CHAPTER II

LITERATURE REVIEW
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Literature Review

This chapter is divided into three parts. Part I is an attempt to define what is Sales Promotion, and how it has been classified by different authors. Part II tries to explain various theories and models in the field of Sales promotion and part III discusses about the different streams of Sales Promotions from the perspective of consumer’s perception, attitude and how consumers respond to different promotion schemes. An overview of various aspects and issues of the present study through the review of literature available on the subject has been presented in this chapter.

Sales promotions have become a vital tool for marketers and its importance has been increasing significantly over the years. Studies that strive to understand the impact of sales promotions on consumers’ behavior are very important. It is important to define, characterize and classify the sales promotion to study the effect of sales promotion in detail.

2.1 SALES PROMOTION – DEFINITION

Sales Promotion is defined as "a diverse collection of incentive tools, mostly short term designed to stimulate quicker and/or greater purchase of particular products/services by consumers" (Kotler, 2006).

Paley (1994) regarded Sales Promotion as "activities intended to motivate salespeople, retailers, and end consumers to match corporate plan through temporary incentives".
Shimp & Kavas (1984) suggested that Sales Promotion was "an incentive which induced distributors and consumers to purchase products, or motivated salespersons to actively increase the sales".

O'Guinn, Allen and Semenik (2000) defined Sales Promotion as "the utilization of incentive techniques in creating a concept of greater brand values among consumers and distributors". The main purpose of consumer promotion is to have a direct impact on the purchase behaviour of the firm's customers (Kotler, 2006; Blattberg and Neslin, 1990). Consumer promotions are aimed at creating a 'pull' for end customers as opposed to trade and retail promotion that are aimed at creating a 'push' through channel members.

The International Chamber of Commerce (ICC) defines sales promotion as: "Marketing devices and techniques which are used to make goods and services more attractive by providing some additional benefit, whether in cash or in kind, or the expectation of such a benefit".

According to Shimp (2007), sales promotion refers to any incentive used by a manufacturer to induce the trade (wholesalers, retailers, or other channel members) and/or consumers to buy a brand and to encourage the sales force to aggressively sell it. Retailers also use promotional incentives to encourage desired behaviours from consumers- come to this store rather than a competitor's; buy this brand rather than another; purchase larger quantities; and so on. Sales promotion is more short-term oriented and capable of influencing behaviour.

Totten & Block (1994) stated that the term sales promotion refers to many kinds of selling incentives and techniques intended to produce immediate or short-term sales effects. Typical sales promotion includes coupons, samples, in-pack premiums, price-offs, and so on (Nelson, 2005).
The above definition encompasses many promotional techniques (price reductions, coupons, games, etc.) and scholars are not certain whether we must study them separately, as it is currently the case for price promotions and coupons, or if it makes sense to speak of sales promotions as a whole.

Sales promotion is sometimes considered as an activity of less importance but companies increasingly realize the importance of having a well-planned and structured program for sales promotion. All businesses need to communicate to the consumer what they have to offer (Jobber and Lancaster, 2006).

Sales promotion has been defined as a "direct inducement that offers an extra value or incentive for the product to the sales force, distributors or the ultimate consumer with the primary objective of creating an immediate sale" (Schultz and Robinson, 1982). The term "sales promotion" has been used to represent at least three different concepts: (1) the entire marketing mix, (2) marketing communications, (3) a catch-all for all communication instruments that do not fit in the advertising, personal selling or public relation subcategories (Van Waterschoot and Van den Bulte, 1992).

Brassington and Pettitt (2000) provide a revised definition for sales promotions: "... a range of marketing techniques designed within a strategic marketing framework to add extra value to a product or service over and above the 'normal' offering in order to achieve specific sales and marketing objectives. This extra value may be a short-term tactical nature or it may be part of a longer-term franchise-building program".

The numerous definitions of sales promotions available have in common the idea that sales promotions are a temporary and tangible modification of supply, the goal of which is to directly impact consumer, retailer and sales force behaviour. The diversity of phenomena encompassed by this definition has led scholars to focus on one of the particular aspects indicated in Figure 2.1.
Blattberg and Neslin (1990) summarize the various definitions offered by several authors (Kotler, 2006; Webster, 1981), and develop the following definition of sales promotion: "sales promotion is an action-focused marketing event whose purpose is to have a direct impact on the behaviour of the firm's consumers".

Research conducted by Ailawadi and Neslin (1998) revealed that consumer promotions affect the consumers to purchase larger amount and consume it faster; causing an increase in sales and ultimately profitability. The research conducted by Pawels, Silva-Risso and Hanssens (2003) depicts that the effect of sales promotion on firms' revenue which they call as first line performance, firms' income which is bottom line performance and on market to book value ratio which is named as firms' values is encouraging for the short term. While in the long run the sales promotion is positive for top line performance but it is negative for bottom line performance and firm's value. This proves the fact that impact of sales promotion on the value of firm is not in the long run, but in the short run it has positive impact the profitability of the firm.
Pauwels & Siddarth (2002) has examined the permanent impact of sales promotion on accumulative annual sales for two product categories; storable and perishable products. It was found that perishable and storable product categories lack permanent effects of sales promotion. Furthermore it is revealed that effects of sales promotion are short lived and persist only on an average 2 weeks and at most eight weeks for both product categories. Therefore, confirming the short term impact of sales promotion.

In the field of marketing it is often believed that perceptions are stronger than reality; because consumers make decisions based on their perceptions of various stimuli. The concept of consumer perception of the marketing mix element price is a concept intricately linked with the consumer perception about sales promotion, because sales promotion is in fact ultimately a reduction in the price of the product or the amount of resources spent by the consumer. Schiffman and Kanuk (2007) have explained the perception about the price of a particular brand or product. This means that how they evaluate a particular brand’s price as fair or low or high. It is also stated by them that perception about unfairness of price of a particular product lays an impact on the consumers’ decision to buy or not to buy a particular product. Moore et al. (2003) has explained that negative perceptions and positive perceptions have an important impact on the decisions about the marketplace.

The most widely accepted typology to date makes three distinctions; (a) retail promotions; (b) trade promotions; and (c) consumer promotions (Figure 2.2). However, this "natural" typology is not completely relevant to consumer research. For example, price-cuts and games are both targeted to consumers but they bring about very different reactions. Only price-cuts are spontaneously associated with the word "sales promotions" by the vast majority of consumers. What is needed is a posteriori typology, based on consumers' reactions to sales promotions. The exploratory research of Diamond and Johnson (1990) is a useful
first step in this direction which could be replicated using real promotions instead of abstract definitions. Their typology is based on the nature of the gain (whether it is monetary or not), the amount of effort required to attain it, and the relationship of the gain to the product (more of the same product, gain of a prize or anything other than the product). These criteria permit distinction of price-cuts from quantity gains and from gains of another product.

Trade Promotions

Retailers' Promotions

Manufacturers → Discounts → Retailers and Sales force

Price promotions
Displays
Features
Games
Anniversary sales

Consumers

Consumers' Promotion

Coupons, refunds, premiums,
More products, two for the price of one

Sales promotions are action-focused marketing events whose purpose is to have a direct impact on the behavior of the firm’s consumers. There are three major types of sales promotions: consumer promotions, retailer promotions and trade promotions. Consumer promotions are promotions offered by manufacturers directly to consumers. Retailer promotions are promotions offered by retailers to consumers. Trade promotions are promotions offered by manufacturers to retailers or other trade entities (Blattberg and Neslin, 1990). The importance of sales promotion has increased since the 1960's and also the sophistication of methods used.
2.2 CATEGORIES OF SALES PROMOTION

Several researchers have grouped the characteristics of Sales Promotion tools into different categories.

Pride and Ferrel (1989) state that sales promotion methods fall into one of two groups. Consumer sales promotion methods are directed toward consumers and include coupons, contests, bonuses, vacations, gifts, tie-ins and free samples. Trade sales promotion methods focus wholesalers, retailers and salespersons. Examples include sales contests, free merchandise, demonstrations, point-of-purchase, and display (Pride and Ferrel, 1989).

Based on timing and incentive types:

Shimp (2007) grouped Sales Promotion into two categories: instant and postponed Sales Promotions. Both the types Sales Promotions primarily focus on lowering prices and adding value to the consumers. Instant Sales Promotion tools include discounts, premiums, and bonus while postponed Sales Promotion tools include coupons in packs, sweepstakes and rebates.

Based on the characteristics of Sales Promotion incentives:

Shannon (1996) proposed two kinds of Sales Promotion: one was Sales Promotion from economic incentives like discounts, coupons, and rebates; another was Sales Promotion from Psychological incentives like premium and sweepstakes. Campbell and Diamond (1990) classified different promotions as monetary and nonmonetary Sales Promotions on the basis of the concept that Sales Promotion incentives affected reference price. According to them, the incentives involving monetary Sales Promotion, e.g., discounts, or rebates, influence reference price, while the incentive involving nonmonetary Sales Promotion, e.g., premium or trial offer, was regarded as an extra benefit and was not able to influence reference price. O’Guinn et al. (2000) listed several tools
for consumer-market Sales Promotion, which included price-off deals, contests and sweepstakes, sampling and trial offers, event sponsorships, rebates and premium promotion.

Kempf & Smith (1998) has described that there are three main categories of Sales Promotion:

- **Consumer promotions** (premiums, gifts, competitions and prizes, e.g. on the back of breakfast cereal boxes)
- **Trade promotions** (point-of-sale materials, free pens and special terms, diaries, competition prizes, et cetera)
- **Sales force promotions** (including incentive and motivation schemes)

Blattberg and Neslin (1990) and Mela, Gupta, and Lehman (1997), categorized sales promotion as price based and non-priced (Premium) promotion. According to them, price based promotions are defined as promotions such as coupons, cents off, refunds and rebates that temporarily reduce the cost of goods or services and non-price based promotions are defined as promotions such as give always and contents in which value is added to the product.

The most commonly used promotions as classified by Blattberg and Neslin, (1990) is given in table 2.1.
Table 2.1 Classification of Sales promotions on Price based Vs Non-Price based

<table>
<thead>
<tr>
<th>Price based Promotion</th>
<th>Definition</th>
<th>Non-Price based Promotion</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price-off</td>
<td>Offers a discount on the regular price of the purchase</td>
<td>Rebate</td>
<td>Offers an increased quantity of the product/service without an increase in normal price</td>
</tr>
<tr>
<td>Contest</td>
<td>Provides a certificate entitling the bearer to a saving on the purchase</td>
<td>Premium</td>
<td>Offers a free gift in addition to the main purchase</td>
</tr>
<tr>
<td>Rebate</td>
<td>Offers cash back from the manufacturer on a purchase</td>
<td>Contest</td>
<td>Provides a chance to win a prize through skill (demonstrated by answering a question or writing a brand slogan)</td>
</tr>
<tr>
<td>Free trial</td>
<td>Provides a chance to win a prize based on chance (through a lucky draw or a scratch card)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Blattberg and Neslin. (1990)

O’ Guinn et al. (2000) listed several tools for consumer-market Sales Promotion, which included price-off deals, contests and sweepstakes, sampling and trial offers, event sponsorships, rebates and premium promotion. Engle, Blackwell and Miniard (2001) proposed three main Sales Promotion tools motivating purchases on new products which included sampling brand trial offers, coupons, as well as rebates while primary Sales Promotion tools driving consumption purchase on existing product included price-offs, premiums and contests.

Kotler (2006) displayed thirteen Sales Promotion tools which included samples, coupons, rebates, price packs, premiums, frequency programs, prizes, patronage awards, free trials, product warranties, tie-in promotion, cross-promotion, point-of-purchase displays and demonstrations.
Schultz, Robinson, and Petrisin (1998) introduced ten basic Sales Promotion techniques and they were: coupon, bonus pack, specialty containers, refund, sweepstakes/contest, sampling, price discount, free gifts, trade promotion and cause-related promotion. The relationship between different types of consumers and derived results through Sales Promotion as put forward by Schultz, Robinson, and Petrisin (1998) is given in table 2.2.

Table 2.2 Types of Consumers and Derived Results through Sales Promotion

<table>
<thead>
<tr>
<th>Current Loyal</th>
<th>People who buy the right Product most or all the time</th>
<th>Reinforce, behaviour, increase consumption, change purchase timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive</td>
<td>Buy a competitor's product most / all time</td>
<td>Break loyalty, persuade to switch to promoter brand</td>
</tr>
<tr>
<td>Switchers</td>
<td>People who buy variety of products in the category</td>
<td>Persuade to buy the 'right' brand more often</td>
</tr>
<tr>
<td>Price Buyers</td>
<td>Buy the least expensive brand</td>
<td>Supply added value that make price less important</td>
</tr>
</tbody>
</table>


Consumer promotion is a category of sales promotion including free samples, winning contests, different price packs, and sweepstakes. Sales promotion is projected to increase the sales of final ultimate consumers of the product (Kotler, 2006). Some kinds of sales promotion are based on some sort of benefit whereas some are very communicative in type.

Different authors have identified different categories of consumer-oriented sales promotion. According to the International Chamber of Commerce's (ICC) International Code of Sales Promotion Practices, consumer-oriented sales promotion encompasses the following techniques:
1. **Sampling:** by definition, "sampling includes any method used to deliver an actual or trial size product to consumers" (Shimp & Kavas, 1984). Sampling is generally considered the most effective way of generating trial, though it is the most expensive. (Belch and Belch, 2007).

2. **Coupon:** "A coupon is a promotional device that provides cent-offs savings to consumers upon redeeming the coupon" (Shimp & Kavas, 1984). Coupons can be disseminated to consumers through newspapers and magazines, direct mail and packages.

3. **Premiums:** A premium is an offer of merchandise or services either free or at a low price that is used as an extra incentive for buyers (Belch et al, 2007). Several forms of premium offers, serving different purposes exist. The three types of offers are free-in-the-mail premiums, in-and-on pack premiums, and self-liquidating premiums.

4. **Price-off:** It is a reduction in a brand's regular price. According to Blair and London (1981), the major reason for marketers to use the price-off reductions is that this type of deal usually presents a readily apparent value to shoppers, especially when they have a reference price point for the brand, therefore they can recognize the value of the discount.

5. **Bonus Packs:** These are extra quantities of a product that a company offers to consumers at the regular price by providing larger containers or extra units. Bonus packs result in a lower cost per unit for consumers and provide extra value, as well as more products for the amount of money paid.

6. **Refunds and Rebates:** Refunds and rebates refer to the practice in which manufacturers give cash discounts or reimbursements to consumers who submit proofs of purchase" (Shimp, 2003). Typically, a refund refers to cash reimbursement for packaged goods, whereas a rebate more often refers to reimbursements for durable goods. These two sales promotion techniques provide users a delayed rather than an immediate value since the consumer has to wait to receive the reimbursement.
7. **Contests and Sweepstakes**: They offer consumers the chance to win cash, merchandise or travel prizes. However, there are some differences between the two practices. A contest is a promotion where consumers compete for prizes or money on the basis of skills or ability. In a sweepstakes, winners are determined purely by chance.

8. **Event Sponsorship**: In general, a company develops sponsorship relations with a particular event. In general, sports receive two-thirds of the event sponsorship budget (Shimp, 2003).

The numerous definitions of sales promotions available have in common the idea that sales promotions are a temporary and tangible modification of supply, the goal of which is to directly impact consumer, retailer and sales force behaviour. The diversity of phenomena encompassed by this definition has led scholars to focus on three streams of research on promotion. One stream of research focuses on the empirical estimation of promotion effects in terms of range of outcomes such as sales, market share, purchase acceleration, brand switching, and stock piling. Another stream of research examines the impact of price promotions on psychological variables such as consumer's reference price, purchase attitude, perception, mental accounting and brand equity of the promoted product. Yet another stream of research compares consumer's response to promotion to price based versus non priced promotions.

### 2.3 THEORIES OF SALES PROMOTION EFFECTIVENESS

2.3.1 **Transaction Utility Theory**

The concept of transaction utility was proposed by Thaler (1985) who stated that the total utility derived from a purchase comprised of acquisition utility and transaction utility. Acquisition utility was the expected utility gained from acquiring the product (i.e. benefits of the product) compared to the cost of paying for it (i.e. the price of the product). On the other hand, transaction utility was the difference between the internal reference price and purchase price of the product. It derived from the feeling of psychological
pleasure or satisfaction experienced on receiving a good bargain or deal. Buyers were thought to experience satisfaction from the fact that they bought the product at a price less than the regular price. The conceptualization of acquisition and transaction utility was confirmed empirically by Lichtenstein, Netemeyer and Burton (1990).

Lichtenstein, Netemeyer and Burton (1990) examined the impact of a coupon on consumer's perceptions of acquisition utility and transaction utility. They found that beyond affecting both acquisition and transaction utility via a lower purchase price, a coupon had greater impact on transaction utility than acquisition utility. This happened because the lower price offered by the coupon was contrasted against the internal reference price (the component unique to transaction utility). Buyers compared the price at which they were getting the product to an internal reference price that led to the associated pleasure with the financial terms of the deal.

Grewal, Monroe, & Krishnan (1998) examined the impact of price comparison advertising (where a higher advertised comparison price is compared to a lower advertised selling price) on buyers' perception of acquisition utility, transaction utility and behavioral intentions. They proposed that comparing a lower selling price to a higher advertised reference price (e.g. "Was $200, Now $150") would enhance buyer's psychological satisfaction or transaction utility obtained from the deal. The results of the research indicated that comparing a lower selling price to a higher external reference price enhanced perceived transaction utility which, in turn enhanced buyer's perception of acquisition utility and willingness to buy the promoted product.
2.3.2 **Prospect Theory**

This theory proposes that people perceive outcomes of a choice as perceived 'losses' and 'gains' relative to a subjective reference point (Kahneman and Tversky, 1984). Researchers who have applied this theory to promotions (Diamond and Sanyal, 1990; Diamond and Campbell, 1989) have stated that consumer’s perception of promotion as a 'loss' or 'gain' is a function of the type of the promotion. They proposed that non price promotions such as premium offers which segregate the promotional gain from the purchase price will be viewed as gains. On the other hand, price promotions such as price off, which integrate the promotional gain with the purchase price will be viewed as reduced losses.

Diamond and Campbell (1989) examined the impact of price versus non-price promotions on a consumer’s reference price. The researchers reasoned that price promotions would be integrated with the purchase price of the product and lead to the reduction of internal reference price while non-price promotion would be segregated from the purchase price of a product and not lead to a reduction of internal reference price. Results of the study showed that price promotions led to a lower internal reference price while non-price promotions did not affect internal reference price. Researchers also found out that price based promotions were more easily noticed by consumers than non-price based promotion and it took a larger non-price based promotion than a price based promotion to make a consumer suspicious of a product.

Diamond and Sanyal (1990) used prospect theory to predict that price promotions would be viewed as reduced losses and chosen less often than non-price promotion which would be viewed as gains. However results of their research showed that an almost equal number of subjects chose the non-price promotion (a premium offer) as compared to the price promotion (a price discount). The reasoning that price promotions would be viewed as reduced losses and preferred less as compared to non-price promotions which would be
viewed as gains was not supported by the results of the study. The authors concluded that the desirability of a specific premium could affect evaluation of a promotion as much as the type of promotion.

Prospect theory based prediction that consumers will perceive non-price promotions as 'gains' and price promotions as 'reduced losses' is not based on a precise application of the theory. Contrary predictions can be derived from the theory. It can be argued that consumers will perceive a price promotion as a gain as the price reduction offered reduces the 'loss' experienced by the purchase price.

2.3.3. Attitude Model

Multi attribute models of attitude (Fishbein and Ajzen, 1975) depict the consumer's decision to perform a specific behaviour as the logical consequence of beliefs, attitudes and intentions with regard to the behaviour. As per this model, a consumer's intention to buy a brand may be based on positive/negative attitudes towards a promotion. Babakus, Tai and Cunningham (1988) examined the impact of three attitudinal dimensions – price consciousness, time value and satisfaction/pride – on consumers' decision to use coupons. Results of their study showed that there was a positive relationship between coupon usage and consumer price consciousness. There was a significant negative relationship between coupon usage and perceived value of time indicating that the more a consumer valued his or her time, the lesser was the tendency to use coupons. The authors found that coupon usage increased when the consumer perceived higher satisfaction and pride with the use of coupons.

Shimp and Kavas (1984) applied the theory of reasoned action to understand consumer's decision to use coupons. As per the model, behaviour towards coupons would be influenced by consumer intentions to use coupons. Consumers' intention to use coupons would be determined by their attitudes and subjective norms. Consumers' attitudes would be formed through their beliefs in the rewards and costs of using coupons while subjective norms would be formed.
through consumers' perception of whether important others think they should expend the effort to clip, save and use coupons. Results of the study showed that beliefs in the rewards of using coupons had high positive correlation with attitude while inconveniences and encumbrances had weak negative correlation with attitude. The authors found that both attitudes and subjective norms exerted an important influence on intention to use coupons. The results showed a clear link between consumer's intentions to use coupons and their self-reported behaviour in actually doing so.

Although attitude models provide important insights into the consumer decision-making process, researchers have found discrepancies between stated attitudes and actual behaviour in several studies (Keesling and Kaynama, 2003). Studies in different contexts have shown that attitudes are actually poor predictors of behaviour. This possibly accounts for the limited application of attitude models to examine consumer response to promotions.

2.4 LITERATURE REVIEW

The substantial body of literature on promotions is composed of three broad streams of research. The first stream of research is concerned with the empirical estimation of the effects of price promotion on aggregate market outcomes such as sales, market share and brand switching. This stream of research is largely descriptive and seeks to measure the height of the promotional spike in sales, the promotional price elasticity, and the post promotion average repeat purchase rate.

The second stream of research seeks to identify the promotion sensitive consumer in terms of demographics, psychographics and purchase behavior. This stream of research characterizes the promotion sensitive consumer in terms of variables such as income, household size, age and gender.

The third stream of research examines the psychological impact of promotions on consumer behavior and decision-making. It uses psychological theories and models to explain why consumers respond to promotions.
2.4.1 Consumer Response to Sales Promotions

Adcock et al, (2001) assesses that when a purchase decision is made, the purchase decision can be affected by unanticipated situational factors. Some of these factors according to them could be directly associated with the purchase, for instance the outlet where the purchase is to be made, the quality to be bought, when and how to pay. Most instances, firms remove the need to make this decision by either including the essentials in the form of sales promotion tools like coupons, discounts, rebates and samples. The additional benefit whether in cash or in kind offered to consumers through sales promotion is highly likely to influence their purchase behaviour or decision (Ngolanya et al, 2006). After considering the possible options, the consumer makes a purchase decision and the consumer's choice depends in part on the reason for the purchase (Kotler, 2003).

According to them, the consumer may act quickly, especially if sales promotional tools are used or the consumer may postpone making any purchase. Whenever the consumer makes a purchase, they find out what products and services are available, what features and benefits they offer, who sells them at what prices, and where they can be purchased.

The firms and its sales team provide consumers with the market information whenever they engage consumers in efforts to inform or persuade in an attempt to communicate with them. Sales promotion therefore provides a suitable link by providing consumers with samples of the products for them to test them in small quantities as well as provide consumers with most needed information concerning the product (Ngolanya, et al, 2006).

According to Davidson et al, (1984), purchase decision may be between objective or emotional motives; nevertheless, in all cases, the sale is made or not made in the customers mind and not in the mind of the seller. A product is not
purchased for its own sake but for its ability to satisfy a need. The use of some of these promotional tools helps in determining the use that consumers are likely to put the product into and therefore guide them towards the right product (Cox and Britain, 2000).

The consumer is therefore provided with the relevant information, get the opportunity to try the product and get to know whether it satisfies their needs and also enjoy a price reduction. Sales promotion is therefore used to draw consumers to the product and they end up making an impulse purchase as a result of the strength of the sales promotional tool (Ngolanya, et al, 2006).

Berkowitz et al, (1994) proposed that, in the purchase decision process, at the recognition and the information search stage, the sales promotional tool that is most effective is the free samples because it helps gain low risk trials. According to them, consumers will be more likely to take the risk of trying a sample rather than buying the whole product and being disappointed. They further suggested that, at the alternative evaluation and the purchase decision stage, coupons, deals, point of purchase displays and rebates are suitable sales promotional tools because they encourage demand and repurchase of the same product by the consumer. They finally proposed that, at the post purchase stage, the best sales promotion tool would be the use of coupons, as they encourage repeat purchase from first time buyers.

Some of the recent significant studies on the effects of sales promotion and consumer response towards sales promotion in general were reviewed as follows:

Preeta and Mehta (2004) presented a paper with an objective to present, through Meta-analysis, an overview of recent contributions appearing in scholastic journals relevant to the field of Sales Promotion, to classify them into different classificatory framework, report key findings, highlight the managerial implications and raise issues. This paper helped to identify gaps in research in
this area. They conducted literature survey of peer-reviewed scholarly contribution in this area for the period 1998 – 2003. It was found most of research was concerned about sales promotion impact on sales and scarce of research work in the area of consumer behaviour, attitudes, competition and brand image. They further suggested categorization of promotion activity such as Coupon, Premium, Bonus Pack, Price off and Contest to study its effectiveness.

Sun (2005) proposed a dynamic structural model with endogenous consumption under promotion uncertainty to analyze the promotion effect on consumption. This model recognized consumers as rational decision makers who form promotion expectations and plan their purchase and consumption decisions in light of promotion schedules. The study found that endogenous consumption responds to promotion as a result of forward-looking and stockpiling behavior. This is the first empirical paper that offered behavioral explanations on whether, how and why promotion encourages consumption for product categories with elastic consumption.

Teresa and Jose (2008) argued that different types of promotional tools may have different effects on sales, profitability, or brand equity. Data were collected from a 323 student sample at the University of Zaragoza (Spain) through an experimental design by including two brand levels to verify whether the results obtained were stable in different contexts. This study adopted Benefit Congruency model proposed by Chandon et al. (2000) and tested the utilitarian benefits and hedonic benefits perceived by the respondents. The study found that frequent monetary promotions have a negative effect on future expected regular prices and further found evidence that benefit congruency model clearly explains the effectiveness of the sales promotion scheme and brand image of the product. Finally concluded that consumer perceptions differ according to how and where the promotional actions are performed and thereby change in effectiveness of sales promotion schemes based on the product type, brand, occasion, and type of scheme (monetary or non-monetory sales promotion).
Komal Nagar (2009) attempted to explore the effect of consumer sales promotions on loyal and non-loyal consumers in two Fast Moving Consumer Goods - washing powders and shampoos, and examined the effects of consumer sales promotions on 427 consumers. Consumers were classified into two categories by their degree of loyalty towards the brand: brand loyal consumers and non-loyal consumers (also known as brand switchers). The study found that consumer sales promotions have more influence on the brand switchers as compared to the loyal consumers. Also, among the various forms of consumer sales promotions, free gifts have more influence on the brand switching behaviour of consumers. Further, it was found that economic status was not a defining factor effecting consumer's brand loyalty.

Ansari and Yasori (2012) investigated the effect of sales promotion on consumer behaviour based on culture by reviewing the cross cultural consumer behaviour models such as A-B-C-D model, Manrai and Manrai model, and Luna and Gupta model. They found that sales promotion has direct impact on consumer behaviour and culture has significant effect on the behaviour of individuals as well. Thus according to reviewed models, they concluded that, sales promotion act as a moderator of the effect of culture on the consumer behaviour and may affect consumer behaviour independently of culture.

Stanley (2012) conducted a study on occasion based promotional strategies of consumer durable segment in Kerala. Content analysis of print-based advertisements, have been used as the means and found that sales promotions from retailers and manufacturers were high in the months of July to September where people celebrate many of the festivals in India such as Onam, Ramzan, and Vijaya Dasami etc. From the content analysis, he found that retailer promotions are more when compared to manufacturer promotions to capture the regional segments. This study has concluded that most popular sales promotion in consumer durables segment is price off, followed by free gifts, 0% Finance and sweepstakes.
2.4.2 Price based sales promotions

The subjective price knowledge of a consumer is thought to be one major determinant of how price promotion benefits are perceived. Price knowledge should enable a consumer to better evaluate prices and the benefits of price promotions (Christopher and Reinhard, 2009).

One major framework regarding the potential consumer benefits of price promotion has been devised by Chandon, Wansink and Laurent (2000). Empirical studies of these authors have shown that sales promotions produce three utilitarian customer benefits and three hedonic ones. The primarily instrumental, rational and functional utilitarian benefits are savings, better quality, and improved convenience. Generally speaking, utilitarian benefits help a consumer to maximize the efficiency of his shopping experience and thereby provide a positive benefit (Babin, Darden and Griffin, 1994). Hedonic benefits include value expression, exploration and entertainment. These are non-instrumental and affective benefits (Hirschman and Holbrook, 1982), representing psychological feelings associated with the shopping experience, for example by enhancing the consumer's perception of being a smart shopper. Moore et al. (2003) has described that positive perception of consumers about a particular brand is an indicator of status, quality and prestige; i.e. factors other than price.

Customer knowledge related to price and other areas is often connected with the involvement construct. Fundamentally, it is assumed that consumers with high involvement are more motivated to search for information and able to better process data, and as a result dispose of better knowledge of price and other criteria.
Some of the important studies on the effects of price-based sales promotions and consumer response towards it were reviewed as follows:

Monroe (1979) had proposed a theory called Adaptation level theory or internal referred price theory which said that consumers carry with them an adoption level price or ‘internal reference price’ for a given product. The internal reference price represents the price a consumer expects to pay for a product and is formed on the basis of past prices paid /observed either for the same product or similar products. The internal reference price is a standard against which market prices are compared and judged as high, low or medium.

Blair and London (1979) found that promotional advertisements, which included the higher regular price along with the lower promotional price, produced larger perceptions of savings than advertisements that included only the lower promotional price. The greater the percentage difference between the promotional price and the advertised regular price, the less believable was the external reference price.

Berkowitz and Walton (1980) conducted a study to assess the influence of advertised reference prices and store image on consumer perception of savings and willingness to buy. Results showed that the presence of advertised reference prices generated higher perception of savings, perceived worth and willingness to buy. Results of their study also showed a store quality interaction such that higher discount levels produced relatively less positive responses with the discount store.

Researchers have proposed that consumers respond to a price promotion based on the comparison between the internal reference price and the promotional price (Lattin and Buchlin, 1989; Kalwani and Yim, 1992). Frequent price promotion has lead consumers to lower the reference price for the promoted product. Consumers with lowered reference prices will be unwilling to pay the full price of a product once the promotion is over.
Winer (1986) investigated the nature of reference price effects on branded choice through a lower probability model whereby the probability of purchase for a brand was a function of the observed price and the difference between the observed price and reference price. He found that the model predicted probability of purchase better than standard demand models that incorporated only brand prices.

Urbany, Bearden and Weilbaker (1988) investigated the effect of advertised reference prices on estimates of average market prices, perceived offer value and perceived benefits of search. Results indicated that advertised reference prices positively imported perceived offer value and the size of the effect increased as the advertised discount increased.

Neslin and Shoemaker (1989) stated that lower repeat rates could be found after a price promotion even when individual purchase probabilities remain the same before and after the price promotion. It is because a price promotion temporarily attracts a disproportionate number of households who under non-promotion circumstances have a very low probability of buying the brand. Thus after the price-promotion the low purchase probabilities of these new consumers bring down the average repurchase rate.

Cox and Cox (1990) studied the influential effect of store name, brand name, and price discount on consumer brand value and consumer purchase intention. They found that discount depth was negatively related to perceived quality. That means, the more discount depth, the less perceived quality. The finding inferred that information of price promotion would not absolutely result in positive purchase intention and might damage brand value.
Kalwani, Yim, Rinme and Sugita (1990) demonstrated that customer's brand choice and judgments were mediated through customer's price expectations for a brand. They showed that consumer price expectation was formed based on past prices of the brand, customer characteristics and situational factors.

Khan and Louie (1990) investigated the after-effects of in store price promotion on market shares in the face of two contingencies – (1) Whether one or many brands were promoted at the same time and (2) whether consumers naturally switched among brands or were primarily loyal to the last brand purchased. They suggested that if many brands were on promotion (i.e. promotional level was not distinctive), the effect of promotions on brand quality would be lower than if only one or two brands were on promotion. They also stated that promotion would not decrease post promotion purchase for switchers who were familiar with a larger array of brands and were less likely to use promotion as a quality cue. On the other hand, loyal consumers were less likely to be familiar with a large array of brands and were more likely to use promotion as a quality one. Results of the study showed that for last purchase loyal subjects, a promotion’s brand share decreased in the post promotion period when it was the only brand being promoted. On the other hand, the promoted brand’s share did not decline on post promotion choice occasions when subjects tended to switch among brands or when all national brands were promoted equally.

Davis, Inman and McAlister (1992) directly measured brand evaluations in a field experiment to examine if presence of a price promotion led to an inference of lower quality for the promoted product. They found out that evaluation of that brand in the past promotional period was not less than the pre-promotional period. The results showed that price promotions had a strong influence at the point of choice but no memory of promotion lingered to drive down brand evaluation.
Mayhew and Winer (1992) examined the realistic impact of internal reference price (price in memory) and external reference price (prices provided by stimuli) on consumer brand choice. They estimated choice models with variables representing the two types of reference prices and found that both types of variables had a significant impact on purchase probabilities.

Kalwani and Yim (1992) investigated the impact of brand price promotion frequency and depth of price difference on a brand’s expected price and brand choice. They demonstrated that both price promotion frequency and depth of price discounts had a significant impact on price expectations. Using Assimilation Contrast Theory, researchers have studied the impact of promotions on consumer purchase. The assimilation contract theory examines how external reference prices influence consumers’ internal reference price and subsequent promotion evolutions. An external price may be introduced through a price advertisement or in-store communication that features both the lower promotional price and the higher regular price.

Gupta and Cooper (1992) found that consumer’s perceptions of price discounts were typically lesser than the advertised price discounts i.e., consumers “discounted price discounts”. The discounting of price discounts was moderated by the discount level such that it increased with increase in the advertised discount. They found that consumers did not change their intention to buy unless the promotional discount was above a threshold level of 15 percent of purchase price and discount saturation point located at 40 percent of the purchase price, above which the effect of discounts in consumer’s purchase intention was minimal. The results of the study suggested ‘S’ shaped response of consumer response to price discounts.

Bearden, Lichtenstein and Teel (1994) showed that more positive attitude and greater intention to purchase was present for national brands as compared to private label and generic brands irrespective of the price presentation format. Inclusion of reference prices led to more positive consumer’s price perceptions, attitudes towards purchase and intention to purchase.
Martin and Monroe (1994) found that, in the promotion situation, the consumer perception of price fair-ability was based not only on comparison between internal reference price and price in discounting, but also the comparative difference of prices paid by him/her and others. They inferred that consumer favourability on different Sales Promotion was differentiated by consumer perception of price fair-ability.

Raghubir and Corfman (1999) investigated the relationship of price promotion on brand value before using products taking service products (dental services, health club and mutual funds) as products of their study. They suggested that if consumers who never had purchase experience on a promoted brand or a new promoted product, they would regard the promoted brand as one with lower quality. The study found that price promotion had a negative impact on consumer brand value before consumers began using a new product.

Banerjee and Divakar (2001) argued that the overall effect of promotion on sales in the long run depends upon the attitude and reaction of the consumer to different sales promotion tools as well as their ability to anticipate future promotion activities taken up by manufacturers and retailers. They conducted a study on the price thresholds in a promotion intensive retail environment to know how consumers behave when they confronted with price promotion at the retail level. They estimated and evaluated demand function by considering price, brand loyalty, display and brand constant. In their article they also made deep investigation on the case of Wal-mart Corporation. Finally they suggested investing on the information gathering mechanisms to the management practitioners and researchers in India.

Swait and Erdem (2002), investigating temporal consistency in Sales Promotion on consumer product evaluations and choices, found that price variability may result in the decrease of consumer utilities and thus choices. The study showed that marketing mix inconsistency, e.g., price variability in Sales Promotion,
decreased perceived quality and eroded consumer's value on perceived quality. Since Sales Promotion negatively affected consumer's product evaluation, they suggested that marketers should be cautious about the utilization of Sales Promotion with involvement of pricing when they are concerned about brand credibility.

Sivaramakrishnan and Manchanda (2003) studied how cognitively busy consumers were likely to assess the value of price discount offers as they got a great deal of information, like product attributes – colour, shapes, or sizes among thirty seven under graduates and Television as object of the study. The study found that, cognitively busy consumers would perceive less on the magnitude of discount and the actual savings than those who were cognitively less busy. It implied that when consumers who were cognitively less busy acquired enough product information and completely processed it, they evaluated the products and value by attribute information like brand name, rather than price to make a good purchase decision.

Christopher and Reinhard (2009) discussed a model that explains the impact of price knowledge on perceived benefits of four different pricing instruments, which are commonly used in the German automobile retail business. The model was tested on the basis of a large sample of German new car buyers. Using structural equation modeling, they provided evidence that consumers’ subjective price knowledge has a positive impact on their perception of price reduction and trade-in benefits, but not of leasing offers and special edition models. Moreover, a positive influence of product involvement on price knowledge has been found. The participants were asked about their product involvement and their subjective price knowledge (1,362 questionnaires were returned). Each variable were measured with three items on a Likert scale ranging from “strongly agree” (1) to “strongly disagree” (5). Further, the participants were asked to evaluate the benefits of one price promotion offered for a fictitious automobile brand. In order
to facilitate the judgement of the participants all fictitious offers included information on some product attributes (e.g., horse power), list price and examples of brands in this price category. Evidence is found that consumers mainly perceive utilitarian benefits in association with price promotions.

2.4.5 Non-Price Based Sales Promotions

Nelson (2005) studied about how male and female customers respond to various promotional tools in the Malaysia context. Specifically, the paper explored the influences of promo-tools such as, coupon, price discount, free sample, bonus pack, and in-store display on product trial and repeat purchase behaviour, as well as the moderation effect of gender on these relationships. A total of 312 randomly selected Malaysian customers from several supermarkets located in the city of Kota Kinabalu were surveyed. The respondents include 126 male and 186 female customers. Items from Garretson and Burton’s (2003) study of consumer proneness towards sales promotion were used in the measurement of proneness to coupon, price discount, free sample, bonus pack, and in-store display. Trial and repurchase behaviour of consumers were measured with items adapted from Gilbert and Jackaria (2002). The study found that in-store display promotion played the most significant role in shaping consumer product trial reaction. Further, Free sample and Bonus pack promotion were also found to have significant impact on product trial. The results showed no significant difference between male and female in terms of promotion tools and product trial.

Coupons

Gardener and Trivedi (1998) wrote that coupons have been used as a major promotional tool for years as a means of offering the consumer a one-time reduction in price and building brand awareness and loyalty as well. In fact, coupons have the potential to induce brand switching and induce purchase, indicating that consumers are influenced by the discount stated in the coupon.
Fill (2002) defined coupons as vouchers or certificates, which entitle consumers to a price reduction on a particular product. The value of the reduction or discount is set and the coupon must be presented when purchasing the product. Coupons are a proven method by which manufacturers can communicate with consumers and are a strong brand-switching device.

According to Pramataris et al. (2001), sampling is the activity of offering small quantities of product to consumers for free, in order for them to try it and potentially buy it.

Gardener and Trivedi (1998) wrote that bonus packs are offers by the manufacturer that add value to the product by offering additional product at the regular price.

According to Percy, Rossiter, and Elliott (2001), bonus packs do create an immediate incentive to buy. Seibert (1996) reported that manufacturers like bonus pack because they increase brand trial, switching and stocking up. Display is another promotional tool often used by marketers.

Coupons are ubiquitous in today's marketplace. Research to understand consumers' coupon-use behaviour is therefore of important to marketing managers and consumer researchers alike. Although there is a fairly large body of research in this area, its diversity and ad hoc coverage disallow a cohesive understanding. Many of the studies are limited to demographics, in effect focusing on who uses coupons rather than why coupons are used (Banwari Mittal, 1994).

Banwari Mittal (1994) proposed a model of consumer redemption of grocery coupons, integrating the separate literatures on consumer demographics, non-demographic consumer characteristics, and cost/benefit perceptions. The framework organized consumer characteristics into four groups of individual-difference variables (IDVs): (1) Objective IDVs—that is, demographics, (2) Subjective IDVs—consumers' self-perceptions of general traits such as self-
perceived busyness or gregariousness, (3) domain IDVs-those in the domain of shopping (e.g., brand loyalty), and (4) cost/benefit perceptions-consumer perceptions about the costs and benefits of coupon use. The model posits that demographics are poor predictors of coupon-use behaviour. Data from a sample of grocery shoppers showed most of the hypothesized meditational paths to be significant. This study further cautioned against arbitrary use of demographics for targeting promotional efforts and offers an approach to constructing an understanding of the psychological processes that mediate between consumers' demographics and their marketplace behaviours. Mediation of effects among the proposed variables is as follows: Demographics -> subjective IDVs -> domain IDVs -> cost/benefit perceptions -> coupon attitudes -> coupon use. Thus, in this chain of effects, we construe demographics to be the most distal (indirect) and costs/benefits the most proximal (direct) antecedents to coupon attitudes/use.
in an introductory marketing class at New York University who completed the experimental task for partial course credit during a regularly scheduled class session. She pointed out that consumer coupon offerings are also becoming increasingly diverse: from "% off" and "$ off" to "Buy one, Get one free" (BOGO) offers and co-promotions (Buy X, Deal on Y). The study introduced a framework that predicts, and empirical results show, that increasing the value of the coupon does not always improve deal evaluations or purchase intentions. This could imply lower profits for the company. The presence of past price information about the brand, information about prices of other brands offered by the company, and information about competitors' prices moderate the impact of coupon value on brand-related inferences. When such alternate sources of information are present and are diagnostic of the price of the promoted product, consumers are less likely to infer price and quality from the value of the coupon and higher coupon values are more likely to increase deal evaluations and purchase intentions. Implications for managers designing and communicating promotions are offered.

The three studies presented in this paper systematically examined the effect of coupon value (the depth of a discount) on purchase intentions as a function of the presence and type of contextual information. We examined two types of contextual sources of information: information about the price of other products in the product line offered by the same company and information regarding the prices of competitors' products. We demonstrated that people perceived price to be higher the deeper the coupon when the company did not provide the price of a non-promoted product in the offer: an alternate source of information that could have served as a price anchor (Study 1). It weakened when competitors' prices were available but were in a wide range, and disappeared completely when competitors' prices were present but in a narrow range (Studies 2 and 3). In the absence of contextual sources of information consumers appear to use coupon value to infer product price. It appears that they do so not because there is no
other price-related information available, but because they believe it to be indicative of prices. This is because coupon values continue to be used as a cue even when contextual price information is present, just not highly diagnostic of price.

Liu Yuping, (2007) found out the Long-Term Impact of Loyalty Programs on Consumer Purchase Behaviour and Loyalty. Using longitudinal data from a convenience store franchise, the study found out that consumers who were heavy buyers at the beginning of a loyalty program were most likely to claim their qualified rewards, but the program did not prompt them to change their purchase behaviour. In contrast, consumers whose initial patronage levels were low or moderate gradually purchased more and became more loyal to the firm. For light buyers, the loyalty program broadened their relationship with the firm into other business areas. Thus there is a need to consider patronage to decide rewards for loyalty programmes.

**Sweepstakes**

Mike et al. (2007) examined issues of sales promotion proneness based on theoretical and conceptual framework forwarded by Ailiwadi & Neslin (1998), Chandon et al. (1998) and Chandon et al. (2000) and extended it to consider in-store promotions such as sweepstakes and premiums. Based on CATI responses from 500 Australia grocery shoppers, this study examined the degree to which utilitarian and hedonic benefits, and the psychographics which drive consumers, and association with different types of in-store sales promotion proneness. The proneness scales were validated and the existence of consumers more prone to sweepstakes and premiums than price discounts was confirmed. A new scale for gambling enjoyment is developed as a potentially useful correlate of sweepstake and premium proneness. The importance of non-price promotion proneness for
grocery brand manufactures is discussed. The hedonic/psychosocial variables contributed the most significant explanation of variance in this type of sales promotion. This research showed significant differences in the psychographic antecedents of proneness to price and non-price based in-store sales promotions.

2.4.6 Comparison of Price Promotion with Non-Price Promotion

Several studies have attempted to discriminate consumer responses to price based promotions versus non-price based promotions. Researchers comparing different types of promotions have demonstrated that price based and non-price based promotions evoke differential consumer response.

Diamond and Sanyal (1990) used prospect theory, which proposes that people perceive outcomes of a choice as perceived 'losses' and 'gains' relative to a subject reference point. The prospect theory predicts that price promotions would be viewed as reduced losses and chosen less often than non-price promotions which would be viewed as gains.

However, Diamond and Sanyal (1990) found that an almost equal number of subjects chose the non-price promotion (a premium offer) as compared to the price promotion (a price discount). Interaction between promotional value and type of promotions, Diamond (1992) found that price discounts were preferred for high value promotions and extra product promotions were preferred for low value promotions. Similarly, in a comparison of different promotions, Smith and Sinha (2000) found that consumers preferred ‘price-off’ promotions for higher priced categories and extra product promotions for lower priced categories. In another study, Huff and Alden (1998) found that fun and enjoyment of participating in sweepstakes (a non-price based promotion) positively affected consumer’s attitudes towards sweepstake.
Davis, Inman and McAlister (1992) directly measured brand evaluations in a field experiment to examine if there is any difference between pre and post promotion brand evaluation for frequently purchased consumer goods. Results showed that promotion had a strong influence at the point of choice but no memory of promotion lingered to drive down trend evaluations.

Mela, Gupta and Lehman (1997) have examined the impact of promotions on Brand Equity and have reported that in the long run promotions especially price promotions, increase consumer price sensitivity and have damaging effects on Brand Equity. They had used 8 ¼ years of panel data for frequently purchased packaged goods to address the long term effects of promotion and advertisement on consumer’s brand choice behaviour and brand equity. By using a two stage approach, which permitted them to assess the medium term (quarterly) effect of advertising and promotion as well as their long term (i.e. over an infinite horizon) effects, they studied the impact of promotions on Brand Equity. Results indicated that reduction in advertising made consumers more price sensitive and it was noticed among non-loyal consumers, and thereby increasing the size of the non-loyal segment. In the case of Sales Promotions, while in price promotions both loyal and non-loyal segments were sensitive; the non-loyal segments were more sensitive than loyal consumers. Thus it was seen that in the long run, advertising had ‘good’ effects and promotions had “bad” effects on brand choice behaviour and Brand Equity.

Chen, Monroe, and Lou (1998) examined the influence of price promotion incentive on consumer’s perception and purchase attitudes. They found that, in the coupon promotion, consumers with no coupon still had to pay money corresponding to the original price to buy the product; therefore, the original price was still an effectual price and consumers did not down value the quality of the promoted product. The study also found that, in coupon promotion, consumers would have perceptions of advantageous price inequity which resulted in leverage of perceived value.
Jedidi, Mela and Gupta (1999) examined the impact of promotions and advertising on 'Brand Equity'. Estimating a model based on a data of 691 households for a consumer package product over eight years, it was seen that, in the long term, advertising had a positive and significant effect on Brand Equity while Sales Promotions had a negative effect. Results suggested that, in the long term, promotions made it more difficult to increase regular prices and increasingly greater discounts needed to be offered to have the same effect on consumer's choice.

Siebert (1996) found that respondents perceived the extra amount given in bonus packs was either directly or indirectly paid by consumers. The researcher observed that compared with bonus packs (non-price-oriented sales promotion), price-oriented Sales Promotion may result in a more effective marketing advantage because of savings in warehousing, shipping, inventory, package design, and size changes.

Low and Mohr (2000) explored the effects of Advertising (long-term brand-building activity) and Sales Promotion (a short-term sales incentive) on consumer attitudes, brand equity, and market share from a bounded rationality view among senior marketing managers. They found that brands with higher budget allocations for advertising have more advantages than brands with lesser Sales Promotion budget in terms of influencing consumer attitude, brand equity, and market share. They suggested that marketers should invest budgets in Advertising instead of Sales Promotion if they want to deliver positive brand image to consumers to get the promise of a powerful brand.

Yoo, Donthu and Lee (2000) studied the relationships between marketing mix elements and Band Equity. They investigated consumer's perception of five selected strategic marketing elements, viz., price, store image, distribution intensity, advertising spending and frequency of Sales Promotions. Using 5 point Likert's scale, and product categories Athletic Shoes, Common Films and Colour
Television and employing 569 students as respondents, the researchers were able to prove that high advertisement spending, high price, distribution through retailers with good storage images and high distribution intensity build Brand Equity while frequent use of Sales Promotion especially price promotion harms the Brand Equity. They found out that Sales Promotion erodes Brand Equity and must be used with caution. Relying on Sales Promotions, which can be inconsistent with high quality and image, reduces brand equity in the long run as they do not enhance the strength of Brand Association despite short-term financial gain. Instead of offering price promotions, the firm should therefore invest in advertising to develop Brand Equity.

On the other hand, Vidal and Elena (2005) who studied the effect of Sales Promotion on, using the CBBE Scale developed by Yoo and Donthu (2001) had an entirely different conclusion. On a sample of 167 Women buyers and using the products, laundry detergent (Shopping Product) and chocolate (Specialty Product), they showed that marketing communication tools (Sales Promotions) can contribute to Brand Equity by creating awareness of the brand and/or linking strong, favourable and unique association to the brand in the consumer’s memory. That is, Sales Promotions can be used to build Brand Knowledge because the individuals exposed to promotions stimuli evoked a greater number of favourable associations. The results also showed that monetary incentives are more effective for Shopping Products while non-monetary promotions are equally effective for both Shopping Products and Specialty Products.

Chandon, Wansink and Laurent (2000) found different types of consumer benefits associated with price based and non-price based promotions. They found that non-price based promotions provided primarily specialty or hedonic benefits to consumers (perception of being good or smart shoppers, the feeling of fun and entertainment) while price-based promotions offered primarily utilitarian benefits to consumers (monetary savings, up-gradation to high quality products, reduction of search/decision costs associated with shopping).
Ria, Vazguez and Iglesias (2001) studied the effects of a group of four brand image functions (guarantee, personal identification, social identification, and status) on consumer responses, using non-specialized shoes that were suitable for sport and casual wear as reference. According to them, among these four categories of brand image functions, guarantee function was associated positively with all three independent variables (consumer's willingness to recommend the brand, consumer willingness to pay price premium for it, and consumer willingness to accept brand extensions) whereas personal identification, social identification and status only partially influenced either one or two independent variables. Hence, they suggested that marketers attempting to focus on managing brand image can make good use of product guarantee promotion to generate positive communication towards the brand.

Lee (2002) employed managers from twenty six consumer product categories to assess brand manager's evaluations to Sales Promotions using price off (price-oriented) and lucky draws (non-price-oriented). This study found that managers heavily favoured price-oriented Sales Promotion over non-price-oriented promotion. They also found that the managers appeared to underutilize non-price-oriented promotion. The study concluded that price oriented Sales Promotion may facilitate short-term objectives while non-price-oriented Sales Promotions may strengthen Consumer Based Brand Equity by achieving long-term objectives.

Gilbert and Jackaria (2002) conducted a study to analyse the associated relationship between the four promotional tools (coupons, price discounts, samples and “buy-one-get-one free”) and consumption behaviours of 160 respondents consisting of 42 percent males, and 58 percent females. They found that only the price discount promotional tool was statistically significant. According to them, coupon promotion may be perceived as a nuisance that costs time and efforts to redeem, and sample promotion generated prevention of future purchasing. Among these four sales promotional approaches, price discount
promotions were found to have the effect of inducing households to switch brands and of creating an earlier buying behaviour, and "buy-one-get-one free" significantly resulted in brand switching behaviour and purchase intention. The study showed that these sales promotions have been noticeable, thus facilitating brand recognition and brand recall for future purchases, without a significantly negative influence on brands.

D'Astous and Jacob (2002) evaluated what kinds of situations can gain consumer appreciation of premium-based promotion offers? by conducting survey among adult consumers. The result showed that there were positive relationships between consumer appreciation of premium-based promotional techniques and some independent variables, including direct degree of premium, positive consumer attitude and great interest in the premium, high deal-prone consumer traits, and high compulsive consumption prepositions.

Guerrero, Santos, SilveriaGisbrecht, and Ong (2004) examined the marketing manager's perceptions on bonus pack promotion. The study showed that mangers favour bonus pack over price discounts as most of the respondents agreed that bonus packs may facilitate negotiation with clients. However, Ong, Ho and Tripp (1997) found that bonus packs did not absolutely guarantee positive consumer attitudes. They also found that bonus pack attracted current users of the product more than the new users, whereas consumers perceived that bonus pack offers appeared not to have much credence about the concepts of "no price increase" and extra quantity.

Nelson and Chew (2006) evaluated the awareness and behaviours of Malaysian consumers towards sales promotion tools such as coupon, price discounts, free samples, bonus packs, and in-store display in the purchase of low involvement products. This study recognised that certain demographic factors such as education and income of consumers could potentially confound the observed relationships. A total of 312 consumers in Kota Kinabalu, Malaysia were surveyed using a structured questionnaire. The results show that price discounts, free samples, bonus packs, and in-store display were associated with product
trial. Coupons do not have any significant effect on product trial. The level of education appeared to have no bearing on consumers’ preferences. The major limitation of the study is confinement to only one category of product i.e. no high involvement products.

Preeta (2007) investigated sales promotion activities of six apparel stores in Ahmedabad market and compared them on various dimensions. This study presented major findings and provided insights on consumer behaviour. Lifestyle, for instance, has a loyalty programme called 'The Inner Circle', while Pantaloons offers a 'Green Card' Rewards programmes, Westside has 'Club West' to woo the customers. The study found stock clearance seems to be very important objective for apparel retailer in using end of season sale twice in a year wherein discount given is up to 50% of the MRP. The loyalty programs found complex and confusing. It was found that only loyal/ frequent visitors were known about the offers. Finally this study suggested that traffic building is achieved by special event promotions like Diwali, Raksha bandhan promotions; inventory reduction through end of season sale; creation and building store image through feature advertising and displays and joint promotions and price image by highlighting the discounts in Indian apparel retail sector.

Kwon and Kwon (2007) investigated the impact of demographics (i.e., income, education, and gender) on promotion proneness and provide socio-cultural explanations why certain demographic groups are more promotion prone. They identified that consumers need motivation for monetary savings and also the legitimate possession of human capital in shopping including cognitive abilities, information, and shopping experience and skills. This study discussed about the positive effects of education and income on the use of coupons and rebates along with the influence of gender and psychographics such as shopping enjoyment and psychological gender congruency. This study found significant gender differences in deal proneness. Women use coupons more than men do and men showed higher use of rebates than women.
Lin and Lin (2008) proposed and tested hypothesized relationships among four sales programs (coupons, price-off, sweepstakes and event sponsorship) and the consumers’ response to sales promotions in one product category (clothing) in a departmental store context. The research findings reported are based on personal interview of 482 female consumers with age 15-44 for the department store context. Personal interview and multiple regression approaches were employed to test the research hypotheses and exploratory propositions. Price-off and event sponsorship were found to be a significantly positive effect on consumer spending and repeat visits. However, confronting the expectations of practitioners, the empirical results indicated that coupons and sweepstake were not the prime explanatory factor of consumer spending and repeat visits.

McNeill et al. (2008) investigated on the Chinese consumer preference for price based sales promotion techniques such as dollar discount, percentage discount, refund/rebate, coupon, and combination offer based on transaction utility theory. The study further examined the impact of gender, income and product type on consumer preferences towards various sales promotion techniques. Data was collected in China using a multi-item questionnaire which required respondents to answer rating scaled questions in relation to their attitudes towards sales promotion techniques. Scale items were drawn from existing, pre-tested marketing scales relating to consumption satisfaction and sales promotion. To increase the realism of the task, respondents were first asked to describe two recent purchasing experiences that utilized a price based and a non-price based sales promotion. The results of this study show no major impact of gender or initial product price on whether Chinese consumers are likely to feel satisfied or pleased with a price promotion experience. Income of the respondent does, however, appear to impact on pleasure towards a promotional deal and overall satisfaction with the promotion. Those respondents with a higher income tended
to be more satisfied with their promotional deal experience (and thus transaction utility is increased) and are significantly more likely to feel very pleased with the promotion overall (increasing acquisition utility also). Those respondents in higher income brackets also exhibited a greater preference towards similar price promotions in the future than those in the lowest income bracket.

2.4.7 Studies on Consumer Durables

Bruce, Desai & Staelin (2005) studied trade promotions for durable goods, such as automobiles, for which manufacturers provide special incentives to dealers for exceeding specific sales targets. They developed a theoretical model of consumer, retailer, and manufacturer behavior based on observations about key aspects of the automobile market. They used the model developed to investigate the impact of trade promotions on manufacturers’ and retailers’ prices and profits over a wide range of product quality and market conditions. The analysis provides important insights about the effects of trade promotions and the effect of product durability on the promotion strategies of manufacturers. For example, manufacturers of more durable products benefit more from running trade promotions and give deeper discounts. The authors found empirical support when they test the theoretical results.

James et al. (2007) examined the perception of customers on two types of sales promotions Viz., cash discount and free gift based on primary data derived through sample survey using pre-tested structured questionnaire. The study used fast moving consumer durables such as colour television, washing machines, and refrigerator etc. customers as respondents from 120 households of Kottayam District. The study found ample evidence that sales promotion schemes were not perceived favourably by the respondents and found no differential effect between two types so promotional schemes Viz. cash discount and free gifts.
Hundal B.S. and Anand (2008), examined the perception of the consumer towards promotional schemes for consumer durables with the help of primary data from 299 respondents of rural and 297 from urban areas, whose monthly earnings exceed Rs.10,000/- with F-Test and Z-Test. The study reveals that replacement is the key factor for converting potential consumer into actual consumer in case of rural respondents. But, rural consumers are more concerned about repair and maintenance of the consumer durables. Hence, after sales service in case of rural area emerges significant promotional measure but could not be entertained by marketers due to poor infrastructure. In case of urban consumers, off-seasonal benefits is also proved to be impactful as to their counterpart in the rural area. Festive offer is highly awaited sales promotion tool in the rural area as the harvesting activity in the farm provides liquidity to the farmers and other rural population. Perhaps, installment purchase and 0% scheme seems very promising tool in urban, which indirectly suggests that affordability is not the constraint of rural areas, but, it is constraint of entire market. Customer relationship management practice is extremely difficult in rural areas. Both the groups like free gift scheme along with consumer durables, but it is assumed to be a routine one along with other sales promotion tools.

Jeya Kumar (2010), examining the consumer durable market in the rural India revealed that availability of financing scheme, rise in the share of organized retail, innovative advertising and appropriate brand promotion and availability of new variants makes durable market boom in the rural India.

Study reveals that air-condition, microwave woven as well as colour TV having potential growth of 20%, but still Indian market is highly dominated by foreign players like LG, Samsung, Philips, Whirlpool, and of course Videocon. Marketer should leverage its rural market opportunity by increasing the penetration level various white goods. Present penetration level of refrigerator in rural market is just 2%. In washing machine just 0.5%, this is a sign of great potentiality in the
market. Rural market at present is growing faster than urban market. More than 2/3rd population of the country is below the age of 35 years and nearly half is below 25 years, which is a sufficient indicator for future growth rate of durable markets.

Dharmik et al. (2013) studied the purchase pattern of consumers for consumer durables along with preference towards organized and unorganized retail format in India. The study conducted a convenience sample survey of 200 consumers (households) by using structured questionnaire in Ahmedabad. The study considered consumer durables such as refrigerator, computer/laptop, colour television, Micro woven, mobile, air conditioner, music system and washing machine to evaluate the consumer buying preferences. The study found durability, price, promotion scheme, technology and service as important factors that influence the consumer decision making. Further, the study identified that promotional schemes influence the purchasing decisions of consumer and organized retailer stood as best choice of consumers because of factors such as availability of different brands, after sales service, promotional schemes, financial services and home delivery.

2.4.8 Studies on Emerging Sales Promotion Practices

0 % Finance (or) Hire Purchase

In simple words, it is a method of buying goods through making instalment payments over time. The term hire purchase originated in the U.K., and is similar to what are called "rent-to-own" arrangements in the United States. Under a hire purchase contract, the buyer is leasing the goods and does not obtain ownership until the full amount of the contract is paid.

Hire purchase is a system by which a buyer pays for a thing in regular instalments while enjoying the use of it. During the repayment period of ownership for the item does not pass to the buyer. Upon the full payment of the hire purchase facility, the title passes to the buyer. Hire purchases can accelerate
the pace of growth and development. First, the increase in spending has the effect of increasing the multiplier effect on income in addition to encouraging aggregate investment. Increased income raises the level of expenditure further thus setting in motion a virtuous cycle of growth in consumption, investment, income, and development. Hire purchase also helps to sustain growth by making it possible for client to resist the downward adjustment of their consumption during a fall of their income.

Richards, Patterson, and Padilla (2003) examined the rationale underlying periodic price promotions, or sales, for perishable food products by supermarket retailers. This study focused on the central role of retailers as multi-product sellers of complementary goods. By offering a larger number of discounted products within a particular category, retailers are able to offset the effect of lower margins on sale items by attracting greater volume for higher margin items. The implications that emerge from the resulting mixed-strategy equilibrium are tested in a product-level, retail-scanner data set of fresh fruit sales. Hypotheses regarding the rationale and effectiveness of sales are tested by estimating econometric models that describe: (1) the number of sales items per store, (2) the depth of a given sale, and (3) promotion effectiveness on product and category demand. The results of this econometric analysis support the hypothesis that the breadth and depth of price promotions are substitute marketing tools, but show that promoting many products with small discounts is likely preferred to relying on a few loss-leaders.

Charles (2012) discussed the contribution of Hire purchase to the organization and the client looking at the pros and cons to discern whether it is a win-win situation for the hire purchase companies, the client and economic growth. The study makes conclusion on the effect of hire purchase on the client and recommends possible actions to make it a win-win situation. The study used ANOVAs and regression analysis both simple and multiple to study the effect of independent variables on the dependent variable.
Exchange Offers

'Exchange offer' is a type of sales promotion, common in durables. It is a method of buying something new by giving an item you own as part payment for it. Prevalent in the Indian markets for decades now, it has been observed in varied categories from bed linen to watches and from kitchenware to furniture. Exchange offers are popular in other markets too.

The exchange offer, unlike all other promotions available for durable goods, involves a 'buy' and a 'sell' simultaneously. The target for an exchange offer is a repurchase customer.

According to Prospect Theory, consumers weigh an impending loss higher than a prospective gain, thus preferring an exchange offer over a straight sale/price off. Furthermore, while negotiating, consumers place more importance on the sale of the used product over the purchase of the new one (Zhu et al., 2008). This indicates the loss aversion tendency of consumers. This is also a demonstration of the inability of consumers to pay equal attention to both transactions.

Consumer resources are limited and they focus more on the more important task and less on the less important one (Zhu et al., 2008). Presence of certain consumer characteristics varies the importance that consumers place on the buy/sell tasks. While consumer traits like loss aversion, trade-off aversion, and attachment to the used product anchor on the used product, other traits like deal proneness, shopping enjoyment, brand orientation and innovativeness (Schiffman, Kanuk, & Kumar, 2010), explain the importance for the new product.

Preetha & Raghavan (2012) made an attempt to understand Exchange offers among Indian consumers by borrowing Prospect theory to elucidate the dual effects of loss and gain. This study considered the various factors such as consumer characteristics (loss aversion, shopping enjoyment, innovativeness,
and brand orientation), time of replacement (early/late), ratio of price of new product over the used product and other consumer demographics. The methodology adopted for this study is a combination of both qualitative and quantitative tools. The first stage comprises of two qualitative studies done in order to understand the current trends in the consumer durables market by content analysis of 206 sales promotion advertisements from local daily newspapers. Stage two involves collecting data from consumers using a survey instrument to study the effect of message framing on the intention to exchange. This study demonstrated new applications in message framing that improves the efficacy of exchange offers.

When the consumer is presented with an offer that allows her to sell her old product in exchange/part payment for the new one, she has to assess both of these transactions separately in order to evaluate the whole offer. If they are (separately) not found satisfactory, she has the option of taking up the transactions separately i.e. sell the old in the market and buy the new during some other offer. However, considering that consumer resources are limited, she may place more importance on one transaction over the other. This order of importance may be dependent on several other factors/events like consumer characteristics (loss aversion, shopping enjoyment, innovativeness, and brand orientation), time of replacement (early/late), and ratio of price of new product over the used product and other consumer demographics.

2.4.9 Dynamic Effects of Sales Promotion

The dynamic effects of sales promotion are of a different kind than inter-temporal effects or lags caused by inventory effects of sales promotion. Dynamic effects of sales promotion here refer to its impact on the effectiveness of sales promotion in later periods.
Winer (1986) proposed and found empirical support for a model where demand is a function of current observed price and the consumer's internal reference price. The data set used in the empirical test was panel data for heavy users of coffee. The model implies that frequent sales promotions make the deal price to the consumer's reference price. The regular price is then regarded as a premium price.

Lattin and Bucklin (1989) built a model incorporating reference effects of sales promotion. They model the consumer as perceiving a brand as either promoted or non-promoted. If the consumer perceives the brand as promoted, i.e., a brand that regularly is offered on a deal, the consumer is unlikely to purchase at regular price. Sales promotions for brands that are perceived as non-promoted are regarded as purchase opportunities. Empirical support for the model was found in a test using scanner panel data for regular ground coffee.

Bawa, Landwehr, and Krishna (1989) found that the in-store marketing environment is correlated with consumers' sensitivity to sales promotion. Consumers tended to be more price sensitive in stores with a high price variability. Bawa et al. (1989) used panel data for regular ground coffee in their study.

Bolton (1989) studied the relationship between market characteristics and promotional price elasticities. Promotional price elasticity is found to be positively correlated with feature advertising activity in the category. The display activity in the category and for the brand was found to be negatively correlated with the elasticity. The correlation between category price activity and elasticity was insignificant. The study was conducted on store level scanner data for three brands in four categories in 12 stores. The product categories were waffles, bleach, tissue, and ketchup.
Jacobson and Obermiller (1990) stress the importance of consumers' expectations of future prices and promotions. Using grocery store data for canned tuna, they found empirical support for their serial correlation model of price expectation formation.

Krishna, Currim, and Shoemaker (1990) used a survey to study consumers' perception of promotional activity. They found that about half of the respondents were reasonably accurate in their perception of the deal frequency. The expected deal frequency was found to be positively correlated with the perceived past deal frequency. The accuracy of recall of sale price was better the higher the frequency of promotion.

Krishna (1991) showed that the price which consumers are willing to pay is correlated with the actual deal frequency of the brand. However, the perceived deal frequency was more important for consumers' willingness to pay than the actual deal frequency. The study used a computer-simulated experiment with 159 undergraduate and graduate students who made 12 weekly purchase decisions for two hypothetical brands of soft drinks. Using a similar computer-simulated shopping experiment, Krishna (1994) showed that consumers who have information about future prices behave differently from consumers without such information.

Kalwani and Yim (1992) found that the promotion frequency and the depth of the price discounts have impact on consumers' price expectations. The consumers' price and promotional expectations were found to affect brand choice. Kalwani and Yim conducted an experiment with 200 undergraduate students as respondents. The product stimuli were two hypothetical brands of liquid laundry detergents.
Koirala (1987), in his doctoral work titled, "Sales Promotion Policies and Practices in The Manufacturing Industries of Nepal" explored that sales promotion has been popular in all types of enterprises including manufacturing, transport, insurance and service industries. Sales promotion techniques may differ according to the type of product under consideration. A manufacturer of durable goods may not be directly involved in a sales promotion offer that is offered through channels. Sales Promotion is a supporting activity to influence the consumer behaviour and to attract the buyer. Advertising is used to create awareness, image and attitude; and sales promotion is aimed at specific action. Advertising is used to build long-term brand preference and sales promotion for the decision to buy. Sales promotion is a supporting activity to influence consumer buying and to attract them, whereas personal selling aims at selling and makes efforts to match selling with buying. The present study identified and examined the promotional policies and practices followed by consumer goods industries in Nepal.

The researcher concludes that the Promotional incentives could be very useful means of communication in the affective stage of consumer behaviour in Nepal. But these were not being offered in appropriate manner through retailers. Retailers were neither knowledgeable nor capable of motivating consumers. The effect of consumer deals on market share was negatively significant at 25 per cent level. The effect of advertising on market share was insignificant. Consumer response to advertised goods was estimated at 78.40 per cent. However, advertising was necessary as a vehicle of information in sales promotion. Samples were offered to consumers mostly at the introduction stage. Coupons were offered by a few companies at the introduction, growth and maturity stages. Contests and sweepstakes are considered to be suitable at the introduction and maturity stages. Its effect on market share was negatively significant at 50 per cent level.
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Kalwani et al. (1992) in their experimental study on consumer price and promotion expectations investigated that in marketing, the study of the impact of price expectations on consumer choice behaviour has begun to receive increasing attention in recent years. Introducing a product at a lower than regular price and then raising the price afterward to its regular level has been shown to have an adverse effect on subsequent sales. The reason is that consumers come to adopt the low introductory price as a reference and consider the regular price to be unacceptably greater than the price they expect to pay. The researchers investigated the impact of price promotions on consumers’ price expectations and brand choice in an interactive computer controlled experiment. They assessed the significance of the dynamic or long-term effects of a sequence of price promotions. Specifically, their objectives in the experimental study were: (1) to investigate the effects of different price promotion frequencies and depths of price discounts on the brands’ expected prices; and (2) to test the impact of price promotions on brand choice, as mediated by consumers’ expectations, in a controlled experimental setting.

a) Their findings from the tests of two hypotheses pertaining to the impact of exposure to price promotions on consumers’ price expectations reveal that the impact is significant. However, their experimental findings do not suggest rejection of the hypothesis that the brands’ expected price is linear function of the price promotion frequency and the depth of price discounts at conventional significance levels.

b) Their findings on promotion expectations suggest that unfulfilled promotion expectation events among consumers who have come to expect promotions on a brand because of frequent exposure to them will have an adverse impact on the brand.
c) Further, the authors find that consumer expectations of both price and promotional activities should be considered in explaining consumer brand choice behaviour specifically, the presence of a promotional deal when one is not expected or the absence of a promotional deal when one is expected may have a significant impact on consumer brand choice.

Chinnadurai and Kalpana (2006) in their research paper titled, "Promotional Strategies of Cellular Services: A Customer Perspective" investigated that major driver of social changes, which shapes the possibilities and conduct of business, is technology. Every business whether it is manufacturing or service faces large amount of problems in marketing their products in the modern business world. The main objective of this research is to study the customer awareness, customer ideas and preference about promotional tools.

If advertising has indirect impact, sales promotion has direct impact on consumer. Public relations and personal selling are tools that may not provide direct impact but will bring a positive psychological reaction of consumers towards the product. It is found that majority of the customers came to know about the cellular services through TV advertisements. The study also revealed that the sales promotion offer introduced by cellular companies have influenced the customers to purchase and avail cellular services. It is pertinent to note that as per the customers' opinion, the promotional strategies of cellular companies are more sales-oriented rather than customer-oriented. Like that of manufacturing organizations, service organizations also face problems of marketing. The service organizations including cellular companies have to use promotional strategies such as advertising, sales promotion, public relations and personal selling. The use of single promotional tool or combination of tools is normally determined by various factors such as market conditions, market forces, behavioural pattern of consumers, etc.
Krishnan and Usha (2012) made a study on the retail advertising and promotional strategies in consumer market. A sample size of 50 retail shops and 50 customers revealed that customers are not motivated always by promotional offers. While the retailers felt that the attitude of the customers towards promotional offers is positive. The study found discount offers as the predominant promotional choice of retailer and customers.

2.5 RESEARCH GAPS

From the review of literature, the following gaps were identified:

1. A large body of research on consumer responses to sales promotions has accumulated over the past few decades due to the growing importance of this marketing lever. However, too much stress on coupons at the expense of other equally important promotional tools, has created the need for more work to be done in the area of investigating (together with coupon) the effects of other sales promotional tools such as price offs, sweepstakes, free gifts, and exchange offers that are ill understood due to the lack of research on this area.

2. The consumer response to sales promotion cannot be assumed to be constant. Retailers trying to improve the effectiveness of their sales promotion would consequently need to constantly monitor, or track, the sales response.

3. Again, all this research has been conducted mainly in the context of frequently purchased, non-durable consumer goods, while overlooking special characteristics of other product categories and corresponding buying processes. (Christopher & Reinhard, 2009).

4. Since the bulk of the extant literature on consumer response towards sales promotion practices till date remains the western perspective; there is an urgent need for research focusing on the Indian consumers and the Indian
environment, which is unfamiliar to most readers. Since understanding the behavioural responses of Indian customers to sales promotion strategies is salient in customer management and in designing effective sales promotion strategies.

5. In India, both rural and urban consumers, rate exchanges and hire purchase (in durables), as highly important (Hundal, 2008). Although it is used widely, anecdotal evidence suggests no consistent pattern to the use of exchange offers. Consumers, on the other hand display consistent behaviours. However, apart from a few recent studies, academic literature related to consumer behaviour in exchange offers is scant.

6. Psychological approaches used, so far, to explain consumer response to promotion have had a single product focus. The theoretical approaches used so far – adaptation level theory, transaction utility theory, assimilation contrast theory, attribution theory, attitude models – have all had a single product orientation. These studies have examined the impact of promotions on price perceptions, quality perceptions and savings. Although studies on retail price promotions have suggested positive cross product impact of promotion, psychologically based studies have not systematically examined this aspect of promotional response (Priya Jha, 2004).

7. Over the past decades a rich analytical literature in both marketing and economics has examined the competitive behaviour of firms that sell durable goods. However, empirical research investigating consumer decisions about durable goods are sparse in marketing.
2.6 SUMMARY

The growing interest in the use of sales promotion as a marketing strategy has resulted in an unprecedented growth of research in this area. While one cannot deny that these studies have provided important insights into the effects of sales promotions, nonetheless, their limitation stems from placing skewed attention to coupons at the expense of other equally important promotional tools. Since, very little has been done to investigate the effect of other sales promotional tools such as free sample, bonus pack, price discount, and in-store display, and to compare the responses of male and female consumers. The purpose of this work therefore, is to examine the effectiveness of sales promotion by categorizing as price based and non-price based, as well as the moderation effect of demographic variables on these practices. This understanding is important, especially to marketing practitioners in understanding the salience and usefulness of applying these promotional tools.

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