



Increasing ROI From In-Store Promotions



Welcome to “**Increasing ROI From In-Store Promotions**”

In this ebook, you'll learn:



How promotions can increase market share



Ways to measure your promotional effectiveness



Tips and practices for promotional execution

Let's dive in! →

Why do brands do promotions? The answer is twofold: either to **defend their market share** or to **gain market share from the competition**.

Growing brands will be in the second group. After getting on a retailer's shelf, you're focused on building up your sales.

To build sales, you'll need to attract buyers. And in most cases, those buyers will be coming to you from other brands on a retailer's shelf. They're trying you out.

This idea of winning new buyers from other brands is called "taking market share".

Promotions **In Action**

Imagine a set of pasta sauce in the grocery store where there are three brands.

On day 1, nothing is on sale. 100 people come into the store and each person buys 1 unit of pasta sauce.

Brand A sells 50 units.

Brand B sells 30 units.

Your brand sells 20 units.

Because 20% of all pasta sauces sold this day were your brand's—20 units out of 100—your market share is 20%.



On day 2, your brand goes on sale. 100 people come into the store and each person buys 1 unit of pasta sauce.

Brand A sells 40 units.

Brand B sells 20 units.

Your brand sells 40 units!

On this day, your brand's market share increases to 40%!

Because of your promotion, more people are trying your brand and increasing awareness. Customers are saying the following things:

“I’ve been waiting to try this!”

“I heard about this on TikTok.”

“I’ve been waiting for it to go on sale, I’m not sure if I’ll like it.”



On day 3, your brand goes off sale. 100 people come into the store and each person buys 1 unit of pasta sauce.

Brand A sells 45 units.

Brand B sells 25 units.

Your brand sells 30 units.

By reducing the price, your brand temporarily attracted a wider audience of buyers. Some of them stuck around, and now your base level of sales increased, as well as your market share.



Now imagine this cycle repeating itself every day for the rest of the year. Each day is a battle between brands fighting for buyers to purchase their product instead of their competitors.

Over time, the cumulative effect of these promotions alters the market share of each brand.

To stay on the shelf, it is each brand's responsibility to develop and execute promotions that align with their goal of either protecting or increasing their market share.

Effective promotions have three main inputs: discounts, length, execution, that drive toward four main inputs: **items, depth, timing, frequency.**



The **Four Main Inputs** for Promotions



Items

Pick the items that best respond to promotions and contribute to incremental sales.



Depth

Select how deep the discount will be from the everyday price.



Timing

Choose which time of year to run your promotions. Consider seasonality or the competition's promotional calendar.



Frequency

Determine how many times a year you should promote your products.

Evaluating Promotional Execution

Items, depth, timing and frequency are the main levers of a promotional strategy. But be aware that the actual execution of the promotion in-store is a big factor for success. Your items need to be in stock, on the shelf, and tagged as on sale. If any of these conditions are not met, then all of that hard work you put into planning the sale could be derailed.

It is good practice to check on the store conditions during sales with your team or a trusted partner like a broker. This increases the likelihood that you will identify external factors that may be dragging down performance.



Incremental vs Base

When a product goes on sale, syndicated data divides the volume into two buckets.

Base sales are “what you would have sold anyway” in the absence of a promotion. Base sales are calculated from a running average of the last couple months of everyday sales.

Incremental sales are “new sales resulting from your promotion.” This is what we attribute to your promotional activity.



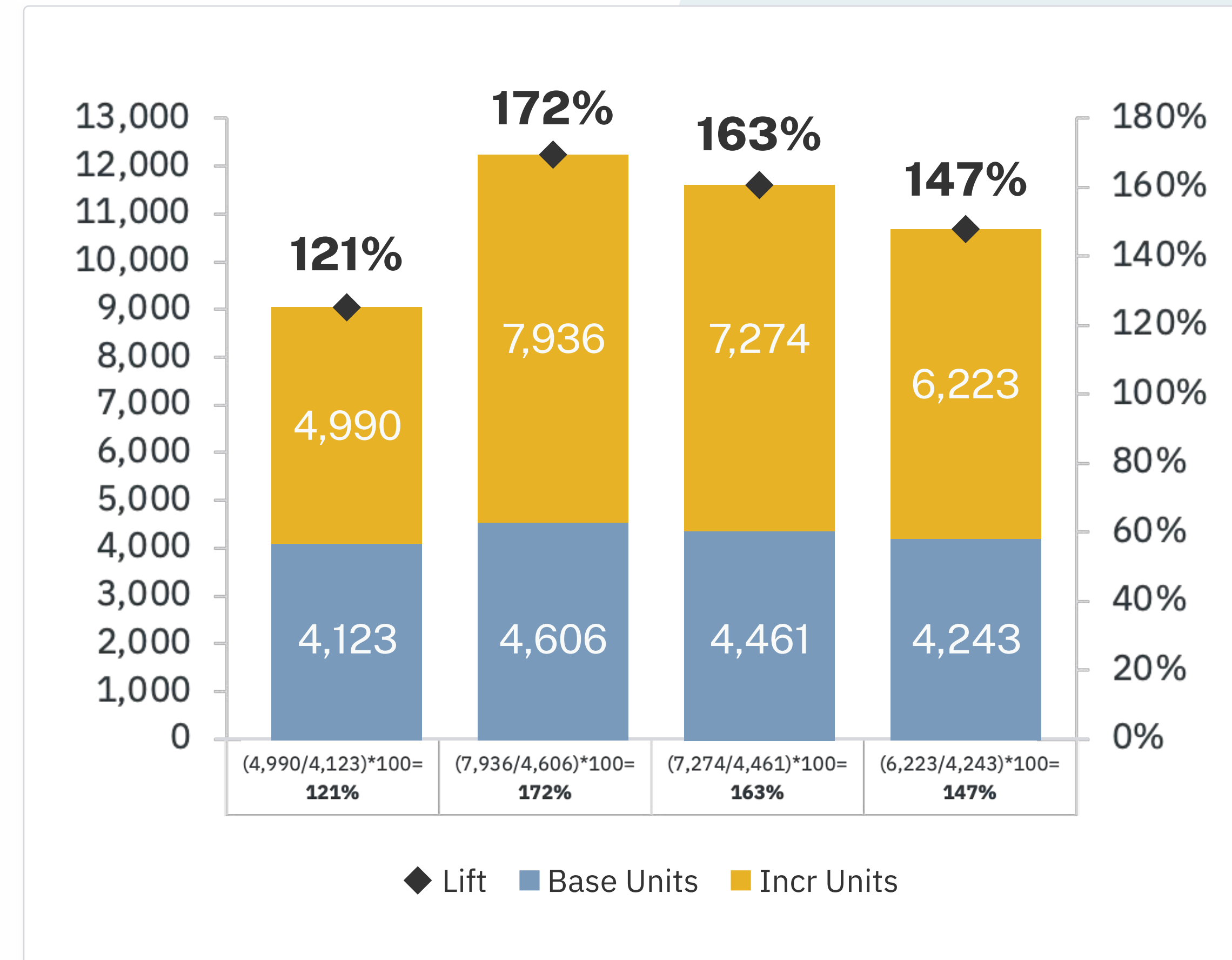
Lift is the Output

% Lift measures **the impact of a promotion**.

% Lift is calculated as:

$$\left(\frac{\text{Incremental Sales}}{\text{Base Sales}} \right) \times 100$$

There is **no magic lift number**, but you can evaluate how “good” or “bad” the lift percentage was by comparing your brand’s lift to other promotions you’ve done or a competitor’s promotions.



Retailers Offer A Variety of **Promotional Types**

Temporary Price Reduction (TPR)

- Price reductions (at least 5% less than base) without a feature or display, such as a shelf tag
- If an item's price goes up, this immediately becomes the new base price



Special Packs

- Special Packs are package-based promotions that generally offer consumers free product with purchase.
- They are unique UPCs of the corresponding regular pack and temporarily replace the regular pack on the shelf during the promotion period



Retailers Offer A Variety of **Promotional Types** (cont.)

Features

Print and digital ads and coupons distributed by the retailer:

- In-store flyers / newspapers
- Circulars or door hangers
- Rotos – full-color glossy inserts
- Mailers
- Coupon booklets
- Monthly ads
- ROPs – Features printed right on the newspaper

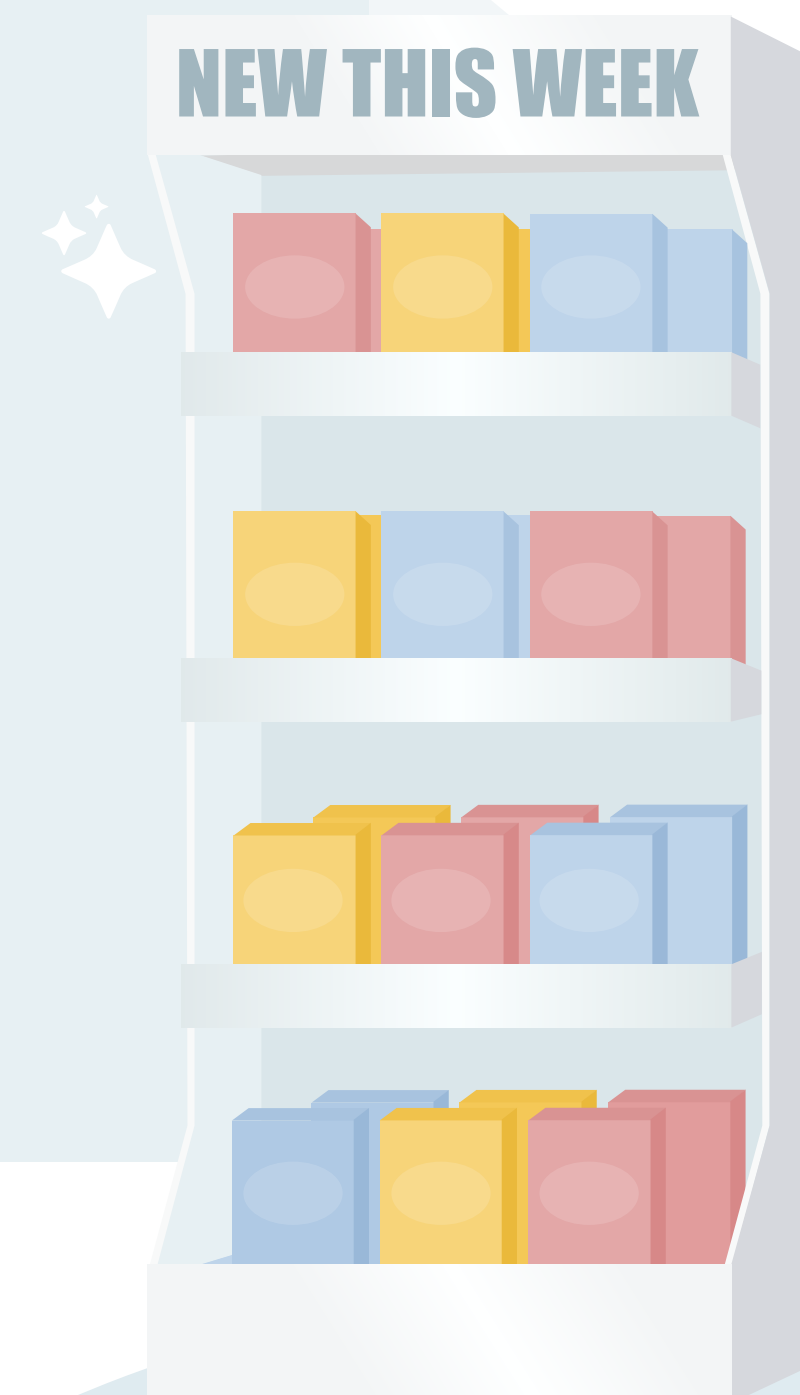


Higher fixed cost that should be evaluated before investing

Displays

Secondary selling locations for items:

- Lobby / front entrance
- End caps
- “Racetrack”
- Seasonal section
- In-aisle (typically shippers)
- *Note that clip strips, shelf extenders, j-hooks, lip racks, suction cup holders, and clearance bins are not considered Displays*



Very high fixed cost that should be evaluated before investing

How are your promotions doing?

Use this framework to troubleshoot and improve.

What

So What

Now What

Effective Promos

(driving sufficient lift)

Good ROI =
more incremental \$
and/or units

May outperform
competitive brands
during promo period

Maintain promo strategy
for competitive advantage

Monitor other brands'
strategies using
Competitor Promo
Analysis Report

Ineffective Promos

(not driving enough lift)

Brand is losing
money by running
promos

Shoppers may
be unaware of
promo

Majority of units
are subsidized/
not incremental

Evaluate depth
of discount

Consider additional
placements,
circular ads,
partnerships with
e-commerce

Evaluate promo
window &
competitive
promos

Three **Tips to Remember**



Be Intentional

Before you commit dollars, commit to a goal: gaining share, launching new products, stair-stepping base sales, or being cash efficient. Switch things up from last year's plan. Rethink the lowest performing promo and keep the best ones.



Use the Best Promo Type

Do your research beforehand and see which type of promotion has been the most successful – TPR, Display, Feature, or Feature & Display.



Continually Monitor

- **MONTHLY:** Check execution using store- and market-level data.
- **QUARTERLY:** Make sure promos are hitting lift targets.
- **ANNUALLY:** Change and adjust strategy for next year. What did you learn?



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Uncover granular views of brand and competitor performance, then leverage the SPINS team of industry consultants who work on-demand to create data-driven retail strategies and help your business grow.

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