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# “Push” Promotion in Food Marketing

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While advertising is usually aimed at motivating consumers to buy a product—“pull” advertising—some firms are using “push” advertising campaigns to focus on distributors.

The objective of push promotion is to gain shelf space, especially favored space, in the Nations’ retail food outlets. There are over 50,000 items in distribution (including store brands), and about 2,500 net new food items are introduced per year. Manufacturers must compete for shelf space not only with other manufacturers’ brands but also with store brands. The vast majority of food advertising is for dry groceries, baked goods, and dairy products. Perishables such as fresh meat, poultry, fish, fruits, and vegetables which account for about 40 percent of the consumer’s food bill, receive very little seller promotion.

The retailer is in a pivotal position to determine which products will be made available to the consumer in a limited amount of space. Consumer demand, which has already been influenced by pull promotion will make the final determination of what products will ultimately sell. But the retailer, motivated by the desire to increase volume and profitability determines what products are offered to the consumer. Manufacturers can successfully alter the product mix by utilizing push and pull advertising simultaneously.

Push promotion includes two broad types of activities:

■ Direct push promotions—advertisements in the trade press, in-store displays, and sales efforts through trade fairs and conventions.

■ Related push promotions—including manufacturers’ allowances to retailers such as discounts, rebates, price packs (for example, 10 cases for the price of 9), and reimbursements for local advertising paid for by the retailer.

## Impact on Sales

Push promotions reinforce pull advertising by raising consumer awareness of specific products while they are in the store. According to a survey by the Point of Purchase Advertising Institute, either push or pull advertising can cause a sharp increase in sales. When both efforts are combined, sales increase even more.

Estimating the cost of push advertising is difficult because most firms in food pro-

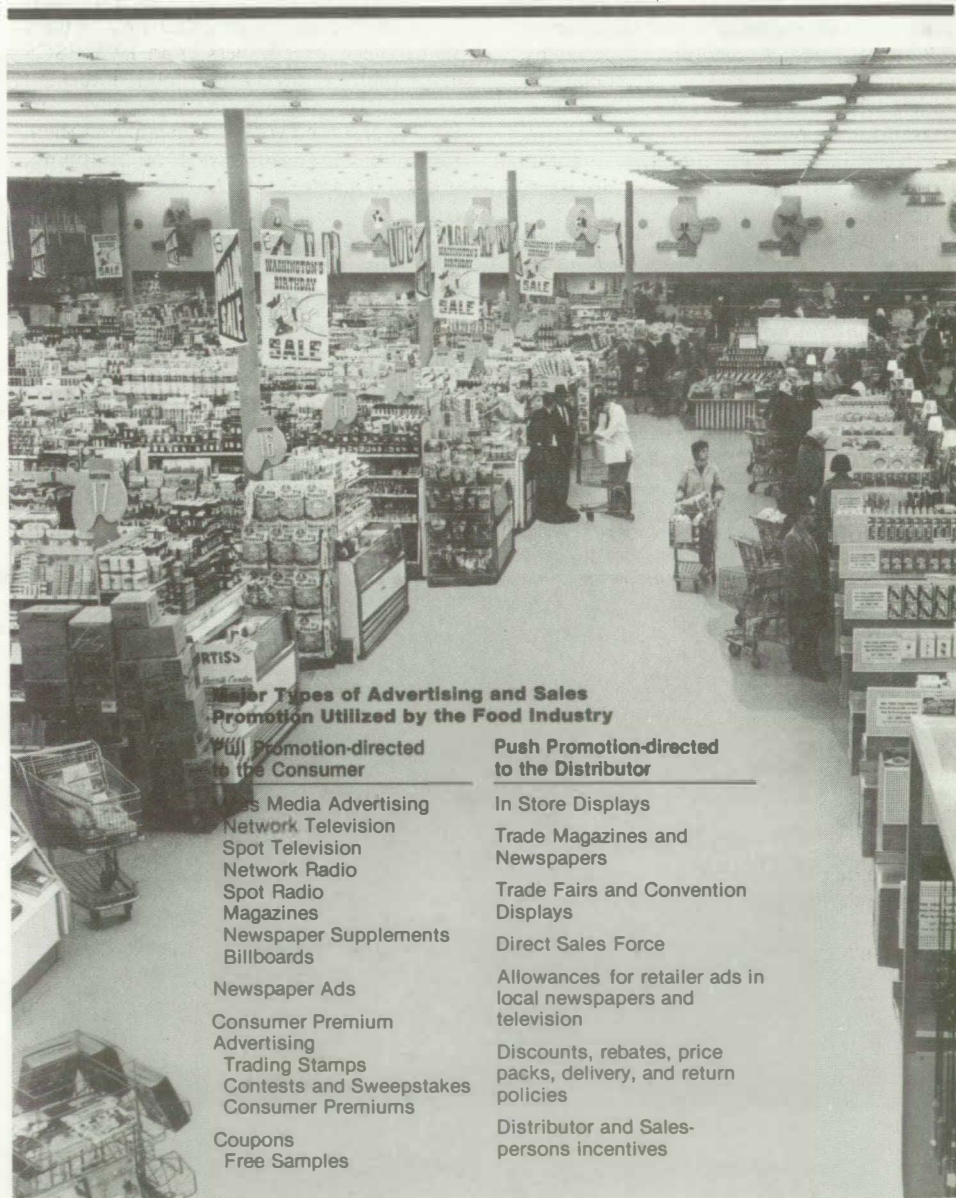
cessing and retailing do not provide such information. In addition, it is difficult in using available secondary data to separate expenses for promotional from non-promotional marketing activities. Direct selling costs frequently include transportation and other related services in addition to promotion.

## “Push” Costs Billions

Any estimate of total value can therefore be only an approximation. Based on inter-

views, survey results, and trade sources it is estimated that manufacturers spent between \$2.3 and \$4 billion on push promotion in 1979. This represents 1 to 2 percent of the \$200 billion consumers spent for food at home. Push promotion spending is distributed as follows:

■ Trade fairs. According to ESCS estimates, the gross cost of trade fairs ranges from \$500 million to \$1 billion. This includes site, booth and construction costs, seller and delegate expenses for food, lodge-



| Major Types of Advertising and Sales Promotion Utilized by the Food Industry |  |
|--|--|
| Pull Promotion-directed to the Consumer                                      | Push Promotion-directed to the Distributor                     |
| Mass Media Advertising   | In Store Displays  |
| Network Television   | Trade Magazines and Newspapers                                 |
| Spot Television  | Trade Fairs and Convention Displays                            |
| Network Radio  | Direct Sales Force   |
| Spot Radio   | Allowances for retailer ads in local newspapers and television |
| Magazines  | Discounts, rebates, price packs, delivery, and return policies |
| Newspaper Supplements  | Distributor and Salespersons incentives                        |
| Billboards   |  |
| Newspaper Ads  |  |
| Consumer Premium Advertising   |  |
| Trading Stamps   |  |
| Contests and Sweepstakes   |  |
| Consumer Premiums  |  |
| Coupons  |  |
| Free Samples   |  |

ing, travel and incidentals, and seller and delegate pay while attending the trade fairs and conventions.

■ **Printed media.** Push promotions for food products are included in 14 major magazines and newspapers, and about 100 product and pricing publications used by the trade. ESCS estimates that these promotions cost from \$100 to \$200 million, based on the advertising cost per page. In-store displays added another \$200 to \$300 million in 1979.

■ **Direct selling costs.** Includes all costs associated with establishing an in-house or broker sales force. According to a survey by the American Management Association, about 2.5 percent of the value of manufacturers' food shipments are used to pay for direct sales forces. This amounted to about \$1.5 to \$2.5 billion for manufacturers' brand products in 1979.

Because price discounts are often accounted for in the costs of goods sold by retailers, no data are available on the specific magnitude of related push promotions. However, industry interviews indicate a value of between \$2 to \$4 billion in 1979 excluding cash discounts for prompt payment of accounts due.

#### Display Locations Affect Sales

Display space at the end of aisles and in the front of the store, is considered most

desirable. This space is usually reserved for seasonal items so that they do not disturb regular shelf space, but it is also used to stock items that are being promoted heavily. Products in this space enjoy relatively higher sales. When aisle displays are combined with shelf signs, in-store displays, theme sales, and special reductions, sales can rise dramatically.

The success of push advertising in influencing consumer consciousness appears to be rooted in consumer buying patterns. Purchasing convenience plays an important role in consumers' buying decisions. About two of every three buyers in an 1977 ESCS survey of food purchasing habits indicated that they sometimes, nearly always, or always purchased what is appealing to them at the time they do their food shopping. About 60 percent of the respondents indicated that they seldom or never shop at more than one store to find the best buys, and more than 80 percent indicated that they had favorite brands for some foods. Given this kind of behavior by the majority of consumers, a manufacturer's product which has strategic display locations, will have significant competitive advantages.

#### Benefits to Retailers

How do retailers benefit from push advertising? First, the allowances, price packs, and other discounts can significantly

lower the cost of merchandise. Second, push promotions give retailers price and nonprice advantages over their competitors. By carefully choosing combinations of promotion and in-store display specials from the hundreds available from manufacturers, a retailer can affect consumers' perceptions about the price, quality, and service offerings of its stores.

In addition, field sales representatives, trade shows, and advertisements in the trade press provide retailers with information about product supply and demand, new product trends, and new regulatory actions. This information allows retailers to adjust their operations to changing market conditions.

#### Conclusions

Push promotion is effective only if it increases consumer acceptance of particular products. Available evidence indicates that it is at least partially successful in accomplishing this objective. Push promotions account for an estimated 1 to 2 cents of every consumer dollar spent for food at home. Push promotions are an integral part of the operation of the food marketing system and could not easily be eliminated. They provide information and help pay for services received by other participants in the food system. However, the effects push promotions have upon the freedom of con-

#### Estimates of "Push" Promotion Costs in Food Marketing, 1979

|                                     | Low             | Higher |
|-------------------------------------|-----------------|--------|
|                                     | Million dollars |        |
| Selling effort promotion            |                 |        |
| Trade shows <sup>1</sup>            | 500             | 1,000  |
| Trade publications <sup>2</sup>     | 100             | 200    |
| (local newspaper allowances)        |                 |        |
| In store displays <sup>3</sup>      | 200             | 300    |
| Direct selling cost <sup>4</sup>    | 1,500           | 2,500  |
|                                     | 2,300           | 4,000  |
| Related selling effort <sup>5</sup> | 2,000           | 4,000  |

<sup>1</sup>Trade Show Bureau.

<sup>2</sup>ESCS estimate based on trade.

<sup>3</sup>ESCS estimate based on data from U.S. Department of Commerce and operating results of Food Chains, 1978-79.

<sup>4</sup>ESCS estimate based on data from American Management Association and Commerce Department data.

<sup>5</sup>Estimated from industry interview.

#### Direct Selling Costs for Food and Other Consumer Products, 1979

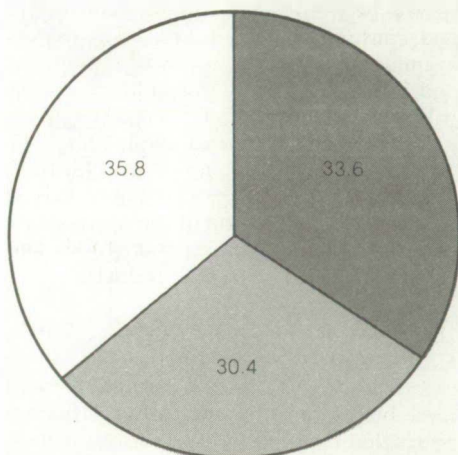
| Product Category                     | Sales by sales force as a percent of company sales | Compensation of sales force | Expenses of sales force | Total compensation & expenses |
|--------------------------------------|--|-----------------------------|-------------------------|-------------------------------|
|                                      | (as a percentage of sales by sales force)          |                             |                         |                               |
| Consumer products                    |  |                             |                         |                               |
| Apparel .....                        | 90.9   | 3.3                         | —                       | 3.3                           |
| Consumer-Durable .....               | 83.7   | 1.1                         | 0.8                     | 1.9                           |
| Ethical pharmaceuticals,             |  |                             |                         |                               |
| Surgical supplies & equip. ....      | 98.7   | 3.6                         | 1.0                     | 4.6                           |
| Food products .....                  | 86.1   | 1.7                         | 0.8                     | 2.5                           |
| Major household items .....          | 100.0  | 2.2                         | 0.4                     | 2.6                           |
| Proprietary drugs & toiletries ..... | 100.0  | 1.8                         | 0.5                     | 2.3                           |

Source: Executive Compensation Service, 24th Edition, American Management Associations.

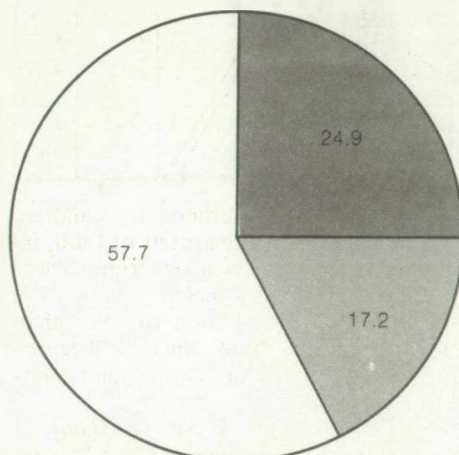


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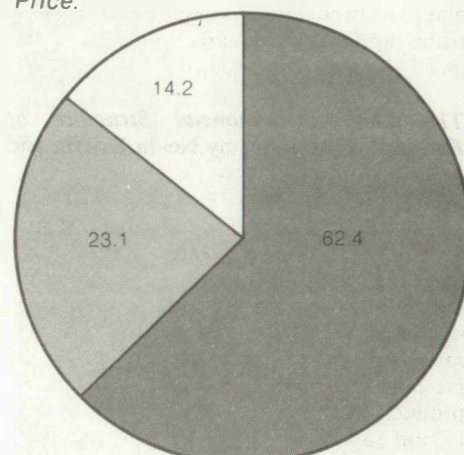
"I Buy What Appeals to Me When I Do My Food Shopping."



"I Go to More Than One Store to Find the Best Buys."



"I Have Favorite Brands for Some Foods and Buy Them Regardless of Price."



Always or almost always

Sometimes

Never or seldom

Source: ESCS, USDA

### Advertising and Display Impacts On Selected Canned Fruit and Vegetable Product Sales

| Brand Product         | Average incidence of purchase <sup>1</sup> | Percent Change from Average when Product Receives: |                            |                            |                         |
|-----------------------|--|--|----------------------------|----------------------------|-------------------------|
|                       |  | No advertising or no displays                      | No advertising but display | Advertising but no display | Advertising and display |
| Applesauce .....      | 1.35                                       | - 15.6   | 81.5                       | 50.4                       | 314.1                   |
| Cranberry sauce ..... | 1.45                                       | - 31.7   | - 11.0                     | 91.0                       | 409.0                   |
| Fruit cocktail .....  | 1.25                                       | - 17.9   | 67.2                       | 28.8                       | 277.6                   |
| Peaches .....         | 1.74                                       | - 20.1   | 32.2                       | 122.4                      | 28.7                    |
| Pears .....           | 0.98                                       | - 30.6   | 93.9                       | 250.0                      | 249.0                   |
| Pineapple .....       | 1.87                                       | - 24.0   | 114.4                      | 59.4                       | 8.6                     |
| Corn .....            | 1.18                                       | - 26.3   | 72.0                       | 205.9                      | 323.7                   |
| Green beans .....     | 1.00                                       | - 16.0   | 119.0                      | 217.0                      | 369.0                   |
| Peas .....            | 0.94                                       | - 28.7   | 120.2                      | 137.2                      | 555.3                   |
| Mushrooms .....       | 0.39                                       | - 15.4   | 279.5                      | 797.4                      | 1248.7                  |

<sup>1</sup>Incidence of purchase is the number of customers out of every 100 who purchase that particular item. Incidence should not be confused with volume of product moved. The one customer in a 100 purchasing brand canned green beans, for example, may be purchasing four cans in that single purchase.

Source: "POPAI/Dupont Consumer Buying Habits Study" reported in *Chain Store Age/Supermarket* December 1978, pp. 41-145. The data is based on 4,000 consumer interviews conducted in 200 representative supermarkets in the U.S. between October and November in 1976.

sumer choice, on the mix of types and brands of products sold, and on the market power of large manufacturers and retailers who probably receive the greatest benefits from these activities are not clear. Any conclusions about the relative merits of push promotions requires further assessment of benefits and costs. ■

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