

PROMOTION PROFITABILITY

DESCRIPTION:

This module covers the concepts of baseline sales, incremental sales, promotional lift, return on marketing investment (ROMI), coupon redemption and passthrough percentages on promotions.

Tutorial: 17 slides
Problem Sets: 4 problem sets; 25 questions
Average Time: 276 minutes

Sample question from problem set:

Course: Faculty Access (All Modules in Alphabetical Order)

Module: Promotion Profitability / Problem Set ID: 1093

A retailer, Play It Sports expects to sell **\$30,000** worth of tennis balls in a typical month without any advertising. In May, while running a newspaper ad campaign that cost **\$1,900** the store sells **\$40,000** worth of tennis balls. It engages in no other promotions or non-recurring events during the month.

For the month of June, Play It Sports has negotiated a deal with their tennis ball supplier, who will offer a one-month promotional opportunity to purchase tennis balls at price discounted by **16%**. Currently, Play It Sports sells tennis balls at a price of **\$8.00**, but they plan on reducing the price by **\$1.00** during the promotion. The current margin Play It Sports makes on tennis balls is **40%**.

What were the total incremental sales generated by the newspaper ad campaign?

  dollars

PS1

1

2

3

4

5

SUBMIT ANSWER

EXIT

Problem Sets **0** / **4** Total Questions **0** / **25**

