CHAPTER IV

REVIEW OF LITERATURE

A literature review is a body of text that aims to review the critical points of current knowledge and or methodological approaches on a particular topic. Literature reviews are secondary sources, and as such, do not report any new or original experimental work. Its ultimate goal is to bring the reader up to date with current literature on a topic and forms the basis for another goal, such as future research that may be needed in the area. A well-structured literature review is characterized by a logical flow of ideas; current and relevant references with consistent, appropriate referencing style; proper use of terminology; and an unbiased and comprehensive view of the previous research on the topic.

For clear and easy understanding, the review of literature is presented in the following sub-headings.

- Promotional Mix
- Factors to Consider When Choosing Promotional Elements
- Effect of Sales Promotional Measures
- Sales Promotional Strategies

4.1. PROMOTIONAL MIX

Consumer promotions were promotions offered by manufacturer directly to consumers. Throughout the world, sales promotion offered to consumers are an integral part of the marketing mix for many consumer products. Thus, sales promotion tools were amply employed by retailers and manufacturers to achieve their commercial objectives in terms of sales volumes, market share, category penetration and so forth.
Fische (1996) noted that three of these elements, which included advertising, sales promotion and public relation, were often said to use mass selling because they were used with groups of prospective buyers. In contrast, personal selling used person-to-person interaction between a seller and a prospective buyer. Personal selling activities included face-to-face, telephone and interactive electronic communication.¹

Berkowitz, (1997) defined promotion as a means of communication between the seller and buyer. To communicate with consumers, a company can use one or more of the promotional alternatives that was personal selling, advertising, sales promotion and public relation.²

Foskett (1999) stressed that today’s customers seek value from companies that provided leading-edge products, hassle-free transactions at competitive prices and customer intimacy. Promotion practices had changed dramatically to improve transactions and increase customer intimacy by emphasizing long-term relationships and increasing self-regulation.³

According to Low and Mohr (2000), manufacturers continued to spend a large amount from their communication budget on sales promotion. They allocate around 75 per cent of their marketing communication budgets to sales promotions.⁴

Neslin (2002) found that sale promotion consisted of a set of various and different and often short period motive tools which was used for consumer’s or buyer’s provocation to buy more and faster. Promotion tools consisted of coupon, rewards, free samples, discounts, advertising goods and so on.⁵

Shimp (2005) mentioned that the promotional mix (or promotion-mix) was a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. The main
dimensions of promotional mix are: Advertising, Personal Selling, Sales Promotion, and Public Relation. Promotion was a well-suited to accomplishing various marketing objectives, such as stimulating sale force enthusiasm, invigorating sales for a mature brand, facilitating the introduction of new products, increasing on- and off-shelf merchandising space, encouraging repeat purchases and reinforcing advertising.\(^6\)

Nematabaksh and Solgi (2007) concluded that internet marketing helped to predict customer behaviour which made it easier to firms to maintain better relationship with the customers and increased the customer retention by create loyalty. Internet and websites as retailer medium can provide better customer relations and control of distribution in a relatively low cost.\(^7\)

Rajasekhara (2008) defined marketing communication as all strategies, tactics and activities involved in getting the desired marketing messages to intended target markets, regardless of the media use. The marketing communication includes advertising, personal contact, publicity and public relations, sales promotion, instructional materials and corporate design.\(^8\)

Mahalaxmi Krishnan and Usha Bhandare (2010) found that retailers tried to attract the attention of target consumers to their goods and services by providing attractive promotional schemes. To attract consumers, retailers offered inducements such as credit facilities, after sales service, extended warranty, free home delivery, free samples, discounts, gift offers and so on. Retailers adopted a mix of marketing and promotional strategies to withstand competition. Consumers however made informed purchase decisions by sifting through various advertisements and promotional offers.\(^9\)

Sukhmani, et. al.,(2012) found that public relations were considered as the most important element of promotion mix which increased sales of the company
followed by sales promotions, direct marketing, advertising and personal selling. The reasons given by the consumers for their preference of a particular promotional element of the promotion mix was its helpfulness in making final purchase decision.  

4.1.1. Advertising

Magid and Lodish (1990) supported that when the company had developed the advertising objective, it then designed the advertisement. This consisted of advertising copy and artwork that the audience was intended to see or hear. The message usually focused on the key benefits of the product that are important to a prospective buyer in trial and adoption.  

Benette (1995) defined advertising as any paid form of non-personal communication about an organization, a good, service or an idea by an identified sponsor. He also stressed that the firms also needed to set budget though, there was no precise way to measure the exact results of spending advertising dollars. In setting the advertising budget, the firm may use percentage of sales, competitive parity, objective and task whereby the company determined its advertising objectives and the tasks to accomplish, then determine the cost of performing the tasks.  

Robert (1996) noted that the paid aspect of this definition was important because the space for the advertising message normally must be bought. The non personal component of advertising was also important as it involved mass media such as TV, Radios and Magazines which were non personal and did not have an immediate feedback loop as does personal selling.  

Smith (1998) noted that and advertising was thought by some to help buyers to learn and remember brands and their benefits by repeating the message and building associations between brands, logos, images, and benefits- a form of classical conditioning.
Kotler (2000) in executing the advertising programme, the marketers can try to ensure that their advertising expenditure were not wasted by evaluating the programme before and after the advertisements were run in the actual campaign. The evaluations also needed post-testing to determine whether it accomplished their intended purpose. The tests included inquiry tests and sales tests.  

Ang and Low (2002) found that creative advertisements being relatively more novel, meaningful and emotional, elicited more favourable attitudinal response towards the respective advertisements; however, the degree of influence to evoke favorable response towards the brands advertised in the respective advertisements and purchase intent for the respective brands were lesser.  

Till and Baack (2005) found that creative advertising as compared to control advertisements, significantly elicited high unaided recall. However, these creative advertisements did not have any significant effects on attitude towards the advertisements and the respective brands.  

According to Ramu (2007), Advertisement and sales promotion were basically the two important features used to promote the sale of the product, but they differed in their ways. Advertising on one hand, was the form of mass media communication directed towards influencing the end consumer, whereas sales promotion on the other hand dealt with the mass communication directly towards informing and influencing the channels of distribution. Both helped the firm to face the competition in the market for its survival. They promoted the brand and also are useful in the launch and introduction of new products.  

Hawkins, et. al. (2008) believed that advertisements must be to the consumer’s liking, so they searched for relevant information and trial endorsed products after receiving messages.
Brown and Stayman (2009) suggested that a consumer’s liking for an advertisement may be an effective indicator to measure advertisement effectiveness. Callcott and Phillips (2010) discovered that advertisements endorsed by animated characters were more popular than other advertisement types. 20

Huang, et. al., (2011) found that advertisements endorsed by animated spokes-characters enhanced brand impression, improving advertisement communication effects; however purchase intention was not guaranteed. The results also highlighted that manufacturers can employ animated characters to attract attention, but product and brand appeals must also be involved to enhance consumers’ product, brand attitudes and purchase intentions. 21

Marthak (2012) found that single exposure did not verify the superior performance of creative advertising in terms of recall, brand and advertisement attitude and purchase intent. However, in three exposures, creative advertisements developed significantly more favourable brand and advertisement attitude and greater unaided brand recall than control advertisements. Creative advertisements developed greater mean purchase intent for the advertised brands than control group of advertisements; however, it just slipped from attaining significance. Being an optimum and more mature response of research participants in three exposures as compared to single exposure, the results of this study in three exposures concluded that creative advertisements were really more effective than conventional advertisements and bestow value to the advertised brands. 22

4.1.2. Personal Selling

Futrell (1992) defined personal selling as the personal communication of information to persuade a prospective customer to buy something: good, service, idea, or something else. 23
Kotler and Levy (1996) also noted that personal selling serves three major roles in a firm’s overall marketing effort. Salespeople were the critical link between the firm and its customers; salespeople were the company in a customer’s eyes. They represented what a company was or attempted to be and were often the only personal contact a customer had with the company; and lastly, personal selling may play a dominant role in a firm’s marketing programme.\(^{24}\)

Weitz (1998) stated that the role of a sales representative was to engage and collect information about a prospective customer, developed a sales strategy based on that information, transmitted a message that implemented organisational strategy, evaluated the impact of those messages and made adjustments upon this evaluation through personal selling.\(^{25}\)

Kotler (2000) noted that personal selling was a useful vehicle for communicating with present and potential buyers. Personal selling involved the two way flow of communication between a buyer and seller often in face to face encounter designed to influence a person’s or group’s purchase decision. However, with advances in technology, personal selling also took place over the telephone, through video conferencing and interactive computer links between buyer and selling though personal selling remains a highly human intensive activity despite the use of technology.\(^{26}\)

Cravens and Piercy (2003) found that personal selling consisted of verbal communication between a salesperson or sales team and one or more prospective purchaser with the objective of making or influencing a sale.\(^{27}\)

Weitz, et. al., (2005) defined personal selling was an interpersonal process whereby a seller tried to uncover and satisfied a buyer’s needs in a mutually, long-term beneficial manner suitable for both parties. Thus, personal selling was
interpersonal, two-way communication between a buyer and seller whereby the seller employed persuasive communication regarding goods and/or services.  

Kotler and Armstrong, (2008) posited that personal selling was the personal communication between a firm’s sales force and customers for the purpose of making sales and building customer relationship.  

Meredith (2010) found that despite the phenomena of personal selling being described as a largely communicative process only a relative handful of communication and business communication had done by many organisations. He also found that the personal selling increased the interpersonal relationships between company and consumers and thus increased sales volumes of the products of the companies.  

Ferrell, et.al., (2011) concluded that both individual and organisational factors included such as organizational culture, ethical issue intensity, and sales organization ethical climate or subculture were important for personal selling. The variables influenced the sales-related ethical decision with the evaluation of outcomes.  

Abayomi, et. al., (2012) found that that personal selling had a lot of advantages that could bring about a long-term business relationship between the two parties involve in an insurance contract. Although most Nigerian insurance firms generated sales through salespersons efforts, there were still potential benefits of this viable promotional tool untapped. Furthermore, through the performance of certain functions linked to personal selling, insurance salespersons were able to communicate the value inherent in insurance services to clients thereby increasing their level of satisfaction. Also, personal selling ensures that clients got the exact quality of the service they require because with personal selling, products and information could be modified to suit specific needs.
4.1.3. Public Relation

Grunig, et al., (1994) defined public relation (PR) was the practice of managing the flow of information between an organisation and its publics.\(^{33}\)

Grunig and Hunt (1995) defined public relations as the management of communication between an organisation and its publics. Public relations encompassed the overall planning, execution, and evaluation of an organisation’s communication with both external and internal publics.\(^{34}\)

Harris (1997) stated that PR not only reduced cost but also gained positive awareness and created a favourable climate for sales. When regarding the lower cost it was believed that using PR in launches was going to increase rapidly in the future. If the companies were discovering the cost benefits and at the same time gained more positive brand awareness by using simple means, then PR was going to have a higher impact in the introduction phase of a new brand or product. If brand awareness was a cost issue, then the utility of using constructive PR strategies in the launch might be the solution both for large and small companies.\(^{35}\)

Ries and Ries (1999) found that the process of branding which required effective communication. Branding was the glue which held all marketing functions together and marketing was building a brand in the mind of the consumer for which advertising has by tradition been the main tool for building brand equity. Launching new brands could be motivated when the existing brand was weakening or the existing name was not appropriate for the product category but when introducing a new brand, communication through public relation became vital, since consumers were exposed to numerous communication messages everyday.\(^{36}\)

Kotler (2000) noted that non-profit organisations relied heavily on Public Service Announcements (PSAs), which were free space or time donated by the media.
Non-profit organisations also used high visibility individuals as publicity tools to create visibility for their companies, their products and themselves.  

Phillips (2001) found that public relations can be described as the operational function that aimed at a better and completely mutual communication between the various enterprises, organisations and public groups with which they developed and maintained their relations.  

Larsson (2002) found that the core of PR involved mutual understanding and long-term relationship building. Now the key areas where any Public Relation activity can perform its role for the launching of new brand included bit not limited to Press Relation, Product publicity, Public affairs, Lobbying, Investor relations and Development.  

John (2003) mentioned that the focus of public relations theory had recently shifted from communication to relationship management linking communication ethics, collaboration, concurrence, culture and community.  

Tellis (2004) noted that the ultimate challenge for marketing communication was to convince consumers to change their perception of a brand which can be handled by PR in a better manner than only conventional advertising.  

Grunig, et. al., (2005) proposed that public relations contributed to organisational effectiveness when it helped reconcile the organisation’s goals with the expectations of its strategic constituencies. This contribution had monetary value to the organisation. Public relations contributed to effectiveness by building quality, long-term relationships with strategic constituencies. The public relations performance measures can derive from how was public relations managed.  

Kim (2007) presented the effects of advertising and public relations on sales revenue, but the reporting of public relations participation to organisational actual
achievement was unclear. He also found that the public relations and company’s effectiveness and their relationship reflected this important issue for increasing sales promotions and these two were correlated with each others.\textsuperscript{43}

Stelzner (2009) examined the top 10 social media questions being asked by public relations practitioners, the time commitment and benefits of social media marketing, the most commonly used social media tools, the social media tools practitioners wanted to learn more about and additional analyses of demographic information. The practitioners surveyed in Stelzner’s study reported using Twitter, blogs, LinkedIn and Facebook most frequently for social media marketing, and reported wanting to know more about social bookmarking sites for building public relations.\textsuperscript{44}

Jerman and Završnik (2010) found that public relations have positive and significant effect on company’s effectiveness and it can be suggested that public relations influence the company’s effectiveness. In addition, public relations were able to improve company's productivity, reach a high quality of services and products and consequently these would lead to overall company's effectiveness.\textsuperscript{45}

Ali (2011) found that public relations enhanced the brand awareness and brand impact on purchase decisions of consumers. It also increased brand image and publicity and also sales of the products and it was more effective than advertisement.\textsuperscript{46}

\textbf{4.1.4. Sales Promotion}

Kotler (1994) noted that if sales promotion was conducted continuously, they lost their effect. Customers began to delay until a coupon was offered or they question the product’s value.\textsuperscript{47}
Ailawadi Kusum and Neslin (1998) posited that sales promotion is 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.  

Kotler (2001) describes sales promotion as adverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase of particular brand, products, or service by consumers or the traders. He added that sales promotion had more impact at mature stage of a product and that product managers might try to stimulate sales by modifying one or more marketing mix elements. Bamiduro (2002) mentioned that the sales promotions were comparatively easy to apply, and were likely to have abrupt and considerable effect on the volume of sales. 

Nunnally and Bernstein (2006) viewed sales promotion as any activity intended to generate a temporary boost in sales. This included several communications activities pursued in an attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organisational customers to stimulate immediate sales. Such efforts were usually geared towards stimulating product interest, trial, or purchase. It was specifically designed to boost quick sales and ultimately create loyalty. 

Bagavathi Pillai (2007) referred to those promotional activities other than advertising, publicity and personal selling that stimulated interest, trial or purchase by final customers or others in the channel. 

Aham (2008) was of the opinion that sales promotion emerged as a reaction by manufacturers marketers, and marketing strategies alike to find a short term solution to the problems of excess stock of goods which are available in variables manufacturer’s warehouses but were not demanded by consumers and organisation.
Srinivasan and Anderson (2010) concluded that sales promotion which consisted of a diverse collection of mostly short-term incentives designed to motivate consumers or the trade to purchase a product immediately and/or in larger quantities by lowering the price or adding value.\(^{53}\)

Preko (2011) revealed that guarantees and warranties, souvenirs, discounts offer and give away were the mostly adopted sales promotion tools by TV Africa. Sale promotion tools and strategies had a positive impact on revenue. He concluded that management should continue modifying or updating its sales promotion activities according to the taste and preferences of its customers and the public at large.\(^{54}\)

Williams, et.al., (2012) found that adoption of sales promotion measures significantly influenced the effectiveness of beverage drink industry. It was concluded that management may engage regularly in more promotional mix strategies and also tend to be creative to consumers; this in turn would enhance and boost their sales revenue.\(^{55}\)

**4.1.5. Direct Marketing**

Evans, et. al.,(1995) found that direct marketing had registered massive growth owing to changes in market behaviour and declining effectiveness of traditional media. This growth was set to continue, particularly in terms of telemarketing and direct response advertising.\(^{56}\)

Ball and Duval (1997) surveyed farms using the Internet for direct marketing, focusing on the attributes of the farm business and farmers which led to Internet marketing being judged a success. Their study only examined those farms already using some form of e-marketing and provided no details regarding the characteristics of these early adopters relative to those farms which had yet to include e-marketing as part of a marketing strategy. Understanding the characteristics of these innovators
provided important information about who was most likely to adopt this technology as well as about who stood to benefit the most from e-marketing.\textsuperscript{57}

Kotler (2000) defined direct marketing as an interactive, marketing system that uses one or more advertising media to affect a measurable response and/or a transaction at any location. He also concluded catalog marketing occurred when companies mail one or more product catalog to select addresses. They may send full time merchandise catalog, specialty consumer catalog, and business catalog usually in print form but sometimes in CDs, videos or online.\textsuperscript{58}

Couclelis (2004) found that the Internet can be used by businesses to reduce transaction costs associated with conducting business, such as providing information about products and services. In addition, companies can use the worldwide web to offer a wider variety of products to a larger audience at lower prices compared to products found in a physical setting.\textsuperscript{59}

Rettie, et. al., (2005) found that SMS advertising was strictly a form of telemarketing, but it shares features with e-mail marketing and M-commerce. M-commerce (mobile electronic commerce) is defined as the use of mobile, wireless (handheld) internet-enabled devices to communicate and conduct transactions through public and private networks.\textsuperscript{60}

Bamba and Barnes (2007) found that there were two main models (categories) of mobile advertising: these are push- and pull-models. Pull-model meant that the marketer sent the information requested by the consumer, consumer initiate receiving advertising SMS; and push-model meant that the marketers initiated contact and communication and asked for consumers’ permission to receive commercial messages while giving the individual and opportunity to stop receiving them at any time.\textsuperscript{61}
Iva Gregurec and Kristina Brodar (2010) found that the new marketing trends in other parts of the world it was expected that first and second hypotheses, especially among target group (young people between 18 and 30 who were familiar with new technologies), would also be confirmed. But, potential of SMS advertising still exist because 35.5% of examinees were indifferent about usefulness and appropriateness of SMS ads, so with the time their opinion could be changed in favour of SMS advertising of SMEs. This way, SMS advertising could become prosperous channel of promotion for SMEs.\footnote{62}

Geetika, et. al., (2012) found that manual calls and SMS were more often received as against the recorded ones. Majority of the respondents were of the opinion that at times useful and trustworthy information was provided through telemarketing calls and SMS. Majority of the respondents did sometimes get influenced by telemarketing calls and SMS and made their purchases after getting such information.\footnote{63}

4.2. FACTORS TO CONSIDER WHEN CHOOSING PROMOTIONAL ELEMENTS

4.2.1. Target Audience

Gaunt (1991) noted that promotional programmes were directed to the ultimate consumer, to an intermediary (retailer, wholesaler or industrial distributor) or to both. Promotional programmes directed to buyers or consumers’ products use mass media.\footnote{64}

Kotler and Armstrong (2004) supported that advertising directed to industrial buyers was used selectively in trade publications, however, as industrial buyers had specialised needs or technical questions. Personal selling was particularly important as the sales person can provide information and the necessary support after sales.\footnote{65}
4.2.2. Product Life Cycle

Evans (1995) found that the proper blend of elements also depended on the type of products. The characteristics included complexity, risks and ancillary services. He disagreed that women group’s products was not fashion oriented and so they did not have decline stage, which may affect their choice of promotional elements.  

Pierce and Robinson (2000) found that the promotional objective was to inform consumers in an effort to increase their level of awareness. At this stage, all promotional mix elements were used but advertising was particularly important as a means of reaching as many people as possible to build up awareness and interest.  

Kotler and Armstrong (2004) noted that primary objective of promotional elements was to persuade the consumers to buy the product. Advertising was the primary promotional element used which stressed brand differences. Personal selling was used to solidify the channel of distribution.  

4.2.3 Production Characteristics

Barnes (1994) found that risk for the buyer can be assessed in terms of financial risk, social risk and physical risk. Advertising may be used but the greater the risk, the greater the need for personal selling.  

Palmer (2006) found that the need for promotion was to maintain existing buyers and advertising’s role was to remind buyers of the product’s existence. The company also used sales promotion like discounts and coupons to maintain loyal buyers. This enabled women groups to maintain their customers because if that was not done the consumers can switch to other companies’ products.  

Kristina (2010) recommended that promotional strategies should be designed as per the nature of services to be promoted. The advertisers should seek a narrative
approach to communicate the service experience rather than a logical, argumentative approach.\(^1\)

### 4.2.4 Stages of the Buying Decision

Kotler (2000) concluded that in pre-purchase stage, advertising was more helpful than personal selling because advertising informed the potential customer of the existence of the product and the seller. Sales promotion in the form of free samples also can play an important role to gain low risk trial.\(^2\)

Palmer (2006) found that in post purchase state, the buyer needed personal contact hence salesperson was important. Advertising was also important to assure the buyer that the right purchase was made while sales promotion in the form of coupons can help encourage repeat purchase from satisfied first-time triers.\(^3\)

### 4.2.5. Channel Strategies

Hardie (1999) found that in pull strategy, the manufacturer directed its promotional mix to customers to encourage them to asked retailers for the product. Seeing the demand from ultimate consumers, retailers order the product from wholesalers.\(^4\)

Chandon, and Laurent (2000) found that in push strategy, personal selling and sales promotion played a major role. Salespeople called on wholesalers to encourage orders and provided sales assistance and this increased purchase of products.\(^5\)

### 4.2.6. Integrated Marketing Communication

Kotler (1995) noted that in the past, the promotional elements were regarded as separate functions handled by experts in separate departments. The sales force designed and managed its activities independently of the advertising departments and sales promotion and public relation were often the responsibility of outside agencies or specialists. Today the concept of designing market communications programme co-
coordinated all promotional activities to provide a consistent message across all audiences.  

Ndambuki (2000) found out that indeed promotional elements had effect on sales and those products which were on promotion tend to have more demand than those which did not due to different findings which may have been caused by use of different organisations and geographical differences.  

4.3. EFFECT OF SALES PROMOTIONAL MEASURES  

4.3.1. Purchase Intention  

Chen, et. al., (1998) stated that when offering the same savings in coupon or discount promotion then the coupon promotion would more favourable and effective in changing consumer’s purchase intention. Children's purchase decisions were also influenced by the sales promotion.  

Calvert (2008) found that everyone should realise the role that advertising was playing in modern life. Psychologically it shaped the attitudes of the society and the individual influencing their behaviour. It also provided huge amount of information to consumer to make a choice and draw a conclusion.  

Teng and Lefa (2009) aimed to show the considerable effects of the price discounts. He explained that price discounts may change consumers' attitudes and purchase intentions regarding a particular brand by moving it from consumers' hold set to consideration set. Here it can be added that the consumer were not only sensitive to price but also to the firms’ advertising efforts.  

Palazon and Ballester (2011) observed that the effectiveness of different promotional tools, price discounts and premiums depends on the level of deal proneness. An effective and well planning promotion can stimulate consumers’ buying intentions but the success of the promotion would be contingent on deal
proneness. So was vital to identify the target customer and more effective instruments to attract them in designing a promotional campaign.  

4.3.2. Perceived Quality

Moorthy and Hawkins (2005) stated differently that advertising expenditure worked as a signal of product quality for experience goods because consumers guess that high-quality products would advertise more than low-quality products. He provided substantial support for ad repetition that influences perceived quality.

Darke, et. al., (2005) also examined that different promotional frames increased the perceptions of deal value. But it needed to concern about that negative price-quality inferences were most likely to occur when the brand name or seller was not well-known and free gift frames were effective in increasing deal value under such conditions.

4.3.3. Brand Image

Nowlis and Simonson (2000) proposed that sales promotions and the choice set composition had compensatory effects on brand switching. Selecting the effective instruments and identifying the target customer was also very important part of any promotional activity.

Jones and Philip (2003) argued in general, increased advertising expenditure generated only a small average volume of additional sales that can often be profitable. He classified the advertising effects in short, medium, and long term. The initial effect can be positive and a prior condition for the longer effects. The medium-term had a positive influence of the brand’s own advertising as well as negative influence for competitive brands. A continuous improvement of an advertised brand may generate long-term effect in consumers’ minds that can lead to a further sales outcome which can be very beneficial. He also concluded that price reductions had only a temporary
effect and generally there was no further effect to generate more revenue to balance the increased cost. Though it encouraged the competitive retaliation but often had a negative influence on consumers’ image of the brand.  

4.4.4. Market Share

Kenneth (2000) found that the relative market share may be influenced by manufacturer’s advertising and promotion allocation decision. He also added that advertising developed the manufacturer’s relationship with the distributors and allocation to promotion can be increased in terms of discrete relationship among them. Brand with low relative market share may experience greater opportunity for advertising in relational exchange and pressure for promotion in discrete exchange.

Bridges, et. al., (2006) found that the prior promotional purchases influenced the consumer choice more than prior brand usage. When the effects of usage dominance were greater than promotion enhancement, promotions can be used as an effective tool for building market share.

4.4.5. Emotional Response

Dens, et. al., (2010) compared two types of advertising strategies like informational vs. positive emotional. He found that informational appealed in comparison to emotional appeals reduced the effects of parent brand quality and fit. It should also consider the geographical location of the consumer which can play a vital role regarding the response of advertising and sales promotion.

Huang, et. al., (2012) also stated that advertising-induced emotional responses positively influenced patrons’ perceived value. He indicated four dimensions of advertising (relevant news, stimulation, empathy, and familiarity) that had a significant impact on inducing patron’s emotional responses. Beside of these positive effects, the marketers also had to be careful about their efficient uses.
4.5. SALES PROMOTIONS STRATEGIES

4.5.1. Purchasing Strategy

Currim and Schneider (1991) had established a typology of the purchasing strategies used by consumers when they encountered promotions on their preferred brands or on other brands (e.g. inertia, brand switching, stockpiling, etc). Of the five purchasing strategies, two involve promotions: (a) passive deal-proneness (stockpiling of the preferred brand displayed); and (b) active deal-proneness (brand switching and purchase acceleration for any brand featured, or holding coupons). Their research showed that three out of four consumers used more than one purchasing strategy, at least one of which involved sales promotions. The results also showed that active deal-prone consumers may become passively deal-prone but that the reverse was rare. They did not find any pure, i.e, not provoked by promotions, variety-seeking purchasing strategy because of data aggregation problems in household (in contrast to individual) panels or simply because this kind of behaviour had become less frequent with the pervading of sales promotions.\(^{90}\)

Vilcassim and Chintagunta (1995) found that more promotional volume came from category expansion, rather than from brand switching. By studying sales promotions at the individual household level, they could track these sources down. Opposite to most prior research, they applied an inter-temporal analysis to uncover the sources of promotional household purchase behaviour. Besides investigating how households responded to promotions when they were present, also pre-and post-promotional household purchase behaviour was taken into account.\(^{91}\)

Inman and Winer (1998) proposed the numerous variables to describe the relationship between sales promotions and consumer buying behaviour. Household demographics (income, household size, children, etc.), household psychographics
(household psychological characteristics such as deal proneness, variety seeking), and product category characteristics (volume, perishability, price) were just some examples. They also found that income had a positive influence on promotion response behaviour whereas others found opposite results. Based on an in-depth longitudinal analysis of household purchase behaviour they tried to identify drivers of household sales promotion response.\(^\text{92}\)

Van Heerde, et. al., (2002) found that three different response patterns could occur when a promotion took place. Current purchases could be borrowed from future purchases (changes in purchase time; purchase time acceleration or purchase time deceleration), current purchases could be drawn from planned current other brand purchases (unchanged purchase timing combined with brand switching), or regular customers purchased a different quantity (unchanged purchase timing, no brand switching). Two different approaches had been applied to decompose the promotional sales, the elasticity based decomposition and the unit sales based decomposition.\(^\text{93}\)

Bearden, et.al., (2003) in their study on, “Using Invoice Price Information to Frame Advertised Offers” found that framing of offers (such as the comparison of manufacturer’s list prices versus the retailer’s real selling prices) as a determinant of perceived customer benefit had received high attention in purchasing. There was also empirical evidence that it had a significant impact of framing on the transaction and acquisition value perceived by car buyers.\(^\text{94}\)

Hu, et. al., (2008) found that in order to promote web sales, companies conducting electronic commerce were constantly seeking viable and efficient ways to increase web traffic. One approach was to build consumers’ trust and ultimately to increase web sales. Many business-to-consumer online merchants followed this approach and displayed trust-promoting seals on their websites. However, whether
these seals really fulfilled the tasks they had promised had remained unexplored. The results showed that the trust-promoting seals were generally effective in promoting web sales and some seals enhanced promotion better than others.\textsuperscript{95}

Chaharsoughi(2011) found that out of all seven factors-music, expressing the features, techniques used, content, stimulating affect, providing information about the new products and the advertising slogans-five factors had significant impact on viewers’ interest to purchase, leaving the other two factors, i.e. stimulating affect and advertising slogans had comparatively, a little lesser impact on consumers’ interest. The sales promotion of IKCO could help company to achieve their main goal, namely motivating consumers to purchase their products. Furthermore, these sales promotional efforts did cause much motivation and creation of interest.\textsuperscript{96}

4.5.2. Pricing Strategy

Biswas, et.al., (1993) found that price promotions in the automobile market mainly provided consumers with benefits that helped them to increase the acquisition value and to make their buying decisions more efficient. This was typical in the case of monetary promotions in contrast to non-monetary incentives. Price promotions offered in a product category like cars, that required high financial expenses, should provide fewer hedonic-emotional benefits like entertainment or self expression. The price promotions may lead to the perception of benefits and that reference prices influenced how they were perceived. The basic idea was that consumers assessed prices and price promotions relative to some reference prices that are either internal (memory-based) or external (environment-based).\textsuperscript{97}

Babin, et.al., (1994) found that utilitarian benefits helped a consumer to maximise the efficiency of his shopping experience and thereby provided a positive
benefit. Hedonic benefits included value expression, exploration and entertainment. These were non-instrumental and affective benefits, representing psychological feelings associated with the shopping experience by enhancing the consumer’s perception of being a smart shopper.  

Gerstner and Hess (1996) looked a situation where a manufacturer offered a pull promotion (e.g. cash rebate) targeted at price-conscious consumers (more technically low willingness-to-pay consumers). They also showed that by giving a rebate, the manufacturer could better coordinate the channel since the retailer found it optimal to lower its retail price enough to entice the low willingness to pay consumers to buy. As such their approach was a way of reducing the double marginalization problem that exist in bilateral monopoly channels.  

Lal and Rao (1997) found that a current, opposite trend was the Every Day Low Pricing (EDLP) strategy. This strategy differed from the promotional pricing strategy by not emphasizing price specials on individual goods but instead focusing consumer attention on good value on a regular basis. They also concluded that two types of stores (HILO and EDLP) both attracted time constrained consumers and cherry pickers.  

Herrmann and Wricke (1998) found that leasing offers normally required an assessment of different price dimensions; even more difficult for the consumer was the promotion of special edition models as price evaluation has to be combined with an evaluation of different product components.  

Chandon, et. al., (2000) found that sales promotions produced three utilitarian customer benefits and three hedonic ones. The primarily instrumental, rational and functional utilitarian benefits were savings, better quality, and improved convenience.
Ailawadi, et. al., (2001) concluded that a pricing strategy change (decrease in promotional spending coupled with an increase in advertising spending) resulted in a decrease in market share for the company that instituted the strategy change. Thus, uncertainties exist about the effects of using or not using a promotional pricing strategy. Conflicting empirical results exist with respect to the causes of the promotional volume. One possible explanation for these conflicting results was that sources of promotional volume were dependent on the characteristics of the product category.\textsuperscript{103}

Evanschitzky, et.al., (2004) found that the subjective price knowledge of a consumer was thought to be one major determinant of how price promotion benefits were perceived. Price knowledge should enable a consumer to better evaluate prices and the benefits of price promotions. One important question, however, was whether this assumption hold true when price promotions included more than one price component or different price dimensions, which have to be evaluated.\textsuperscript{104}

4.5.3. Branding Strategy

Burke, et. al., (1992) found that consumers could assess the frequency of regular price promotions, but underestimate frequent promotions and over-estimate the frequency of a rarely promoted brand if other brands were frequently promoted. They also fold that response accuracy appeared to be better for loyal buyers of the brand, those with lower incomes and larger households. These results were important because the impact of a promotion was substantially larger when unexpected.\textsuperscript{105}

Simonson, et al.,(1995) found, in an experiment, that a "useless" premium may deter consumers from buying the brand when they knew that they would need to justify their choice to others of their social group. There were probably individual differences in this phenomenon worth examining. Finally, a very interesting direction
was to enhance the explanatory power of demographics through the use of consumer self reports on "perceived busyness" or "perceived financial wellness".\textsuperscript{106}

Ainslie and Rossi (1998) provided evidence for treating deal-type specific deal proneness as an individual household trait. They found similarities in brand choice behaviour within deal-type across product category, more than could be explained by socio-economic variables. Their study was a valuable contribution to the field of sales promotion research, being one of the first studies integrating deal proneness and reaction mechanisms and providing empirical support for a possible latent nature of deal proneness. But, the research limited itself to one specific type of reaction mechanism, namely brand choice.\textsuperscript{107}

Pauwels, et.al., (2002) suggested that mass usage of sales promotion often led the organisation to harmful consequences, instead of being effective. Sales promotion could negatively affect brand equity and sales in the long run. Imprudent usage of tools of sales promotion often had a by-effect- diminishes brand valuation in the market. Customers could temporarily stop buying the product, while expecting future discounts. The waiting period could lead customers to forget their relationship with the brand. Such customers were often main targets for organisation’s competitors. In order to be effective, sales promotion had to correspond customer’s needs and wishes. However, it was quite difficult for organisation to determine needs and preferences of all its customers. The well-known practice of market segmentation helped organisations to divide their customer into some groups. Customers in the segment were supposed to have some common buying characteristics and behaviour.\textsuperscript{108}

Lina Pileliene(2009), found that customers being on different loyalty stages had distinct needs and expectations with the sales promotion offerings. The results of the empirical research suggested the conclusion that utilitarian benefits of sales
promotion were best valued by customers being on the fourth loyalty stage. The evaluations of this segment were significantly higher than the others. Customers being on the first three loyalty stages had evaluated utilitarian benefits similarly. Sales promotion providing hedonic benefits was better evaluated by customers being on the second and fourth loyalty stages, whereas using sales promotion with hedonic benefits to customers being on first and third stages would have no positive results.¹⁰⁹

The careful study of review of literature from various sources reveals that many studies were conducted with respect to promotional practices of various consumer goods and durables. The above said studies were focusing on brand and corporate image building of the respective brands and companies. The Literature survey also clearly reveals that many studies were conducted on the technical and economical feasibility of agricultural equipments and no study has been found with respect to promotional practices of agricultural equipment. Hence the researcher found a research gap to pioneer the study on existing promotional practices followed by the Agricultural equipment manufacturers.
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