3.1 Statement of the Problem

Sales Promotion as a Marketing tool is gaining prominence over other elements in Promotion Mix viz., Advertisement, Publicity or Public Relations, Personal Selling and Direct Marketing in recent years. This is evidenced by the proliferation of sales promotional offers in the market during Festival and Off Seasons to induce trial and sometimes to shift in time the purchase decisions of consumers. Consumers are found to advance or postpone their purchase based on Sales Promotion offers. The broad agenda of this research
is to study the influence of specific forms of sales promotion on the perceived brand equity of certain selected products. Traditional marketing theories suggest that sales promotion results in the dilution of Brand Equity. However, the specific impact of Sales Promotion on Brand Equity of competing brands on various dimensions is notable by insufficient research attention. This study attempts to bridge this gap.

Brand Equity in layman’s terms is synonymous with credibility of the brand in the minds of consumers. More technically it is defined as the ‘added value’ with which a given brand endows a product (Farquhar, 1989). In 1993, Kevin Keller coined a term called Consumer Based Brand Equity (CBBE) to define Brand Equity from the consumer’s perspective. The construct of Consumer Based Brand Equity (Keller, 1993) posited a multidimensional approach and this view were used further by Yoo and Donthu (2001) to develop a scale to measure CBBE. Brand Awareness and Associations, Perceived Quality, Brand Loyalty and Overall Brand Equity of the brands given by the consumers were the sub dimensions of Brand Equity according to the measurement paradigm.

The present study envisages to find out the effect of two types of Sales Promotion on Consumer Based Brand Equity of selected popular brands that belong to particular product classes in three identified product categories, viz., Convenience, Shopping and Specialty Products. The product class taken for the study under Convenience Product is Toothpaste and the brands chosen are: Anchor, Closeup, Colgate, and Dabur. The product classes taken for study under Shopping Product is Colour Televisions and the brands chosen: are LG, Onida, Samsung and Sony. The product class taken for study under Specialty Product is Athletic Shoes and the brands chosen are: Action, Adidas, Nike and
Reebok. The product class and brands were chosen after conducting a pilot study.

Studies have shown that there are differences in consumer behaviour towards the two different types of Sales Promotions, namely, Price Promotion and Premium Promotion. Hence this enquiry seeks to find out whether there exist any differential and significant effects of Sales Promotion on Consumer Based Brand Equity. The following are the specific questions attempted to be answered through this research.

**Research Problem and Research Questions**

a) Are there any differential effects of different types of Sales Promotions, namely, Price Promotion and Premium Promotion on Consumer Based Brand Equity?

b) Which are the sources of Consumer Based Brand Equity affected by Sales Promotion, Premium and Price Promotion?

c) What is the effect of these promotions in different categories of products, viz., Convenience, Shopping and Specialty Products?

These are the major problems addressed in the study. The research problem can be summarised as a study of the differential effect of price and premium promotion on dimensions of Consumer Based Brand Equity in selected brands of three product classes belonging to Convenience, Shopping and Specialty product categories.

**3.2 Significance of the Study**

The study is significant from both application perspective of management as well as from an academic point view.
The market is flooded with offers of different kinds. The consumers advance or delay their purchase based on available Sales Promotions or on their expectations of such promotional offers in the near future. Literature points out that Sales Promotion can have a damaging effect on Brand Equity in the long run. This study will help the marketers identify the dimensions of Consumer Based Brand Equity which are affected by Sales Promotions and specifically what type of Sales Promotions, whether Price Promotion or Premium Promotion is suitable for a given market. This knowledge might be useful for marketers in judiciously implementing marketing plans, especially Sales Promotions, both in the long as well as short term perspective.

For academicians, the study will give more insight into the dimensions of Consumer Based Brand Equity and its chemistry with Sales Promotions, Price and Premium Promotions. It will help to refine the scaling techniques employed to find out Consumer Based Brand Equity in different categories and class of products.

### 3.3 Objectives of the Study

The study was an attempt to find out the effect of Sales Promotion, Price and Premium Promotion, on Consumer Based Brand Equity. The dimensions of Consumer Based Brand Equity under study were Brand Awareness and Associations, Perceived Quality and Brand Loyalty. The product categories under study were Convenience Products, Shopping Products and Specialty Products and the product classes taken were Toothpastes, Colour Television and Athletic Shoes. The brands under study were Convenience Products – Anchor, Closeup, Colgate and Dabur; Shopping Products – LG, Onida, Samsung and Sony and Specialty Products – Action, Adidas, Nike and Reebok.
The Primary objective of the study was to examine the effect of Sales Promotion, Price and Premium Promotion, on Consumer Based Brand Equity (CBBE)

The study had the following specific objectives:

a) To find out the differential effects of Sales Promotions, viz., Price Promotion and Premium Promotion on Consumer Based Brand Equity.

b) To explore the differential effects of Sales Promotion on the dimension of Consumer Based Brand Equity, viz., Brand Awareness and Associations, Perceived Quality and Brand Loyalty and Overall Brand Equity among Convenience, Shopping and Specialty product categories.

c) To find out the effects of Sales Promotions, Price and Premium Promotions, on different categories of products, viz., Convenience, Shopping and Specialty Products on Consumer Based Brand Equity.

3.4 Research Hypotheses

Based on the review of literature and past studies, the following hypotheses were formulated for verification for different product categories – Convenience, Shopping and Specialty Products – through empirical investigation.

The study had the following hypotheses relating to Convenience, Shopping and Specialty product categories:

Convenience Products

Hypothesis 1.1 There is a significant effect of Sales Promotion on Consumer Based Brand Equity. This hypothesis has four sub hypotheses pertaining to the four dimensions of Consumer Based Brand Equity. H1.1 (a) Brand Awareness
and Brand Associations, H1.1 (b) Perceived Quality and H1.1 (c) Brand Loyalty and H1.1 (d) Overall Brand Equity in Convenience Products.

**Hypothesis 1.2** There is a significant differential effect on Consumer Based Brand Equity due to Sales Promotions, Price Promotion and Premium Promotions, in Convenience products.

Price Promotion affects Consumer Based Brand Equity more than Premium Promotion in H1.2(a) Brand Awareness and Associations, H1.2(b) Perceived Quality H1.2(c) Brand Loyalty and H1.2(d) Overall Brand Equity in Convenience Products.

**Hypothesis 1.3** There is a significant differential effect in the sources of Consumer Based Brand Equity among brands due to Sales Promotions in Convenience Products.

**Shopping Products**

**Hypothesis 2.1** There is a significant effect of Sales Promotion on Consumer Based Brand Equity in terms of its dimensions H2.1(a) Brand Awareness and Brand Associations, H2.1(b) Perceived Quality and H2.1(c) Brand Loyalty and H2.1(d) Overall Brand Equity in Shopping Products.

**Hypothesis 2.2** There is a significant differential effect on Consumer Based Brand Equity due to Sales Promotions, Price Promotion and Premium Promotions, in Shopping Products.

Price Promotion affects Consumer Based Brand Equity more than Premium Promotion in H2.2(a) Brand Awareness and Associations, H2.2(b) Perceived Quality, H2.2(c) Brand Loyalty and H2.2(d) Overall Brand Equity in Shopping Products.
Hypothesis 2.3 There is a significant differential effect in the sources of Consumer Based Brand Equity among brands due to Sales Promotions in Shopping Products.

Specialty Products

Hypothesis 3.1 There is a significant effect of Sales Promotion on Consumer Based Brand Equity in terms of H3.1(a) Brand Awareness and Brand Associations, H3.1(b) Perceived Quality and H3.1(c) Brand Loyalty and H3.1(d) Overall Brand Equity in Specialty Products.

Hypothesis 3.2 There is a significant differential effect on Consumer Based Brand Equity due to Sales Promotions, Price Promotion and Premium Promotions, in Specialty Products.

Price Promotion affects Consumer Based Brand Equity more than Premium Promotion in H3.2(a) Brand Awareness and Associations, H3.2(b) Perceived Quality, H3.2(c) Brand Loyalty and H3.2(d) Overall Brand Equity in Specialty Products.

Hypothesis 3.3 There is a significant differential effect in the sources of Consumer Based Brand Equity among brands due to Sales Promotions in Specialty Products.

Methodology

To meet the above objectives, hypotheses were formulated about the effect of sales promotion on Brand Equity and were tested using a quasi-experimental design by manipulating the Sales Promotion offered and exposing selected subjects to such experimental stimuli representing Sales Promotion offer profiles.
The dependent variable in the study was the Consumer Based Brand Equity and its components measured by using the scale originally developed by Yoo and Donthu (2001) suitably modified to assure the reliability and other scale properties in the local context. The specific sub components were: a) Brand Awareness and Associations, b) Perceived Quality, c) Brand Loyalty and d) Overall Brand Equity.

Sales Promotion was divided into price promotion and premium promotion based on available evidence of similar studies from literature. Price promotion was operationalised as ‘15% off’ in market price and accordingly an offer stimulus was designed to which the respondents were exposed (See Appendix IIA.1, IIB.1 & IIC.1). Premium promotion was operationalised as an equivalent free gift in value to price promotion and accordingly an offer stimulus was designed and respondents were exposed to the stimulus (See Appendix IIA.2, IIB.2 & IIC.2). The promotional offers were designed as visual experimental stimulus. The specific free gifts to represent the premium promotion were identified based on the pilot study.

The study was replicated for three product categories, viz., Convenience Products, Shopping Products and Specialty Products and in each of the product categories, a certain product class was identified and used for the study based on the pilot research.

Respondents of this study consisted of teachers and students belonging to the Mahatma Gandhi University and coming within the four districts of Kerala, viz., Ernakulam, Idukki, Kottayam and Pathanamthitta. For the product class, Colour Television and Toothpaste, the teachers of the said university were taken while for the product class, Athletic shoes, the college students of the same university were used as respondents. The researcher used
a sample size of 300 in each product class, viz., Convenience Products, Shopping Products and Specialty Products and thus giving a total of 900 respondents.

The subjects for the study were chosen from the students and teachers of various colleges of central Kerala. This decision was taken to restrict the study to the academic community of students and teachers for ease of using probability sampling procedures, access to the sampling frame and also considering the experimental nature of the study which needed sustained subject cooperation.

Other extraneous variables particularly measured in the study were age, income, education, gender, etc. and wherever differences were not observed on the dependent variable, the subjects were clubbed into the same group for further analysis.

The subjects were randomly selected and randomly assigned to each Sales Promotion stimulus condition in the experiment consistent with experimental research best practices. The questionnaire to measure the dependent variable had broadly two parts. The first part was administered prior to providing the experimental stimulus and then after the exposure of subjects to the experimental stimulus, the second part was administered.

3.5 Variables in the Study and Measurement

The study is on the effect of various Sales Promotional measures on Brand Equity which is operationally measured as the construct ‘Consumer Based Brand Equity’ as per the conceptualisation of Yoo and Donthu (2001). The dependant variable is Consumer Based Brand Equity which is defined as the differential effect of Brand Knowledge on consumer response to the
marketing of the Brand (Keller, 1993). Aaker (1991) defined Brand Equity as a set of assets or liabilities, namely, Brand Awareness, Brand Associations, Perceived Quality, Brand Loyalty and other proprietary assets.

Operationally, Consumer Based Brand Equity is defined as a set of assets or liabilities, namely, Brand Awareness, Brand Associations, Perceived Quality and Brand Loyalty. These are often referred to in literature as the sources or components or constructs of Brand Equity. Along with items to measure Overall Brand Equity, Yoo and Donthu (2001) developed a scale to measure the Consumer Based Brand Equity which is used to operationally measure the dependent variable in this study.

**Sources of Consumer Based Brand Equity**

a) **Brand Awareness**: Brand Awareness refers to the strength of presence in the minds of the consumers. It is defined as the consumer’s ability to identify or recognise the brand (Rossiter and Percy, 1987). Keller (1993) conceptualised Brand Awareness as consisting of both brand recall and brand recognition. Aaker (1991) mentioned several levels of brand awareness, consisting of recognition, recall, top of the mind, brand knowledge, brand opinion and brand dominance. In this spectrum, brand awareness ranges from mere recognition of the brand to dominance, which refers to the condition where the brand involved is the only brand recalled by a consumer.

Operationally, Brand Awareness is the ability of a buyer to recognise or recall that a brand is a member of a certain product category.
Objectives, Methodology and Scope of the Study

b) **Brand Associations**: Brand Association is an important dimension of Consumer Based Brand Equity. Brand Associations are believed to contain the meaning of the brand for consumers (Keller, 1993). Aaker (1991) argued that Brand Association has a level of strength, and that the link to a brand from the association, will be stronger when it is based on many experiences or exposures to communications, and when a network of other links support it. Aaker (1991) was of the view that Brand Association could provide value to the consumer by providing a reason for consumers to buy the brand, and by creating a positive attitude/feeling among consumers. Keller (1993) classified Brand Associations as attributes, benefits and attitudes. Attributes are product or non-product related while benefits are functional, experimental or symbolic. The non-product related attributes are price, packaging, user imagery and usage imagery.

Krishnan (1996) empirically demonstrated that Brand Association characteristics such as number of associations, valence and uniqueness underlie Consumer Based Brand Equity. According to Krishnan, brands with high Brand Equity are characterised by having a greater number of associations, and more net positive and unique associations.

Operationally, Brand Associations are the informational modes linked to the brand mode in the memory and contain the meaning of the brand for the consumer. The favourability, strength and uniqueness of Brand Associations are the dimensions of Brand Knowledge which are the core of Consumer Based Brand Equity.
c) **Perceived Quality**: Perceived Quality is another important dimension of Consumer Based Brand Equity. Aaker (1991) associated Perceived Quality with price-premium, price elasticities, brand usage and stock return. Farquhar (1989) and Keller (1993) considered Perceived Quality as the ‘core or primary’ facts of Consumer Based Brand Equity as it has been associated with the willingness to pay a price premium, brand purchase intent, and brand choice. Perceived Quality provides a buyer with a realm to buy, differentiating the brand from competing brands. Motameni and Shahroki (1998) considered Perceived Quality as a central frame of reference because it involves a competitor’s frame of reference.

Operationally, Perceived Quality can be defined as the consumer’s judgment about a product’s overall excellence, esteem or superiority of a brand relative to alternative brand (Zeithmal, 1988). Perceived Quality is solely based on consumer’s or user’s evaluation of the product and not manager’s or experts subjective evaluation of the product and need not be based on the actual quality of the product.

d) **Brand Loyalty**: Brand Loyalty is a major component of Consumer Based Brand Equity. Brand Loyalty has two dimensions, behavioural and attitudinal. The proponents of the behavioural school of thought are Aaker (1991) and Oliver (1997). Aaker (1991) defined Brand Loyalty as the attachment that a customer has to a brand. Oliver (1997) defined Brand Loyalty as a deeply held commitment to rebuy or repatronise a preferred product or service consistently in the future, despite situational influences and marketing efforts having potential to cause switching behaviours.
Rossiter and Percy (1987) argued that brand loyalty has to be conceptualised on attitudinal point of view as it is often characterized by a favourable attitude towards a brand and repeated purchases of the same brand over time. Chaudhuri and Holbrook (2001) were of the view that attitudinal brand loyalty includes a degree of dispositional commitment in terms of some unique value associated with the brand.

Operationally, Brand Loyalty is defined as the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the Brand as a primary choice (Yoo and Donthu, 2001; Oliver, 1997).

e) The primary independent variable was **Sales Promotion**: Sales Promotion is defined as a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase of particular product/services by consumers (Kotler, 1988). The main purpose of a consumer promotion is to have direct impact on the purchase behaviour of the firm’s customers (Kotler, 1988, Blattberg and Neslin, 1990). Consumer promotions are aimed at creating a ‘pull’ for end consumers while promotions offered to trade and retailers are aimed at creating a ‘push’ through channel members (Jha, Koshy and Sharma, 2005).

Sales Promotions can be classified as Price based and Non-Price based (Campbell and Diamond, 1992; Blattberg and Neslin, 1990). Price based promotions are defined as promotions such as coupons, cents off, refunds and rebates that temporarily reduce the cost of the goods or service (Cooke, 1983).
Non-price based promotions, according to Cooke (1983), refer to promotions such as give aways or contests in which value is added to the product at full price.

Operationally, Price Promotions are promotions which offer a discount on the regular price of the product, and Premium Promotions are promotions that offer a free gift – in addition to the main purchase, or offer an increased quantity of the product/service without an increase in normal price.

This relationship was explored in the case of three different product categories, viz., Convenience, Shopping and Specialty and also separately for the two types of promotions, viz., price and premium.

**Other variables**

The other variables in the study included demographic variables like gender, age, education, income, etc.

### 3.6 Classification of Products

Any product is perceived by the buyer to be a contribution or bundle of utilities – qualities, processes and/or capabilities (goods, services, and ideas) that is expected to provide satisfaction (Levitt, 1975; 1980; Enis and Roering, 1980; Kotler, 1984). Murphy and Enis (1986) assess consumer satisfaction in terms of benefit expected minus cost incurred. The cost could be conceptualised on two independent dimensions – effort and risk. Effort is the amount of money, time, and energy the buyer is willing to expend to acquire a given product and is the objective measure of the value the consumer places on the product. Risk is perceived when the product cannot deliver the benefits sought and is essentially financial, psychological, physical, functional and social.
Based on the above, Murphy and Enis (1986) classified products into four, namely convenience, preference, shopping and specialty.

### 3.6.1 Convenience Products

Convenience Products are defined as the lowest in terms of effort and risk. In this category of products, the consumer will not spend much money or time to purchase the product, nor does he/she perceive significant level of risk in making the selection. Convenience goods are those customarily purchased at easily accessible stores. The unit price for most articles in this class is too small to justify the consumer's going far out of his way or incurring the expense to procure a special brand (Copeland, 1923; Holton, 1958; Luck, 1959; Bucklin, 1963; 1976; Kaish, 1967; Holbrook and Howard, 1977; Ennis and Roering, 1980). Examples of goods that fall into the Convenience Products category include soaps and detergents, toothpastes and brushes, shoe polish and umbrellas.

### 3.6.2 Preference Products

Holbrook and Howard (1977) and Enis and Roering (1980) called products which are slightly higher on the effort dimension and much higher on risk as Preference Products. Through branding and advertising the marketer is able to generate differentiation among the products and thus perceive risk on consumers. Examples of Preference Products include soft drinks, alcoholic beverages, coffee, tea etc.

### 3.6.3 Shopping products

Copeland (1923), Luck (1959) and Bucklin (1963; 1976) have defined Shopping Products are those for which the consumer desires to compare prices, quality, and style at the time of purchase. Buyers are willing to spend a significant amount of time and money in searching for and evaluating these
products as the level of the risk perceived by the consumers are high and hence have high involvement in purchase. Example of Shopping Products include utility goods like refrigerator, washing machine, colour TV; dresses, furniture etc.

3.6.4 Specialty Products

Copeland (1923), Bucklin (1963; 1976), Kaish (1967) and Enis and Roering (1980) define Specialty Products as those which have some particular attraction for the consumer other than price which induces him to put forth special effort to visit the store in which they are sold to make purchase without shopping. The Specialty Products are defined to be highest on both the risk and effort dimensions. Examples of Specialty Products include men/women’s clothing, men/women’s shoes especially athletic shoes, high end furniture etc.

However, most of the researchers on the product taxonomy agree that products can best be classified into three categories, viz., Convenience, Shopping and Specialty (Copeland, 1923; Bucklin, 1963; 1976; Kleimenhagen, 1967; Kaish, 1967; Kotler and Armstrong, 2004). The notable exceptions are Holbrook and Howard (1977) and Enis and Roering (1980) who advocated four categories of products adding Preference Products into the above category. Following the common practice, in this study the researcher has classified the products categories into three, namely, Convenience, Shopping and Specialty.

The following table depicts the classification of consumer products based on market considerations
Table 3.1 Consumer Product Classification and Market Consideration

<table>
<thead>
<tr>
<th>Marketing Considerations</th>
<th>Convenience</th>
<th>Shopping</th>
<th>Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Buying Behaviour</td>
<td>Frequent purchase, little planning, little comparison or shopping effort, low customer involvement</td>
<td>Less frequent purchase, much planning and shopping effort, comparison of brands on price, quality, style</td>
<td>Strong brand preference and loyalty, special purchase effort, little comparison of brands, low price sensitivity.</td>
</tr>
<tr>
<td>Price and Distribution</td>
<td>Low Price, Widespread distribution, convenient locations</td>
<td>Higher price, Selective distribution in fewer outlets.</td>
<td>High price, Exclusive distribution in only one or a few outlets per market area</td>
</tr>
<tr>
<td>Promotion</td>
<td>Mass promotion by the producer</td>
<td>Advertising and personal selling by both producer and resellers</td>
<td>More carefully targeted promotion by both producer and resellers</td>
</tr>
<tr>
<td>Examples</td>
<td>Toothpaste, magazines, laundry detergent</td>
<td>Major appliances, televisions, furniture, clothing</td>
<td>Lifestyle goods, Expensive watches, men’s wear, athletic shoes.</td>
</tr>
</tbody>
</table>


3.7 Universe and Sampling

The study involved exposing the respondents to experimental stimulus and getting them to answer a very elaborate questionnaire including items to measure the overall as well as the various sub components of Consumer Based Brand Equity. The respondents typically had to spend around 60 minutes for the study. The researcher therefore recruited the participants
from college students and teachers primarily to ensure the extended involvement of the respondents. This practice of using college students and teachers is very common in consumer research (e.g. Yoo and Donthu, 2001; Washburn and Plank, 2002). Respondents of this study consisted of teachers and college students selected from the four districts of Kerala, viz., Ernakulam, Idukki, Kottayam and Pathanamthitta, coming under Mahatma Gandhi University, Kerala. For the product class, Colour Television and Toothpaste, the teachers of the said four districts were taken while for the Product class, Athletic Shoes, the college students of the same districts were used as respondents. The teachers of the districts included Arts and Science and Professional Colleges. The college students of the districts who participated in the study included students of Arts, Commerce, Science, Law, Management, Medicine and Engineering Colleges.

In the selected four districts of Kerala, there were 245 affiliated colleges consisting of 127 Arts and Science Colleges, 27 Engineering Colleges, 1 Law College, 4 Medical Colleges, 7 Dental Colleges, 3 Ayurveda Colleges, 2 Homeo Colleges, 22 Nursing Colleges, and 43 Education Training and other Colleges constituting the higher education spectrum of these districts. The respondents for this study, both teachers and students, were selected at random from these colleges. The researcher followed a two stage random sampling procedure where in the first stage, the colleges were chosen at random from a master list of colleges and from each such college, and students were randomly chosen from the roster available. In case a student was not available or refused to participate on the day of the study, another student was chosen to substitute the element (from the same college and on the same day).

The same sampling method was adopted for selecting teacher respondents also. The teachers were chosen as respondents to get homogeneity
in population in education, socio-economic and other factors. Moreover, studies have shown that in a family the purchase decisions are made by the main income earners, especially in complex (shopping) and habitual (convenience) buying behaviour situations (Assael, 1984).

College students were chosen as respondents as it is widely accepted that students of the age group (18-22) and such educational profile are the best judges for Specialty products and lifestyle goods as they are the users and are prone to affluent lifestyles (Shimp and Bearden, 1982; Lichtenstein and Burton, 1989)

Moreover, the filling up of the questionnaire requires serious reading and takes around an hour. Hence, the researcher decided that teachers and college students were the best available respondents for the study considering the experimental nature of the study and the long duration involved in collecting data using a questionnaire.

For studying the effect of Sales Promotion on Product classes, viz., Convenience Products, Shopping Products and Specialty Products, there were four brands in each class. Since there were two situations, namely, the effect of Price and Premium Promotions, on the dimensions of Consumer Based Brand Equity, the researcher wanted to ensure at least thirty respondents for each brand experimental stimulus combination. Taking all these considerations into account, it was decided to have a sample size of 300 in each Product Class. Therefore the researcher used a sample size of 300 in each product class i.e., Convenience Products, Shopping Products and Specialty Products thus giving a total of 900 respondents.

The sample design of the study is shown below:
Table 3.2 Sample Design of the Study

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Uniformity Criteria</th>
<th>Convenience (Tooth Paste)</th>
<th>Shopping (Television)</th>
<th>Specialty (Sports Shoes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Profession</td>
<td>Teachers</td>
<td>Teachers</td>
<td>Students</td>
</tr>
<tr>
<td>2</td>
<td>Education</td>
<td>PG</td>
<td>PG</td>
<td>Graduate and Post-Graduate Students</td>
</tr>
<tr>
<td>3</td>
<td>Geographical Area</td>
<td>Ernakulam, Idukki, Kottayam and Pathanamthitta districts of Kerala</td>
<td>Ernakulam, Idukki, Kottayam and Pathanamthitta districts of Kerala</td>
<td>Ernakulam, Idukki, Kottayam and Pathanamthitta districts of Kerala</td>
</tr>
<tr>
<td>4</td>
<td>Sample Size</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>

3.8 Tools used for Data Collection

The principal instrument used in the study is the Consumer Based Brand Equity Scale developed by Yoo and Donthu (2001). The construct of this scale is based on the theoretical framework provided by Aaker (1991) and Keller (1993) who conceptualised the concept of Consumer Based Brand Equity. The scale developed by Yoo and Donthu (2001) is etic in nature, i.e, the scale is valid for universal measurement cutting across all cultures. The dimensions of Consumer Based Brand Equity as envisaged by Aaker (1991) and Keller (1996) were: Brand Associations, Brand Awareness, Perceived Quality and Brand Loyalty.

The study conducted by Yoo and Donthu (2001) among 460 undergraduate students, 230 each from South Korea and U.S, included product classes Athletic Shoes, Camera films and Colour T.Vs. They proposed and tested a model composed of the three dimensions of Brand Awareness and
Associations, Perceived Quality and Brand Loyalty for measuring Consumer Based Brand Equity. The Consumer Based Brand Equity Scale consisted of two constructs: Multidimensional Brand Equity (MBE) and Overall Brand Equity (OBE). In MBE, there were ten items which measured five Brand Awareness and Associations, two Perceived Quality and three Brand Loyalty items respectively. They also developed OBE, a four-item uni-dimensional measure of Brand Equity in order to check the convergent validity of MBE.

In this study, the researcher attempted to measure the impact of two different types of promotion, namely, Price and Premium Promotions, on Consumer Based Brand Equity and this was done for selected products from three product classes.

The researcher employed experimental stimulus and a questionnaire was used to study the effect of Sales Promotion on Consumer Based Brand Equity. The questionnaire consisted of three sections I, II and III. Section I consisted of questions pertaining to the general awareness of the Brand. Section II consisted of the constructs developed by Yoo and Donthu (2001) having MBE nine items and OBE four items to measure Consumer Based Brand Equity on a seven point Likert scale. Section II has three parts A, B and C. The respondents were asked to mention their favourite brand and compare with other brands on the constructs of MBE and OBE in Part A.

In part ‘B’, the respondents were offered price promotion, i.e. cash discount to the brands which were not their favourite brand mentioned in part A. Here the respondents were required to compare other brands, which were offered price promotion with their favourite brand on the same constructs of MBE and OBE. The following table gives the details of the price/cash discounts offered to various product categories under the study:
Table 3.3 Price Promotions of Different Product Class

<table>
<thead>
<tr>
<th>Serial No</th>
<th>Product category</th>
<th>Product class</th>
<th>Brands</th>
<th>Price promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Convenience</td>
<td>Tooth paste</td>
<td>Anchor, Close up, Colgate, Dabur</td>
<td>15 percent off market price or Rs 5/- off</td>
</tr>
<tr>
<td>2</td>
<td>Specialty</td>
<td>Athletic shoes</td>
<td>Action, Adidas, Nike, Reebok</td>
<td>15 percent off market price or Rs 500/- off</td>
</tr>
<tr>
<td>3</td>
<td>Shopping</td>
<td>Color T V</td>
<td>LG, Onida, Samsung, Sony</td>
<td>15 percent off market price or Rs 1500/- off</td>
</tr>
</tbody>
</table>

Part ‘C’ dealt with Premium Promotion. Here respondents were offered free gifts for other brands while their favourite brand was complacent or offered no gifts. The respondents were required to compare other brands with their favourite brand on the constructs of MBE and OBE. It should be noted that the same respondent is filling the questionnaire pertaining to Price and Premium Promotions (i.e., B and C). The Premium Promotion or free gift or extra products offered for various categories are given below:

Table 3.4 Premium Promotions of different Product Class

<table>
<thead>
<tr>
<th>Serial No</th>
<th>Product category</th>
<th>Product class</th>
<th>Brands</th>
<th>Premium promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Convenience</td>
<td>Tooth Paste</td>
<td>Anchor, Close up, Colgate, Dabur</td>
<td>15 percent Extra</td>
</tr>
<tr>
<td>2</td>
<td>Specialty</td>
<td>Athletic shoes</td>
<td>Action, Adidas, Nike, Reebok</td>
<td>T shirt worth Rs 500/-</td>
</tr>
<tr>
<td>3</td>
<td>Shopping</td>
<td>Color T V</td>
<td>LG, Onida, Samsung, Sony</td>
<td>Dinner set worth Rs 1500/-</td>
</tr>
</tbody>
</table>

The section III pertained to information about marital status and other demographic profile of the respondents.
While administering the questionnaire the respondents were shown pictures of Brands with or without promotions in print or electronic media as the experimental stimulus.

As explained earlier, the participants of the study were randomly chosen from the first stage of selected colleges and randomly assigned to various experimental conditions. The subjects were randomly selected and randomly assigned to each sales promotion stimulus condition in the experiment consistent with experimental research best practices. The questionnaire to measure the dependent variable had broadly two parts. The first part was administered prior to providing the experimental stimulus and then after the exposure of subjects to the experimental stimulus relating to Price Promotion and Premium Promotion, the second part was administered.

3.9 Justification for the tools used

The researcher used Yoo and Donthu (2001) Consumer Based Brand Equity Scale to study the effect of Sales Promotions on Brand Equity. The scale developed by these researchers, as already mentioned, are etic in nature, i.e. can be employed across all cultures. Moreover, the studies conducted by Washburn and Plank (2002) and Pappu, Quester and Cooksey (2005) have validated the usefulness of the scale developed by Yoo and Donthu (2001) to measure Consumer Based Brand Equity.

The study conducted by Washburn and Plank (2002) in the context of co-branded products confirmed the constructs developed by Yoo and Donthu, namely MBE having Brand Awareness/Brand Associations, Perceived Quality and Brand Loyalty and Overall Brand Equity (OBE).

Pappu, Quester and Cooksey (2005) who conducted their study in Australia on consumers of two different product categories, cars and television
with six brands each, provided empirical evidence of the multi dimensions of Consumer Based Brand Equity conceptualised by Aaker (1991) and Keller (1993) and the scale developed by Yoo and Donthu (2001).

Similarly, Yoo, Lee and Donthu (2000) established the validity of MBE constructs on Consumer Based Brand Equity: Brand Awareness and Associations, Perceived Quality and Brand Loyalty while studying the examination of selected marketing elements and Brand Equity.

3.10 Pilot Study

A pilot study was conducted to find out the most popular product class in Convenience, Shopping and Specialty Products among 60 respondents each. The study concluded that the popular Product class, i.e. the top rated in Convenience, Shopping and Specialty, the products were Toothpaste, Colour Television and Athletic Shoes respectively.

A second pilot study was conducted among another set of 60 respondents to find out the popular brands in each Product categories: Convenience, Shopping and Specialty Products. The study revealed that the popular brands (meaning the top rated four brands) in Toothpaste Products are Colgate, Closeup, Anchor and Dabur; in Colour Television: Sony, Samsung, LG and Onida, and in Athletic Shoes: Nike, Reebok, Adidas and Action.

A pilot study was also conducted to check the feasibility of the study among 60 respondents in each product categories, namely, Convenience Products, Shopping Products and Specialty Products before starting the data collection. This was done with the objective of checking the suitability and reliability of the instruments used in the study. On the basis of the study, the
researcher made modification to some of questions based on the comments from the respondents. Some words used for the construction of certain questions were changed to make it easy to understand. The responses collected for pilot study have not been used for the final data analysis.

### 3.11 Reliability Analysis of Pilot Study

The reliability estimates were provided by the pilot study using Chronbach Alpha, which is a measure of inter-item correlation. The reliability indicated the extent to which individual differences in test score are attributable to “true” differences in the characteristics under considerations and the extent to which they are attributable to chance errors (Anastasi, A and Urbina, S, 2003). The reliability analysis of product categories, Convenience, Specialty, and Shopping Products are given below:

<table>
<thead>
<tr>
<th>Table 3.5 Reliability Analysis of Convenience Products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factors</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Brand Awareness and Associations</td>
</tr>
<tr>
<td>Perceived Quality</td>
</tr>
<tr>
<td>Brand Loyalty</td>
</tr>
<tr>
<td>Overall Brand Equity</td>
</tr>
</tbody>
</table>

- **A** denotes the respondents’ views on the dimensions of CBBE without Sales Promotion
- **B** denotes the respondents’ views on the dimensions of CBBE with Price Promotion
- **C** denotes the respondents’ view on the dimensions of CBBE with Premium Promotion
The reliability scale revealed that items in Perceived Quality, Brand Loyalty and Overall Brand Equity showed acceptable reliability while the items under Brand Awareness and Associations showed low value in the reliability test. However, when the last item in the questionnaire designed by Yoo and Donthu relating to Brand Awareness was removed it showed acceptable reliability Alpha values 0.673, 0.654, 0.623 for A (without Sales Promotion), B (with price promotion) and C (with premium promotion) respectively. The question removed was “I have difficulty in imaging my favourite Brand in my mind”.

Table 3.6 Reliability Analysis of Shopping Products

<table>
<thead>
<tr>
<th>Factors</th>
<th>No of items</th>
<th>Chronbach Alpha</th>
<th>Sample size N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Brand Awareness and Associations</td>
<td>5</td>
<td>0.331*</td>
<td>0.342*</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>2</td>
<td>0.653</td>
<td>0.640</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>3</td>
<td>0.642</td>
<td>0.676</td>
</tr>
<tr>
<td>Overall Brand Equity</td>
<td>4</td>
<td>0.663</td>
<td>0.677</td>
</tr>
</tbody>
</table>

The reliability scale revealed that items in Perceived Quality, Brand Loyalty and Overall Brand Equity showed acceptable reliability while the items under Brand Awareness and Associations showed low value in the reliability test. However, as done in the earlier case when the last item was removed, the Brand Awareness and Associations showed acceptable reliability values Alpha values 0.683, 0.691, 0.666 for A (without Sales Promotion), B (with Price Promotion) and C (with Premium Promotion) respectively.
Table 3.7 Reliability Analysis of Specialty Products

<table>
<thead>
<tr>
<th>Factors</th>
<th>No of items</th>
<th>Chronbach Alpha</th>
<th>Sample size N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Brand Awareness and Associations</td>
<td>5</td>
<td>0.3321*</td>
<td>0.302*</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>2</td>
<td>0.6235</td>
<td>0.6551</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>3</td>
<td>0.6678</td>
<td>0.671</td>
</tr>
<tr>
<td>Overall Brand Equity</td>
<td>4</td>
<td>0.6543</td>
<td>0.657</td>
</tr>
</tbody>
</table>

The reliability scale revealed that items in Perceived Quality, Brand Loyalty and Overall Brand Equity showed acceptable reliability while the items under Brand Awareness and Associations showed low value in the reliability test. Here also, when the last item was removed, the Brand Awareness and Associations showed acceptable reliability values Alpha values 0.633, 0.621, 0.646 for A (without Sales Promotion), B (with Price Promotion) and C (with Premium Promotion).

After making the necessary changes in the items pertaining to Brand Awareness and Associations construct, the reliability figures from the pilot study are reported below:

Table 3.8 Reliability Analysis of Product Categories for Brand Awareness and Associations

<table>
<thead>
<tr>
<th>Product Categories</th>
<th>Chronbach Alpha</th>
<th>Sample size N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chronbach Alpha</td>
<td>Sample size N</td>
</tr>
<tr>
<td></td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Convenience Products</td>
<td>0.673,</td>
<td>0.654,</td>
</tr>
<tr>
<td>Shopping Products</td>
<td>0.683,</td>
<td>0.691,</td>
</tr>
<tr>
<td>Specialty Products</td>
<td>0.633,</td>
<td>0.621,</td>
</tr>
</tbody>
</table>
3.12 Reliability Analysis of Main Study

Based on the Reliability analysis done above, the questionnaires were designed and administered. The result of the Reliability analysis of the main study is given below:

Table 3.9 Reliability Analysis of Convenience Products

<table>
<thead>
<tr>
<th>Factors</th>
<th>Chronbach Alpha</th>
<th>Sample Size N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Brand Awareness and Associations</td>
<td>0.8541</td>
<td>0.861</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>0.825</td>
<td>0.847</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>0.818</td>
<td>0.838</td>
</tr>
<tr>
<td>Overall Brand Equity</td>
<td>0.843</td>
<td>0.891</td>
</tr>
</tbody>
</table>

The reliability scale revealed that all the four items, viz., in Brand Awareness and Associations, Perceived Quality, Brand Loyalty and Overall Brand Equity showed acceptable reliability with high Chronbach Alpha values.

Table 3.10 Reliability Analysis of Shopping Products

<table>
<thead>
<tr>
<th>Factors</th>
<th>Chronbach Alpha</th>
<th>Sample Size N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Brand Awareness and Associations</td>
<td>0.822</td>
<td>0.862</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>0.847</td>
<td>0.864</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>0.836</td>
<td>0.873</td>
</tr>
<tr>
<td>Overall Brand Equity</td>
<td>0.872</td>
<td>0.866</td>
</tr>
</tbody>
</table>
The reliability scale for Shopping Products also showed acceptable reliability with high Chronbach Alpha values for all the items in Brand Awareness and Associations, Perceived Quality, Brand Loyalty and Overall Brand Equity.

Table 3.11 Reliability Analysis of Specialty products

<table>
<thead>
<tr>
<th>Factors</th>
<th>Chronbach Alpha</th>
<th>Sample Size N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Brand Awareness and Associations</td>
<td>0.8021</td>
<td>0.834</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>0.8735</td>
<td>0.821</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>0.8478</td>
<td>0.851</td>
</tr>
<tr>
<td>Overall Brand Equity</td>
<td>0.8143</td>
<td>0.837</td>
</tr>
</tbody>
</table>

The reliability scale for Specialty Products also showed similar high Chronbach Alpha values in all four items in Brand Awareness and Associations, Perceived Quality, Brand Loyalty and Overall Brand Equity.

3.13 Demographic Variables

The researcher had collected information regarding the gender, age, educational profile, and income of the respondents. For studying effect of Sales Promotion on Brand Equity the total income of the family was considered in all respondents whether in the case of college teachers or students.

3.14 Limitations of the study

a) The study was restricted to the post-graduate students and teachers of Mahatma Gandhi University coming under four districts of Kerala. Therefore, the results need not be generalised to all sections or age or categories of people.
b) The study was on the effect of Sales Promotion on Consumer Based Brand Equity of only three categories of products, viz., Convenience Products, Shopping Products and Specialty Products and the researcher did not undertake an in-depth analysis of specific brands.

c) The study examined the effect of Sales Promotion on Consumer Based Brand Equity among goods only and hence did not cover services. Hence the results cannot be generalised.

d) The study was only on a homogeneous population, viz., students and teachers and therefore cannot be generalised across heterogeneous groups.

e) The demographic variable’s influence on the effect of Sales Promotion on Consumer Based Brand Equity was not included in the study.

f) The study was conducted on a simulated environment and not on a real life situation. Therefore results need not reflect the real life situation.

3.15 Statistical methods and Analyses

The responses from the respondents were edited and some of the responses were omitted as they were either not filled or filled incompletely or not done properly. The valid responses were then coded and entered into a spreadsheet of SPSS (Statistical Package for Social Services) software. Most of the data analysis was done using SPSS 15. Statistical software, AMOS was also used for checking the construct validity and reliability of the Consumer Based Brand Equity scale.

The questionnaire consisted of three sections I, II and III. The I section consisted of questions pertaining to the general awareness of the Brand. There
Objectives, Methodology and Scope of the Study

were 13 items in each of the parts A, B and C section II of the questionnaire and the total number of questions in that section came to 39. Section III of the questionnaire dealt with the demographic profiles of the respondents. The study used a seven point Likert scale varying from strongly disagree (1) to strongly agree (7). One question each from A, B, C parts of section II corresponding to Brand Awareness and Associations was removed as respondents viewed it differently, making it inconsistent with the logic of the construct.

The statistical tool ‘t’ test was used to measure the effect of Sales Promotions on Consumer Based Brand Equity and the differential effect between before the Sales Promotion and after the Sales Promotion and between Sales Promotion, viz., Price Promotion and Premium Promotion. ANOVA tests were done to find out the most favourite brand (in the order of preference) among the brands by the population on the sources of Consumer Based Brand Equity. Correlations, Reliability analysis and Factor analysis were also performed. Since the Factor analysis results were not statistically significant, the results were not reported in the study. Summary statistics were computed and reported in the study.

3.16 Chapter Scheme

This thesis is presented in six chapters. The first chapter gives an introduction to the topic and it deals with the relevance of the study in the light of prevailing market situations.

The second chapter deals with the theoretical framework of the study. It is divided into four parts. Part I attempts to define what is Sales Promotion, how it has been classified by different authors and what are the different streams of Sales Promotion from the perspective of market demand, consumers perception and how consumers respond to different promotions.
Chapter 3

Part II tries to explain the origin of Brands, define the term brand as given by American Marketing Association and various authors, and evolution of brand concepts and images. Part III discusses the different definitions and approaches to Brand Equity and Consumer Based Brand Equity as envisaged by various authors. It also deals with the different approaches to measure Brand Equity and Consumer Based Brand Equity. Part IV explains the sources of Consumer Based Brand Equity, namely, Brand Awareness, Brand Associations, Perceived Quality and Brand Loyalty.

Chapter 3 presents the significance, objectives and hypotheses of the study. It also discusses the dependent variable, Consumer Based Brand Equity and sources of Consumer Based Brand equity, the methodology adopted for conducting the study, the reliability of the scale used, scope and limitations of the study, tools used for the study and also give the chapterisation scheme of the study.

Chapter 4 presents the results of the analysis of the data to find out the effect of Sales Promotion on Brand Equity.

Chapter 5 gives the results and discussion of the analysis of data to examine the objectives and hypotheses of the study. Finally, Chapter 6 presents the conclusion, scope for future research and implication of the research to management theory and practice.