

NS Dealer Promotions Channel Promotions

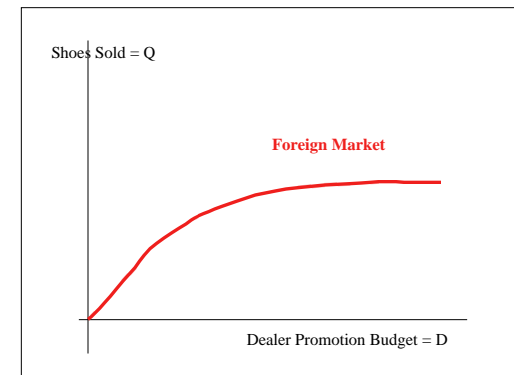
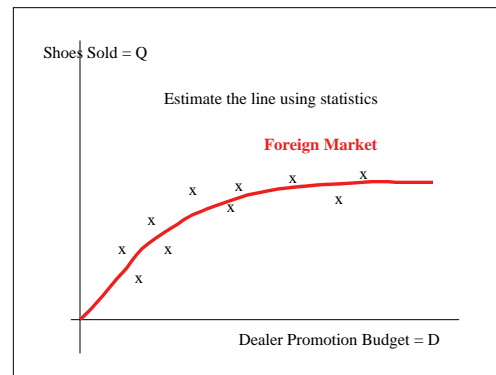
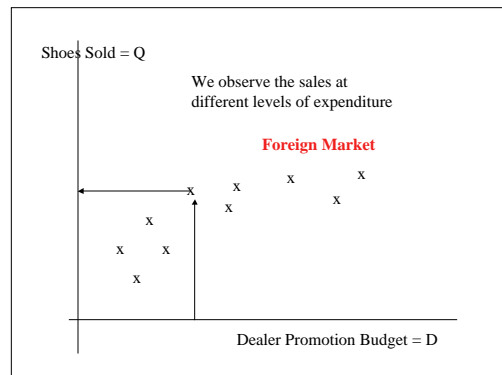
Ted Mitchell

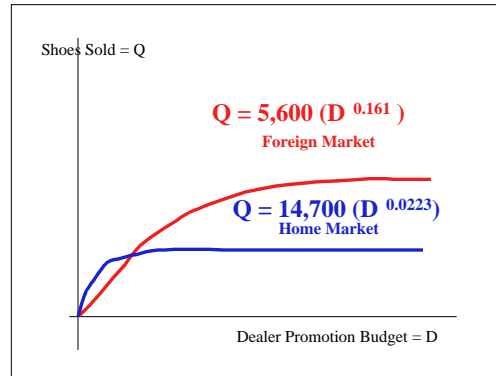
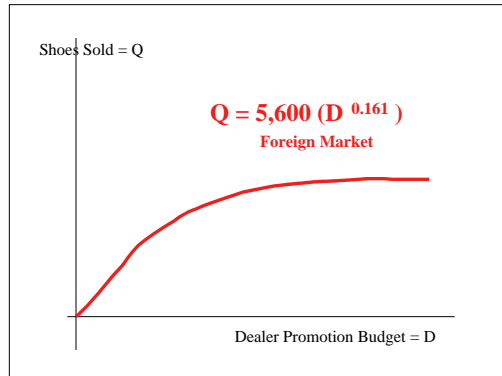
Dealer Promotions

- Money Spent to encourage Wholesalers, Distributors, Dealers, Retailers to carry our product and give our product high levels of sales effort.

Dealer Promotions

- Case Allowances
- Volume Discounts
- Cooperative Advertising
- Early payment discounts (3/10, N 30)
- Seasonal discounts
- Sales force Spiffs
- Special Training, Seminars





Dealer Promotion in the Foreign Market

- $Q = 5,600 (D^{0.161})$
- where
- Q = Quantity sold because of Dealer Promotion Expense
- D = Amount Spent on Dealer Promotions
- If we spend \$800,000 then how many shoes do we sell?

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- $Q = 5,600 (900,000^{0.161}) = 50,912$ shoes

Is it worth it?

- At \$800,000 = 49,956 50,000 shoes
- At \$900,000 = 50,912 51,000 shoes
- **For extra \$100,000 you get 1,000 extra shoes**

- If you are making \$100 a shoe you breakeven.
- How much is the competition spending?
- Will the extra volume help lower my costs?

Should we put the \$100,000 into the Home market?

Dealer Promotion in the Home Market

- $Q = 14,700 (D^{0.0223})$
- where
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- **If we spend \$800,000 then how many shoes do we sell?**

Dealer Promotion in the Home Market

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- where
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- **If we spend \$800,000 then how many shoes do we sell?**
- $Q = 14,700 (800,000^{0.0223}) = 19,904 \text{ shoes}$

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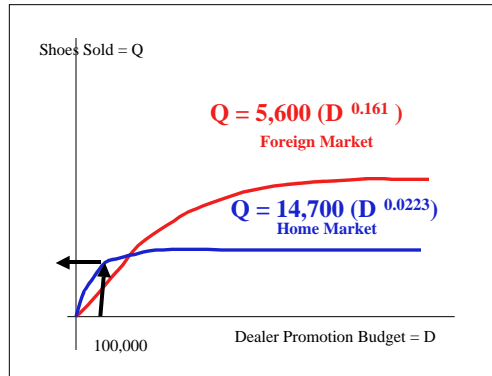
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- $Q = 14,700 (900,000^{0.0223}) = 19,957 \text{ shoes}$

Is it worth it?

- At \$800,000 = 19,904 19,900 shoes
- At \$900,000 = 19,957 19,960 shoes
- **For extra \$100,000 you get 60 extra shoes**

- If you are making \$1,666 a shoe you breakeven.
- How much is the competition spending?
- Will the extra volume help lower my costs?



Is it worth it?

- At \$0 0 shoes
- At \$100,000 19,000 shoes
- For extra \$100,000 you get 19,000 extra shoes

- If you are making \$5.26 a shoe you breakeven.
- How much is the competition spending?
- Will the extra volume help lower my costs?

Any Questions?

Ted Mitchell