

Promotion – reliance baking soda case essay sample

[Business](#), [Branding](#)



A. Situation Overview

The strength of the RBS brand is that they are well known. They also obtain majority of the market, 70% of it. The only competitor customers were fully aware of was Reliance. RBS obtains brand awareness, recognition, and brand loyalty. They are well known and well established for decades in the industry. Consumers have purchased these RBS products and have other uses for them other than just odor neutralization or cleaning use. The weakness of the RBS brands is lack of awareness of these products' multiple use. Advertising and promoting this awareness is necessary to educate customers on possible various and numerous uses. Promoting this awareness hasn't increased as it should and therefore an increase in sales have not increased. RBS increased its prices yet customers' purchases remain constant along with the time they buy it.

B. Past Promotional Events

Consumer and trade promotions have had a positive impact on sales for RBS. Consumer promotions aren't favored as much as trade promotions in RBS. Though most of the years they have been successful, except for in 2007 when they cut the consumer promotion budget, sales decreased that year. In the exhibits shown in the article, it shows that trade promotions are more effective than consumer promotions, about 30% more in terms of ROI. Trade promotions are also overall successful yet two out of six years there was a loss for the company. My opinion is that two out of six years is a big factor in which RBS has to be cautious about. The comprehensive report that the

analyst created is helpful yet it does not reflect the effects of advertising spending in each model, therefore specifics aren't detailed.

C. Push vs. Pull

Consumer promotions are also known as the “ pull strategies” and trade promotions are known as the “ push strategies.” Such strategies in a low-involvement marketing, and as a low-price grocery item is hard to reflect maximum profits. Consumer promotions “ pull” are created to pull the customers to purchase the product. Some examples that RBS used were sales promotions, coupons for larger boxes, advertising of other products in their product line, addition usage of the product, and awareness about the product. RBS also used a premium which was when they had the product in a stylish vase for the consumer to reuse and draw into them purchasing the product. These strategies will help sales and help pull consumers to purchase the products. Such strategies may start consumer loyalty with free samples or discounts to purchase and futuristically continue to use and buy RBS brands. Any type of promotion does increase traffic to the stores in which to purchase the product or types of products.

Trade promotion “ push” strategies are ways to push the product to the customer, make it more visible more appealing. The priority of push strategies are to maximize product margins and speed the time it takes the product to get sold off the shelves. Methods that RBS has used in such an environment are price discounts on the product, coupons, ads in magazines

and local newspapers. These strategies are used instead of increased retail margin, so therefore passed onto the consumers in various forms.

D. Recommendation

My recommendation for Regnante to achieve her 2008 target profit is as follows. For her to achieve her goal of increasing profits by 10% than last year she must improve trade and consumer promotion strategies and reallocate budgets for promotions and advertising. Strongly promote the wide range of uses for baking soda like household cleaner, laundry, and deodorizer. Increase consumer promotions with a price increase, advertise in top rated magazines, and offer redeemable coupons. Add additional information on the product(s) on their website for additional uses; add customer friendly games, recipes, and ideas. For trade promotions continuing to give free cases with minimum orders is successful. Purchasing in bulk with an incentive of free cases or discounts, to gyms for example, is also an effective strategy. Incentives or improved packaging to sell twin packs, also to give discounts with the local ad present is a positive strategy. These improvements in consumer and trade promotions should make them more effective for the next fiscal year.

E. Pro Forma Income Statement

Develop a pro forma income statement based on your recommendation. Address the long-term strategic implications for your decision. Pro Forma Income Statement

Sales

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55, 051

COGS

25, 325

Gross Margin

29, 726

Marketing Expenses

Advertising Expense

4, 757

PR/Media Production Cost

198

Consumer Promotion

551

5, 506

General & Admin Expenses

Admin./Manufac. OH

Staff Salaries/Benefits

Net Profit before (Income) Tax, SG&A, & OH

24, 220