle of shortage, the principle of social validity.
- Vocabulary up to, a maximum of, from, free, ...
- Small letters.
- Price without VAT.
- Spamming.
- Imitation of personal letter.
- And many others, ...

6. SENSORY MARKETING

- Sensory marketing explains how sensory aspects of products (i.e., the touch, taste, smell, sound and visual aspects) affect consumer emotions, memories, perceptions, preferences, choices and consumption of these products.
- **It is marketing that engages the consumers' senses and affects their perception, judgment and behaviour.**
- In the short term we remember just 1% of what we touch, 2% of what we hear, 5% of what we see, 15% of what we taste and 35% of what we smell.

SCENT MARKETING

- The results are in, happier customers who remember your brand and linger longer.
- It is the art of taking a company's brand identity, marketing messages, target audience and matching these with a fragrance that amplifies these branding aspects.
- The right ambient scenting solution can subtly prompt consumers to spend more time in retail environments or can be an effective means of drawing people into your store.
- The benefits can be seen in almost every industry, explore for yourself.