

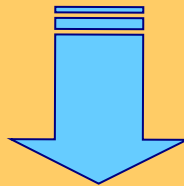
Chapter 12

Promotion Through the Marketing Channel



Channel Member Support

Why is channel member support one of the major tools of the manufacturer's promotional mix?



Most products and services are not sold
directly
to final customers.

Pull Strategy & Push Strategy

Pull Strategy



Manufacturer builds strong consumer demand for a product to force members to automatically promote the manufacturer's product because it is in their obvious self-interest to do so.

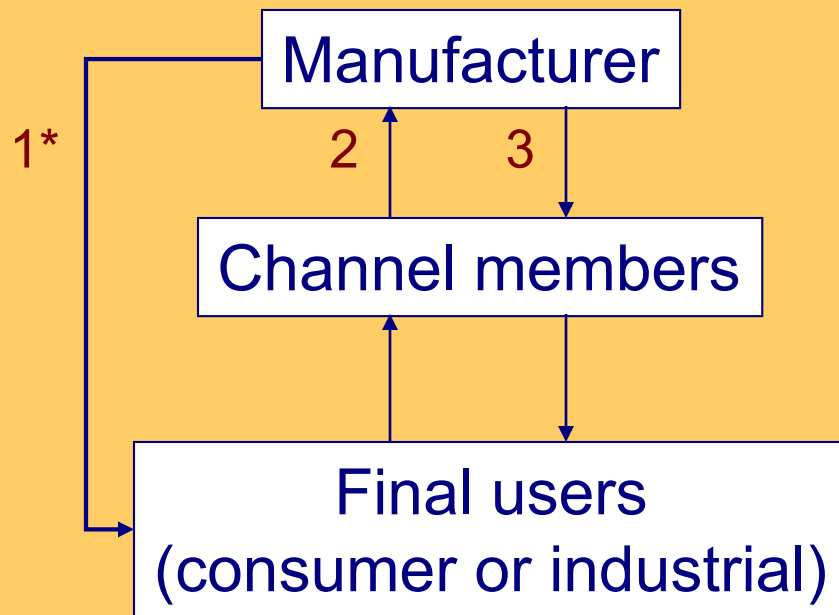
Push Strategy



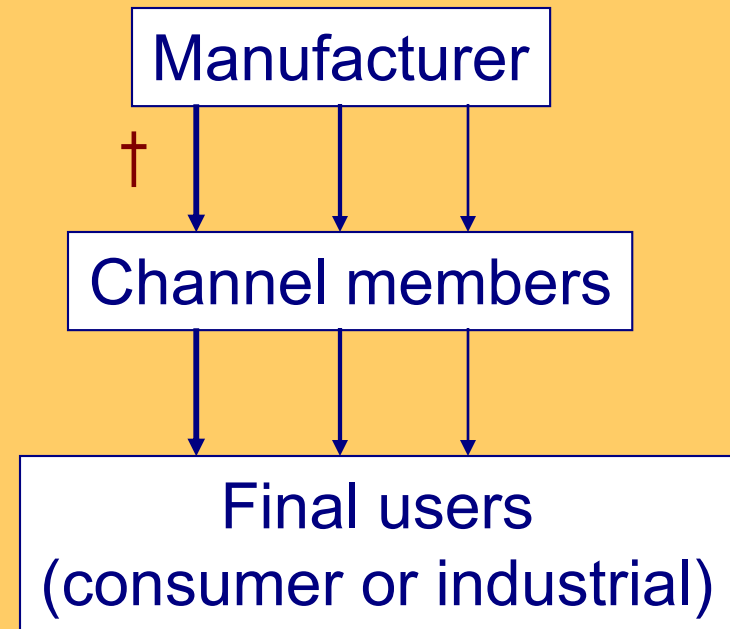
Manufacturer develops mutual effort & cooperation in the development & implementation of promotional strategies by working directly with members to develop strong & viable promotional support.

Promotional Strategies

Pull Strategy



Push Strategy



*Numbers indicate sequence of flows

† Sequence of flows is simultaneous

Promotion flow →

Negotiation flow →

Product flow →

Promotion Through Channel Members

Strategies that are part
of an overall
program of manufacturer
support of channel
member needs

&

Strategies that involve
channel members



Stand a higher probability of being
favorably received by the channel members

Push Promotion Research Findings

1.

All of the studies suggest that ad hoc, quick-fix, and frequently offered push promotions do not foster high levels of channel member support on a consistent basis.



2.

Push promotions should be viewed as part of strategic channel management rather than as mere tactical actions to elicit quick channel member responses to sell more products.

3.

Given the wide range of factors that can affect channel members' responses to promotions, manufacturers should study channel members' needs carefully before launching major push promotions.

Push Promotion Research Findings



4 .

A tradition of postpromotion (follow-up) research to evaluate channel member responses to push promotions is needed if manufacturers expect to make steady progress in improving the effectiveness of push promotions.



5.

Despite the manufacturer's best efforts, large and powerful channel members will inevitably come into conflict with the manufacturer over promotional issues because their interests and goals will at times diverge.

Basic Push Promotional Strategies

1. Cooperative Advertising
2. Promotional Allowances
3. Slotting Fees
4. Displays & Selling Aids
5. In-store Promotions
6. Contests & Incentives
7. Special Promotional Deals & Merchandising Campaigns

Cooperative Advertising

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Typical
Strategy:



A sharing in the cost on a 50–50 basis up to some percentage of the retailer's purchases from the manufacturer

Administration:



1. Effective administration by manufacturer is necessary to avoid abuses & to help secure cooperation from channel members
2. Channel manager must be sensitive to channel members' primary concern about this strategy

Promotional Allowances

Typical
Strategy:



Manufacturer offers channel member a direct cash payment or a certain percentage of the purchases on particular products

Administration:



Manufacturer should conduct research to determine whether it is getting its money's worth in terms of retailer cooperation and follow-through

Slotting Fees

Typical
Strategy:



Payments by manufacturers to persuade channel members, especially retailers, to stock, display, and support new products

Administration:



Joint sponsorship of research between retailers and manufacturers on effects of slotting fees on various topics could help alleviate conflict

Displays & Selling Aids

Typical
Strategy:



Include point-of-purchase (POP) displays, dealer identification signs, promotional kits, special in-store displays, & mailing pieces

Administration:



Channel manager should make the effort to see whether the firm's selling aids and displays are serving any useful purpose

In-Store Promotions

Typical
Strategy:



Short-term events designed to create added interest and excitement for the manufacturer's products

Administration:



The planning of a successful in-store promotion should always include considerations of the potential benefits for the retailers involved.

Typical
Strategy:



Techniques that manufacturers use
to stimulate channel member sales
efforts for their products

Administration:



Manufacturer should put much effort
into determining the view of
channel members
toward this form of promotion

Special Promotional Deals & Merchandising Campaigns

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Typical
Strategy:



Include a variety of push-type promotional deals such as discounts to channel members to encourage them to order more products

Administration:



Manufacturers need to develop carefully planned strategies that are based on knowledge of channel member needs and that take a long-term perspective on promotion through the marketing channel

“Kinder & Gentler” Push Promotion



Training Programs

Quota Specification

Missionary Selling

Trade Shows

Wholesale: Help wholesalers' knowledge, selling techniques, and skill in counseling customers they call on

Retail: Help retailer's product knowledge, selling techniques, and counseling customers on product usage



Pro

- Manufacturers can assist wholesalers & retailers by helping to offset the cost.



Con

- There is often little time for training.

Sales volumes that manufacturers specify for channel members to generate during a certain time period



Pros

- Can amount to a substantial sum and can make a major difference in the dealers' overall profit picture
- Can be effective in improving channel member promotional support



Cons

- If presented in a coercive fashion, it can produce ill will and conflict rather than support
- Channel members may ignore quota if manufacturer's line does not make up an important part of the member's product mix

Manufacturer's salespeople who are specially assigned to supplement the selling activities of channel members



Pros

- A useful strategy when channel members lack sales capacity or competence to handle tasks assigned to them
- Useful when channel members *desire* this service



Cons

- Expensive
- Can cause conflicts in the channel
- Some members view these salespeople as intruding on the time of their own sales force

Annual events organized by associations in particular industries



Pros

- Opportunity for manufacturer to sell existing & new channel members substantial quantities of new products face-to-face
- A chance for manufacturers to socialize with channel members
- Creates a sense of pride and belonging in channel members that sell its products