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**Effects of Sales Promotions on Consumers’
Brand Preference**

Case of Promotions on Home Appliances

**A Paper Submitted in Partial Fulfillment of the Requirements for
Masters’ Degree in Commercial Sciences**

Major: Distribution Management

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Dedication

To my mother, for being my everything.

To my father, for his constant support and encouragements

To my brothers Walid, Fouzi and Amine.

To my niece my little bundle of joy, Farah.

Acknowledgments

I am grateful to my supervisor Dr F.Selougha for her guidance and assistance in such a small period of time.

I also owe a great debt to my all teachers for passing on their knowledge to me during my years of studies.

Finally, I would like to thank my colleagues and friends for their encouragements and contribution to this paper.

Abstract

Sales promotions have been improving since late 1950s and today it has become one of the main marketing tools in the promotion mix. Companies heavily apply monetary sales promotions as well as non-monetary sales promotions in order to attract customers and stimulate them toward their products or services. In the home appliances sector companies rely on both types of sales promotions.

The purpose of this study is to reveal the impact of both these promotions on brand preference. In this regard, effects of monetary and non-monetary sales promotions has been measured through structural equation modeling (SEM) method. The findings indicate that both promotions have a positive influence on consumers' preference.

Keywords: Sales Promotions, Monetary and Non-Monetary Promotions, Brand Preference, Home Appliances Sector.

ملخص

لقد تحسنت عروض ترويج المبيعات منذ أواخر الخمسينيات وأصبحت اليوم واحدة من أدوات التسويق الرئيسية في مزيج الترويج. تطبق الشركات بشكل كبير عروض ترويج المبيعات النقدية بالإضافة إلى عروض المبيعات غير النقدية من أجل جذب العملاء وتحفيزهم على منتجاتهم أو خدماتهم. تعتمد الشركات في قطاع الأجهزة المنزلية على كلا النوعين من عروض المبيعات.

الغرض من هذه الدراسة هو الكشف عن تأثير هذين الترويجيين على تفضيل العلامة التجارية. في هذا الصدد ، تم قياس آثار ترويج المبيعات النقدية وغير النقدية من خلال طريقة نمذجة المعادلة الهيكلية. تشير النتائج إلى أن كلا الترويجيين لهما تأثير إيجابي على تفضيل المستهلكين.

الكلمات الدالة ترويج المبيعات. عروض المبيعات غير النقدية. عروض ترويج المبيعات النقدية. قطاع الأجهزة المنزلية

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List of Abbreviations

CD Consumer Durables

POP Point-Of-Purchase

SP Sales promotions

BP Brand preference

DG Durable goods

MSP Monetary sales promotion

NMSP Non-Monetary sales promotion

General Introduction

The pace of the Algerian economy has gone through massive fluctuations, which resulted in changes in consumption patterns. These changes are widespread and encompass almost all sectors of the economy and all sections of the society. The increased willingness to buy has resulted in new living patterns, where consumption of varied and quality branded products has become a routine. Thus, consumers now have greater influence on companies in particular and market in general.

Nowadays, consumers decide the future of the companies making marketers required to spend a lot every year predict or anticipate consumers' behaviour. However, with the continuous increase in choices of different products it is becoming difficult for consumers to make preferences and execute buying decisions.

In the process of increasing their sales, marketers often rely on sales promotions schemes, although the impact is short-termed, it is still one of the main functions that require a great deal of maintenance and constant changes of strategy to fit with the product, type of consumers, consumers preferences, especially for companies with the status of challengers with the aim to increase their market share.

With the rapid change in consumers' perceptions and preferences the present research work will be of immense help to the durables industry as it provides an opportunity to adopt new sales promotion strategies and to adapt them to the targeted customers. This study focuses on consumer market so intended to investigate the effects of both monetary and non-monetary sales promotions in business to consumer (B2C) market structure. In this context, business to business (B2B) market structure sales promotions have been out of scope such as; motivating sales people, sales contests, and trade shows. According to this aim, coupons, cash refunds, cents-off deals, premiums, allowances and discounts are going to be classified as monetary sales promotions and free goods, contests and samples are going to be classified as non-monetary sales promotions.

Based on this, our problematic can be summarized through the following main research question:

What is the Impact of Monetary and Non-Monetary Sales Promotions on Consumers' Brand Preference in the Sector of Home Appliances?

To cover this problematic from various aspects; it is divided into three sub questions:

- **Q1:** What is the most used form of sale promotions in the home appliances sector from consumers' perspective?
- **Q2:** What influence does monetary promotions have on brand preference?
- **Q3:** Do non-monetary sales promotions affect brand preference?

Based on the extensive literature review we formulated the following hypotheses:

H1: Price reductions is the most common form of promotions in home appliances sector for consumers.

H2: Monetary sales promotions have positive influence on brand preference.

H3: Non-Monetary sales promotions have positive influence on brand preference.

The objectives of the present study are to conduct an in-depth and comprehensive study on effects of sales promotion practices in the home appliances sector and to examine and compare the consumer attitudes and preferences of sales promotion schemes; price based and non-price based.

The choice of this subject has several personal and objective reasons.

The personal reasons are:

- Adequacy of the topic with the interests of the researcher.
- Adequacy of the topic with the researcher's specialty.

The objective reasons are:

- An attempt to better understand the consumers' purchasing decisions and their preferences, perceptions and attitudes.
- An attempt to better understand the impact of various sales promotion practices in home appliances sector.

In order to achieve the preceding objectives; secondary data in a form of researches on the subject will be reviewed. Besides, for our primary data a quantitative research will be conducted based on an existing theoretical model, online survey will be run for data collection, to be then coded and analyzed using SPSS 26.0 in order to conduct exploratory factor analyses (EFA) to obtain the assumed factor structure. and AMOS 24.0 to obtain the assumed model structure by structural equation modeling method. The effects of sales promotions on brand preference was measured on 3 factors as follows; 'monetary sales promotions', 'non-monetary sales promotions' and 'brand preference'.

The thesis is organized into three chapters, each has three sections. The first two chapters constitute the theoretical part and the third one represents the empirical research.

Chapter one is divided into three sections. Section one starts with a definition of sales promotions and reasons for its rapid growth, as well as its short- and long-term effect on a business. Section two of the chapter explores different strategies and promotional tools that are used at two different levels; consumer and trade. The final section of this chapter deals with different behavioral theories and consumers' perception on sales promotions with a mention of several empirical researches conducted by different authors in terms of promotions.

Chapter two is devoted to the study of consumer promotions which have been subdivided into two distinct categories: monetary promotions and non-monetary promotions. Section one embodies the difference between the two categories of promotions. While section two discusses consumers' behavior and the concept of brand preference towards price and non-priced promotions as well as an entry to the durable goods sector and customers' attitude towards these goods. In section three we present the theoretical model from which we will conduct our empirical research.

Chapter three consists in studying the impact of monetary and non-monetary sales promotions schemes on brand preference in the home appliances market. It is divided into two sections. Section one describes the methodology of the research and which data will be used to design and analyze the questionnaire. Finally, section two presents the findings of the survey that will be used to accept or reject the hypotheses proposed above. However, our study had several limitations,

- Improper representation of the target population; Sample profile.
- Use of a restrict number of factors for the conceptual model, factors such as brand awareness, purchase intention could be used.
- Most literature reviews discuss monetary sales promotion and neglect non-monetary promotions.
- Different sales promotion tools have been omitted due to their inexistence in the target market such as coupons and exchange off.
- The absence of an internship in a company specialized in durable goods and home appliances.

Chapter one

Sales Promotions Theoretical and

Conceptual Framework

Introduction

In this chapter, a literature study is conducted to define sales promotions, its importance in the current market and the reasons for such a rapid growth, as well as its effects on both consumers and companies.

Furthermore, the chapter underlines three different strategies generated by manufacturers in order to implement the necessary tools for a successful promotion operation. Finally, the chapter explores theories about the effectiveness of 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, and how consumers respond and perceive promotions in general.

Section 1: Sales promotions

The following discussion addresses sales promotions definition and characteristics, as well as a brief context of the importance of this promotion by mentioning reasons of its rapid growth and the short- & long-term effect on business and consumers.

1.1 Definition of Sales Promotion

Sales promotion encompasses all those promotional activities which are undertaken to stimulate interest trial or purchase of a product by the end user or other intermediaries in between. Besides advertising and personal selling all other activities undertaken to promote a product or service can be classified under sales promotion.

According to Philip Kotler – “Sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase of particular product/services by consumers or the trade.”¹

The Advertising Standards Authority (ASA) Code of Sales Promotion defines sales promotion as "Marketing techniques, usually used on a temporary basis, to make goods and services more attractive to the consumer by providing some additional benefits either in cash or in kind."²

Sales promotion includes several communication activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Examples of devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes.

Unlike many other communication tools, sales promotion is primarily aimed at

¹Kotler, Philip, Kevin Keller, Abraham Koshy, Mithileshwar Jha (2013) ‘Marketing Management: South Asian Perspective’, Pearson, 14th edition.

²"Advertising Codes". Committee of Advertising Practice. Retrieved November 10, 2016.

increasing short-term sales. they are action-oriented communication techniques to generate additional sales to existing customers or even to new, temporary customers. They attempt to provoke an immediate behavioral response. Therefore, promotions must be large enough to trigger this behavior. However, promotional actions should not be launched too frequently, as this could damage the image in the long run and could give the brand a reputation for being cheap and destroy the perception of intrinsic qualities.

1.2 The Characteristics of Sales Promotions

According to Philip Kotler, sales promotional tools have three distinctive characteristics:

- Communication: It gains attention and usually provide information that may lead the consumer to the product.

- Incentive: It incorporates some concession, inducement, or contribution that gives the value to the consumer.

Invitation: It includes a distinct invitation to engage in the transaction now.

1.3 The Reasons for the Increased Growth of Sales Promotion Activities

Sales promotions are no longer just an afterthought in strategic planning terms and therefore also no longer simply short-term tactical tools to 'shift stock'. The sales promotion industry has matured and communications companies have the expertise to fully integrate the communications mix. Although there are many factors behind the growth of sales promotion, but broadly certain reasons can be identified which are as follows ¹:

¹Kotler P. Marketing Management : The Millenium Edition. Prentice Hall, 2000

¹Paul Copley, Marketing Communications Management: Analysis, Planning, Implementation. 2nd edition, Sage Publication (2014)

- Increasing competition and relationships or co-marketing alliances with particular retailers have developed,
- Customers becoming more price sensitive,
- Sales promotion generally create an immediate positive impact on sales,
- Products have become more standardized,
- A decline in brand loyalty,
- Advertising has become more expensive and less effective forcing marketers to seek other forms of communication
- Sales promotions maximize profits,
- An increase in impulsive buying,
- Emphasis on sales volume,

1.4 The Effects of Sales Promotion

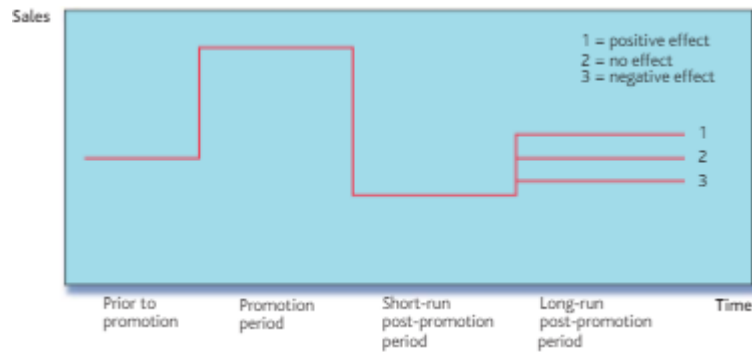
Sales promotion is often used to provide a short, sharp shock to sales. In this sense it may be regarded as a short-term tactical device. Promotions boost sales during the promotion period because of the incentive effect. This is followed by a small fall in sales to below normal level because some consumers will have stocked up on the product during the promotion.

The long-term sales effect of the promotion could be positive, neutral or negative. If the promotion has attracted new buyers, who find that they like the brand, repeat purchases from them may give rise to a positive long-term effect.¹ Alternatively, if the promotion (e.g. money off) has devalued the brand in the eyes of consumers, the effect may be negative. Where the promotion has caused consumers to buy the brand only because of

¹Rothschild, M. L., And Gaidis, W. C. Behavioural learning theory: Its relevance to marketing and promotions. *Journal of Marketing* 45, 2 (1981), 8–70.

its incentive value, with no effect on underlying preferences, the long-term effect may be neutral.

Figure 1: Usual Sales pattern



Source: Principles and practices of marketing, David Jober, 6th edition McGraw-Hill Education. p-588. 2010

1.5 Advantages and Disadvantages of Sales Promotions

A brief discussion on the advantages and disadvantages of sales promotions is presented below ²

1.5.1 Advantages to Consumer

- Increased buying confidence
- Reduced costs
- Generating customer enthusiasm and patronage
- Availability of quality product.
- Customer satisfaction.

²economicsdiscussion.net/marketing-management/sales-promotion/sales-promotion-in-marketing/32216. Accessed on 20/09/202

1.5.2 Advantages to Producer

- Entering new markets
- Control expenses and offers quick measurable results.
- Develops customer loyalty
- Attracting customer traffic.
- Increasing impulse purchases and volume sales.

1.5.3 Disadvantages of Sales promotions

Sales promotions also have several disadvantages or risks, as follows:

- The image of the firm may be lessened if it always runs promotions.
- Consumers' may perceive a decline in product quality.
- Profit margins are often lower for a firm.
- Consumers' may not make purchases when the items are sold at regular prices.
- Sales promotion may shift attention away from the product and onto secondary factors.

1.6 Impact of Sales Promotions

Most of the empirical studies have concentrated on the effect of promotions in the short term, which are examined below¹:

¹Cummins, J. and Mullin, R. Sales Promotion: How to Create, Implement and Integrate Campaigns that Really Work. Kogan Page (2002)

1.6.1 The Short-term Impact of Promotions

- Temporary cost off substantially increases sales.
- Sales Promotion leads to brand substitution with the product category.
- Sales Promotion prompts to buy acceleration/stockpiling effects.
- Sales Promotion prompts to essential request development for a classification.
- Sales Promotions influence sales in complementary and competitive categories.

1.6.2 The Long-Term Impact of Promotions

Strategies are work to profit for longer time; same is valid in sales promotional strategies. A study conducted by Carl and Al found the following results²:

Consumer promotions for leading brands of established packaged products has no after effects on the brand's sales or repeat buying loyalty.

Price promotions make both loyal and non-loyal consumers more sensitive to price. An increased use of such promotions also trains consumers (especially non-loyal ones) to look for deals in the marketplace.

It is found that non-price promotions have different effects for loyal and non-loyal consumers. Although these promotions act like advertising for loyal consumers, making them less price sensitive, they make the non-loyal consumers focus even more on prices

²Carl F. Mela, Sunil Gupta and Donald R. Lehmann. The Long-Term Impact of Promotion and Advertising on Consumer Brand Choice. *Journal of Marketing Research*, Vol. 34, No. 2 (May, 1997), pp. 248-261

Section 2: Sales Promotion Strategies

The highlight of this section is the three types of sales promotional strategies and the various tools of promotions adopted by manufacturers for both customers and trade.

2.1 Definition of Sales Promotion Strategies

Sales promotional strategy is an activity that is designed to help boost the sales of a product/service. This can be done through advertising, public relations, free samples, free gift, trading stamps, demonstrations and exhibitions, prize giving competitions, price cuts and door-to-door sales, telemarketing, personal sales letters and emails.¹

When building up a sales promotion strategy for business, it is important to keep in mind consumer attitudes, advertising strategy, buying patterns, brand strategy, competitive strategy and other components that can influence products availability and pricing.

2.2 Types of Sales Promotion Strategies

We find three main types of sale promotional strategies; push strategy, pull strategy and a combination of both².

2.2.1 A Push Strategy:

It involves ‘pushing’ distributors and retailers to sell your products and services to the consumer by offering various kinds of promotions and personal selling efforts. In other words the producer promotes the product to wholesalers, the wholesalers promote it to

¹Rogers, Stuart C. Marketing Strategies, Tactics, and Techniques: A Handbook for Practitioners. Westport, Conn: Quorum Books, 2001

²Rogers, Stuart C. Marketing Strategies, Tactics, and Techniques: A Handbook for Practitioners. Westport, Conn: Quorum Books, 2001

retailers, and the retailers promote it to consumers.

The typical tactics employed in push strategy are: allowances, buy back guarantee, free trials, contests, specialty advertising items, discounts display and premiums.

2.2.2 A Pull Strategy:

It focuses more on the consumer instead of the re-seller or distributor. This strategy involves getting the consumer to 'pull' or purchase the product/services directly from the company itself. This strategy targets its marketing efforts directly on the consumers with the hope that it will stimulate interest and demand for the product. This strategy requires high spending on advertising and consumer promotion to build up consumer demand for a product.

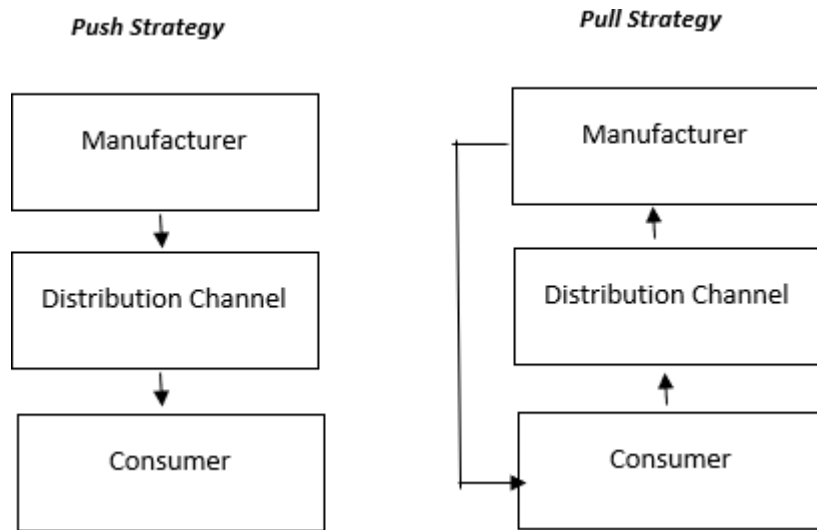
The various typical tactics employed in pull strategy are: sample, coupon, cash returns and rebates. ¹

2.2.3 A Combination of the two Strategies:

A 'combination' sales promotional strategy is just that; it combines a push and pull strategies. It focuses both on the distributor as well as the consumers, targeting both parties directly by offering consumer incentives side by side with dealer discounts.

¹Lusch and Lusch, Principles of Marketing (Kent Publishing Co. 1987); pg. 470-480

Figure 2: Types Of Promotional Strategies



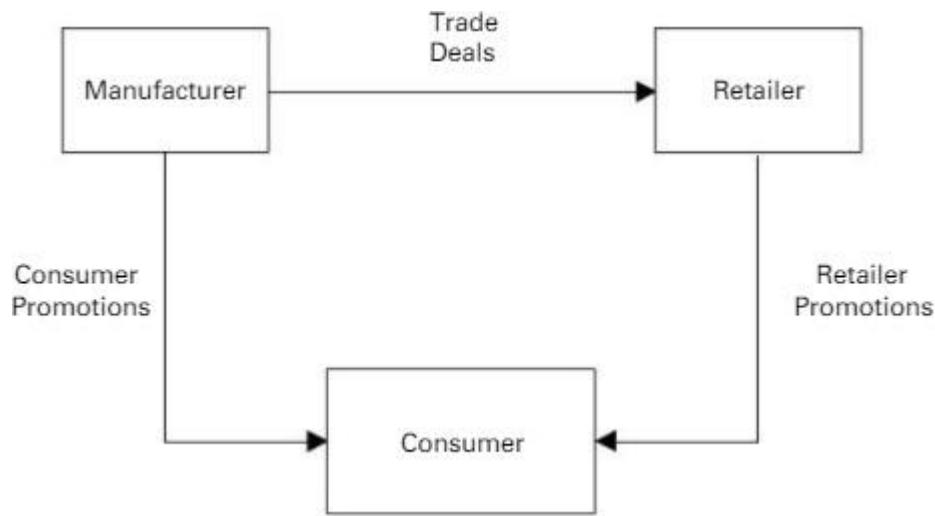
Source: Personal effort.

2.3 Sales Promotion Tools

Sales promotion can be classified in three major forms, depending on the initiator and the target of the promotion. Retailer promotion and consumer promotion are directed toward the consumers by retailers and manufacturers, respectively. They consist of what is called Customer oriented sales promotion. Trade deals are promotions targeted by manufacturers directly to retailers. Also called Trade Oriented Sales Promotion.

The three types of promotions are illustrated in figure 3

Figure 3: Categories of Sales promotions



Source: Personal effort.

2.3.1 Customer Oriented Sales Promotions Tools

The emphasis is given to motivate the consumer to increase sales. It includes Sampling, Coupons, Premiums, Contest, Refunds, Rebates, Bonus Pack's, Price-off, etc. Marketers use consumer-oriented sales promotion tools to increment short term sales, incite trial, diminish stock, build up a brand name, make a cross offering, adapt up with the competition and avoid advertising clutter.

There is such a large number of devices accessible to marketers for achieving the goals of sales promotion. These techniques should be utilized considering all other components influencing such as cost, time, competitors, availability of goods etc. These techniques are as under. . .

2.3.1.1 Coupons ¹

A Coupon is the most established and most broadly utilized method for sales promotion. Coupons have been utilized since 1895. It is usually utilized by packaged

¹Daniel Jr Carl Mac., Marketing (3rd Edition); pg. 332-341

goods. A coupon leads to price reductions so as to encourage price sensitive customers.

A coupon is a certificate entitling the holder to special savings on a product or to cash refund if a given product or group of products are purchased. Coupons are designed either to attract new users or to encourage past users to make repeat purchases. Coupons can also be an especially effective brand sweetening incentive. Coupons are widely used by the marketers across many retail industries, entertainment industries and reach consumers in a number of different delivery formats including free standing inserts, Cross-products, Print out, Product display and internet.

2.3.1.2 Price-off ¹

A price-off is essentially a lessening in the price of the product to build sales and is very often used when introducing a new product. A reduction in price always increases sales but the use of this technique should be carefully considered in the current market situation. Price-off is the most preferred sales promotion technique because consumers respond very positively to this scheme. Not only that but it also causes a large increase in sales volume. Price-off reductions are typically offered tight on the package through specially marked price packs.

2.3.1.3 Scratch Cards

A Scratch card is a small token, usually made of cardboard, where one or more areas contain concealed information: they are covered by a substance that cannot be seen through, but can be scratched off.

2.3.1.4 Quantity off

Quantity off is a marketing strategy that involves offering a few items available to be purchased as one joined product. A heap of products is sometimes referred to as a package deal or a compilation or an anthology.

¹Mc Carthy E. Jerome and Perreant Jr. William D, Essentials of Marketing (5th Edition; Irwin); p 187-191

2.3.1.5 Contests/Sweepstakes

The most important difference between contests and sweepstakes is that contests require entrants to perform a task or demonstrate a skill that is judged in order to be deemed a winner, while sweepstakes involve a random drawing or chance contest which will or might not have an entry requirement. At just one occasion, contests were more commonly used as advertisements, mostly thanks to legal restrictions on gambling that a lot of marketers feared might apply to sweepstakes. But the utilization of sweepstakes as a promotional tactic has grown dramatically in recent decades, partly due to legal changes and partly due to their lower cost.

2.3.1.6 Discounts ¹

Buyers may learn about price discounts either at the point of sale or through advertising. At the point of sale, price reductions may be posted on the package, on signs near the product or in the Store front windows. Many types of advertisements can be used to notify customers of upcoming discounts, including fliers and newspaper and TV ads. Price discounts may be initiated by the manufacturer, the retailer, or the distributor. For instance, a manufacturer may 'pre price' a product and then convince the retailer to participate in this short- term discount through extra incentives. For Price reduction strategies to be effective, they must have the support of all distributors in the channel. Existing customers perceive discounts as rewards and often respond by buying in larger quantities. Price discounts alone, however, usually do not induce first time buyers.

2.3.1.7 Premiums ²

A premium is tangible remuneration that is given as motivator for playing out a specific demonstration as a rule purchasing a product. The premium might be given for free or might be offered to consumers for a significantly decreased price.

¹Mc Carthy E. Jerome and Perreant Jr. William D, Essentials of Marketing (5th Edition; Irwin); p 187-191

²Daniel Jr Carl Mac., Marketing (3rd Edition); p 332-341

2.3.1.8 Sampling An indication of a fruitful advertiser is getting the product under the control of the consumer. Sometimes, especially when a product is new or is not a market head, a successful strategy is giving a sample product to the consumer, either free or for a small fee. But in order for sampling to change people's future purchase decisions, the product must have benefits or features that will be obvious during the trial.

To be an effective promotion device, samples should be given to as many people as possible. Free sample can be a very useful way of changing product image. In general due to either past advertising or common usage, some products have a masculine image or a feminine image in that case samples may be very useful to change this kind of perception of consumers.

2.3.2 Trade Oriented Sales Promotion Tools

Trade Oriented Sales Promotions are planned to inspire channel members of the company and urge them to push the company's product. A trade sales promotion is targeted at resellers i.e. wholesalers and retailers who distribute manufacturer's products to the ultimate consumers.¹ The objectives of sales promotion aimed at the trade are different from those directed at consumers.

In general, trade sales promotion hopes to accomplish four goals:

- Develop in-store merchandising support, a strong support at the retail store level is considered the key to closing the loop between the customer and the sale.
- Control inventory by increasing or depleting inventory levels, thus helping to eliminate seasonal peaks and valleys.
- Expand or improve distribution by opening up new sales areas.
- Generate excitement about the product among those responsible for selling it.

¹Lee, M. Johnson, C. Principles of Advertising: A Global Perspective. Haworth marketing resources. Haworth Press, 1999.

With thousands of products competing for limited shelf space, spending on trade promotion is nearly equal to that spent on consumer promotion. Many sales promotions aimed at building relationships with channel partners follow similar designs as those directed to consumers including promotional pricing, contests and free product. In addition to these, several other promotional approaches are specifically designed to appeal to trade partners. The following, are trade oriented tools:²

2.3.2.1 Point of purchase displays ¹

Pop displays are a crucial promotional tool because they can help a manufacturer obtain more effective in-store merchandising of products. They are useful in reaching the consumer at the point of purchase and often encourage retailers to support one's brand.

Manufacturers provide point of purchase display units free to retailers in order to promote a particular brand or group of products. The forms of POP displays include special racks, display cartons, banners, sign boards, price cards and mechanical product dispensers. Probably the most effective way to ensure that a reseller will use a POP display is to design it so that it generates sales for the retailer.

POP displays also provide or remind customers about important decision information decision information, such as, the products name, appearances and size. The theme of the POP display should coordinate with the theme used in ads and by salespeople.

2.3.2.2 Incentives ²

Manufacturers may develop contests or special incentive programs to stimulate greater selling effort and support from reseller management or sales personnel. Contests or incentives programs are often directed towards managers who work for a wholesaler or retailer also as towards store or department managers at the retail level. Incentives to

²George Edward Belch, Michael A. Belch. Advertising and Promotion: An Integrated Marketing Communications Perspective. McGraw-Hill Irwin, 2009

¹Barrey Thomas E., Marketing an Integrated Approach (CBS College Publishing, The Dryden Press, 1986); 218-220

²Rana,N. Apparel Industry Pre Post Processes. Manojvm Publishing House,2020

members of the trade include awards in the form of travel, gifts or cash bonuses for reaching targeted sales levels. Push money, another incentive is carried out through a program in which retail salespeople are offered a monetary reward for featuring a marketer's brand with shoppers.

2.3.2.3 Allowances ³

Various sorts of allowances are offered to retailers and wholesalers. It includes mercantile allowances, slotting fees, bill-back allowances, and off-invoice allowances. Under the mercantile allowance scheme, the reseller gets extra cases of the merchandise with the acquisition of specific amounts. Slotting allowances are fees retailers get for providing a slot or position to accommodate a replacement product. Manufacturers often give retailers allowances or discounts for performing certain promotional or merchandising activities in support of their brands. Such a scheme is named bill-back allowances. within the case of off-invoice allowances, a particular amount or percentage is deducted from the invoice.

2.3.2.4 Sales Training Programmes

Another sort of manufacturer-sponsored promotional assistance is a sales training programme. this system , the marketer provides training to retailer store personnel who sell durables and specialty goods like cooling systems, exercise equipment, and personal computer. Training programs equip sales personnel with sufficient knowledge about the features, benefits, and advantages of those products.

2.3.2.5 Cooperative Advertising It is an advertising programme designed by the manufacturer of a product in cooperation with other members in the channel. Under the programme manufacturer either set specifications about the content and size or send templates for an ad. More than one party shares the cost of the advertising. Generally manufacturer pays a part of the advertising a retailer runs to promote the manufacturer's brand and its availability in the retailer's place of business.

³Kotler P. and Armstrong G, Principles of Marketing (6th Edition, Prentice Hall, 1995) p.545-558

2.3.2.6 Trade Shows ¹

Trade shows are organized events that bring both industry buyers and sellers together in one central location. It is an industry convention where manufacturers, resellers and sometimes consumers meet to discuss and observe industry trends. They are considered pure selling or publicity activities. Their objective is to promote sales to distributors and their customers. Trade shows provide a major opportunity to take orders for products, chance to demonstrate products, disseminate information, and answer questions and direct comparison with competitors.

Marketers are attracted to trade shows since these offer the opportunity to reach a large number of potential buyers in one convenient selling. At these events, most sellers attempt to capture the attention of buyers by setting up a display area to present their product offerings and meet with potential customers. These displays can range from a single table, covering a small area to erecting specially built display booths that dominate the Trade show floor.

The following table provides a wide range of promotions for each of the three categories (consumer promotions, retailers promotions and trade promotions).

Table 1: Specific sales promotion tools

Retailer Promotions	Trade Promotions	Consumer Promotions
Price Cuts	Case Allowances	Coupons
Displays	Advertising Allowances	Sampling
Feature advertising	Display allowances	Price packs, cent-off deals
Free good	Trade coupons	Rebates and Refunds
Retailer coupons	spiffs	Continuity programs and patronage rewards
Contests/premiums	Financing incentives	Financing incentives
	Contests	Bonus or value packs
		Special events
		Sweepstakes and Contests
		Premiums
		Advertising specialties
		Tie-ins

Source: Blatterberg, R.C, Neslin S.A. Sales promotion: Concepts, methods, and strategies. Englewood Cliffs, N.J.: Prentice Hall. page 5

¹Kotler P. and Armstrong G, Principles of Marketing (6th Edition, Prentice Hall, 1995);p.545-558

Section 3: Consumer and Sales Promotions

In this section, we find three theories that assert consumers' attitude towards sales promotions. As well as a mention of consumer response to different types of promotions.

3.1 Theories of Sales Promotions Effectiveness

Studies of sales promotions have a long history in marketing and consumer research and continues to attract a large amount of research attention. One key factor that impacts the effectiveness of sales promotions is the design of the offer ¹. Some authors have noted that price reductions could be less effective than other forms of sales promotions ²

3.1.1 Transaction Utility Theory

The concept of transaction utility was proposed by Thaler (1985) who stated that the total utility derived from a purchase comprised of acquisition utility and transaction utility. Acquisition utility was the expected utility gained from acquiring the product (i.e. benefits of the product) compared to the cost of paying for it (i.e. the price of the product). On the other hand, transaction utility was the difference between the internal reference price and purchase price of the product. Its derived from the sentiment of mental joy or fulfillment experienced on getting a decent deal or arrangement. Purchasers were thought to encounter satisfaction from the way that they purchased the item at a cost less than the regular price. The conceptualization of acquisition and transaction utility was confirmed experimentally by Lichtenstein, Netemeyer and Burton.

3

¹Hardy, K. G. (1986) Key success factors manufacturers' sales promotions in packaged goods. *Journal of Marketing*, 50 (3), 13-23

²Cotton Babb, 1978; Diamond Campbell, 1989). Cotton, B. C., Babb, E. M. (1978). Consumer response to promotional deals. *Journal of Marketing*, 42 (3), 109-113.

³Muehlbacher, Stephan Kirchler, Erich Kunz, Angelika. (2011). The Impact of Transaction Utility on Consumer Decisions The Role of Loss Aversion and Acquisition Utility. *Zeitschrift für Psychologie/Journal of Psychology*. 219. 217-223

3.1.2 Prospect Theory

This theory¹ proposes that people perceive outcomes of a choice as 'losses' and 'gains' relative to a subjective reference point. Researchers who have applied this theory to promotions have stated that consumer's perception of promotion as a 'loss' or 'gain' is a function of the type of the promotion, they proposed that non-monetary promotions such as premium offers which segregate the promotional gain from the purchase price will be viewed as gains. On the other hand, monetary promotions such as price offs which integrate the promotional gain with the purchase price will be viewed as reduced losses.²

3.1.3 Attitude Model

Multi-attribute models of attitude³ depict the consumer's decision to perform a specific behavior as the logical consequence of belief, attitudes, and intentions with regard to the behavior. Attributes are the characteristics of the product or brand or firm. Beliefs reflect how much a consumer believes that the product or brand or firm will deliver the attribute. Attitude theories illustrate that consumer attitudes towards a product will affect consumer behavior or action against these products

Shimp and Kavas applied the theory of reasoned action to understand the consumer's decision to use coupons. As per the model, behavior towards coupons would be influenced by consumer intentions to use coupons. Consumers' intention to use coupons would be determined by their attitudes and subjective norms. Consumers' attitudes would be formed through their beliefs in the rewards and costs of using coupons while subjective norms would be formed through consumers' perception of whether important others think they should expend the effort to clip, save and use coupons.⁴

¹Kahneman, Daniel Tversky, A. (2000). Choices, values, and frames, as reprinted in Choices, Values, and Frames. Daniel Kahneman and Amos Tversky. 1-16

²William D. Diamond and Abhijit Sanyal (1990) ,"The Effect of Framing on the Choice of Supermarket Coupons", in NA - Advances in Consumer Research Volume 17, eds. Marvin E. Goldberg, Gerald Gorn, and Richard W. Pollay, Provo, UT : Association for Consumer Research, Pages: 488-493.

³Fishbein, M. Ajzen, Icek. (1975). Belief, attitude, intention and behaviour: An introduction to theory and research.

⁴Shimp, Terence A., and Alican Kavas. "The Theory of Reasoned Action Applied to Coupon Usage." Journal of Consumer Research 11, no. 3 (1984): 795-809

3.2 Sales Promotion and Consumer Response/ Preference:

A greater understanding of the different types of consumer responses to promotions can help managers develop effective promotional programs as well as provide new insights for consumer behavior theorists who seek to understand the influence of different types of environmental cues on consumer behavior.

A research found that promotions induce consumers to buy more and consume faster based on product categories. They found that price promotion led consumers to buy Yogurt (more perishable) than Ketchup (less perishable)¹ .

Ward and Davis provided evidence of purchase acceleration, where consumers buy more quantity of the product category or buy at an earlier time than usual. If the consumers buy extra quantity during a promotion or earlier than normal, they are not in the market to buy products once the promotion is over. The purchase acceleration is demonstrated through a lengthening of inter purchase times after promotion.²

Schultz et Al, introduced ten basic Sales Promotion techniques and they were: coupon, bonus pack, specialty containers, refund, sweepstakes/contest, sampling, price discount, free gifts, trade promotion and cause-related promotion.³ The relationship between different types of consumers and derived results through Sales Promotion as put forward by the authors is given below:

¹Ailawadi, Kusum L. and Scott A. Neslin. "The Effect of Promotion on Consumption: Buying More and Consuming It Faster." *Journal of Marketing Research* 35, no. 3 (August 1998): 390–98.

²Ward, R.W. and J.E. Davis (1978), "Coupon Redemption", *Journal of Advertising Research* 18(4), 51-58.

³Schultz ,Don. E., William,R. A., Lisa, Petrison, (1998). *Sales Promotion essentials: the 10 basic sales promotion techniques-and how to use them*, p. 20.

Figure 4: Types of Consumers and Derived Results through Sales Promotion

Type	Description	Derived Results
Current Loyal	People who buy the right Product most or all the time	Reinforce behavior, increase consumption, change purchase timing
Competitive loyal	Buy a competitor's product most/all time	Break loyalty, persuade to switch to promoter brand
Switchers	People who buy variety of products in the category	Persuade to buy the 'right' brand more often
Price Buyers	Buy the least expensive brand	Supply added value that make price less important

Source: Schultz ,Don. E., William,R. A., Lisa, Petrison, (1998). Sales Promotion essentials: the 10 basic sales promotion techniques-and how to use them, p. 20.

Conclusion

This chapter provides a general analysis of the concept of sales promotion, which resulted in a distinction between trade and consumer-oriented tools that are implemented under two major strategies; push and pull strategies. In the study of consumers' attitude concerning SP, different theories have been found to affect consumers' decisions and beliefs concerning a brand, which imposed a further study on consumers' behavior based on SP tools which are monetary and non-monetary sale promotions.

Chapter two
Monetary and Non-Monetary Sales
Promotions

Introduction

The outline of this chapter is devoted to study the consumer behavior and brand preference in terms of priced based and non priced based promotions.

In the first section, we will be looking closely at the distinction between these two classifications; monetary and non-monetary promotions, their definition and differences. Furthermore in section two, the chapter explores the importance of understanding consumers' attitude and behavior regarding the previously mentioned promotions in order to adopt the proper strategy by matching the type of promotion to the type of product being promoted, then, it addresses home appliances sector and consumers' attitudes towards these goods. Section three, is concerned with the conceptual and theoretical model used in our empirical research.

Section 1: Monetary and Non-Monetary Sales Promotions

The following section puts to light two different classifications of SP: monetary and non-monetary promotions, their definition and differences.

In previous research, consumer promotions have been frequently subdivided into two distinct categories: monetary promotions and non-monetary promotions ¹. Monetary promotions are often exemplified as price discounts, whereas gifts represent a non-monetary type of promotion.²

1.1 Definition of Monetary Sales Promotions

Price discounts are the most common form of sales promotions used by marketers³ as the majority of retailers run such promotions every week. Sales promotions and in particular monetary promotions can be presented in other forms such as coupons, cents-off deals, refunds, rebates or an extra free amount of the same product ⁴.

However, the reasoning behind its wide use is most often not sufficiently informed. A recent study ⁵ asserts that retailers and manufacturers tend to base their price promotion decisions primarily on their own intuition and unconfirmed assumptions.

¹Chandon, Pierre Wansink, Brian Laurent, Gilles. (2000). A Benefit Congruency Framework of Sales Promotion Effectiveness. *Journal of Marketing*. 64. 65-81.

²Buil, Isabel, Leslie De Chernatony, and Teresa Montaner (2013), "Factors Influencing Consumer Evaluations of Gift Promotions," *European Journal of Marketing*, 47(3/4), 574–95

³Darke, Peter R. and Cindy M Y Chung (2005), "Effects of Pricing and Promotion on Consumer Perceptions: It Depends on How You Frame It," *Journal of Retailing*, 81(1), 35–47.

⁴Delgado-Ballester, Elena and M. Palazon (2009), "Effectiveness of Price Discounts and Premium Promotions," *Psychology and Marketing*, 26(12), 1108–29

⁵Bogomolova, Svetlana, Marietta Szabo, and Rachel Kennedy (2017), "Retailers' and Manufacturers' Price-Promotion Decisions: Intuitive or Evidence-Based?," *Journal of Business Research*.

1.2 Definition of Non-Monetary Promotions

Promotions no longer simply mean price discounts. Non-price promotions are a recurrent pricing strategy and include premiums, contests, sweepstakes and samples¹, with premiums being the most frequently used type². As opposed to monetary promotions, which imply monetary value and are equivalent to a free product or part of it, this promotion type refers to a free gift.

1.3 Comparison of Price Promotion with Non-Price Promotion

Several studies have attempted to discriminate consumer responses to price-based promotions versus non-price-based promotions. Researchers comparing different types of promotions have demonstrated that price based and non-price-based promotions evoke differential consumer response. Although, traditionally, promotional research has been founded on price-based promotions, there is a need to comprehensively study a variety of non-price-based promotions in the market and its various dimensions and implications.

Diamond and Campbell examined the impact of price versus non-price promotions on a consumer's reference price. Results of the study showed that price promotions led to a lower internal reference price while non-price promotions did not affect internal reference price. Researchers also found out that price-based promotions were more easily noticed by consumers than non-price based promotion and it took a larger non-price based promotion than a price based promotion to make a consumer suspicious of a product³.

Lee⁴, employed managers from twenty-six consumer product categories to assess brand manager's evaluations to Sales Promotions using coupons (price-oriented) and

¹Delgado-Ballester, Elena and M. Palazon (2009), "Effectiveness of Price Discounts and Premium Promotions," *Psychology and Marketing*, 26(12), 1108–29

²Nunes, Joseph C. and C. Whan Park (2003), "Incommensurate Resources: Not Just More of the Same," *Journal of Marketing Research*, 40(1), 26–38.

³Diamond, William D. and L. Campbell. "The Framing of Sales Promotions: Effects on Reference Price Change." (1989).

⁴Lee, Chun. (2002). Sales promotions as strategic communication: The case of Singapore. *Journal of Product Brand Management*. 11. 103-114.

lucky draws (non-price-oriented). This study found that managers heavily favoured price-oriented Sales Promotion over non-price-oriented promotion. They also found that the managers appeared to underutilize non-price-oriented promotion. The study concluded that price-oriented Sales Promotion may facilitate short-term objectives while non priced-oriented Sales Promotions may strengthen Consumer Based Brand Equity by achieving long-term objectives.

These promotions also differentiate themselves by the different levels of hedonic (eg.: opportunities for value expression) and utilitarian (eg.: savings) benefits that they bring to consumers ¹

- Monetary Promotions: they mostly communicate utilitarian benefits (monetary savings, improved product quality, and shopping convenience) which have an instrumental, functional and cognitive nature.
- Non-monetary Promotions: they communicate primarily hedonic benefits (the opportunities for self-expression, entertainment, and exploration). With a non-instrumental, experiential and affective nature, because they are intrinsically rewarding and related to experiential emotions, pleasure and self-esteem.

Table 2: Classification of different SP tools

Monetary Sales Promotions	Non-Monetary Sales Promotions
Coupons	Free samples
Price-offs	Advertising items
Cash refunds	Contests
Premiums	Free gifts
Allowances	Sweepstakes
Discounts	

Source: Personal Efforts

¹Chandon, Pierre Wansink, Brian Laurent, Gilles. (2000). A Benefit Congruency Framework of Sales Promotion Effectiveness. *Journal of Marketing*. 64. 65-81.

Section 2: Brand Preference and Consumer Behavior

To begin with, this section gives a comprehensive overview on Consumer behavior and preference in regards of monetary and non-monetary promotions as well as the durable goods.

2.1 Definition of Consumer Behavior

Consumer behavior is the study of when, why, how, and where people do or do not buy a product. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer.

Arnoud et al ¹ proposed the circle of consumption that recognize purchasing processes as a loop, comprising acquisition of goods and services, consumption, as well as disposal of used goods. As far as the consumer decision process model is concerned, consumers need to go through seven steps before reaching their final decisions. These seven steps include need recognition, search for information, pre-purchase, evaluation, purchase, consumption, post-consumption evaluation and divestment ².

Consumers' preferences for products or brands arise from the combination of many different factors. Some factors come from features of the product itself (e.g., price, durability), while others are attributes of consumers themselves (e.g., goals, attitudes, discretionary income)³. Often, consumers will tend to choose a brand that they consider

¹Arnould, E., P. L., Zinkhan, G. Consumers. New York : McGraw-Hill, 2004

²Blackwell, Roger Miniard, Paul Engel, James Rahman, Zillur. Consumer Behavior. (2017)

³Venkatraman, Vinod and Clithero, John A. and Fitzsimons, Gavan J. and Huettel, Scott, New Scanner Data for Brand Marketers: How Neuroscience Can Help Better Understand Differences in Brand Preferences (November 17, 2011). Journal of Consumer Psychology 22 (2012) 143–153

congruent with their self-image. In this particular way each consumer at an individual basis will try to reflect his or her own identity through choice.

Blattberg, Peacock, and Sen describe 16 purchasing strategy segments based on three purchase dimensions: brand loyalty (single brand, single brand shifting, many brands), type of brand preferred (national, both national and private label), and price sensitivity (purchase at regular price, purchase at deal price). There are other variables that may be used to describe purchase strategies, examples are whether the household purchases a major or minor (share) national brand, store brand, or generic, or whether it is store-loyal or not.¹

2.2 Definition of Brand Loyalty

A brand is essentially the sum total of the particular satisfaction that it delivers to the customer who buys that specific brand, the sum total being its name, ingredients, price, packaging, distribution, reputation and ultimately to its performance.² Brands define their own standards. Legally, they guarantee nothing, but empirically they convey clusters of attributes and values. To the stock market strong brands result in better earnings and profit performance for the firm, which in turn, creates greater value for shareholders³.

A consumer who goes for repeated purchase for a reasonable period of time establishes loyalty towards a particular brand of the product, having been emphasised by brand recall and memory.

Brand Loyalty is the attachment that a customer has to a brand. A loyal customer base represents a barrier to entry, a basis for price premium, time to respond to competitor innovations, and a bulwark against deleterious price competition. Values of brand loyalty contain reduction of marketing costs, balance of trade leverage, and attraction of new customers and acquisition of time for responding to competitive

¹Blattberg, Robert Buesing, Thomas Peacock, Peter Sen, Subrata. (1978). Identifying the Deal-Prone Segment. *Journal of Marketing Research*. 15

²Choudhury, P. K. *Successful Branding*. New Delhi ;Universities Press India Limited., 2001

³Kotler. *Marketing Management : The Millenium Edition*. Prentice Hall, 2000

threats.¹ Three advantages of owning brand loyal customers are identified, which are the requirements of lesser advertising, acquisition of the greatest level of repeat purchases, and the generation of consumer's acceptance to pay premium for the service or product. Brand loyalty is considered one of the sources of consumer-based brand equity alongside brand awareness, brand associations, and perceived quality

There are five kinds of consumers with different levels of brand loyalty, consumers with no loyalty, consumers with habitual purchase, consumers with satisfaction of transfer cost, consumers with product favorability, as well as consumers with deep commitment.² There is a positive relationship between sales promotions and brand loyalty, non-monetary promotions are more customer franchise building (brand loyalty) as far as they enhance a greater number and more favorable associations than monetary promotions³.

2.3 Definition of Brand Preference

Brand preference is a concept that has long grasped the attention of practitioners and researchers. The term refers to the degree of brand loyalty in which a customer definitely prefers one brand over competitive offerings and will purchase this brand if it is available. However, if the brand is not available, the customer will accept a substitute brand rather than expending additional effort finding and purchasing the preferred brand.⁴

¹Aaker, David A. (1996). "Measuring Brand Equity across Products and Markets," California Management Review, 38 (3), 102-20.

²Aaker, David A. (1991), *Managing Brand Equity: Capitalizing on the value of a brand name*, New York: The Free Press

³Palazón-Vidal, M., Delgado-Ballester, E. (2005). Sales promotions effects on consumer-based brand equity. *International Journal of Market Research*, 47(2), 179–204

⁴Michaelidou, N. and Dibb, S. (2006) Product Involvement: An Application in Clothing. *Journal of Consumer Behaviour*, 5, 442-453.

It is also defined as the extent to which a consumer makes purchasing decisions based on a name rather than the quality of a product or the price.¹

From a business stand point, brand preference is important for business as a component of brand loyalty. It can be used as a mechanism to enhance sales². The challenge for businesses is that customers could change their favorite brands by trying products of other brands because they are exposed to a variety of attractive brands. For businesses to reduce that risk, they must identify what affects brand preference and how to build brand preference.

Brand preference is important to companies because it provides an indicator of their customers' loyalty, the success of their marketing tactics, and the strength of their respective brands.³

2.4 Factors Affecting Consumers' Brand Preference

Many factors seem to influence Consumers' preferences, which are listed below:

2.4.1 Cognitive Factor

The Oxford Reference Dictionary defines cognition as the process of obtaining knowledge through thought, experiences and the senses. Cognition refers to the mental process (thinking) and knowledge structures involved in peoples' responses to the environment.⁴ Cognition includes knowledge that people have acquired from their experiences and have stored in their memories. Cognition also includes psychological processes associated with paying attention to and understanding various aspects of the environment.

¹Hellier, Phillip K., Geursen, Gus M., Carr, Rodney A. and Rickard, John A. 2003, Customer repurchase intention: a general structural equation model, *European journal of marketing*, vol. 37, no. 11, pp. 1762-1800

²Rundle Thiele, S, M. M. Assessing the performance of brand loyalty measures. *Journal of Services Marketing* 15, 7 (2001), 529–546

³Mathur, A., M. G. . L. E. Life events and brand preference changes. *Journal of Consumer Behaviour* 3, 2 (2003), 129–11

⁴Peter, J. Olson, J. *Consumer Behavior and Marketing Strategy*. Irwin Series in Production Operations Management. Irwin, 1996

While some of the internal activity of cognition is conscious, a great deal of activity occurs without much awareness. An important characteristic of human cognitive system is its limited capacity and hence people can consciously consider only a small amount of knowledge at one time. Consumers learn about products and brands from various sources, they evaluate some of the products in terms of meeting their needs. Cognition is produced by the cognitive system or mechanism.

Integration processes (how customers combine different types of knowledge) involves framing attributes towards brands and purchase intentions are critically important to understand consumer behavior.

Most marketers recognize that the consumers buy products depending on their symbolic meaning as well as their functional utility. The most important aspect of consumer behavior for marketers is to understand how consumers use information to make such decisions and this information mostly comes from the environment. Brand image has both cognitive and effective components, about brand attributes and evaluation etc¹. A major function of peoples' cognitive system or mechanisms is to interpret, make sense of and understand significant aspects of their personal experience.

2.4.2 Advertising Factor

According to American Marketing Association, advertising is any paid form of non-personal presentation of goods, services and ideas by an identified sponsor. Advertisements, being one of the important components of the promotion mix elements, play a major role in the success of any brand. The role of advertisements in building brand needs no mention, and it is an acknowledged fact that they influence and help in the process of brand building, especially if the brand is new. It is a powerful means of creating strong, favorable and unique brand associations and eliciting positive judgments and feelings. Advertisements are controversial because their effect is often difficult to quantify and predict.

Advertising plays an essential role in consumer preference, It informs consumers of

¹Dobni, Dawn and George M. Zinkhan. "In Search of Brand Image : A Foundation Analysis." (1990)

available goods and services and also shapes their impressions of these products. Advertising can also create demand; for example, in the case of CDs, a consumer may not have wanted a new Refrigerator until he saw a big smart refrigerator on TV.

2.4.3 Social Institutions Factor

Social institutions, including parents, friends, schools, religion and television shows also influence consumers' preferences.

2.4.4 Cost Factor

Consumers usually choose to purchase more of a good if the price decreases. For example, a sale or reduced prices may increase the consumption of a good. On the opposite hand, an increase in price may cause reduced consumption, especially if the good has available substitutes.

2.4.5 Consumers' Income Factor

Consumers often desire more expensive goods and services when their income increases. If they suffer a decrease in income, they are more likely to choose less expensive goods and services.

2.4.6 Available Substitutes' Factor

If a product has several substitutes consumers will be more sensitive to changes in price. However, if consumers do not perceive similar products to be effective substitutes they will be less likely to switch to a substitute based on price.

2.4.7 Quality Factor

Consumer surveys often reveal that quality is one of the most important decision factors for consumers, if not the most important¹. Product quality stands for the ability of a product to perform its functions². According to the Oxford Reference Dictionary, quality is the standard of how good something is as measured against other similar things. Previous studies show that high quality brands are often seen as more credible, expert and trustworthy at what they do.

The specific attributes or benefits that become associated with favorable evaluations and perceptions of product quality can vary from category to category. Nevertheless, prior researchers have identified the following general dimensions of product quality¹.

- **Performance:** It is the level at which the primary characteristics of the product operates (e.g., low, medium, high or very high).
- **Durability:** It refers to the expected economic life of the product.
- **Reliability:** It is a measure of the probability that a product will not malfunction within a specified time period.

2.5 Brand Preference and Monetary & Non-Monetary Sales Promotions

In a study that examined the influence that sales promotion has on brand choice behavior, regional consumer panel was used for collecting necessary information for the study. The authors report that promotion is a tool that can help manufacturers and or retailers in the achievement of their objectives (try the brand, help to decide what brand to buy, etc)¹.

¹Keller, K.L. Strategic Brand Management: Building, Measuring and Managing Brand Equity, New Jersey: Prentice-Hall 2nd ed (2003)

²Kotler, Dubois. Marketing Management. Pearson Education. 2003

¹Keller, K.L. Strategic Brand Management: Building, Measuring and Managing Brand Equity, New Jersey: Prentice-Hall 2nd ed (2003)

¹Alvarez, G. A., Cavanagh, P. Independent Resources for Attentional Tracking in the Left and Right Visual Hemifields. Journal of American Psychological Society 16.8 (2005) p637-642

Immediate price reduction is the technique that exerts greatest influence on the brand choice process. It is possible that the consumer perceives a promotion, for example, coupons or rebates, but does not modify his or her behavior. In this case, manufacturers and or retailers will be investing their resources in promotional actions that do not have any effect on the consumer. More over promotions based on price have the greatest effectiveness.

Empirical meta-analysis on post-sales promotion brand preference by the journal of retailing provided insight in that on average sales promotions do not affect post-promotion brand preference. However, depending on characteristics of the sales promotion and the promoted product, promotions can either increase or decrease preference for a brand¹. It is also found that fun and enjoyment of participating in sweep-stakes (a non-price-based promotion) positively affected consumer's attitudes towards sweepstake.

Danijela Mandić² analyzed and discussed the issue of the long-term impact that SP has on companies, especially on premium brands in the FMCG markets and concluded that, when used properly and strategically, SP may have a positive long-term impact on brands.

Throughout the planet, consumer sales promotions are an integral part of the marketing mix for several consumer products. Marketing managers use price-oriented promotions like coupons, rebates, and price discounts to extend sales and market share, entice trial, and encourage brand switching. Non-price promotions like sweepstakes and premiums add excitement and value to brands and should encourage brand loyalty. Promotions provide utilitarian benefits such as monetary savings, added value, increased quality, and convenience, as well as hedonic benefits such as entertainment, exploration, and self expression.

¹Mccarthy, J. K.,Perreault,T. F.Basic Marketing,11th Edition. NewYork: McGrow Hill, 2011

²Mandić, Danijela. Long-term impact of sales promotion on brand image. Tržište/Market. 21.2 (2009) p235-246

2.6 Consumer Durables

The durable goods sector has witnessed a steady growth with the growing middle-class economy, improved disposable income levels in a number of countries, an increase in labor costs, busier lifestyles, and the availability of a range of home appliances at competitive prices.

Figure 5: Home appliances market growth by region

Home Appliances Market - Growth Rate by Region, 2019



Source: Mordor Intelligence, Home appliances market growth by region.

2.6.1 Definition of Durable Goods

Durable goods are generally defined as those whose expected lifetime is greater than three years. It include a broad range of items including house items, electrical devices, cars.. etc while Non durable goods include food and other immediately perishable items (sometimes called “strictly non durable goods”) as well as some items that can be expected to last for a substantial period of time, such as clothing.

Specifically, in the home appliances market, we find major appliances and small

appliances; Refrigerators, Freezers, Dishwashing Machines, Washing Machines, Ovens, Air Conditioners, as well as Coffee/Tea Makers, Food Processors, Grills Roasters, Vacuum Cleaners and Grills Roasters..etc

2.6.2 Consumers' Attitude towards Durable Goods

It has been recognized for some time that brand attitudes can be useful predictors of subsequent brand choices when the proper measures are used and when few events intervene between attitude measurements and behavior.¹ A survey has been conducted on major appliances, purchasing behavior and its relationship to pre search attitude and awareness data. The data relating to these aspects were obtained as a part of 2,350 U.S.A households. Results indicated that awareness of, and attitudes towards major appliances brands were only weakly related to subsequent brand choices. Attitudes towards brands of major appliances seen to be formed primarily through a process of learning without involvement. Results suggested that attitudes derived from previous satisfactory experience with other products, in the line, which are reinforced with consistent brand advertising are more resistant to change.

The role of price in a consumer's decisions to buy or not a durable product is complex, to say the least. Not only the price is a multidimensional concept but also, it is not known in advance for a long period.

¹Day, George S., and Terry Deutscher. "Attitudinal Predictions of Choices of Major Appliance Brands." *Journal of Marketing Research* 19, no. 2 (1982): 192-98.

Section 3: Yüksel and Oelda Conceptual Model for the Analysis of Monetary Non-Monetary Promotions

The following model constitutes the basis of our empirical research, modifications and adjustments have been made to align with the objectives of this paper and the desired results.

3.1 Presentation of the model

The efficiency of monetary and non-monetary sales promotions on brand preference: a case of Albanian GSM companies is a study conducted by Yüksel Köksal and Oelda Spahiu published by Istanbul University Journal of the School of Business with the aim to reveal the type of sales promotion that is most effective on brand preference.

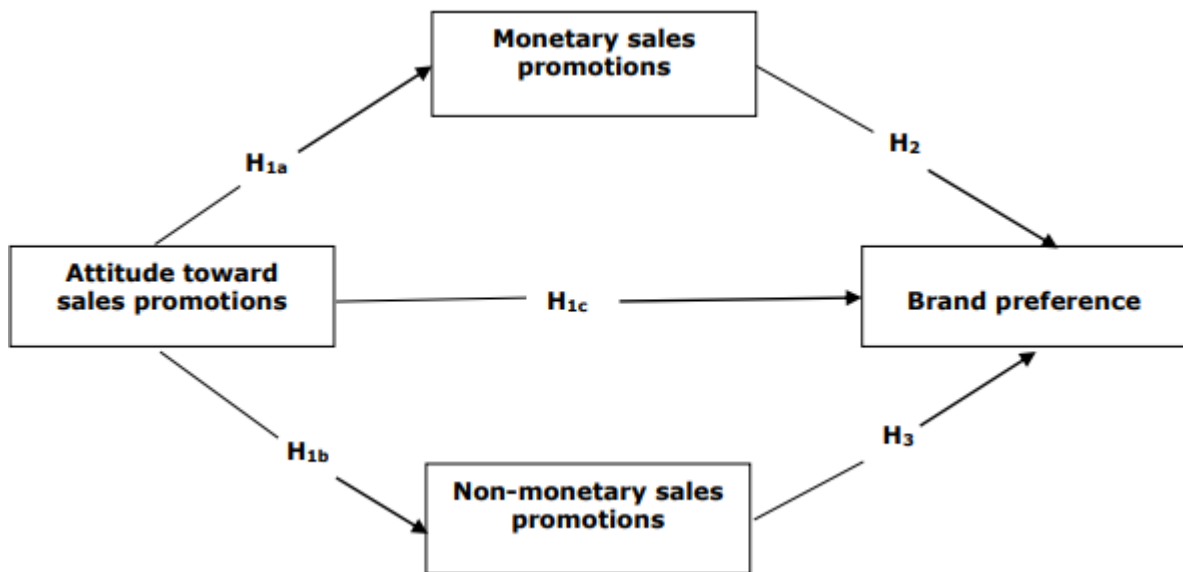
For them, Sales promotions try to influence consumers positively through three different routes;

- The economic route; the economic utility associated with a product purchase,
- The informative route; influencing beliefs about brand or industry,
- The affective route; affecting the feelings and emotions aroused in consumer.

As per title, Sales promotions were classified into two distinct categories; Monetary and non-Monetary.

In this study, the relationship of four factors, namely ‘attitude toward sales promotions’, ‘monetary sales promotions’, non-monetary sales promotions’ and ‘brand preferences’, have been investigated.

Figure 6: Conceptual Model



Source: Yüksel Köksal, Oelda Spahiu. The efficiency of monetary and non-monetary sales promotions on brand preference: a case of Albanian GSM companies. Istanbul University Journal of the School of Business Vol43. (2) 2014, 319-331

The following hypotheses were proposed:

- H1a:** There is a significant relationship between positive attitude toward promotions and monetary sales promotions.
- H1b:** There is a significant relationship between positive attitude toward promotions and non-monetary sales promotions.
- H1c:** There is a significant relationship between positive attitude toward promotions and brand preference.
- H2:** Monetary sales promotions influence brand preference in the GSM sector.
- H3:** Non-Monetary sales promotions influence brand preference in the GSM sector.

The design of the questionnaire was based on adaptations from several studies. SPSS 18 was used to conduct exploratory factor analyses (EFA) and AMOS 19 to obtain the assumed model structure by structural equation modeling method. According to the results, all hypotheses have been supported. Two hypotheses, which regarded attitudes toward sales promotions and monetary sales promotions. Structural equation model

results clearly indicate that sales promotions have an essential impact on brand preference In GSM sector.

Conclusion

The study of consumer buying behaviour for monetary and non monetary promotions is of utmost importance in a number of aspects.

First of all, consumers' behaviour can influence the economic health of a company. Consumers will have their preferences in purchasing products and therefore contribute to sales revenue and profits. Secondly, through understanding the reasons for consumers to buy the products and their buying habits, the firms can make use of such information to devise corresponding sales strategies in response to the consumers' needs.

In terms of developing an efficient sale strategy, it is relevant to a company in order to increase the degree of brand loyalty in which the customer will prefer their brand over other competitive offerings.

Sale promotions can either increase or decrease preference for a brand and while many factors influence consumer brand preference, MSP especially price reductions seem to be the technique that exerts greatest influence on the brand choice process.

Chapter 3: The Empirical Study

Introduction

The gained knowledge in the two previous chapters, lead us to study the impact of price promotions and non-price on consumer preference.

Quantitative research was conducted in a form of an online questionnaire. The survey targeted a specified industry; Home Appliances Industry, in which knowing the impact of conducting specific sales promotions techniques could possibly constitute a competitive advantage and increase sales.

1 Methodology

The study conducted in the empirical part of the work will be based on the following methodology:

- Sampling.
- Questionnaire design.
- Data collection.
- Data analysis.

1.1 Sampling

In order to have a good survey through a questionnaire, it is very important to fix its sample so that it is representative in the population to be studied. Sampling is a statistical method that allows the construction of a group of people in order to obtain certain knowledge from them. In order to better carry out our survey, we were interested in a certain specific target in order to extract it from our sample.

Indeed, we are interested in all Internet users with knowledge about sales promotions for durable goods, whether they have already benefited from promotions or not, without forgetting the fact that the target groups include all socio-professional categories.

Subsequently, in order to subtract our sample from this targeted population, we opted for a method that will allow us to save time and, above all, to have different answers for a

better result. Since the durable products are used industry-wide (mass-marketing) and no company is targeted in particular. the sampling technique was a non-probability sampling technique and consisted of convenience sampling. Concretely, this method allows us to reach a large number of respondents with a diverse demographic profile in an efficient way as well as to collect the data in an organized manner.

1.1.1 Sample Size

It is imperative to have a sample that is representative of the overall population. For this, using the chosen method, the size of our sample was "202 individuals".

1.2 Questionnaire

Questionnaire is one of the most commonly used research tools in consumer behaviour research and is highly useful when data is collected from a representative sample of a larger population.

This study needs development of a questionnaire to examine the consumer preferences and attitude toward sales promotion practices especially from customers who buy home appliances.

The questionnaire comprised questions on consumers' perception on most common promotions in the DG sector, consumers attitude on MSP and NMSP following survey questions from the chosen conceptual model and adjusting when necessary.

1.2.1 Design of the Questionnaire

The questionnaire was prepared in three major sections, which are elaborated as follows:

- Section I was aimed to investigate attitudes toward brand preference in case of Electronic items, Air conditioners, Refrigerators etc.

- Section II was crafted to ascertain the attitude of customers towards sales promotion practices. This part consists of majorly two dimensions: utilitarian benefits and hedonic benefits. Under utilitarian benefits based on the review of literature, the questionnaire consists of Items such as savings. Similarly, under hedonic benefits items such as value expression and entertainment.
- Section III was designed to collect the demographic and social characteristics of the respondents such as gender, age, employment status.

In the questionnaire five point Likert scales are used to measure the perception of customers toward the hedonic and utilitarian benefits of sales promotion, with anchors 1 - strongly disagree, 2 - disagree, 3 - neutral, 4 - agree and 5 - strongly agree.

1.2.2 Five Point Likert Scale

Likert scale is a psychometric response scale mainly used to obtain degree of agreement with a statement or the set of statements. As mentioned earlier, a five point Likert scale has been used in the present study to quantitatively analyze response of the respondents. The unipolar scale used in this study ranged from “strongly disagree” to “strongly agree” for the statements regarding Non monetary sales promotions and Monetary sales promotions, odd number value ranging from 1-5 was used as this approach makes the psychometric scale clear and less ambiguous. Further, many studies have shown that respondents face difficulty in defining their point of view on a scale greater than five.

1.3 Data collection

One of the cardinal principles of data collection is to exhaust all secondary data sources before collecting primary data. Data sources of any scientific research include both primary and secondary.

The secondary information collected for the present study included a review of existing literature on consumer preference, Non monetary sales promotions and

Monetary sales promotions. The secondary information was obtained from various journals, books, and magazines.

For our Primary data, due care was taken in formulating the survey questionnaire to keep it simple in terms of language (french) and type of questions. We decided to administer our questionnaire through the Google forms tool in order to share it on several social networks such as Facebook, Instagram, LinkedIn, Twitter. We opted for this mode of administration for its viral effect and ease of return.

1.4 Data Analysis Tools

Once all the information has been collected, we then move on to the most important step, which consists of analyzing all the data after the questionnaire has been processed by the "SPSS" Version 26 software.

SPSS : (Statistical Package for Social Sciences) is essentially a data processing software for statistical analysis. It reads the data, translates it into SPSS format, transforms it, if requested, and performs mathematical and statistical operations. For the processing of collected data, we will perform four different types of analysis:

- Frequency tables: Calculate percentages made for the variables
- Explanatory Factor analysis: Tries to identify underlying variables, or factors, that help explain the pattern of correlations within a set of observed variables. Factor analysis is often used to reduce data set.
- Structural equation modeling, using AMOS v24.

2 Data Analysis

In this section we will be analyzing the data obtained from the questionnaires, which will confirm or infirm our hypotheses. To analyze the data we used three methods, the descriptive method which is based on frequency distribution, factors analysis and structural equation modeling.

2.1 Questionnaire Reliability

Before starting the analysis of the questionnaire we tested its reliability with the test of cronbach. We found that the value of the alpha cronbach coefficient is 0.654 (Alpha of 0.6-0.7 indicates an acceptable level of reliability.)

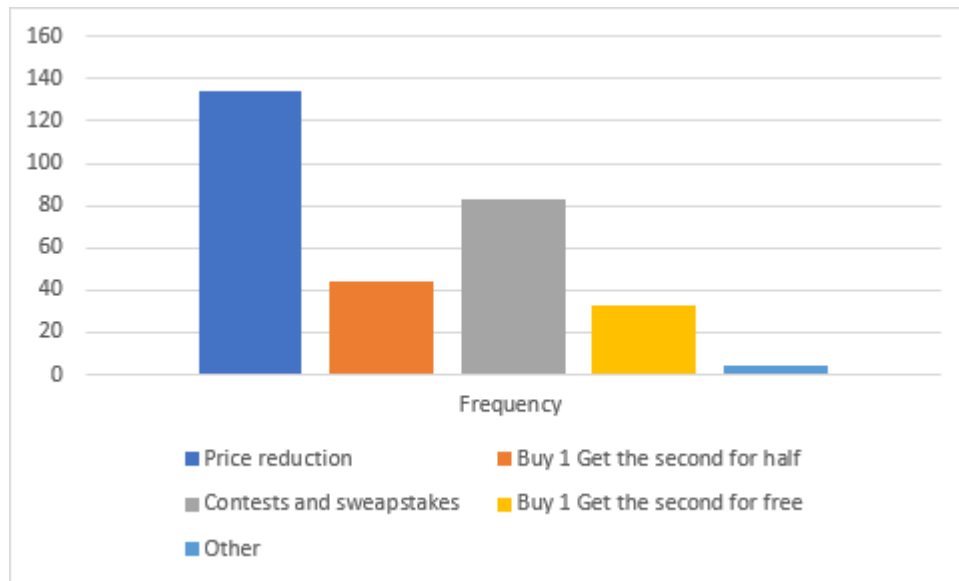
2.2 Questionnaire Analysis

Question 1 : From these sales promotions tools mentioned below, what are the ones you come across most often?

Table 3: Perception of most commonly used promotions

Promotion type	Frequency	Percent
Price reduction	134	45%
Buy 1 Get the second for half	44	14,80%
Contests and sweapstakes	83	27,90%
Buy 1 Get the second for free	33	11,10%
Other	4	1,30%
Total	298	100%

Figure 7: Perception of most commonly used promotions



Source: Excel 2016

Commentary : According to the graph we can see that most people view Price reduction as the most common SP tool with a percentage of 45%, followed by Contests with 27.9%. then comes premiums (buy1 get 2nd for half And buy1 get 2nd for free) with 14.80% and 11.1% respectively. Others mentionned, buying two products and having the third one for free, and coupons (1.3%).

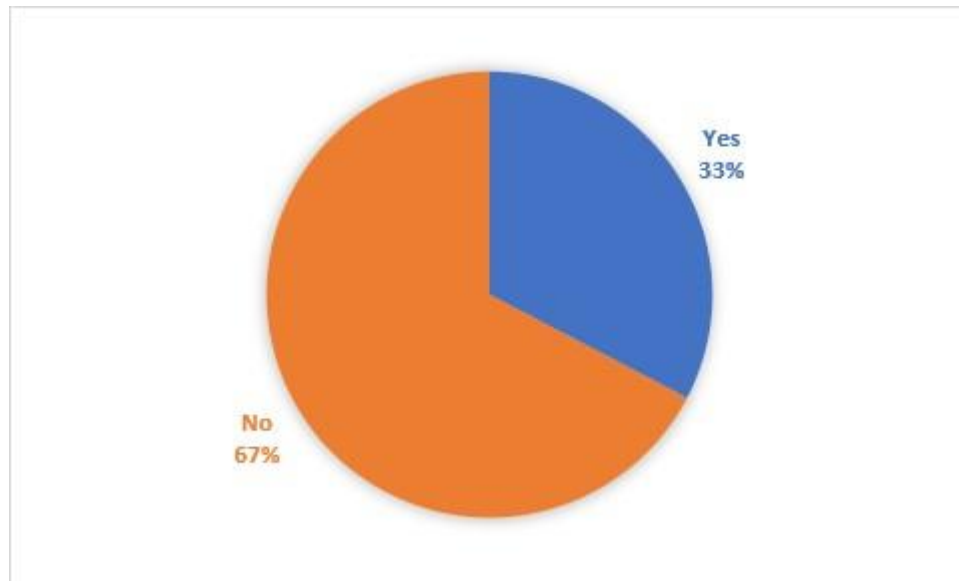
Question 2 : Have you ever received a free product or a discount from a brand of durable goods ? (electronic appliances, air conditioner, refrigerator, washing machine)

Table 4: Use of Monetary promotions

Use of monetary promotions	Frequency	Percent
Yes	66	67,30%
No	136	32,70%
Total	202	100%

Commentary : 67% of the respondents have never had any monetary promotional benefits in Durable Goods sector. While 33% have already received price reductions,

Figure 8: Use of monetary promotions



Source: Excel 2016

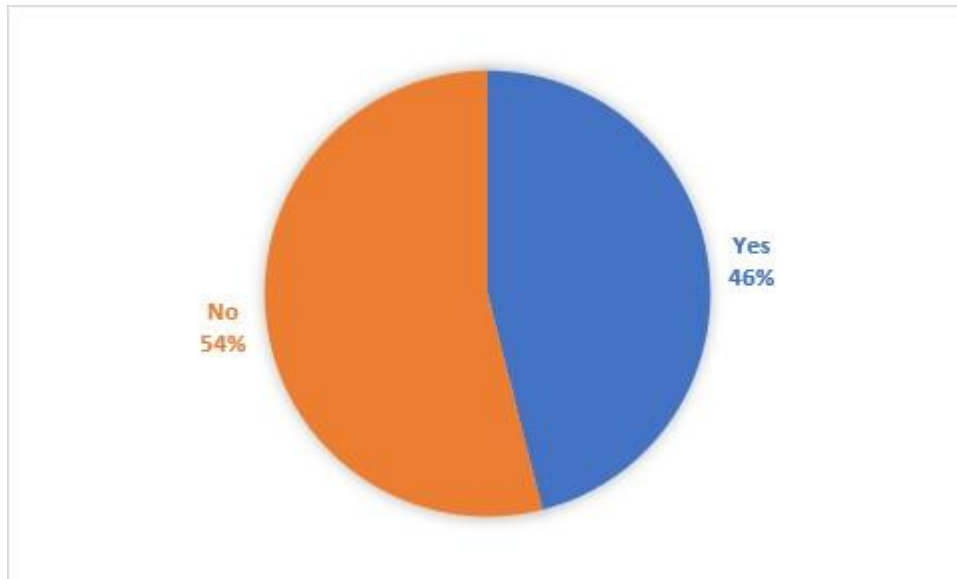
premiums..

Question 3: Have you ever taken part in a contest or a draw to win a product organized by a brand of durable goods? (electronic appliances, air conditioner, refrigerator, washing machine)

Table 5: Use of Non-Monetary promotions

Use of non monetary promotions	Frequency	Percent
Yes	93	54,00%
No	109	46,00%
Total	202	100%

Figure 9: Use of non monetary promotions



Source: Excel 2016

Commentary: 46% of the respondents agreed to having come across non monetary promotions. While 54% denied having any kind of non price promotions.

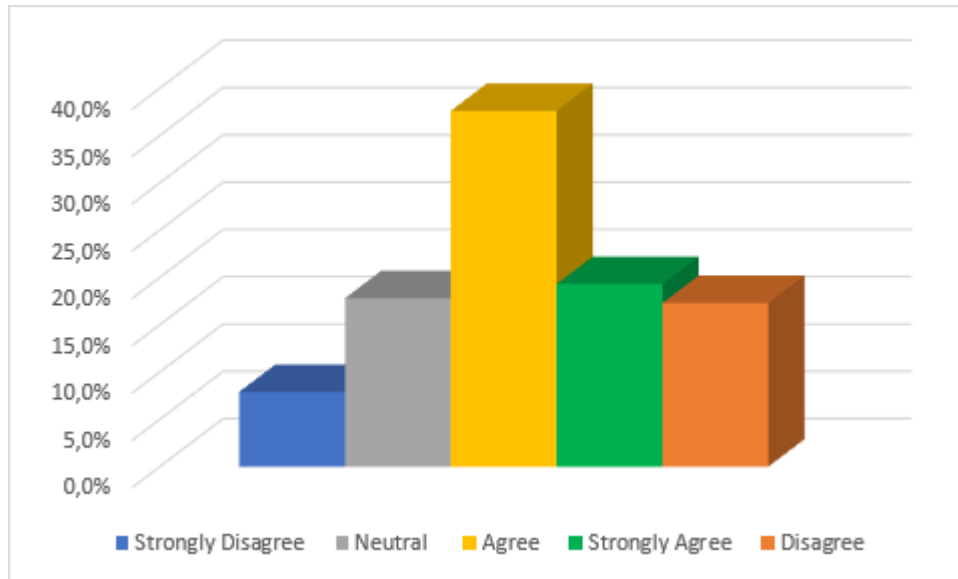
Question 4: To what extent do you agree with the following proposals?

- When I buy a durable good such as household appliances, sports equipment TV, washing machine, etc. A brand would be my first choice because of its promotions

Table 6: A brand would be a first choice because of its promotions

A brand would be my first choice because of its promotions	Frequency	Percent
Strongly Disagree	16	7,90%
Disagree	35	17,30%
Neutral	36	18%
Agree	76	37,6
Strongly Agree	39	19,30%
Total	202	100,00%

Figure 10: A brand would be a first choice because of its promotions



Source: Excel 2016

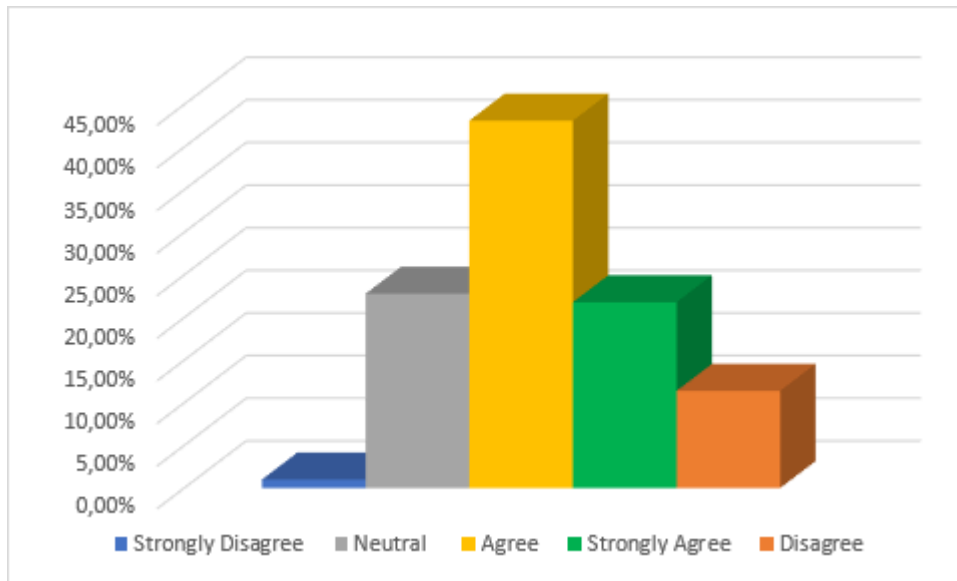
Commentary : 19.30% of Results show that customers would buy a brand solemnly because of its promotions. 37.6% Agree, while 18% are neutral. the rest disagree and strongly disagree with a percentage of 17.30% and 7.9% respectively.

- When I buy a durable good such as household appliances, sports equipment TV, washing machine, etc. I would prefer brand that offers promotional advantages often.

Table 7: Preference of brand that offers promotional advantages often.

I would prefer a brand that offers promotional advantages often	Frequency	Percent
Strongly Disagree	2	1,00%
Disagree	23	11,40%
Neutral	46	23%
Agree	87	43,10%
Strongly Agree	44	21,80%
Total	202	100,00%

Figure 11: Preference of brand that offers promotional advantages often.



Source: Excel 2016

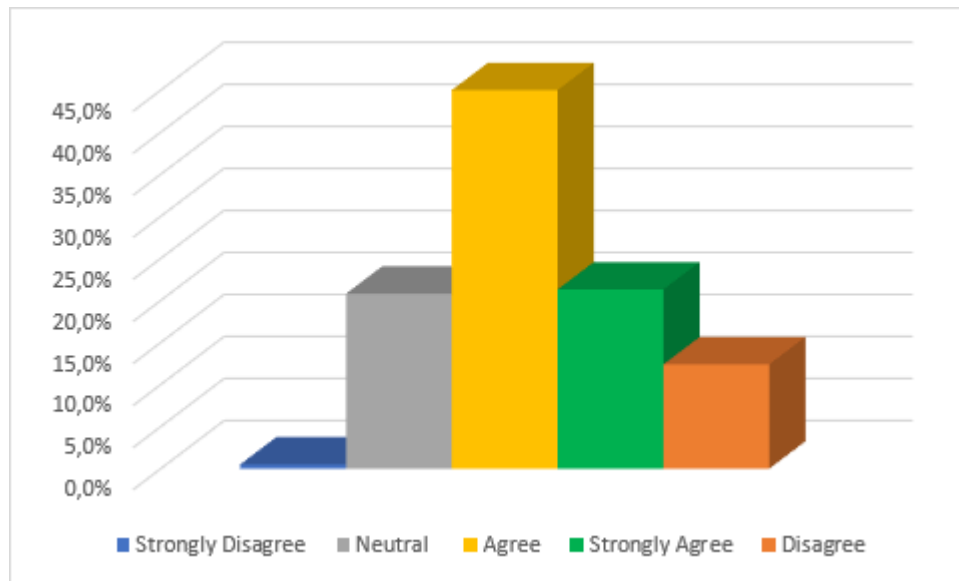
Commentary: The findings show that most people agree that they would prefer a brand if it offered promotional advantages often (43.10%). 21.8% strongly agree. While 23% Had no opinion in this. 11.4% of respondents disagree and only 1% Strongly disagree.

- When I buy a durable good such as household appliances, sports equipment TV, washing machine, etc. I'm more inclined to look at brands that offer price reductions

Table 8: Inclined to look at brands that offer price reductions

I'm more inclined to look at brands that offer price reductions.	Frequency	Percent
Strongly Disagree	1	0,50%
Disagree	25	12,40%
Neutral	42	21%
Agree	91	45,00%
Strongly Agree	43	21,30%
Total	202	100,00%

Figure 12: Inclined to look at brands that offer price reductions.



Source: Excel 2016

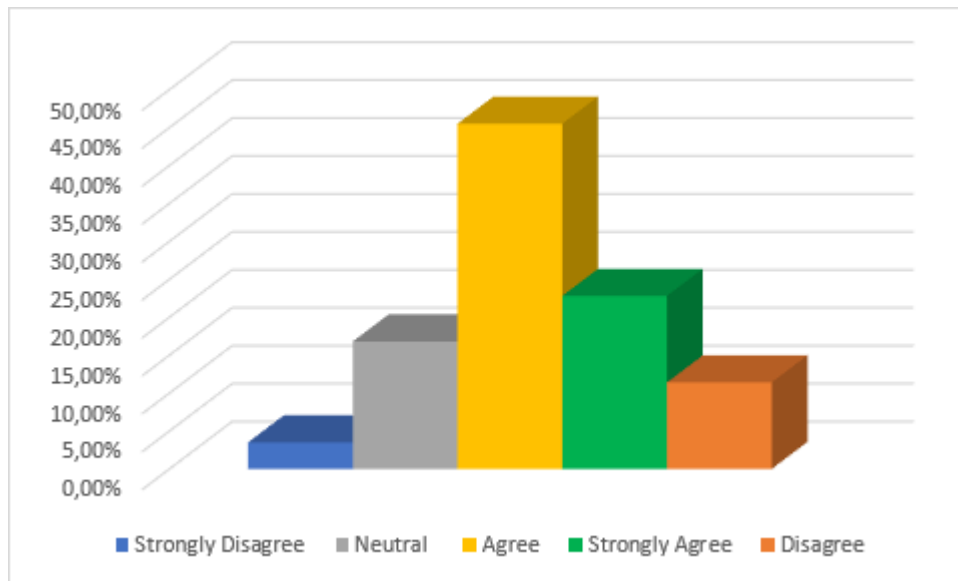
Commentary: Results show that 66.3% of respondents Strongly agree and Agree that they're more inclined to look at brands that offer price reductions. While 21% Stayed neutral, 12.4% disagree on that matter and only 0.5% strongly disagree.

- When I buy a durable good such as household appliances, sports equipment TV, washing machine, etc. In my life, i have already used promotional products from a certain brand.

Table 9: Previous usage of promotional products.

In my life, i have already used promotional products from a certain brand.	Frequency	Percent
Strongly Disagree	7	3,50%
Disagree	23	11,40%
Neutral	34	17%
Agree	92	45,50%
Strongly Agree	46	22,80%
Total	202	100,00%

Figure 13: Previous usage of promotional products.



Source: Excel 2016

Commentary: We note that 68% of people have already bought a products that was under promotion. 17% chose the answer neutral and 11.4% and 3.5% Disagree and Strongly disagree, respectively.

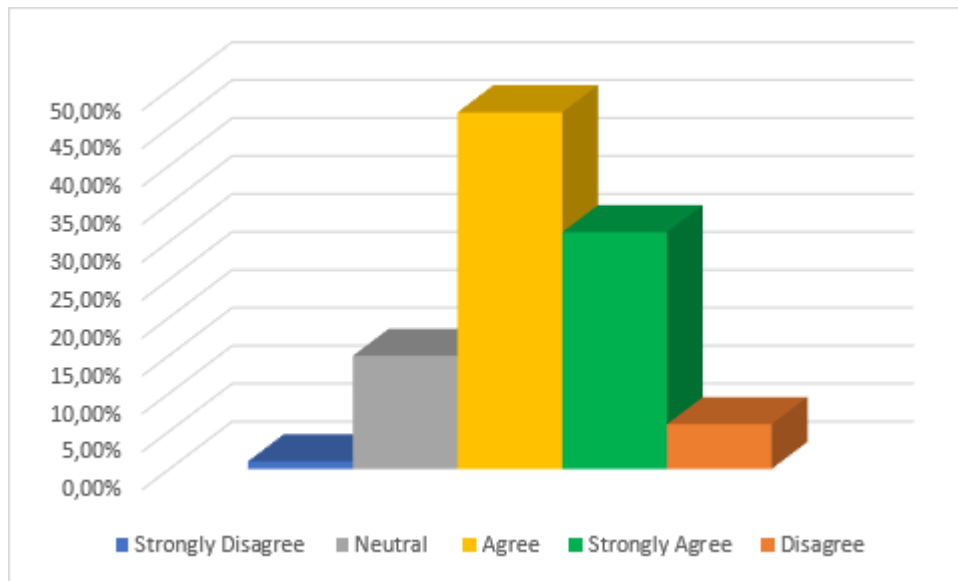
Question 5: In the case of monetary promotions on durable goods (e.g. price reduction, buy one good and get the second one at half price), how much do you agree with the following statements :

- When i buy a brand that offers price reductions, i feel like i have made a good choice.

Table 10: Buying a brand that offers promotional products is a good choice

I feel like i have made a good choice.	Frequency	Percent
Strongly Disagree	2	1,00%
Disagree	12	5,90%
Neutral	30	15%
Agree	95	47,00%
Strongly Agree	63	31,20%
Total	202	100,00%

Figure 14: Buying a brand that offers promotional products is a good choice



Source: Excel 2016

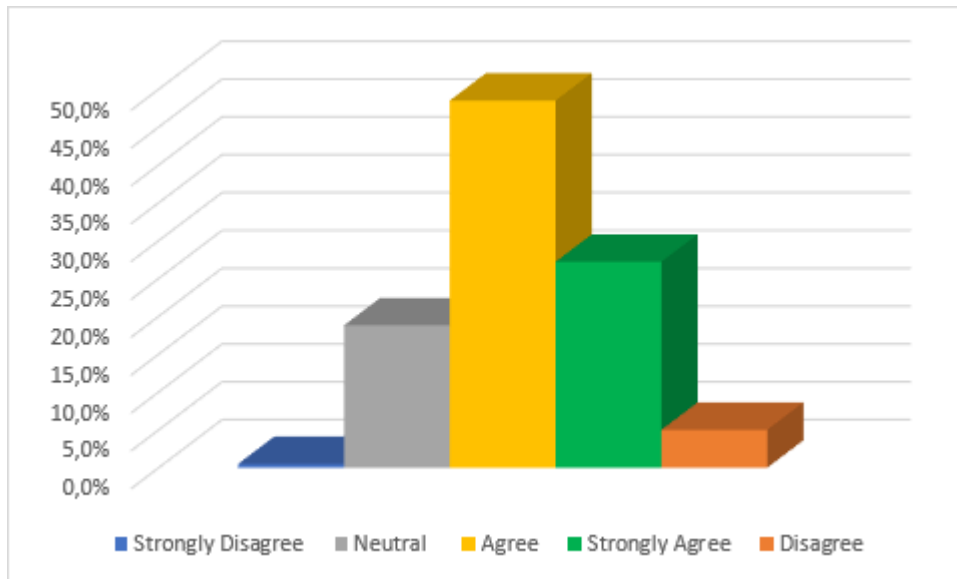
Commentary: In this question we find that 47% Agree that they think they have made a good choice when purchasing a promotional product, while 37.2% Strongly agree on this. 15% responded with neutral and 7% Disagreed and strongly disagreed.

- A special price discount allows me to buy the product earlier than expected.

Table 11: A discount allows to purchase earlier than expected

A special price discount allows me to buy the product earlier than expected.	Frequency	Percent
Strongly Disagree	1	0,5%
Disagree	10	5,0%
Neutral	38	19%
Agree	98	48,5%
Strongly Agree	55	27,2%
Total	202	100,00%

Figure 15: A discount allows to purchase earlier than expected



Source: Excel 2016

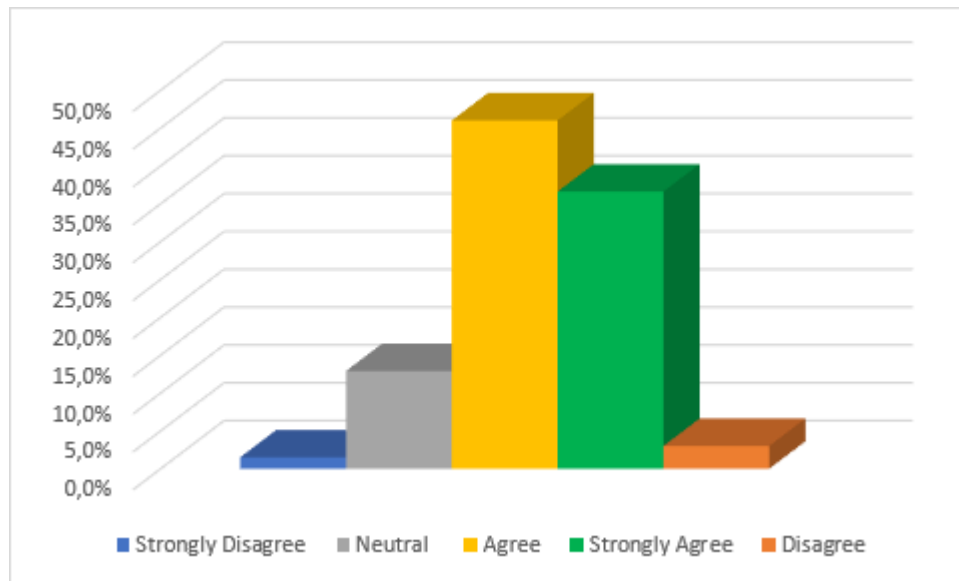
Commentary: 48.5% Agree that a special price discount allows them to buy a product earlier than expected. while 27.2% strongly agree on this. 19% chose the answer, neutral. and less than 6 % disagree and strongly disagree on this.

- When i buy a brand that offers price reductions, I feel like i saved money.

Table 12: Buying promotional products saves money

I feel like i saved money	Frequency	Percent
Strongly Disagree	3	1,5%
Disagree	6	3,0%
Neutral	26	12,9%
Agree	93	46,0%
Strongly Agree	74	36,6%
Total	202	100,00%

Figure 16: Buying promotional products saves money



Source: Excel 2016

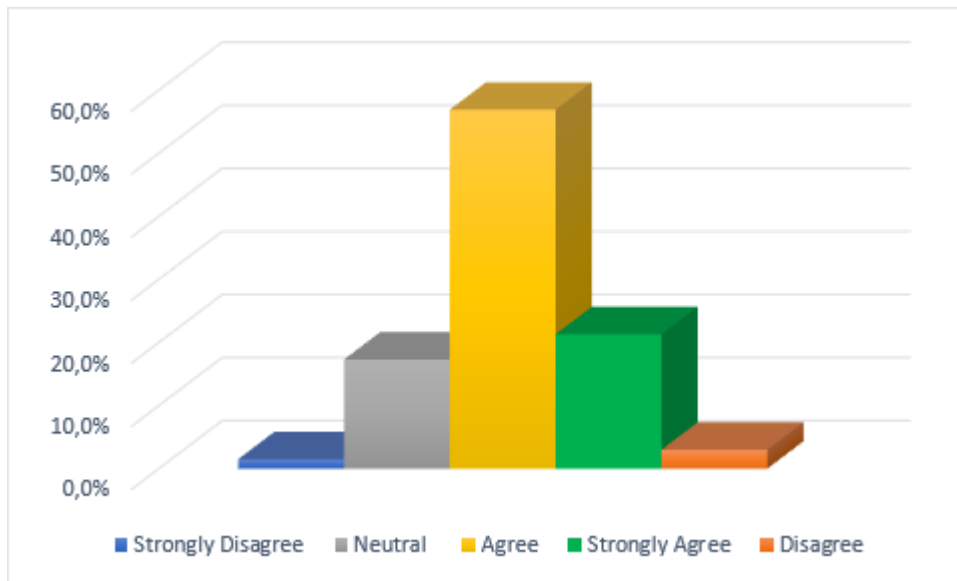
Commentary: More than 82% of respondents have a positive response, 46% Agree that Buying promotional products saves them money and 36.6% strongly agree that it saves them money. While 12.9% stayed neutral and only 4.5% Disagree and Strongly disagree. This questions confirms the perceived utilitarian benefits of sales promotions: Savings.

- I have a positive attitude towards monetary sales promotions.

Table 13: Positive Attitude towards Monetary Promotions

I have a positive attitude towards monetary sale promotions.	Frequency	Percent
Strongly Disagree	3	1,5%
Disagree	6	3,0%
Neutral	35	17,3%
Agree	115	56,9%
Strongly Agree	43	21,3%
Total	202	100,00%

Figure 17: Positive Attitude towards Monetary Promotions



Source: Excel 2016

Commentary: In this question, 56.9% Agree that they have a positive attitude towards monetary sales promotions. While 21.3% Strongly agree with this matter. 17.3% stayed neutral and 3% Disagreed and only 1.5% strongly disagreed.

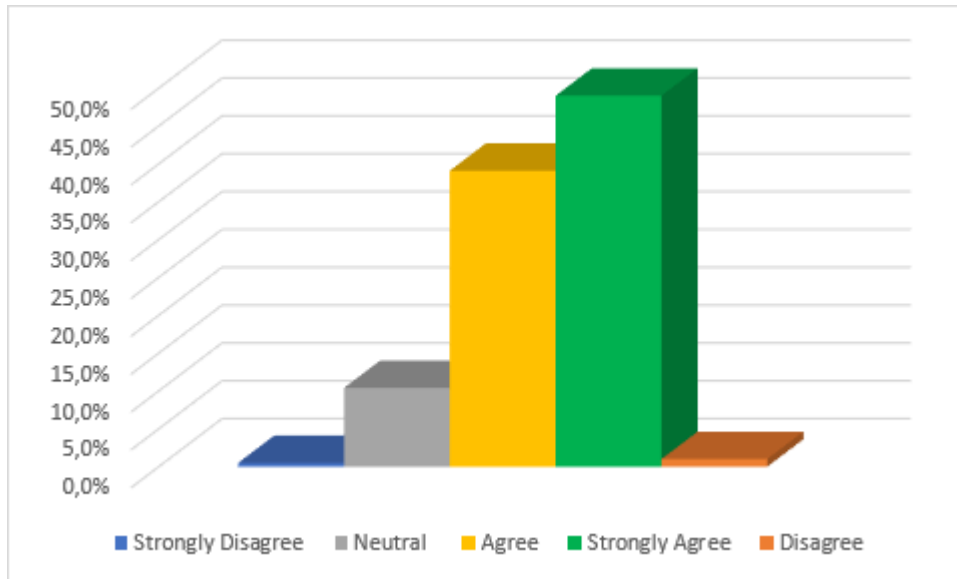
Question 6: In the case of non-monetary promotions on durable goods (e.g. free gifts, contests, buy one and get one for free), to what extent do you agree with the following statements :

- In the case of non-monetary promotions. Receiving a gift from a brand gives me a sense of joy :

Table 14: Receiving a gift from a brand gives a sense of joy

Receiving a gift from a brand gives me a sense of joy.	Frequency	Percent
Strongly Disagree	1	0,5%
Disagree	2	1,0%
Neutral	21	10,4%
Agree	79	39,1%
Strongly Agree	99	49,0%
Total	202	100,00%

Figure 18: Receiving a gift from a brand gives a sense of joy



Source: Excel 2016

Commentary: The findings show that, 39.1% Agree that receiving a gift from a brand gives them a sense of joy. while 49% Strongly agreed on this. both constitute more than 80% of positive responses. 10.4% chose neutral and only 1.5% disagreed and strongly disagreed.

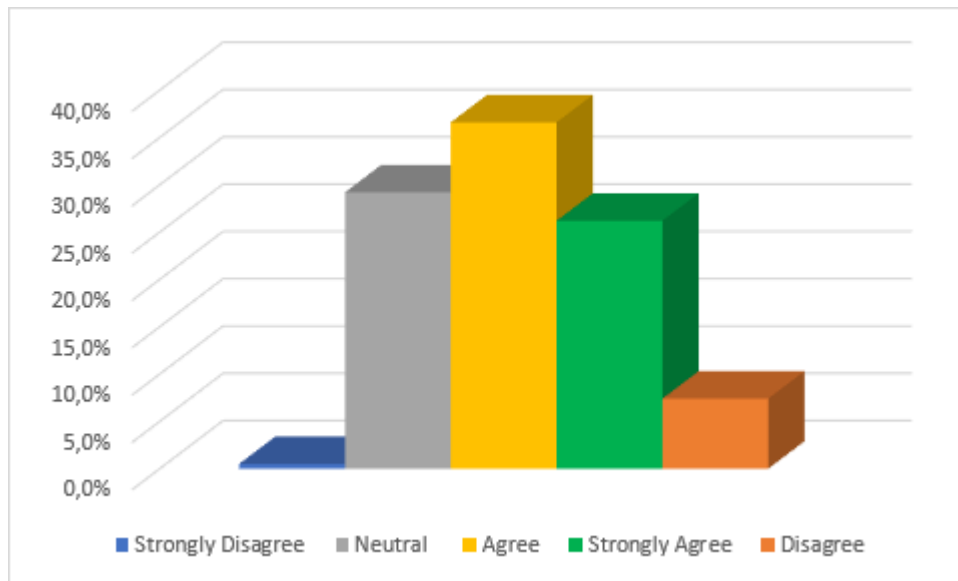
This questions studies the hedonic benefits that comes with non monetary SP as discussed in literature in chapter 1 and 2.

- In the case of non-monetary promotions. I feel like i made a smart choice

Table 15: It's a smart choice

I feel like i made a smart choice	Frequency	Percent
Strongly Disagree	1	0,5%
Disagree	15	7,4%
Neutral	59	29,2%
Agree	74	36,6%
Strongly Agree	53	26,2%
Total	202	100,00%

Figure 19: Its a smart choice



Source: Excel 2016

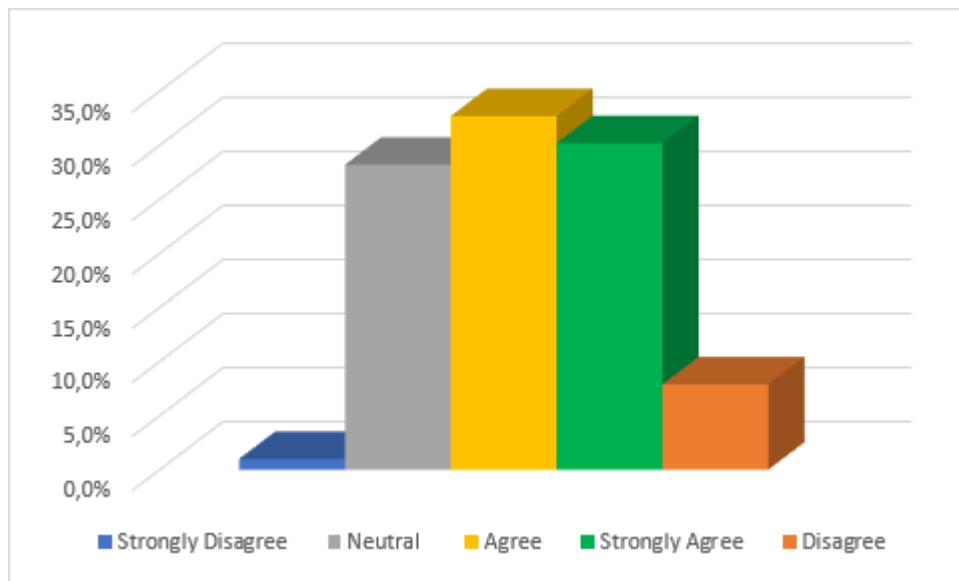
Commentary: 36.6% agree that they perceive participating in contests and such, is a smart choice for them. while 26.2% strongly agree and 29.2% stayed neutral and 7.4% disagreed on this, and only 0.5% strongly disagreed.

- In the case of non-monetary promotions. I like brands that use more gifts than other competitors

Table 16: Preference for brands that use more gifts than other competitors

I like brands that use more gifts than other competitors	Frequency	Percent
Strongly Disagree	2	1,0%
Disagree	16	7,9%
Neutral	57	28,2%
Agree	66	32,7%
Strongly Agree	61	30,2%
Total	202	100,00%

Figure 20: Preference for brands that use more gifts than other competitors



Source: Excel 2016

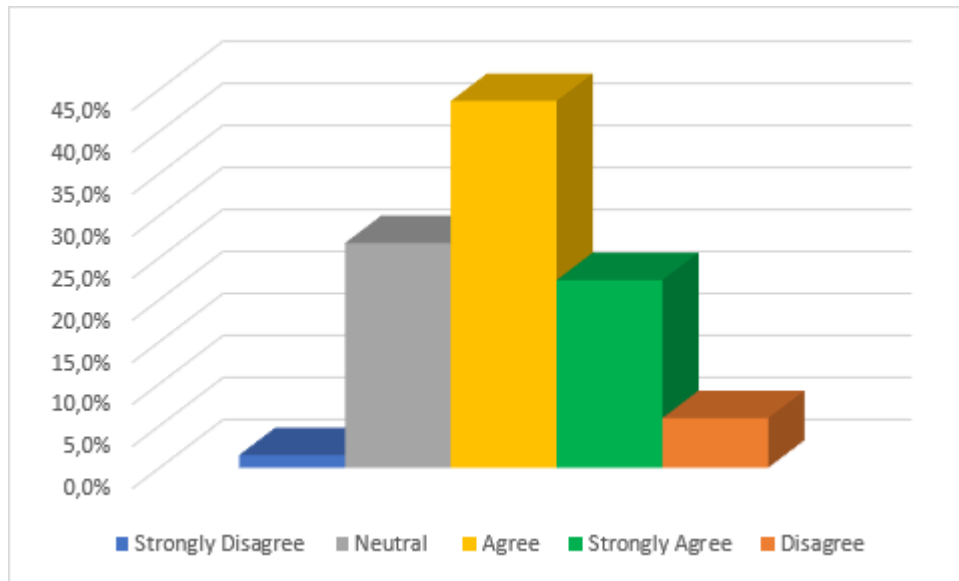
Commentary: 32.7% and 30.2% Agree and Strongly agree that they prefer brands that offer gifts more than other competitors. while 28.2% stayed neutral and 7.9% Disagreed, only 1% Strongly Disagreed.

- I have a positive attitude toward non monetary promotions

Table 17: Attitude towards non monetary promotions

I have a positive attitude towards non monetary sale promotions.	Frequency	Percent
Strongly Disagree	3	1,5%
Disagree	12	5,9%
Neutral	54	26,7%
Agree	88	43,6%
Strongly Agree	45	22,3%
Total	202	100,00%

Figure 21: Attitude towards Non-monetary promotions



Source: Excel 2016

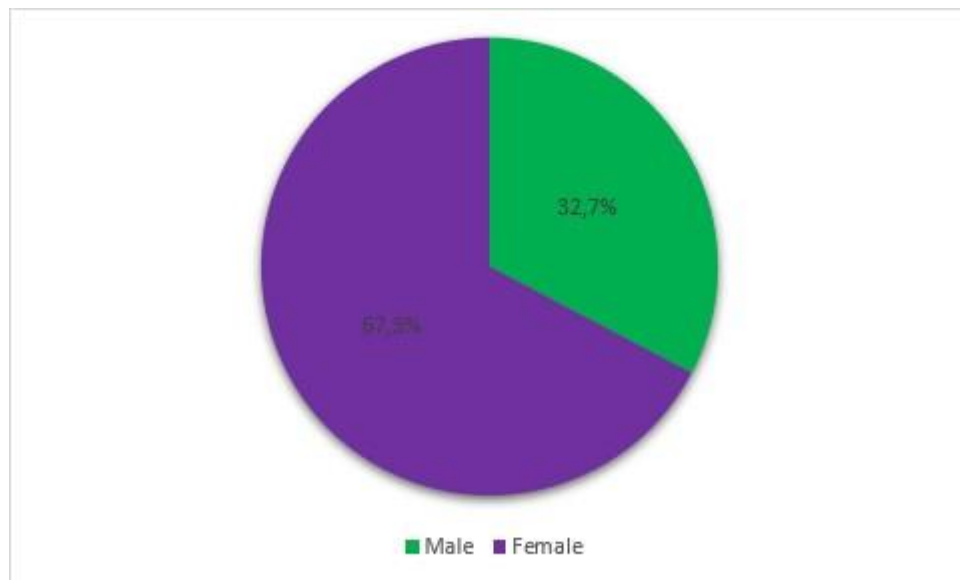
Commentary: In this question, 43.6% Agree that they have a positive attitude towards non monetary sales promotions. While 22.3% Strongly agree with this matter. 26.7% stayed neutral and 5.9% Disagreed and only 1.5% strongly disagreed.

Question 7 : What is your gender?

Table 18: Gender of the respondents

Gender		
	Frequency	Percent
Male	66	32,7%
Female	136	67,3%
Total	202	100%

Figure 22: Gender of the respondents



Source: Excel 2016

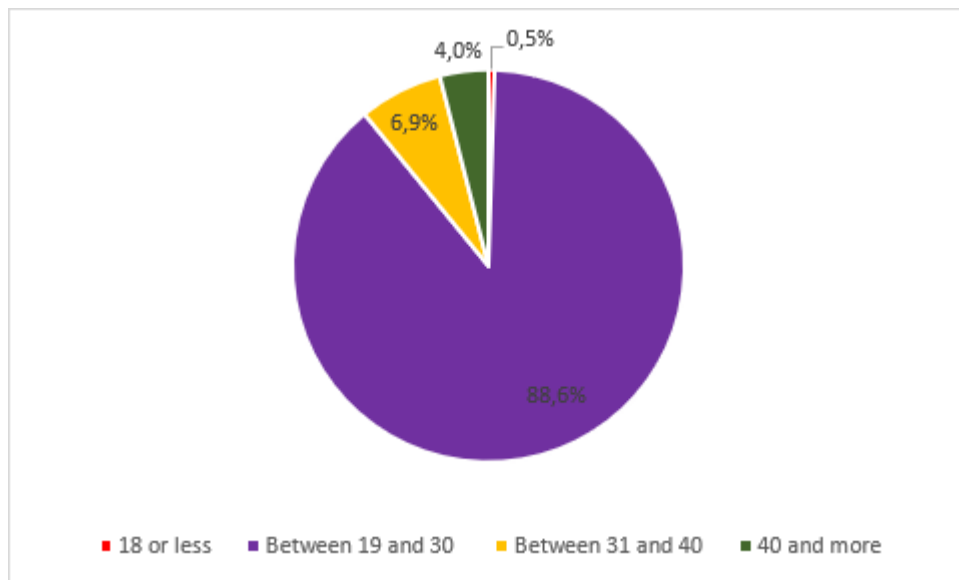
Commentary: 67.3 % of the respondents to this questionnaire are Women. and 32.7% are Men.

Question 8: What is your age range?

Table 19: Age Range

Age		
	Frequency	Percent
18 or less	1	0,5%
Between 19 and 30	179	88,6%
Between 31 and 40	14	6,9%
40 and more	8	4,0%
Total	202	100%

Figure 23: Age Range



Source: Excel 2016

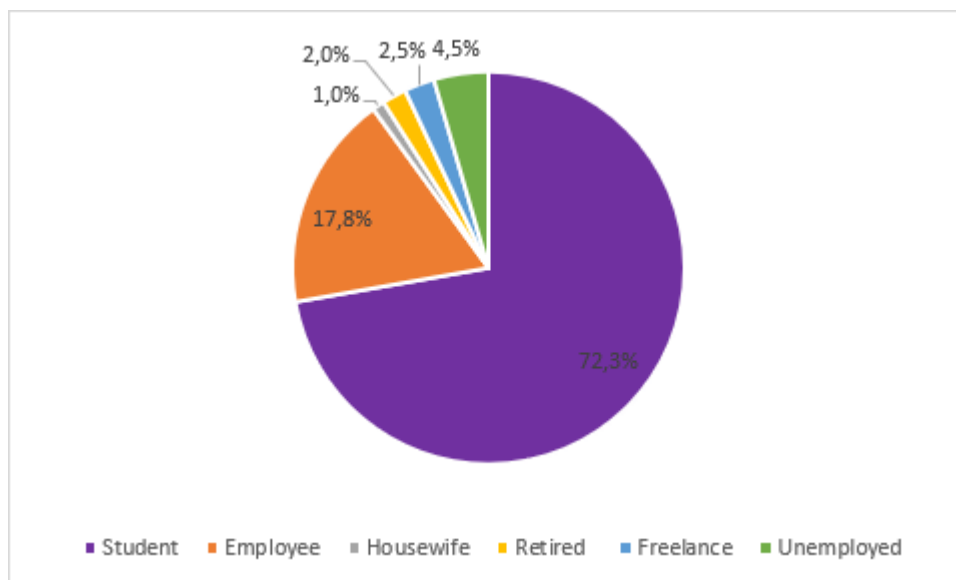
Commentary: The majority of the respondents are aged between 19 and 30 (88.6%). Followed by 6.9% that are between 31 and 40. 4% are 40 years old and more. only 1 respondent was 18 or less.

Question 9 : What is your social-professional status?

Table 20: Professional status

Profession		
	Frequency	Percent
Student	146	72,30%
Employee	36	17,80%
Housewife	2	1%
Retired	4	2%
Freelance	5	2,50%
Unemployed	9	4,50%
Total	202	100%

Figure 24: Profession of the respondents



Source: Excel 2016

Commentary: 72.3% of the respondents are students, 17.8% are employees. 4.5% are unemployed and 2.5% work as freelancers while 2% are Retired and 1% Housewives.

2.2.1 Hypothesis test

Based on the results of frequency distribution of Q1: 45% of our respondents believe that price reduction is the most common form of sales promotions. which confirms our

first hypothesis that "Price reductions is the most common form of promotions in home appliances sector for consumers."

2.3 Explanatory factor analysis

The exploratory factor analyses conducted on three main factor and 10 items and results were found out by Principal Component Analysis method. Meanwhile the Varimax method was adapted with Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. The results proved reliability of analysis.

We need to ensure that there are minimal correlations between the items that will be the subject of analysis. If the correlations are very weak, it will be difficult to bring out factor(s) and factor analysis is probably not the analysis to be advised.

Table 21: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,750
Bartlett's Test of Sphericity	Approx. Chi-Square	331,265
	df	45
	Sig.	0,000

Source : SPSS V.26

The KMO index = 0.750 > 0.5 so factor analysis is appropriate (feasible).

Bartlett's test significance = 0.00 < 0.05 so we reject the null hypothesis (H0), and we accept the alternative hypothesis (H1) which means that the values are correlated between them.

Table 22: Communalities

<i>Communalities</i>	Initial	Extraction
A brand would be my first choice because of its promotions	1,000	0,469
I would prefer brand that offers promotional advantages often	1,000	0,624
I'm more inclined to look at brands that offer price reductions.	1,000	0,386
A special price discount allows me to buy the product earlier than expected.	1,000	0,516
I feel like i saved money.	1,000	0,633
I have a positive attitude towards monetary sales promotions.	1,000	0,534
I feel like i made a smart choice	1,000	0,541
I have a positive attitude toward non-monetary promotions	1,000	0,551
Receiving a gift from a brand gives me a sense of joy.	1,000	0,490
I like brands that use more gifts than other competitors	1,000	0,632

Source: SPSS V26

The values in extraction column represent the variance explained by the factors.

46.9 % of the variability in item1 is explained by one of the factors.

62.4 % of the variability in item2 is explained by one of the factors.

38.6 % of the variability in item3 is explained by one of the factors.

51.6 % of the variability in item4 is explained by one of the factors.

63.3 % of the variability in item5 is explained by one of the factors.

53.4 % of the variability in item6 is explained by one of the factors.

54.1 % of the variability in item7 is explained by one of the factors.

55.1 % of the variability in item8 is explained by one of the factors.

49.0 % of the variability in item9 is explained by one of the factors.

63.2 % of the variability in item10 is explained by one of the factors.

Table 23: Total Variance Explained

Component	Total	% of Variance	Cumulative %
1	2,959	29,589	29,589
2	1,266	12,657	42,246
3	1,153	11,526	53,772
4	0,970	9,700	63,471
5	0,835	8,351	71,822
6	0,707	7,072	78,893
7	0,596	5,958	84,851
8	0,586	5,862	90,713
9	0,485	4,846	95,560
10	0,444	4,440	100,000

Source : SPSS V.26

As a result of the Principal Component Analysis, we have 3 components which have greater than one as an eigen value so three factors can be extracted for our analysis.

To further confirm this, we used a parallel analysis. Based on parameters provided by the researcher, this engine calculates eigenvalues from randomly generated correlation matrices. These can then be compared with eigenvalues extracted from the researcher's dataset.

At total 53.772 % of variance is explained by these 3 components.

29.58% of variance is explained by NMSP alone.

1266 % of variance is explained by MSP.

11.52% of variance is explained by BP.

In order to determine the variables of each factor, it is necessary to use the rotation of the matrix of components extracted by the SPSS software.

Table 24: Rotated Component Matrix

		1	2	3
1	A brand would be my first choice because of its promotions			0,682
2	I would prefer brand that offers promotional advantages often			0,746
3	I'm more inclined to look at brands that offer price reductions.			0,606
4	A special price discount allows me to buy the product earlier than expected.		0,687	
5	I feel like i saved money.		0,793	
6	I have a positive attitude towards monetary sales promotions.		0,698	
7	I feel like i made a smart choice	0,639		0,355
8	I have a positive attitude toward non monetary promotions	0,710		
9	Receiving a gift from a brand gives me a sense of joy.	0,678		
10	I like brands that use more gifts than other competitors	0,762		

Source : SPSS V.26

- Variables from 7 to 10 are strongly correlated with factor 1 after rotation.
- Variables from 4 to 6 are strongly correlated with factor 2 after rotation.
- Variables from 1 to 3 are strongly correlated with factor 3 after rotation.

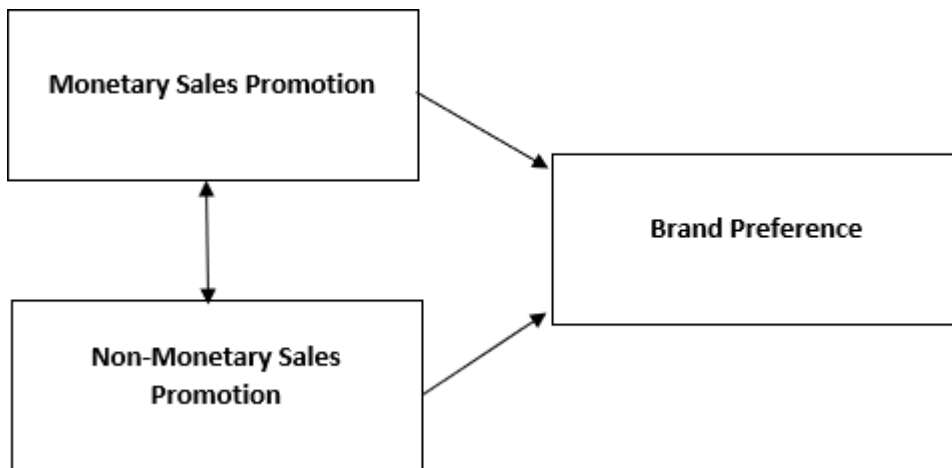
Base on this, we will name the first factor : Non-Monetary sales promotions. It includes, item 7, item 8, item 9 and item 10.

The second factor is : Monetary sales promotions which includes item 4, item 5 and item 6

The third factor is : Brand preference which represents item 1, item 2 and item 3.

From here we establish the conceptual model

Figure 25: Conceptual Model



Source: Personal Effort

2.4 Confirmatory Factor Analysis

Before testing the conceptual model using the structural equation modeling, a confirmatory factor analysis (CFA) was conducted to test the harmony of the factors with brand preference and among themselves as well as the applicability of the model.

Table 25: Goodness of Fit Results in Tested Model

Indication	Tested model	Reference values
Chi-Square 1/Degrees of Freedom (χ^2/df)	43/32=1,33	0-5 interval
Goodness of Fit Index (GFI)	0,959	.90
Adjusted Goodness of Fit Index (AGFI)	0,93	.90
Comparative Fit Index (CFI)	0,963	.90
Tucker Lewis Index (known as NNFI) (TLI)	0,948	.90
Normed Fit Index (NFI)	0,873	.90
Incremental Fit Index (IFI)	0,965	.90
Root Mean Square Error of Approximation (RMSEA)	0,041	<.8
Critical N (Hoelter N) (CN)	251	>200

Source : Personal effort via SPSS AMOS V.24

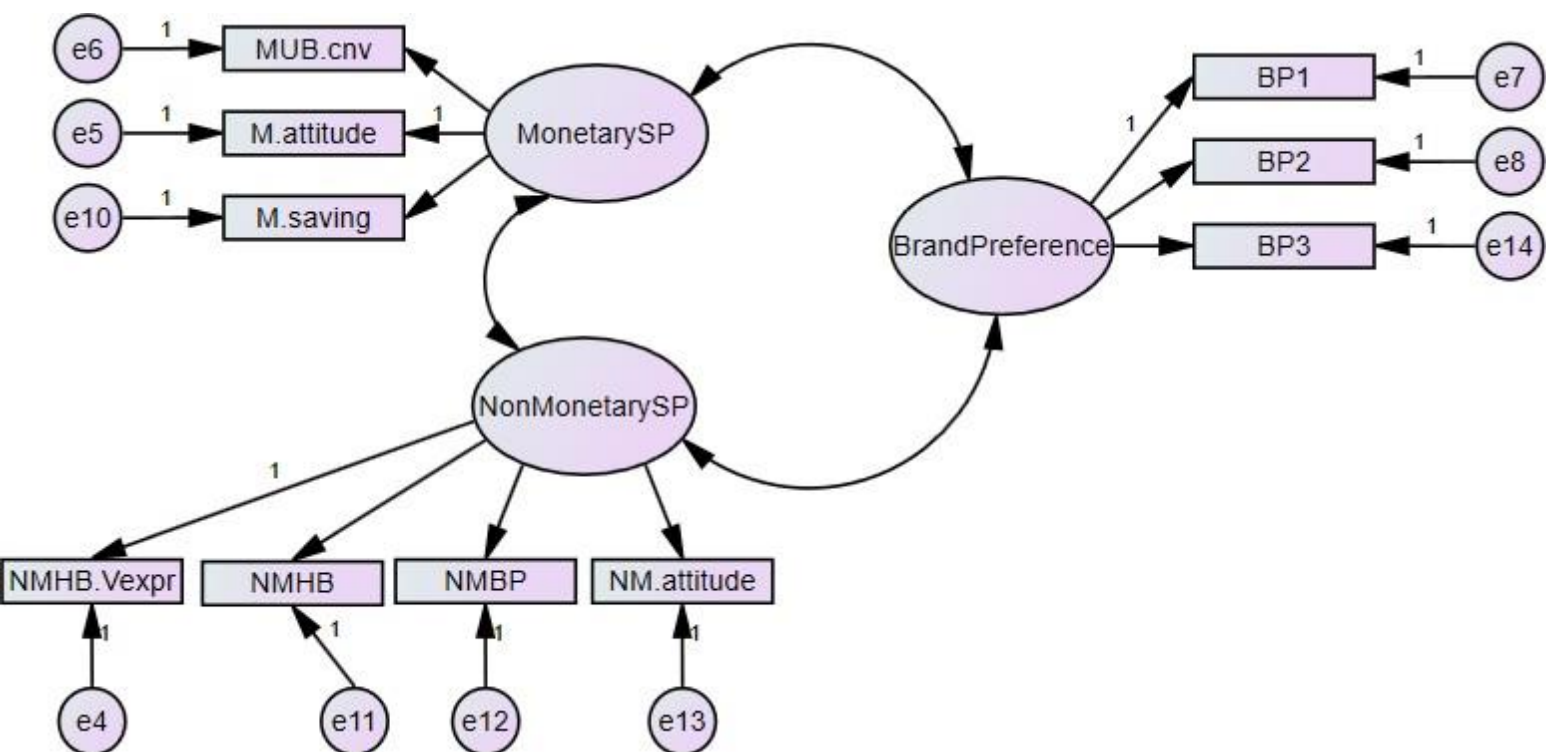
The findings obtained featured Chi-Square 1/Degrees of Freedom (χ^2/df)

43/32=1.33, GFI; 0.959, AGFI; .0930, IFI; 0.965, CFI; 0.963, TLI; 0.948 and RMSA; 0.041 and Critical Hoelter; 251 and, after confirming that these findings comply with the reference values given in Table 3.22, the test of the model started.

According to Hu and Bentler in a model analysis, if the value of RMSEA is close to .06 or below and the values of CFI and TLI are 0.95 or above analysis should be terminated there in because of supporting the achievement of the target model (See Appendix) In this study, all reference values have been acquired.

2.5 Structural Equation Model Results

Figure 26: Structural Equation Model



Source: Spss Amos V.24

The conceptual model has been tested by using structural equation modeling analysis method to reveal relationships of factors and efficiency of both monetary and non-monetary sales promotions on brand preference. Structural equation modeling provides a comprehensive assessment and modification on theoretical models.

Table 26: Structural Equation Model Results

Hypotheses	St. Errors	P values
Monetary SP -> Brand Preference	0,036	0,009
Non-Monetary SP -> Brand Preference	0,049	0,002
Non-Monetary SP -> Monetary SP	0,039	***

***p<0.001

Source : SPSS AMOS V.24

According to the acquired results with the proposed structural model shown in Figure 25, both H2 and H3 hypotheses have been confirmed.

Conclusion

This chapter focused on the study the existing relationship between monetary and non-monetary sales promotions and its effects on brand preference in house appliances sector.

In the light of new found information, we conclude that non-monetary promotions are not widely used in this market as opposed to monetary SP, especially price reductions.

Furthermore, promotional incentives such as prices reductions clearly communicate utilitarian benefits more prominently savings and other non-price based promotional tools such as free gifts and contests communicate hedonic benefits by providing emotional feelings.

Finally, consumers' brand preference is highly influenced by both monetary and non-monetary sale promotions, one more than the other due to their instant effect and the positive perceptions consumers have towards them.

General Conclusion

Promotions are incentives to “act now” and most have the temporary effect of doing just that, in order to make them work beyond the immediate action or purchase event, companies conduct several researches to implement the appropriate strategy for the purpose of increasing brand loyalty and maximizing profits.

Businesses are required to choose the proper and most effective tools in regards of their targets, whether it is for trade or final consumers. These tools are classified into two major categories; monetary and non-monetary promotions. Monetary sales promotions include price-offs, coupons, discounts and premiums, while free samples, contests and free gifts compose non-monetary promotions. Basically, price promotions and non-price based promotions communicate different utilitarian and hedonic benefits, such as savings, shopping convenience and entertainment. These promotions are implemented to attract new customers and retain the current ones in order to enhance brand preference and brand loyalty.

The process of choosing a certain brand amongst other available brands for consumers is a difficult pattern to observe, different factors are involved and consumers constantly change opinions and perceptions but price seems to be the most important motivation for concluding a buying decision.

Consumers’ perceive different promotions in different ways; losses and gains, based on their beliefs and attitudes, which will eventually affect their actions towards promotional products.

Therefore, the aim of this paper was to identify the impact of monetary and non-monetary sales promotions on brand preference in regards to household appliances.

The extracted information from the survey analysis provided the following results:

- We confirmed the first hypothesis that stated " Price reductions is the most common form of promotions in home appliances sector for consumers."
- We confirmed our second hypothesis that stated "Monetary sales promotions have positive influence on brand preference."
- We also confirmed our third hypothesis that stated "Non-Monetary sales promotions have positive influence on brand preference."

Further results also conclude that:

- Consumers favor price-based promotions over non-priced promotions.
- Special price discounts allow consumers to purchase a product earlier than planned.
- Buying a promotional product for consumers makes them feel as if they saved money.
- Participating in contests and sweepstakes is a smart decision for consumers.
- Consumer prefer brands than organize contests and sweepstakes more than brand that don't, but do not necessarily choose brands that do offer price reductions over brand that don't for house appliances.

The research objectives were achieved, we identified the effects of two distinct sales promotion schemes as well as consumers attitudes and perceptions towards them. Based on the evidence from both theoretical and empirical research, the home appliances sector should consider the following suggestions:

- Focus on a wider range of non-monetary sale promotions; even though monetary sales promotion activities are being applied largely and efficiency, non-monetary promotions have a strong effect on consumers since they provide hedonic pleasure.

Promotions should be in accordance with products' attributes and values.

- Consider customer approaches and combine both monetary and non-monetary sales promotion activities on their marketing campaigns to attract consumers toward their brand and to gain competitive advantage in the market.

As any research, the research has some limitations. Limited factors were used in factors' analysis and the absence of a practical internship which lead to a possibly non-representative sample of respondents.

In summary, we can say that sales promotion is a tool that can help increase brand preference, the impact of these tools stimulate purchase decision and create a positive attitude on consumers' behavior and perception.

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Appendixes

Questionnaire

As part of the preparation of a thesis, we have drawn up this questionnaire which aims to study the impact of sales promotions on the brand in the case of durable products: household equipment, refrigerators, washing machines, household appliances, furniture, sports equipment etc... We would like to ask you to please answer the following questions. The answers are anonymous and will be used for scientific purposes only, thank you for your help.

Question 1 : From these sales promotions tools mentioned below, what are the ones you come across most often when buying household appliances?

Buy 1 Get 1 for half

Price reductions

Contests and sweepstakes

Buy 1 Get 1 for free

other

Question 2: Have you ever received a free product or a discount from a brand of durable goods ? (electronic appliances, air conditioner, refrigerator, washing machine)

Yes

No

Question 3: Have you ever taken part in a contest or a draw to win a product organized by a brand of durable goods? (electronic appliances, air conditioner, refrigerator, washing machine)

Yes

No

Question 4: To what extent do you agree with the following proposals?

- When I buy a durable good such as household appliances, sports equipment TV, washing machine, etc. A brand would be my first choice because of its promotions

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

- When I buy a durable good such as household appliances, sports equipment TV, washing machine, etc. I would prefer brand that offers promotional advantages often.

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

- When I buy a durable good such as household appliances, sports equipment TV, washing machine, etc. I'm more inclined to look at brands that offer price reductions

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

- When I buy a durable good such as household appliances, sports equipment TV, washing machine, etc. In my life, i have already used promotional products from a certain brand.

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

Question 5: In the case of monetary promotions on durable goods (e.g. price reduction, buy one good and get the second one at half price), how much do you agree with the following statements :

- When i buy a brand that offers price reductions, i feel like i have made a good choice.

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

- A special price discount allows me to buy the product earlier than expected.

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

- When i buy a brand that offers price reductions, I feel like i saved money.

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

- I have a positive attitude towards monetary sales promotions.

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

Question 6: In the case of non-monetary promotions on durable goods (e.g. free gifts, contests, buy one and get one for free), to what extent do you agree with the following statements :

- In the case of non-monetary promotions. Receiving a gift from a brand gives me a sense of joy :

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

- In the case of non-monetary promotions. I feel like i made a smart choice.

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

- In the case of non-monetary promotions. I like brands that use more gifts than other competitors.

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

- I have a positive attitude toward non monetary promotions

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

Question 7: What is your gender?

Male

Female

Question 8: What is your age range?

18 or less

19-30

31-40

41 and more

Question 9: What is your social-professional status?

Student

Employee

Housewife

Retired

Freelance

Unemployed

Figure A.1: Case processing Summary

		N	%
Cases	Valid	199	98,5
	Excluded ^a	3	1,5
	Total	202	100,0

a. Listwise deletion based on all variables in the procedure.

Source: Spss V.26

Figure A.2: Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,654	,592	22

Source: Spss V.26

Figure A.3: Total variance explained

Component	Total			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	Initial Eigenvalues % of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,959	29,589	29,589	2,959	29,589	29,589	2,076	20,761	20,761
2	1,266	12,657	42,246	1,266	12,657	42,246	1,685	16,851	37,612
3	1,153	11,526	53,772	1,153	11,526	53,772	1,616	16,159	53,771
4	,970	9,700	63,471						
5	,835	8,351	71,822						
6	,707	7,072	78,893						
7	,596	5,958	84,851						
8	,586	5,862	90,713						
9	,485	4,846	95,560						
10	,444	4,440	100,000						

Extraction Method: Principal Component Analysis.

Source: Spss V.26

Figure A.4: KMO and Bartlett's test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,750
Bartlett's Test of Sphericity	Approx. Chi-Square	331,265
	df	45
	Sig.	,000

Source: Spss V.26

Figure A.5: Rotated Components Matrix

	Component		
	1	2	3
A brand would be my first choice because of its promotions			,682
I would prefer brand that offers promotional advantages often			,746
I'm more inclined to look at brands that offer price reductions.			,606
A special price discount allows me to buy the product earlier than expected.		,687	
I feel like i saved money.		,793	
I have a positive attitude towards monetary sales promotions.		,698	
I feel like i made a smart choice	,639		,355
I have a positive attitude toward non monetary promotions	,710		
Receiving a gift from a brand gives me a sense of joy.	,678		
I like brands that use more gifts than other competitors	,762		

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Source: Spss V.26

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	23	42,843	32	,095	1,339
Saturated model	55	,000	0		
Independence model	10	338,278	45	,000	7,517

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	,039	,959	,930	,558
Saturated model	,000	1,000		
Independence model	,176	,669	,595	,547

Baseline Comparisons

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	,873	,822	,965	,948	,963
Saturated model	1,000		1,000		1,000
Independence model	,000	,000	,000	,000	,000

NCP

Model	NCP	LO 90	HI 90
Default model	10,843	,000	32,025
Saturated model	,000	,000	,000
Independence model	293,278	238,515	355,525

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	,213	,054	,000	,159
Saturated model	,000	,000	,000	,000
Independence model	1,683	1,459	1,187	1,769

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	,041	,000	,071	,657
Independence model	,180	,162	,198	,000

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