

## **CLASSIFICATION OF EMPIRICAL WORK ON SALES PROMOTION: A SYNTHESIS FOR MANAGERIAL DECISION MAKING**

### **Abstract**

Sales Promotion activities have gained strategic focus as markets are getting complex and competitive.

Key managerial concerns in this area are budget allocation across elements of promotions as well as trade vis. consumer promotion, how to design individual sales promotion techniques and a calendar in face of competitive promotions, how to manage them and evaluate the short-term and long-term impact of the same. The objective of this paper is to present, through Meta-analysis, an overview of recent contributions appearing in scholastic journals relevant to the field of Sales Promotion, to classify them into different classificatory framework, report key findings, highlight the managerial implications and raise issues. The database used is the EBSCO host available on VSLLAN (Library)-Indian Institute of Management Ahmedabad). The selection procedure consisted of peer-reviewed scholarly contributions for recent five year period. Out of more than 700 articles 64 article were selected which were analyzed for classifying them into

- Perspective addressed: Manufacturer, retailer or consumer.
- Market [country where the research was undertaken]
- Type of promotion activity addressed - coupon, contest, price cut etc.
- Management function addressed: planning, implementation, control [evaluation]
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It was found that majority of the articles addressed manufacturer's perspectives ; almost all studies were done in developed countries ; coupon as a consumer promotion tool was widely researched; and more than half of the articles were addressing planning related issues.

Finally attempt has been made to synthesize managerial implications of the studies under broad topic areas for guidelines for managers.

# CLASSIFICATION OF EMPIRICAL WORK ON SALES PROMOTION: A SYNTHESIS FOR MANAGERIAL DECISION MAKING

## INTRODUCTION

Sales Promotion techniques for short-term rise in sales is increasingly being used by managers as one of the important elements of the promotional mix. In India, post liberalization era has witnessed a plethora of such activities in all business sectors including durable, non-durable and the service sector. (1)

With rising expenditures in promotion, it has come under management scrutiny. However, with increased reliance by competition on Sales Promotion [short-term tactical tools to boost sales], managers are compelled to allocate more budget to the same even if it means at the cost of their communication budget.

The key managerial concerns in this area are budget allocation across overall promotions as well as trade vis. consumer promotion, how to design individual sales promotion techniques and a calendar in face of competitive promotions, how to manage them and how to evaluate the short-term and long-term impact of the same.

Managers need to be aware of issues that arise in planning, implementation and control of the sales promotion function for increased efficiency and effectiveness. (2)

## OBJECTIVES

The objective of this paper is to present, through Meta-analysis, an overview of recent contributions appearing in scholastic journals relevant to the field of Sales Promotion, to classify them into different classificatory framework, report key findings, highlight the managerial implications and raise issues. Such an attempt would be a useful guide for managers to tackle issues in managing sales promotion activities with the emerging global economy. It would be beneficial for researchers as it provides summary of objectives, key findings and managerial implications for each of the studies analysed. It would also help identify gaps in research in this area.

*Meta-analysis refers to the analysis of analyses . . . the qualitative analysis of a large collection of analysis results from individual studies for the purpose of integrating the findings. It connotes a rigorous alternative to the casual, narrative discussions of research studies, which typify our attempts to make sense of the rapidly expanding research literature.*

(Glass, 1976, p 3).

## METHODOLOGY

The database used is the EBSCO host available on VSLLAN (Library)- Indian Institute of Management Ahmedabad). The selection procedure consisted of peer-reviewed scholarly contributions in this area for the period 1998 - 2003. It was decided to look into this time phase as in late nineties literature focussed on the use of sales promotion not merely for tactical purposes but also for strategic purposes . With growing spend on sales promotion everyone was concerned about its impact not only on sales but on consumer behaviour, attitudes, competition, brand image(3). Out of more than 700 articles 64 article were selected by looking at titles, abstract & matching with the relevance to managers and

researchers based on author's judgement. From the abstract and text of the articles, articlewise compilation into the title, author[s], journal of publication, objectives, key findings and managerial implications was undertaken followed by an attempt to classify the articles using the following frameworks. Appendix I provides the articlewise compilation of the above.

The classification framework (4) used was:

- Perspective addressed: Manufacturer, retailer or consumer.
- Market [country where the research was undertaken]
- Type of promotion activity addressed - coupon, contest, price cut etc.
- Management function addressed: planning, implementation, control [evaluation]

Based on the above analysis relevant conclusions were drawn. Finally, an effort has been made to synthesize managerial implications of the studies under broad topic areas for guidelines for managers.

## FINDINGS

### Application of framework

The articles were classified into various frameworks based on the following criteria: As shown in Table I below, out of 64 articles that were compiled, 35 addressed manufacturer's perspectives, 6 retailer's perspectives and remaining 23 addressed the consumer perspective. The criterion applied was -from whose point of view study findings would be useful. A number of studies could be classified from more than one perspective, therefore, while classifying, criticality of perspective was kept in mind.

**Table I**  
**Classification of papers based on perspective addressed**

<b>Classification/Frequency</b>	<b>Manufacturer</b>	<b>Retailer</b>	<b>Consumer</b>
Article number	1,2,7,10,12,13,14,15,16,17,18,19,21,22,23,24,25,26,29,31,32,34,36,38,40,41,42,45,49,51,52,54,57,58,62	5,8,37,50,59,64	3,4,6,9,11,20,27,28,30,33,35,39,43,44,46,47,48,53,55,56,60,61,63
Total 64 (100%)	35 (55%)	6 (9%)	23 (36%)

Article number - refer to appendix I

### ***Perspective addressed***

**Manufacturer perspective:** consisted of articles that provided guidelines to Brand and category managers on various issues of planning, managing, designing and evaluating Sales Promotion activities. There were articles providing guidelines for budget allocation between advertising and sales promotion and across trade and consumer promotions, demonstrating impact of various types of sales promotion tools, giving useful tips for sales promotion calendar, assessing long term impact of sales promotions on brand, brand equity, brand loyalty etc.

**Retailer perspective:** consisted of articles that had direct implications for retailers as well as retail chains on various sales promotion activities:- forecasting sales for various stores, how firm related variables affect the profitability of promotions offered by retail stores and their effectiveness.

Consumer perspective: consisted of articles that provided the impact on various aspects of consumer behavior: impact of promotions on pretrial brand evaluation, on purchase event feedback, consumer response towards various sales promotion activities like coupons, premiums and benefits consumers derive while availing promotions.

***Market - country where the research was undertaken***

**Table II  
Country of research**

<b>Country</b>	<b>Article Number</b>	<b>Frequency</b>
France	59	1
Dutch	64	1
South East Asia	15 & 51	2
United Kingdom	47	1
Germany	46	1
Canada	60	1
New Zealand	23	1
U.S.A	1 -14, 16-22, 24-45, 48-50,52-58,62,63	56

The above framework would be useful to managers trying to understand different market conditions- whether the market is developed or developing, impact of culture on response to sales promotion, extent of competition etc. while managing promotions. As evident, majority of the research had been undertaken in the developed market [62] and [56] for U.S market.

***Type of promotion activity addressed***

**Table III  
Promotion activity addressed**

<b>Promotion Activity</b>	<b>Article Number</b>	<b>Frequency</b>
Coupon	4,17,19,20*,21,25*,35,55,61	9
Premium	28,39	2
Bonus pack	25*,36*	2
Price off	20*,36*,42	3
Contest	29	1

The above categorization shall be useful for managers studying a particular type of promotion activity and its effectiveness.

**Management function addressed**

**Table IV  
Management function addressed**

Function	Planning	Implementation	Evaluation & Control
Article Number	1,2,7,8,12-14,16-18,21,23-26,29,32,34,36-38,40,42,45,46,49,50,51,52,54,57,58,59,62,64	Nil	3-6,9-11,15,19,20,22,27,28,30,31,33,35,39,41,43,44,47,48,53,55,56,60,61,63
Frequency	35	-	29

The above classification is based on the management function that the articles attempt to address. It is expected that the findings will be useful for managing sales promotion activities. As evident from the table, Implementation issues have not been addressed and thus offer an opportunity for further research in the area.

**Synthesis of managerial implications:**

**Table-V  
Synthesis**

Topic	Perspective	Managrrial Implications
Budget allocation	Brand manager	Effective budget allocation requires knowledge of factors such as negotiation power of trade, brand franchise, brand manager experience amongst others.(#2)  For a multi brand company, strategic framework for use of sales promotion is provided and team approach suggested (#16)
Sales promotion design & calendar	Brand manager	Calendar using decision support system [DSS] provided (#2 & 7), how to design, improve profitability of promotions (#34 & 42). Design promotions for umbrella branding (#40), Designing value enhancing promotions (#24), application of communication framework to sales promotion (#25), guidelines for promotional planning process in FMCG (#23), Designing offers consistent with the marketing mix (#45), guidelines for designing price & non-price promotions (#51), designing promotions for Not for Profit ( NFP) sector (#29).
Segmentation and targeting of promotions	Brand Manager	Effective sales promotion requires identification of segments to be targeted by identifying shopping pattern variables, understanding 'smart' consumers. (#10,43,46).
Pricing decisions	Brand Manager	Impact of discounting on normative pricing policies, impact on profitability (#9), asymmetric/ neighborhood cross price impact (#13).
Evaluation	Brand Manager	Impact of promotion on long-run profitability (#12), on stock-piling behavior (#44), long-term

Topic	Perspective	Managrrial Implications
		impact on category incidence, brand choice and purchase quantity (#41), brand switching behavior (#30 & 31), whether promotions are a zero-sum game (#19), on shopping environment (#60), on consumption (#22), on category demand (#64).
Brand loyalty	Brand manager	How instore retail promotions affect purchase event feedback and thereby brand loyalty (#5), how sales promotion affects pre-trial evaluation (#11), how to develop cost effective brand loyalty programs specifically for packaged goods (#32 & 49).
Coupon as a sales promotion tool	Brand/retail manager	Guidelines for design, factors affecting coupon response (#4), how to select career and target brand for cross-ruff coupons (#7), how to frame incentive for coupon (#21), characteristics of coupon prone consumers and benefits sought by them (#35 & 55), response to instore coupons (#50), coupon response in services. (#61)
Impact on consumer behavior	Consumer	How consumers respond to price promotions (#1), price quality tiers and consumer response to sales promotion designed by various brands (#3 & 48), cultural aspects in developing markets affecting sales promotion response to different tools (#15), how consumers respond to delayed incentives (#18), framing of price promotions and consumer perceptions (#20), consumer response to retail promos (#33), consumer perceptions for alternate premium offers (#28) and their response to premium promos (#39), inclusion of reference price on offer (#53 & 56), manufacturer and retailer perceptions about consumer response to promotions (#54), benefits buyers seek (#27 & 63), consumer response to bonus packs (#36). Store brand vs. national brands and the value conscious consumers (#62).
Trade-off between consumer and trade promotions	Brand manager / trade intermediaries and retail managers	How to make trade-offs (#1), guidelines for trade promotions in the form of allowances and retailer pass through (#14 & 58), win-win trade promotions and scan backs (#38 & 52).
Retail promotions	Retail manager / brand manager	How to design profitable promotions on store vs. national brands and impact on loyalty (#5), use of scanner data for academic and industry application (#6), promotion event forecasting system (#8), retailer response to Every Day Low Cost (EDLC) program by manufacturer (#26), impact of firm characteristics and other factors on design of price promotions (#37), retail competition and impact on store choice (#57 & 59).

## **Limitations**

The studies available on the source [EBSCO] database did not comprise of the entire work done in the area for the time period taken into consideration. The available database may not be an exhaustive collection of work done in this area. The work should therefore be viewed keeping the above limitations in mind.

## **CONCLUSION**

In mature markets, returns to advertising diminish fast. Hence, managers tend to allocate more budget to sales promotion activities to grab a share from competitors. A key area of concern for top management, thus, is the allocation of budget between advertising and promotion activities. However, advertising and sales promotion must co-exist for a brand to survive and grow. Therefore, there is a need for manager to strike the right balance between the two based on a variety of factors such as Product Life Cycle stage, market share, experience of the brand manager and negotiation power of trade and consumers.

Different sales promotion tools serve different objectives and trigger different consumer responses. It is essential that managers understand each of these tools, their underlying objectives and likely consumer response while designing a promotional offer.

Expenditure on various sales promotion activities by marketing companies in India is estimated to be 5,000 crore and is growing at a robust pace every year (5). In the United States, expenditure on sales promotions has outpaced that on advertising (6) in certain product categories. It has thus become imperative for a manager to understand not only the contribution of sales promotion to profitability, but also on other related aspects such as consumer behavior, trade behavior, sales force behavior and on the category as a whole. Decomposition of increased sales due to sales promotion due to purchase acceleration, brand switching and stockpiling would provide useful insights. It was found that the common belief that sales promotions do not have a long-term impact on the brand challenge the notion (7) . Hence, there is an acute need for the evaluation of sales promotion activities and to give them the strategic importance they deserve in the marketing mix.

## Appendix I Articlewise compilation

### **1. Title: Theoretical models of sales promotions: Contributions, limitations, and a future research agenda.**

Authors: Raju, Jagmohan S. European Journal of Operational Research, 8/17/95, Vol. 85 Issue 1, p1, 17p

**Objective:** To review theoretical models of sales promotions, highlight the key contributions of these models, discuss their limitations, and outline an agenda for future research.

**Findings:** Review of theoretical models that attempts to provide qualitative answers to managerial queries with respect to reasons for usage of sales promotions, strategy and consumer response to promotions. Comments by the author follow the review. Summary, limitations and direction for future research is provided.

**Managerial Implications:** Guideline for managers on reasons for widespread use of sales promotion, tradeoff made by the firms for consumer and trade promotions, reasons for consumer response to sales promotion.

### **2. Title: Advertising vs sales promotion: a brand management perspective**

Authors: George S. Low; Jakki J. Mohr. Journal of Product & Brand Management, 2000, Vol. 9 Issue 6, p389, 26p

**Objective:** This study investigates the antecedents and outcomes of brand managers' advertising and sales promotion budget allocations by adopting a bounded rationality perspective.

**Findings:** Based on survey data collected from 165 brand managers in the USA, higher advertising (vs sales promotion) allocations are associated with: single, relatively high priced brands in the early phases of the product life cycle; and more experienced brand managers who are subject to less retail influence. Also, brands with higher budget allocations to advertising, relative to sales promotion, tend to have more favorable consumer attitudes, stronger brand equity, and higher market share increases and profits. Low priced brands, family brands and brands progressing towards their maturity stage receive a higher allocation to Sales Promotion in comparison to advertising. Budget allocation depends on negotiation power of trade. With growing managerial experience with a firm, managers tend to tilt toward budget allocation to advertising.

**Managerial implications:** Likely factors influencing budget allocation, from a brand manager's perspective.

### **3. Title: Sales Promotions and the Choice Context as Competing Influences on Consumer Decision Making.**

Authors: Nowlis, Stephen M.; Simonson, Itamar. Journal of Consumer Psychology, 2000, Vol. 9 Issue 1, p1, 16p

**Objective:** Identification of moderators of switching between brands in different price-quality tiers (e.g., from Hagen-Dazes ice cream to Breyers or to a store brand).

**Findings:** Through the series of studies, the authors propose that (a) the likelihood of switching between particular brand tiers due to price promotions can be predicted based on the choice set composition; (b) Consumers are more likely to switch from a low-tier brand to a promoted high-tier brand than from a higher tier to a promoted low-tier brand. As a result, asymmetric switching is reduced or eliminated. (c) the compromise effect is reduced when the lowest tier brand offers a price promotion.

**Managerial Implications:** Managers must be aware of the price-quality tier that their brand belongs to in order to design promotional offer and correctly estimate the likely response.



#### **4. Title: Coupon Advertising under Imperfect Price Information**

Authors: Moraga-González, José Luis; Petrakis, Emmanuel. Journal of Economics & Management Strategy, Winter99, Vol. 8 Issue 4, p523, 22p

**Objective:** To study sales promotions through coupons in an oligopoly market under imperfect price information.

**Findings:** Sellers can distribute either ordinary coupons, or coupon (price) advertising, or both types of coupons, at distant locations to attract consumers from their rivals' markets. Sellers' sales promotion strategies in markets where consumers are uninformed about the prices charged in distant locations or the prices of other brands depends on the location of the seller from the consumer, transportation costs and brand loyalty. Sellers in these markets can attract customers from distant locations, or from other brands, by targeting coupons to the customers of their rivals. Consumers with low transportation costs, or low brand loyalty, will switch store only if they receive a coupon and also believe, or know, that the discounted price charged at the distant store is sufficiently lower than the regular price at the home location.

**Managerial Implications:** The promotion offer in a coupon and the distribution of coupons is based on the distance of the store from targeted consumers and the likelihood of consumer knowledge about price differences across stores.

#### **5. Title: The Role of Retail Promotion in Determining Future Brand Loyalty: Its Effect on Purchase Event Feedback.**

Authors: Gedenk, Karen; Neslin, Scott A.. Journal of Retailing, Winter99, Vol. 75 Issue 4, p433, 27p

**Objective:** To model and estimate the role of retail promotion in determining future brand loyalty through its effect on purchase event feedback. [Purchase event feedback represents the effect of current purchases on future brand preference.]

**Findings:** The model is applied to two product categories and the effects of price versus nonprice retail promotions are compared. In-store price promotions are associated with negative purchase event feedback compared to non-promotion purchases, whereas non-price promotions such as features or sampling have no effect or in fact are associated with positive purchase event feedback, compared to purchases made off promotion.

#### **Managerial Implications:**

Retail-chain managers need to consider the following:

- Retailers can use price promotions of national brands to increase long-term profits from both national and private label brands.
- Weaker national brand loyalty leads to higher store profits because stores are able to extract a greater share of channel profits from manufacturers.
- In contrast to price promotions, non-price promotions of national brands are neutral for the retailer or unfavorable because they can build national brand loyalty
- Private label brands are not immune from the detrimental effects of price promotions on brand loyalty, and benefit in the same way as national brands from the neutral to positive effects of nonprice promotions. Therefore, from a long-term perspective, it is recommended that retailers consider nonprice promotions rather than price promotions for promoting their brands.

- Promotion is more than a short-term sales tool. It has long-term effects on purchase event feedback, which in turn affects future purchasing. Senior managers need to take an active role and oversee the trade-off between long and short term.

**6. Title: Commercial use of UPC scanner data: Industry and academic perspectives.**

Authors: Bucklin, Randolph E.; Gupta, Sunil. Marketing Science, 1999, Vol. 18 Issue 3, p247, 27p

**Objective:** To examine the practitioner community's view of the use of UPC scanner data and compare these views with academic research.

**Findings:** Scanner data analysis is the most widely adopted method for decision making in consumer proportions and pricing. It is used by practitioners and academicians in gauging both trade as well as consumer response to promotions, measure promotional elasticity and price gaps for promoted and competing brands, direct, indirect, short-term and long-term effects on advertising, product assortment, Stock Keeping Unit optimization, distribution and retail management.

**Managerial Implications:** Information available through scanner data can be used by managers for a variety of decisions as reported in the findings above. Concerns raised by practitioners and academicians are reported.

**7. Title: A decision support system for planning manufacturers' sales promotion calendars.**

Authors: Silva-Risso, Jorge M.; Bucklin, Randolph E. Marketing Science, 1999, Vol. 18 Issue 3, p274, 27p

**Objective:** To develop a decision support system to determine the manufacturer's sales promotion calendar, thereby improving routine promotional decisions and potentially enhancing the efficiency of the marketing function. To present a desegregate-level econometric model to capture the dynamics and heterogeneity of consumer response in the consumer packaged goods industry.

**Findings:** By utilizing the DSS, the manufacturer could substantially improve the profitability of its sales promotion activity and there would be a concurrent positive effect on retailer profit and volume levels. A validation analysis on follow-up data for one market showed that promotion activity could be significantly reduced, as recommended, with no adverse effect on the brand's market share.

**Managerial Implications:** Trade promotion is the largest single category in the marketing mix budget of packaged goods companies. Improving the productivity of trade promotion dollars therefore remains a high priority in the consumer products industry. A significant opportunity to enhance the efficiency and effectiveness of marketing spending lies in the implementation of trade promotion policies. This process involves a very large number of tactical decisions regarding desired levels of temporary price reductions, feature ads, and in-store displays, each executed at the level of individual retail accounts and brand SKUs. When viewed over several months or a year, these decisions collectively make up what is known as the sales promotion calendar. This system can be used as a planning and negotiating tool by a manufacturer's sales representatives in the field.

**8. Title: PromoCast Trademark: A new forecasting method for promotion planning.**

Authors: Cooper, Lee G.; Baron, Penny. Marketing Science, 1999, Vol. 18 Issue 3, p301, 16p

**Objective:** To describe the implementation of a promotion-event forecasting system - "PromoCast" and its performance in several pilot applications and validity studies.

**Findings:** The authors have proposed the implementation of PromoCast to test performance parameters such as promotion style, promotion history of a product, the store's promotion history, seasonality, duration, slow moving items and sampling of items in a retail chain format. Provision of short-term, tactical forecasts useful for planning promotions from a retailer's perspective; Value of using promotion-event data and how store-by-store forecasts can help retailers with problems such as running out of stock or overstocking.

**Managerial Implications:** The study is useful for managers of retail chains in planning various promotion options across the chain so as to reduce inventory holding costs and avoid stock-outs across chains.

**9. Title: The dynamic effect of discounting on sales: Empirical analysis and normative pricing implications.**

Authors: Kopalle, Praveen K.; Mela, Carl F.. Marketing Science, 1999, Vol. 18 Issue 3, p317, 16p

**Objective:** To discuss a descriptive dynamic brand sales model and use it to determine normative price promotion strategies. To estimate a varying-parameter sales response model. To demonstrate the effect of promotions on sales and on baseline sales.

**Findings:** The results suggest that managers can increase profits by as much as 7% to 31% over their current practices. These findings indicate that it is important to balance the trade-off between i) increasing sales arising in the current period from a given discount, and ii) the corresponding effect of reducing (baseline) sales in future periods in a market.

Baseline sales measure what retail sales would be in the absence of a promotion (Abraham and Lodish 1993), and models that measure baseline sales are widely used by managers to assess the profitability of promotions.

**Managerial Implications:** Tool to decide on optimal level of discounts and their impact on profits.

**10. Title: Identifying price sensitive consumers: the relative merits of demographic vs. Purchase pattern information**

Authors: Kim, Byung-Do, Srinivasan, Journal of Retailing

**Objective:** To systematically examine the price sensitivities of a large number of households across multiple product categories to attempt to uncover the antecedents of price sensitivity.

**Findings:** Using ERIM scanner panel data provided by A. C. Nielsen, the authors estimate the price sensitivity of each household in the panel for each of five product categories in two market areas namely Sioux Falls, South Dakota and Springfield, Missouri. Two competing structural models that link household price sensitivity to a series of demographic and shopping pattern variables are tested.

**Managerial Implications:** The shopping pattern variables have substantially greater predictive validity in determining a household's price sensitivity. Thus, it is recommended that shopping pattern variables, commonly available to retailers through means such as scannable "loyal shopper" cards, provide retailers with better information about household-level price sensitivity than, typically much more difficult to procure, household-level demographic data.

**11. Title: When do price promotions affect pretrial brand evaluations?**

Authors: Raghubir, Priya, Corfman, Kim, Journal of Marketing Research (JMR) - May99

**Objective:** To test conditions in which price promotions affect pretrial brand evaluations based on three different studies.

**Findings:** A price promotion is theorized to be informative about brand quality when it stands out because it deviates from either its own past behavior or industry norms. With past promotional behavior, distinctiveness in terms of how common it is to promote in an industry, and consumer expertise are important variables that moderate when price promotions have an unfavorable effect on brand evaluations. Product category experts, who have alternative sources of information to make quality judgments, are expected to make less use of price promotions as a quality cue than novices are.

**Managerial Implications:** Service providers that are offering promotions to attract new customers in industries in which promotions are uncommon can use the theoretical implications of the finding that expertise moderates the effects of distinctiveness and consistency on evaluations in the context of price promotions.

**12. Title: Managing advertising and promotion for long-run profitability**

Authors: Jedidi, Kamel, Mela, Carl F., Marketing Science, 1999

**Objective:** To offer insights into the important issue of whether it is more desirable to advertise or promote, whether it is better to use frequent, shallow promotions or infrequent, deep promotions, and how changes in regular prices affect sales relative to increases in price promotions.

**Findings:** In the long term, advertising has a positive effect on "brand equity" while promotions have a negative effect. Furthermore, price promotion elasticities are larger than regular price elasticities in the short term, but smaller than regular price elasticities when long-term effects are considered. The effect of a price cut is manifested in consumers' brand choice decisions in the short term, but when long-term effects are again considered, this result no longer holds. Last, it is estimated that the long-term effects of promotions on sales are negative overall, and about two-fifths the magnitude of the positive short-term effects. Additional insights regarding brand equity, the relative magnitude of short- and long-term effects, and the decomposition of advertising and promotion elasticity across choice and quantity decisions are obtained.

**Managerial Implications:** Study provides significant insights about managing advertising and promotion for long-run profitability of brands--insights that were not available from previous studies.

**13. Title: Asymmetric and neighborhood Cross-price effects: Some empirical generalizations.**

Authors: Sethuraman, Raj; Srinivasan, V - Marketing Science, 1999, Vol. 18 Issue 1, p23, 19p

**Objective:** To test the asymmetric price effect and neighborhood price effect and to assess which of these two effects is stronger.

**Findings:** This paper provides some empirical generalizations regarding how the relative prices of competing brands affect the cross-price effects among them. Particular focus is on the asymmetric price effect and the neighborhood price effect. The asymmetric price effect states that a price promotion by a higher-priced brand affects the market share of a lower-priced brand more so than the reverse. The neighborhood price effect states that brands that are closer to each other in price have larger cross-price effects than brands that are priced farther apart.

**Managerial Implications:** Managers should understand the price difference between competing brands in a particular category and the optimum magnitude of incentive that would lead to a favorable cross price effect for the brand.

**14. Title: Manufacturer allowances and retailer pass-through rates in a competitive environment**

Authors: Sang Yong Kim, Staelin, Richard - Marketing Science, 1999

**Objective:** This paper explores, via an analytic model, why one might see retailers getting concessions from the manufacturer without being able to translate them into high profits.

**Findings:** The model developed is composed of six parameters. These are the inherent popularity of the brand at a particular outlet, own price sensitivity, cross (but within the store) price sensitivity, customer's sensitivity to within store promotion activities, customer's sensitivity to between store promotional activities, and the degree to which promotional activities yield incremental product category sales. It is shown that manufacturers will freely give retailers side payments even though they know these retailers will pocket a substantial portion of this concession. Moreover, it is identified that conditions within the model that lead to larger allowances, lower pass through rates, and lower retail profits; outcomes that are compatible with recent industry trends. The difference in effect on profits, prices, etc. of changes in consumers sensitivity to inter-store differences in storewide merchandising activities is highlighted.

**Managerial Implications:** Manufacturers should help retailers increase their spatial monopoly in order to decrease consumers' tendency to cross-store shop because of merchandising activities.

**15. Title: An Investigation of Consumer Response to Sales Promotions in Developing Markets: A Three-Country Analysis.**

Authors: Huff, Lenard C.; Alden, Dana L - Consumer Research, 1999, Vol. 26 Issue 1

**Objective:** This paper examines consumer response to sales promotions, provides explanation on consumer attitude towards coupons, differences on the use of coupons and sweepstakes and factors affecting consumer differences.

**Findings:** It is found that in collectivist cultures, social factors appear to have a strong direct influence on consumer attitudes and availability directly influences the use. Despite the cultural and geographic proximity between Taiwan, Thailand and Malaysia there are significant differences in their response to sales promotions.

**Managerial Implications:** Managers marketing in less developed countries should be aware that the more available the promotion, the more consumers will use them despite cultural differences. Managers marketing to developing and industrialized countries across Asia have a challenge in hand to design consumer sales promotion strategies that fit across markets.

**16. Title: Setting Advertising and Promotion Budgets in Multi-Brand Companies.**

Authors: Low, George S - Journal of Advertising Research, Jan/Feb99, Vol. 39 Issue 1

**Objective:** To study decision-making processes that brand managers use to set and allocate advertising and sales promotion expenditures for individual brands, identify factors that influence the decision process

**Findings:** There are primarily three categorizations of practices in the decision-making process namely - The Good, The Bad and The Ugly. The Good practices for a multi-brand company is to encourage risk in the organization, Combine quantitative models with judgment and focus on brand differentiation.

The Bad practices such as retailer power, short-term focus and top-down influence in the firm and the ugly practices such as political sales force influence, historical inertia [relying on previous year's budget allocations] and ad hoc changes made to the advertising and sales promotion budget in the implementation phase may be detrimental to a brand in the long run.

**Managerial implications:** Effective advertising budgets are conceived in a strategic planning framework which includes an integrated marketing communications philosophy. Managers who desire a more equitable advertising-sales promotion budget allocation should use a brand team approach--involve managers from many departments in budgeting decisions ,build contingency plans into the budget allocation which anticipate potential mid-year or fourth-quarter changes, consistently evaluate the performance of past programs by comparing outcomes to the intended strategic objectives and focus on long-term, overall performance.

**17. Title: The effects of cross-ruff coupons on sales and profits**

Authors: Dhar, Sanjay K., Raju, Jagmohan S - Management Science, 00251909, Nov98 Part 1 of 2, Vol. 44

**Objective:** To develop a model to measure the effects of cross-ruff coupons on consumer choice behavior and derive the conditions under which cross-ruff coupons can lead to higher sales and profits than other types of package coupons.

**Findings:** Cross-ruff coupons can lead to higher sales and profits than on-pack coupons by using the flexibility of different carrier and target brand strengths. When the carrier and target brand shares are the same, cross-ruff coupons can benefit from the use of separate carrier and target brands only through their use of different size categories. Cross-ruff coupons lead to higher sales than on-pack coupons when the carrier brand strength is higher than the target brand strength for low share target brands, this relative impact is further accentuated when the carrier category size is larger than the target category size.

**Managerial Implications:** The study provides insights into the selection of appropriate carrier and target brands, and on how the choice of an appropriate carrier or a target brand is affected when the categories that these brands belong to are demand complements or substitutes. Thereby, giving guidelines on the crossruff couponing strategies that may outperform on-pack coupons.

**18. Title: The illusion of delayed incentives: evaluating future effort--money transactions** - Authors: Soman, Dilip - Journal of Marketing Research (JMR), Nov98, Vol. 35

**Objective:** The objective of this article is to address the following questions:

1. How do the features of a delayed incentive affect choice and redemption rates?
2. How do consumers evaluate a specific incentive when the effort and face value are delayed, as compared with when they both occur immediately?

3. What are the implications for the profitability of a delayed incentive?

**Findings:** Results suggest that benefits loom large at the time of brand choice, when effort is underweighted; consequently, attributes of the incentive that highlight the benefits will influence choice to a much larger extent than those attributes that highlight the effort. Conversely, the redemption decision is directly dependent on the extent of effort involved, and redemption rates decline with increase in effort. Though the presence of a delay influences choice behavior, the actual length of the delay does not matter.

**Managerial Implications:** The study provides guidelines on promotional design that involve delayed incentive and the level of effort required on the part of the consumer so as to get the desired results.

**19. Title: Are brand promotions just a zero-sum game- or can they increase the size of the pie** Authors: Putsis Jr., William P., Business Strategy Review - Autumn98, Vol. 9, Issue 3

**Objective:** To challenge the notion that promotions are a zero-sum game.

**Findings:** Discusses the relationship between brand promotion and category sales. Role of promotion in increasing category sales. Through research, it is proven that promotions can actually lift the sales of the product category as a whole. The two drivers of category expansion are category characteristics and competitive interaction. Results support that promotions can increase the total size of the category for most categories.

**Managerial Implications:** Since total spending on trade and retail promotions exceeds the amount spent on media advertising in most categories, the impact of promotions affects the bottom line for managers across a wide array of industries.

**20. Title: The effects of framing price promotion messages on consumers' perceptions and purchase intentions**  
Authors: Chen, Shih-Fen S., Monroe, Kent B - Journal of Retailing, 00224359, Fall98, Vol 74, Issue 3

**Objective:** To examine how different implementations of a price promotion influence consumers' perceptions and purchase intentions.

**Findings:** A price reduction framed in dollar terms seems more significant than the same price reduction framed in percentage terms for high-priced products, and the opposite stands true for the low-price product. Coupon promotions were evaluated more favorably and were more effective in changing subjects' purchase intentions compared to discount promotions.

**Managerial implications:** The results provide implications for when retailers should stress the absolute versus the relative magnitude of discounts to advertise price promotions.

**21. Title: Coupon value: a signal for price?**  
Authors: Raghuram, Priya - Journal of Marketing Research (JMR), 00222437, Aug98, Vol. 35, Issue 3

**Objective:** To discuss implications for the information value of a reference price along with coupon value

**Findings:** Price promotions that lead to high price expectations could have a less positive effect on sales than if they did not lead to such expectations. At high coupon

values, the inclusion of reference price information leads to improved deal evaluations. Offering deep versus shallow discounts does not lead to higher deal evaluations when alternate price information is absent, and deep discounts can be made more effective in terms of increasing purchase intentions if alternate price information is contextually provided.

**Managerial Implications:** Decisions regarding coupon values and whether to place reference price information on coupons depend on the market segment under consideration. The results imply that marketers of new brands, or of existing brands for which consumers are unaware of actual prices, must be cautious about offering high coupon values unless they can include some price-related information, such as past regular price, as a reference in their promotional communications.

**22. Title: The effect of promotion on consumption: buying more and consuming it faster**

Authors: Ailawadi, Kusum L., Neslin, Scott A - Journal of Marketing Research (JMR), Aug98, Vol. 35, Issue 3

**Objective:** The goal of the study is to demonstrate empirically the existence of the flexible usage rate phenomenon, show how it can be modeled, and illustrate its importance in evaluating the effectiveness of promotion.

**Findings:** consumption should increase with inventory, not only because of the stock pressure from inventory holding costs, but also because higher inventories give consumers greater flexibility in consuming the product without having to worry about replacing it at high prices. Increased inventory generated by promotion can result in a faster usage rate if product usage-related thoughts are salient, that is, if products are perishable, are more versatile in terms of potential usage occasions

**Managerial Implications:** Managers should not view promotion as only a market share or temporal displacement game. It can be used to grow the category. This is particularly important for managers of high share brands, who often view promotion as unprofitable because they cannot attract a greater share. In reality, this depends on the product category.

**23. Title: The promotional planning process and its impact on consumer franchise building: the case of fast-moving goods companies in New Zealand**

Authors: David Stewart; Bridget Gallen - Journal of Product & Brand Management, 1998, Vol. 7 Issue 6, p557, 11p

**Objective:** To analyze the promotion planning process of product/brand managers in fast moving consumer goods companies in New Zealand and determine key factors that influence the promotion planning process.

**Findings:** Promotion planning process is an important driver of how much use is made of promotions. The influencing factors that impact the promotion planning process are Internal - personnel involvement, historical expenditure levels, sales force influence, advertising/sales promotion agency relations, trade relations, senior managers short-term focus and External- market share, product life cycle, competition, media fragmentation and house brands.

**Managerial Implications:** Managers should consider all the factors that impact in planning, evaluating and controlling a promotion plan. This would help managers to allocate the budget appropriately between brand building activities and price-based activities.



**24. Title: Concepts and strategy guidelines for designing value enhancing sales promotions** Authors: Srini S. Srinivasan; Anderson, Rolph E - Journal of Product & Brand Management 1998, Vol. 7 Issue 5, p410, 11p

**Objective:** To identify factors beneficial in designing value enhancing sales promotions.

**Findings:** In order to design effective sales promotion strategies, managers need to consider the following factors - Different types of inducements offered, Effect on channel partners, Level of synergy between different types of promotions, Expectations and expected outcome assessment, Impact of competitor promotion activities.

**Managerial Implications:** In order to justify expenditures on sales promotions for different objectives and target markets, marketing managers must understand some key concepts, thoroughly examine several critical variables across markets and understand sales promotion tools that impact directly on sales, profitability, and value addition. Also, to be successful in the 21<sup>st</sup> century global markets, marketing managers must appreciate and implement carefully thought out strategies and tactics that skillfully employ the different sales promotion tools.

**25. Title: A communications framework to evaluate sales promotion strategies** Authors: Gardener, Elizabeth, Trivedi, Minakshi - Journal of Advertising Research, 00218499, May/Jun98, Vol. 38, Issue 3

**Objective:** To develop a framework which managers can use to evaluate the effectiveness of promotions

**Findings:** Four promotional tools that were used to demonstrate the framework are - FSI coupons, on-pack promotions, bonus packs and on-shelf coupons. Findings suggest that promotional strategies give the most beneficial results when all the levels of the communication paradigm [AIDA] are communicated well to the consumer. Thus, attention must be effectively gained and a positive impression created. Benefits must be clearly communicated so that the consumer understands the nature of the incentive offered. The incentive itself should represent a value-added offer that consumers would find simple to take advantage of without incurring excessive costs.

**Managerial Implications:** Managers can benefit from a careful analysis of their promotional strategy with respect to its ability to communicate at the various levels of the communication paradigm. The stronger the link to the consumer, the more effective and, therefore successful, the strategy may be.

**26. Title: Development of a theory of retailer response to manufacturers' everyday low cost programs**

Authors: Manning, Kenneth C., Bearden, William O., Rose, Randall L - Journal of Retailing, 00224359, Spring98, Vol. 74, Issue 1

**Objective:** To examine retailer response to manufacturers' everyday low cost (EDLC) programs, to identify problems with trade deals, to highlight benefits of EDLC as a pricing strategy for manufacturers and find out antecedents of retailer attitude toward the EDLC program.

**Findings:** Regardless of product storage costs, informants with a low commitment to forward buying tended to evaluate favorably the compatibility of EDLC programs. These retailers in many cases did not have systems in place to facilitate deal-to-deal purchasing and/or felt that forward buying was a nuisance. Respondents with a high commitment to forward buying tended to perceive EDLC programs for products with high storage costs as being more compatible with their marketing environments than EDLC programs for products with low storage costs. Since EDLC programs inhibit forward

buying, informants that had established forward buying systems perceived EDLC programs (for products that do not have relatively high storage costs) as lacking compatibility with their marketing environment.

**Managerial Implications:** Prior to introducing a new trade program, manufacturers can conduct research to determine retailers' perceptions on these key dimensions.

- Retailer environment compatibility--the extent to which the trade program is perceived to be (in) consistent with company strategy.
- Competitive environment compatibility--the extent to which the trade program is perceived to present a competitive (dis)advantage.
- Consumer environment compatibility--the extent to which the trade program is perceived to be (in)consistent with consumer behavior.
- Channel environment compatibility--the extent to which the trade program is perceived to benefit (or harm) retailer/manufacturer relations.

**27. Title: It's more than the money! Hedonic and symbolic responses to monetary and non-monetary promotions.**

Authors: Chandon, Pierre; Neslin, Scott - *Advances in Consumer Research*, 1998, Vol. 25 Issue 1, p55, 2p

**Objective:** Compilation of abstracts on papers related to sales promotion and discussion on the attitude and behavioral responses of consumers to sales promotions.

**Findings:** Utilitarian and hedonic benefits of sales promotion [Chandon, Laurent and Wansink]

Consumers like bargains even when they result in no personal financial gains [Darke & Dahl], how consumers form impressions about the intentions of the promotions and the promoted brand [Forchand], how marketers can design promotion games which are less likely to undermine brand equity [Brian Tietje].

**Managerial Implications:** A promotion offered to consumers offers more than just monetary gains. In order to design an effective promotion, managers must consider both monetary and non-monetary benefits, which are likely to induce response.

**28. Title: An experimental investigation of factors affecting consumers' perceptions of sales promotions.**

Authors: d'Astous, Alain; Landreville, Valérie - *European Journal of Marketing*, 2003, Vol. 37 Issue 11/12, p1746, 16p

**Objective:** To report the results of an experimental study where four characteristics of premium-based sales promotions were manipulated in the context of a computer purchase: the attractiveness of the premium, the extent to which it fits the product category, the reception delay of the premium, and the mention of its value.

**Findings:** The results show that these factors had interactive effects on consumer reactions. Thus, although the attractiveness of the premium generally had a positive impact on consumer appreciation of the promotional offer, a promotion including an unattractive premium was nevertheless positively evaluated if the premium was a good fit to the product category. Sales promotions, including a premium that fits well with the product category, were less likely to be perceived as manipulative. However, if the product-premium fit was poor and the premium was not attractive, mentioning the value of the premium helped to reduce the perceptions of manipulation intent.

**Managerial implications:** Managers should understand the complex dynamics that underlie the relationships between the characteristics of premium-based promotions and consumer reactions.

**29. Title: Applying sales promotion competitions to nonprofit contexts.**

Authors: Peattie, Sue. - International Journal of Nonprofit & Voluntary Sector Marketing, Nov2003, Vol. 8 Issue 4, p349, 14p

**Objective:** To discuss the applicability of sales promotions within not-for-profit (NFP) marketing, to present frameworks for classifying both sales promotions and marketing contexts, which can help an understanding of which sales promotions might work in particular NFP contexts. The paper then focuses on a Specific type of sales promotion - competition which represents a potentially valuable and versatile tool for NFP marketers.

**Findings:** The suitability of a particular sales promotion tool within the NFP market will depend on the nature of the NFP market and the specific marketing objectives being pursued. Competition is a good sales promotion tool that can be applied to NFP sector.

**Managerial implications:** Prize donations and sponsorship represent a significant area in which NFP and commercial marketers can gain mutual benefits.

**30. Title: Measuring the Impact of Promotions on Brand Switching when Consumers Are Forward Looking.**

Authors: Sun, Baohong; Neslin, Scott A.; Srinivasan, Kannan. - Journal of Marketing Research (JMR), Nov2003, Vol. 40 Issue 4, p389, 17p

**Objective:** To examine whether brand-switching elasticities derived from models are overestimated as a result of rational consumer adjustment of purchase timing to coincide with promotion schedules and whether a dynamic structural model can address this bias.

**Findings:** Using simulated data, the authors first show that if the structural model is correct, brand-switching elasticities are overestimated by stand-alone logic models. A nested logic model improves the estimates, but not completely. Second, the authors estimate the models on real data. The results indicate that the structural model fits better and produces sensible coefficient estimates. The authors then observe the same pattern in switching elasticities as they do in the simulation. Third, the authors predict sales assuming a 50% increase in promotion frequency. The reduced-form models predict much higher sales levels than does the dynamic structural model. The authors conclude that reduced-form model estimates of brand-switching elasticities can be overstated and that a dynamic structural model is best for addressing the problem.

**Managerial Implications:** Implications for researchers and managers are discussed. Promotions may be more of a purchase-timing game than a brand-switching game, as was previously believed. Managers should be cautious of panel databased simulations of forecasted changes in sales due to major policy changes, if the forecasting models do not explicitly take into account how consumers will adjust to the new policy. Because loyal customers are more likely to purchase on promotion by adjusting purchase timing, manufacturers should find ways to distinguish loyal customers from nonloyal customers and target the latter for promotion effort. Because consumer rational purchase strategies can have a negative impact on profit, manufacturers should find ways to discourage consumers from taking advantage of promotion by adjusting purchase timing.

**31. Title: Is 75% of the Sales Promotion Bump Due to Brand Switching? No, Only 33% Is. Authors:** Van Heerde, Harald J.; Gupta, Sachin; Wittink, Dick R - Journal of Marketing Research (JMR), Nov2003, Vol. 40 Issue 4, p481, 11p

**Objective:** To challenge the notion that if a brand gains 100 units in sales during a promotion, the other brands in the category lose 74 units and offer a complementary decomposition measure based on unit sales.

**Findings:** A choice elasticity of 74% of the total sales elasticity does not imply that if a promoted brand gains 100 units, the other brands together lose 74 units. Instead, it is found that, on average, the net secondary demand effect is only approximately 33% of the total unit sales effect; that is, the other brands together lose approximately 33 units.

**Managerial implications:** The elasticity and unit sales decompositions can be viewed as complementary measures of sales promotion effectiveness. Both measures are of interest to retailers and to brand managers of promoted and non-promoted brands.

**32. Title: Developing a Cost-effective Brand Loyalty Program.**

Authors: Wansink, Brian. - Journal of Advertising Research, Sep2003, Vol. 43 Issue 3, p301, 9p

**Objective:** To outline possible best practices for brand loyalty programs.

**Findings:** Brand managers may overestimate the importance of targeting heavy users (or frequent users) and may underestimate the effectiveness of inexpensive reward programs. In reality, low and moderate reward programs that target light users may generate higher incremental sales and may tend to be more profitable than is generally expected.

**Managerial Implications:** How to rightly estimate the effectiveness of inexpensive vs. expensive reward programs and design them effectively for the appropriate target. Many different elements must be considered when establishing an effective, profitable loyalty program. Once established, these elements should be regularly reassessed for the program to remain effective. Changes in customer needs or use, reactions from competitors, or shifts in product or service costs can negatively affect a brand loyalty program.

**33. Title: A model of consumer response to two retail sales promotion techniques.**

Authors: Laroche, Michel; Pons, Frank; Zgolli, Nadia; Cervellon, Marie-Cécile; Kim, Chankon. - Journal of Business Research, Jul2003, Vol. 56 Issue 7, p513, 10p

**Objective:** To present a multi-dimensional model which follows a cognitive–affective–behavior pattern based on two different promotional tools — coupons and two-for-one promotions — supposed to trigger different promotional responses.

**Findings:** Variables such as busyness, variety seeking, perceived financial wellness, market maven, brand loyalty and store loyalty that were previously introduced in research on coupon promotions are posited to have specific influences on the three components of the pattern [cognitive, affective and behavioral pattern].

**Managerial implications:** From a managerial standpoint, the results of the present study show that retailers should consider that consumers might enjoy using coupons and two-for-one (affect component). That experience may help as the basis of their future use of sales promotions (cognitive component). It is important for retailers to understand the influence of individual traits on the promotional process. Particularly, segmenting consumer markets according to the identified variables would allow managers to select promotional mechanisms more efficiently.

**34. Title: Promotions and the Bottom Line.**

Authors: Johnson, Laurene Keller. - MIT Sloan Management Review, Summer2003, Vol. 44 Issue 4, p6, 2p

**Objective:** To discuss a study entitled 'Long-Term Impact of New-Product Introductions and Promotions on Financial Performance and Firm Value,' which was issued on February 2003 by Dartmouth University's Tuck School of Business.

**Findings:** According to the analysis, new-product introductions exert positive performance and stock-market value effects, which grow over time (that is, the long-term impact on firm value is greater than the short-term impact). Moreover, these company-level benefits appear to be of long duration.

**Managerial Implications:** Executives should focus on new-product introductions and resist relying on promotions in their efforts to boost long-term market capitalization of their companies

**35. Title: Highly Coupon and Sale Prone Consumers: Benefits Beyond Price Savings**

**Authors:** Garretson, Judith A.; Burton, Scot. - Journal of Advertising Research, Jun2003, Vol. 43 Issue 2, p162, 11p

**Objective:** To develop a broader understanding of the differences between those consumers highly coupon and sale prone and those less prone to sales promotion across a variety of economic and shopping-related dimensions.

**Findings:** Highly prone consumers are drawn to reduced prices, but they also enjoy shopping and gain a sense of achievement by purchasing products on special. Just as consumers may have an emotional attachment to brands (Fisher, 1985), highly coupon and sale prone consumers may be attached to shopping-related activities that lead to better bargains.

**Managerial Implications:** A reduction in sales promotion may be especially damaging to highly coupon prone consumers. The contention that consumer goods marketers might consider such underlying factors prior to any attempt to replace or severely curtail coupon offers with alternative strategies.

**36. Title: Consumer evaluations of different promotion types and price presentations: the moderating role of promotional benefit level.**

**Authors:** Hardesty, David M.; Bearden, William O - Journal of Retailing, Spring2003, Vol. 79 Issue 1, p17, 9p

**Objective:** To investigate the effects of promotion type (i.e., price discounts and bonus packs) and price presentation (i.e., dollars and percentages) across promotional benefit levels in three experimental studies.

**Findings:** The results suggest that price discounts and bonus packs were valued similarly for both low and moderate promotional benefit levels, while price discounts were preferred when high promotional benefit levels were employed. Additionally, promotions presented in percentage terms were preferred when the benefit level was high

**Managerial Implications:** Retailers and manufacturers should offer percentage price presentations when large discounts are being offered. Furthermore, bonus packs are a viable alternative to price discounts when promotion levels are small or moderate since they have less of a deleterious effect on the brand.

**37. Title: Exploring the effect of retail sector and firm characteristics on retail price promotion strategy.**

**Authors:** Voss, Glenn B.; Seiders, Kathleen. - Journal of Retailing, Spring2003, Vol. 79 Issue 1, p37, 16p

**Objective:** To examine why retail price promotion strategies vary across retail sectors and across firms within sectors, investigate how two sector-level characteristics, related

to product assortment perishability and heterogeneity, and three firm-level characteristics, related to retailer differentiation, number of stores, and average store size, influence price promotion decisions.

**Findings:** The results indicate that assortment heterogeneity moderates the positive influence of perishability on price promotion activity; scale and scope of product assortments also have significant effects. These results offer fresh insight into the ongoing debate surrounding stable versus promotional pricing, suggesting that the benefits of a particular strategy are driven largely by a complex interaction between sector-level characteristics as well as firm-level cost advantages. Effective alignment of firm-level goals and price promotion strategy may require shifts in product assortments.

**Managerial Implications:** Useful framework to understand how retail managers can challenge and break away from pricing norms.

**38. Title: Creating Win-Win Trade Promotions: Theory and Empirical Analysis of Scan-Back Trade Deals.**

Authors: Drèze, Xavier; Bell, David R. - Marketing Science, Winter2003, Vol. 22 Issue 1, p16, 24p

**Objective:** To develop a theory to compare retailer pricing decisions and profitability under scan-back and traditional off-invoice trade deals.

**Findings:** When the terms of the trade deal are identical, retailers prefer off-invoice trade deals and manufacturers prefer scan-backs. Manufacturers can, however, redesign the scan-back to leave the retailer weakly better off and leave themselves strictly better off.

**Managerial Implications:** A shift in focus from purchasing to marketing is required by retailers in scan-back deals for mutual benefit.

**39. Title: Understanding consumer reactions to premium-based promotional offers.**

Authors: D'Astous, Alain; Jacob, Isabelle. - European Journal of Marketing, 2002, Vol. 36 Issue 11/12, p1270, 17p

**Objective:** To report the results of a three-study research program whose purpose is to gain a better understanding of consumer reactions to premium-based promotional offers.

**Findings:** Consumer appreciation of premium-based promotional offers is more positive when the premium is direct than when it is delayed, when there is a relatively lower quantity of product to purchase, when the value of the premium is mentioned, when brand attitude is positive, when interest in the premium is great, and when consumers are characterized by deal-proneness and compulsive buying tendencies.

**Managerial Implications:** The nature of premium and consumer related factors should be kept in mind by managers when designing premium based promotions for consumers.

**40. Title: An Empirical Investigation of the Spillover Effects of Advertising and Sales Promotions in Umbrella Branding.**

Authors: Erdem, TÜlin; Sun, Baohong. - Journal of Marketing Research (JMR), Nov2002, Vol. 39 Issue 4, p408, 13p

**Objective:** To investigate and find evidence for advertising and sales promotion spillover effects for umbrella brands in frequently purchased packaged product categories, capture the impact of advertising (as well as use experience) on both utility mean and variance across two categories.

**Findings:** It is shown that variance of the random component of utility declines over time on the basis of advertising (and use experience) in either category. This constitutes the first empirical evidence for the uncertainty-reducing role of advertising across categories for umbrella brands

**Managerial Implications:** Managers should consider developing integrated marketing communications across products that share umbrella branding. This generates savings in brand development, marketing costs over time and enhances marketing productivity.

**41. Title: The Long-Term Effects of Price Promotions on Category Incidence, Brand Choice, and Purchase Quantity**

Authors: Pauwels, Koen, Hanssens, Dominique M., Siddarth, S - Journal of Marketing Research (JMR), Nov2002, Vol. 39, Issue 4

**Objective:** To answer the question to what extent do price promotions have a long-term effect on the components of brand sales, namely category incidence, brand choice, and purchase quantity by using persistence modeling on weekly sales data of a perishable and a storable product derived from a scanner panel.

**Findings:** Permanent effects of promotions on aggregate sales components are the exception rather the rule for both product categories under study. Analysis of the total effects shows that the immediate gains on all three sales components are typically not outweighed by negative adjustment effects. Adjustment elasticities are typically positive for category incidence (both categories) and purchase quantity (soup). Negative adjustment effects do occur as a general rule for brand choice but are insufficient to completely offset the immediate promotional impact.

**Managerial Implications:** The general absence of permanent effects reassures practitioners that promotional activity does not structurally damage any of the three sales components. It suffices to monitor sales and profits during and up to two months after the promotion. As long as the immediate and adjustment effects are profitable, playing the promotional game appears better than staying out of it.

**42. Title: Who Benefits from Price Promotions?**

Authors: Srinivasan, Shuba; Pauwels, Koen; Hanssens, Dominique; Dekirpe, Marnik - Harvard Business Review, Sep2002, Vol. 80 Issue 9, p22, 2p

**Objective:** To see whether price promotions pay off based on analysis of seven years of scanner data, covering 25 product categories and 75 brands, from the Chicago area's second-largest supermarket chain, Dominick's Finer Foods.

**Findings:** A promotion increases manufacturer revenue and depresses retailer revenue in the short term but has no persistent effect for either party. However, different types of promotions can affect revenues and margins in other ways. Promotions of frequently promoted brands, for example, tend to have a positive short-term effect on both retailers' and manufacturers' revenues but a negative impact on retailers' profit margins.

**Managerial Implications:** Every promotion should be viewed and evaluated as a separate and tactical rather than strategic marketing event for both retailers and manufacturers to be able to reap the benefits while limiting the potential downside.

**43. Title: Do We Care What Others Get? A Behaviorist Approach to Targeted Promotions**

Authors: Feinberg, Fred M., Krishna, Aradhna, Zhang, Z. John - Journal of Marketing Research (JMR), Aug2002, Vol. 39, Issue 3

**Objective:** To propose through laboratory experiment, calibration of a stochastic model, and game-theoretic analysis that consumer preference for firms is affected not just by prices the consumers themselves are offered but also by prices available to others.

**Findings:** Offering lower prices to switchers may not be a sustainable practice in the long run, because with the passage of time, a larger and larger proportion of consumers may become aware of prices to other segments. Practice of offering lower prices to switchers may be sustainable in certain industries: where information flow tends to be slow due to barriers to the free exchange of information

**Managerial Implications:** Firms must contend with multiple consumer segments and competitors, each with its idiosyncrasies, and promotions themselves come in many forms. Firms could, for example, give promotions to more than one segment but vary the amount of the promotion.

**44. Title: Price Competition Under Stockpiling and Flexible Consumption.** - Journal of Marketing Research (JMR), Aug2002, Vol. 39 Issue 3, p292, 12p, 5 charts, 1 diagram  
Authors: Bell, David R.; Iyer, Ganesh; Padmanabhan, V.

**Objective:** To develop a model of price competition between firms in response to the stockpiling and subsequent consumption dynamics of consumers.

**Findings:** The research offers following new insights:

1. The equilibrium frequency of charging a high price decreases in product categories subject to consumption effects.
2. The depth of promotion is also influenced by the presence of consumption effects, such that (a) the ratio of deal to regular prices decreases and (b) the ratio of average to regular prices decreases.
3. Firm profits go down in categories that exhibit consumption effects. Although retailers can benefit from the increase in primary demand, they must also compete more intensely for it.
4. The previous results are moderated by increases in consumer inventory holding costs, such that (a) the equilibrium frequency of charging the high price increases, (b) deal prices increase, and (c) firm profits increase.

**Managerial Implications:** Deeper insight into consumer response to a price promotion is of substantial importance to managers and should be given the deserved attention.

**45. Title: The Effects of Temporal Consistency of Sales Promotions and Availability on Consumer Choice Behavior.**

Authors: Swait, Joffre; Erdem, Tülin - Journal of Marketing Research (JMR), Aug2002, Vol. 39 Issue 3, p304, 17p

**Objective:** To focus on a particular aspect of marketing mix consistency over time in the context of frequently purchased packaged consumer goods and investigate the impact of temporal consistency on store promotions, as well as the availability of the product on the shelf, on consumer product evaluations (utilities) and choices.

**Findings:** Sales promotions mix consistency over time affects both consumer utility mean and scale and thus consumers' choices and brand shares. Lack of sales promotion mix consistency is generally deleterious to consumer brand evaluations through (1) decreases to average valuations and (2) decreases in scale, both of which can lead to decreases in market share.



**Managerial Implications:** Marketing and product managers should be careful about the management of marketing mix elements, particularly sales promotion elements. This is especially true when pricing is involved, because this seems to be the single largest contributor to disutility when a certain inconsistency threshold is crossed.

**46. Title: The Supply Chain Impact of Smart Customers in a Promotional Environment.**

Authors: Huchzermeier, Arnd; Iyer, Ananth; Freheit, Julia - Manufacturing & Service Operations Management, Jul2002, Vol. 4 Issue 3, p228, 13p;

**Objective:** To build a demand model in which customers react smart to retail promotions through stockpiling and package size switching. The demand model combines a customer choice model with a model in which customers differ in their stockpiling and reservation price levels.

**Findings:** Shows the benefit of capturing the smart customer response to price promotions by demonstrating its impact on the reduced inventory costs.

**Managerial implications:** It is easier to increase consumption rates by encouraging new consumers to start consuming the product or suggesting new consumption occasions to current consumers (Wansink and Ray 1996) rather than by trying to influence the quantity consumed on each consumption occasion.

**47. Title: The efficacy of sales promotions in UK supermarkets: a consumer view.**

Authors: D.C. Gilbert; N Jackaria - International Journal of Retail & Distribution Management, 2002, Vol. 30 Issue 6, p315, 8p

**Objective:** To investigate consumer response to four different promotional deals most commonly used in British supermarkets, including coupons, price discounts, samples and so-called 'buy-one-get-one-free'

**Findings:** It was found that only price discount promotions proved to be statistically significant on reported buying behavior.

**Managerial Implications:** Guidance for managers in budget allocations across promotional activities aimed at increasing sales.

**48. Title: Developing Synergies Between Promotions and Brands in Different Price-Quality Tiers.**

Authors: Lemon, Katherine N.; Nowlis, Stephen M - Journal of Marketing Research (JMR), May2002, Vol. 39 Issue 2, p171, 15p

**Objective:** To examine interactions among feature advertising, display, price promotions, and the price-quality tier of the brand offering them.

**Findings:** High-tier brands benefit more than low-tier brands from price promotions, displays, or feature advertising when these promotional tools are used by themselves. This advantage disappears, however, when certain promotional tools are used in combination with one another. Price promotions have a more equal effect on low-tier and high-tier brands when these promotions are offered in settings where comparisons are difficult (end-of-aisle displays or feature advertising). Furthermore, the combined effects of displays and price promotions, or feature advertising and price promotions, are greater on the low-tier brands than on the high-tier brands.

**Managerial Implications:** Theoretical implications of the results relate to promotions and consumer decision making, thus outline strategic implications for retailers and manufacturers. Managers must understand which specific promotions, used in which

combinations and for which of their brands, will be most effective in achieving their marketing objectives.

**49. Title: Designing Loyalty-Building Programs for Packaged Goods Brands.**

Authors: Roehm, Michelle L.; Pullins, Ellen Bolman; Roehm Jr., Harper A - Journal of Marketing Research (JMR), May2002, Vol. 39 Issue 2, p202, 12p

**Objective:** To investigate the effects of loyalty programs for packaged goods brands.

**Findings:** Incentives that have overlap with brand associations, which the authors term cue-compatible incentives, can prompt rehearsal that increases the accessibility of favorable brand associations. This, in turn, helps boost postprogram loyalty. At the same time, incentives that are tangible or concrete can undermine postprogram loyalty.

**Managerial Implications:** In designing loyalty programs, it would be wise to seek incentives that will facilitate increased accessibility and avoid incentives that may introduce interference. Cue-compatible, intangible incentives, franchise builders are preferred, because they reinforce unique ideas about a brand and ultimately build long-term sales. Non-franchise builders, do not attempt to strengthen brand ideas and do not build brand sales in the long run.

**50. Title: Pleasant Surprises: Consumer Response to Unexpected In-Store Coupons,**

Authors: Heilman, Carrie M.; Nakamoto, Kent; Rao, Ambar G - Journal of Marketing Research (JMR), May2002, Vol. 39 Issue 2, p242, 11p

**Objective:** To study the impact of in-store 'surprise' coupons (e.g., electronic shelf coupons, peel-off coupons) on consumers' total basket of purchases.

**Findings:** The use of a surprise coupon will increase the size of the shopping basket and the number of unplanned purchases made on the shopping trip and effect the type of these unplanned purchases

**Managerial Implications:** The article provides insight as to which products the retailer should promote with surprise coupons to increase sales of other high-margin products in the store. Retailers themselves should anticipate typical planned purchase items and initiate surprise coupons on them, regardless of manufacturer support.

**51. Title: Sales promotions as strategic communication: the case of Singapore.**

Authors: Chun Wah Lee - Journal of Product & Brand Management, 2002, Vol. 11 Issue 2, p103, 12p

**Objective:** To explore a framework that examines the relative importance of key factors on brand managers' use of two consumer promotional tools in Singapore.

**Findings:** Brand managers use trade and consumer sales promotions more extensively than media advertising, but do not consider sales promotions to be more effective in meeting objectives. The current sample of supermarket managers from Singapore heavily favor price-oriented over non-price promotions. Managerial use of sales promotions is influenced primarily by competition and short-term pressures.

**Managerial Implications:** Managers should identify the relevant factors in a given product market that effect the relative role of sales promotion and design promotions accordingly.

**52. Title: Changing the Channel: A Better Way To Do Trade Promotions.**

Authors: Bell, David R.; Dreze, Xavier - MIT Sloan Management Review, Winter2002, Vol. 43 Issue 2, p42, 8p

**Objective:** To examine the theoretical and practical problems associated with trade promotions between manufacturers and retailers.

**Findings:** Retailers loaded the products when offered an invoice deal but not with a scan-back deal. The field experiment revealed that scan-back deals generated more sales and marketing support from retailers.

**Managerial Implications:** Manufacturers can benefit from their association with the retailers by encouraging them to focus on marketing through scan back deals rather than purchasing otherwise. This, in turn, helps retailers shift some of their attention from the manufacturer to the ultimate driver of the category, the consumer.

**53. Title: Reference Price and Price Perceptions: A Comparison of Alternative Models**

Authors: Niedrich, Ronald W.; Sharma, Subhash; Wedell, Douglas H. - Journal of Consumer Research, Dec2001, Vol. 28 Issue 3, p339, 16p

**Objective:** To provide a better understanding of the nature of reference prices and of how reference prices are used by consumers to evaluate the focal brand price.

**Findings:** Findings based on two experiments suggested that consumers compare the target price against specific members of the category rather than the category prototype. A third experiment demonstrated that consumers place greater weight on extreme prices anchoring the range for internal reference prices than for external reference prices.

**Managerial Implications:** Provides insights on the perceptions people have when they are aware of reference prices vis. when they are not, in what circumstances should a manager mention the reference price and when not to do so.

**54. Title: The manufacturer-retailer-consumer triad: Differing perceptions regarding price promotions.**

Authors: Moreau, Page; Krishna, Aradhna; Harlam, Bari - Journal of Retailing, Winter2001, Vol. 77 Issue 4, p547, 23p

**Objective:** To examine the beliefs of the manufacturer and retailer on consumers' perception of sales promotion in the United States.

**Findings:** Manufacturers and retailers hold similar, but equally inaccurate views of consumers' industry knowledge. When assessing consumers' specific beliefs about different types of promotions, these channel members underestimate consumer knowledge. Their motivational knowledge, however, appears quite accurate -whether predicting consumer or other channel member perceptions of motivations. The similarity of supplier and retailer knowledge bodes well for channel efficiency, yet limitations in their understanding of consumer knowledge about promotions may lead to weakness in channel marketing strategies.

**Managerial Implications:** With this information, retailers could better determine whether they should reveal the manufacturing source of their products, and manufacturers could determine whether they should allow such information to be disclosed. This research would also be able to determine whether the entire supply chain is pricing efficiently: both manufacturers to retailers and retailers to consumers.

**55. Title: An investigation of coupon-prone consumers Their reactions to coupon feature manipulations.,**

Authors: Guimond, Lisa; Chankon Kim; Laroche, Michel. - Journal of Business Research, Nov2001, Vol. 54 Issue 2, p131, 7p

**Objective:** To Investigate the interactive effects of consumer coupon proneness, reactions of consumers to coupon feature manipulation, Comparison between non-coupon-prone subjects and coupon-prone subjects, characterization of the coupon-prone consumer attitudes and behaviors.

**Findings:** Compared to non-coupon-prone subjects, coupon-prone subjects were significantly less sensitive in their affective reactions to an increased magnitude of face value and that coupon-prone subjects reacted negatively to the provision of the final price to be paid on the coupon (in addition to the face value) whereas the reactions of non-coupon-prone subjects were favorable. Final price stated on the coupon is likely to detract coupon-prone consumers from enjoyment of the potential savings. The informational value that non-coupon-prone consumers perceive in the stipulated final price may explain their preference for the coupon that specifies both face value and the final price to be paid.

**Managerial Implications:** Investigation provides support for the basic premises that the effectiveness of coupon features is contingent upon certain consumer characteristics.

**56. Title: Understanding Reference-Price Shoppers: A Within- and Cross-Category Analysis.**

Authors: Erdem, Tülin; Mayhew, Glenn; Baohong Sun. - Journal of Marketing Research (JMR), Nov2001, Vol. 38 Issue 4, p445, 13p

**Objective:** To study how selected factors that affect brand choice are correlated with consumer sensitivity to gains and losses with respect to internal reference prices. To analyze cross-category correlations in gain and loss sensitivity and to shed light on their individual and category-specific characteristics.

**Findings:** There is significant heterogeneity in loss sensitivity among consumers and loss sensitivity is greater and more heterogeneous than gain sensitivity. Across categories, loss-sensitive shoppers are less influenced by past brand use and both loss- and gain-sensitive shoppers were sensitive to price, display, and feature than the average consumer. Loss-sensitive households tend to be larger, and their heads are less likely to be fully employed, whereas gain-sensitive households have no clear demographic profile.

**Managerial Implications:** With increasing amount of information that retailers are gathering as retail frequent-shopper programs proliferate, a retailer could easily use such data to segment customers on the basis of sociodemographics that correlate with loss and gain sensitivity.

**57. Title: An investigation of the impact of promotions on across-submarket competition.**

Authors: Kannan, P.K.; Chi Kin Yim. - Journal of Business Research, Sep2001, Vol. 53 Issue 3, p137, 13p

**Objective:** To investigate whether and how a change in promotional strategy would affect the competitive patterns in a market.

**Findings:** Some sales promotions (e.g., displays and price cuts) have a significant impact in shaping competitive patterns. The magnitude of this impact decreases with

increased product differentiation and increased intensity of the promotional activities in the market.

**Managerial Implications:** To help managers determine how the elimination of certain sales promotions may reshape competitive patterns. The knowledge of which submarket boundaries are stable and which boundaries can be affected by promotions shall help managers decide which product alternatives to promote (or not to promote) so as to maximize short-term revenues.

**58. Title: Effectiveness of Trade Promotions: Analyzing the Determinants of Retail Pass Through**

Authors: Kumar, Nanda; Rajiv, Surendra; Jeuland, Abel. Marketing Science, Fall2001, Vol. 20 Issue 4, p382, 23p

**Objective:** To examine the strategic considerations that underlie the retailer's decisions to pass through a portion of the trade deals.

**Findings:** The optimal strategy of the retailer entails pass through on certain occasions by offering consumer promotions while retaining deal money offered by the manufacturer and posting regular price on other occasions. How manufacturer advertising that informs consumers about on-going promotions helps enhance retail pass-through is demonstrated.

**Managerial Implications:** Both manufacturers and retailers must understand consumer characteristics in order to effectively design advertising [from the manufacturer] that can inform consumers about on-going promotions and ease retailer pass-through for mutual benefits

**59. Title: The short-term effect of store-level promotions on store choice, and the moderating role of individual variables.**

Authors: Volle, Pierre - Journal of Business Research, Aug2001, Vol. 53 Issue 2, p63, 11p

**Objective:** To investigate the short-term effect of store-level promotions (weekly flyers, radio and outdoor advertising) on grocery store choice

**Findings:** The research shows that the short-term effect of store-level promotions on store choice is significant but weak: store choice is mainly driven by loyalty. From a managerial point of view, adapting store-level promotions to individual characteristics does not seem to be relevant.

**Managerial Implications:** If store-level promotions are considered as a mutually accepted and necessary investment, with almost no consequences on traffic in the short-term, retailers should maximize their return in a different perspective. Store-level promotions should be viewed as a managerial tool devised to sustain the motivation of the store personnel, or a very efficient way to build, maintain, and carry a competitive price image without immediate measurable outcomes. Retailers could segment their portfolio of *stores* and for each store, their *market areas* based on the store loyalty performance, and adapt their promotional strategy accordingly (i.e., micro marketing). In particular, store-level promotions should be concentrated in areas where the store performs moderately in term of store loyalty.

**60. Title: Evaluating Promotions in Shopping Environments: Decomposing Sales Response into Attraction, Conversion, and Spending Effects.**

Authors: Shun Yin Lam; Vandenbosch, Mark; Hlland, John; Pearce, Michael. - Marketing Science, Spring2001, Vol. 20 Issue 2, p194, 22p

**Objective:** To propose a model based on a framework that incorporates attraction, conversion and spending effects to evaluate the effect of store promotions in shopping environments on consumers, effect of price promotions on store entry and product purchase, impact of promotions with a narrow scope on store traffic, and impact of an increased promotional scope on store traffic and spending for a multi-category retailer.

**Findings:** Price promotions have little impact on front traffic but positively effect store entry and likelihood that a consumer will make a purchase. While greater promotion scope enhances store entry, promotions with a narrow scope have a negative impact on store traffic. Clearance promotions have a weaker affect on store entry, when compared to other multi-category items. Newspaper advertisements, when compared to targeted coupons have a stronger impact on store attraction but a weaker impact on spending.

**Managerial Implications:** The study is useful for managers to design effective promotions in comparison-shopping environments.

**61. Title: Coupon response in services.**

Authors: Taylor, Gail Ayala. - Journal of Retailing, Spring2001, Vol. 77 Issue 1, p139, 13p

**Objective:** To examine coupon redemption, purchase timing, and repeat purchase in a service sector.

**Findings:** Results of the study show, as with packaged goods, prior purchase frequency is a significant predictor of coupon redemption. Coupon redeemers were almost seven and a half times more likely to make a repeat purchase during the post promotion period compared to non redeemers and subsequent purchase timing was not influenced by coupon redemption.

**Managerial Implications:** Initial base for understanding promotional response in service industries and guidelines on coupons as a promotion tool for the service industry.

**62. Title: Pursuing the Value-Conscious Consumer: Store Brands Versus National Brand Promotions.**

Authors: Ailawadi, Kusum L.; Neslin, Scott A.; Gedenk, Karen. - Journal of Marketing, Jan2001, Vol. 65 Issue 1, p71, 19p

**Objective:** To determine whether national brand promotions and store brands attract the same value-conscious consumers, which would aggravate channel conflict between manufacturers and retailers, to identify psychographic and demographic traits that potentially drive usage of store brands and national brand promotions.

**Findings:** Though demographics do not influence these behaviors directly, they have significant associations with psychographic characteristics and therefore are useful for market targeting. Most important, usage of store brands and usage of promotions, particularly out-of-store promotions, are associated with different psychographics. Store brand use correlates mainly with traits related to economic benefits and costs, whereas the use of out-of-store promotions is associated mainly with traits related to hedonic benefits and costs. These differences result in four well-defined and identifiable consumer segments: deal-focused consumers, store brand-focused consumers, deal and store brand users (use-all), and nonusers of both store brands and deals (use-none).

**Managerial Implications:** Manufacturers and retailers can either avoid each other or compete head to head, depending on which segment they target.

**63. Title: A Benefit Congruency Framework of Sales Promotion Effectiveness.**

Authors: Chandon, Pierre; Wansink, Brian; Laurent, Gilles. - Journal of Marketing, Oct2000, Vol. 64 Issue 4, p65, 17p

**Objective:** To build a framework of the multiple consumer benefits of a sales promotion through a series of measurement studies.

**Findings:** Are monetary savings the only explanation for consumer response to a sales promotion? If not, how do the different consumer benefits of a sales promotion influence its effectiveness?

Findings suggest that monetary and non-monetary promotions provide consumers with different levels of three hedonic benefits (opportunities for value expression, entertainment, and exploration) and three utilitarian benefits (savings, higher product quality, and improved shopping convenience). To address the second question, the authors develop a benefit congruency framework, which argues that a sales promotion's effectiveness is determined by the utilitarian or hedonic nature of the benefits it delivers and the congruence these benefits have with the promoted product. Marketers can increase sales promotion effectiveness by matching the type of promotion to the type of product being promoted. When this cannot be done--say, when the promotion is offered across different brands or when the promoted brand is bought for a wide variety of benefits--the benefit congruency framework recommends using promotions that combine multiple hedonic and utilitarian benefits. The debate on the value of sales promotion compared with everyday low price should take into consideration the essential demand-side issue: the consumer.

**Managerial Implications:** Provides insights on the multi-benefit and the benefit congruency frameworks for understanding consumer responses to sales promotions, reexamining the value of everyday-low-price policies, and designing more effective sales promotions.

**64. Title: The Category-Demand Effects of Price Promotions.**

Authors: Nijs, Vincent R.; Dekimpe, Marnik G.; Steenkamp, Jan-Benedict E.M.; Hanssens, Dominique M. - Marketing Science, Winter2001, Vol. 20 Issue 1, p1, 22p

**Objective:** To study the category-demand effects of consumer price promotions across 560 consumer product categories over a 4-year period in the Dutch super market.

**Findings:** The frequent use of price promotions has a strong effect on the short-run consumer sensitivity to them. This positive effect of price-promotion frequency is, however, dissipated in the long run. Another influential moderator of both short- and long run price-promotion effectiveness found in this study is the use of nonprice advertising. Advertising creates differentiation among brands in the category, which reduces consumers' price-promotion sensitivity at the category level.

**Managerial Implications:** Offers valuable insights to both brand and retail managers interested in reducing their dependence on price promotions in specific categories.

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