

Lay's product and promotion policy

Business



Lay's, known as Walkers in the UK and Ireland, is the brand name for a number of crisps varieties as well as the name of the company that founded the chip brand in 1932. Over 90% of the population is familiar with the brand-name and with more than 50% of the market shares, we can definitely call them the market leader. It's for this company that we will briefly clarify the product- and promotion policy. Product: Lay's The brand name For the brand's name Lay's uses a combination of group-brand and a individual brand.

It's a group-brand because PepsiCo doesn't use its own name to sell the products, but they use the brand Lay's to distribute them. Further more, Lay's makes use of individual brands for the different flavours like there are: Lay's Light, Lay's Oven and Lay's Sticks. Even though all the products belong to Lay's, they sell them according to their different characteristics by a different name. By making use of market segmentation, Lay's creates the possibility to expand its assortment and itself. In this way each product will receive its own identity. Assortment strategies

Line stretching Lay's often expands their assortment by adding new flavours and new sub-groups. For example: Lay's developed Lay's Light and Lay's Oven. With these groups they tried to penetrate a new group of consumers who worry about the percentage of fat that crisps contain. Lay's Light contains 33% less fat and in the sub-group Lay's Oven, the crisps contain 70% less fat. Line filling Lay's completes their assortment of existing products by adding new varieties to the different groups. Since 2011, for example, they have a product variant called " Black Pepper & Sea Salt".

In this way they obtain a more complete assortment and can they satisfy more consumers. Promotion: Lay's Promotional campaign Lay's as a market leader doesn't have strong competition because they have a strong promotional campaign. The company also makes different price actions for the introduction of new products. Subsequently the price is lowered to capture the market. The consumer pays less for the same product and receives a sort of reduction. This is one of the sales promotions techniques Lay's uses. The sales are stimulated at short term by temporal improvement of the price-value ratio.

Sometimes Lay's offers sampling and free crisps. Lay's also organises cash-refund actions where you get your money back by sending back the barcode of your package of Crisps. The main advantages are the low cost, the consumers information is saved in database and the involvement of the retailer is not necessary. This may lead to a horizontal effect or market expansion. At first place, Lay's wants the customer to meet and try its product. When the customer is satisfied and buys the product again, we call it a repeat. Sometimes Lay's also has a special offer where you get a 3rd bag for free.

They realise this by offering special promos to customers. This also is a kind of sales promotions where they offer a bigger quantity of goods for the same price. This results in an advantage in goods. Within these promotions, we can speak of a vertical effect or market effect. One will try to create more market share by creating a higher brand loyalty, user intensity and revenues. Moreover the consumers will be blocked to other brands of crisps. Possible risks are that the consumer will store their products and it won't lead to

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extra consumption. Lay's also organises saving campaigns. They have a savings campaign called Lay's Chip Trips.

The point of this campaign is that consumers find a code on the bag of Lay's. They can go to the site of the company and enter this code. People can save points online this way, and when they have saved enough, they can exchange there points in all kind of prizes like free entrance to a theme park and free stay at a hotel. Lay's will try to stimulate the revenues on the shorter term and bind the consumers to the brand this way. The company also organises contests. In many countries like the Netherlands, Lay's has started a competition where people can make new flavours and present them to Lay's. Flavours are chosen by Lay's and the consumer has to decide by voting which flavour is the best. Every consumer that votes, has the chance to win a Mini. This campaign was a great success. The finale flavours were sold 6 million times. In the Netherlands, ' Patatje Joppie' was the eventual winner and has appeared in the shops last February. These promotions can lead to higher revenues because one creates more users. These users can be people who buy the product for the first time or people who buy the products of the competitor.