

An aerial photograph of a trade show booth. The booth is a large, rectangular structure with a glass roof and walls, revealing the interior where people are walking and standing. The floor of the booth is covered with various items, including a large display of pumpkins and other produce. The booth is surrounded by other trade show structures and equipment. A large, white, semi-transparent circle is overlaid on the center of the image, containing the title text. The background image has a geometric, diamond-shaped pattern overlay.

The Ultimate Guide
to

TRADE PROMOTIONS





Introduction

IN RETAIL TODAY, no brand is immune from competition. To stay afloat, suppliers need to view their relationship with retailers as a strategic partnership. A well-designed trade promotion allows both retailers and suppliers to experience success on the shelf.

When executed properly, trade promotions can add 10-15 percent to the bottom line, but in general, are a rather loose category.

As we define and know it, trade promotions are classified as any promotional approach that hits these two criteria:

- 01** They are driven and planned (even if not wholly executed by) product merchandisers.
- 02** They occur within the point of purchase, i.e. retail.

Meeting these, trade promotions come in all sorts of shapes and sizes, ranging from end-of-season sales, gifted premiums, merchandising coupons, to having brand ambassadors raffle off factory tours.

The total scope is rather large, but we distinguish these promotions in four main strategic families: modified pricing strategies, retailer contests, off-shelf branding, and on-site events.

Despite their potential to increase sales in targeted stores and regions, many brands struggle to execute and measure their trade promotion strategies.

As a result, 58 percent of brands agree that their companies are struggling to have retailer aligned promotions executed at store level.

This piece will break down the process of planning and implementing a strong trade promotion strategy with airtight execution and measurable results.

Four types of Trade Promotions

As we mentioned, trade promotions take many forms. They range from the obvious (markdowns when introducing new product lines) to the highly creative (motion sensing cardboard cutouts that sing commercial jingles at passing shoppers). We won't compile a list here, but instead break down the four main promotion strategies that distinguish individual approaches.

01 MODIFY PRICING STRATEGY

Merchandisers can change the price per unit in a few ways:

- Temporary Price Reductions (Sales)
- Buy One Get One
- Coupons and Rebates

This strategy succeeds by directly comparing before and after pricing. This doubles by conveying value and lowering the barrier to entry, giving the competitive edge to brands in tight markets.

02 RETAILER CONTESTS

Push sellers to push you. Offering prizes for high sales numbers adds another directionality to your marketing campaigns.

This happens on either the micro or macro levels. Position individual sellers to compete internally or pit entire sales teams in contest on a region-wide (or larger) playing field.

03 OFF-SHELF BRANDING

Compelling floor displays, product premiums (bonus gifts or pack-ins), shelf talkers and posters all work to communicate explicit ideas which expand buyer demographics.

The physicality of these promotions allow for unrivaled creativity.

04 ON-SITE EVENTS

Demonstrations and free samples give your reps a literal foothold into retail. Ensure the customers understand your product exactly as you intend by telling them yourself!

Break new product lines into market through samples. Showcase new features on updated models with product demonstrations. Create a show, an experience, that wows.

The 3 Keys to Trade Promotion Success

While every promotion and brand is different, highly successful campaigns have a few qualities in common that push them over the line. Whether you're executing a TPR or coordinating coupons with endcaps, we recommend to push these three factors to the limit:

01 INTERRUPT THE SHOPPER EXPERIENCE

Promotions inherently flip shoppers who had no prior intention to buy. Win their attention with something that surprises: an atypical display stand or alluring product premium.

Operate under the assumption that buyers want you, they just don't know it yet. By inserting your name into buyers' conscience, you establish yourself as a viable purchase in their shopping canon -- the goal of all trade promotions.

This works especially well with impulse grabs and other register items.

01

03

02

WIN RETAILER LOVE

All merchandisers should understand their market share: their real estate in shelves and on floors. Stripping market share from competition is key to dominating a location. Retailers will trust your strategies so long as they're backed with well recorded data. A strong retailer relationship does more than grant strategic flexibility. Friendly retailers often send employees to keep you displays looking good.

Even positive relationships with individual salesmen yield long term benefits.

Create unofficial brand ambassadors on the floor by winning the support of staff. Employees push brands they genuinely like. Make sure you are on that list.

02 CHANGE PRODUCT NARRATIVE

Goods sell on story. Every pitch is a well-crafted narrative on product use. Cheerios markets themselves as heart-healthy, claiming they lower consumers' cholesterol. This distinguishes them from other similar cereals. Narratives create markets. Promotions must tell a story. Flash posters of your product being used in a new light. Package in gifted premiums that encourage certain environments. Coors just finished a campaign packaging their 36 packs in a travel cooler, begging to be used in outdoor settings. Change your narrative to change your market.

Display Breakdown #1: Stella Artois

Let's take a close look at one of the most successful holiday campaigns in recent years, from legendary beer maker Stella Artois.

Stella smartly taps into the warm, familiar Christmas imagery by depicting a cozy house, equipped with a color-synced pallet, brick facing, wreaths, pines, bows, and a mailbox.

This associates Stella with fond seasonal memories and values.

This display is huge, but uses its space effectively. The portion allocated to decorations is far smaller than the display initially suggests. By incorporating Stella's standard color pallet into the display, an otherwise-unim-

pressive stack of boxes suddenly expands the total scope in a way that feels completely natural.

It's cheaper to use what you already have, instead of constructing and designing even more cardboard or adding additional trees. Most importantly, the product is easily grabable. It taps into impulse purchases.

Stella Artois is effectively slapping their branding everywhere, but in a way that seems



natural and unintrusive, far less annoying than a poster with their logo pasted fifty times. Further, it highlights three distinct product offerings by physically presenting the different unit sizes while incorporating posters with pricing in clear view.

While there's more to discuss, this display proves -- above all -- there is an undeniable art to promotions that can only be honed through trial and error.

Display Breakdown #2:

Nabisco's March Madness NCAA Basketball Display

Now let's examine a snack display from widely popular brand Nabisco that was a slam-dunk back a couple years ago.

The 2021 Shop! Global Awards recognized this display for excellence in point-of-purchase advertising display, marketing-at-retail activations, and retail design.

What made this display so successful is that it build on the long-time partnership between Nabisco's snack brands and the NCAA Final Four tournament to create a basketball-inspired display that would attract sports fans from across the country to seek out Nabisco brands. They stated their goal with the

display was to provide a POS that would attract basketball fans while driving consumer engagement, while making sure their cookies and crackers were the winning choices at the shelf.



2 Popular Metrics, and 1 You're Probably Missing

Accurately tracking trade promotion success is notoriously difficult. Every merchandising team has their own preferred KPIs (key performance indicators), but there's one metric most teams forget.

The two most popular metrics are incremental revenue and marginal return on investment. Incremental revenue tracks how sales performed when compared with an expected baseline.

Marginal return is a standard ROI calculation that uses incremental revenue to calculate the growth rate of a promotion.

This is especially helpful at determining promotional value added with every further dollar invested.

EXECUTION TRACKING: THE SECRET METRIC FOR ACCURATE ANALYSIS

Numbers alone cannot guide promotional strategy. An ROI calculation with accurate sales data will always produce a genuine ROI, but context is everything.

Get this: 69 percent of organizations don't connect retail execution systems with trade promotion execution planning capabilities, which inherently limits visibility and control into shelf conditions, compliance, and in-flight monitoring or promotions.

Maybe your floor display is hiding in the back of store. Maybe your posters are

execution tracking. Execution tracking tasks field teams with recording observa-

Most CPG merchandisers are confident with retailer compliance. In actuality, only 40% of in store displays are executed with compliance to merchandiser strategy.

SOURCE

obstructed. In all likelihood, something isn't going perfectly as planned. Noncompliance with promotional strategy can be a costly mistake. Only 42 percent of brands feel they have positive compliance and are executing well. Worse, it skews POS data. Do poor returns indicate bad strategy or a failure on retailers to properly execute? The answer is found through

tional data on every aspect of the promotional space. The "hows" of execution tracking often vary from team to team, but good execution tracking answers targeted questions on promotional health. Just as trade promotions need clear goals to succeed, arm field teams with focused inquiries to contextualize your POS numbers.

How to Leverage Data for Smarter Promotion Execution in the Field

For most brands, the success of any campaign comes down to how well it is launched, maintained, and measured by their team in the field.

Ultimately, engaging with data from past campaigns in a cycle of continuous improvement gives teams the best chance to eliminate execution errors and ensure maximum sales lift over the duration of

their promotion.

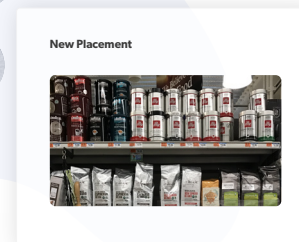
Here, we'll break down the three stages of the cycle of continuous improvement: Insights, Planning, and Action.

INSIGHTS

Every action in the field starts because of some Insight. An Insight is simply an indication from past promotional data that there is a problem or opportunity in the field that you can address to have an impact on sales.

PLANNING

From there, brands enter the Planning stage -- analyzing past field performance to decide when, where and with whom you will address that opportunity, and exactly what steps they should take in the store to deliver the highest impact.



ACTION

Once you've deployed your team, we've entered the Action stage. Your reps execute your plan in their targeted accounts, and report back data about the in-store conditions they encountered and were able to affect. The data those activities generate feed back into your data set, and inform the next set of Insights that kick the process off again.

This cyclical process drives peak performance because it allows field teams to constantly improve, never waiting for final, potentially delayed POS data to measure success. Every action a rep takes in the field is informed by real-time data, both about current store conditions

and the results past campaigns have had on sales.


The cycle of continuous improvement empowers teams to take the right action in the right store at the right time, maximizing both their efficiency and the impact they have on sales.

Plan, Execute, and Measure Stronger Promotions With **World-Class Retail Execution Software**

REPSLY'S retail execution software gives brands everything they need to take a data-driven approach to trade promotion execution and optimization.

Repsly equips field teams to launch new promotions, then detect, correct, and report compliance errors throughout their lifecycle.

The result? A better understanding of how, when, and where promotions affect sales, so brands can replicate success across their territories.



Repsly gives brands everything they need to take a data-driven approach to trade promotion execution and optimization.

Ready for high performance trade promotion execution?

Get started with Repsly for free today and join thousands of high performing field teams.



55 Summer Street, Boston, MA 02110
info@repsly.com
Questions? 1-617-356-8125