

Discounts alone do not make a successful promotional strategy

By [Derek Miller](#), issued by [TLC Worldwide Africa](#) 7 Aug 2014

South African companies spent R19bn on promotional marketing in 2013 - but only 26% of that was on value-added promotions, with the rest on price promotions. Derek Miller, Managing Director of TLC Marketing Africa, advises on how promotional marketers can correct that imbalance.



We all know the four 'P's of marketing: Price, Product, Promotions and Place. Last year SA marketers spent a whopping R19bn on promotional marketing: only 26% of that was spent on value-added promotions, according to a recent market sizing study by TLC South Africa. Naturally ATL marketing took the lion's share of this, in order to maintain brand awareness and value for money.

The rest was channelled into discounts, which suggests that even with the recession moving behind us, it looks like many brands' first thought is to discount.

But discounts alone do not make a successful promotional strategy. Traditional value-added promotions (competitions and prize draws, free gifts, token collect schemes, charity partnerships) generate interest in the brand and offer a real incentive to customers. For me, promotional marketing is the magic stuff and marketers should seriously consider placing this high on the agenda.

The recession prompted a rise in discounting - and it is still welcomed by out-of-pocket shoppers. However, have we ever thought that discounting actively discourages brand purchase, unless there's a deal?

To meet consumer demands, brands need to balance price discounting with more equity-based, value-added activity. A more balanced diet is what we're after - perhaps alternating between price promo and value promo.

TLC has been the leader in lifestyle rewards in South Africa for over five years and over 50 years worldwide across various sectors and brands. Our concept is simple: everyone "gets" when purchasing the product on offer. And it's a concept that more and more brands are becoming excited about. Our research has found consumers are beginning to look out for these types of rewards as they provide greater value to the consumer than a R10 off voucher or buy one get one free.

TLC have run various campaigns in South Africa, with rewards tailored towards a brand's audience ranging from carpet cleaning, personalised children's story books to more traditional rewards such as cinema and family days out.

Good Marketing, Everyone!

For more information, please visit www.tlcmarketing.com.

Media Contact: Supriya Singh on 011 676 7700 or supriya.singh@tlcmarketing.com.

ABOUT THE AUTHOR

Derek Miller is Managing Director of TLC Marketing Africa.

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