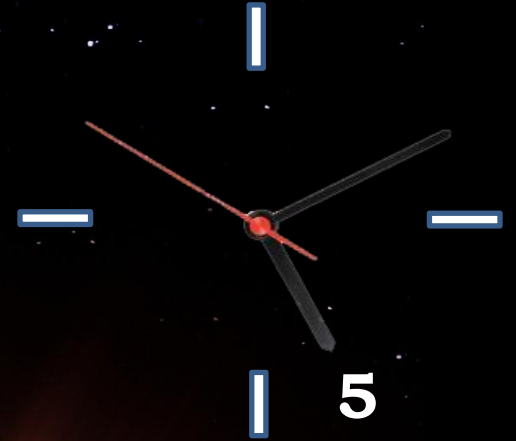


# After Five Marketing, LLC

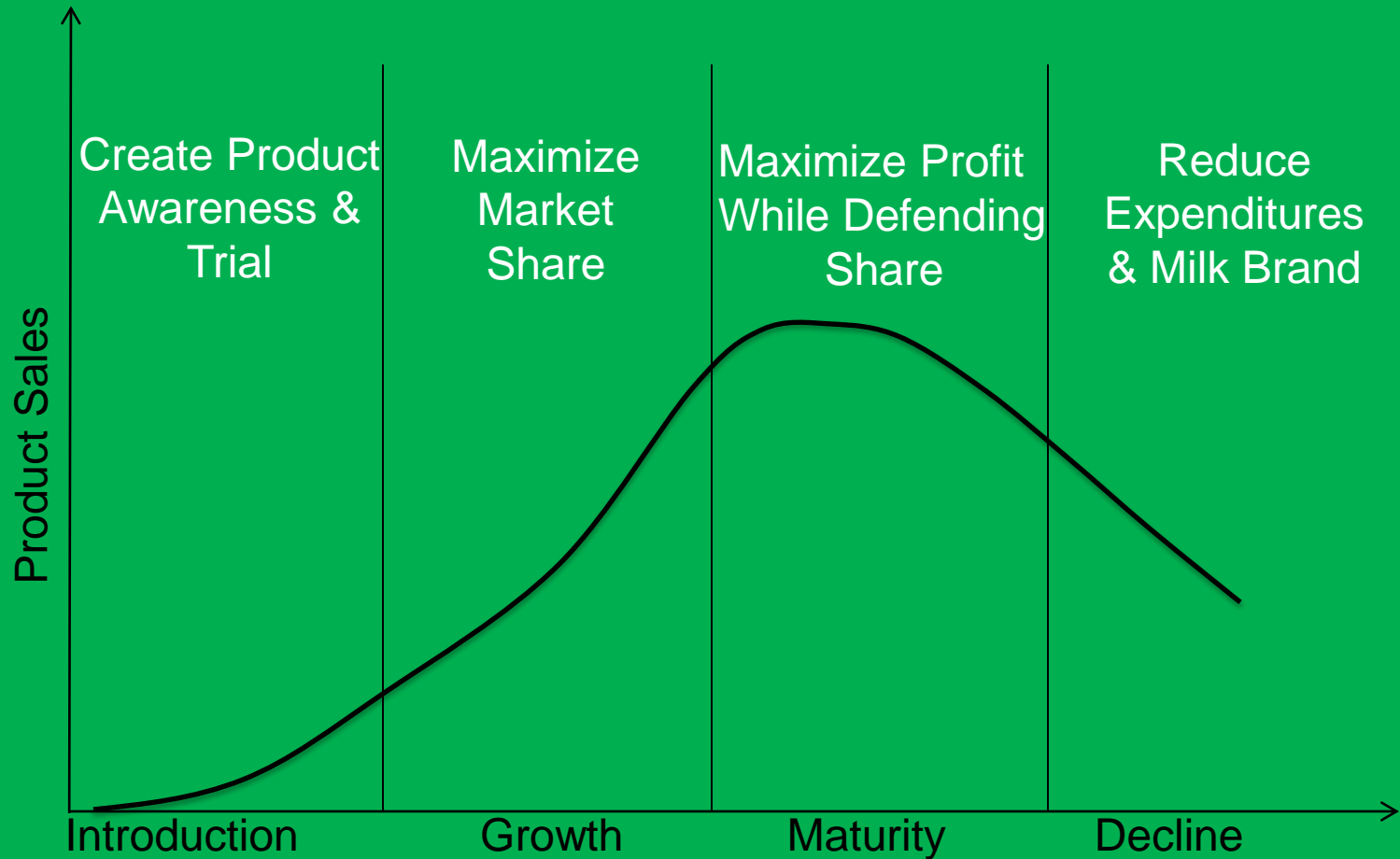


After Five Marketing: Trade/Channel Sales  
Promotion

# Where We Start...

1. Marketing or Business Plan for Sales/Volume Objectives
2. Brand Position/Value Propositions
3. Develop Channel Program
4. Plan execution
5. Post-plan analysis (metrics...i.e. did it work?)

# Product Life Cycle – Things We Consider

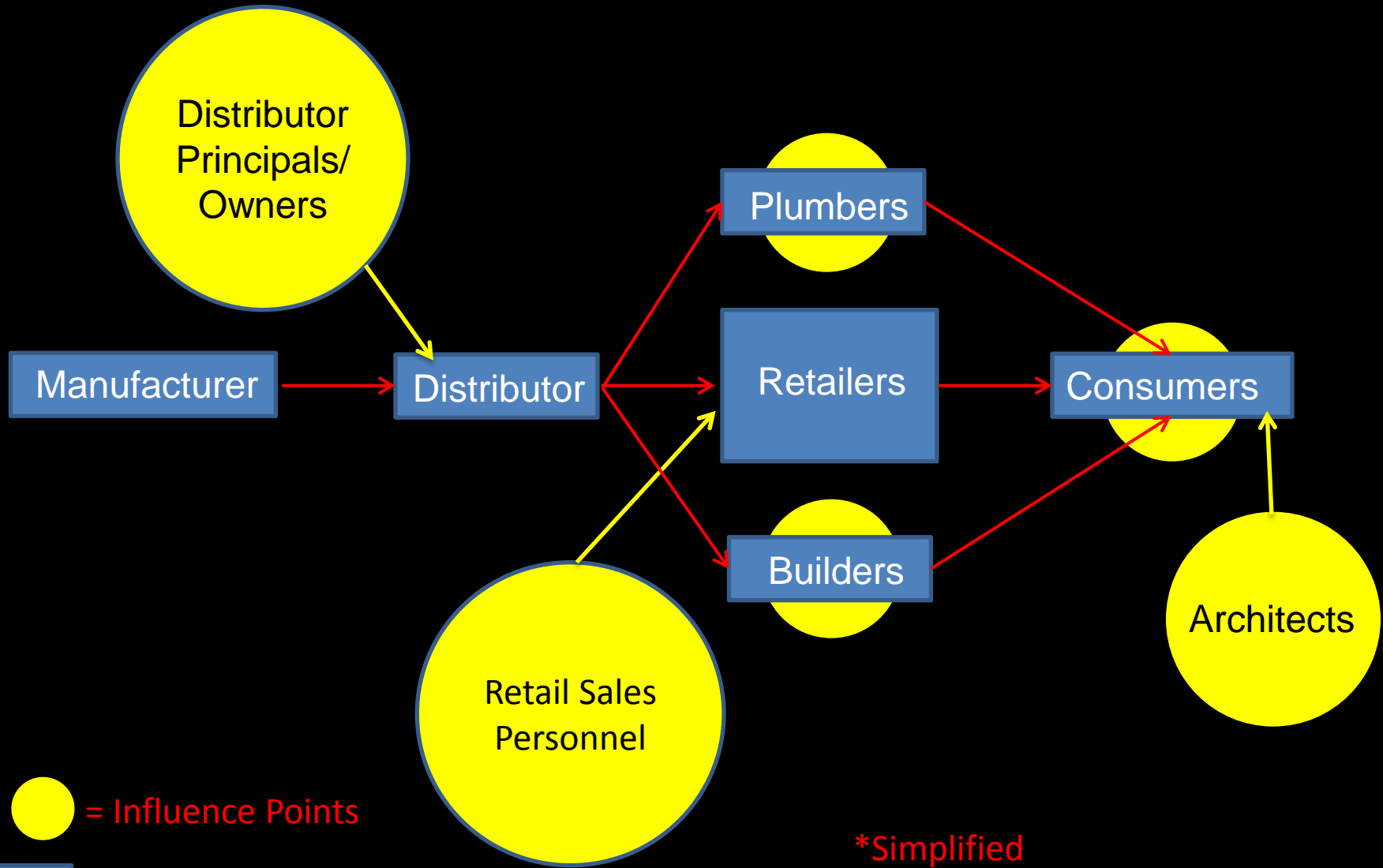


# Product Life Cycle – Things We Consider

	Introduction	Growth	Maturity	Decline
	Create product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditures and milk the brand
Product	Office basic product	Offer product extensions, service and warranty	Diversity in models	Phase out weak items
Price	Use Cost Plus	Price to penetrate market	Price to match or beat competition	Cut price
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective: phase out unprofitable outlets
Advertising	Build product awareness among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits	Reduce to level needed to retain hardcore loyals
PR/Web	Generate awareness among consumers	Continue to obtain awareness	Reduce product specific activities	Discontinue product specific activities
Personal Selling	Initiate activity to create awareness and sales	Continue to gain trial, retrial and monitor competition	Small role	Minor role
Sales Promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy consumer demand	Increase to encourage or prevent brand switching, maintain loyalty	Reduce to minimum levels

After Five Marketing: Trade/Channel Sales Promotion

# Sample Channel Structure & Influence Points\*



After Five Marketing: Trade/Channel Sales Promotion

# Trade Promotion Cannot...

- Compensate for a poorly trained sales force
- Overcome poor distribution
- Make up for a lack of advertising
- Cure other marketing “ills” related to price, product or distribution

# Trade Promotions are Most Effective...

- On new or established brands with a major product improvement
- On brands already enjoying an improving competitive trend
- In conjunction with a sales initiative to increase distribution
- When used only occasionally and in addition to rather than as a replacement of other long-term promotional disciplines like advertising and publicity

# Trade Promotion Techniques

- Sampling
- Manufacturer and/or Trade Coupons
- Extended Terms
- Discounts
- Contests and Sweepstakes
- Refund Offers
- Rebates
- Spiffs
- Continuity Programs



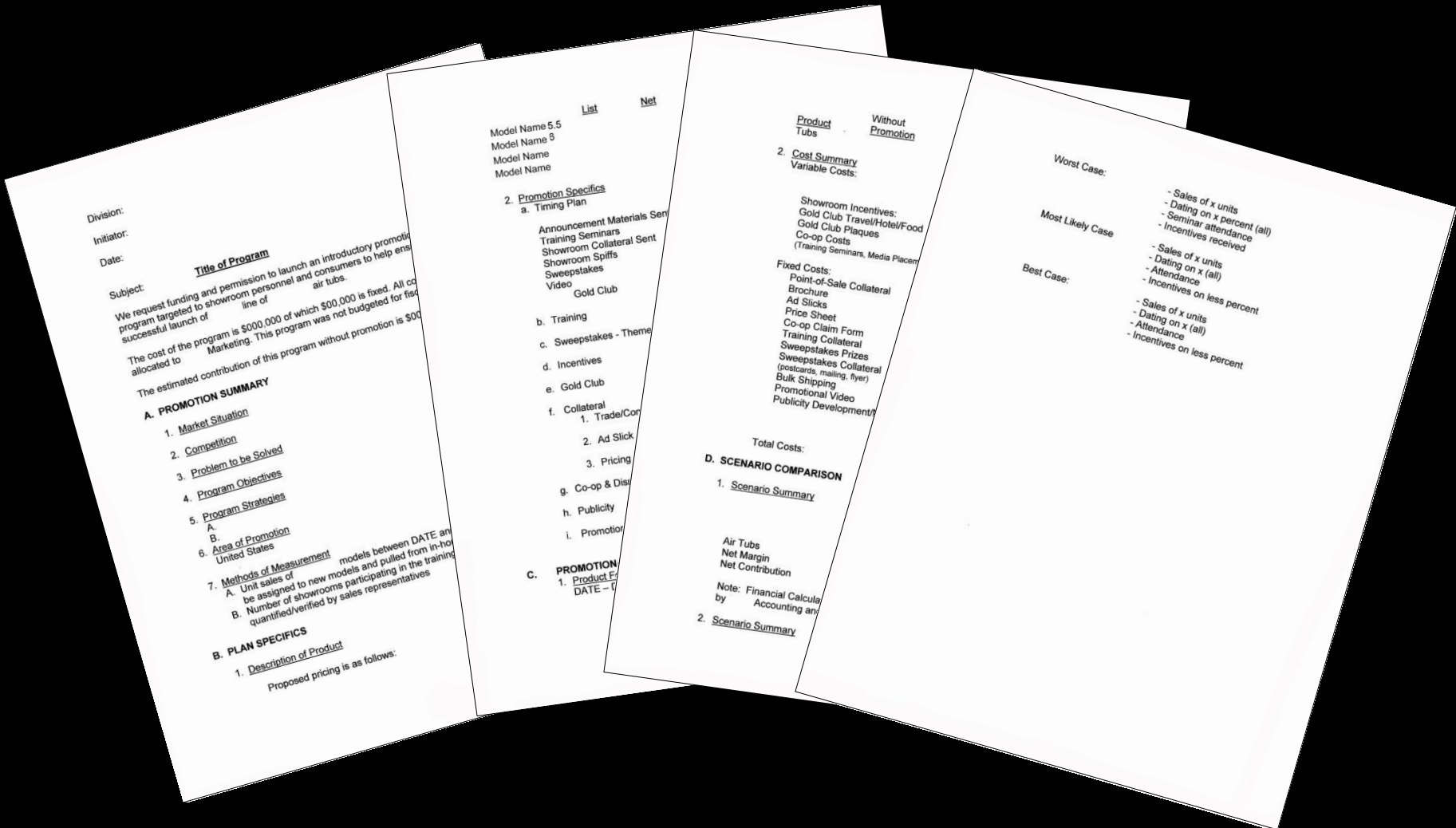
# Trade Promotion Planning Process

- Identify the problem or opportunity
- Trace the problem or opportunity to its cause and determine if it's a marketing responsibility
- Determine if promotion of any kind is a viable general solution. If so:
  - Set objectives that are specific and measurable
  - Identify potential solutions
  - Evaluate the alternative solutions
  - Develop a budget and control system
  - Implement the plan
  - Measure the results

# Types of Objectives

- Obtain or improve distribution
- Increase sales
- Reduce inventory
- Obtain market share
- Obtain brand switch
- Keep present customers
- Offset competitive promotions
- Obtain trial
- Motivate sales force, dealers or distributors
- Obtain trade support for consumer promotion
- Improve trade relations

# Promotion/Program Plan Sample...



Division:

Initiator:

Date:

**Subject:** Title of Program  
 We request funding and permission to launch an introductory promotional program targeted to showroom personnel and consumers to help ensure a successful launch of \_\_\_\_\_ line of \_\_\_\_\_ air tubs.  
 The cost of the program is \$000,000 of which \$00,000 is fixed. All costs allocated to \_\_\_\_\_ Marketing. This program was not budgeted for fiscal year \_\_\_\_\_.

The estimated contribution of this program without promotion is \$000,000.

**A. PROMOTION SUMMARY**

1. Market Situation
2. Competition
3. Problem to be Solved
4. Program Objectives
5. Program Strategies
6. Area of Promotion
  - A. \_\_\_\_\_
  - B. \_\_\_\_\_

7. Methods of Measurement
  - A. Unit sales of \_\_\_\_\_ models between DATE and DATE
  - B. Number of showrooms participating in the training program, quantified/verified by sales representatives

**B. PLAN SPECIFICS**

1. Description of Product  
 Proposed pricing is as follows:

	List	Net
Model Name 5.5		
Model Name 6		
Model Name		
Model Name		

**2. Promotion Specifics**

- a. Timing Plan  
 Announcement Materials Sent  
 Training Seminars  
 Showroom Collateral Sent  
 Showroom Spiffs  
 Sweepstakes  
 Video Gold Club
- b. Training
- c. Sweepstakes - Theme
- d. Incentives
- e. Gold Club
- f. Collateral
  1. Trade/Con
  2. Ad Slick
  3. Pricing
- g. Co-op & Dis
- h. Publicity
- i. Promotion

**C. PROMOTION**

1. Product E  
 DATE - f

Product Tubs	Without Promotion
-----------------	----------------------

**2. Cost Summary**

- Variable Costs:**
- Showroom Incentives:
  - Gold Club Travel/Hotel/Food
  - Gold Club Plaques
  - Co-op Costs  
 (Training Seminars, Media Placem
- Fixed Costs:**
- Point-of-Sale Collateral
  - Brochure
  - Ad Slicks
  - Price Sheet
  - Co-op Claim Form
  - Training Collateral
  - Sweepstakes Prizes
  - Sweepstakes Collateral  
 (postcards, mailing, flyer)
  - Bulk Shipping
  - Promotional Video
  - Publicity Development

Total Costs:

**D. SCENARIO COMPARISON**

1. Scenario Summary

Air Tubs  
 Net Margin  
 Net Contribution

Note: Financial Calcula  
 by Accounting and

2. Scenario Summary

**Worst Case:**

- Sales of x units
- Dating on x percent (all)
- Seminar attendance
- Incentives received

**Most Likely Case**

- Sales of x units
- Dating on x (all)
- Attendance
- Incentives on less percent

**Best Case:**

- Sales of x units
- Dating on x (all)
- Attendance
- Incentives on less percent

# Push and/or Pull?

- Push promotions are designed to move product from manufacturing to the distributor or retailer.
- Pull promotions pull product through the distributor by promoting it to the trade or to anyone else that purchases through distributors. With pull, we are trying to get the installer, decision maker, specifier or primary influencer to take action.
- They work very well when applied together.

# Simple Examples

- Type
  - Push Promotion
- Objective
  - Gain Distribution
- Target
  - Distributor Principals or Purchasing Agents
- Tactics
  - Front-load discount
  - 25% gross purchase buy-back arrangement

# Simple Examples

- Type
  - Push Promotion
- Objective
  - Offset Competitive Promotion
- Target
  - Distributor Principals
- Tactics
  - Extended terms
  - Stepped discounts greater than competitor:
    - 10 sinks – 5% discount
    - 20 sinks – 7% discount
    - 30 Sinks – 10% discount

**Plumbing Company's  
GREAT STAINLESS STEEL!**  
Please Attach to Your Qualifying Order Form\*

Yes, I want to take part in Great Stainless Steel. I have properly signed where indicated and have completed the form below the perforation.

I understand that I will receive a 10% discount (in addition to applicable truckload discounts) on a qualifying order of at least 30 stainless steel sink units for immediate shipment (any combination). I know that this qualifying order must be placed by May 31, to receive discounts.

I also understand that my qualifying order will entitle me to a 7% discount (in addition to applicable truckload discounts) on subsequent stainless steel sink orders of 10 or more units per order. Subsequent orders must be placed and received by December 31, to receive discounts. I know that subsequent orders can be made via EDI and need not be for immediate delivery.

For subsequent orders, I will group stainless steel sink units together on the order form and will print "Stainless Steel" at the top of the form (or on EDI). I will type "Stainless Steel" in the special messages section of the transmission form.

Finally, I realize that job orders will not earn discounts on qualifying or subsequent orders.

Authorized Distributor Signature \_\_\_\_\_ Date \_\_\_\_\_  
Authorized Branch Signature \_\_\_\_\_ Date \_\_\_\_\_

\*Not All Promotional Orders Cannot Be Placed Via EDI

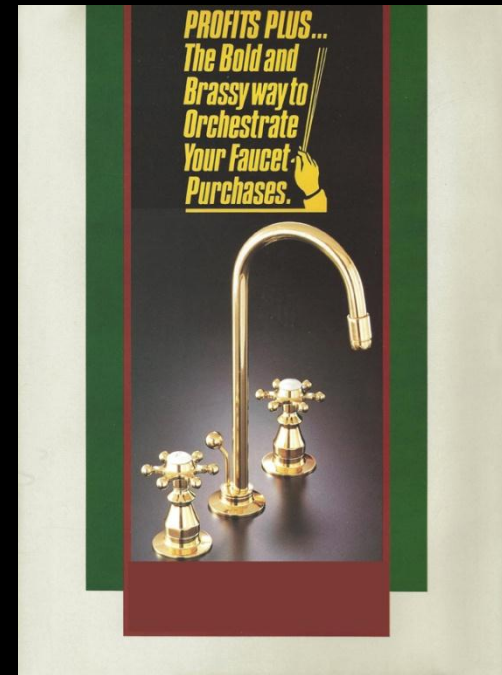
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**Plumbing Company's GREAT STAINLESS STEEL!**

Distributor Name (see us) \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Account No. \_\_\_\_\_ Branch \_\_\_\_\_

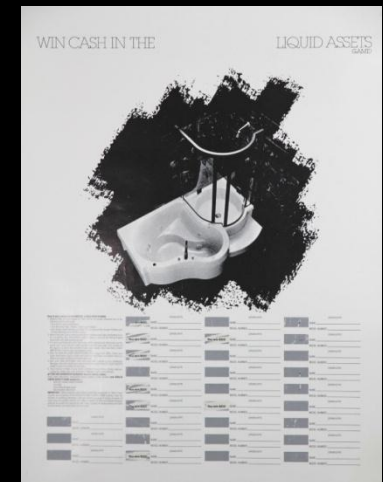
# Simple Examples

- Type
  - Push Promotion
- Objective
  - Obtain Market Share
- Target
  - Distributor Principals
- Tactics
  - Increased margins tied to “stretch” sales goal (incremental YOY)
  - End-of-year rebates based in categories and overall purchases



# Simple Examples

- Type
  - Push & Pull
- Objective
  - Obtain trial and market share of builder-grade whirlpools
  - Protect share of higher-priced whirlpools (prevent cannibalization)
- Targets
  - Distributors and Plumbers
- Tactics
  - Load-in discount (two months prior) for distributors
  - Free shower or bath faucet for plumbers with purchase
  - Spiffs for showroom sales attendants via scratch-off poster mechanism





# To See Samples Illustrating Work Described

After Five Marketing has numerous examples to illustrate work performed in the trade promotion arena with household brand names. Please call to discuss.