

e. Promotions

It is common practice for manufacturers to sponsor sales promotions for their merchandise. These take the form of a discount from list prices to the retailer, usually 10% or 15% which the retailer is required to pass along to the consumer. There are usually other requirements which include, beginning on a particular date, purchasing a pre-determined number of pieces or suites, and terminating on a particular date.

Promotions are usually planned for late summer and fall and are tied to special occasions such as holidays or special local events such as festivals.

f. Cash Discounts

It is common practice to allow a discount to retailers for paying cash within a certain period of time. The terms most commonly used are 2%-10 net 30 with a penalty charge of 1-1/2% after the 30 day period.

Offering extended credit terms such as 2%-30 net 60 is probably the easiest, quickest way to offer an inducement to the retailer. It does have the disadvantage of not being tied to certain furniture with a known mark-up and may not be an encouragement to the retailer to sell more of that manufacturer's furniture.