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How to improve sales promotion  
effectiveness: the role of age and  
product category

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## **ABSTRACT**

Recently the sales promotions have achieved a more important role within the marketing sector, deserving even more marketing budget and augmenting the range of promotional typologies. A real switch from advertising toward sales promotions has occurred and from this phenomenon new issues arise. One of these focuses on how to improve sales promotion effectiveness. This research paper aim to look for new ways to improve how consumers perceive different sales promotional frames, in particular it focuses on two main variables.

The research problematic developed in the following thesis aim to discover whether some relationships exist between consumers' age, the product category of the promoted item and the way different sales promotional frames appear to be more likely to influence costumers. The outcomes indicate that marketers should take into account these two variables while planning a sales promotional campaign, because thanks to it they may improve the effectiveness of this strategy.

Key words: sales promotion, effectiveness, promotional frame, cosmetic sector

## **RESUMÉ**

Récemment les promotions sur les ventes ont obtenu un rôle plus important dans le domaine du marketing, méritent une plus grosse partie du budget marketing et augmentant la variété de typologies de promotions. Un vrai changement de la publicité à les promotions sur les ventes s'est vérifié et à partir de ce phénomène des nouveaux problèmes se sont manifestés. Un parmi ces problèmes se concentre sur la façon par laquelle améliorer l'efficacité des promotions sur les ventes. Le but de ce mémoire de recherche est de rechercher nouvelles méthodes pour améliorer la façon dans laquelle les consommateurs percevant les différents typologies de promotions, en particulier il se concentre sur deux variables.

La problématique développée dans ce mémoire atteinte à découvrir s' ils existent des relations entre l'âge des consommateurs, la catégorie des produits en promotion et la façon dans laquelle les consommateurs sont plus favorables à être influencés par ces promotions. Les résultats indiquent que les promoteurs des marques doivent considérer ces deux variables quand il planifient des campagnes de promotions des ventes, parce que grâce à ça il peuvent améliorer l'efficacité de la stratégie.

Mots clés : promotions, efficacité, typologies de promotions, secteur cosmétique

## **I. INTRODUCTION**

In any business, managers are always looking for new ways to improve the efficiency of the campaigns planned within a company's marketing strategy. Whether in the past advertising has always been considered the most effective marketing tool to increase the success of a brand, in recent years an important phenomenon has occurred. Advertising indeed, has lost its leading role due to a significant switching toward sales promotions.

Several economic, social and environmental factors have contributed in changing the current society. Marketing activities are deeply related and ground their roots within the society, it derives therefore that the more these are updated with social changes, the more these might be effective. People change their needs and their perception of stimuli according to the context that surround them, and it comes directly from here the evident necessity of concreteness and short-term orientation, that characterize sales promotion rather than advertising. This is the reason why marketing strategies have been adapted to this new trend and switched from advertising toward sales promotions.

Sales promotions focus on having a direct impact on consumers and influencing their purchase behavior. They are more short-term oriented, even if some of them aim for having an impact also on consumers' brand loyalty, thus on a long-term effect.

Since the begin of their use, a plenty of different typologies has been developed and nowadays it becomes more and more challenging for marketers to choose among them, the more effective, according to a particular context or the particular target they want to reach.

The purpose of the research developed in this thesis is thus to be a useful tool for marketers, when they plan sales promotions activities, and solve in part the problem of which sales promotional frame should be chosen among the huge existent variety. The objective is to identify whether a relation exists between a demographical characteristic (age) of consumers and the way they perceive different price frames. In other words, which promotional frame is more likely to influence their purchase decision? And, moreover, is this relation influenced by the product category they are considering to buy?

## **II. LITERATURE REVIEW**

### **1. The world of sales promotions**

In the following section, the concept of sales promotion will be deeply explored. At first the context in which sales promotions developed will be described as well as previous studies that focus upon this field. It has been then retained necessary, to provide readers a definition and a classification of sales promotions, including the objectives and the limitations that these involve.

The last part relates more with the objectives of this thesis, and thus focuses on consumers' perception of different promotional frames and on the concept of effectiveness.

#### **1.1 Contextualization**

In many industries, a significant percentage of the marketing mix budget is allocated to promotions. Since the end of the last century, a quarter of marketing managers' budget for advertising has been devoted to consumer promotions and this amount has constantly increased (Folkes and Wheat, 1995). Whereas in the past, advertising appeared to be the most effective strategy to reach new consumer and to push them into purchasing, today it has been noticed a switch of emphasis by marketers away advertising and toward sales promotions.

This change has been pushed by several factors regarding the consumer, the distribution side, the competitive context:

- The purchasing power of consumers has decreased in recent years and now they appear to be more price sensitive and more reactive to promotional activities which appear to be real, concrete and often immediate;
- The rising costs of advertising caused a decline in the use of mass media promotion which became also less effective;
- Distributors, who are more concentrated and powerful, ask producers for more promotions in order to build store traffic;
- Gaining market share is always more challenging due to a strong competitive context and implementing a sales promotion strategy gives a greater visibility to the brand and differentiates it from concurrent;

- The decline of sales volume pushes marketing managers to be more concerned about short-term results and sales promotions give the possibility to generate quick sales results;
- Sales promotions appear to be more flexible and easier to carry out or modify rather than advertising campaigns;
- Consumers in a period of economic crises show more interest toward concrete solutions, this is why they respond favorably to money-saving opportunity and they do not trust the intangibility of advertisements' messages;
- Advertising suffers of a lack of reliability from consumers probably due to an excessive use of it during the last few years;
- Consumers show a reduced brand loyalty due to an overuse of advertising, which causes an augmentation of the switching phenomenon among different brands and products.

In the current period of economic crises, sales promotions are chosen among other forms of marketing communication to be short-term oriented and, therefore, to provide return on investment very rapidly (Yeshin, 2006). Moreover, compared with other communication tools, they appear to be easy to implement and less expensive. Another characteristic, that explains why sales promotions are preferred by marketers, is that their economic effects are directly measurable in terms of increases in sales volume; in other words, monetary gain results for producers and for retailers. These concrete outcomes are particularly important at times of economic instability, when consumers are more price sensitive and markets are mature.

From the consumer perspective, they show a strong price-orientation that influences their purchases to the point of comparing different products on the basis of prices instead of simply buying a particular brand or product. Moreover, promotions produce a sense of urgency to buyers, who are induced to purchase a product when the promotion is going on or the deal is available (Yeshin, 2006). The effect of this evident new price-orientation showed by shoppers, is that many sellers are "obliged" to provide such incentives continuously in order to meet consumer's needs and expectations.

On the other side, the retailing environment appears to be increasingly competitive and sales promotions are used by retailers and producers to differentiate themselves from competitors within a store. For this reason they employ a variety of ingenious promotional strategies that also have the objective of attracting consumers and influencing their purchase intentions. In order to better understand the role played by sales promotions within a marketing strategy, a broad definition and its analysis is furtherer provided in this thesis.

**Table 1: Responsible factors of the switch from advertising to sales promotions**

<b>FROM ADVERTISING TO SALES PROMOTIONS</b>	
<b>CONSUMERS</b>	<b>COMPANIES/RETAILERS</b>
Reduced purchase budget	Rising costs of advertising
Intangibility of advertising	Necessity to build store traffic
Lack of reliability of advertising messages	Competitive context
Reduced brand loyalty	Short term orientation
	Easy and flexibility of sales promotions

**1.2 Previous studies on sales promotions**

How different sales promotional frames are differently perceived by consumers and how these influence their purchase behavior has been largely explored in previous studies. The research developed in this thesis make a new contribute to previous studies through the insertion of new variables such as: target age and product differentiation. This permit to make more precise distinctions about which promotional frame is more effective in a specific context. Through these results sellers might have more awareness on how to choose among the existent variety of promotional frames, and they might be able to better address a particular promotion to a specific target, being consequently more effective in terms of sales volume achieved.

From the available literature it results that there is no prior studies that explore the topic of promotion effectiveness in relation with the cosmetic sector, previous researches mainly concentrated on groceries, supermarket, thus in dairy products (S. Li, Y. Sun and Y. Wang 2007).

In a closer field to the one of cosmetics, Sonal K and Preeta V. (2003) conducted a research in order to discover how promotions framed in absolute and relative terms are perceived by consumers. They demonstrated that in toilet soap category, premiums and price-offs were the two most applied promotions, but in terms of effectiveness, the second one achieved a greater appreciations toward consumers.

Moreover, a great number of the studies conducted since now, have mainly analysed the relationship between the type of promotion used to increase the sales of a specific product and the related quality perception felt by the consumer (Zeithaml, 1988). The price-quality ratio has been so deeply explored because perceived quality has always been considered one of the most important factor to build long-term buyer-seller relationships and, in this way, gaining and to maintaining consumer's loyalty. Loyalty programs are as well to be considered as sales promotions, in the sense that they offer added value over the product, but, differently from the other typologies that will be discussed subsequently, they are long-term oriented, their main goal is indeed to push consumers into repeating purchasing behaviour.

However, the research developed in this thesis focuses on the short term effectiveness of different promotional frames typologies. The intention is thus to measure consumer reactions according to the way a promotion is framed at the very moment of purchasing, in other word, how their buying process is influenced.

### **1.3 Definition of sales promotions**

In the literature it is almost impossible to find a unique designation of sales promotion; thus, in order not to miss any important characteristic, several definitions are proposed followed by a synthesis of the main attributes highlighted by each.

Blattberg and Neslin (1990, p.3) define sales promotion as an "action-oriented marketing event whose purpose is to have direct impact on the behavior of the firm's customers".

Another definition has been provided by the Institute of Sales Promotion: “sales promotion is a range of tactical marketing techniques designed within a strategic marketing frame add value to a product or service in order to achieve specific sales and marketing objectives.”

Kotler P. (1988, p.645) stated that “Sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase of a particular product by consumers or the trade”.

From these definitions it can be noticed that the heart of sales promotion is represented by the value that it adds to a product or a service. This value may be different according to different types of promotions: an extra free product, money saving, a gift or a sample, the opportunity to win a prize etc. thus in general by something new, added to the usual product that consumers would not get under normal circumstances. The added value therefore provides an extra incentive to buy, an inducement that changes temporarily the perception of the price and the value of the product. It is supposed to provide a direct impact on behavior, a sort of acceleration to the selling process that pushes the consumer to a faster purchase.

The aforementioned definitions view sales promotions as well-framed “marketing techniques”. It follows that they are not unplanned activities carried out by the company at the very last moment with the only aim of increasing sales volume but, by contrast, they are completely part of the marketing strategy and designed to be integrated with the communication mix.

Sales promotions offer consumers several benefits. Initially, the most important benefit offered to consumers was considered the monetary saving related to the deal (Blattberg and Neslin, 1990), however furtherer studies demonstrated the importance of consider other benefits, such as: entertainment, quality, value expression, convenience etc. All the aforementioned benefits have been later classified in utilitarian and hedonic benefits<sup>1</sup>. Utilitarian benefits are defined as functional and tangible, they therefore allow consumers to maximize their purchasing utility and efficiency. Generally, utilitarian benefits include: monetary saving, convenience and quality (Kwok and Uncles, 2002). On the other side, hedonic benefits are intangible and more experiential, usually related with fun and pleasure and these include: entertainment, value expression and exploration.

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<sup>1</sup> See table 3

As it will be explained in section 1.4, different typologies of sales promotions offer different benefits: usually utilitarian benefits are provided by monetary promotions, while non-monetary promotions offer more hedonic benefits. However, some typologies of promotions may offer a combination of the two benefits' categories.

The number of different sales promotions that marketers can adopt to reach consumers (coupons, rebates, sales, discounts, special displays, trade deals, premium, sweepstakes, free samples etc...) is huge and what it is interesting is also how marketing managers choose among these types of promotions. Obviously, in the choice between a promotional frame or another they take into account lots of considerations, both company oriented (e.g. handling costs) and consumer oriented. Hereafter the issue of framing will be defined and then contextualized within the sales promotions' implementation.

Several previous researches have already demonstrated the effects that different frames might have on consumers' decision process. Various frames of the same promotion might be differently perceived by consumers, who consequently might take opposite decisions.

The concept of "framing" was originally introduced and analyzed by Tversky and Kahneman (1981). Through their "Asian disease" study, Tversky and Kahneman (1981) analyzed how people reacted to the same situation, when this was presented in a positive or in a negative frame. When the problem was presented positively, its benefits were emphasized, contrarily when it was negatively framed its risks were underlined. The results showed that people react in two opposite ways when presented to one or the other frame, according therefore with the prospect theory (Thaler, 1985)<sup>2</sup>.

How is this related to sales promotions? The way a person perceives and internalizes an external stimulus is in part related with how this is framed and in part with the habits, norms and personal characteristics of the person. Considering the price of a product as a stimulus in the purchase process, the way it is framed is fundamental to determine the consumer behavior. Even if the main objective of manufacturers or retailers in implementing a sales promotion campaign is to communicate a superior value of the deal, in order to accelerate consumers' purchase process, how much they increase the money amount of the deal is not the only way to influence customers' perception. There are often different ways to communicate a price and, previous studies proved that its framing can significantly change the transaction value perceived by a consumer (Gamliel and Herstein, 2011). People thus

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<sup>2</sup> See section 1.7 for more details

often exhibit “non-rational” behaviors because they are really sensitive to contextual variables, and in the case of sales promotions these include semantic cues of the price.

These considerations well-explain why framing is considered such an important issue in planning a sales promotional campaign.

#### **1.4 Different typologies of promotions**

Three main categories of sales promotions can be defined according to the person who plans them, and the target it is addressed to: retailer promotions, trade promotions and consumer promotions (Table 2). Each category includes several typologies of promotions which will be further described and analysed:

1. “consumers promotions” are the ones that the manufacturer addresses directly to the consumer. This is the larger and most known category among the three and it is upon it that this thesis is focused;
2. “retailer promotions” are put in practice by the retailer toward the final consumer without the influence of the manufacturer;
3. “trade promotions” are the ones created by the manufacturer and addressed to the retailer. Sometimes retailers or manufacturers can act together creating “cooperative promotions” or “promotion partnerships” (Blattberg and Neslin, 1990).

The following table does not claim to be exhaustive for each of the three categories, but provides however a wide range of promotions for each of the three categories, however the focus will be on consumers’ promotions, that are the central topic of this thesis.

Analysing each of the sales promotional frame presented in the Table 2 would be extremely long and not really consistent with the focus of the thesis’ research, for this reason further it is provided only the description of consumer promotions.

Before the aforementioned classification, it has been included a distinction between price and non-price-promotion. This two main categories include all the others that will be presented furtherer and might be helpful to understand which objectives each promotional frame aim for.

**Table 2: Specific Sales Promotion Tools**

<b>Retailer promotions</b>	<b>Trade promotions</b>	<b>Consumer promotion</b>
Price cuts	Case allowances	Coupons
Displays	Advertising allowances	Sampling
Feature advertising	Display allowances	Price packs or cents-off deals
Free goods	Trade coupons	Rebates & Refunds
Retailer coupons	“Spiffs”	Continuity programs & patronage rewards
Contests/premiums	Financing incentives	Financing incentives
	Contests	Bonus or value packs
		Special events
		Sweepstakes & Contests
		Premiums
		Advertising specialities
		Tie-ins

Source: Blattemberg, R.C. and Neslin, S.A. (1990). Sales promotions, concepts, methods and strategies, p.5

**DISTINCTION BETWEEN PRICE AND NON-PRICE PROMOTIONS**

- Price promotions

Through these, sales can be increased in three different ways: growing the category by attracting new consumers, switching (brand share) and purchase acceleration through the characteristic of temporariness of the deal (Ambler, 1996). The purchase acceleration’s phenomenon can be seen in two ways: on a side consumers modify their purchase but they do not change their consumption habit, that means not to have a net effect for the company; on the other side they really increase consumption and this can be translated in an increase of the total category sales. (e.g. ketchup)

This strategy in many cases will be later reformulated by several companies, such as Procter & Gamble, Kraft, Galpo etc. in a new strategy called: EDLP, every day low price. Well seen by consumers, this strategy was perceived by retailers as a threat to their margins.

“They are fun to start and devil to stop” (Ambler, 1996). This quotation well explain the risk related with the employment of this kind of promotion. When a producers start using price promotions, competitors should introduce same reductions if they don’t want to lose part of

the market, in other words they all have to adequate not to lose money. If on a side, to adequate is imperative, to stop is almost impossible. Indeed, the first player who will interrupt a price promotion will quite for sure lose part of the market as well as the one who doesn't adequate his strategy. Previous studies demonstrated that monetary promotions don't have to be as large as non-monetary promotions to be positively perceived by consumers (Campbell and Diamond, 1990) and, moreover, price promotions provide more utilitarian benefits and for this reason they appear to be more effective for utilitarian products;

- Non-price promotions

These have the purpose of adding value to the brand through the use of any kind of tool that has the power of leaving to consumers a “warm feeling of involvement with the brand” (Ambler, 1996). NPP can assume countless shapes that stand out for originality, fun, fashion and in their representation, they seek to convey the brand's or product's values. Their main goal is to communicate the positioning and a reason to purchase in a different way, in a way that can easily be kept in mind by consumers. Contrary to price promotions, these provide more hedonic benefits, and are therefore more efficient for hedonic products;

### CLASSIFICATION OF SALES PROMOTIONS

- Coupons

“A coupon is a promotional device that provides cents-off savings to consumers upon its redemption” (Shimp, 2003, p.495).

Coupons can be distributed through four main “vehicles”(Blattberg and Neslin, 1990):

- direct-mail, coupons are sent directly to consumers by the manufacturer or by other services and each mail can contain more than one coupon;
- retailer-distributed coupons, this vehicle allow the manufacturer and the retailer to distribute coupons directly in the store handy or through a coupon-dispensing machines;
- media-distributed, these coupons are inserted in newspapers or magazines, usually in a separate page, section or supplements;

- package, here the coupons can be offered in different ways. First of all, it might be inside or outside the package, so visible or not to consumers. Then it might be used for a subsequent purchase or it might be instantly redeemable, the timing of the promotion might have a different impact on consumers and might be the reason that accelerates the purchase or not; then coupons might also be referred to another brand or product of the same manufacturer or a different one.

Besides the vehicle through which coupons are distributed another important characteristic is their expiration date. This is the day until which the coupon should be redeemed, otherwise it loses its validity. The expiration date might play a different impact on consumers according to the product category in which the coupon is used. Coupons applied to products with a low purchase frequency should therefore have a longer expiration date rather than coupons of high purchase frequency products.

The coupons' strategy served a variety of objectives depending on how it is framed.

Frequently the main goal in using this promotion is to get the consumer back in the same store or chain to purchase one more time. In the long term the manufacturer tries through this strategy to maintain repeat consumption rates of frequent brand clients, or increase those for new triers or infrequent consumers.

Coupons appear to be really useful both to promote early trial of new products or to attract brand switchers. New triers are consumers who have never bought that product before and who should be convinced thanks to an added value to the product to purchase it. For them the perceived risk is particularly relevant because of the uncertainty related with a product that they have never been tried before, so in a certain way, the presence of the coupon provides a concrete advantage for the consumers and compensates the mentioned uncertainty.

Brand switchers are those people who are not loyal to a specific brand or product but whose purchases are influenced by several variables. Coupons indeed provide a powerful incentive to switch from a brand to another. Here, the perceived transaction utility (Munger and Grewal, 2001; Blattberg and Neslin, 1990) is higher, thanks to the presence of a concrete monetary saving, that acts as an added value. This economic benefit plays thus an important role inducing the consumer to switch.

In general, coupons appear to increase the product consumption and thus the sales volume. This thanks to a greater brand awareness, the acquisition of new consumers, the attraction

of brand switchers and the increase of the purchase frequency or purchase quantity of loyal consumers.

The coupons' strategy consists in a thin balance between the amount of saving offered by the promotion and the rate of redemption of these. Obviously, people will return more frequently coupons with a high monetary value. The challenge in using this typology of promotion is to offer an amount of money that is perceived enough interesting by consumers but, at the same time, remunerative for the producer that carries it on. Manufacturers or retailers have to afford two typologies of costs while putting in practise a coupons' campaign: distribution and redemption costs.

Distribution costs include all the expenses of making coupons available to clients and so they vary according to the kind of vehicle chosen. Redemption costs depend on the monetary amount that manufacturers must give back to consumers when they redeem their coupons. Ultimately, a remunerative coupons' promotion, is the one that allow manufacturers or retailers to have an increase of sales volume enough important to compensate the costs they have to afford to put it in practice.

Sometimes, coupons are considered expensive to administer and wasteful, due to the fact that often the redemption rate is low and the costs of "misredemption" is higher. The decrease of the redemption rate is mainly due to the fact that consumers perceive this promotion as a mass-anonymous strategy. This awareness pushes marketers to develop new coupons strategies, they are therefore starting even more to conduct targeting coupons campaigns. By this way, marketers are exploring new ways to reach consumers and to bring coupons more down to a consumer-dimension instead of a market dimension.

For example, the use of text-messaging coupons has, in last years increased a lot, with an evident positive reaction from consumers, especially from young people. Coupons appear now to be more personalized and this fact has a positive impact on consumers' perception of them;

- Sampling

It consists in giving a gift at the moment of purchase, even if the final product has not been bought. Sampling might also be defined as an activity which "includes any method used to deliver an actual- or trial-sized product to consumers" (Shimp, 2003, p. 489).

Sometimes the objective is to persuade consumers to join the product and, by this way to tear barriers to the product' test down; in other occasions the goal is simply to make the product positively perceived by consumers. Sampling appears to be quite expensive, especially when it is combined with a price promotion.

According to Shimp (2003, p.489-490), the way samples can be distributed includes a variety of methods:

- Direct mail: consumers reached through this channel usually have been previously targeted by demographic or geographic characteristics;
- Newspapers and magazines: this method allow the manufacturer or retailer to reach a larger target thanks to the high purchase rate and the high purchase frequency of these products;
- Door to door: reaching directly consumers at home provides some advantages thanks to the possibility of having a closer relation and contact, in addition it requires lower costs than other channels;
- On- or in-pack sampling: here the sample might be visible from the exterior of the package or it might be at the interior of it;
- High-traffic location: this channel exploit the extremely big target that can be reached in a specific place such as a shopping center, a theater, an airport, a forum or in a special event;
- In-store sampling: consumers are invited to a first trial while they are shopping, the objective is to influence their purchase process, inducing them to buy;
- Another possibility is to attach the sample to another product or sometimes mix some of them to form a sample pack.

During the last few years a particular kind of sampling has developed: free software. People are nowadays used to download freely computer's programs through internet, and even if it will appear as a cost for producers, the positive side of this new habit is that, after having freely purchased software, consumers are happily willing to buy upgrades. This method is widely used from software's companies that allowing free download, persuade consumers to know the product and to passionate to it and after they will gain from the interest of people of knowing additional functions of the program.

As the most part of sales promotions, sampling asks the producer to be particularly careful about the consistency between the promotion and the brand or the product. Planning the

strategy, marketers should always keep in mind that it serves as reinforcement of the positioning, and that not every aspect of this can be measured, for example how the style of the sampling is perceived by consumers;

- Price packs or cents-off deals

In this case, the regular price of the product is temporally reduced and consumers will receive a saving. This appears directly on the packaging of the product or on the label. Generally the discount amount goes from 10 to 25 percent of the full price.

Retailers or manufacturers can achieve important advantages through the use of this promotion. They can reward present users of the brand for their loyalty, they can induce consumers to buy larger quantities of the promoted product exploiting the reduced price and by this way they will reduce their assortment, they might be able to anticipate the concurrence, they can establish a repeat purchase pattern after a first trial, they provide the sales force with a great incentive to obtain their support.

Moreover price-offs push retailers to reduce the number of suppliers but to increase each demanded volume, they can then facilitate the sale of products and minimize costs for the supplier.

Price packs can be shaped mainly in two ways: few products packed together in order to form a unique pack with a reduced price ( e.g. buy two, pay one) or two or more different products of similar categories packed together and offered with a price discount ( e.g. Shampoo and cream);

- Cash refunds and rebates

Here the difference from coupons is that the price reduction occurs not directly in the store but after the purchase. The consumer is supposed to send the “proof of purchase” to the producers who, then will give part of the purchase price back.

Even if these two promotions are often interchanged, they differ according to the product they are related to. Refund usually is adopted to reduction for packaged goods, and rebate for durable goods.

The characteristic of being delayed in time, nowadays affect negatively consumers. They indeed are used to consider them as an hassle and sometimes they think that manufacturers or retailers use them only when they are in a bad economic situation. Beside these

considerations, these promotion, whether appreciated by consumers, are particularly good to reinforce brand loyalty and to make the package more appealing to consumers;

- Loyalty schemes or continuity programs

Examples of these are electronic forms of credit collection. Compared with some of the previous types of sales promotions they appear easier to control and closer to the idea of promotion as a way to build a relationship with consumers. The fundamental difference from coupons, for example, is that here the saving is personalized. In this way the manufacturer is paying attention to each single purchaser instead of giving money away without distinction among costumers, as it happens with the coupons' strategy.

Loyalty schemes can be performed in several different ways, their aim is to encourage repeated purchase, especially when the products to which it is matched, provides a low switching cost and a low and generic brand loyalty. These promotions are particularly used in petrol stations, supermarkets, take-away restaurant, flight tickets etc.

The problem with loyalty schemes is that nowadays, they are over-used in numerous market sector; the consumer indeed perceive less the value and the exclusivity of this kind of promotion and start to think at them as to something superfluous that almost every retailer/producer offers;

- Patronage rewards

This promotion is addressed to people that regularly purchase or use a particular product. The company give consumers the possibility to collect some kind of "proof of purchase" and to receive a bigger advantage according to the quantity collected. Well known is the example of airlines companies, that allow clients to receive money discounts or even to have free airlines trips the more they collect points for miles traveled. The same is nowadays promoted by highway companies, train companies etc. Another typical example of this strategy is also put into practice by pizza take-away restaurants, these usually attribute one point for each purchased pizza, and by re-purchasing consumers can get a discount or a free pizza;

- Financing incentives

Manufacturers often offer them as a part of a promotion for the sale of their products or services. The incentive can have different shapes, it might consist in cash, in a special prize such as a car, a travel, a cruise etc.;

- Value or bonus pack

These are “additional product in place of, or sometimes in addition to, lower prices” (Ambler, 1996), with other words “extra quantities of a product that a company gives to consumers at the regular price” (Shimp, 2003, p.559).

The most relevant advantage that this kind of promotion carries out is that people like them. The gain in terms of additional product quantity within the product container is perceived as something tangible, readily apparent and more concrete rather than a percentage price promotion.

A possible problem related with the use of this promotion is that the offered quantity of product will be bought by regular consumers who will have purchased it even without the promotion;

- Special events

Events are used to engage potential consumers, to build brand awareness or to address the company toward a particular market. This typology of promotion allows the manufacturer or retailer to achieve several advantages. First of all, events have the strength of attracting an homogeneous target that, whether interested in the brand, will permit to achieve great impact on sales promotion. Events and sponsorships also allow to achieve some advantages internally to the company. They indeed strengthen relations among employees and make them more interested in company's activities. Then these kind of promotions are relatively easy to plan, even if they present some risks. Therefore it is really important the coherence between company's values and the event and among all the elements that characterize the event;

- Contest, sweepstakes and games

Sometimes consumers can be also attracted through the possibility to win cash, trips, goods.

In sweepstakes winners are elected only on a chance's basis; on the other side, in contest, winners are determined on the capability of solving a specific contest problem.

Nowadays, sweepstakes are generally much more preferred than contest, first of all because they require less effort from customers, secondly because they involve a lower cost-related risk. The advantages of sweepstakes are indeed to be simple to create and to execute, and relatively inexpensive (Shimp, 2003). In addition, they might be really useful to achieve various objectives, such as:

- Strengthen brand's image
- Make a focus on the advertising
- Encourage distribution and retailer stocking
- Enhance sales-force excitement
- Attract the attention of specific targets

The greatest efficiency of these promotions can be achieved when these are mixed with other promotional tools, so that the final result can be expanded.

This strategy allow producers/retailers to offer more expensive, desirable and valuable prizes (such as: cars, trips, technological items amount of cash...) but to a reduced target. Not to reduce the target would cause high costs for the company and probably the only alternative would be switching to other kinds of prizes, less expensive, more closer to some of the previous mentioned strategies.

The importance of the sales force in this situation is huge, it has indeed to involve people, make them dream the chance to win and attract them by showing the possibility of a real prize;

- Premiums

Premiums are really similar to samples, they indeed consist in every kind of good that can be offered for free or at a very low price. However these are distributed, their objective is to stimulate the first trial of a product or the re-purchase. The impact of this strategy is quite strong in consumer's mind, first of all because the reward is instant available for the costumer, who doesn't have to make any additional effort.

Premiums can be offered through several forms (Shimp, 2003):

- Free-in-the mail premiums: submitting a mandatory number of proofs of purchase, consumers get a premium from the retailer or manufacturer, this method in particular encourage repeat-purchase behaviour;
- In-, on-, and near pack premiums: here the premium can be more or less visible to consumers and so it can differently tempt them;
- Self-liquidating premiums: this method it is also called costs-free because the cost of the premium is paid by consumers through a stipulated number of purchase.

In particular, this strategy has shown great results whether used in kids-product categories. Often for example Kellogg cereals contain, within their packaging, little toys that stimulate children's attention for that product, and more often these toys are part of a bigger group to collect. Children, as many recent research demonstrated, influence more and more their parents purchases, and inducing them to collect items means, obviously, stimulate their parents in re-purchasing.

Unfortunately, it is important to remind that the in-pack promotion needs high costs to be carried out, especially when used in food's packs. In this case, there might be limitation on the size, the smell, the materials, the toxicity and the protection in order to respect the hygienic standards (Brassington and Pettitt, 2006). In the case the gift is attached to the packaging, limitations are concretely reduced.

On a superficial base, attached premiums should be more effective in terms of impact on consumers, because they are immediately visible and tangible and, by this way, they influence more their purchase decisions;

- Advertising specialties (promotional products)

These could be included in the previous category due to similarities between their characteristics, but they can appear in such a number of different shapes that it is better to analyze them a part and more specifically.

This category includes every kind of good that can bring on his surface the name, the logo, the picture or the message of a brand or of a product. These items can be given to consumers in several ways (personally, door-to-door etc.) and in different situations (during special event, in sponsored events, in the shop etc.).

T-shirt, stickers, pens, cups, hats, calendars, mouse pads, shopping bags, golf balls etc. are only some of the items often used by marketers as a gift for consumers. This strategy has

proved to be really effective, especially because it causes great brand recognition and recall and, as consequent, marketers spend always more money on this. The strength of this promotional product is also that the more they are used in everyday life the more the brand will be recognized and recalled;

- Tie-In promotions

Especially during a period of economic crises, this method allow manufacturers or retailers to reduce costs of a single promotion through the agglomeration of some of these. Tie-ins promotions are group of promotions which are defined are “cost-effective” (Shimp, 2003), because each single costs is shared among different products or different brands.

This promotion can have two main forms:

- Intra-company pooling, when the different promotions refer to brand or product of the same company;
- Inter-company tie-ins, when the goods (products or services) or brands involved belong to different companies, which collaborate with each other and are not in direct competition.

Obviously the second form implies more risks. It requires definitely more collaboration between the two organizations, that means more time to launch the program. Moreover, it might causes some creative conflicts due to the fact that the two partners might interpret differently the promotion and might be interested in achieving different goals. The complementarity of the two companies is indeed essential for a good implementation of the promotional strategy, and their images should reinforce each other.

**Table 3: Summary of the main characteristics of consumer promotions**

<b>Consumer promotion</b>	<b>Marketer's objective</b>	<b>Delayed or immediate benefit?</b>	<b>Utilitarian or hedonic benefit?</b>
Coupons	Trial impact/ customer holding	Immediate	Utilitarian
Sampling	Trial impact	Immediate	Hedonic
Price packs	Customer holding/ trial impact	Immediate	Utilitarian
Refunds and rebates	Customers holding	Delayed (proof of purchase)	Utilitarian
Continuity programs & patronage rewards	Customer holding	Delayed	Both
Financing incentives	Customer holding	Delayed	Hedonic
Bonus or value packs	Customer holding	Immediate	Utilitarian
Special events	Image reinforcement	Delayed	Hedonic
Sweepstakes & contests	Image reinforcement	Delayed	Hedonic
Premiums	Customer holding/ image reinforcement	both	utilitarian
Advertising specialities	Image reinforcement	Immediate	hedonic
Tie-ins	Image reinforcement	immediate	utilitarian

In the next section, the various objectives that can be achieved by an appropriate use of a sales promotional campaign will be described.

### **1.5 Objectives of sales promotions**

Why do marketing managers show such a great interest in using sales promotions?

As aforementioned, sales promotions' use has increased mainly in recent years due to occurred changes in the economical context. Many businesses nowadays suffer from a monetary instability, and the use of sales promotions enable them to answer a precise necessity: gaining quickly economical results. This characteristic, known as short-time orientation, is the proof of an important change in marketing strategies. The previous marketing campaigns were overall developed in order to build a long-term relationship with consumers and to make them re-purchase. The scope of traditional advertising was indeed to encourage loyalty between buyers and sellers. Nowadays, the economic situation attribute even more importance to concrete and monetary outcomes, which is a reason why the short-term orientation of promotions is preferred, they indeed provide a motivation to buy it "now". Despite this consideration, there are still some sales promotion that can be considered loyalty-oriented, such as frequent flyers programs, smart cards, etc. (Brassington and Pettitt, 2006).

It appears that the so wide use of sales promotions is mainly related with the fact that these are the most effective way to increase sales (Blattberg, Briesch, and Fox, 1995). But actually this is only the most tangible, immediate and therefore attractive result in using it. Of equal interest is the way promotional campaigns can be improved, for examples by the use different frames typologies (see section 1.4), and this issue is still matter of study. Sales promotions, whether well-framed, bring advantages for both retailers and producers.

The main goal for both categories (retailers and producers) in using these strategies is to communicate a superior deal value to shoppers and, in so doing, accelerate the purchase decision. Between consumers' perception of the deal and the purchase decision, what is modified by a well-framed promotion is the transaction value or transaction utility of the product they are considering to buy. Munger and Grenwal (2001) assert that the transaction utility is derived from comparing the actual selling price of a product to the expected fair price; in other words, it is the "purchase price of an item relative to a subjective benchmark known as a reference price", thus the value of the deal (Blattberg and Neslin, 1990).

Retailers can through sales promotions increase store traffic (Blattberg, Briesch, and Fox, 1995). For example, people who are not used to visit a particular store could be attracted by money-off coupons delivered directly to their home postbox or printed in the

local newspaper. These are examples of effective tools to reach new segments and to push consumers into different stores from those in which they usually purchase.

Over the great advantage of reaching new targets, sales promotions, give the possibility to discover specific sub-groups of consumers within bigger target. Through coupons, small competitions, premiums etc. personal data of consumers can be collected and then analyzed, in order to meet better their needs in the long-term and build a loyal relationship with them.

Promotions also increase the frequency and the amount of purchases. Even if consumers don't feel the need to buy a product in that precise moment, the presence of a sales promotion make them feel the pressure of a temporary deal that could not be still available at the moment of the next purchase. In this way they are induced to accelerate or anticipate the purchase not to lose the added value that the deal offers.

A direct consequence of the previous advantage is the augmentation of the store loyalty by consumers, this happens especially in supermarkets. Even if sometimes this loyalty is "fake" and cover a deal-prone nature of consumers.

The modification of the sales rate provides another positive effect: it modifies stocks of an existing product. Two opposite situations are possible:

1. First, promotions are employed to reduce stocks, through the reduction of price, the volume of sales is supposed to augment and thus reserves will be reduced;
2. Second proposing a promotion to retailers can induce them to purchase a greater quantity of the product to benefit from the temporary deal.

It appears also as an effective way for producers to face seasonal demand of a product and for retailers to handle fluctuations of sales volume (Brassington and Pettitt, 2006).

Promotions, moreover, allow small producers or new ones to compete against big companies that possess larger advertising budgets. Small companies indeed are often not able to plan and put in practice advertising campaigns, mainly due to the high costs that the use of communication channels requires; but through a sales promotion campaign they might obtain an increase of the sales volume incurring lower costs.

Through sales promotion, producers can gain some space within the retailer's store, which provides greater prominence for the product. Moreover, the retailer could be conveyed to enrich the store with some temporary displays, advertising features etc., which add a sort of excitement in consumers.

Sales promotions showed to be an effective way of motivation for the sales force (Yeshin, 2006), both if this is within the company or directly in the space of the retailer. The sales force is a key element to achieve specific sales volumes and should be properly motivated through specific incentives. Almost the same effect may be reached on the intermediaries side, they also need an appropriate motivation to achieve the desired performance.

In conclusion, sales promotion should be considered a proper tool to be competitive, to remain on the store shelves. Products or brands that do not compete with others are destined to disappear from shelves because they should offer at least what competitors offer.

The aforementioned objectives widely illustrate the advantages of employing a sales promotion strategy within the marketing plan of both retailer and producer. Most of the time these advantages also coincide with the objectives these two categories intend to achieve when they approach such a strategy. Despite traits that retailers and producers have in common in planning sales promotions, as Ambler (1996) explained, they play different roles within this strategy.

The role of retailers is to sell stock quickly and efficiently to consumers. For this reason they try to stimulate/accelerate the selling process but they don't have a particular preference for a brand rather than another. Therefore, they are not interested in adding value to a specific brand, but they concern in selling everything not to have left-overs.

On the other side, producers concern most of all in building brand and in differentiating themselves from competitors, which is obviously something different and far away from sales promotions. These two different points of view well explain the fears among producers of the even more growth of power of retailers (Ambler, 1996). Will this change encumber the development and the birth of new brands? That is still a matter of discussion among researchers.

The aforementioned considerations lead to the conclusion that what it is relevant in this thesis' research is that both retailers and producers consider more important to find an appropriate framing of promotions instead of, for example, changing the monetary amounts of the deals.

Semantic factors on deal evaluation are thus determinant on its effectiveness. Previous studies have demonstrated that even if the deal value is mathematically the same, consumers are differently influenced by the way these are framed. A great part of the results obtained by previous studies, which will be discussed in section 1.7, completely contradict the principle of “descriptive invariance” elaborated by Tversky, Sattatb and Slovic (1998).

This principle states that the relation of preference should not depend on how the promotion are framed (description invariance) neither on the method used to choose among options (procedure invariance).

The post-purchase process has not been included in the current research, but, despite of this, it should be clarified that the meaning of the monetary saving provided by the promotion is different among the various way of framing and these considerations will affect the price the consumer will be willing to pay when the product will be no longer offered with a promotion.

## **1.6 Limitations and risks of sales promotions**

After having widely illustrated the objectives of sales promotions and the relative advantages that these are supposed to bring to retailers/producers, here further the problems and the limitations are consequently investigated.

The characteristic of sales promotion to be completely assigned to obtain short-term results, negatively affect their possibility to have a constructive impact in the long-term, especially for what concerns the brand’s recall and brand’s loyalty (Blattberg, Briesch, and Fox, 1995). Even if the research conducted in this thesis focuses on effectiveness of sales promotions in the short period, it is really important, while planning a promotional campaign, to keep in mind that long–terms results cannot be completely replaced by immediate effects but they both should be take into consideration by marketers.

In their book “Sales promotion: concepts, methods and strategies” (1990), Blattberg and Neslin point out five possible limitations that could negatively affect sales promotions both at the very moment of purchasing and when the promotion is over.

1. The major criticism done to sales promotions is indeed, the fact to be only focused on the short term and moreover to provoke a negative affection of consumers toward brands. Sales promotions therefore, induce shoppers to brand switching not

only in the very moment of purchasing but they also cause a loss in the loyalty that people preserve to brands. Previous researches have proved that sales impact affect sales only in the short-term and that most of the time, when the promotions is over, sales rates come back to the same amount there was before this. This consideration means that sales promotions fail in gaining new loyal consumers: the increase of sales is possible due to the switching of consumers to the promoted product but that, after the end of the campaign, will in the majority switch again into another brand. Belonging to this point of view, consumers might appear opportunist in the way they try to get the best accessible deal for their shopping, without caring about other variable except for price.

The conclusion is that often, the impact on extra-consumers is something temporary, rarely stimulates repeat purchases and so it will increase volume of purchasing in the short-term but decrease brand loyalty in the future;

2. The use of sales promotions also cause an increase of category price sensitivity. Consumers indeed get used to pay a strong attention on price more than on other product's elements, that means a major tendency to switch within brand categories. Sales promotions educate therefore buyers to be more price sensitive and the result of this in the long-term are lower profits;
3. In addition, another critic to sales promotions is that they cause a "mortgaging" effect: they indeed induce people to anticipate their purchases from a later period, with the consequence for the retailer/producers of a decreasing of the sales volume. When this behaviour belong to the retailers, it can cause serious problem for the producers. If the retailer, for example, decides to buy the 100% of their merchandise during the promotion period, the manufacturer is obliged to satisfy this demand in order to get great volume but, on the other hand, he will stop the production after the deal period due to a lack of market's demand. Even if it appear a little bit extreme, this case well explain the risks related with forward buying. The problem is not only for the manufacturer to adapt the production to the variable demand, but also for the retailer, who, gaining by acquiring at a lower price, will be forced to spend money to stock an overabundance of goods.

Very similar to this is the problem of diversion. Manufacturers, who operate in big countries, such as United States, might offer different promotions in each country

due to market's differences. The problem? Retailers might travel to reach and buy in the country where the best deal is offered, belonging to them, reducing the demand in their market of origin; or, even more unpleasant, some retailers might buy big quantities taking advantage of the sales promotion and then, sell these products a second time to other retailers in other country with a price that allows them to gain a little margins and allows the buyers to save money. This phenomenon is known as grey market;

4. These strategies, moreover, often provoke a devaluation in consumer's mind of the quality image of promoted products or brands or a reduction of consumers' perceptions of brand quality. They can also change their price expectations for this specific brand and postpone their purchase in order to wait for promotions;
5. In the end, a risk in using repeatedly sales promotion stand in their characteristic to be focused on short-term effectiveness. They could be indeed mortgaging in the future, that means a reduction of the sales volume for the company, which might lead the producers to carry on another sales promotion and so on... the use of sales promotion should therefore always integrated in a bigger marketing plan in order not to forget both short-term and long-term objectives.

Marketers, before implementing a sales promotion campaign, should also pay attention to other variables or other previous variations of price that could negatively affect the credibility of the promotional strategy. As Chen, Shih-Fen S. Monroe, Kent B. Lou, Yung-Chien (1998) demonstrated, there are in particular two tactics that could threaten the credibility of the promotion:

- to rise the normal price before the campaign;
- to hide a permanent reduction of the price with a temporary price promotion.

In the first situation, consumers might become suspicious of a too large reduction and they could notice an inflation of the regular price before the promotion. The promotion will not appear credible and trustworthy.

In the second situation, when the discount appear bigger than usual consumer might think that the promotion will be follow by a permanent price reduction.

These researches also proved that this frame of mind toward price reductions change with the category of product taken into consideration. For example, the attitude of consumers

toward price reductions in high-level product is to perceive higher likelihood of inflation or of permanent reduction when the discount is framed in absolute terms rather than in percentage terms (Chen, Monroe and Lou, 1998).

In the following research, the distinction between these two categories of product, high-level or luxury and low-level or non-luxury, has a central role. Consumers, indeed, from previous researches (see section 1.7), show to perceive differently the same promotional frame according to the product category which it belongs to. They will consequently behave in different ways in their purchase decisions and the understanding of this mental process is supposed to be helpful to marketers in the framing process to reach the desired target.

**Table 4: Summary of strengths and weaknesses of sales promotions**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
Short-time orientation	Short-time orientation
Monetary/concrete	Induce deal-prone nature of consumers
Communicate a superior deal value	Long-term results cannot be replaced by short term results
Increase store traffic	Induce shoppers to brand switching
Discover specific sub-groups (collect private information)	Fail in gaining new loyal consumers
Increase frequency and amount of purchases	Increase price sensitivity
Augment store loyalty	Mortgaging effect and grey market
Modify stocks of an existing product	Devaluation of quality image
Affordable also for small producers/retailers	
Motivate the sales force	

## **1.7 The consumer perception of price and of different promotional frames**

In the following section the issue of promotional frames will be deeply analyzed, presenting the specific relations between different promotional frames and the derivate consumer's perception of the deal.

In several previous studies it has been demonstrated how the prediction of the consumers' purchase intentions is overall related with the framing of the price promotion. Several previous studies explored how consumers react to different typologies of sales promotions, through the comparison of the effectiveness of two or more different sales promotional frames within the same research. Moreover, previous researches also verified that the nature of framing affects differently consumer perception and consequently purchases, even when the deal is economically speaking the same (Sinha and Smith, 2000).

Pandelaere Mario and Briers Barbara (2011), starting with the assumption that consumers prefer quantitative information rather than qualitative, explored the units effect in options comparison. They demonstrated, on the stream of several psychological research, that promotions with the same nominal value will affect consumer differently. Through a field experiment, they verified that consumers focus on the number rather than the type of units. This theory, known as "unit effect", affirms that the dimension of the scale used to provide quantitative information deeply influence consumers' preferences, they indeed tend to associate bigger numbers with bigger quantities.

Previously the units effect had already been matter of study by several authors (K. Monroe, S. Chen and JC Lou, 1998; D. Hardesty, W. Bearden 2003; D. DelVecchio, H. Krishnan and D. Smith, 2007; S. Li, Y. Sun and Y. Wang 2007), who analysed how consumer react when they are asked to choose between products whose price promotions are expressed in absolute or relative terms (\$ versus % off). Moreover, it has also been demonstrated the importance of sales promotions in the long term. A promotional frame may also have a significant impact on the price expectations in the future for the product to which it is applied. Percentage off promotions lead in the future to higher price expectations than cents-off promotions (D. DelVecchio, H. Krishnan and D. Smith, 2007).

The comparison between bonus packs and discounts (D. Hardesty and W. Bearden, 2003) revealed that these two promotional frames are evaluated similarly by consumers when these are applied to low benefit level, but, whether the benefit level is high price discounts are preferred.

One more step has been done by I. Sinha and M. Smith (2004), they compared not only three different typologies of sales promotions (percentage promotion, extra-product promotion and a mixed promotion, a combination of the previous two) but they also put them in relation with two other variables: stock up characteristic and price level. The outcomes showed that percentage-off promotion was perceived by consumers as providing the greatest transaction value.

Sometimes previous theories about consumers attitudes towards different sales promotional frames, have been proved them wrong. This is the case of E. Gamliel and R. Herstein (2011), who demonstrated that consumers are not significantly influenced by the positive or negative frame of a sales promotion. This conclusion contradicts the findings achieved by W. Diamond and A. Sanyal (1990), who on the contrary, proved that consumers are less willing to purchase products offered in sales promotions, when these are presented with a negative frame rather than a positive ones. The reason of this, belonging to their study (1990), relies upon the meaning itself of the negative frame, it emphasises, indeed the monetary loss associated with failing to purchase the product; on the other side the positive frame emphasises the monetary gain associated with the purchase.

Thaler (1985) gave an analytical proof to this behavioural effect considering the prospect theory (Tversky and Kahneman, 1981) holding that an individual's value function is concave (risk-averse) over gains and convex (risk-seeking) in the loss domain. Belonging to his study, this is the reason why people psychologically segregate multiple gains but integrate losses.

Coherently with these studies, Grewal et al. (1996) proved that for moderate price discount (\$34.99 reduced to \$24.99), buyers process data more expansively than for high or low price discount levels, that is, an inverted U depiction of shoppers information processing (D. M. Hardesty and W. O. Bearden, 2003).

These researches show that the problem in option comparison relies upon the difficulty for consumer in counting the final price. In many case, people perceive percentage off promotions as larger than equivalent cents-off promotions, but what appears to be

always preferred are certain outcomes; it means that if the percentage appear as an easy calculation, the product with the relative discount will be chosen, otherwise if the count appear too complicated, a certain and determined cents-off promotion will be preferred. In other words, the effects of promotional frames on price expectation, and then on choice, arise from the difficulty of processing percentage-off discounts, rather than when they are easier to compute.

As fundamental, treating the “unit effect” issue, is the distinction between nominal price and unit price model which can lead the consumer to different purchasing behaviour (D. Diamond 1992). Differences has been highlighted between consumer’s reactions towards nominal (e.g.: extra product promotions presented in *ounces*) and price promotions. Some people appear to be unwilling or unable to convert one in to the other; they often calculate a medium-size promotion. This simplification could obviously lead them to overestimate the nominal value of large promotion and underestimate the value of large promotion.

Credibility of different types of promotions has been considered (Blattberg and Neslin 1990) as another issue in order to measure the relative effectiveness. They demonstrated that coupons result as more credible than other type of price discounts mainly because they make the discount very salient for consumers, who perceive to receive a better deal than the marked price.

The following research differs from previous studies also in the choice of the promotional frames among which consumers are asked to choose. It combines, as alternatives to the full price, four monetary promotions, framed in terms of percentage (percentage off), nominal value (cents-off), coupons and bundles (called price packs).

The insertion of the target age as a variable in this study, has been done in order to achieve a more precise measure of the promotional frames’ effectiveness. Previous studies (Hulicka and Weiss, 1965; Kausler and Klein 1978) demonstrated that some consumers’ demographic characteristics such as age, have a great impact on how they perceive and encode stimulus from different promotional frames. Younger subjects, compared with adults, appear to be able to process mental operations that lead to information of more elaborate encoding. In addition, older people demonstrate more susceptibility from the irrelevant component of a stimulus. These results point out the importance of considering the age when trying to measure the effectiveness of a promotional frames. Diverse targets

are supposed to be differently influenced by promotions due to the fact that they do not share the same background in terms of experiences, historical and technological context, education etc...

From these previous outcomes derives the prediction belonging to which adults will demonstrate less willingness to process mental operation and they will be more attracted by sure discounts, thus cents-off promotions.

*Hp.4 Elderly participants rather than young participants prefer cents-off promotions rather than other promotional frames for both the products categories, luxury and non-luxury.*

*Hp.5 In purchasing luxury products, young participants rather than elderly participants appear to be more likely to be influenced by percentage-off promotions.*

*Hp.6 When purchasing non-luxury products, young participant rather than elder participants appear to be more likely to be influenced by coupon promotions.*

With regard to the product differentiation, between mass and premium products, the prediction is that promotions framed in absolute terms (cents-off) will be preferred by consumers more for higher-priced products instead of lower-priced products. P. R. Das (1992) conducted a study in order to verify how consumers perceive four mathematically equivalent deals over eight different products. This experiment showed that the products' typology, lower-price versus higher-price, strongly affect consumers' evaluation of deals. One of the most significant outcomes was, indeed that evident monetary savings are preferred for higher-priced products. The same result was achieved by another study conducted by Chen, Monroe and Lou (1998). They demonstrated that consumers perceived as more significant a promotion framed in dollar terms than one in percentage terms, when purchasing high price products rather than low price products. moreover, their research demonstrated that coupons were more favourably perceived than discount promotions in purchasing lower-price products.

*Hp.1: Elderly participants prefer cents-off promotions rather than the other promotional frames considering the luxury products category rather than the non-luxury product category.*

*Hp.2: Young participants appear to be more likely to be influenced by percentage-off promotions rather than the other promotional frames when considering the luxury products category as opposite to the non-luxury products category.*

*Hp.3: Both the age categories of interviewee prefer cents-off promotions rather than other promotional frames whether asked to purchase luxury products rather than non-luxury products.*

## **1.8 How to measure sales promotion effectiveness**

The process of evaluating sales promotion's effectiveness is extremely important for the company's future because it will deeply influence the decisions that follow the end of the sales promotions' campaign.

Starting from the moment when the promotion's strategy finishes, the primary objective of the organisation should be to analyse results in order to understand whether prefixed goals have been reached or not. In the case, the company notices a discrepancy between desired and effective results, the next step to put into practice should be a review of the overall strategy and, then its modification in order to make it more suitable to the market.

Then, having a proper evaluation of results achieved by each specific promotion implemented by the company, allow it to identify their single outcome and to understand which was the target market's reaction to these. Measuring separately achieved results of each typology of promotion and of each target, appears to be extremely useful because might give concrete information about how differently consumers' purchases have been influenced by various promotional frames in a particular shop environment, within which some specific elements might have played a significant role in influencing consumers.

The competitive advantage of owning these data, consists in the possibility of addressing the most effective promotional frame to the right target or/and exploiting some environmental characteristics that proved to influence consumers purchases' process. This understanding

consequently lead to maximizing the outcomes and having more returns in terms of effectiveness of the promotion.

However, as aforementioned, sales promotions do not give the certainty of extending their outcomes also in the long term, therefore even if managers during this evaluation process come across positive results, they should be aware of the need of regularly reinvesting in these activities to achieve long lasting effects.

The weakness of a promotion in the long period is also affected by some characteristics of the current market, that has constantly proved to be able to adapt itself really quickly to innovations, in particular to those that give opportunities of increasing sales. Managers are indeed always looking for new ways to improve the efficiency and the effectiveness of their strategies, in particular because to the sales promotional area is often given the largest discretionary part of the budget devoted to promotions.

Having a proper evaluation system appears therefore to be needed for two main reasons (Yeshin, T. 2006) :

1. To ensure that sales promotional expenses do not exceed reasonable levels;
2. To evaluate concrete outcomes of this expenditures.

This is the reason why, marketing managers are always looking for new evaluation methods of the efficiency and the effectiveness of different sales promotional typologies.

The system of measurement must be as more objectives as possible, it means that it must take into consideration all the external and internal factors, events and conditions that could affect measures and could cause errors in the calculation.

The research developed in this thesis focuses on the short term effectiveness of a promotion. The measurement process indeed aim to identify which, among different promotional frames, has a greater impact on consumers and is more likely to influence their purchase process while, at the same time, increasing the company's sales volume.

For what concerns short terms outcomes, the effectiveness' measure system must, belonging to Yeshin T. (2006) analysis, consider the following factors:

- Profitability
- Local market conditions
- Effects on channel partners

- The synergy between different types of sales promotions
- Competitors' promotional activities
- The role of sales promotions in the company's overall marketing strategy

The profitability of a certain promotion is deeply linked with the product category in which it is applied and with consumers' deal responsiveness within it. Consumers show to have different perception of promotions depending on the product's typology. Some of them for example would never accept to switch from the brand they are used to buy to another one, neither whether a worth promotion is offered. Some consumers are thus strictly loyal to a single brand for a specific product, others have no brand loyalty at all and will purchase each time the most favourable product, in economic terms, even if it means switching from a brand to another one every time. These are obviously two extremes of a continuum in which the major part of consumers position themselves. Terence A. Shimp in his book (2003) divides costumers in eight segments grounded on the pattern of clients' deal responsiveness. This model well explains how much each segment is willing to switch from the product they use to buy, to another one which presents a temporary promotion. One limitation of this analysis is the fact that it can be applied only within a unique product category and does not allow comparison through different product's categories. What Shimp's analysis (2003) underlines is that consumers are more sensible to deals when these are applied to low involvement products; to which people do not manifest a strong attachment or a deep brand loyalty.

Coming back to the concept of profitability, it means that there are some products toward which consumers appear to be deal-insensitive because they are not willing to renounce to the product they are used to buy, even if they could receive a money saving purchasing another one. In this case, sales promotions are more likely to be unprofitable, because the volume of sales during the promotion campaign will not be enough high to compensate the loss in profit margins.

Essential to understand this process is the concept of contribution margin. The margin is the product's price minus the its variable cost per unit:

$$MC_u = p_u - CV_u$$

During the promotional period variable costs are higher because they suffer from the increase costs of the promotional campaign and the costs of putting in place the offer; and so the direct consequence is that the margin is reduced. When the margin of a product is reduced, the only way to maintain or to increase the final profit is to reach a sales volume ( $q$ ) enough large to compensate the loss of margin for each sold unit.

$$\pi = (p_u \times q) - CV_{tot}$$

The matter of whether a promotion will be profitable or not is thus deeply linked with the composition of consumers, in terms of target, for this particular market in which it is applied. Obviously every product's market involves consumers from all the targets, and it becomes very difficult for marketer to forecast whether a promotion will sufficiently increase the sales volume or not.

Fortunately, there are some tools that can be used by marketing researchers to better identify the proportion of buyers within a product category that belong to a specific segment, in this way they can further use these information to estimate the effectiveness in terms of sales volume that the promotion would achieve and to conclude whether it will be profitable or not.

The main conclusion Terence A. Shimp (2003) achieved through his analysis is that if the market in which the promotion is applied is made by promotion-insensitive or very brand loyal consumers, this will not be profitable. On the other hand, if the market is composed by consumers who buy only on deal, the promotion will have much more probabilities to reach enough sales volume to compensate the loss of per-unit margin.

Since here, promotion effectiveness has been treated mainly by a mathematical point of view, supporting its measuring process with the profitability concept.

The effectiveness of sales promotion, however, it is not only a matter of numerical calculation but must take into consideration also others intangible aspects.

The general condition of the market, for example, deeply influence this effectiveness in terms of sales as well as the effects that promotions cause on retailers. Often, retailers and suppliers have different goals to achieve and even the way of putting into practice a particular promotion could show some differences. They should, thus, discuss their single

objectives before its implementation in order to avoid misunderstanding and situation in which their own aims contrast one with the others.

The measure of sales promotion effectiveness should also take in consideration, to be as much objective as possible, whether others promotions have taken place during the same period. A common error done by marketers in measuring monetary returns of promotional campaigns, is to aggregate the single variation in sales volume achieved by each typology of promotion only because these are all identified as promotional activities in the marketing budget and plan. The impact of the promotional strategy cannot be calculated at the aggregate level, because this method could hide whether some promotions had negative profit and other generated increases in sales volume. On the other side, some kind of promotion could also show a sort of synergy between them. In this case their outcomes will be augmented by the presence of the other promotion and, one more time, an aggregated evaluation of them will not give to marketers the possibility to notice it and take advantage of it. Since the evaluation of sales promotion effectiveness will affect the further strategy of the company, doing it from an aggregate level will probably lead to incorrect conclusions and then, to unsuccessful decisions.

Another way of conceptualizing the measurement of sales promotions effectiveness relies upon the distinction between hedonic and utilitarian benefits. The existence of different levels of benefits well-explain the reason why every-day-low-price (EDLP) is not always the most profitable solution. Whether consumers would only look for money saving, the EDLP strategy would be the most effective, because it offers consumers with monetary savings and, at the same time, it is cost efficient regarding the company. But this is not, therefore previous studies repeatedly proved that consumers are influenced also by other more hedonic benefits and monetary savings are not the only reason that pushes consumers to be influenced by sales promotions. Belonging to this model (Chandon, Wansink and Gilles, 2000) the effectiveness of a sales promotion is determined by the nature of the benefits it provides, whether hedonic or utilitarian, and the measure in which these benefits are congruent with the promoted product.

Hedonic benefits are opportunities for value-expression, exploration and entertainment; the utilitarian ones are the more shopping convenience, the monetary savings and the higher quality of the product. The conclusion of their research was that monetary promotions

appear to be more efficient whether used for utilitarian products rather than hedonic products

The managerial implication related to this analysis, knowing that monetary and non-monetary promotions provide consumers with different benefits, is that managers are presented with an additional knowledge to better apply one specific promotional frame to a particular product. The direct consequence of this pattern is that they might be able to improve the effectiveness of their sales promotion activities.

What previously mentioned about consumers' attitudes toward promotions within specific product categories, has influenced the bases upon which the research carried out in this thesis has been grounded.

First of all the choice of concentrating the survey only within a specific sector, was mainly made in order to limit the range of possible products to be taken into consideration; the reason why the cosmetic sector has been chosen belong to the fact that in this sector a plenty of different promotional frames are nowadays used in order to induce people to try a new product or to increase sales; and after this, at the moment there are no previous research that concentrate specifically on this field. Within the cosmetic sector a further distinction has been done between luxury and non-luxury products. It has been considered necessary to include this additional repartition because of the number of products included in the cosmetic sector and, as aforementioned, because of the several different attitudes that these items involve. A person would not have therefore the same approach toward an expensive perfume and a mascara, and neither between a foundation and a lipstick.

The analysis of these two categories (luxury and non-luxury products) will be better investigated in the section 2, completely dedicated to the exploration of the cosmetic sector; suffice it here to know that consumers react to promotions in different ways belonging to the product taken into consideration. Each product could involve a diverse attachment to the brand and consumers' willingness to switch from a brand to another differs even within the same product category and even if they may save money from the switching. From here the choice to split the overall sector in two large subcategories. The explored patterns are therefore between sales promotional frames, age and product categories and the effectiveness of each promotional frame will be measured in terms of the power that this

may achieve through patterns with the other two variables (age and product categories) and in its capability of increasing the total sales volume.

## **2. The cosmetic sector**

This section focuses on three main points: a general exploration of the cosmetic sector, a description of its products and a segmentation of consumers' target. The research developed in this thesis focuses on the definition of luxury and non-luxury products within the cosmetic sector, this is the reason why having an overall knowledge of the composition of this business is of particular importance.

### **2.1 A short presentation of this market**

Nowadays lots of business sectors are going through big changes, and the cosmetic sector is part of these. The organisational survival and success of a company depends on the capability of managers to forecast, interpret and if needed bring some changes to the organisation. Social, economic and historical events have a deep impact on the market and more specifically on people themselves. Consumers are continuously changing and their needs too; the competitive context is adjusting as well and the availability of resources to produce too, it is therefore imperative for companies to adapt themselves to this moody environment to be always competitive on the market.

The cosmetic business in Europe has always proved to be able to reach great results, in terms of profits, despite the economic events occurred in last years were not so favourable toward it. The cosmetic market size in Europe is almost as huge as in the U.S and in Japan counted together, mainly thanks to its very large population (source: Euromonitor International). Obviously each country develops specific trends within its society, and these can be not present in others because of cultural reasons, or social tendencies.

The cosmetic sector in Europe operates through four principal distribution networks: selective perfumeries, big supermarket, pharmacies and Para pharmacies.

Just to give an idea of the business dimensions, only in France at the end of September 2011, the cosmetic sector achieves the number of 2051 big and medium specialized surfaces and it gives work to 14111 employees. The selective perfumeries occupy the half of the market and can be considered the most important distribution network in this country. Some of the most known companies that operate in this sector are Sephora, Marionnaud and Nocibé.

In 2012 it is expected, belonging to a study made by XERFI700, an increase of the consummation of cosmetic products in Europe. Despite the fact that the purchase power of people has been reduced in last years due to the consequences of the economic crises, such as austerity measures, taxes augmentation, increasing of the unemployment level etc., other new trends in the society allow to have a positive view of the future of the cosmetic sector's. The demand of these goods will be indeed stimulated by the fact that people in general attribute more and more importance to well-being and appearance and they appear to be willing to increase the budget devoted to this kind of purchases, even if their economic situation has (in general) not improved compared to previous years.

Another important phenomenon that conduce to optimistic forecasts in this sector is the enlargement of the market. New targets therefore appear on the scenario and are now becoming new segment to be reached by companies. Men and adolescents demonstrate indeed an increasing interest in this kind of products and this phenomenon reflects itself in an augmentation of sales volumes. Another population segment is having a strong positive impact on the cosmetic sector development: the seniors. As it is well known, the current society is facing a social ageing and this social change is immediately reflected in the development of new consumption's trends. The request of anti-aging product therefore registered an year by year increase and a lot of companies now concentrate their R&D budget in the development of new anti-aging products.

However, within the huge category of cosmetic products different trends are expected (XERFI700). As already mentioned, people demonstrate to have different attitudes toward products, even when these belong to the same product category. These differences in products' perception are obviously reflected in the amount of their monetary budget they are willing to allocated on them. Just to make an example: in the cosmetic sector people, whether they are forced to reduce their purchase budget, demonstrate to be more willing to renounce or to choose low-price items, for skin and body beauty products or for sun creams.

On the other side they do not demonstrate to be as willing to save money for products as perfumes or make-up because they generally attribute more importance to these product typologies, and whether forced, they will reduce the expenses somewhere else (XERFI700, 2011).

(A proof of what aforementioned it is that in France, the perfumes' business in 2011, represented the 65% of total sales volume and reveal a 2% increase of revenues from the precedent year.)

It could appear weird that in an historical moment characterized by a strong reduction of the consumer purchase power, an expensive product as perfumes are, still demonstrates a growth in sales volume. The reason of this is that consumers appear not to be willing to save money on this category product. At the same time, they anyway demonstrate a certain sensibility toward price, which limits the producers and retailers in the price revision and make them accept almost always the same margin.

Finally another relevant phenomenon is modifying somehow the strategy of the companies which operate in this sector. The concurrence indeed is becoming more and more strong, and in particular for what concern skin care products. Several big surfaces (e.g. supermarket) nowadays offer large lines of beauty products at very competitive prices. The consequences of this is that a certain number of consumers have decided to switch for one retailer to another attracted by lower prices. Other retails proved to be out of this system, like for example pharmacies and Para pharmacies. They probably benefit from the degree of quality that consumers attribute to their products, that they are not willing to replace with some "supermarket" products.

For sure, the change in the purchase behaviour is different from one consumer to another and it depends on how much commitment and involvement they have toward the considered product.

## **2.2 Luxury and non-luxury products**

Within the cosmetic sector two main categories of products can be identified: perfumes and beauty products.

Perfumes are made by the dissolution of an essential oils composition in some alcohol. This main category can be further divided into five subsets: perfumes, eau de toilette, eau de Cologne, eau de perfume and derived products.

Beauty products include make-up and body care products. Make-up products consist of foundations, nail polish, mascaras, lipstick, blusher, eye shadow etc. The body care products can be for the body and for the face and comprise hydrant creams, anti-aging creams, suntans, hands and feets creams, hydrant body milk etc.

Within each of these two categories there can be found products which differ in terms of price, quality, frequency of the use, quantity and packaging, stock availability etc. These items can therefore be perceived as really different by the consumer's point of view. As it has been already said, the client's attitude toward a product strongly influences his perception of all the product's elements, and also his purchase behaviour.

More precisely, one of the basis of this research is that the way the consumer approaches the product, and in particular the price, is tightly linked with his own attitude or involvement toward this product. The direct consequence of this is that also a sales promotion will affect differently the final purchase depending on the type of product it is applied to.

For this reason, in the following research, the huge category of cosmetic product has been subdivided in two subsets: luxury and non-luxury products.

Other kind of variables could have been chosen instead of the luxury variable such as: price, size, stock, private and non-private labels, well known and unknown brands etc. but the characteristic of being or not to being a luxury product fits particularly well the cosmetic sector and for this reason it has been chosen rather than others.

The real problem to solve before proceeding in the research planning, was how to choose the items that would have been inserted in the research of this thesis as luxury and those that would have been defined as non-luxury products. In other words, the problem consisted in answering these two questions: what is luxury? Which characteristics should have a product to be considered as luxury?

To cope this issue, two main tools have been used.

First of all the definition of luxury has been based upon a literature review analysis, which has provided some definitions and some empirical proofs to this matter; subsequently it has been done an experimental survey in which a sample of consumers was asked to position

each of the cosmetic products presented in a list, in one of the two categories provided (luxury and non-luxury) belonging to their own perception and to their own criteria. This pre-test has been considered fundamental to the present research because the selection of some products rather than others may deeply influence the achieved results, as it will be further explained in details.

Here further, starting from the literature review analysis, the definition and the criteria to state whether a product is luxury or not are provided.

Belonging to Sicard M.C. (2003) a luxury product in general must satisfy some characteristics in terms of: rarity, price, creativity behind the product, sensitivity/attention to details, quality and imagination.

Rarity has always been considered one of the basis upon which the luxury universe is grounded. Several luxury brands have made the need to wait the main characteristic that push people to perceive their products as luxury products. Waiting makes products more desirable and creates a sort of impatience in consumers, who look forward to receive what they are dreaming about. Some example of this sensation of rarity are the few months the customer has to wait to have an Hermes bag in hand, or the need to wait more or less five months to receive the Vertu telephone by Nokia, or as well the several weeks of waiting to tailor an haut couture dress.

However, in the cosmetic sector the concept of rarity it is not exactly the same of others business. Nowadays consumers don't have to wait to purchase a prestigious perfume and to have it immediately. Big cosmetic surface have these days enough stock to satisfy the demand and somehow this concept of rarity seems to lose its attractive power. But at the same time this concept can be seen with a different undertone. Within cosmetic sector, rare products are the ones that combine a very low purchase frequency with other characteristics typical of luxury products. When a consumer buys an expensive famous perfume, in good chance he will not purchase a similar items for quite a long period. In this case, therefore, rarity is not perceived as a lack of the final product in stores but as a very low purchase frequency, compared to a quite high typical of other cosmetic products;

The second criteria is the price. The common thought among people is that more an object is expensive more it is luxury. The price is indeed a strong leverage upon which

several companies concentrate their efforts in order to create a brand image deeply related with the luxury universe. To be correct, an expensive price is a necessary condition for a product to be luxury but not sufficient. There are a lot of things in this world that are still considered luxury even if they are not expensive: a fresh Prosecco drunk in the Tuscan countryside, a concert by Pollini in the Champs-Élysées' theatre, one day trip around the Mont Blanc and so on (Sicard, 2003).

In the cosmetic sector the price plays an important role, it is indeed one of the most important keys to distinguish luxury from non-luxury products. Creating a link with the previous criteria, it can be said that generally more the frequency of purchase is low, higher it is the probability for that product to be more expensive. It is, for example, the case of perfumes, which usually have a low rate purchase and an expensive price. Also in this example, it is underlined the fact that a high price itself is not sufficient to define a product as luxury, therefore a really expensive perfume, whether not in possession of other characteristics typical of luxury products, will not be considered luxury by consumers;

Behind a luxury product, beside its price and beside its rarity and the need to wait for it, there is the fact that this kind of products need a long process of innovation and creation. This procedure is both an important characteristic of luxury product and at the same time a reason why for the precedent criteria.

Innovation within cosmetic product category is extremely important and committed in every subset. It is permanent and companies often stress on it to prove their commitment in developing new products and to be at the cutting edge;

Deeply related with the idea that a luxury product has a long history behind its creation, is the sensibility to details concept. Nowadays the importance of details holds a more and more important role in almost all the retail sectors, but in the luxury industry this is particularly true. It is also related with the need to wait to have the physical product in hands. The attendance create expectation in consumers, who are convinced that the reason why they have to wait such a long time is due to the long and precise process of production behind the product. Longer is the process, more the product is supposed to be precious and rich in details. A product made with attention to the smallest detail is perceived by costumers as an handcrafted item and they used to assign it more value.

In the case of cosmetic products the attention to details appears to be more related with the quality of an item. The quality characteristic can really make the difference between a luxury and a non-luxury product in the cosmetic industry and for this reason it has been taken into consideration in the research conducted in this thesis.

In the cosmetic sector, the three last criteria mentioned appear to implement one the other. A cosmetic product that has a long productive process behind its creation, it is supposed to have been made paying attention to the smallest detail and it is therefore considered in the most part of the cases an high quality product.

For example, an expensive anti-aging cream before being commercialized has pass through several research and test which have proved its efficacy. During and after this step each single component of this cream have been analysed and selected and through these phases the quality of this product has been improved;

Finally, the characteristic of the imagination cannot be omitted. It is so important that almost always it is inserted among the criteria used for the brand evaluation and in luxury products it is particularly emphasized.

Several cosmetic brands, such as Chanel just to make an example, invest great budget in creating a story behind their products. The company in this way try to build a collective imagination around the brand and at the same time to increase the brand awareness. The imagination allow also the company to steal the consumer subconscious and to reach at first the recognition and then the recall level.

Nowadays, actually imagination is no more an exclusive characteristic of luxury brands but a lot of other big companies leverage upon this element to overcome consumers' indifference toward the multitude of brands present in the market.

### **2.3 Two different targets for two different consumer behaviours**

The second variable that has been introduced in the following research in order to have a more in depth insight of how consumers react to sales promotion is a demographical variable: the consumers' age.

Belonging to several studies, demographic characteristics such as age, sex, nationality etc. deeply influence the way of purchasing and the way these people perceive external stimuli

(Paco Underhill, 2007; Kausler & Kleim, 1978). But since now the relation between the perception of economically equivalent deals and variables of consumers background as moderator haven't been sufficiently studied.

Even if a lot of demographic characteristics appear to have a great impact in consumers' perception of sales promotion, others do not cause any evident change. Indeed, as Kwok S. and Uncles M. (2002) have proved through their research, culture doesn't seem to have a substantial impact on how consumers perceive sales promotions and for this reason the analysis of the promotional frames perception can be carried out in a multicultural context.

Consumers' attitudes and their physical limitations play a fundamental role in the way these people purchase. Even in the same context and in the same environment it would be impossible to find to persons who react to stimuli in the same way. Individuals do not evaluate stimulus, such as for example price, in absolute terms, but therefore in relatives ones. Each person makes indeed reference to his own previous experiences and the reminisces that these generate internally and externally (Sinha J. & Smith M. 2000).

Perception is one intermediate variable that acts between a stimulus and its response, and it is deeply affected by the stimulus' context (Monroe, 1973). Conducting researches, Monroe (1973) suggests, is therefore extremely important to take into consideration also the context and demographic variables, because these factors may guide to price perceptions that differ significantly among consumers.

At the same time also the reasons that push shopping could be different: a way to pass time, to reward oneself, an excuse to go out, to distract oneself, to amuse oneself etc.

This awareness well explain the reason why a supplementary variable has been introduced to the research in addition to the luxury or non-luxury characteristic of a product.

Despite the fact that every consumer differs from another one, one of the purpose of this research is to find an enough precise generalisation about consumers' reaction to stimuli, more specifically to different promotional frames. This generalisation will be further useful to marketers to address the right promotional frame to the right target, achieving in this way a more successful result.

Paco Underhill (2007) has observed for such a long time consumers in the store's environment and he has subsequently stated some generalisation about man and women; and young and elder people. Leaving aside his studies about gender differences, some of the

conclusion he reached about how elder people purchase in opposition to young people, appear to be really consistent with the following research.

The modern world population is getting older and marketers should take it into consideration while planning a sales promotion campaign. The age variable will indeed influence not only the attitude that the consumer has toward the product but also the way he will mathematically perceive the money saving offered by a promotional but also the way he will perceive the promotion from an aesthetical point of view.

Concerning this last point Paco Underhill (2007) has extensively studied the way advertising or promotions should be visually conceived and how should they be collocated in order to catch the old consumers' attention or the young's one. The colours, the dimensions of the promotional tool, the size of the body type and the position of the promotion as regard to the consumer's eye level are all elements that can influence deeply people's perception of the promotion.

Also the way consumers mathematically evaluate different promotional frames, which are actually the same on a mathematical basis is deeply influenced by their age and therefore by their background.

This difference in promotions perception, but also in the way subsequently consumers behave, appears to be particularly significant in the cosmetic sector. Here the products themselves present a strong differentiation belonging to the age of the target they are addressed to. The positioning through the age variable is especially employed in the cosmetic business to reach new targets (such as men) or market niches. There are therefore entire lines of products dedicated to specific targets of consumers and the way promotions are planned and put in practice deeply change according to them.

### **III. THE PROBLEMATIC AND THE RESEARCH METHODOLOGY**

This section will focus on the importance of the research question explored in this thesis, thus the problematic, and the way this has been approached. Understanding the choice of the methodology and the way through which the research has been carried out is of great importance because it has deeply influenced the way results have been collected and therefore their further interpretation.

#### **3. The problematic**

The research developed in this thesis focuses on the issue of how sales promotions should be framed to improve their efficiency.

As previously discussed, today there is a vast array of promotional techniques available to marketers for achieving different objectives. The aim of the current research is to present marketers with a better understanding as to how to more efficiently utilize sales promotions when targeting different consumer groups. Indeed, people do not perceive promotional frames in the same way and understanding which demographical variables influence the way they interpret a deal is considered of extreme importance to achieve greater results. The focus is therefore placed on how different promotional frames affect subjectively shoppers. The main objective is thus to understand why some consumers rather than others are more influenced by some promotions rather than others, and how they unconsciously change their purchase behavior according to that.

Because a significant part of the marketing budget may be allocated to sales promotional campaigns, it is very important to plan them in the most effective way in order to maximize the results. The results of the current research might be later useful for marketers in order to address more successfully promotions to specific targets. Therefore, having a knowledge about which promotional frames are better evaluated by specific targets will give the possibility to marketers to allocate more efficiently money upon sales promotion campaigns. Finally the insertion of some new variables, such as target age and product category, differentiate deeply this study from previous ones and makes outcomes even more adapt to a practical use.

#### **4. Objectives of the investigation**

The aim of the present research is to compare two types of consumer targets in terms of their perceptions of various promotional frames.

Consistent with the research literature, it is assumed that the way a promotion is framed influences the way consumers perceive it. A percentage discount is not perceived in the same way of a cents-off discount or of a coupon and so on. The matrix below (see table 5) shows the two targets of consumers, object of the research, and the two subcategories of products in the cosmetic sector. The two targets are supposed, from the concepts developed in the literature review, to differ in their purchase behaviour, principally due to differences in the demographic characteristics of age, which influence the way they take into account external variables while they are purchasing (Hulika and Weiss, 1965; Kausler and Klein 1978).

Consumers are expected to try to maximize the efficiency of their purchase, maximize the monetary value while minimizing the costs expended in the purchase. In this case, the price is considered as the only cost to afford while purchasing because of the limitations in recreating a real shopping environment. The purchase context, that interviewee face while answering the survey, is significantly simplified and several external variables such as the location of the store, the loyalty to a particular store etc. are not considered.

Thus, it has been considered interesting, to study whether there is a relation between customer age and the subsequent perception of promotional frame; that is, the intent is to investigate how differences in framing of promotions, that offer the same price reduction, affect consumers' evaluation of the deal.

Moreover, it has been considered of particular relevance to understand whether consumers' perception of the deal is also influenced by the type of product they are facing (luxury or non-luxury). In this thesis the promotion effectiveness is interpreted as the measure in which a promotional frame matches the variables and the characteristics that influence the price perception of a specific target.

The research question object of the present research aim to study how the consumers' age and the typology of the purchased product influence how customers perceive four different sales promotional frames.

Six hypothesis are therefore derived:

*Hp.1: Elderly participants prefer cents-off promotions rather than the other promotional frames considering the luxury products category rather than the non-luxury product category.*

*Hp.2: Young participants appear to be more likely to be influenced by percentage-off promotions rather than the other promotional frames when considering the luxury products category as opposite to the non-luxury products category.*

*Hp.3: Both the age categories of interviewee prefer cents-off promotions rather than other promotional frames whether asked to purchase luxury products rather than non-luxury products.*

*Hp.4 Elderly participants rather than young participants prefer cents-off promotions rather than other promotional frames for both the products categories, luxury and non-luxury.*

*Hp.5 In purchasing luxury products, young participants rather than elderly participants appear to be more likely to be influenced by percentage-off promotions.*

*Hp.6 When purchasing non-luxury products, young participant rather than elder participants appear to be more likely to be influenced by coupon promotions.*

**Table 5: Structure of the thesis' research**

	PRODUCTS	
	LUXURY (two products)	NON-LUXURY (two products)
<b>UNDER 35 years old</b>	<ul style="list-style-type: none"> <li>• Percentage off</li> <li>• Cents off</li> <li>• Coupon</li> <li>• Product bundling</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage off</li> <li>• Cents off</li> <li>• Coupon</li> <li>• Product bundling</li> </ul>
<b>OVER 50 years old</b>	<ul style="list-style-type: none"> <li>• Percentage off</li> <li>• Cents off</li> <li>• Coupon</li> <li>• Product bundling</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage off</li> <li>• Cents off</li> <li>• Coupon</li> <li>• Product bundling</li> </ul>

## **5. The pre-test**

After having theoretically defined the distinction between luxury and non-luxury products, a pre-test has been conducted in order to definitively decide which products would have been selected as luxury and which as non-luxury.

In the section 2.2 some definitions of luxury have been provided and in addition to these, some criteria that characterise luxury products. The sources have been mainly books on the luxury business because there were not found articles which studied how to distinguish these two products categories.

It would have been in some way reductive to base the choice of the products to be insert in the following research, only on the previous literature review, and from here derives the decision of introducing a second tool of selection, a pre-test.

The main objective of the pre-test was therefore measure, simply calculating absolute and relatives frequencies, how consumers perceive products belonging to these two different categories.

The pre-test has been conducted on a sample of fifty women of different age and nationalities. Coherently with what previously said, the gender has been limited only to women because it has been retained that within the cosmetic sector, attitudes toward several products cannot be considered homogeneous with regard to this demographic characteristic. Within this business indeed, the perception that male and women have toward products is deeply different (Underhill, 2007), and whether not taken sufficiently into account, it could have in some way negatively affected the research. Men don't present the same purchase behaviour of women toward some cosmetic products and the direct consequence of this is that, they will differently evaluate the product's elements, among which the price. Their willingness to spend a certain amount of money on a body cream, for example, can be very dissimilar, and consequently the way they perceive sales promotions as well.

If one of the aims of this research is also to serve as a tool for marketer in the future to catch trough the right promotional frame the desired target, it should be as more precise as possible and this consideration drove to the choice of including only the feminine gender.

Other demographic characteristic such as age and nationality have not been considered as potential elements of inconvenience and for this reason no limitation has been drawn the line at them (see section 1.7).

Here further the structure of the survey is described.

Through an online survey, interviewees were presented with a lists of ten products and were asked to address each of them to one of the two possible product categories: luxury and non-luxury. These items were well-known cosmetic products and next to the name of each of them a picture representing them was provided.

People were invited to declare whether, in their opinion, that product was to be considered as luxury or non-luxury. There was also presented them the possibility of not to take a position through the answer "I don't know". The insertion of this third option of answer was made to avoid the possibility of receiving casual answers from people who actually didn't know the presented product.

The survey was therefore really fast and easy to be completed, and so reached the expected number of participants in a short time.

Interviewees were not provided of any additional information about the product itself or the purchase context, they have been thus let completely free to answer using their own criteria.

In this way it has been possible to achieve a general prospective of which products are considered as luxury in the collective imagination, without any other external information which could have influenced people's responses.

The results have been collected and the products which have picked out were the ones that showed the greatest difference between the two possibilities (luxury and non-luxury). These have been subsequently compared with the criteria, mentioned in section 2.2, in order to prove a sort of coherence between the two tools used for the choice.

In the following table it is possible to see the results collected for each product, calculated both in absolute and relative terms.

**Table 6: Results of the pre-test**

	<b>LUXURY</b>	<b>NON-LUXURY</b>	<b>I DON'T KNOW</b>	<b>TOTAL</b>
<b>Lancome - Trésor</b>	38 (76%)	12 (24%)	-	50
<b>Dior - J'adore</b>	44 (88%)	6 (12%)	-	50
<b>YSL - Red Lipstick</b>	44 (88%)	6 (12%)	-	50
<b>Givenchy - Photo perfect foundation</b>	35 (70%)	10 (20%)	5 (10%)	50
<b>Clarins - Daily hydro cream</b>	6 (12%)	42 (84%)	2 (4%)	50
<b>Dior - Hydro Life cream</b>	27 (54%)	23 (46%)	-	50
<b>Clinique - Bottom lash mascara</b>	5 (10%)	45 (90%)	-	50
<b>Dior - pure colour nail polish</b>	31 (62%)	12 (24%)	7 (14%)	50
<b>Shiseido - Monocolour eye shadow</b>	19 (38%)	30 (60%)	1 (2%)	50
<b>Clinique - Deep comfort body butter</b>	8 (16%)	39 (78%)	3 (6%)	50

As it is easily detectable from the table above, the pink highlighted products (Dior - J'adore and YSL- Red Lipstick) have been chosen by interviewees as luxury products and the green ones (Clarins – Daily hydra cream and Clinique - Bottom Lash Mascara) have been selected as non-luxury products. These four products have been selected among others because they show the greatest percentage value, which means that interviewee strongly addressed them in one of the two product categories. They are represented below in picture 1 and 2.

**Picture 1: Luxury products selected from the pre-test**



**Picture 2: Non-luxury products selected from the pre-test**



A part from the central objective that was to select which product will enter to be part of the following research other considerations could be done.

The two perfumes presented to interviewees had both received great percentage of choice as luxury product. As already said, presenting different typologies of products within the cosmetic sector, perfumes are nowadays considered more and more as “precious” products, mainly due to two reasons. First of all the price, that compared to other beauty products is quite higher and, as second, the fact that the frequency of purchase is relatively low. A perfume indeed may last more than a month, depending on the person, and the consumer generally is not induced to change it in the meanwhile.

Also the case of creams may be interesting to be taken into consideration.

What is detectable from the table above is that creams in general are not considered as luxury products and consumers become doubtful about this, only whether the producer is a really well known luxury company, such as Dior. In the case the brand is not in the consumers top of mind as luxury, daily cream appear to be considered more as everyday products and for this reason more close to the toiletries category.

The products that have been selected to be included in the research of this thesis are the ones that show the greatest difference between the two possibilities of choice, taking as well into consideration that interviewees had also the possibility to choose a third option: "I don't know". This significant difference in their perception, is supposed to reduce some risks of the further research.

The chosen product indeed are supposed to occupy a precise position in the consumers' mind and this fact will reduce the possibility of having imprecise or approximate answers later on. The attitude toward these items is, after the pre-test selection, supposed to be generally the same among consumers and in this way the risk that the research may be negatively affected by consumers' personal perception of products is reduced.

## **6. The methodology**

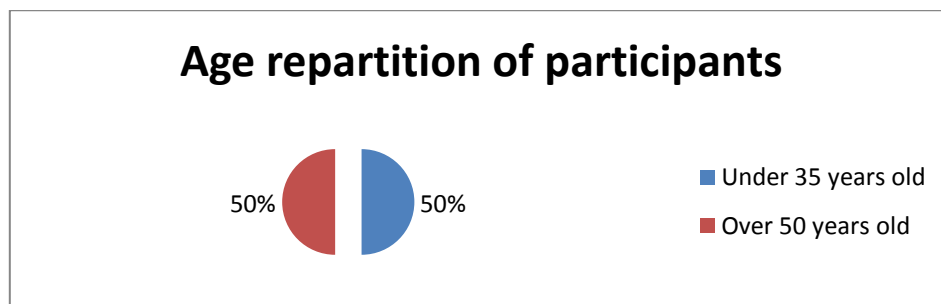
In the following section, the research methodology is described. The choice of the methodology has been done coherently with the objectives and the problematic of the research.

### **6.1 The sample**

A total of 100 females participated in the study (N=100), with an equal number (n=50) aged 35 years old or less and 50 years or more. Because of the interest in comparing the responses of young (less than or equal to 35) versus elderly (equal to or older than 50) participants, consumers falling within the 36-49 age range were not considered for the present research.

One of the assumptions that lie at the base of this research was indeed that the middle age category (from 36 y. to 49 y.) is considered to be too homogenous regarding purchase attitudes and therefore not interesting for what concern the analysis of different promotional frames' perception.

Figure 1: Age composition of the sample



Moreover, while planning the present research, it has been decided to have a sample composed only of females. As explained in the section 2.3, devoted to the description of the cosmetic sector, including also the male gender would have negatively affected the precision of final results. Men and women, in the most part of the cases, present different attitudes toward the purchase of cosmetic products (Paco Underhill, 2007; Kausler & Kleim, 1978). This suggests that it would not be appropriate to include both of them in the same research, because this may lead to mistaken considerations. Their attitude toward sales promotion in cosmetic products might be compared but not mixed within the same research; moreover, this was not the aim of the research. The variable that has been analysed was therefore age and not gender.

According to previous research (see literature review above), nationality does not appear to be a variable that meaningfully influences perceptions of different kinds of sales promotions (Kwok & Uncles, 2002); thus, the sample includes women of different nationalities, within the European Union.

Participants were selected through the social network Facebook and by e-mail using thus a non-randomly sampling technique called snowball sampling.

In both cases participants reached by email and those reached through Facebook were initially selected from the private contact list of the researcher, and they were after asked to identify others who belong to the target population of interest. Therefore, subsequent participants were selected thanks to previous referrals, from this step by step process derives the name of snowball sampling.

Even if the initials participants were selected with a probability sample technique, the snowball technique conduct to a nonprobability sample. The population involved in this

thesis' research is therefore likely to include a diverse pool of persons in terms of their locations, ethnicity, race, nationality, gender, age, career, but also marital and socioeconomic status.

## **6.2 The research methodology**

The survey developed to investigate the problematic of this thesis, is structured according to a quantitative research approach because it is used to test specific hypotheses and draw a conclusion. This approach is particularly applied because it allows researchers to investigate objectives in a very clear and specific way and it enables the statistical testing of hypotheses. The research methods used in this thesis was the questionnaire, but other quantitative methods that could have been chosen are: controlled observations, laboratory experiments etc.

Consideration of the advantages and disadvantages of the quantitative and qualitative research approaches suggests that quantitative research approach was more appropriate give the objectives of the current research.

Moreover, the nature of the research carried out in this thesis follows the approach of a descriptive research by testing hypotheses pertaining to the relationship between the age of consumers and their reaction towards different promotional frames when applied to luxury and non-luxury products. The data analysis will therefore measure the degree to which these two variables are related, in order to be able to generalize the final result and then make predictions. The degree of relation between two variables is known as correlation and its strength influence the further predictions.

The data used in the current research are primary data. The data collected via the online survey are considered as primary data because they have been gathered specifically for the research of this thesis, and were not available before.

Other sources of data were used in the literature review. These included previous studies, research papers, market research reports, internet sources, books and articles. The utilization of these documents had been necessary to define the context in which the research is conducted and to analyze the previous studies conducted in this field.

### 6.3 Design and procedure

The research was carried out through an online survey. This was created using a specific software for surveys' creation, Qualtrix.

The use of an online survey conveys different advantages:

- They are inexpensive and simple to distribute;
- The period of data collection is usually shorter than with other methodologies;
- Respondents can have a more dynamic interaction with the questionnaire and perceive it as less intrusive than questionnaire conducted by telephone or face to face;
- They are flexible to different situations (for example, respondents are allowed to stop at a certain point of the survey, save it and continue it later);
- They may include videos, sounds, and pictures.

Beside these positive characteristics, online surveys carry also some potential drawbacks, such as the possibility of imprecise and hasty answers, or having people who respond several times or who ask a friend to complete it.

The survey first included a structured question that asked to participants select their appropriate age category. This was followed by four similarly-structured questions.

Each of them contained an image representing the product that the question referred to. These were structured, multiple choice questions, consisting of four different promotional frames options and a non-purchase option.

The formulation of the questions was the same for each of these, and asked which of the presented promotions would be more likely to influence the interviewee's purchase decision. Equally also the order in which the different promotional frames were listed was the same for all the four questions, but not the frame of the monetary saving related because this changes according to the full price.

In order to capture only how the different promotional frames were perceived by interviewees, the monetary saving offered by the four promotions was the same for each product. In other words, each of the four promotions permits to save the same amount of money, they only differ in how they are framed. All the deals were on a mathematical base all equivalent, this made possible, as Das (1992) highlighted, to separate the "semantic

effect” of the promotional frame from the reference-price information and monetary value of the deal. The base of this argument is a simple economic principle, which sustains that consumers, while choosing among different deals, would try to minimize their effort and the cost of the purchase (Diamond, 1992).

The saving has been calculated on the full price of each product, so it may differ from one product to another but not within each product’s promotional frames.

Interviewees were also provided with a fifth option, representing the decision to not buy the product, regardless of the discount. This option was included in order to escape a possible error. Some persons indeed could be completely non-interested in purchasing the presented product and, in this case, an answer about which promotion influence their more, would be given at random and could distort results.

Each participants was allowed to answer only once to the survey and was obliged to answer all the questions.

Having closed-ended question guarantees, from the researcher point of view, an ease of coding and analysing data, and from participants point of view an ease of answering that provides subsequently more spontaneity. A possible error that has been taken into consideration while creating the survey was to frame correctly the questions in order not to have misunderstanding and not to induce people towards one the answers because this could menace the reliability of data.

The instructions provided at the beginning of the survey, described a purchase context in which interviewees should imagine to be, while completing the survey. This short introduction also specified that in this “imaginary context” they were not provided with a calculator handy and this should discourage them to make precise calculations and let more space to spontaneous answers. The aim is indeed to evaluate the perception that consumers have toward four different promotional frames and this would be damaged whether precise mathematical counts were done.

## IV. RESULTS

In this section, the results collected by the submission of the survey are analyzed and discussed.

The survey website (Qualtrics.com) used to collect data gave the possibility to access the rough data, thanks to this it was possible to have a wider understanding of the collected data and to explore whether relationships exist between the three variables considered.

In table 7 the observed frequencies for both the age categories that have taken part to the survey and split up in the two product categories are presented in a contingency table.

**Table 7: Observed frequencies for both samples**

		PRODUCTS				
		LUXURY		NON-LUXURY		
		DIOR	YSL	CLARINS	CLINIQUE	TOTAL
<b>&lt; 35 Years old</b>	% off	22	15	20	15	72
	€ off	7	6	5	10	28
	coupon	6	3	9	9	27
	price pack	9	15	12	14	50
	none	6	11	4	2	23
		DIOR	YSL	CLARINS	CLINIQUE	TOTAL
<b>&gt; 50 Years old</b>	% off	32	31	35	37	135
	€ off	13	9	9	4	35
	coupon	1	0	1	3	5
	price pack	1	1	1	4	7
	none	3	9	4	2	18

The table is divided in two parts: the part above shows the data collected from the younger target, while in the part below the data collected from the elder one are presented. Each cell indicates the absolute frequency, thus how many times a particular promotion has been chosen according to each product (e.g. 22 younger participants declare to be more likely to be influenced by percentage-off promotion when buying Dior product). The rows sum (presented in the “Total” column) indicates how many times one particular promotional frame has been indicated by interviewees as the preferred promotion while purchasing one

particular product. These numbers may already show a particular trend about which promotional frame is more likely to influence each target.

The vertical sum for each column gives the same result, thus 50. This appears obvious because each participant was asked to make one choice for each product, for this reason therefore the vertical sum must be 50.

The aim of the research carried out in this thesis was to study how two variables (age and product category) may influence consumers' perception of different sales promotional frames. In other words, this research aimed to identify whether a relationship exists between age, product category and promotion effectiveness, meaning with this the efficacy of a sales promotion in influencing the purchase process of consumers till the point of inducing them to buy.

The statistical area adapt to make general statements about a population based on information collected from a sample of data is the inference.

According with the objectives of the current research the chi-square method has been applied. This method is considered to be particularly useful when the aim is to determine whether there is a relationship between two nominal/categorical variables. In the case this relationship does not exist, the two variables would be considered as independent or unrelated. Moreover this method enables the researcher to measure how likely is the possibility that an observed relationship has occurred by chance and that actually the two variables are unrelated. According with the chi-square analysis two elements should be calculated to determine whether there is evidence of a relationship between the two observed categorical variables, and thus whether the statistic is interesting:

- $X^2$
- Degrees of freedom (df) :  $df = (C - 1)(R - 1)$

Where  $X^2$  is the chi-square value of the observed distribution,  $C$  is the number of columns, and  $R$  the number of rows or levels of the second variable.

The first element is calculated using this formula (1), which computes how the pattern of observed frequencies differs from the pattern of expected frequencies:

$$(1) \quad X^2 = \sum \frac{(O-E)^2}{E}$$

Where:

$O$  = indicates the observed frequency

$E$  = indicates the expected frequencies if there is no relationship (thus in the null hypothesis), that are calculated as follows:

$$(2) \quad E = \frac{(\text{row total} \times \text{column total})}{N}$$

Where  $N$  is the total number of observations.

In a chi-square analysis of independence each variable plays a specific role:

- The *group variable* is recognized as the independent variable because it influences the test variable (in this case the age or the product category)
- The *test variable* is the dependent variable because its value is assumed to be dependent on the group variable's value (in this case the promotional frame)

In the current research the *alfa* ( $\alpha$ ) value, also known as level of significance, has been stated as 0,05, it means that 0,05 is the amount of difference needed to make a decision about a difference or similarity. The significance level may be defined also as the probability ( $p$ ) that the observed relationship has occurred by chance, and when the observed  $p$  is  $<0.05$  it can be stated that the results are statistically significant.

After having provided a brief explanation of the statistical technique used to analyze data, this paragraph will continue with the description of the hypothesis and with their furtherer analysis.

*Hp.1: Elderly participants prefer cents-off promotions rather than the other promotional frames when considering the luxury products category rather than the non-luxury product category.*

As aforementioned in the literature review' section (see section 1.7), adults demonstrate to be less willing to process mental operations than youngers and moreover, they are more attracted by sure and evident discounts such as cents-off promotions when purchasing higher-price products because of the greater transaction value perceived (Das, 1992; Chen, Monroe and Lou, 1998). In this hypothesis the group variable is the product category and the

test variable is the promotional frame indicated by participants to be more likely to influence them.

The null hypothesis related to this proposition states that in the young sample there is no relationship between the promotional frame chosen by participants and the product category considered.

**Table 8: Contingency table of observed frequencies for the elderly sample**

>50 years old			
	LUXURY	NON-LUXURY	TOT.ROWS
% off	63	72	135
€ off	22	13	35
coupon	1	4	5
price pack	2	5	7
none	12	6	18
TOT.COLUMNS	100	100	200

**Table 9: Contingency table of expected values for the elderly sample**

>50 years old		
	LUXURY	NON-LUXURY
% off	67,5	67,5
€ off	17,5	17,5
coupon	2,5	2,5
price pack	3,5	3,5
none	9	9

Looking to the first table provided, which indicates the observed frequencies for each promotional frame, it appears evident that the two promotional frames that gain greater results have been in order of magnitude: percentage off promotion (preferred 135 times, thus the 67,5%) and cents off promotion (preferred 35 times, thus the 17,5%). Through this basic analysis it appears evident a strong preference of consumers toward these two promotional frames. Thanks to the further chi-square analysis, it will be tested whether it appears to exist a relationship between the product category variable and the promotional frames’.

Thanks to the formula (1) it is possible to calculate the  $X^2$  for each single cell and then to sum all of them up.

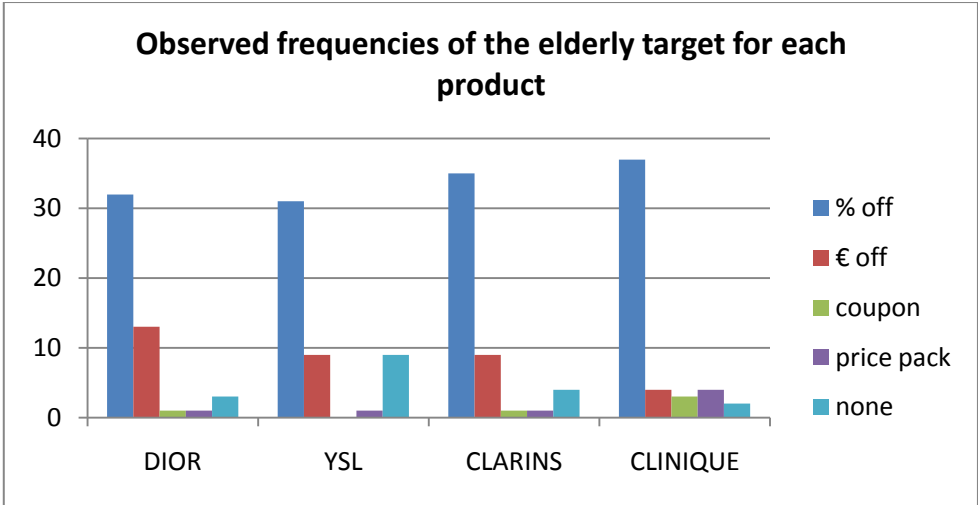
The table below shows all the values which should be considered to test whether a relationship appear to be existent or not in the elder sample between these two variables: promotional frames and product category, in other words whether the null hypothesis should be rejected or not.

chi-square	8
alfa	0,05
df	4
critical value	9,49

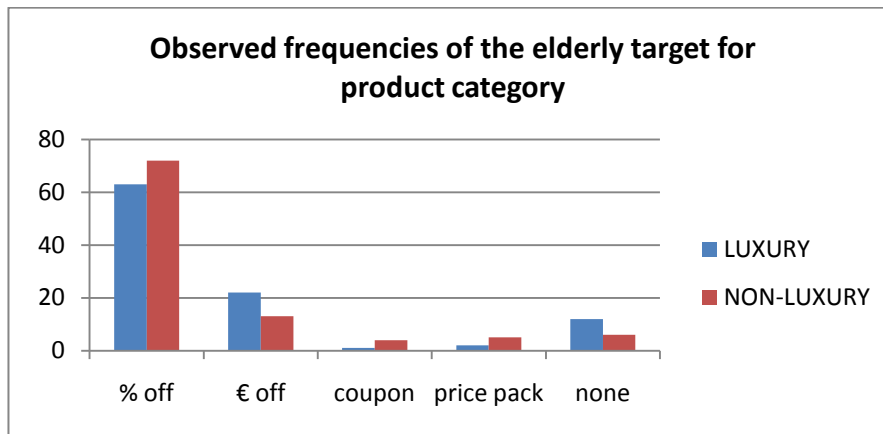
Belonging to the precedent analysis the hypothesis 1 should be rejected because the chi-square value is smaller than the critical value of the chi-square distribution with appropriate degrees of freedom, it means therefore that the association isn't statistically significant at the 0,05 level. The conclusion that the two variables appear to be independent means that: in the observed sample, the classification of a case into a particular category of the group variable has no effect on the probability that the case will fall into any specific category of the test variable.

The two figures below show graphically how the observed frequencies of the elderly target of participants have been distributed among the different promotional frames available in relation with the category of product.

**Figure 2: Observed frequencies of promotional frames for each product**



**Figure 3: Observed frequencies of promotional frames for both the product categories**



*Hp.2: Young participants appear to be more likely to be influenced by percentage-off promotions rather than the other promotional frames when considering the luxury products category as opposite to the non-luxury products category.*

As aforementioned in the literature review' section (see section 1.7), younger people are more willing to process mental operations that may lead to information of more elaborate encoding and, at the same time, they are more likely to be influenced by percentage promotions when purchasing higher-price products (Kausler and Klein, 1978; Chen, Monroe and Lou, 1998). The null hypothesis here states that there is no relationship between the promotional frame chosen by young participants and the product category considered.

**Table 10: Contingency table of observed frequencies for the young sample**

	<35 years old		
	LUXURY	NON-LUXURY	TOT.ROWS
% off	37	35	72
€ off	13	15	28
coupon	9	18	27
price pack	24	26	50
none	17	6	23
TOT.COLUMNNS	100	100	200

**Table 11: Contingency table of expected values for the young sample**

	<35 years old	
	LUXURY	NON-LUXURY
% off	36	36
€ off	14	14
coupon	13,5	13,5
price pack	25	25
none	11,5	11,5

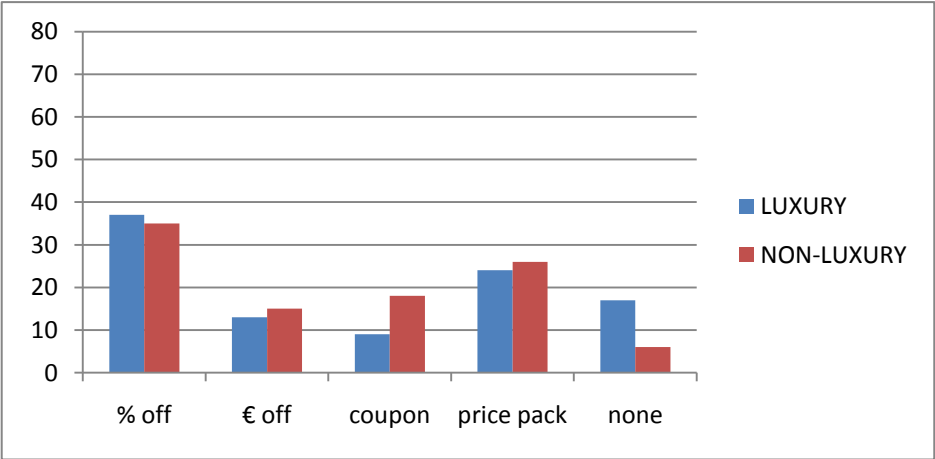
Looking at the first of the two tables provided, it appears evident that the young sample is more attracted by percentage-off promotional frame, it was therefore chosen 72 times out of 200, thus the 36%. The second promotional frame that appear to be more likely to influence participants' purchases is price pack, that achieve the 25% of the total responses. This short analysis may lead to a partial conclusion about the existence or not of a relationship; a further chi-square analysis enable to measure statistically the presence of this relationship. The formula (1) it is applied to calculate the  $X^2$  for each single cell and then to sum all of them up, in order to verify whether, in the observed sample, a relationship appears to exist or not between the promotional frames (test variable) and the product category (group variable), in other words whether the null hypothesis should be rejected or not.

chi-square	8,54	
alfa	0,05	
df	4	
critical value	9,49	

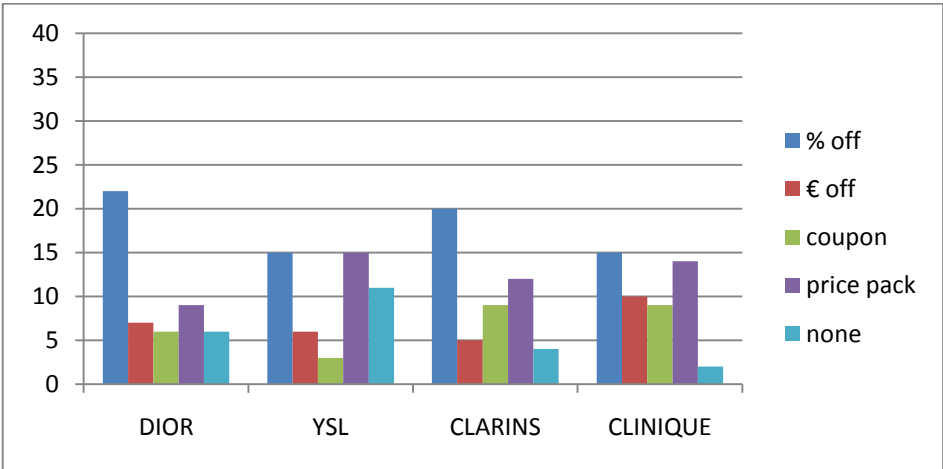
The null hypothesis related with the hypothesis 2, stated that no relationship exists between the promotional frame chosen by participants and the product category. Belonging to the previous analysis the null hypothesis should be accepted because the chi-square value is smaller than the critical value of the chi-square distribution with appropriate degrees of freedom ( $8,54 < 9,49$ ), it means therefore that the association isn't statistically significant at the 0,05 level.

The two figures below (Figure 4 and 5) show graphically how the observed frequencies of the young sample are distributed among the different promotional frames presented, in the first figure according with the two product categories, and in the second according to each single product.

**Figure 4: Observed frequencies of the young target for both product categories**



**Figure 5: Observed frequencies of the young target for each product**



*Hp.3: Both the age categories of interviewees prefer cents-off promotions rather than other promotional frames whether asked to purchase luxury products rather than non-luxury products.*

Previous studies mentioned in the literature review section (see section 1.7) lead to the proposition belonging to which it appears to exist a relationship between the preference of one particular promotional frame, cents-off, and the product category. Even if the monetary saving is equivalent on an economic basis, consumers will be more likely to prefer cents-off

promotions for high-price products (Das, 1992). The null hypothesis related to Hp.3 states that no relationship exists between the product category and the chosen promotional frame.

**Table 12: Contingency table of observed frequencies for both samples**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE	TOT.ROWS
LUXURY	100	35	10	26	29	200
NON-LUXURY	107	28	22	31	12	200
TOT.COLUMNS	207	63	32	57	41	400

**Table 13: Contingency table of expected value for both samples**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE
LUXURY	103,5	31,5	16	28,5	20,5
NON-LUXURY	103,5	31,5	16	28,5	20,5

Actually the hypothesis is not really supported by observed frequencies. Looking at the first table indeed the percentage-off promotion in the luxury product category appears to gain the greatest result, 100 answers out of 200, which means the 50%. On the contrary, the cents-off promotion received only the 17,5% of the total possible answers, which is however the second greatest result. The chi-square analysis will provide a more deep analysis about the existence of a relationship between product category and promotional frame.

chi-square	13
alfa	0,05
df	4
critical value	9,49

In this case the chi-square value is superior to the critical value of the chi-square distribution, this results allows to affirm that it appears to exist a relationship in the observed sample between the promotional frame chosen and the relative product category considered. The null hypothesis of no association can be rejected, and this indicates that the relationship appears to be statistically significant at the 0,05 level in the observed sample.

After having proved the existence of a relationship between these two variables in this specific sample, further step may be the calculation of the phi coefficient in order to determine the strength of this relationship. The phi coefficient should be calculated as follows:

- If  $df = 1$ :  $\phi = \sqrt{X^2/N}$
- If  $df > 1$ : Cramer's  $\phi = \sqrt{X^2/N(k - 1)}$  (3)

Where:

$X^2$ = chi square value

$N$ = total number of observations

$k$ = number of rows or columns, whichever is smaller

According to this hypothesis, the Cramer's coefficient is equal to 0,18. This value indicates that the association is not very strong, since this index can range from 0 to 1.

Knowing that a relationship exists between these two variables, it might be moreover interesting to understand which cells caused the greatest difference between the expected and the observed values and therefore induced the relationship to be statistically significant. This knowledge may help meaningfully the data interpretation.

In the first of the two tables below, there are represented each promotional frame's difference between the observed and the expected values. These results should highlight which among the five possible options played a more important role in determining the existence of a relationship. These values have been then standardized in the second table so that they do not depend anymore on the size of the relative cell. The values highlighted with the green color represent the cells that had the greatest impact on the relationship, therefore coupons and the option "not to purchase at all the product" appear to influence more than the other options the relationship between the two variables.

**Table 14: Residuals between observed and expected frequencies**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE
LUXURY	-3,5	-3,5	-6	-2,5	8,5
NON-LUXURY	3,5	3,5	6	2,5	-8,5

**Table 15: Standardized residuals between observed and expected frequencies**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE
LUXURY	-0,70043	0,960822	-2,211629	-0,71518	2,802462
NON-LUXURY	0,700429	-0,96082	2,211629	0,71518	-2,80246

*Hp.4 Elderly participants rather than young participants prefer cents-off promotions rather than other promotional frames for both the products categories, luxury and non-luxury.*

This hypothesis tests whether a relationship exists between the age category and the promotional frame that participants are more likely to be influenced by. Elderly consumers therefore appear to be more sensitive to evident and immediate promotions rather than other kind of sales promotions (Hulicka and Weiss, 1965; Kausler and Klein 1978). The null hypothesis, in the opposite, expects that there is no relationship between age and the promotional frame chosen.

**Table 16: Contingency table of observed frequencies for both product categories**

	% off	€ off	coupon	price pack	none	TOT.ROWS
<35 years old	72	28	27	50	23	200
>50 years old	135	35	5	7	18	200
TOT.COLUMNNS	207	63	32	57	41	400

**Table 17: Contingency table of expected value for both product categories**

	% off	€ off	coupon	price pack	none
<35 years old	103,5	31,5	16	28,5	20,5
>50 years old	103,5	31,5	16	28,5	20,5

The table with the observed frequencies shows a strong preference of the elderly sample toward the percentage off promotion (67,5%) and the cents-off promotion (17,5%). These two promotional frames cover the 85% of the total frequencies, it suggests therefore that

there is a strong preference of the elderly sample toward these promotions, on the contrary the younger sample presents only the 50% of their total frequencies towards the two same promotions. The chi-square analysis will test the statistical significance of the observed association.

chi-square	68,13	
alfa	0,05	
df	4	
critical value	9,49	

The chi-square value is greater than the critical value and this allows to reject the null hypothesis stating that it appears to exist a relationship between the age and the promotional frame indicated by interviewees as more likely to influence their purchases. The Cramer’s value (formula 3) will measure the strength of the association.

Cramer’s value  $\phi = 0,41$

This value allow to affirm that the association between the two variable is strong.

To better explore which of the promotional frames play a more important role in this association, in the tables below the differences between the observed and the expected values have been calculated. This knowledge will lead to a deeper interpretation of the association between age categories and promotional frames.

**Table 18: Residuals between observed and expected frequencies**

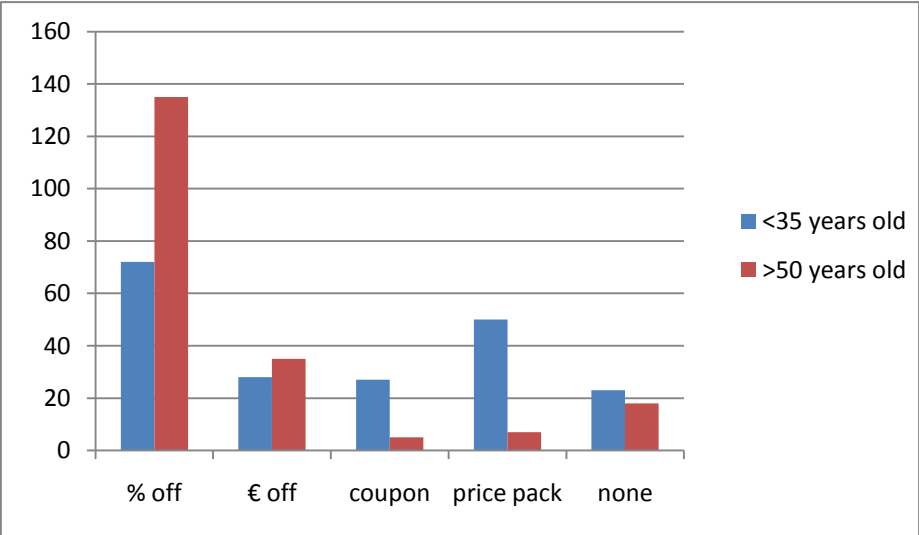
	% off	€ off	coupon	price pack	none
<35 years old	-31,5	-3,5	11	21,5	2,5
>50 years old	31,5	3,5	-11	-21,5	-2,5

**Table 19: Standardized residuals between observed and expected frequencies**

	% off	€ off	coupon	price pack	none
<35 years old	-6,3	-0,96	4,05	6,15	0,82
>50 years old	6,3	0,96	-4,05	-6,15	-0,82

In the figure below a graphic representation of the observed frequencies is provided in order to make differences on sales promotion preferences more visible as split up for each age category.

**Figure 6: Observed frequencies split up for the two age categories**



*Hp.5 In purchasing luxury products, young participants rather than elderly participants appear to be more likely to be influenced by percentage-off promotions.*

This hypothesis aim to verify whether a relation exists between the age variable (group variable) and the promotional frame chosen (test variable). As aforementioned in the literature review (see section 1.7) young participants appear to be more willing to process mental operations and to be more attracted by their results (Hulicka and Weiss, 1965; Kausler and Klein 1978). The null hypothesis states that no relationship exists between the age and the preference toward a specific promotional frame.

**Table 20: Contingency table of observed frequencies for both age categories in purchasing luxury products**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE	TOT.ROWS
<35 years old	37	13	9	24	17	100
>50 years old	63	22	1	2	12	100
TOT.COLUMNS	100	35	10	26	29	200

**Table : Contingency table of expected frequencies for both age categories in purchasing luxury products**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE
<35 years old	50	17,5	5	13	14,5
>50 years old	50	17,5	5	13	14,5

Analyzing the data provided in the first table, it appears clear that the young sample, as opposite to the elderly sample does not show a great attitude toward percentage-off promotions (37%) while purchasing a luxury product. On the other side the elderly sample show a greater tendency toward this promotional frame, thus the 63%. Unlike the elderly sample, young participants present a more equal distribution of their frequencies among the different promotional frame. The chi-square analysis will enable to have a statistical proof of whether the relation between these two variables exists or not.

chi-square	34,95
alfa	0,05
df	4
critical value	9,49

The results from the chi-square analysis suggest that a relationship exists between age and the promotional frame people appear to be more likely to be influenced by, when purchasing luxury products. The Cramer's index (formula 3), which measure the strength of this relationship, highlights a strong association between the two variables.

Cramer's value  $\phi = 0,42$

**Table 22: Residuals between observed and expected frequencies**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE
<35 years old	-13	-4,5	4	11	2,5
>50 years old	13	4,5	-4	-11	-2,5

**Table 23: Standardized residuals between observed and expected frequencies**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE
<35 years old	-3,68	-1,67	2,6	4,63	1
>50 years old	3,68	1,67	-2,6	-4,63	-1

The calculation of the residuals, the differences between the observed values and the expected ones is presented in the two tables above, in the first in absolute terms and in the second after the standardization of data. It appears therefore that percentage-off and coupons are the cells which are more responsible of the association between the two variables. The meaning and the implications of this result will be better explained in the next section.

*Hp.6 When purchasing non-luxury products, young participant rather than elderly participants appear to be more likely to be influenced by coupons promotions.*

Young participants are less sensitive than elderly participant in percentage-off promotions especially when these are applied on non-luxury products. The following analysis aim to test whether a relationship exists between age and promotional frames when purchasing non-luxury products. Belonging to the null hypothesis the age variable does not influence the typology of promotional frame participant admit to be more likely to be influenced by. As aforementioned in the literature review coupons have severally proved to be particularly attractive toward young consumers (Chen, Monroe and Lou, 1998).

**Table 24: Observed frequencies summing up both product categories**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE	TOT.ROWS
<35 years old	35	15	18	26	6	100
>50 years old	72	13	4	5	6	100
TOT.COLUMNNS	107	28	22	31	12	200

**Table 3: Expected values summing up both product categories**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE
<35 years old	53,5	14	11	15,5	6
>50 years old	53,5	14	11	15,5	6

As it appears clear in some of the previous hypothesis, preferences of the elderly sample focused mainly on percentage-off promotions, while those of the younger sample are more equally distributed among different options of promotional frames. While for elderly participants percentage-off promotions covers the 72% of their total preferences, for the younger sample this promotional frames acquired only the 35%, a percentage that appears to be really close to the one of coupons (18%) and price packs (26%)

chi-square	36,07	
alfa	0,05	
df	4	
critical value	9,49	

The chi-square analysis tested that the relationship between age and promotional frames appears to be statistically significant at a 0,05 level while purchasing luxury products, and moreover belonging to the Cramer’s coefficient this association appears to be strong. Cramer’s value  $\phi = 0,42$

**Table 26: Residuals between observed and expected values**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE
<35 years old	-18,5	1	7	10,5	0
>50 years old	18,5	-1	-7	-10,5	0

**Table 27: Standardized residuals between observed and expected values**

	% OFF	€ OFF	COUPONS	PRICE PACKS	NONE
<35 years old	-5,25	0,41	3,16	4,1	0
>50 years old	5,25	-0,41	-3,16	-4,1	0

From the analysis of the residual, both in absolute and standardized terms, the cells which have contributed more to the aforementioned association are highlighted in green. A reflection upon the role of these three promotional frame swill be further provided in the next section in order to better explain how the evidence of this association may be exploited concretely.

## V. DISCUSSION AND MANAGERIAL IMPLICATIONS

After having statistically analysed the collected data using the chi-square technique, in this section the results achieved will be interpreted in order to draw some conclusions and some managerial implications. These may be really useful for a practical application and exploitation of the relationship between the variables which have been taken into consideration.

The first two hypothesis tested whether a relationship exists between the product category and the promotional frame consumers declare to be more likely to be influenced by. The first hypothesis concentrated on the elderly sample while the second focused on the young sample. The chi-square analysis of both the contingency tables provided the same result: it appears not to exist a relationship between these two variables in both the samples. It suggests therefore not to base the choice of which promotion to use on the product category of the item the sales promotion is applied to. In other word, the product category does not seems to influence the way consumers (elderly, hp.1 and young, hp.2) perceived the transaction value of a certain promotion.

The observed frequencies appear to support the statistical results. The data collected from the elderly sample show indeed that in both the product categories (luxury and non-luxury) the 85% of the total preferences is given to the percentage-off and cents-off promotions, so there isn't a significant difference in the way preferences are allocated between luxury and non-luxury products. Despite the fact that these two first hypothesis do not appear to be verified in the observed samples, another important conclusion may be drawn from the data of the elderly sample: independently from the category of the product to which it is applied, older consumers appear to be more sensible and more likely to be influenced by evident monetary savings such as percentage-off and money-off. This awareness may induce marketers to exploit more these two sales promotional frames when targeting an elderly sample in order to improve consumers' perception of the promotion and to reach the final objective: influence their purchase process.

On the contrary, in the young sample there is not the same evidence. Preferences are allocated not only in the first two promotional frames, percentage-off and cents-off (50%) but a significant percentage (25%) is allocated on price packs. This tendency may be of great

interest for marketers and may be better explored in further researches in order to understand whether it was an isolated characteristic of the observed sample or whether it may be generalized to the young population.

The third hypothesis tested the same variables but in a different sample. In this case the results achieved by each sample (young and elderly) have been combined and the chi-square analysis has been applied. The relationship between the product category and the promotional frame appears in this sample to exist ( $13 > 9,49$ ) and to be significant at the 0,05 level. As in the previous discussion, the percentage-off promotion received the greatest amount of preferences among the others in both the product categories (51,75%). Even if the Cramer's coefficient states that this relationship is not very strong, it may be interesting to look at the cells which have contributed more to the existence of this relationship. From the analysis of the residuals, thus the differences between observed and expected values, coupons and the option "not to purchase at all" appear to be the promotional frames which present the biggest difference from the expected values. In the non-luxury product category coupons achieved a significant amount of preferences and this observation may lead to some interesting information, to be better explored in further researches. For what concerns the objectives of this research it is enough to say that in a population which includes both young and elderly participants the product category of the promoted item influence the way consumers perceive different promotional frames. In particular the sensibility to coupons appears to differ meaningfully whether these are applied to luxury or non-luxury products and in conclusion results demonstrate the consumers' preference toward coupons when these are applied to non-luxury products.

This deduction may induce marketers to reflect upon which sales promotional frames would reach better results when applied to a non-luxury or a luxury product. If on one side the preference for percentage-off has already been proved many times, the attractiveness that coupons exert when applied to non-luxury products is something new that may be source of inspiration for marketers while applying a sales promotion campaign on non-luxury products.

The fourth hypothesis tested whether a relationship exists between the age category and the promotional frame to which participants declare to be more sensitive. Here the two

products categories are not considered and from the results it appears to exist a relationship (68,13>9,49) between the age and the way consumers perceive sales promotions in the observed sample. Elderly participants demonstrate a really strong attitude toward percentage-off and cents-off promotions, greater than the one showed by youngers. The Cramer's value proved statistically this observation, and it measured a strong associations. Percentage-off promotions, coupons and price packs appear to be the cells that played a more important role in creating this association. A part from percentage-off promotions, which already demonstrated to have a particular positive impact on consumers independently from the age, a reflection on coupons and price packs may be useful for marketers in the real application. The younger target indeed showed a significant attitude toward these two promotions, much bigger of the one showed by the elderly sample. This attitude of young consumers toward coupons should be more explored and may be a useful knowledge for marketers. They could indeed better address a sales promotion to a specific target, in this case the younger one, and by the way improve the effectiveness of the sales promotional campaign.

The fifth hypothesis tested whether a relationship exists between age and the preferred promotional frame when purchasing luxury products. A first observation based on the analysis of the observed frequencies highlights that it appears to exist a difference between the way young and elderly participants allocated their preferences when purchasing luxury products. The elderly sample indeed showed a greater tendency toward percentage-off promotion rather than the younger sample, and moreover from the chi-square analysis it appears to exist a relationship between age and the perception of promotional frames when purchasing higher-price products. Percentage-off promotions and price packs appear to play an important role in this association. Indeed the way these are perceived by consumers changes a lot according to the age category of participants, and this evidence may be of great importance both for marketers and for researchers in further studies. While planning a sales promotional campaign on luxury products, the use of price packs to address the younger target and percentage-off promotions when targeting elderly consumers may improve the effectiveness of the total campaign. Marketers should in other words take into account the age variable when planning sales promotions on luxury products, because this uptake may improve significantly the effectiveness of the campaign in the whole.

Finally the sixth hypothesis tested whether a relationship exists between age and the promotional frames perception when people are buying non-luxury products. The results achieved in this analysis were quite interesting. Apart from percentage promotions, which already proved to have a really great impact on consumers' perception, independently from their age, coupons and price packs appear to play a great influence on the young target when purchasing non-luxury products and this knowledge may serve as point of reflection for marketers. The previous hypothesis also highlighted this positive attitude of younger consumers toward coupons and price packs, therefore it may be concluded that when addressing a younger target the use of coupons and price packs may have a great impact both when the promotions are applied to a higher or lower priced products.

In conclusion age and products categories were found to be responsible factors of differences in customers' perceptions when facing promotional frames which were equal on an economical basis. Practical implications of the aforementioned outcomes involve in particular two areas of marketing. On one hand, the possibility of segmenting customers according to the research results and on the other, to target pricing schemes specific to these segments. The combination of these two actions would potentially improve customers' deals perception and influence their intentions to purchase until the point of inducing them to buy the promoted product.

## V. LIMITATIONS OF THE RESEARCH

While analysing the results achieved by the research conducted in this thesis, it is important to take into consideration some factors which might have occurred in its different phases and which have been in some way involved in the results generation.

Some of the limitations, that will be described in this section, are related with the sample, others with how the survey was conducted and others with the external context.

In the following list, the principal limitations will be recalled and briefly described:

- Simplification of the sample's characteristics

The characteristics of the sample are extremely important in generating results and whether underestimated may conduct to a wrong interpretation of them. The sample of the current research was composed only by women, of different age and nationalities. These three demographic characteristics whether modified may lead to different results and different conclusions. For example, carrying out the same survey but addressing only women belonging to a specific nationality may generate different results. The choice of including in the survey women from different countries was based on previous studies (Kwok & Uncles, 2002), which proved that this variable does not affect how they perceive promotions, but even accepting this statement the possibility of any influence cannot be totally excluded;

- Fake purchase context

The context in which interviewees were demanded to answer was not a real purchase context, meaning with this a perfumery or a cosmetic shop. Even if the short introduction at the beginning of the questionnaire had the aim of projecting interviewees in a real context, it must be taken into consideration in the results' analysis, that they were not. In a real shopping context, all the external factors that surround consumers play a very important role and could sometimes even change their purchase process. The impossibility of recreating a shop environment in an online survey may be a factor that influence interviewees' answers;

- Subjective product involvement

The choice of which products should be included in the survey was not an easy matter. The attitude that each person has toward a specific product is really subjective and personal, and therefore difficult to detach. In order to limit this problem a pre-test (see section 5) has been conducted. The aim of the pre-test was indeed to identify four products that were clearly recognized as luxury or non-luxury by a large sample of people, and avoid in this way the risk of choosing products with an undefined position in the consumers' mind. Even if the pre-test helped in reducing this possibility, it didn't completely avoid the risk that among a large sample of consumers, some of them have a particular attitude toward the products object of the survey;

- Quantitative research design

Also the way the survey has been structured plays an important roles in generating results. The quantitative research, as it is defined, presents a lack in the general description of the environment and, as already said, this element could negatively affect consumers' responses. Moreover, the choice of using closed-ended questions, even if it involves several advantages, entails also a sort of inflexibility. These factors reduce the possibility of generalizing the results and of identifying wider trends or phenomenon;

- Assumption at the base of the chi-square analysis

One of the assumption at the bases of the chi-square analysis states that it should not be conducted when the expected frequencies in any of the cells of the contingency table is less than five. Whether this case is presented a correction factor should be applied. In the case of the current research this happened in the first hypothesis but no correction factor has been applied because this matter is still a controverted subject among researchers. Anyway this fact may have limited in some way the research and should therefore be taken into consideration.

## VI. FURTHER RESEARCHES

The research conducted in this thesis focuses on the relationship between some different promotion typologies and two other variables: the age of the consumers and the typology of the product the promotion is applied to, in order to determine the patterns' effectiveness.

Discovering the most effective patterns enable marketers to increase the total effectiveness of the sales promotion campaign implemented.

As aforementioned, the context is really important and may deeply influence the way consumers perceive marketing activities. In this circle people appear to be influenced by economic, social and environmental events and, equally the context and marketing decisions are influenced by consumers' attitudes and behaviours. A proof of this deep relation is the noteworthy switch from the overuse of advertising toward sales promotions. In this case, indeed marketing' strategies perceiving some external new factors, have been upgraded to new tendencies.

Nowadays the sales promotion system is well developed and new problems are arising. With the pass of the years various typologies of sales promotions have been framed and the direct consequence of this is that now it results really difficult to choose among them.

A sales promotion campaign is anyway a cost for the company that plan it and more effective it is, more profitable it is for the company. From here the necessity of identify and analyse whether relationships occur between sales promotional frames and other particular variables, which might be related to: consumers, products, external environment etc. The more these relationships are known, the more it will be possible for marketers to increase the effectiveness of sales promotions activities, this is the reason why further researches might be of great importance.

Further researches may thus continue having as objective to investigate the strength, whether it exists, of relationships between other unexplored variables.

It might be of particular interest indeed to better explore the relationship between the effectiveness of a certain promotion applied to some particular product categories. Knowing that consumers are more likely to be influenced in their purchases by a cents-off promotion rather than a sweepstake or a coupon, might be not enough. Indeed the perception of a sales promotion might change according to the life-cycle of the product which it is related to, or to the level of quality attributed to that brand or to the private or non-private nature

of the label etc. The knowledge of these patterns might considerably simplify the choice to marketers.

Moreover, it might be interesting as well to determine whether some environmental factors or stimuli related with the context of purchase, play a significant role in the perception of different promotional frames. And whether this relation exists, both marketers and retailers may take advantage if it adapting the promotion implementation to the context. Haans and Gijbrecchts (2011) studied whether a relation exists between the store size and the sales promotions results. Their outcomes proved that for each of the promotions applied, the percentage of increase of sales volume was lower in larger stores.

Finally, going on concentrating on some consumers' variables and specifically exploring how demographical characteristics, such as age, gender, nationality, level of study, level of employment etc. influence the way these people perceive different promotional frames, might always be an interesting field to improve the effectiveness of sales promotions.

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## VIII. ANNEXES

### ANNEXE 1: CONSUMERS ONLINE SURVEY

#### **Sales promotions in cosmetic products-Online survey**

**Q1.** To which of this three age categories do you belong?

- under 35
- from 36 to 49
- over 50

WHICH OF THE PRESENTED PROMOTIONS WOULD BE MOST LIKELY TO INFLUENCE YOUR DECISION TO PURCHASE THE FOLLOWING ITEMS?

Imagine that you become aware of the discount in the store and don't have a calculator handy!

**Q4. Purchasing Dior – J'adore - Eau de toilette** Full price: Price: 49,80 €

- 15% discount
- 7 € discount
- 8 € at the next purchase
- 20% discount with the purchase of two products
- Would not purchase this item regardless of the cost



**Q5. Purchasing Yves Saint Laurent - Red lipstick** Full price: 29,90€

- 15% discount
- 4 € discount
- 5 € at the next purchase
- 20% discount with the purchase of two products
- Would not purchase this item regardless of the cost



**Q6. Purchasing Clarins - Daily Hydro Cream?** Full price: 25,00 €

- 15% discount
- 3,5 € discount
- 5 € at the next purchase
- 20% discount with the purchase of two products
- Would not purchase this item regardless of the cost



**Q7. Purchasing Clinique - Bottom lash mascara?** Full price: 15,00 €.

- 15% discount
- 2 € discount
- 4 € at the next purchase
- 20% discount with the purchase of two products
- Would not purchase this item regardless of the cost



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## **Déclaration sur l'honneur**

Je, soussigné(e), .....CAROLINA CONTE....., certifie sur l'honneur que je n'ai rien plagié dans le travail ci-joint, ce qui signifie que je suis le seul auteur de toutes les phrases dont le texte est composé. Toute phrase ayant un autre auteur que moi a été mise entre guillemets, avec indication explicite de sa source. Je suis conscient(e) qu'en contrevenant à la présente règle je transgresse les principes académiques reconnus et m'expose aux sanctions qui seront prononcées par le conseil de discipline.

J'atteste également que ce travail n'a jamais été présenté dans le cadre d'études antérieures à ESCP Europe.

S'il s'agit d'un travail réalisé dans le cadre d'études effectuées en parallèle, je dois le préciser.

Les propos tenus dans ce mémoire n'engagent que moi-même.

Fait à Paris le 9 Mai 2012

## **Affidavit**

I the undersigned, .....CAROLINA CONTE....., certify on the honor that I have not plagiarized the paper enclosed, which means that I am the only author of all the sentences this text is composed of. Any sentence from a different author than me was written in quotation marks, with explicit indication of its source. I am aware that by contravening to the present rule, I break the recognised academic principles and I expose myself to the sanctions the disciplinary committee will decide on.

I also confirm this work has never been submitted during studies prior to ESCP Europe.

If this work has been written during studies conducted in parallel, I must precise it.

The remarks written in those pages only commit me.

Paris, 9/05/2012