CHAPTER 2
REVIEW OF LITERATURE

Sales promotion has become an integral part of the promotion schemes of both manufacturers and retailers of durable as well as non-durable consumer goods. It consumes a very significant portion of the promotional expenses of marketers. In some of the developed countries, allocation of promotion budget to sales promotion has far exceeded spending on advertisement. Brand managers are now relying heavily on sales promotion because its impact on sales is more direct, immediate, and quantifiable as compared to advertisement. Marketers use both price and non-price promotions either independently or in association with each other. Price promotions allow buyers to make some savings of money where as non-price promotions like premium add value to the offer. Point-of-Purchase promotions like feature advertisements and displays lead to impulse buying. The dynamic nature of sales promotion has inspired many researchers to turn their attention to study the various issues related to this element of promotion mix. Many studies have been conducted on the planning, implementation and evaluation aspect of sales promotion worldwide. These studies are reviewed and presented briefly under suitable heads like Studies on Consumer Promotion, Studies on Sales Force Promotion, Studies on Trade Promotion and Other Studies on Promotion.

2.1 Studies On Consumer Promotions

Majority of the studies on sales promotion encompass consumer sales promotion strategies of marketers. Consumer sales promotion techniques are also called 'pull strategies' as they attract or pull customers towards the promoted brand or promoted store as the case may be. According to one study, consumer sales promotions are the most researched topic ahead of trade promotion and sale force promotion. Important issues examined in these
studies include the consumer's perception of marketers sales promotion activities, effect of promotion on consumption, trial purchase, category expansion, brand switching, brand evaluations, stock piling and consumption relationship, long term impact of promotions, incentive-outlay ratio, etc. Consumer sales promotion literatures are further classified in to three categories, viz. 1. Studies on Impact of Sales promotion; 2. Studies on Perception about Sales Promotion; and 3. Sales Promotion Evaluation, Relationship and Other Aspects.

2.1.1. Studies on Impact of Promotion

Studies relating to the impact of consumer sales promotion on consumer behavior, sales, profit, market share, etc. are included in this section. These studies provide guidelines to managers on various issues such as the appropriate tools that may be used for achieving a specific marketing objective, improve their sales promotion effectiveness and so on.

Vecchio, Del, Devon et.al. (2006) report the results of the study, which examined the effect of sales promotion on brand preference through Meta analysis. Results of 51 studies had been integrated. As per the study sales promotions do not affect post promotion brand preferences in general. But depending upon characteristics of sales promotion and the promoted product, promotion can either increase or decrease preference for a brand.

Ndubisi, Oly, Nelson and Moi, Tung, Chiew (2005) in their study evaluated the impact of sales promotional tools, namely coupon, price discount, free sample, bonus pack, and in-store display, on product trial and repurchase behaviour of consumers. The moderation role of fear of losing face on the relationship between the sales promotional tools and product trial was also examined. The results of study show that price discounts, free samples, bonus packs, and in-store display are associated with product trial. Coupon does not have any significant effect on product trial. Trial determines repurchase behaviour and also mediates in the relationship between sales
promotions and repurchase. Fear of losing face significantly moderates the relationship between in-store display and product trial.

Kumar, V. and Swaminathan, Srinivasan (2005) studied the impact of coupons on brand sale and how that impact decays over the life of the coupon. The authors use an econometric model to demonstrate the coupon effect in terms of equivalent price reduction, account for coupon effect over time, allow inference of coupon effects when retailers decide to double or triple the coupon value and provide both self-coupon and cross-coupon elasticities at different levels of aggregation. Results indicate that the effect of doubling the face value of coupon result in more than a proportionate increase in elasticity and both self and cross-coupon elasticities are much smaller in magnitude than the average self-cross price elasticity.

Laroche, Michel et.al. (2005) studied the effect of coupons on consumer’s brand categorisation and choice process using fast-food restaurants in China. Results suggest that there are both direct and cross-advertising effects i.e., the presence of a coupon for a focal brand has an impact on consumer’s attitudes and intentions towards that brand.

Lewis, Michel (2004) developed an approach for simultaneous measurement of the influence of a dynamic loyalty programme and more traditional short-term promotions. They argue that the loyalty programmes under examination successfully alter behavior and increase retention rates. E-mail based coupons, shipping fee and general price levels all significantly affect customers purchase decisions.

Anderson, T. Eric and Simester I.Duncan (2004) investigated how the depth of a current price promotion affect future purchasing of first time and established customers based on three large scale field experiments on durable goods sold through a direct male catalogue. The findings reveal different effect for first-time and established customers. Deeper price discounts in the current period increased future purchases by the first time customers (a
positive long-run effect) but reduced future purchases by established customers (a negative long-run effect)

Dawes, John (2004) reported the result of his study on the effect of a massively successful price promotion in a consumer goods category. Specifically, he sought to determine if this large price promotion had any long-term impact on brand value; short-term impact on total category volume for the retailer; short-term effect on competing retailers; and long-term effect on category sales for the retailer who runs the promotion. Results of the study showed that a very successful promotion did not have any longer-term effect on the brand (positive or negative), but it did expand the total category for the retailer, though temporarily. Sales dropped slightly for one competing retailer at the time of promotion out of the three units studied. It was observed that the promotion was followed by a decline in the total category volume for the retailer, suggesting some degree of purchase acceleration or stockpiling by consumers. Longer-term negative effect on category cancelled out approximately two third of the gain of the price promotion to the retailer.

Baohong et.al. (2003) reviewed various studies relating to the impact of promotion on brand switching and found that these studies used choice models, especially logit. According to these studies promotion has a strong effect on brand switching. The authors show that logit choice model can substantially over estimate brand switching because they do not take in to account the rational adjustments that customers make to take advantage of promotion. Logit models do not take in to account stock piling and deceleration strategies. They use a dynamic rational model and compare it with a logit model. The result was that logit models over estimate brand switching, that nested logit helps address the problem but not completely and that dynamic rational model provide the most accurate estimate of switching.

Swait, Joffre and Erden, Tulin (2002) in their study focused on a particular aspect of marketing mix consistency overtime for frequently
purchased packaged consumer goods, the impact of temporal consistency of store promotions as well as the availability of the product on the shelf; on consumer product evaluations (utilities) and choices. The empirical results, based on fabric softener panel data, indicate that future insert and availability consistency increase systematic utility in a statistically significant way over and above the positive effects that displays and feature have on choice.

Soman, Dilip and Gourville, T. John (2001) investigated how and why price bundling affect the consumption of a service based product such as a sporting event or a theatre performance. The results of the study showed that price bundling leads to a decoupling of the sunk cost and pending benefits of a transaction there by reducing the likelihood of down stream consumption.

Smith, F. Michael and Sinha, Indrajit (2000) examined the relationship between different types of promotions (straight price promotion, extra-product or volume promotion and mixed promotion) across four supermarket product categories controlling separately for the effect of two category-based moderating factors viz. product stock-up characteristics and price level. Results showed that a majority of consumers preferred mixed promotions; type of promotions does influence store preference (with price and volume promotions having the greatest influence). Consumers generally preferred price promotion for higher priced product categories and they preferred volume promotions for lower priced categories.

Feame, Andrew et.al. (1999) studied the impact of promotions on the demand for spirits category in the UK market. The results of an econometric analysis of weekly cross-sectional store data and cluster analysis of consumer panel data suggested that promotions have had a slight positive impact on the volume of sales, particularly over the seasonally important Christmas period. Some promotions, especially multi-buys, reward largely loyal buyers, doing little for either volume or monetary growth of the spirit category. Other promotions, such as price and gift offers, appeal more to consumers who do
not purchase spirits so frequently and also attract people who are less brand and store loyal.

Ailawadi, L. Kusum and Nelsin, A Scott (1998) 13 empirically demonstrated the existence of flexible consumption rate in packaged goods products, how this phenomenon could be modeled and its importance in assessing the effectiveness of sales promotion. Results of their study show that sales promotion increases consumption because of higher usage rate and stockpiling.

Mela, F. Carl. et.al. (1997) 14 examined the long-term effect of promotion and advertising on consumer's brand choice behavior. They addressed two questions: 1. Do consumers respond to marketing mix variables such as price changes over a long period of time? 2. If yes, are these changes associated with change in manufacturer's advertising and retailer's promotional policies? Their results are consistent with the hypothesis that consumers become more price and promotion sensitive over time because of reduced advertising and increased promotions.

Gould, W. Brian (1997) 15, in his study, focused on the dynamics of the consumer purchase process and examined the effect of coupon-based price deals on inter purchase times. He used econometric models of duration to a formally purchased food commodity, cheese. Results suggested that use of coupon results in reduced inter-purchase time for all varieties of cheese products.

Sethuraman, Raj (1996) 16 developed a Separate Effect Model that separates the total discount effect of competing high-priced brand on the sale of the focal low-priced brands in to discount effect. Findings from empirical analysis is that the leading national brand can draw sales from competing brands without reducing its price below the price of other brands.
Jeffry, J. and Mc.Alister, Leigh (1994) tested the hypothesis that coupon redemptions are greatest in the periods immediately following the coupon drop and decline monotonically. As per the study the hypothesis was rejected and it was proved that expiration dates induce a second mode in the redemption pattern just prior to the expiration dates.

Grover, Rajiv and Srinivasan, V. (1992) investigated the multiple effect of retail promotion on brand loyal and brand switching segment of consumer. They found that the market can be characterised by brand loyal segment and switching segments; promotional variable have significant effects on segment market shares, the effect being different across segments; store share is related significantly to promotional attractiveness of a store; the overall promotional attractiveness of the product category has significant current and lagged effect on category volume and the lagged effects resulting from consumer purchase acceleration and stock-up last longer for brand loyal segments than for switching segments.

Kahn, E. Barbara and Louise, A. Therse (1990) investigated how in-store price promotions affect market share after the promotion have been retracted. They find that the effects of promotion are contingent on both the choice pattern of subjects- whether or not subjects switch among brands- and the ubiquity of promotions in a product category. If only one brand is being promoted and subjects are generally loyal to the last brand purchased, brand choice probability declines from pre-promotion levels once the promotion is withdrawn. However if subjects tend to switch among brands in the absence of promotion, or several brands are being promoted, this decline is mitigated and/or does not occur.

Gupta, Sunil (1988) explains how sales promotion affect consumer’s purchase decisions and thus the sale of a brand. He argues that the effect of a sales promotion can be examined by decomposing the sales bump during the sales promotion period into sales increase due to brand switching,
purchase time acceleration and stock piling. The author proposed a method for such decomposition whereby brand sales are considered the result of consumer decision about when, what and how much to buy. The impact of marketing variables on these three consumer decisions is captured by an Erlang-2 inter-purchase time model, a multinomial logit model of brand choice and a cumulative logit model of purchase quantity. The models are estimated with IRI scanner panel data for regular ground coffee. The result indicates that more than 80% of the sales increase due to promotion comes from brand switching. Purchase acceleration in time accounts for less than 14% of the sales increase, whereas stock piling due to promotion is a negligible phenomenon accounting for less than 2% of the sales increase.

Kerin, A. Roger and Cron, L. William (1987)\textsuperscript{21} examined the selling and non-selling role of trade shows and identified marketing and trade-show strategy related variables that affect performance. According to them the current measures are inadequate for measuring the effectiveness of trade-shows on selling and non-selling dimensions.

2.1.2. Studies on Consumer Perception

How consumers perceive the various aspect of sales promotion is very important for brand managers to plan, implement and properly evaluate their promotion schemes. A price discount or a gift offer may affect the brand equity and loyalty adversely. Several studies were conducted on the perception of consumers about price, quality, value, etc. of a promoted brand. A summary of available literatures are presented below.

Kumar, KM. Krishna (2006)\textsuperscript{22} studied consumer’s perception about promotional strategies adopted by marketers of fast moving consumer goods in Kerala. The level of awareness about various sales promotion strategies, their attractiveness to consumers and their effectiveness in creating brand awareness, trial purchase, repeat purchase and brand loyalty were some of the issues addressed. The data were collected from 300 consumers from different
parts of the state. Various mathematical and statistical tools were used for analyzing the data including Chi-square test, t-test, ANOVA and Duncan test. According to the findings of the study consumers belonging to different categories are very much aware of the various sales promotional strategies adopted by marketers. Further, of the different tools used for sales promotion, price-offs and gifts and complements are most attractive to consumers. Moreover, for creating brand awareness, trial purchase, repeat purchase and brand loyalty, gifts and complements, free samples, price-offs and premium offer respectively are the best tools suggested.

Alvarez, Begoña, Rodolfo, Vázquez, Casielles (2005) examined the influence that sales promotion has on brand choice behaviour. A regional consumer panel was used for collecting necessary information for the study. The authors report that promotion is a tool that can help manufacturers and/or retailers in the achievement of their objectives (try the brand, help to decide what brand to buy, etc.). Immediate price reduction is the technique that exerts greatest influence on the brand choice process. It is possible that the consumer perceives a promotion, for example, coupons or rebates, but does not modify his or her behaviour. In this case, manufacturers and/or retailers will be investing their resources in promotional actions that do not have any effect on the consumer. Moreover promotions based on price have the greatest effectiveness.

Bailey, Anthony, Ainsworth (2005) studied the impact of gender and company reputation on consumer attitudes towards, and perceptions of companies involved in non-fulfillment of promotions. The results of an experimental study indicated that companies influence how consumers perceive brands and companies involved in non-fulfillment of promotional deals. Companies with positive reputations do not suffer as adversely as those with negative reputations. Gender has an impact on perceptions of the credibility of companies involved in non-fulfillment, but does not affect brand
attitudes, patronage intentions or switching intentions. Among women, there were greater differential effects of company reputation on their attitude as compared to the case with men, where the differential effects were not as great.

Peter, R. Darke and Cindy, MY. Chung (2005) examined the extent to which different promotional frames increased perceptions of deal value. Results of the study showed that negative equity inference moderates discount framing effects and undermines deal value, particularly when no assurance of product quality was provided. Every-day-low-price offers were also vulnerable to negative quality inference, while free gifts frames maintained quality perceptions and increased deal value. Product trial acts to further magnify promotional framing effects.

Vyas, H. Preeta (2005) attempted to study consumer preferences with respect to sales promotion in FMCG category. It was found that sales promotion offers which is unique, which offers immediate incentive preferably of price-cut nature is likely to appeal to all consumer segments.

Janiszewski, Chris and Mrcus, Cunha (2004) examined the argument that the impact of price discount on the perceived attractiveness of the product bundle depends on which product is discounted i.e., the discounts are effective when they are assigned to the product that will receive the most weight in the overall evaluation of the bundle. Results of six studies show that the perceived value of the discount may also depend on referent specific to each product.

Soo-Jiuan, Tan and Seow, Hwang, Chua (2004) investigated the impact of framing through the use of a vague scarcity restriction ("while stocks last") on consumer’s perception of promotional offers involving different claim formats (tensile price claim such as "save up to 60 percent" versus non-tensile price claim such as "save 60 percent") and different amount of price discounts. The findings show that framing the sales offer with such a
vague scarcity restriction and using a tensile claims format improve the consumer’s perceived informational value of the offer, only if exaggerated price discounts are involved.

Alain, d'Astous and Valérie, Landreville (2003) report the results of an experimental study where four characteristics of premium-based sales promotions were manipulated in the context of a computer purchase. These characteristics are: the attractiveness of the premium, the extent to which it fits the product category, the reception delays of the premium, and the mention of its value. The results show that these factors had interactive effects on consumer reactions. Although the attractiveness of the premium generally had a positive impact on consumer appreciation of the promotional offer, a promotion including an unattractive premium was nevertheless positively evaluated if the premium was a good fit to the product category. Sales promotions, including a premium that fits well the product category, were less likely to be perceived as manipulative. However, if the product-premium fit was poor and the premium was not attractive, mentioning the value of the premium helped to reduce the perceptions of manipulation intent.

Fred, M. Feinberg et.al. (2002) proposed that consumers preferences are affected not only by prices they are offered but also by the prices available to others suggesting rather different promotional policies from prior models. They caution practitioners against over promoting and/or promoting to the wrong segment and suggest avenues for improving the effectiveness of targeted promotions.

Inman, J. Jeffrey and Marcel, Zeelenberg (2002) examined the consequences of repeat purchasing (maintaining the status quo) versus switching in the context of information regarding the reasons for the decision (e.g. Prior consumption episode, brand history). They concluded that this effect depends on whether or not there is justifiable basis for this decision. If there is sufficient motivation to warrant a switch, customers will feel less
regret in the face of a subsequent negative outcome realised via a switch than in one realised via a repeat purchase. Results also suggest that feelings of regret are mitigated when the consumer reflects and concludes that the decision was appropriate under circumstances.

Kureshi, Sonal and Vyas, Preetha (2002) examined the nature of sales promotion activities in toilet soap category in India and studied retailer and consumer perception with respect to these activities. It is reported that premiums (free gifts) are the most frequently used scheme in both premium and popular toilet soap categories, followed by price-offs. More over retailers perceive price-offs as the tool having greater impact. Consumers perceive price-off as the most attractive tool of sales promotion for toilet soaps.

Srivastava, Joydeep and Nicholas, Lurie (2001) reported the result of three studies that examined price-matching refund policies from a consumer perspective. The first study shows that consumers perceive price matching refund policies as signals of low store prices and the presence of a refund increase the likelihood of discontinuing price search. Second and third Studies show that when search costs are low, the number of stores searched increases in the presence versus absence of a price-matching refund policy. When search costs are high, consumers appear to accept the price-matching signals at face value and search less in the presence of a refund.

Vibhas, Madan and Rajesh, Suri (2001) analysed the price discounts and fixed price offers in terms of their comparative impact on consumer valuation of products. Using a model of consumer valuation they explored the interaction between the negative quality effect and the positive monetary sacrifice effect associated with price discount. Their study suggested that immediate levels of price discounts are more desirable than a fixed price offer. However, a fixed price offer is more desirable than both high and low levels of price discounts.
Jeanne, Lauren, Munger and Dhruv, Grewal (2001) examined the effect of bundling formats (partially-bundled attributes vs. unbundled attributes) and framing of promotional discounts (rebate, discount and free-options) on perceived quality, price acceptability, perceived value and subsequent purchase intentions. Results of their study indicated that price reductions that are framed as providing "free" product options are perceived more favourably than conventional discounts which, in turn, are more favourable than rebates, holding the total amount of a price reduction constant. The results also suggested that unbundling of deals (segregation of gains) enhances these perceptions.

Page, Moreauet al. (2001) examined the manufacturer and the retailer beliefs about promotion, consumer's perception of sales promotion and assessed the accuracy of these predictions. Their findings indicate that manufacturers and retailers hold similar views of consumer's industrial knowledge and these channel members underestimate consumer knowledge.

Pierre, Chandon, et al. (2000) tried to find out answers for a few questions like, are monetary savings the only explanation for consumers response to a sales promotion and if not, how the different consumer benefits of a sales promotion influence its effectiveness? They found that monetary and non-monetary promotions provide consumers with different levels of three hedonic benefits (opportunities for value expression, entertainment and exploration) and three utilitarian benefits (savings, higher product quality and improved shopping convenience). It is argued that a sales promotion's effectiveness is determined by the utilitarian and hedonic nature of the benefits it delivers and the congruence these benefits have with the promoted product. For high-equity brands, monetary promotions are more effective for utilitarian products than for hedonic products.

The model developed by them suggests that under some conditions price-matching policies lead to a more intense price competition. All firms may not find it profitable to offer refunds, and consistent with customer expectations the firm with lower price will offer refunds.

Priya, Raghubir and Kim, Corfinan (1999) investigated whether price promotions affect the pre-trial brand evaluations by the people. They are of the opinion that price promotions affect pre-trial brand evaluations unfavourably in some specific conditions i.e., when the brand has not been promoted earlier; when promotions are used as a source of information about the brand, when the evaluator is not an expert; and when promotion is uncommon in the industry.

Jane, W. Licata et.al. (1998) examined the effect of plausible as well as implausible or exaggerated tensil discount on consumer discounting behavior, price perception and behavioral intentions. They compared the effects across two consumer segments, elder and non-elder, for a product and a service. Findings indicate that the age of the consumer had a significant interaction with discount level for consumers discounting behavior regarding the product offer. The effect of implausible and high-plausible discount on price perception was higher than that of low-plausible discount. There were no significant differences between the implausible and high-plausible discount level for price perception behavior or behavioral intentions.

Chung,-Kue, Hsu and Ben, S. Liu (1998) examined the role of mood in price promotions. Results of their study show that mood influences the effectiveness of price promotions through consumers perceived transaction value in a mood congruent direction. Mood effects are asymmetric in positive and negative conditions. Consumers perceived quality has been found not influenced by pre-shopping mood of the consumer.

Kapil, Bawa, et.al. (1997) suggested a framework for modeling coupon redemption that makes it possible to evaluate the relative merit of
different coupon promotions and examined how consumer response to coupons varies by coupon characteristics. Empirical application of the model showed that important insight into consumer response to coupon can be obtained and that consumer response can be predicted for nearly 90% of the sample.

Banwari, Mittal (1994) \(^{43}\) tried to identify a set of possible explanatory variables to capture the psychology of coupon use behavior and developed a theoretical model to link these variables among themselves and coupon use and empirically tested the explanatory power of the model. The authors identified four classes of explanatory variables for consumer use coupons i.e., cost-benefit perception, shopping related personal tracts, non-demographic general consumer characteristics and demographic characteristics.

Yadav, S. Manjith (1994) \(^{44}\) researched upon buyer's evaluation of bundle offers. They developed and tested a model of bundle evaluation in which buyers anchored their evaluations on the item perceived as most important and then made adjustments on the basis of their evaluations on the remaining bundle items. The result of two computerised laboratory experiments suggest that people tend to examine bundle items in a decreasing order of perceived importance and make adjustments to form their overall evaluation of the bundle.

Yadav, S. Manjith and Kent, B. Monroe (1993) \(^{45}\) examined buyer's perception of overall savings when they evaluate a bundle offer. Their results indicate that additional savings offered directly on the bundle have a greater relative impact on buyer's perception of transaction value than savings offered on the bundle's individual items.

Guptha, Sunil and Lee, G. Cooper (1992) \(^{46}\) examined consumer's response to retailer's price promotion. Their study shows that consumers 'discount' the price discounts. It also suggests that the discounting of discounts and changes in purchase intention depends on the discount level,
store image and whether the product advertised is a name brand or store brand. The study also investigated the existence of promotion thresholds. They used experimental data and an econometric methodology to gather empirical evidence that consumers do not change their intention to buy unless the promotional discount is above a threshold level. This threshold level differs for name brand to store brand. Specifically they found that the threshold for a name brand is lower than that for store brand. In other words stores can attract consumers by offering a small discount while a large discount is needed for similar effect for store brand. The study also indicates the existence of promotion saturation point above which effect of discounting on changes in consumer purchase intention is minimal. These results confirm consumers S shaped response to promotions.

Manohar, S. et.al. (1992) 47 report results from a controlled experiment designed to investigate the impact of a brand's price promotions frequency and the depth of promotional price discounts on the price consumer expect to pay for that brand. As per the study, both the promotion frequency and depth of price discounts have a significant impact on price expectations. There is a region of relative price insensitivity around the expected price such that only a price change outside that region has a significant impact on consumer brand choice.

Scott, Davis, et.al. (1992) 48 re-examined the findings of earlier studies that a brand which is promoted would be evaluated lower and therefore have reduced repurchase probability. They reject this theory and found that promotion does not have a negative impact on consumer repurchase and the overall evaluation of promoted brands remain unaffected.

Aradhana, Krishna, et.al. (1991) 49 investigated several aspects of consumer perceptions of deal frequency and deal prices. Results indicate that many consumers are reasonably accurate about deal frequency and sale price. Recall on deal frequency and sale price is higher for consumers with larger
family size and those who read weekly fliers for items on sale, devote a higher percentage of product class purchase to the brand, and purchase the package size more frequently, it is lower for old buyers.

Inman, J., Jeffrey et al. (1990) investigated the popular belief that some customers react to the promotional signals without considering relative price information. Result of their study show that low need for cognition individual reacts to the simple presence of a promotion signal whether or not the price of the promoted brand is reduced, but that high need for cognition individuals react to the promotion signals only when it is accompanied by substantive price reduction.

2.1.3. Studies on Other Aspects of Consumer Promotions

In addition to the impact of consumer sales promotion techniques and consumer’s perception of the same, various other dimensions have also been researched worldwide.

Eva, Martinez and Teresa, Montaner (2006) analysed the psychographic traits associated with deal-proneness. Results of a consumer survey indicate that there are relationships between some psychographics characteristics of consumers and deal-proneness. Though price conscious consumers are found more deal-prone, savings are not the only reason to buy a product on promotion. Other aspects as impulsiveness, innovativeness and shopping enjoyment also influence deal proneness.

Priya, Raghubir (2005) conducted two laboratory experiments to examine how the consumers respond to products that have been offered as a “free gift with purchase” of another product. Results of the first study showed that when an economically identical offer is framed as a joint bundle compared with when it is framed as a “Buy one, Get one free” offer, consumers are willing to pay less for the product offered “free”. When a product is given away “free” then consumers are willing to pay less for it as a
stand alone product, especially when the original promotion offer does not include the price of the gift, according to the result of the second study.

Somjit, Barat and Audkash, K. Paswan (2005) investigated how intention to redeem coupon is affected by the face value of the coupon for most common grocery items on the basis of data collected using a self-administered questionnaire from a convenience sample of students and non-students. Results of the study suggested that, for low face value of coupon, the intention remain more or less unchanged. The correlation between intention to redeem the coupon and the perceived sticker price of the product is positive at the lower levels of coupon face value, but becomes negative for higher face value.

Preeta, Hemang, Vyas (2005) in her study, mainly examined the ratio of incentives and outlays when consumers buy fast moving consumer goods under various sales promotion offers. The major finding of the study is that variation exists in I/O ratio across product categories and the non-food category exhibits more variation than the food category. It was also found that the level of incentives in the non-food category is higher than that of the food category.

Heather, Honea and Darren, W. Dahl (2005) examined the psychometric properties of consumer affect that is produced by a sales promotion offer. They proposed and tested a 28-item scale instrument, the Promotion Affect Sales (PAS), which measures affective response to promotions. Results indicated that the 28-item PAS is a parsimonious and effective measurement tool of the affect produced by sales promotion.

Priya, Jha, Dang, et.al. (2005) present an empirical view of various consumer promotions launched in the Indian market for the period 1996-2003 and identified the incentives offered by each promotion. According to the study the Indian consumer markets are dominated by non-price promotions,
especially premium offers. Coupon offers are very rare in practice. Consumer
durable emerged as the most frequently promoted category.

Jie, Zhang and Lakshman, Krishnamurthi (2004) 57 provided a
decision-support system of micro level customised promotions, primarily for
use in online stores. This system provides recommendations on when to
promote, how to promote, how much to whom. It derives the optimal price
promotion for each household on each shopping trip by taking in to account
the varying pattern of purchase behavior and the impact of price promotion on
future purchase. They state that customisation method of promotion can
greatly improve the effectiveness of current promotion practices.

Perer, H.. Leeflang and Dick, R. Wittink (2004) 58 proposed a store
level regression model that decomposes the sales promotion bump in to three
parts: cross brand effect (secondary demand), cross period effect (primary
demand borrowed from other time periods) and category expansion effect
(remaining primary demand). On the basis of data obtained from four stores,
they suggest that each of the three parts contribute about one-third on an
average. A model is also proposed for separation of category expansion effect
into cross-store and market expansion effect. Features supported price
discounts are strongly associated with cross-period effect while display-only
supported price discounts have especially strong category expansion effects.
While the role of category expansion effect tends to increase with higher price
discounts the role of cross brand and cross-period effects tend to decrease.

Jorge, M. Silva et.al (2004) 59 developed and illustrated a model to
capture the effect of coupon activity in logit models of brand choice applied
to scanner panel data. They presented the empirical application of the model
on two categories of scanner panel data, catsup and liquid laundry detergent.
They found that price elasticity is higher for coupon users than non-users.

Peter, Boatwright et.al. (2004) 60 studied the determinants of sensitivity
to the promotional activities of temporary price reductions, displays and
feature advertisement based on a unique data base with all US markets and all major retail grocery chains represented. They also investigated the role of retail competition, account retail strategy and demographics in determining promotional response. Results suggest that retail strategic variables such as price format are the most important determinants of promotional response, followed by demographic variables.

Sandrine, Mace and Scott, A. Nelsin (2004) 61 empirically studied the relationship between pre and post promotion dips in weekly store data and Universal Product Code (UPC) category and store trading-area customer characteristics. They report that, on an average, pre and post-promotion dips account for 33.3% of the current-week promotion bump, with a range of 18.8% (hand detergent) to 68.4% (canned tuna).

Priya, Reghubir (2004) 62 reported the results of three experiments that examined whether the economic value of a coupon is a source of information to infer the prices of the product/services and the quality of the product/services, which inference can under cut the economic value, with resulting consequences for deal evaluation and purchase intentions. Results show that increasing the value of coupons does not always improve deal evaluations or purchase intentions. The presence of past price information about the brand, information about prices of other brands offered by the company, information about competitive prices moderate the impact of coupon value on brand related inferences.

Preeta, Vyas (2004) 63 reviewed recent contributions in the area of sales promotion through Meta analysis, classified them and reported the key findings. It is reported that majority of the articles addressed manufacturer’s perspectives; almost all studies were done in developed countries; coupon as a consumer promotion tool was widely researched; and more than half of the articles were addressing planning related issues.
Michel, Caroche et al. (2003) proposed a multi-dimensional model, which is based on two different promotional tools- coupons and two-for-one promotions- supposed to trigger different promotional response. On the basis of their study they highlighted commonalities and differentialities in the process of promotion use.

Harald, J. et al. (2003) analysed the result of the previous studies decomposing the effect of sales promotion that the majority of the sales promotion elasticity is attributed to secondary demand effects (brand switching) and the reminder is attributed to primary demand effect (timing acceleration and quantity increases). The authors offer a complementary decomposition measure based on unit sales. The measure shows the ratio of the current cross-brand unit sales loss to current own-brand unit sales given during promotion. Approximately 33% of the unit sales increase is attributable to losses incurred by other brands in the same category.

Richard, L. Oliver and Mikhail, Shor (2003) studied the effect of using digital coupons in prompting the customers to enter a promotional code and its influence on shopper’s perception and behavior such as shopping cart abandonment. Results showed that providing a code and its attendant price reduction had a positive effect on perception of fairness and satisfaction when compared to traditional couponing.

Kureshi, Sonal and Vyas, Preeta (2003), in their study try to understand the position of joint sales promotion in India and problems and prospects of this type of promotion. Content analysis done by the researchers revealed that target market commonality relationship is the prime reason for companies offering joint sales promotion. Further, joint sales promotion is most prevalent in consumer durable category.

David, R. Bell, et al. (2002) documented several laboratory and scanner panel data studies that provide evidence of the flexible consumption effect. The goal was to analyse how such an effect might influence the pricing
behavior of firms. To study this, they developed a model of price competition between firms in a setting that accommodate the primary demand effect of stockpiling and increased consumption. The authors report that the presence of flexible consumption effect causes more intense price competition and deeper promotion.

Pierre, Chandon and Brian, Wansink (2002) developed a framework of post purchase consumption behavior, which they used to examine when and how exogenous product stockpiling increases the short-term rate of consumption. Using results from a scanner study, a field study and two laboratory studies (20 different products) they found that stockpiling indeed causes people to consume products at a faster rate, especially when the product is convenient to consume. This is because stockpiling accelerates both consumption incidence and quantity when the product is convenient to consume but only influences consumption quantity when the product requires preparation. In addition the authors show that stockpiling triggers impulse consumption incidences because it raises the salience of these products at the point of consumption. When a product is being consumed, however, stockpiling increases the quantity consumed because the product is perceived as relatively inexpensive to consume.

Alain, d’Astous and Isabelle, Jacob (2002) reported the results of a three-study research programme whose purpose is to gain a better understanding of consumer reactions to premium-based promotional offers. The results reveal that consumer appreciation of premium-based promotional offers is more positive when the premium is direct than when it is delayed, when there is a relatively lower quantity of product to purchase, when the value of the premium is mentioned, when brand attitude is positive, when interest in the premium is great, and when consumers are characterised by deal-proneness and compulsive buying tendencies.
Philip, J. Trocchia, Swinder, Janda (2002) \(^{71}\) reported on two studies, which examine why individuals purchase goods and services that they never fully utilize or consume later. The first study employed qualitative methods to ascertain consumer motivations for purchasing unused products and their reasons for subsequent non-consumption. The second study employed survey methodology to quantify results of the earlier study. Primary motivations included self-presentation, self-improvement, satisfaction, impulse purchase, salesperson influence, unintended purchase and acquiring competence. Reasons for non-usage included self-consciousness, lack of enthusiasm, disappointing results, maintenance difficulties, concern about injury, use difficulties and unmet expectations.

Gilbert, D.C. and N. Jackaria (2002) \(^{72}\) investigated consumers response to the four different promotional deals most commonly used in the UK supermarkets: coupons, price discounts, samples and “buy-one-get-one-free”. The authors used multi discriminent analysis to study whether there was an association between four consumer promotion approaches and respondent’s reported buying behavior. Findings indicated that only price discount promotion has proved to be statistically significant on consumers reported buying behavior. Purchase acceleration and product trial were the two most influential variables related to discount. For “buy-one-get-one-free”, while the result is not significant, the two variables, brand switching and purchase acceleration were found statistically significant.

Roger, Marshall and Seow, Bee, Leng (2002) \(^{73}\) investigated Singapore consumer’s price thresholds and saturation points for price discounts. Results of their study showed that consumers discount the offered price discounts, i.e., they lower the dollar gain value. This discounting of discounts increases significantly with the increase in advertised discounts. Result is the same for products and services. They opined that frequent price promotions in
Singapore might have lowered the products expected price and lead consumers to defer purchases when regular prices are offered.

Stefan, Stremersch & Gerand, J. Tellis (2002) classified the domain of bundling formulates clear rules to assess its legality and developed 12 propositions that stipulates which bundling strategy is optimal in various contexts. In terms of focus the authors distinguished price bundling from product bundling. Price bundling is the sale of two or more separate products as a package at a discount, without any integration of the product. Product bundling is the integration and sale of two or more separate products or services at any price. Bundling can be pure or mixed. Pure bundling is a strategy in which a firm sells on the bundles and not (all) the products separately. Mixed bundling is strategy in which a firm sells both the bundle and all the separate products in the bundle separately.

Vincent, R. Nijis, et.al. (2001) studied the category-demand effect of price promotions in consumer product category. Modern multi-variate time series analysis was used to disentangle short-run and long-run effects. Category demand was found to be predominantly stationary either around a fixed mean or a deterministic trend. Although the net short-term effects of price promotion are generally strong, they really exhibit persistent effects.

Shun, Yin, Lam et.al. (2001) examined the influence of three categories of retailer marketing objectives i.e., attraction effect, that focuses on consumer's store entry decisions, conversion effect, that relate to consumer’s decision about whether or not to make a purchase at a store they are visiting and spending effect, that represent both dollar value and composition of their transaction, on store performance. Results suggest the following: 1. Price promotion has little impact on front traffic, but positively affect store entry and likelihood that consumers will make a purchase.2. The effect of price promotion on consumers spending in a store is significant, but varies with type of promotion employed 3. Greater promotional scope
enhances store entry, but promotion with narrow scope seems to have narrow impact on store traffic 4. Clearance promotions have a weaker effect on store entry when compared to other multi-category promotion, while new product promotions have positive impact on conversion. 5. Newspaper advertising, when compared to targeted coupons, has a stronger effect on store attraction but a weaker effect on spending.

Jan, Slater (2001) 77 examined the effectiveness of coupon strategy in the light of the Proctor & Gamble's zero-coupon test for a period of 18 months in Newyork and the introduction of every day lower price strategy (EDLP). The result of the experiment was that value could be delivered to the consumer without the cost and inconvenience to consumers.

Alice, Kendrick (1998) 78 compared the effectiveness of using imprinted ad specialty items and coupons in increasing repeat orders among customers. It was carried out through a controlled field experimental method. They found that advertisement specialties and discount groups were more active on a monthly basis than was the control group, and had significantly higher spending level than the control.

Donald, R. Lichtensein, et.al. (1997) 79 examined if there are consumer segments that have a propensity to be deal prone in general and / or segment that reflects a proneness to deals at some more specific levels such as a segment reflecting a propensity to respond price promotions but not non-price promotion. Their analysis using multi item scales assessing consumer proneness to eight different types of sales promotion indicated the existence of a consumer segment that reflects a generalised deal proneness across deal types.

Kureshi, Sonal and Preeta, Vyas (1997) 80 surveyed the literatures in sales promotion published in a period of 25 years in order to gain knowledge about the trends in sales promotion literature. It was found that a significant number of articles are in the area of planning and evaluation of sales
promotion schemes mainly targeted to consumers. Also consumer non-durable category was extensively researched and survey method was predominantly used.

Chakravarthy, Narasimhan, et.al. (1996) studied the relationship between product category characteristics and average brand promotional elasticities within the category. Results indicate that promotional elasticities are higher for categories with relatively fewer numbers of brands, higher category penetration, shorter inter-purchase times and higher consumer propensity to stockpile.

Scott, A. Nelsin and Linda, G. Schneider, Stone (1996) studied the case of post promotion dips in sales using simulation based on real data. Results show that given the degree to which inventory influences purchase decisions there would be no post promotion dips, even though promotion influences the purchase decision. However, if the inventory had a greater influence on the purchase decisions, there would be post promotion dip in sales.

Francis, J. Mulhern and Daniel, T. Padgett (1995) examined whether shoppers who are attracted to the store because of price promotion also buy regular merchandise and the relationship between regular price and promotion purchasing. Results of the study showed a significant positive relationship between regular price and promotion purchases. Among the shoppers who identify the promotion as one of the reasons for visiting the store, three-fourths make regular purchases. On an average these shoppers spend more money on regular price merchandise.

Sanjay, K. Dhar, et.al. (1995) studied the comparative effectiveness of imprecisely stated discounts in brand promotions offered in the form of low-probability lottery and conventional promotions offering a precise discount on the entire stock. They conducted two experimental studies and the results suggested that imprecisely stated discounts in brand promotions
offered in the form of low-probability lottery could lead to a higher sales or purchase intentions and consequently profits than the equally costly conventional promotion offering a precise discount on the entire stock.

Robert, F. Shoaf and Edward, L. Melnick (1994) investigated whether the manufacturer sponsored cents-off promotional discount are passed on to the consumer by the retailer. Out of the total 3357 COP deals studied, in 81% the manufacturer’s intended discount was consistently passed on to the consumer by the retailer.

Aradhna, Krishna (1994) built a purchase quantity model to contrast normative behavior of consumers who have knowledge of future price deals with that of those who do not. Experiments result show that normative purchase behavior is very different between consumers with and without knowledge of future deals. The consumers with knowledge of future deals could be more likely to purchase on low value deals and deals on less preferred brands compared with consumers without knowledge of future deals.

Bagozz, et.al. (1992) investigated how the individual difference variable of state action orientation moderates the pattern of relationships among constructs in the theory of reasoned action. State orientation refers to a low capacity for the enactment of action-related mental structures, where as action orientation refers a high capacity for this kind enactment. A field study was conducted in the context of consumer’s self-reported usage of coupons for grocery shopping. According to the study the state versus action orientation moderates the relative importance of determinants of intention, specially subjective norms become more important as people become state oriented; where as the relative importance of attitudes increases, as people become action oriented. In addition, the study showed that past behavior is determinant of intentions to use coupons.
Jamie, Howell (1991) examined the potential increase in oligopolistic manufacturer's profits due to a policy of cents-off couponing and the resulting changes in consumer welfare and resource allocation. Their results suggest that couponing policies of U.S. manufacturers are motivated by their desire to increase profits through third-degree price discrimination - a practice that results in welfare losses to consumers.

Gwen, Orlmeyer and Joel, Huber (1991) presented the results of their study that tested the effect of brand experience in moderating the negative impact of promotions. According to them the negative impact of a discount on perception of quality and subsequent intent to purchase at full price is eliminated among those who had tried the brand.

Donald, R. Lichtenstien, et.al. (1990) argue that coupon proneness should be conceptualised and measured at a psychological level and treated as the construct that affect coupon responsive behavior rather than isomorphic with the behavior. Results of their study support the premise that coupon-responsive behavior is a manifestation of both value consciousness and coupon proneness.

John, H. Antil (1985) studied the problem of whether consumers do get the benefit of coupon offers, in the light of the criticisms levelled against the practice of couponing like the use of coupons increase the price of products and create an unfair situation in which coupon users are being subsidised by nonusers. He reported that coupon can and do save money for the consumers and their use is in the best interest of the consumers.

2.2. Studies on Sales People Promotion

Only a few numbers of studies have been attempted on the promotional activities meant for sales people. Sales people's perceptions about sales contests, designing optimal sales contests, etc. were the main topics discussed.
Pushkar, Murthy and Murali, k. Mantrala (2005) developed and analysed a normative model for allocating a fixed, short-term promotion budget between product advertising and prizes of a rank-order sales contest for a homogeneous sales force when sales are driven by both personal selling effort and advertising. The model provides insights into how the optimal budget allocations vary with the synergy between advertising and selling effort, sales force size, sales person risk-tolerance, perceived cost of effort, selling effectiveness and sales response uncertainty. The analysis highlights the need for and value of close coordination between marketing and sales management in designing a promotion programme involving both advertising and sales force incentives.

Ajay, Karla and Mengxe, Shi (2001) examined how a firm should design an optimal contest to maximise its profit through stimulating the sales people’s effort, especially how many sales people should be given awards and how the reward should be allocated between the winners. The results show that sales peoples exert lower effort when there are large numbers of participants or when sales uncertainty is high. Rank-Order tournament is found superior to Multiple-Winners contest format. Total number of winners should be increased and the spread decreased when sales people are more risk averse.

William, H. Murphy and Ravipreet, S. Sohi (1995) examined the factors which are associated with salespeople's feelings towards a sales contest. They collected data through verbal protocols and surveys from salespeople belonging to a division of a Fortune 100 firm. Results indicate that salespeople's self-esteem, commitment level, and career stage play a role in influencing feelings towards the sales contest.

2.3. Studies on Trade Promotions

Business-to-Business promotions, i.e., promotion by manufacturers to wholesalers and retailers or wholesalers to retailers are not found much favour
with researchers. Limited number of studies available is reviewed and a brief account is given below.

Karl, Hellman (2005) suggested that a business-to-business products strategy required to include a clear definition of its target market, point-of-difference from competitors that are compelling the consumers and proof that the firm's claims are creditable. Business-to-Business companies need to expand their strategies to include pinpointing why potential customers are not buying their products and then developing specific programmes to overcome the barriers.

Fusun, F. Gonul, et.al. (2001) investigated whether and how pricing and promotional activities influence prescription choice behavior. They find that physicians are characterised by fairly limited price sensitivity, detailing and samples have mostly informative effect on physicians and physicians with relatively large number of medicare or health maintenance organisation patients are less influenced by promotions than other patients.

Nandakumar, et.al. (2001) attempted to develop a simple game-theoretic framework to examine the strategic consideration that underline a retailer's decision to pass through a trade deal. According to them in an environment where manufacturers offer trade promotion, a retailer may not have the incentive to pass a low wholesale price on to consumers because consumers do not have perfect information about on-going trade promotions. However, if the retailer never passes savings on, consumers can infer opportunistic pricing based on prior knowledge of trade promotion frequency and have a higher tendency to shop elsewhere. The extent of retailer opportunism depends on product-market characteristics, such as the retailer's clientele and the heterogeneity of consumer search cost as well as the characteristics of the manufacturer's trade promotion policy like the frequency of trade promotion and depth of discount offered, etc.
Jim, Blythe (1999) examined the impression that despite the widespread use of trade exhibitions as a promotional tool and the large sums of money committed to the activity by UK firms of all sizes, many firms do not have any meaningful ways of evaluating the effectiveness of the activities. It was found that, while firms with differing levels of exhibition activity had much the same reasons for attending the exhibitions and the propensity to set objectives remained similar across the board, the methods used to assess the outcomes of the exhibition varied in both quantity and type according to the frequency of exhibiting.

John, P. Murray Jr. and Jan, B. Heide (1998) reported the result of a study that examined retailer participation in manufacturer sponsored promotion programme. On the basis of an empirical study involving a conjoint task, the authors show that the presence of a strong inter-personal relationship does not diminish the importance of other variables such as incentives. The results also suggest that inter-personal relationships are less important determinants of participation than economic incentives.

Robert, D. Buzzel et. al. (1990) highlighted the shift in the growing power of the super markets, drug store chains, warehouse clubs and discounters regarding the marketing and sales of frequently purchased consumer goods.

Chakravarthi, Narasimhan (1990) explored the factors managers consider important in allocating trade and consumer promotions. Importance scores on several dimensions were analysed to extract the underlying factors. Indices are computed using these raw scores. The extent of mediation by several brand and category variables on managerial perceptions was then examined by correlating manager's indices and the structural variables. The impact of the structural variables and the importance scores are related to promotion to sales ratios in a regression model. Result of the study shows that
the structural variables have strong and predictable impact, the importance scores are somewhat weak in their explanatory power.

2.4. Other Studies on Promotion

In the context of studying effect of sales promotion on consumer behaviour, it would be appropriate to review some of the studies conducted on consumer’s consumption and buying decision-making process, success factors of sales promotions, basis of allocating promotion budgets on its various components and a host of other issues related to promotion.

Kureshi, Sonal and Vyas, Preeta (2005) 102 examined the practices, perceptions of net users and avenues of consumer sales promotions through this medium. To gain insight into current practices, consumer sales promotion on general, specialised and e-commerce sites were studied. An online survey of 161 net users was carried out to examine perceptions of net-based promotions over ten dimensions. According to them the most frequently promoted product categories across sites were apparel, airlines, and books. Price-off followed by free gift offer was the most commonly used type of promotions.

Timothy, J. Richards and Paul, M. Patterson (2005) 103 studied the issue whether a non-cooperative equilibrium can emerge that produces margin above the competitive level in the context of that super market retailers make strategic pricing decision in a high frequency repeated game environment both in buying and selling fresh produce. Results of the study supported the existence of tacitly collusive non-cooperative equilibrium in upstream and downstream markets.

Gary, Warnaby and Kit, Man, Yip (2005) 104 investigated the process by which marketing and promotional activities were planned, and the specific promotional tools used by Regional Shopping Centres in the UK. Marketing Managers of four of the nine RSCs were interviewed using a non-standardised
semi-structured interview schedules. One of the major findings was that the human resources devoted to marketing and promotions in RSCs were relatively low, and their tasks oriented towards more tactical promotional activity. RSCs make extensive use of advertising and public relations, plus promotional leaflets and special events as their promotional strategy.

Adilson, Borge, et.al. (2005) 105 proposed a method to decrease redundancy effect of promotion without reducing overall promotion utility. Their results suggested that grocery stores might avoid redundancy effects by introducing categories with buying association in their promotional assortment resulting in higher share of full priced products in the consumer baskets without reducing global utility of promotion.

Jan-Benedict, et.al. (2005) 106 answered the questions how do competitors react to each other’s price promotion and advertising attacks and what are the reasons for the observed reaction behavior? Results of empirical study show that the most predominant form of competitor’s response is passive in nature. The competitor’s reaction is usually retaliatory in the same instrument, i.e., promotion attacks are countered with promotions and advertising attacks are countered with advertising. Moreover they argue that there are very few long-run consequences of any type of reaction behavior.

Mary, P. Conchar, et.al.(2005) 107 reported a narrative view of econometric models published in the business literature that estimate the effect of advertising and promotional spending on the market value of the firm. They suggest that there is a positive relationship between levels of advertising and promotional spending and the market value of the firm. Advertising and sales promotions spending are generally expected to generate future cash flows and produce increases in shareholders wealth.

Wesly, S. Changchien, et.al.(2004) 108 proposed an online personalised sales promotion decision system. The proposed system consists of three modules namely, 1. Marketing strategy 2. Promotion patterns model and 3.
Personalised promotion products. A prototype system has been developed to illustrate how the proposed online personalised promotion decision supports systems work in electronic commerce.

Haesun, Part (2004) investigated the effect of retailer’s fashion and price orientation on manufacturer’s offerings of retailer’s cooperation with promotional support. Results of the study showed significant effect of price orientation on both offering frequency and cooperation level. The effect of fashion orientation was found not significant. For sales support and selling aid samples, the difference in offering frequency and cooperation level were found among the different levels of price orientation groups. Retailers found monetary support most acceptable regardless of price orientation or fashion orientation.

Timothy, M. Smith, et.al. (2004) investigated the complementarity between two dominant elements of the business marketing communication mix - personal selling and trade shows - from an integrated marketing communication perspective. They demonstrate that follow-up sales efforts generate higher sales productivity when customers have already been exposed to the firm’s product at a trade show. The study also suggests that return-on-sales figures are higher among show attendees and that the trade show generates positive effect on consumer purchase intentions.

Steenkamp et.al. (2003) examined the effect of consumer and market factors on the trial probability of new consumer packaged goods. The main findings of the study was that the effect of consumer’s personal makeup on the probability that they will try the new products are systematically moderated by elements of the marketing strategy associated with the new product and by category characteristics.

Stephen R. Parker and Charles, E. Pettijohn (2003) examined the influence of direct-to-consumer advertising and physician promotions on the demand for the drugs by the consumers and prescribed by the physicians.
They suggested that direct-to-consumer advertising is likely to increase the request rates of the drug category and brand choice, as well as the likelihood that the drugs would be prescribed by the physicians.

Linaxi, Zhou and Amy, Wong (2003) \(^{113}\) examined the effect of in-store point-of-purchase posters on shopper’s impulse purchase behavior. They also examined the effect of atmosphere engagement (i.e., enjoyment, modern and attractiveness) conveyed by in-store POP Posters. Their main finding is that in-store POP can influence shopper’s impulse purchase through both informative (promotional effect) and experimental (atmospheric effect) dimensions.

Andrew, G. Parsons (2003) \(^ {114}\) analysed the effectiveness of ten common mall promotional activities in encouraging increased spending, customer visits or both. Results suggested clear distinction between sales driven and visit driven promotional activities and show possible combinations that would be effective in generating optimum customer behavior. Some traditional promotions like fashion show and product displays are shown to be poor performers in generating either response, school/community displays appear to be encouraging non-customer visits. A combination of general entertainment and price-based promotions are found to be strong alternative ways to encourage visits and spending.

Ying, Fan and Nico, Pfitzenmaier (2002) \(^ {115}\) reported the result of an internet survey on the potentiality of event marketing or sponsoring events in China as an alternative to advertisement and other promotional activities. Result of the study showed that this type of promotion provides international companies a viable alternative to the increasingly cluttered mass media, and play a key role in corporate branding and integrated marketing communication. Sponsoring sports and music events was found particularly effective in reaching the opinion leaders and innovators, and establishing favourable links between an audience and sponsor’s brand image.
Chu-mei, Liu (2002) in his study tried to find out the effect of various activities including promotional activities on consumer's choice of mobile phone brands in Philippines. Results indicated that consumers relate information about the service providers with a combination of brand concept and unit usage flexibility.

Tulin, Erden and Baohong, Wun (2002) tested for marketing mix strategy spill over effects of umbrella brands in frequently purchased packaged product categories. They examined whether advertising in one product category affects sales in another product category for umbrella brands. The cross category effect of all marketing mix, including price, coupon availability, display and features is considered. On the basis of analysis of scanner panel data on two categories - tooth paste and tooth brush - the authors find evidence for advertising spill over effects for umbrella brands. Advertising in one category serves as a mechanism for reducing uncertainty in the other category for umbrella brands. Moreover there are spill over effects of price, coupon availability and display as well.

Katherine, N. Lemon and Stephen, M. Nowlis (2002) focussed their study on potential synergies between promotional and branding strategies, specifically seeking to understand interaction among displays, feature advertising, price promotions and brands in different price-quality tiers. Using both scanner data and experiments, the authors find that high-tier brands benefit more than low tier brands from price promotion, displays or feature advertising when these promotional tools are used by themselves. This advantage disappears, however, when certain promotional tools are used in combination with each other. In particular, the authors find that price promotion have more of an equal effect on low-tier and high-tier brands when these promotions are offered in settings in which comparisons are difficult. Further more, the combined effect of displays and price promotions or feature
advertising and price promotions have greater effect on low-tier brands than on high-tier brands.

Baumeister, Roy F. (2002) \(^\text{119}\) opined that self control is a promising concept for consumer research and they describe self control failure as an important cause for impulsive buying. According to them there are three causes of self-control failure, viz. 1. Conflicting goals and standards, 2. Failure to keep track of (monitor) one's own behavior renders control difficult and 3. Depletion of this resource makes self-control less effective.

Chakravarti, Dipankar, et.al. (2002) \(^\text{120}\) suggested that partitioning or consolidating the price of products in a bundle could influence the attractiveness of the bundle offer.

PK Kannan and Chi Kin (Benset) Yim (2001) \(^\text{121}\) investigated whether and how the significant change in promotion strategy would affect the competitive pattern in the market. The authors used a methodology based on logit model of brand switching to evaluate and test the impact of promotions on competitive structure and to identify the nature of the impact. Their findings reveal that some sales promotions like displays and price cuts have a significant impact in shaping competitive patterns. The magnitude of this impact decreases with increased product differentiation and increased intensity of the promotional activities in the market.

Kusum, L. Ailawadi et.al. (2001) \(^\text{122}\) used Proctor and Gambles value pricing strategy as an opportunity to study consumer and competitor response to a major sustained change in the marketing mix strategy. For an average brand, the authors found that deals and coupons increase market penetration and surprisingly have little impact on customer retention as measured by share of category requirements and category usage. For the average brand, advertising works primarily by increasing penetration, but its effect is weaker than that of promotion. The authors also find that competitor's response is related to how strongly the competitor's market share is affected by the
change in the marketing mix and the competitor's own response and to the structural factors such as market share position and multi-market contact.

Albert, C. Bemmao, et.al.(1999)\textsuperscript{123}, in their study, deals with the reliability of the coefficients of promotion-type dummy variables (e.g., display, leaflet, bonus pack,). According to them the lack of pass-through of trade deals to the end consumer, those coefficients can be typically unidentified or unstable when estimated at the store level and even at the chain level. Assuming that the individual-level coefficients of the dummy variables are drawn from a common but arbitrary distribution, the authors suggest to "pool" the data for those variables (partial "pooling") across stores and across chains.

Banwari, Mittal and Walfried, M. Lassar (1998)\textsuperscript{124} explored the linkage between customer satisfaction and loyalty. They also examined the measures of service quality and tested whether different components of service quality i.e., functional and technical, influence satisfaction differently than they influence loyalty. Results suggest that relationship between satisfaction and loyalty are asymmetrical i.e., while dissatisfaction nearly guarantees switching, satisfaction does not ensure loyalty.

Demetrios, Varkratsas (1998)\textsuperscript{125} discussed the type of household costs that affect accelerated purchase behavior, selected demographic variables linked to such costs, develop and test propositions about relationship of demographic variables and purchase acceleration, He found that smaller households are more prone to accelerate their purchase due to deals than larger households. Lower income households show greater propensity to accelerate because of a lower price. Households with less than full-time employed wives tend to rely on price for deciding whether to accelerate their purchase or not, while for households with a full-time employed wife, the promotional signal is enough to trigger acceleration.
Carl, F. Mela, et.al. (1998) examined the effect of changes in promotion and advertising policy on market structure over a long term. Analysis of scanner panel data indicate that brands in the analysed product category tend to fall in to premium / non-premium and attribute based tiers. The differentiation between non-premium and premium brands diminishes. Increase in price promotions and reductions in delivering lead to decreased differentiation between brands.

Folkes, et.al. (1997) conducted a series experiments manipulating product supply to investigate its effect on product usage. Subjects were presented with containers filled with various amounts of a product and asked to indicate how much of a product they would use. Results showed that consumers tended to conserve diminishing resources so that the amount they indicated they would use generally decreased as the supply decreased. Container size and the fill level of the container did not influence the amount used.

Shivakumar, K. and Raj, SP. (1997) investigated how competition among quality tiers is affected by direction of price changes (increase or decrease). Empirical findings from four scanner panel data sales show that with price reduction, high quality brands gain more than low quality brands both in brand choice and category choice decisions. High quality brands are less vulnerable to losses when prices are increased.

Siva, K. Balasubramanian and Kumar, V. (1997) reestablished their findings in a study conducted in 1990 on the same topic. This research indicated that the market share, market growth and their interaction are important predictors of the ratio of advertising and promotional costs to sales.

Neeli, Bendapudi, et.al (1996) interpreted researches in marketing, economics, sociology and social psychology to advance theoretical understanding of helping behavior. They developed research proposition...
regarding specific promotional strategy that charitable organisations can employ to elicit help from various agencies.

David, Stewart (1996) examined in detail the Balasubhramaniam and Kumar (B&K) model 1990, devised to explain the ratio of promotional expenditure to sales which is based on only three variable viz., market growth, market share and their interaction. He found the B&K model inadequate and too simplistic when tested using data from a consumer market in the maturing phase of the product life cycle and suggested some modifications to the model, most importantly the addition of some more variables that take into account the promotional objectives of the firm.

Biger, Wernerfelt (1996) proposed that firms should treat customers as partners when they take decision about marketing communication since it would help many firms to maximise long-term profit.

William, Boulding, et.al. (1994) in their study considered the effect of three marketing communication activities i.e., advertising, sales force and promotion on non-product brand differentiation. They examined whether these activities increase a firm’s ability to differentiate and thus shield itself from future price competition. As per the result obtained from their study it is clear that by providing unique and positive messages, a firm can insulate itself from future price competition.

Ashley, Layman (1994) studied the role of advertisement and sales promotion in increasing residential demand for electricity. The result indicates that advertising is principally informational, the new consumers are most likely to be influenced, and that the effectiveness of a given expenditure in stimulating average per consumer demand decreases with the number of customers to be reached.

John, Philip, Jones (1990) explained the associated problems while using sales promotion for boosting the sale of consumer products with the
stagnated consumer product situation in the United States. According to him manufacturers lay more emphasis on sales promotion to the detriment of advertising, which usually take the form of price reduction.

Magid, A. Abraham and Leonard, M. Lodish (1990) in their study underline the importance of measuring the incremental sales of a product over and above that would result without the advertising and promotion. They suggest the use of single source data for measuring the incremental impact of advertising and promotion besides improving marketing productivity.

Robert, C. Blattberg and Scott, A. Neslin (1989) presented a framework for organising and discussing how sales promotion affects sales and how to use this framework to delineate major generalisation and to identify issues in need of resolution. This framework consists of data used to measure the sales impact of promotions and the time frame of that impact.

Georing and Particia, A. (1988) model the effect of private information acquired through product trial on consumer expectations demand and prices. They argue that these effects depend on the quality of the product relative to consumer expectations, consumer perceptions of quality, consumer expectation revision mechanism and the number of purchasers.

Rook, W. Dennis (1987) reviewed extant research on impulse behavior and then introduced a new interpretation of impulse buying. They examined the phenomenology of consumer’s impulse buying episodes through an exploratory study. The result identifies the subjective experiences that distinguish the onset of the buying impulse, how the consumers cope with their impulsive urges to buy and the type of negative consequences they incur as a result of their impulse buying.

Kenneth, G. Hardy (1986) identified and analysed the important factors contributing to the success of consumer promotions and trade promotions. This exploratory research examined 216 sales promotions
employing both quantitative and perceptual data on each sales promotion. The study suggests that the key success factors for trade promotions are different from the key factors for consumer promotions. More importantly, factors such as sales force support, promotion period, dual promotion and level of incentives are within the control of product managers.

Smith, et.al. (1978) enquired into the issue related to attributions like, are attributions evoked by consumers and can they increase the perceived source credibility. Their experiments suggest that consumers do evoke attributions when processing promotional messages and they appear to mediate the perceived credibility.

Janet, Hoek, et.al. (1977) outlined a behaviorist context for sponsorship and used Ehrenberg's awareness-trial-reinforcement model to compare the effects of an advertising and sponsorship stimulus. The results suggested that both stimuli evoke response patterns consistent with Ehrenberg's awareness-trial-reinforcement model. Sponsorship might generate higher levels of awareness and lead to the association of a wider range of attributes with the brand promoted. Neither the sponsorship nor advertising stimulus increased the users' or non-users' purchase probabilities.

Adams, Williams J. and Janet, L. Yellen (1976) report that the consumer surplus (i.e., Reservation price less than actual price) associated with an attractive product will compensate for the consumer deficit associated with a less attractive product.

Sales promotion now a days is a much debated and researched topic at the managerial as well as academic level. The review of available literature shows that various aspects of sales promotion have been studied from different dimensions. These studies are done from the manufacturer, retailer and consumer perspectives, addressing the planning, implementation and control functions related to promotion management. Though all of the important tools of sales promotion have been subject to research, couponing
can be singled out as the most favourite tool of researchers. Another important point emerged from the review is that majority of the studies are conducted in developed nations like USA, France, Canada, UK, Germany, etc. A very few studies were also done in India. Considering the size and potentials of Indian markets, the studies conducted here are insufficient and inconclusive. A study on the level of attractiveness and usage of various sales promotion tools and their effect on consumer's buying and consumption decisions in the context of India in general and Kerala in particular shall provide valuable information to the managers of companies, especially FMCG companies, where sales promotion is very common.

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