

**THE EFFECT OF SALES PROMOTIONS ON BRAND PREFERENCE:
A CASE OF ALBANIAN GSM COMPANIES**

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Abstract

Sales promotions have been growth since 1960 and today it has become one of the main factors in the marketing promotion mix. This method is increased in a huge number of companies around the world which are realizing the importance of promotional strategy. As a marketing tool, the primary objective of sales promotions is to create an immediate need by adding an extra incentive to buy the product. Furthermore the promotion strategies desire to transform people from general customer to loyal customer.

Albanian GSM companies rely on sales promotions in order to attract customers and motivate them to buy their products. Due to economic and climate conditions of the country, GSM companies usually disturb umbrellas and different products as sales promotions. The purpose of this study is to better understand how sales promotions are used in Albanian market and to analyze of the efficiency of promotion products on brand preference for GSM companies.

Keywords: *Sales Promotions, Non-Monitored Sales Promotions, Product Preference*

Introduction

In today's competitive market structure, sales promotions are among main tools of marketing components. It is essential means for brands not only to reach new consumers but also in switching exist customers to loyal customers. The major purpose of sales promotions is influence consumers by sales activities and direct them toward to buy brand's products or services. Sales promotion refers to many kinds of incentives and techniques directed towards consumers and traders with the intention to produce immediate or short-term sales effects.

In Albanian market, there are 4 GSM companies. Two of them international company; Vodafone (England origin) AMC (Greece Cosmote companies' brand)

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and others (Eagle Mobile and Plus) established in Albania. GSM companies are very active in non-monitored sales promotions as well as monitored sales promotions. We are focused on non-monetary promotions, which mean that products will be given to the customer as gifts, not to be paid from them. Mainly promotional products, those are manufactured by companies, are pens, bags, umbrellas, big cafeteria umbrellas, free cards, heats, clocks, calendars, notebooks, cubs, lighter etc. In the moment of giving those gifts, the product is associated with a brochure, in order to distribute not only the product but also the information about the brand.

In Albanian streets, you can see GSM companies promotional products everywhere, especially in rainy times. Its efficiency was a mystery for marketers. Therefore we focused to that topic and intended to investigate its efficiency in Albanian market.

Literature Review

Sales Promotion is defined as “*marketing activities usually specific to a time period, place or customer group, which encourage a direct response from consumer or marketing intermediaries, through the offer of additional benefits*” (Peattie and Peattie, 1994). Also it is known as short-term incentives to encourage the purchase or sale of product or a service (Kotler and Armstrong, 2012). The word of promotion is also used specifically to refer to a particular activity that is intended to promote the business, product or service. As a marketing tool, the primary objective of sales promotions is to create an immediate need by adding an extra incentive to buy the product (Rao, 2009).

Furthermore reviews of the short term price promotions have agreed on that sales promotions have dramatic up and down effect on sales results (Kendrick, 1998). On the other hand there has been considerable interest in the effect of sales promotion on different dimensions such as consumers’ price perceptions, brand choice, brand switching behavior, evaluation of brand equity, and effect on brand perception and so on. One of the purposes of a consumer promotion is to elicit a direct impact on the purchase behavior of the firm’s customers. Amongst the elements of marketing mix, sales promotions have long-term influence on brand equity (Manalel et al, 2007).

Sales promotions positively and negatively influence consumers through three different routes (Raghubir et.al, 2004);

- Changing the economic utility associated with a product purchase *-the economic route.*
- Influencing consumer’s beliefs about the brand or industry—*the informative route.*
- Affecting the feelings and emotions aroused in the consumer—*the affective route.*

Promotions are action orientated, particularly as they often tempt the buyer to buy or at least to try a product or services. These kinds of promotions often provide the final shove that moves a customer towards buying a particular product or services (Smith, 2001).

Sales promotions, premiums, incentives and motivation schemes are used for products and services in customer, business-to-business and industrial market. Even if there have been different instance classifications, there are three main promotion categories (Kotler and Armstrong, 2012, Teunter, 2002, Smith, 2001):

1. Consumer promotions (samples, coupons, cash refunds, cents-off deals, premiums, Point-Of-Purchase promotions).
2. Trade promotion (discounts, allowance, free goods, specialty advertising items such as, free pens, pencils, calendars etc.).
3. Business or Retailer promotions (contentions and trade shows, sales contests, rewarding customers, motivating sales people).

Consumer promotions are offered by manufacturers directly to consumers. Retailer promotions are offered by retailers to consumers. Trade promotions are offered by manufacturers to retailers or other trade entities (Teunter, 2002).

Promotional Products (Free Goods)

Promotional products are used as gifts, prizes, or even awards. Basically, promotional products are designed and printed with the companies name or logo. This is done in order to enable the public to make recognition about the brand. The attractive merchandise of promotional products is created regard to the campaigns which are communication-based and marketing based events.

Promotional products help to set up relationship between brand and customers. It creates a positive effect and satisfaction on customer by products usefulness. The creation positive effect on customers is a big achievement in competitive market structure. The positive effect of promotional products provides unique competitive advantage to company.

Non-price promotions not only provide hedonic pleasure but also bring some computable economic savings to consumers (Liao, 2006). In addition, consumers like promotions. They provide utilitarian benefits such as monetary savings, increased quality (higher quality products become attainable), and convenience, as well as hedonistic benefits such as entertainment, exploration, and self-expression (Teunter, 2002).

Effective planning of the promotional elements of the marketing communication mix requires an appreciation of how the communication process works. This process is summarized in the following questions (Lancaster et al, 2003):

- Who says what?

- In what channel?
- To whom?
- And with what effect?

Companies must combine the different communication tools into a coordinated promotion mix. The appropriate use of sales promotion and the overall blend of different promotional tools are influenced by promotional mix strategy. Two broad promotion mix strategies to choose from are defined in literature as a push strategy and a pull strategy or a combination of both. In a push strategy, promotion is directed to channel members in order to push the offering to customers (Lindholm, 2008).

Methodology

In this research, face-to-face survey method was used for data collection. 266 people participated in the survey from Tirana Albania. There were no restrictions of responders' educational, income and age levels.

The effect of sales promotions on brand preference was measured on 4 factors as follows; 'attitude toward promotions', 'monetary sales promotions', 'non-monetary sales promotions (free goods)' and 'brand preference' with '5' point Likert-type scale and 20 questions. '1' is indicating 'strongly disagree' and '5' indicating 'strongly agree'. The questionnaire also includes participants' demographic information. The data was collected in city centers and shopping malls. After collecting the surveys the data was coded and examined. 6 of the questionnaires were eliminated and 260 questionnaires analyzed. We used SPSS 18.0 to conduct exploratory factor analyses (EFA) to obtain the assumed factor structure.

Data Analyses and Findings

Firstly, we examined sample characteristics, then reliability of the data by Cronbach's alfa value and exploratory factor analyses results. The results of data sample characteristics are shown in table 1.

Table 1. Sample Characteristics

Sample Characteristics	%		
Gender: Male; 124	47.7	Marital Status:	
Female; 136	52.3	Single; 68	
26.2		Married; 36	
13.8			
Age: 18 or younger; 8	3.1	Married 1 child; 60	
23.1			
19-30; 82	31.5	Married 2 children; 54	20.8
31-40; 98	37.7	Married 3 children or more; 42	
16.2			
41-50; 54	20.8		
51 and older; 18	6.9		
Education:		Mounty Income	
Less than high school; 21	8.1	50.000 Leke or less; 199	
76.5			
High school&College; 93	35.8	50.001-100.000 Leke; 49	
18.8			
Bachelor; 92	35.4	100.001-200.000 Leke; 11	
4.2			
Post Graduated; 54	20.8	200.001 Leke or more; 1	
0.4			

Reliability analyzes of the whole data conducted by Cronbach α method obtained a 0.830 result. The exploratory factor analyses conducted on four main factor and 20 factor items and results were found out by Principal Component Analysis method. Meanwhile the Varimax method was adapted with Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. The results proved reliability of analysis.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.859
Bartlett's Test of Sphericity	Approx. Chi-Square	2126.370
	Df	171
	Sig.	.000

Table 2: (EFA) Principle Component Analysis Results

A: Attitude toward sales promotions	M: Monetary Sales Promotions	N: Non-Monetary Sales promotions	B: Brand Preference
A3	M3	N2	B3
A2	M2	N1	B4
A1	M1	N4	B5
A4	A6		B2
A5	M4		N3
			B1
% 14.28	% 13.14	% 8.25	% 24.73

As a result of the Principal Component Analysis, we have 4 components which have greater than one as an eigen value. At total 60.41 % of variance is explained by these 4 components, B (brand preference) explained 24.73 % of variance alone, 14.28 % of variance is explained by A (attitude), 13.14 explained by M (monetary sales promotions), and 8.25 is explained by N (non-monetary sales promotions), respectively.

After examining the components it is seen that the variables (questions in the survey) which were in the same factor group before the principal component analysis (PCA), are almost in the same group after the PCA except A6 and N3 items. A6 is grouped under the M (monetary sales promotions) and N3 is grouped under the B (brand preference) component. Normally A factor 6, N factor 5, M factor 4 and B factor had 5 items. Due to that reasons brand preference (B) factor has been 6 and monetary sales promotions (M) factor has been 5 items. In this case N3 item's name will be change as B6 and A6 item's name will be change as M5 in the 'factor loading table'. N5 item has been removed from the scale because of its

incompliance to grouping. Component factors and its item loadings are shown on table 3.

Table 3: Factor Loadings of EFA

Factors and underlying items Loading	Item
A3- Receiving a promotional deal with a product purchase makes me 0.722 Feel like I am a good shopper	
A2- When I purchase a brand that is offering a special promotion, 0.676 I feel that it is a good buy	
A1- I am every time positive to promotional products 0.646	
A4- When I decide to buy something, I always look for promotion that 0.602 brands offer to the customer	
A5- Compared to other people, I am very likely to purchase brands that 0.585 come with promotional offers	
M3- I have a positive attitude toward Cents-off deals 0.752	
M2- Beyond the money I save, buying brands on deal makes me happy 0.739	
M1- I enjoy buying a brand that is “on deal” 0.645	
M5- I feel like a successful shopper when I purchase products that 0.561 offers special promotions	

M4- When I take advantage of a ‘buy-one-get-one-free’ offer, I feel good
0.531

N2- Having a free gift from a brand gives me a sense of joy
0.800

N1- I love brands’ special promotional products
0.515

N4- I like brands that use more gifts than other competitors
0.433

B3- A brand would be my first choice because of having its promotions.
0.839

B4- I would prefer brand that provides promotional advantages forever
0.793

B5- I choice brands in my shopping as their promotional applications
0.767

B2- Free promotional products impress my mind regarding brand preferences
0.766

B6- In my life I use some brands’ promotional products.
0.710

B1- I would prefer brand if I had its free gift
0.627

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

Also, we asked to participants some questions regarding to have free gift from their own GSM companies. For example, the question ‘Did you have any free gift from your current GSM Company?’ answered positively by 66.5 percent of participants (173 people). Just 33.5 percent participants didn’t have any promotional product from their own GSM companies (87 people). Another important question, that shows importance of promotional activities, was that ‘If yes having free gifts from your GSM company, did it impact your decision positively?’. 78.6 percent of participants accepted positive role of free gifts to choice their GSM service provider company (158 people). 21.4 percent of participants rejected positive role of promotional products to choice GSM company (43 people).

Moreover, we examined meaningful relations between ‘promotional products’ effect on choosing’ and participants; education, marital status, income levels and ages thorough chi-square method. We found out a meaningful relationship between ‘promotional products’ and these variables. We can write the hypotheses on promotional products and related variables, as follows;

H1: There is a significant relationship between promotional products and education level
H2: There is a significant relationship between promotional products and marital status

H3: There is a significant relationship between promotional products and income level

H4: There is a significant relationship between promotional products and age.

Table 4. Hypotheses Significance & Decision

Variables (Hypothesis)	Significance	Decisions
H1: promotional products and education level	0.373	Rejected
H2: promotional products and marital status	0.831	Rejected
H3: promotional products and income level	0.013	Accepted
H4: promotional products and age	0.075	Rejected

H1, H2 and H4 hypotheses’ significance levels are $p \leq 0.05$. Due to their p values, these hypotheses are rejected. But H3 hypothesis is accepted. After examining the results we can say that the willing to promotional products is increasing accordingly to less and middle income level. For example while % 77.9 of 50.000 leke or less income level participants and % 88.4 of 50.001-100.000 leke income level participants accepted positive role of free gifts to choice their GSM service provider, the proportion for 100.001-200.000 leke income category was just % 37.5.

Conclusion

Sales promotions have important role for marketing activities and promotion mix. Monetary or non-monetary sales promotions are very efficient on Albanian consumer regardless of age, educational level and marital status. For instance, in this study 78.6 percent of participants accepted positive role of non-monetary (free gifts) promotions to choice their GSM service provider company. Consequently, marketing managers should be cautious about combining monetary and non-monetary sales promotions on their marketing campaigns. Finally, findings imply that managers should pay attention to find out right sales promotion activities and harmonize them to attract consumers toward their brand.

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