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**LEBANESE AMERICAN  
UNIVERSITY**

**BUSINESS SCHOOL  
BIERUT**

**An Assessment of Sales Promotion  
Program On Corporate Image And  
Customer Buying Behavior**

**By: Rabah Nazih El-Masri**

**A PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF  
THE MASTERS' DEGREE IN BUSINESS  
ADMINISTRATION**

**FEBRUARY 14<sup>TH</sup>, 1997  
BUIRUT- LEBANON**

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An Assessment of Sales Promotion Program On  
Corporate Image And Customer Buying Behavior

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# **Dedication**

**I dedicate this research to my parents and all my family members whose love, devotion, encouragement and guidance brightened the way for my achievements. I will always be indebted to them.**

## *Acknowledgments*

My sincere acknowledgment goes to Dr. Lewis Presner and Dr. Nouri Beyrouti for their care, guidance, and assistance that helped achieving this research study. Their motivation and constant support were the major driving forces behind the completion of this research.

I thank all my professors at the Lebanese American University who provided me, along with my colleagues, with a high level of education. My profound acknowledgments are for my instructors who shared their knowledge and experience with us.

My deepest gratitude goes for Ms. Manal Yunis and all my friends at the Business Computer Center at L.A.U. I thank them for their care and assistance in carrying out this study.

# ABSTRACT

Consumer behavior is the indispensable condition upon which all market planning and strategies must be predicted. Consumer behavior and marketing are two terms or concepts that are inextricably bound together. The marketing concept emphasizes a basic reorientation of the company from looking inward toward its products to looking outward toward its customers. What we are concerned with is how marketers utilize behavioral information in order to do a marketing job, that is to perform the business activities that direct the flow of goods and services from producers to consumers or users. In turn, consumer behavior is only the total reaction of the human organism to any attempts to get him to accept an idea or to undertake an action of any kind proposed by others. However, it is important to recall that consumer behavior changes rapidly. A business firm may become a marketing firm depending upon how it sees its role in relationship to consumers. Wise managers believe that the best way to attain profit maximization is through supplying what the customer wants.

The research at hand describes one of the important elements of the promotion mix and assesses its importance, implications, and practices especially in regard to the Lebanese economy. This analysis is conducted concerning sales promotion programs, practices because of its importance to the success and growth of any business company. As the Lebanese civil war was put to an end, Companies are striving to regain efficiency and productivity as well as joining the fleet of international trade. Even small companies (in terms of capital, funding resources, human skills and so on) are trying to defend their market positioning along with their established market shares against the forward coming competition. This research is crucial to any organization that aims to meet the current and potential demands of the ever growing consumer base and provide alternatives to the expanding challenges imposed on the market.

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# **CHAPTER ONE**

Every single process in any economy is based on information. Information adds to one's knowledge; thus, giving him power. Marketers have come to recognize the importance of information and its processing. The processing of information meant here is "the process through which consumers are exposed to information, attend it, comprehend it, place it in memory, and retrieve for later use".<sup>1</sup> All information provided to consumers are instantly and totally recorded, but the mind permits only a small portion to filter into one's conscious awareness. This information portion consists of either what one wants to see or what one can identify with. The latter factor constitutes the mechanism of promotion, a central element of the marketing mix.

Based on the above information, marketing managers are interested to determine which buying motives are most important to the customer. There are five ways that companies go about marketing and selling their products and services: Advertising, Sales promotion, Publicity, Personal selling, and Direct marketing. Of these elements, sales promotion is the second biggest in expenditures and application. Some marketing scholars have realized that one way to make consumers consciously aware of such motives is by using various promotools.<sup>2</sup>

## **PROMOTIONAL BENEFITS**

Beyond any promotional activity are benefits or reasons that motivate prospective customers to buy companies' products or services. If a marketing manager can not identify any benefits, it is unlikely that customers will either, and highly unlikely that they will buy. The benefits that every product or service has can be best categorized into three types:

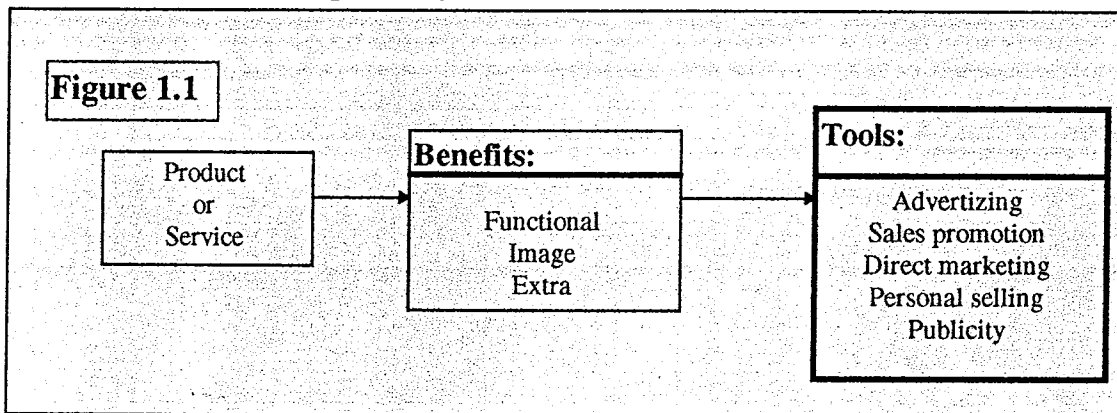
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<sup>1</sup> Mowen, John. Consumer Behavior. New York: MacMillan, 1993. P.68.

<sup>2</sup> Peter, Paul J., and Jerry C. Olsen. Consumer Behavior and Marketing Strategy. 2<sup>nd</sup> ed. Homewood: Richard D. Irwin, Inc., 1990. P.456.

- ✦ **Functional:** What the product or service actually does. For example, a product for children that helps improve skin's textures and softness.
- ✦ **Image:** It stands for the style, prestige, and emotional value of the product or service. For example, a product made by Johnson & Johnson is associated with children having a good health or care.
- ✦ **Extra:** These are the additional benefits that are not essential to the product or service, but are available with it at a specified time. For instance, there is a free coloring book with the product.

Both functional and image benefits can be introduced by advertising; whereas, the extra benefits can be best introduced by sales promotion. However, all these three benefits of any product or service can be put across by all the promotion tools, namely advertising, sales promotion, direct marketing, personal selling, and publicity.



Thus, the various promotional activities can be thought of as the intermediaries between benefits and the various elements of the promotion mix.

### **PROUD TO OFFER EXTRA BENEFITS**

Some managers, especially those who develop what is referred to as marketing myopia, argue that if one has a good product, he will not need to advertise. Yet, successful managers should always remember and act according to the fact that if one does not communicate the benefits of any product/service, he will soon be out of business.

## VALUE SATISFACTION OFFERED WITH PRODUCTS

The fact that most products are not bought once but repeatedly push us to think of the value-building process. This process is concerned with providing and supplying customers with the value needed in order not to let them shift to other products or brands. Thus, comes the role of sales promotion, as an integrated part of the marketing mix, in building a long term franchise. “ People do not buy products, they buy the expectation of benefits”.<sup>3</sup> When people spend part of their income on products/services, they intend to get the most benefits and satisfaction offered through such products/services. In this aspect, sales promotion, through the various kinds of promotools, offers an extra value that some customers might find beneficial and hence prefer buying products that offer these “extras”. Marketers should seriously take notion into consideration, since a new kind of competition has been increasingly identified. “It is the competition of product augmentation”.<sup>4</sup> This competition is a threatening one since it is not a competition between what companies produce but rather between what products add to their value. Consequently, sales promotion appears to be a crucial instrument to reinforce and protect established brands as well as to help push new products to abruptly penetrate the market.<sup>5</sup>

## REASONS FOR EXTRA BENEFIT OFFERS

Most of the problems that face any local or international company stem from both severe competition and the increasing customer awareness. Stated below are some reasons why managers offer extra benefits to their customers along with functional and image benefits:

① **They work:** As a sales promotion offer is planned for a specified period, it is easy to measure the volume and profit consequences of doing so. One reason

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<sup>3</sup> Mathews, John R., (et al). Marketing For Business Growth. New York: Theodore Levitt, 1974. P.9.

<sup>4</sup> Ibid. P8

<sup>5</sup> Jones, John P. What's in a name?: advertizing and the concept of brands. New York: Lexington Books. 1986. PP.2-3.

why managers are becoming more accustomed to the increasing expenditures on sales promotion is because they have daily proof of its effectiveness.

② **They are quickly measured:** Managers can measure the effect of spending a certain sum of money on sales promotion programs which stand as an extra benefit offer directly and within a very short time period. The opposite is true regarding the spending on advertising programs which reveal the functional and image benefits since their effect can not be measured unless on the long-run. This notion is very important to managers especially when budgets are tight or markets are volatile.<sup>6</sup> Sales promotion can be devised and implemented with a rapid acting effect in the market far more quickly than other forms of promotion.

③ **They assist niche marketing:** Sales promotion programs are perceived to be the most important element which suit particular niche markets. Extra benefits offers are more cost-effective since they do not need a high budget level.

④ **They create interest:** Managers can choose some techniques from the various available that bring in an element of interest, excitement and humor which customers enjoy and respond to.

## **THE NEED FOR THE STUDY**

Surveys show that a large sum of money is invested every year by companies all over the world in the form of sales promotion programs to increase sales; maintain customer loyalty, satisfaction, and brand loyalty; attain growth; and enhance the company's image. Sales promotion has become one of the most powerful marketing tools available to sales and marketing people to build their business. It stems from that "range of techniques used to attain sales/marketing objectives in a cost-effective manner by adding value to a product or service either to intermediaries or end users, normally but not

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<sup>6</sup> Cumins, Julian. Fundamentals Of Marketing. New York: McGraw-Hill, Inc., 1986. P.21.

exclusively within a defined time period”.<sup>7</sup> This is followed by every firm which tends to impose itself as a company that meets the current and potential demands of the ever growing consumer base (or consumption) with a keen eye on the expanding challenges of the market area. One of the problems most frequently reported by marketers is getting customers subject to promotion techniques that are adequate and attractive at the time of purchasing. If sales promotion are not appropriately developed, all efforts and resources manipulated or explained would be a waste of time.<sup>8</sup>

The effect of sales promotion on both customer buying behavior and corporate image has been a subject for a lot of controversy among marketing people and stakeholders. The researcher has chosen to conduct an analysis concerning the short- and long-term effect of sales promotion programs with the purpose to highlight and analyze the marketing conditions and strategies that might have direct influences on the success of operations and growth of the promoting company.

## **PURPOSE OF THE RESEARCH**

Marketing planners consider sales promotion as a marketing strategy that is essential for any business firm that wants to relate profitably to its target market. The general purpose of this study is to determine the public perception of the role of sales promotion programs in stimulating the consumers’ purchase patterns. We need to find out whether companies in the Lebanese market are investing the required time, effort, and money in building effective sales promotion tactics that could meet the desired objectives and help the designated message to reach the desired prospects. Thus, comes the need to study companies’ proper understanding and application of sales promotion along with its various techniques. In defining some limits of this study, the researcher

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<sup>7</sup> Ibid, PP.17-18.

<sup>8</sup> Osburn, Denise. "Planning Promotion Benefits". Nation's Business. August 1995, v. 83, n. 8, p. 31.

identified several study areas to be addressed in this research study. A thorough review and analysis of those areas inspired the development of the following research objectives:

- 1- To identify the extent to which retailers and wholesalers apply sales promotion, and whether they apply it successfully.
- 2- To determine retailers' and wholesalers' knowledge, experience, opinions, and satisfaction with the various sales promotion tools.
- 3- To determine the limitations and disadvantages of such tools.
- 4- To develop a representative profile of wholesalers' and retailers' behavior relative to the preparation of their promotional programs.

These are some specific objectives about which the study evolves. However, the main objective is to measure consumers' perception of such programs and their reaction to it.

### **QUESTIONS ADDRESSED IN THIS STUDY**

Is it possible that sales promotion programs can be workable only for the short run and under what conditions it might prove workable in the long run?

Does the company's position in respect to the promoted product or brand affect the success of sales promotion for both short and long run?

### **THE STATEMENT OF THE PURPOSE**

This study is intended to examine the evidence of the relationship between sales promotion programs and its effect on the targeted consumers. It tends to test if people can be induced to buy more products (increase sales) or create a shift in prospects' purchases (build an image among prospective buyers).

### **CONSTRUCTION OF THE STUDY**

This research project is written in a way that assists the reader to easily understand the meaning of sales promotion along with its objectives, practices and end results. It also describe the effective steps that should be followed, by

any company, in order to build a successful sales promotion strategy. In the next chapter, a literature review of sales promotion techniques will be presented along with the advantages and limitations of each technique. Also included in chapter three an identification of the properly designed marketing environment that is needed as a prerequisite to the successful implementation of sales promotion programs. As to chapter three, it is a presentation of the methodologies used to generate, gather, process, and analyze the data needed for the accomplishment of this study. Still, chapter four is a presentation of the findings deducted from this research. Finally, chapter five serves as a report that summarizes the major findings along with a list of recommendations.

## **RESEARCH METHODOLOGY**

In conducting this research, it was found necessary to utilize a wide range of sources consisting of primary as well as secondary data in order to create a consistent and comprehensive study.

The leading source of information was obtained through primary data. Interviews, a basic element of primary data, were conducted with several key personnel related to the sales, marketing, distribution and other promotional activities of many well known local and foreign (international) firms working in Lebanon.

Another important source of information is secondary data. Academic books, magazines and articles related to this subject matter (research topic) were a basic resource of information used in this research. Also, several relevant statistical reports and financial statements of various companies were made available, a thing that provided a great support of meaningful information in terms of this research.

## **RESEARCH LIMITATIONS**

During the process of information gathering for this study, the researcher came across some difficulties in obtaining all necessary data. Among these limitations were:

- ◆ The chosen sample for this research consists of 15 companies that constitute only a relatively small portion of the overall economy. Therefore, the obtained results cannot be generalized to all industries and companies in the Lebanese market, whatever their size and marketing practices are.
- ◆ No similar study has been carried out in regard to sales promotion.
- ◆ Access to some confidential information such as promotional supplier budgets, detailed marketing plans, financial data, marketing reports, distribution strategies, and discount strategies were not easily and completely accessible. This might have been due to companies' policies of confidentiality and fear of competitors gaining access to such important information.
- ◆ Lack of marketing sources about the Lebanese market was a major drawback. There is a very limited number of references that could present the needed information about firms operating in the Lebanese market and provide a guide to use while conducting such a research. Most of the secondary information tackles the American market which differs from the Lebanese market.
- ◆ No accurate, up-to-date economic market forecasts, and current market research studies were provided by the Lebanese Chamber of Commerce. Absence of such governmental statistics and studies constituted a major obstacle in the validity of information gathered from various companies.



# *CHAPTER TWO*

## **MARKETING OBJECTIVES AND STRATEGIES**

Marketing can be defined in many different ways; however, one basic underlying concept can be best stated as “The collection of activities undertaken by a firm to relate profitably to its market”.<sup>9</sup> It is believed that in order to be a successful marketing firm, every company should strive to educate, inform, and persuade the consumer market to buy and use what it has introduced into the market through different methods of persuasive promotional programs. However, marketers have come to recognize that advertising alone is not enough to move their products off store shelves and into the hands of consumers. Companies are increasingly turning to sales promotion methods targeted at both consumers and wholesalers and retailers that distribute their products as a way of stimulating demand for them.<sup>10</sup>

Marketing, as compared to selling, combines and coordinates all the elements of the marketing mix, of which sales promotion is an integral part. Promotion is something that all firms and companies do, whether or not they are marketing oriented.<sup>11</sup> In fact, promotional efforts are essential ingredients of marketing in any organization. It is adopted by companies due to its ability to stimulate both consumer purchasing behavior and dealers on one hand and improve the sales persons’ effectiveness on the other hand. Recently, more and more companies are developing fully integrated marketing communication programs that include **consumer** and **trade promotions** that are coordinated with advertising, direct selling, publicity and public relations campaigns as well as sales force efforts.

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<sup>9</sup> Terpstra, Vern, (et al). The Cultural Environment of International Business. Cincinnati: South-Western Publishers, 1978. P.4.

<sup>10</sup> Peter, Paul J. Consumer Behavior and Marketing Strategies. P.456.

<sup>11</sup> Myers, James H. Marketing. New York: McGraw-Hill Book Company, 1986. P.365.

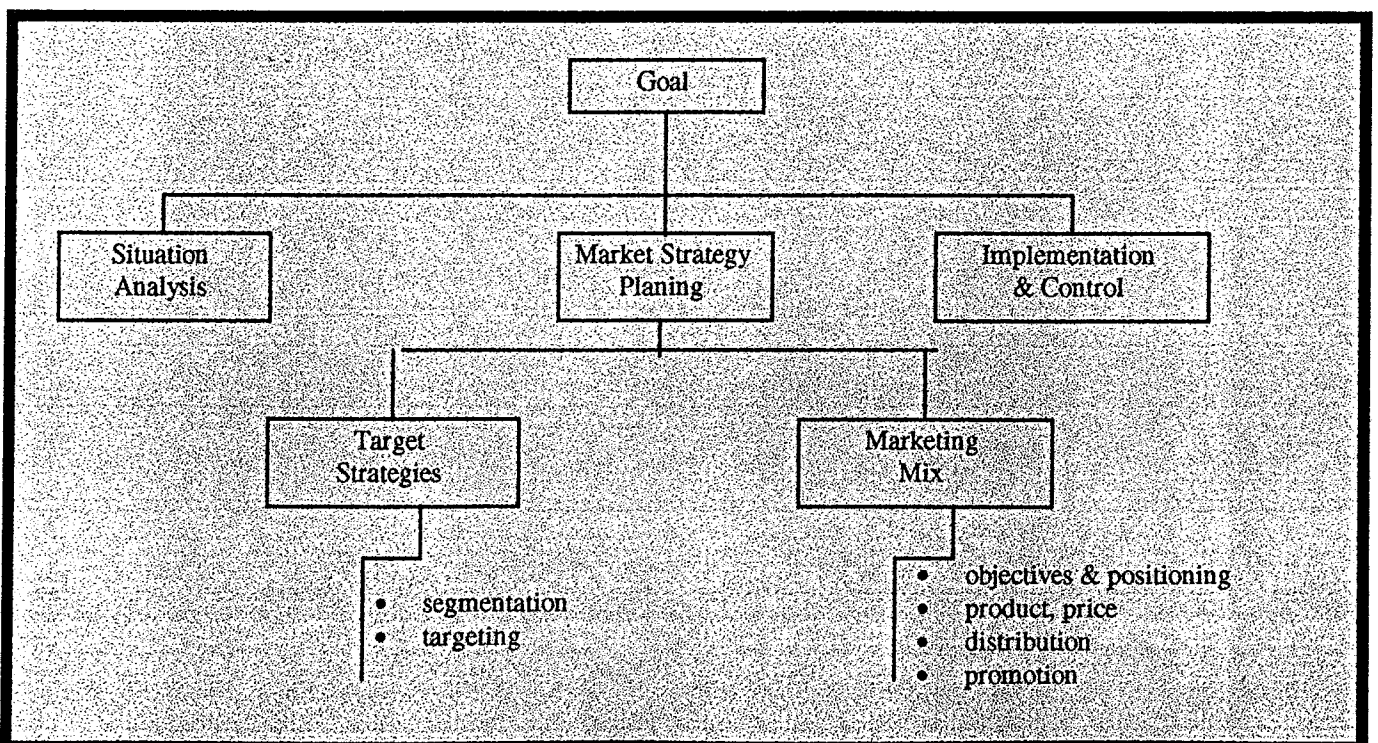
# PLANNING THE MARKET STRATEGY

Whenever a certain goal is identified, programs to achieve this goal should be developed. However, this process should be based on a clear situation analysis that reflects the current and genuine market environment. Marketing planners should gather adequate data about the market place and transform them into meaningful information with the aid of special tailored computer software (such as marketing decision support system, MDSS) in order to reach an effective output. This planning process is composed of several steps among which the target strategy is the first.

## TARGET STRATEGY

This strategy is very important since it involves a formal presentation of assumptions concerning the marketplace. These assumptions are the output of the market situation analysis carried out. Figure 2.1 portrays how Strategic Market Planning works. Information regarding the characteristics of the market segments as well as the nature and degree of demand should be outlined before reaching level II.

Figure 2.1: How Strategic Market Planning Works



As it is apparent in the diagram, marketing strategies are the guide to achieve the companies' objectives.<sup>12</sup> Among these strategies are the decision relating to the marketing mix adopted by companies.<sup>13</sup> The four factors under the marketing mix are some controllable elements that can be adjusted depending on the target market that companies are to serve.

### **\*SEGMENTATION AND TARGETTING**

The second influential strategy is that related to Segmentation and Targeting. This is to assist the firm select the best practicable environment option.<sup>14</sup> Thus, it becomes important to identify the segment or combination of segments that would produce the best "fit" for the company's objectives and current marketing objectives.

## **MARKETING MIX ELEMENTS**

### **\*PRODUCT**

The whole promotional task is prescribed on the basis of the "product". The general nature of the product itself has a large impact on the promotional program to be adopted. The requirements for promotion will differ between a low priced and frequently purchased product and a product that is infrequently purchased, highly technical, and judged only at the time of purchasing (such as a shampoo and a stereo system ) .

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<sup>12</sup> Dyer, Robert F., And Ernest H. Forman. An Analytical Approach To Marketing Decisions. New Jersey: Prentice-Hall, Inc., 1991. PP.245-246.

<sup>13</sup> Mccarthy, E. Jerome, and William D. Perreault. Basic Marketing: A Global Managerial Approach. 11<sup>th</sup> ed. Sydney: Richard D. Irwin, Inc., 1993. PP.46-47.

<sup>14</sup> Gray, Rob, (et al). Accounting for the environment. London: Paul Chapman Publishers Ltd., 1992. P.P.155-156.

## **\*PRICE**

“Determination of the price for any product can reveal distinct opportunities in the promotional program”.<sup>15</sup> Sales promotion relies on price as the essence of the persuasive appeal. Coupons, rebates, and percentage reductions (discounts) are some tactics that emphasize the importance of the pricing element of the marketing mix. Price determination is based, to a large extent, on the nature of demand and competition.

## **\*DISTRIBUTION**

The distribution networks have a major impact on the promotional program. Being associated with the selling process, intensive, selective, and exclusive distribution are three different distribution strategies that guide any promotional program.<sup>16</sup> The aim of any company is to convince retailers to handle the product, keep a good stock level in it, and push sales.<sup>17</sup> Thus, when intensive distribution is followed out by any company, it should use sales promotion tactics to stimulate and encourage dealers and retailers to be heavily engaged in the marketing and selling process.

## **The External Environment**

Any marketing program undertaken by any firm is influenced by the external environment. Knowledge and analysis of competitors' efforts, social and cultural trends, technological developments, legal and political climate, and the overall economic environment are all important inputs to the promotional program.

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<sup>15</sup> Shaw, Roy T., (et al). Marketing: An Integrated Analytical Approach. Cincinnati: South-Western Publishing Company, 1981. P.194.

<sup>16</sup> Mccarthy, E. Jerome. Basic Marketing: A Global Managerial Approach. PP.438-440.

<sup>17</sup> Glasser, Ralph. Planned Marketing: Policy for Business Growth. London: Pan Books Ltd., 1964. P.120.

## **THE STRUCTURE OF A SOCIETY**

All societies have a scale of different social levels. Each level prescribes the behavior that is expected and carried out by each individual belonging to a certain level. Social levels, along with social groups, constitute the structure for a society. Wise marketer planners should understand how such factors (social level and social groups) can influence consumers' buying behavior for a variety of consumer products and services.

### **↳ SOCIAL CLASS**

A "Social class" is the term used to describe and define the social levels in each society. It identifies the general position or level each person occupies. Also, it specifies the distinct pattern of behavior expected from people at that level. The planning and implementation process of any business activity should heavily rely on a clear understanding of these factors.

## **THE PRODUCT LIFE CYCLE**

It is important at this stage to reveal the importance of the various stages through which a product passes. It has been observed that every product position would change with the passage of time. Both internal as well as external environment, culture, and nature of people along with many other factors have led marketing planners to identify what is referred to as a product life cycle. This cycle reveals the various stages in sales through which all products pass. These sales stages are important to identify since they provide distinct opportunities and problems with respect to the market strategies and profit potential.

### **MARKETING STRATEGIES DURING THE PRODUCT-LIFE CYCLE**

As explained earlier, there are several reasons behind companies using sales promotion. It is one of the many tools any firm might use to stimulate sales, increase the real value of the company's offerings in the buyers mind and create positive psychological associations that can enhance the buyers

satisfaction. Usually sales promotion are heavily used in the introductory and mature stages of any product.

During the introductory stage, a new product must overcome the resistance of the existing purchasing patterns. New product managers should strive to stimulate such a purchasing habit in an effort to penetrate and push the promoted product. Thus, companies follow sales promotion to stimulate awareness, interest, trial, purchase, and repurchase of this product. This stage represents primary demand stimulation.

As to the maturity stage, more efforts must be practiced during this stage. At this stage, new product classes, forms and brands start to appear; thus diverting the interest and willingness of buyers from the promoted brands. This shift will ultimately lead to the decline stage where the product could no longer provide any profits or even reach the break-even point of sales. It is apparent that at maturity, defensive expenditures are required to maintain the established market shares. Distributors and dealers may, at this stage engage in the buying, selling, and/or distributing products similar to the promoted commodities since they can no longer realize profits by concentrating attention and efforts to the brand that first entered the market. Each manufacturer must persist in providing the distributors and dealers with discounts, price concessions and other sorts of special deals. Yet, such a strategy might not hold long especially if competitors do the same thing. At that time, other marketing programs and strategies would provide the weapons to resist competition and develop profits instead of incurring additional losses.

## **PROFITS DURING THE PRODUCT LIFE CYCLE**

The profit life cycle is directly related to the stages through which any product passes. During the introduction phase would incur losses or more costs and expenses on the newly produced products due to the heavy costs of promotion, amortization, research and developments costs. However, these costs start to decline along with the targeted increase in sales. This is noticeable at the growth stage. These costs continue to decline at the maturity stage.

During these two stages, products start to give profits to the firm. Yet, it might not take a long time for competitors along with other marketing or environmental hindrances to negatively affect these profits. This is due to price reduction, increase in promotional expenditures, decline in consumption, and so on. If the product passes through only one life cycle, profits will continue to fall more rapidly in the decline stage of the sales process. The company can then decide whether to push the product life cycle (by means of extra promotional efforts and product advancement) or to seize the sales of the promoted product.

## DEFINITION OF SALES PROMOTION

Sales promotion has been defined as a direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the ultimate consumers with the primary objective of creating an immediate sale.<sup>18</sup>

Still, there are several aspects of sales promotion that should be taken into consideration.

To begin with the first aspect, sales promotion is designed to **provide an extra incentive to buy**.<sup>19</sup> This incentive is the key element around which this promotional process evolves. It includes a coupon or price reduction, the opportunity to enter a contest or sweepstakes, a money-back refund or rebate, or an extra amount of a product. Also, such an aspect might be a premium that tends to remind consumers of the brand name and reinforces its image or a free sample of the product that is given with the hope to generate a future purchase and encourage trial of the product. Contrary to advertising messages that appeal to the consumers' emotions and mind in the hope of portraying to the individual unconscious awareness, sales promotion tends to appeal to the rational consciousness of consumers who can be best described as price-

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<sup>18</sup> Dyer, Robert F., ed. An Analytical Approach To Marketing Decisions. P.267.

<sup>19</sup> McCarthy, E. Jerome. Basic Marketing: A Global Managerial Approach. P.337.

sensitive consumers. It stems out from the fact that “Marketing is a battle fought in the minds of the prospects”.<sup>20</sup>

Moreover, sales promotion can be used to **induce marketing intermediaries** such as wholesalers and retailers.<sup>21</sup> A trade allowance or discounts provide retailers with a financial incentive to stock and promote a certain brand or product. A trade contest might encourage these marketing intermediaries to make extra selling effort as well.

Another aspect regarding sales promotion is that it serves as **a tool to facilitate and accelerate the selling process** and maximize the sales volume.<sup>22</sup> This is crucial for companies who want to maximize their revenues ( $TR=P*Q$ ). From an economist view point (further elaborated on in a later section of this research report), the purpose of sales promotion is to shift the demand curve in either or both of two ways:

- Towards the right, in an effort to sell more products at the same price.
- Towards the vertical, so that demand becomes more inelastic whereby an increase in price would be attained with a minimum effect on demand.

This is usually followed by firms which are engaged in a normal competitive market (Myers, James H., P.365).<sup>23</sup> Such firms believe that lowering prices is the least desirable way to compete since it would not take a longer period of time for other companies to follow and adopt such a strategy.<sup>24</sup> The logic behind this is that it will lead to a decline in profits that is greater than the desired increase in quantity or volume of products/services sold. This is especially observed in companies in which no major differences exist between competing brands.

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<sup>20</sup> Ries, Al, and Jack Trout. Bottom-Up Marketing. New York: McGraw-Hill Book Co., 1989. P.206.

<sup>21</sup> Stanton, William J. Fundamentals Of Marketing. New York: McGraw-Hill Inc., 1971. PP.513-514.

<sup>22</sup> Osburn, Denise. “ Sales Promotion”. Nations Business. July 1996, v. 84, n. 7, p.48.

<sup>23</sup> Myers, James H. Marketing. P.365.

<sup>24</sup> Samuelson, Paul A., and William D. Nordhaus. Micro Economics. 13<sup>th</sup> ed. New York: McGraw-Hill Book Co., 1989. PP.205-206.



So, these firms would use other elements of the marketing mix and promotional tools to guide customers differentiate between products and/or brands rather than being engaged in a price-war which will solely benefit the customers.<sup>25</sup> By this, they would be preserving prices at the level where they get a reasonable return on their investment along with the efforts to obtain a greater volume of sales.

Sales promotion techniques (to be discussed in a later section) are planned to motivate consumers to purchase a larger quantity of a certain brand or at least to shorten the purchase cycle.<sup>26</sup> This depends on the immediate action on the part of consumers. The company can use limited time offers such as price-off deals to retailers or a coupon with an expiration date to accelerate the selling process.<sup>27</sup> It is important to mention at this stage that offering coupons, the most used technique, with a limited expiration dates can help the company's management better control such a financial liability. Sales promotion attempts to maximize the sales volume by motivating customers who have not been responsive to advertising or attracted by other efforts to try a certain brand.

The third aspect of sales promotion is that it can be targeted to different parties in the marketing channel.<sup>28</sup> As it was stated earlier, sales promotion can be classified as either a consumer-oriented promotion or as a trade-oriented promotion. The first is designed to provide consumers with an inducement to buy a specific brand. On the other hand, trade promotion tends to encourage and motivate the product's distributors or retailers to do their best to promote such a products.<sup>29</sup> Usually, marketing programs include both trade and consumer-oriented sales promotion programs in an effort to stimulate both groups to maximize the effectiveness of the promotional campaign. This would

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<sup>25</sup> Myers, James H. P. 365.

<sup>26</sup> Peter, J. Paul. Consumer Behavior and Marketing Strategies. P.456.

<sup>27</sup> Hume, Scott. "Coupons: Are they too popular". Advertising Age. Feb. 15, 1993, v. 64, n. 7, p. 32.

<sup>28</sup> McCarthy, E. Jerome. Basic Marketing: A Global Managerial Approach. PP. 438-440.

<sup>29</sup> Stanton, William, J. Fundamentals Of Marketing. P. 513.

ultimately have positive effects on a brand initial success and continued growth.

## **Nature and Purpose Of Promotion**

Promotion of goods and services is an essential element of a free economy. Being a marketing function, it can be defined as any personal or non personal communication that tends to establish a favorable disposition toward a certain commodity, service, or idea in the mind of the recipient of the communication. Only when a product is properly designed, priced, distributed and promoted will a sale take place.<sup>30</sup> The nature and purpose of promotion is embodied in several essential areas that can be summed up into the following:

- ◆ The Economic Purpose
- ◆ Competition

### **◆ The economics of promotion**

To begin with the economical aspect, promotion results in reducing the consumer costs. This can be best understated by examining four basic concepts: Economies of scale, shift of a firm's demand curve, elasticity of demand, and effective competition.

### **ECONOMIES OF SCALE**

It has been observed that the amounts of money invested in sales promotion varies from one product category to another. This is done in an effort to stimulate demand. As demand is stimulated, firms become able to gain the advantages of the economies of scale that results from the increase in demand.<sup>31</sup> This is because of the reduction in fixed costs. As production increases, fixed costs such as rent, wages, taxes, and equipment costs would be spread among the extra units produced. In turn, the cost of producing a certain

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<sup>30</sup> Terpstra, Vern. The Cultural Environment of International Business. PP.240-241.

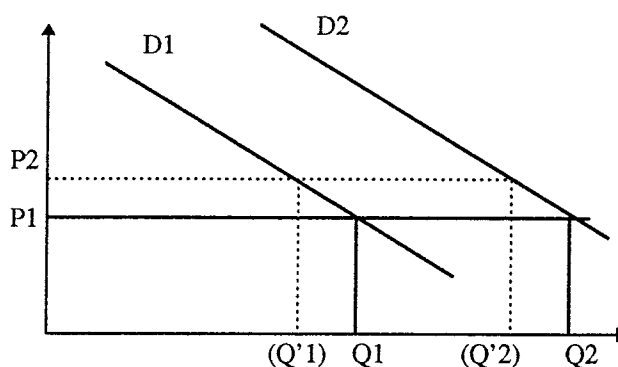
<sup>31</sup> Samuelson, Paul A. Micro Economics. 13<sup>th</sup> ed. P.472.

individual item will be reduced, a thing that can permit offering a lower price to consumers.<sup>32</sup>

### *Shifting the demand curve*

Contrary to the factor of Economies of Scale which benefits both the firm and the consumer, a shift in the demand curve provides an important advantage only to the firm. The purpose of sales promotion is to stimulate and increase consumers' demand for a certain product. In other words, consumers will demand more of a product at all price levels. As demand for a certain product is stimulated (partially because of sales promotion), consumers will demand more of that product or brand at all price levels. After using sales promotion techniques, an increase in demand would be expected, causing a shift from Q1 to Q2. Figure 2.2 explains this shifting process graphically. As demand increases at the same price level, the demand curve for that product will be shifted upward and to the right.<sup>33</sup> This is portrayed by Q1 and Q2.

Figure 2.2



Still, this graph shows that even if price increases, which is sometimes necessary, more products will be demanded: thus, a bigger sales volume would be attained along with this shift. When companies apply sales promotion, benefits attributing to the product would increase; thus, customer purchasing demand will increase, even at a relatively higher price.

The latter notion could be better explained graphically, as well. Suppose that we are at P2, a new price level. Any effort made to stimulate demand (if

<sup>32</sup> Shaw, Roy T. *Marketing: An Integrated Analytical Approach*. P.190.

<sup>33</sup> Samuelson, Paul A. *Micro Economics*. 13<sup>th</sup> ed. PP.64-65.

planned properly and carried out successfully) would create a shift from Q'1 to Q'2. Thus, sales promotion tends to generate more sales even if price increases (in terms of the over-all economy or market place) are inescapable.

### *Elasticity of Demand*

Usually, the aim of using promotional tools is to attain and increase brand loyalty.<sup>34</sup> Firms of different sizes and nationalities use promotional tools to create and develop, among its targeted consumers, a strong desire for its product(s) as portrayed in figure 2.3.

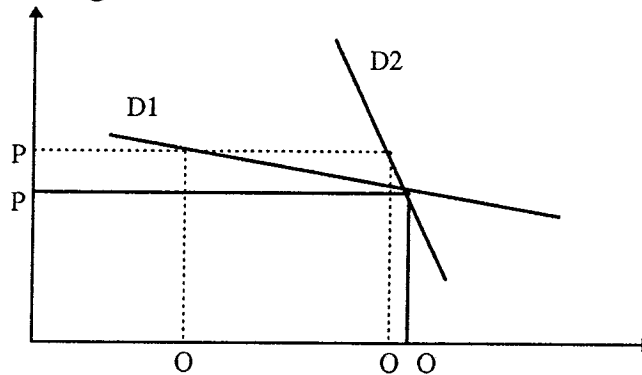


Figure 2.3

This shows that as a company develops brand loyalty for its products, its consumers would be less likely to react “strongly” to a change in the price of a certain product.<sup>35</sup> This is observed by the light shift from Q1 to Q2. This is the case when the company develops an inelastic demand for its product. It is worth noting that if the demand was elastic, any sharp increase in price will cause a dramatic decrease in consumption, as revealed in the shift from Q1 to Q3.

It is apparent through this analysis that promotion, if properly used, can have a strong impact on developing the inelasticity of demand or, to be put in other words, insensitivity to price changes.<sup>36</sup> This could be true to a larger extent since as a company identifies for its consumers the unique attributes of

<sup>34</sup> Mcneal, James U. Kids As Customers: a handbook of marketing to children. New York: Levington Books, 1992. PP.92-93.

<sup>35</sup> Blatberg, Robert C., Rashi Glazer, and John D.C. Little., ed. The Marketing Information Evolution. Boston, Mass: Harvard Business School Press, 1994. P.159.

<sup>36</sup> Preston, Lee E. Managing The Independent Business. Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1962. PP.198-200.

its products or services, price becomes less important to be considered in purchasing decisions. Consumers' reliance on price will be of a lower impact on the decision criterion. When companies apply sales promotion techniques to a certain product, customers' benefits attributing to that product will increase; thus, the purchasing demand will increase even at a relatively higher price.

◆ **Effective competition**

The last economic consideration relates to a firm's ability to compete effectively in the marketplace. Firms are under great pressure to provide consumers with their desired satisfaction. Goods and/or services should be designed, promoted, and introduced into the targeted consumers with a keen eye on meeting consumers' expectations and demands. In this century of high technological advancements and increased consumers awareness and knowledge, firms should strive, more than ever, to compete effectively in the market place. Promotion becomes more important in exploiting new market potentials and providing a barrier against any competition threats.

**REASONS FOR USING SALES PROMOTION**

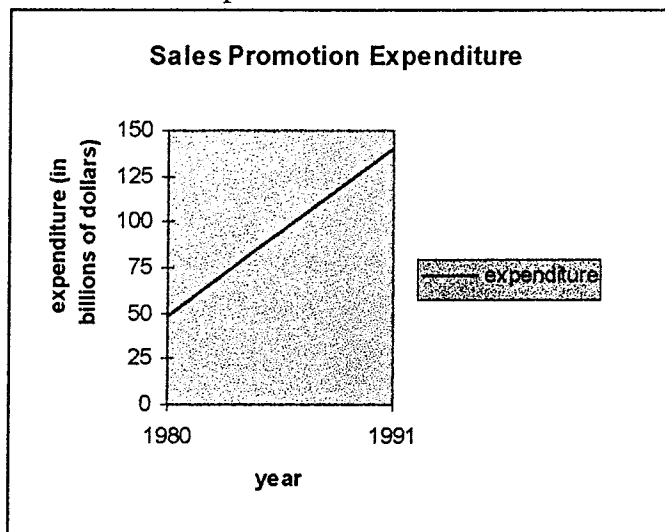
Studies shows that marketing managers have been relying on sales promotion to enhance their sales volume and improve their product image.<sup>37</sup>

Figure 2.4 shows how the expenditures on sales promotion have risen dramatically.

Figure 2.4

Expenditure on sales promotion

1980	1991
\$49b	\$140b



<sup>37</sup> Jones, John P. What's in a name?: advertising and the concept of brand. New York: Lexington Books, 1986. P72.

There are several factors that lies behind this increase:

The first factor is **the growing power of retailers**.<sup>38</sup> Retailers have become more profit oriented and they tend to push on the manufacturers to provide them with more offers and trade discounts.<sup>39</sup> They know which sales promotions are working, what products are sold, and which brands are most profitable to sell. This is observed in the way shelving space is organized. Another aspect related to retailers' strength is the emerging chain of supermarkets. These chains have become accustomed to trade promotions. Their purchasing ability allows them to demand from the manufacturers to provide them with profitable deals, discounts, allowances, and other types of promotional support. Companies that do not comply with these demands would ultimately face reductions in shelf space or even have their products dropped. This is one reason behind the increase in sales promotion budget at the expense of that of advertising.

The second reason for the increasing sales promotion is **the decline in consumers' loyalty**. Consumers are becoming less brand loyal and are buying on the basis of value, price and convenience. This is due to the dramatic changes in the global economy. Because of the decrease in the consumer disposable income, consumer's demand is becoming more elastic, which implies more sensitivity to changes in price.

Another reason is **the increased promotional sensitivity**. Studies show that people are more reactive to promotional offers by which they save more money.<sup>40</sup> Also, it is a tool to diminish the effect of other choices. When consumers visit a certain store, they are more likely to be attentive and responsive to promotional deals.

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<sup>38</sup> Stanton, William J. Fundamentals Of Marketing. PP.309-311.

<sup>39</sup> Buell, Victor P., ed. Handbook of Modern Marketing. 2<sup>nd</sup> ed. New York: McGraw-Hill Book Co., 1986. P.27-5.

<sup>40</sup> McCarthy, E. Jerome. Basic Marketing: A Global Managerial Approach. P.439.

The fourth reason is the **brand proliferation**. It is apparent that the market has become saturated with new brands that are similar to each other. Thus, companies have become more dependent on sales promotion to encourage consumers to try these brands and repeat purchasing them.<sup>41</sup> Although companies operate in different marketing environments, similar products require manufacturers to differentiate them psychologically. By the same token, this has led the retailers to have control over their shelves. This is one of the slotting fees that manufacturers are recently incurring.

**Fragmentation of the consumer market** is another reason.<sup>42</sup> Manufacturers and marketers are turning to more segmented and consumer targeted approaches. For example, there are several promotional efforts that can be tailored to specific geographic markets and retail chains.

Moreover, marketing managers are increasingly adopting sales promotion to generate an immediate increase in sales volume. This can be referred to as **short term focus or short term stimulus**.<sup>43</sup> Attaining a larger volume in sales along with an increase in profits is the main objective for applying sales promotion. One way to reach such objective to stimulate people to buy the promoted product. At this level, companies are more concerned with the re-purchasing cycle which determines the success of any promotional tool used .

Another factor is the manufacturer's reliance on trade and consumer promotions to gain or maintain a **competitive advantage**. As it was stated earlier in Brand Proliferation, markets have become stagnant and people's attention toward advertising has noticeably declined. In fact, advertisers started to include promotional tools in their ads to attract consumers' interest and

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<sup>41</sup> Kotler, Philip. Marketing Management: analysis, planning, and control. 2<sup>nd</sup> ed. New Jersey: Prentice-Hall, Inc., 1972. P.653.

<sup>42</sup> Mathews, John R. Marketing For Business Growth. PP.103-104.

<sup>43</sup> Kotler, Philip. 1972. P.649.

attention on one hand and motivate them to purchase these products. Moreover, retailers can use sales promotion as a bait to attract price sensitive consumers (switchers); thus, creating a store traffic which adds to its image while store loyal consumers (non switchers) buy merchandise both at deal and higher everyday prices.<sup>44</sup>

Still, another factor is to **improve the company's image**. Brand equity can be thought of as a type of intangible asset of added value or "goodwill" that results from the favorable image, impressions of differentiation, and/or strength of attachments a consumer has to a brand. This is known as consumer franchising building.<sup>45</sup> Some promotional efforts are targeted to improve the image of the entire company, or at least, a certain line of business, among both customers and prospects. Any business organization is eager to present itself in the most favorable position and to generate confidence among customers (current and prospective ones), dealers, and sales people. However, some critics, especially advertising proponents, say that sales promotion tend to devaluate this brand equity. They argue that the advertising appeal should be used if we are to make the consumers differentiate and change a premium price for them.

## **DEMOGRAPHICS AND THE MARKETING MIX**

It is essential that all available demographic variables and characteristics be researched, compared, and analyzed in terms of consumers' behavior. An example would be to determine a profile of behavior as a percentage of households using the product, usage rates, re-purchase rates, etc.. This is important because the usage of sales promotion tools often varies, depending on the age, income level, class, and family structure of the target market.

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<sup>44</sup> Charas, Dan Ailloni. Promotion: A Guide To Effective Promotional Planning, Strategies, And Execution. New York: John Wiley and Sons, Inc., 1984. P. 87.

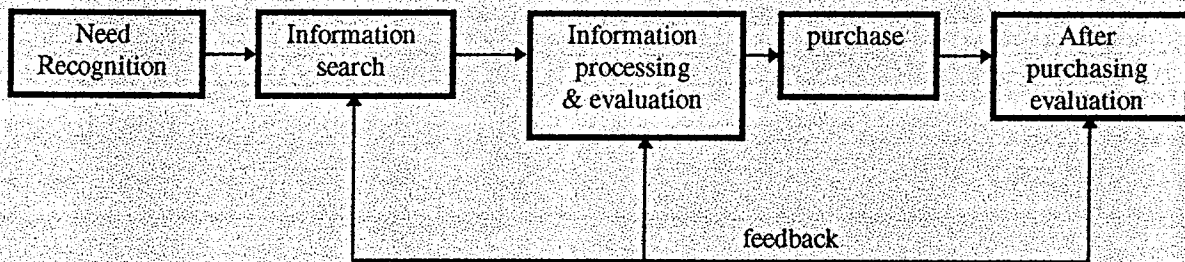
<sup>45</sup> Jones, John P. 1986. P.77.



## INVOLVEMENT VS. THE DECISION PROCESS

The amount of consumers' involvement versus the buying decision allow us to categorize and classify products and services according to their importance to consumers. Most of the daily purchases are so simple that they do not involve much careful thought. They take place almost spontaneously; that is out of a habit. On the other hand, there are products and/or services that are very important to people. Such items usually cost a great deal of money and have strong social implications. Since these products require much more thinking efforts and involvement, as compared to products bought out of a habit, they require a purchasing decision.<sup>46</sup>

**Figure 2.5: Typical Decision Process.**



The other portion reflects some kinds of products that require complex decision making, such as the following:

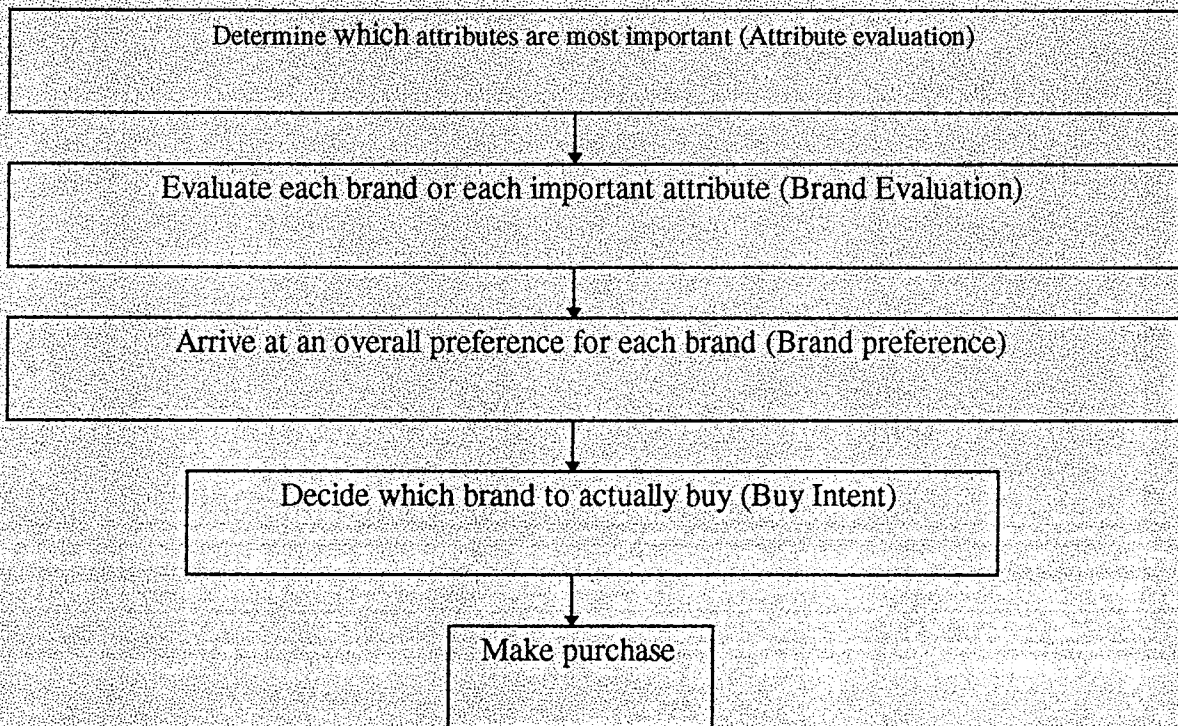
- ◆ High priced products and services.
- ◆ Products with performance risks (such as medical products and services).
- ◆ Complicated and high-technical products (stereo sets and computers).
- ◆ Specialty products (sports equipment and furniture).
- ◆ Products associated with one's ego. (clothing and cosmetics).

Such a decision making involves two activities that are not found in habitual purchases. Additional information is requested to guide taking such a decision. Second, more time is needed to process such information and evaluate

<sup>46</sup> Myers, James H. Marketing. P.190.

competing brands of the desired products. Figure 2.6 shows a typical decision process.

**Figure 2.6: Brand Evaluation Process.**



The third step in this cycle is the most important one. At this stage, information processing is combined with brand preference and buying intention which yield the purchasing decision. The purpose of information acquisition is to evaluate all of the various attributes or features of the different brands of a certain product.<sup>47</sup> As mentioned earlier, this is done inseparably from the brand preference factor. The brand evaluation process reveals the fact that preferred brands, with favorable overall attitudes, are bought more often than others. However, it is essential for the marketing planner to understand and match consumers' motives with their purchasing behavior.

<sup>47</sup> Mathews, John R. Marketing For Business Growth. P.16.

# CONSUMER ORIENTED SALES PROMOTION

## OBJECTIVES

The first objective of sales promotion is to encourage consumers to try a new product or service.<sup>48</sup> It is meant to provide products with the initial promotional support needed to penetrate and grow in the market.

The second objective is to increase consumption of a certain brand. Many marketing managers are responsible for established brands competing in mature markets against established competitors where consumer purchase patterns are well established.<sup>49</sup> Some brand managers may use this kind of promotion to generate some new interest or excitement for an established brand or to help increase sales and defend the current market share against competitive threats. Marketers can attempt to increase sales for an established brand in several ways in which sales promotion can play an important role. One way of increasing product competition is by identifying new or additional uses for the brand. For example, recipe books or calendars are some promotional techniques that show various ways of using the product. Tatra, a well known milk brand, has followed this strategy by attaching a recipe booklet that shows how to make deserts.

## CONSUMER ORIENTED SALES PROMOTION TECHNIQUES

Marketing managers can use several sales promotional techniques. Each of these techniques has its own role that is played to meet the various objectives of the marketer planners. In the United States of America studies have shown that small firms use 6.3 on average compared to the big companies that use 8.1 of the ten types of promotion, as revealed in figure 2.7.<sup>50</sup>

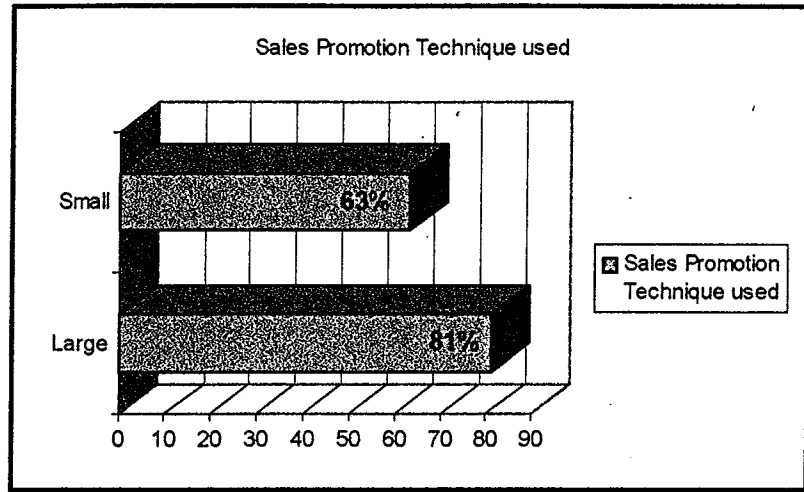
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<sup>48</sup> "Promotion Incentives". Marketing Week. May 10, 1996, PP.61-62.

<sup>49</sup> Buell, Victor P., ed. Handbook Of Modern Marketing. P.84-2.

<sup>50</sup> Belch, George E. and Michael A. Belch. Introduction to Advertising and Promotion: An integrated marketing communication perspective. 2<sup>nd</sup> ed. New York: Irwin, Inc., 1993. PP.586-588.

Figure 2.7



### ■ SAMPLING

To begin with the first technique, sampling is a procedure whereby consumers are given a limited quantity of a product for no charge, just to induce trial. Although it is expensive, sampling is often used to introduce and promote a new product or brand to the market.<sup>51</sup> As for old products, it is argued that this technique may not be enough to induce someone who is a satisfied user of a competitive brand to switch and try another brand or become a frequent purchaser. There are three criteria for such a sampling program to be effective:

- 1)- The products are of relatively low unit value in order not to cause a heavy cost burden on the company.
- 2)- The product can be broken into small sample sizes that permit adequate demonstration of the product or brand features and benefits.
- 3)- The purchase cycle of the product is short so that the consumer making an after trial purchase would not, at least, forget about the brand when the next purchase occasion for the product is due.

<sup>51</sup> "Sampling". Marketing Week. May 31, 1996, P.46.

## ❖ COUPONING

This is the second technique. It is apparent that this technique is the most rapidly growing technique that has been adopted by an unlimited number of manufacturers. It can be tailored to meet several purposes of its users. Many Lebanese supermarket chains, fuel stations, and agents of many well known companies use this promotional tool as an incentive to encourage purchasing on a continuous scale. The “Cents-off” couponing is the oldest and most widely used tool by consumers to save money.<sup>52</sup> In Lebanon, this is widely used by Bata company. Also, cooperatives, restaurants, and even some retailers are adopting it, but on a wide scale. Marketers are continually searching for new and more effective couponing techniques. Recently, some companies are introducing in-store coupon distribution techniques through vending machines, electronic dispensers, or personal distributors whereby consumers can request and receive coupons directly in the store.<sup>53</sup> Giving such a coupon at the time a consumer is going to make a purchase is very effective technique since it would help consumers to choose coupons they are interested in, removing the need to clip the coupons from print ads and then remember to bring them to the store. Companies that use this technique has proved its ability to attract the customers of their competitors.

### *Advantages and Limitations of Coupons:*

To begin with the advantages, coupons attract price-sensitive consumers who generally seek out a certain brand because of coupons.

The second advantage is related to new products. Since a coupon lowers the price of a product, the consumers' level of perceived risk associated with trial of a new brand is reduced. Later on, this might encourage repeat purchase.

As to the established products, coupons can also be useful promotional devices. They can be used to induce nonusers to try a brand, to encourage

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<sup>52</sup> Belch, George E. 1993. P.593.

<sup>53</sup> McCarthy, E. Jerome. 1993. PP.220-221.

repeat purchase among current users (adding to the products' image and capital), and to get users to try new and improved versions of a brand, if any.<sup>54</sup>

On the other hand, a number of problems are associated with the use of coupons. First, it can be difficult to estimate how many consumers will use a coupon and when. Assigning a certain period (expiration date) for coupon redemption is inapplicable since responses to a coupon takes 2 to 6 months. This makes coupons generally not as effective as sampling for inducing initial product trial in a short period. Another limitation is that it is very difficult to prevent the coupons from being received and used by consumers who already use the brand. Most often, this promotional strategy end up reducing the company's profit margins among consumers who would probably purchase the product any way.<sup>55</sup> A third problem associated with the use of coupons is their cost. Couponing programs expenses include the face value of the coupons redeemed plus the other costs for production, distribution, and handling of the coupons. Marketers should closely track such a program to ensure if it is economically feasible or not.

### ***Coupon Distribution***

coupons can be disseminated to consumers in a number of ways, including newspapers and magazines, direct mail, and in or on packages. A major advantage of media-delivered coupons is the brand exposure that results particularly from newspapers. Distribution of coupons through the media can be done at reasonable costs.

As to the distribution of coupons through direct mailing, it is done by advertising agencies, local retailers, or through co-op mailing whereby a set of coupons for a number of different products is sent to a household. The first two methods have been widely used in Lebanon and are practised by several institutions and companies. Direct mail couponing has several advantages. First, the mailing can be sent to a broad audience or targeted to specific

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<sup>54</sup> Poshtar, Janet. "Coupons cut a brighter future". Marketing Week. Sept. 27, 1996, PP.24-25.

<sup>55</sup> Blatberg, Robert C. 1994. PP.167-169.

geographic or demographic segments. This is similar to what is done in universities or schools where the selected groups are teenagers or youths. Studies in the United States have shown that direct-mail couponing is a more effective way of gaining the attention of consumers and results in a higher redemption rate.

Placing coupons either inside or on the outside of the package is another method for distributing them.<sup>56</sup> The in/on package coupon is characterized by having a much higher redemption rate than other couponing methods. This might be explained by the fact that the one who reaches the stage of buying a certain brand is expected to buy it on another occasion more than others who receive coupons through mail, for example. Another advantage is that in/on package coupon has virtually no distribution costs. It is included in the packaging cost itself. There are several types of in/on package coupons.

An in/on pack coupon that is redeemable for the next purchase of the same brand is known as a Bounce-Back coupon. It tends to provide consumers with an inducement to repurchase the brand. Usually, this kind of couponing is used with product samples to encourage the consumer to purchase the product after trying a sample. As I mentioned earlier, the main limitation of Bounce-back coupons is that they go only to purchasers of the brand; thus, they are not effective for attracting nonusers.

Another type of in/on pack coupon is the Cross-ruff coupon, which is redeemable on the purchase of a different product. This is most often made by the same company but occasionally through a tie-in with another manufacturer or company. This might be effective in encouraging people or prospects to try other products or brands. Cross-ruff coupons are commonly used by companies with wide product lines.

Yet, a third type of package couponing that some companies use is the Instant coupon.<sup>57</sup> This coupon is attached to the outside of the promoted

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<sup>56</sup> McCarthy, E. Jerome. 1993. P.517.

<sup>57</sup> Poshtar, Janet. Marketing Week. Sept. 27, 1996, PP.24-25.

product's package which the consumer rips it off and redeems it at the checkout stand. One advantage of this kind of coupons is that they act as an immediate point-of-purchase incentive. Another advantage is that retailers prefer this instant coupon rather than price-off-deals. Retailers argue that the latter kind requires more cooperation, time, and efforts.

## ❖ PREMIUMS

Premiums stand for another type of sales promotion techniques that are used by many marketers. Premiums may be one element of the promotional tools that are most used. It has proved to be an effective tool that can be classified according to one of the following purposes:

- Premiums for joining clubs where attractive premiums may be used as inducements. It is a new and effective way to target customers.
- Premiums for encouraging the choice of certain retail outlets. This is usually used by banks, supermarkets, retailers, etc.
- Premiums to encourage the purchase of certain products

Similarly to samples, a premium is an offer of an item of merchandise or service either free or at a low price that is used as an extra incentive for purchasers. Recently, "value-added" premiums are increasingly used by marketers who aim to reflect the quality of the product and to be consistent with its image and positioning in the market. There are two basic types of premium offers.

Free offered premiums are the kind which are usually inexpensive gifts or merchandise include in the product package or sent to consumers who make mail-in requests along with a proof of purchase.<sup>58</sup> One example of a free premium is the in/on package premium. The latter includes toys, household accessories, or samples of other products. A recent survey done in the united

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<sup>58</sup> Buell, Victor P., ed. Handbook Of Modern Marketing. P.84.



states has found that in/on package premiums are consumers' most preferred type of promotion.

The main advantage of using such a premium is its high impulse value that stimulates the consumer to buy the product. However, the disadvantages of using such an incentive are many. The product's cost would increase as a result of the premium itself as well as from the extra packaging efforts that are sometimes needed. Moreover, consumers might be enticed to buy the promoted items with the premiums and never buy it after then.

Another example of free premiums is the mail-in premium. This requires more efforts from the consumer who is requested to proof his purchase patterns of a certain product or brand by sending a determined set of the brand's symbols to receive the premium items. This kind of premiums has been in practice by a variety of global companies, including cigarettes firms. One advantage of this method is that it encourages and enforce repeat purchase on one hand and rewards brand loyalty on the other hand. However, its basic drawback is that it does not permit immediate reinforcement or reward to the purchaser which might act as a barrier in providing the incentive to buy the promoted product or brand.

### *Self liquidating Premiums*

These premiums require the consumer to pay some or all of the cost of the premium plus handling and mailing costs. The promoted brand would be bought in large quantities by the company and offered to consumers at very low prices. Some times the company aims to cover its costs only and sell at a price less than that of retailers.

One advantage of this premium is that the company offers a value to the consumer. Along with a proper advertisement, such premiums might stimulate the consumers' attention and interest in a brand and create goodwill. These are essential to enhance the brand's image. Another advantage is that self liquidating premiums may encourage trade support in the sense of providing more shelf-space to display the promoted brand. Using this kind of premium

with a certain brand identification can contribute to the consumer-franchise building efforts regarding the brand. This is especially true when the right advertising message is included.

However, one limitation of this premium is its low redemption rate. This would cause a heavy cost burden on the company. As it was stated earlier, if a certain brand was identified on this premium, the marketer might be left with a large supply of items with a specified logo which make them very hard to dispose of. In this case, a market test should be made in order to measure the consumers' reaction to the promoted brand before incurring heavy losses.

## ❖ CONTESTS AND SWEEPSTAKES

This kind of promotion has been in practice since the very beginning of this century. It is a powerful consumer oriented technique that generates interest and excitement among people for certain products or services. Media support is crucial to make these promotion techniques open to the public. It is essential, at this stage, to differentiate between contests and sweepstakes. A contest is a "promotion whereby consumers compete for prizes or money on the basis of skills or ability, and winners are determined by judging the entries or ascertaining which entry comes closest to some predetermined criteria".<sup>59</sup> It is commonly used because it requires a proof of purchase from the one who wish to enter the contest. In other words, it acts as a purchase incentive. On the other hand, a sweepstakes is a promotion in which the only condition required from the entrant is to submit his/her name for consideration in the drawing or selection of the prizes. As no proof of purchase is demanded, sweepstakes are easier to enter and they attract a bigger public mass.

These techniques are very helpful in generating goodwill as well as in creating image and interest in a certain product and/or brand.

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<sup>59</sup> Belch, George E. 1993. PP.602-603.

### *Disadvantages with sweepstakes and contests*

As it was stated earlier, it is illegal to demand a proof of purchase from the people who are interested to enter sweepstakes. This holds for a major drawback. Consumers might submit large number of entries even though they have no interests in the promoted product

Another problem with contests and/or sweepstakes is that they contribute a little to the consumer franchise-building efforts for a product or service. Moreover, marketers fear that consumers might become over-dependent on them. These promotional efforts become the dominant focus rather than the product itself, in contrast to the marketers aim. Another problem is related to the promoting companies profit margin. Companies that adopt these promoting strategies spend a lot of money on prizes as well on their design and administration.

### ❖ **REFUNDS AND REBATES**

Similar to coupons, “Refunds or rebates are offers to return some portion of the product purchase price, usually after supplying some sort of proof of purchase”.<sup>60</sup> Usually, consumers are attracted by these strategies, especially if the size of their savings increase. They are used by all types of companies as an explicit way of flagging cheapness.

Refund offers are usually used by marketers to induce trial of a new product. Package-goods marketers, the main adopters of this strategy, implement this technique to encourage users of other brands to switch and try their promoted one.<sup>61</sup> This technique proved its accessibility to price-conscious consumers by reducing the cost of an item. Consumers would perceive this price-reduction as an immediate value that they add it to their utilization or satisfaction.

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<sup>60</sup> Ibid. P.604.

<sup>61</sup> McCarthy, E. Jerome. 1993. P.518.

This widely used technique can work as efficient tool to encourage repeat purchase, especially if the offers were a combination of cash and couponing. It is worth mentioning that in some instances, the size of the refund offer is directly related to the frequent number of purchases. This is especially true when firms require consumers to deliver in several proofs of their purchases as a prerequisite to receive the refund offer.<sup>62</sup> One more thing to add is that the expected savings can not be realized by consumers unless they redeem the offer and follow through on it.

Yet, some studies have revealed consumers' disattachment to this strategy. Many households would likely think of such promotion as a method to sell products that are not faring well. Some consumers might become dependent on rebates while others might question the real price and value of the product or service.

## ❖ BONUS PACKS

This is an effective way of promotion where by the consumer would be offered an extra amount of a certain product without any changes in its price.<sup>63</sup> This has been heavily used by Lebanese agents and distributors of some products such as soap, detergents, chocolate, and other undurable goods.

One advantage of using bonus packs is to provide extra value to consumers. As pointed out earlier, this strategy makes a certain product much desirable to the consumer who would be paying a lower cost per unit offered. Another advantage is their tendency to be a strong barrier for the entry of a new brand and defence against some competitors' promotions. A third advantage is the extra attention of consumers to the promoted product. Paying the same sum of money for more product units would ultimately add to consumers' utility and satisfaction.

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<sup>62</sup> Buell, Victor P. 1986. P.84-7.

<sup>63</sup> Belch, George E. 1993. P.607.

Yet, this tactic can be more effective if there are good relationships and cooperation between retailers and manufacturers. Its success is dependent on the addition in shelf spaces that retailers can provide. Although it is convenient to consumers, it does not provide any extra profit margins for the retailer.

## ❖ PRICE-OFF DEALS

Price-Off reduction is another type of consumer-oriented promotion techniques which attracts consumers by reducing the regular price of a certain brand. One way of presenting this tactic is on the package itself through specially marked price packs. It is a form of discount that comes out from the manufacturer's profit margin. This is in contrast to the retailer whose profit margin is maintained as it is in order to get his support and cooperation.

This promotion technique is favorably used by marketers for many reasons. First, it is controlled by the manufacturer whose intention is to ensure the promotional discount does reach the consumers.<sup>64</sup> Also, it increases the consumers' perceived value. This is particularly true when the purchaser has a "reference price point" for the brand. Comparing the prices, consumers would recognize the value of such discount. Moreover, it might encourage purchasers to buy large quantities of the product.

However, some of the drawbacks of this technique is the retailers' refusal to promote packages with a specific price shown on them. Another drawback is that price-off deals often appeals primarily to regular users rather than attracting new ones.

## ❖ EVENT SPONSORING

This is a promotion strategy that has been increasingly adopted by companies of different sizes. Many companies spend a lot of money and efforts to develop sponsorship relations with a particular event, especially sports. In

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<sup>64</sup> McCarthy, E. Jerome. 1993. PP.517-518.

Lebanon, for example, among the popular sporting events for corporate sport-ship are autoracing, football, and tennis tournaments.

This strategy is preferred by marketers who perceive it as an applicable way of getting their company and/or product names in front of consumers. This tends to build image and loyalty.<sup>65</sup> Many marketers choose a certain type of events for sponsorship that assist their accessibility to consumers who constitute their target market. However excessive research charges are required along with the heavy spending on sponsorship. Still, the increasing taxes constitute a heavy burden as well.

## **TRADE ORIENTED SALES PROMOTIONS**

### **OBJECTIVES**

“As with consumer-oriented promotions, sales promotions targeted to the trade should be based on well-defined objectives and measurable goals and a consideration of what the marketer wants to accomplish by using the trade promotion”.<sup>66</sup> There are several objectives beyond such promotions that are targeted to marketing intermediaries.

The first objective is to obtain distribution and support for new products. As it was revealed earlier, it is essential to encourage retailers to give the appropriate shelf space to new products. Thus, marketers tend to provide these retailers with several kinds of financial incentives to stock and sell new products. Special price deals, trade discounts, and merchandising allowances might be used to encourage both retailers and wholesalers to store, display, and “push” the new brand.

The second objective is to maintain trade support for established brands.<sup>67</sup> During the last stage of a product life cycle several retail outlets might

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<sup>65</sup> “Euro-Sport Sponsorship”. Marketing Week. Aug. 2, 1996, PP.24-25.

<sup>66</sup> Belch, George E. 1993. P.610.

<sup>67</sup> Kotler, Philip. 1972. P.37.

become reluctant to display and sell “weak” products (after reaching the mature phase) because of increased competition of new products. Companies whose products reach the mature phase find it expensive to fight competitors through media advertising; thus, they build their promoting plans on the basis of trade discounts. Marketers understand that retailers and/or wholesalers would not continue to carry weaker products unless they are provided with financial incentives that increase their profit margin. Yet, this trade promotion can be used even with a brand which have a strong market position. It yields a substantial increase in sales volume and market share.

Another objective for Trade-oriented sales promotion is to build retail inventories.<sup>68</sup> This is due to several reasons. First, more selling efforts would be practiced by wholesalers and retailers in order to reduce the high inventory levels rather than keeping it in their warehouses. Also, providing the retailers with excessive amount of a certain brand would insure that retail outlets would not run out of stock and cause delay for consumers to get their desired brand. In other word, it prohibits the chance of missing sales opportunities. This promotion tactic might be essential in some cases such as selling seasonal products. As it was said earlier, “when retailers stock up on a product before the peak selling season, they often will run special promotions and offer discounts to consumers to reduce excess inventories”.

## **TECHNIQUES OF TRADE-ORIENTED PROMOTIONS**

There is a variety of trade-promotion tools that marketers can use as inducements for wholesalers and/or retailers. The most frequent used types of promotions are the following.

- Contents and Incentives
- Trade Allowances
- Displays and Point-of-purchase materials

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<sup>68</sup> Ibid. PP.650-651.

-Sales Training Programs

-Trade Shows

## ▣ CONTESTS AND INCENTIVES

To begin with the First Type Of Trade-Oriented Promotion, contents and other special incentive programs might be developed in an effort to stimulate greater selling efforts and support from sellers and distributors as well. Marketers often sponsor contests for resellers and offer various types of prizes such as trips or valuable merchandise as rewards for reaching a certain sales quotas as any other sort of goals that manufacturers or marketers have established. The main target of such special incentives are wholesalers. Distributors or dealers, and retailers.

One of the many incentives to encourage the increase in product sales is to give cash payments directly to the retailers' or wholesalers' sales staff in order to encourage them to spend more time and efforts to promote and sell a certain brand or product. Such payments can be referred to as "push money or spiffs".<sup>69</sup> However, this practice has been of direct concern to sales managers and an issue of conflict between them and retail sales personnel. The retail sales managers tend to keep control over the selling activities of their sales staff in order to prohibit their employees from excerpting extra selling efforts for one brand and forget the other brands or become aggressive in promoting one brand that serve their own interests rather than satisfying those of the customers.

## ▣ TRADE ALLOWANCES

Trade allowances are some form of an incentive offered for wholesalers and retailers to encourage them stock, promote, and heavily sell certain products or brands. Buying allowances is one type of trade allowances that are usually offered to retailers as discounts given in the form of a price reduction or

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<sup>69</sup> Glasser, Ralph. 1964. PP.148-150.



merchandise ordered during a fixed period. Many companies use either off-invoice allowance (a certain amount or percentage is deducted from the invoice) or free goods (the reseller or retailer gets extra cases on the purchase of specific amounts) to encourage retailers to buy a certain brand quality and promote it quickly. Free goods have been widely used in Lebanon by companies that sell frozen products and soft drink companies such as .

companies such as Pepsi, Coca-Cola, Libbys, etc... On the other hand, off-invoices allowances is offered on durable goods. One major advantage of buying allowances is that it enhances trade relations and it is often expected by the merchants. Some resellers would pass such discounts or price reduction through to consumers in an effort to generate more sales and take the most advantage of the discounts being offered during the allowance period.

Promotional or merchandising allowances is another form of trade allowances. It is offered to merchants who practice certain promotional or merchandising activities in support of a certain brand or product line. It is planned to encourage retailers to run in-store promotional programs and provide special product displays along with the proper shelf space required. The promotional allowance is offered as a fixed amount per case or as a percentage reduction from the list price for any merchandise ordered during the promotional period. Various companies that produce packaged and durable goods, supplies, and/or heavy equipment use this technique.

A third type of trade allowances is known as slotting allowances. Slotting allowances "are fees that are paid to retailers to provide a slot or position to accommodate the new products".<sup>70</sup> Some marketers and manufacturers justify this process for several reasons. First, there is the cost that retailers must pay to redesign the shelf space, provide stock space and maintain inventories, and inform their employees of the new product. Second, there is the probability that this new product might not attain, at least, the minimum sales level expected within a certain time. In such a case, the retailer

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<sup>70</sup> Belch, George E. 1993. P. 613.

might demand extra slotting fees which are theoretically referred to as “failure fees”. This allowance might be an advantage to big companies that have the leverage to negotiate with retailers as well as the ability to pay any agreed-upon sum of money. Yet, others perceive it as a new form of exploitation.

Still, Buy-Back allowances stands for an allowance following a previous trade deal that offers a certain amount of money for new purchases based on the quantity of purchases made on the first trade deal.

Its advantage lies in preserving any increase in sales. Such an allowance holds still after the life of a trade deal and aids in preventing any decline in sales after the sales deal.

## ▣ **DISPLAYS and POINT-OF-PURCHASE MATERIALS**

Marketers use a variety of display materials such as banners, posters, shelf cards, motion pieces, stand-up racks, and some other materials that they find effective for “in-store” merchandising of products.

## ▣ **SALES TRAINING PROGRAMS**

The most efficient form of trade-oriented promotion is to provide sales training assistance to retail sales people. Many products sold in retail outlets require knowledgeable sales people who can convey to consumers some of the important benefits, features, and information in regard to a certain product. Cosmetics, computers, and electronic equipment are examples of products that demand knowledgeable sales people to promote them.

One way to provide sales training assistance to retail sales people is to present them with training sessions or classes (might be in the form of seminars) that widens the scope of their knowledge about a certain product and offers some procedures, methods, and ideas on how to sell it. Such training sessions might include motivational components as well. Manufacturing companies also provide resellers’ personnel with detailed sales manuals, product brochures, reference manuals, and even video cassettes that portray

information about the promoted product. Some of these techniques can be provided to consumers as well as to help eliminate the preliminary steps of the buying decision process.

## ▣ TRADE SHOWS and EXHIBITS

Trade shows and exhibits are primarily used by business firms that are engaged in setting products or merchandise to both business firms and dealers. Usually, these promotion tools are carried out by advanced industrial and technological companies and organizations which have a wide diversification of products or services offered along with newly established ones. Most often, companies of high technological products enroll in such promotion activities as a mean to introduce their new products and demonstrate their functions and characteristics on one hand and to attract potential customers on the other.

Trade shows represent a promotional activity whose target audience are resellers. Although it has been currently introduced to Lebanon, it has proved to be an effective promotional tool. It is a type of exhibition or forum where manufacturers display their products to current as well as prospective buyers. This enables the company to display its whole product line, if any, and interact directly with customers.

# ***CHAPTER THREE***

## **THE BASIC APPROACH**

Most of the previous researches chose to address the impact of either advertising or direct marketing on consumers' buying behavior. This study was conducted to determine the effects, if any, of sales promotion programs on consumer attitudes or preferences when other variables have been controlled for any possible causal effects. The researcher assumed sales promotion as the only independent variable which sales, the dependent variable, is a function of, holding other factors constant. Other factors such as advertising and personal selling were considered to be static without any variance.

Although several researchers claim that sales promotion can generate more sales, the purpose in this study was to determine if sales promotion can have any effect, positive or negative, as measured at the different stages of the product life cycle.

This research topic was designed to provide information regarding the effect of inserting marketing stimuli upon behaviors and feelings. This, in reference to the literature review presented in chapter two, was based on the assumption that these stimuli help developing a positive impact in terms of consumers' purchasing of goods and dealers' stocking and pushing of the promoted goods. Based on this, the following hypothesis were derived for testing.

H1: The embracement of various promotools, either trade or consumer oriented, in a company's marketing program will have significant impact on the measurement of promotion's effectiveness.

## **THE BASIC RESEARCH INQUIRY**

One basic aim of this study was to select and measure the selling process as a function of sales promotion and to see if promotools are consciously

recognized and are used to help shade out consumer behavior and intentions as related to the purchase decision. Usually, marketing managers use one or more of the various promotional tools available in an effort to attract and hold attention, enhance consumers' attitudes toward the product, and create a good image of the company. Also, it tends to determine whether such promotional programs will be recalled by consumers at later stages of purchasing and their impact on consumers' purchasing intention.

## **AN INTEGRATED AVENUE**

The researcher strived to assess the various promotional practices adopted by the Lebanese business institutions. This study was developed to determine whether the Lebanese managers know, use, and apply a systematic and structured sales promotion strategy that is well planned to secure profits for the company and growth and prosperity for its operations.

## **THE RESEARCH METHOD**

As revealed in the previous section of this research, sales promotion can be tailored to meet many of the consumers' and/or dealers' needs. In this study, the researcher was interested to measure the combined effectiveness of sales promotion on both markets (consumers and dealers). There was not any available research indicating that any of these two nodes would be more influential than the other.

While carrying on this research, the researcher provided all the respondents with a clear definition and example of sales promotion and the various promotional tools that might be used to meet people's needs and stimulate them to buy a certain brand.

## **THE RESEARCH DESIGN**

### **SOURCES OF INFORMATION**

In order to test the hypotheses stated in the first chapter of this research along with the other questions addressed in it, the researcher conducted an experimental design that was prepared to gather and collect information that are crucial to the validity and success of this research. To meet this objective, the researcher conducted this experiment on students of various universities as a sample to represent consumers in this study. This was done with the effort to keep consistent with the Lebanese market. Also, this would help control some extraneous variables such as differences between income levels, classes, age, geographic segmentation, cultural trends, and education.

Moreover, managers were interviewed to provide information about their company's usage of sales promotion and whether they (promotools) are successful or not in meeting the company's objectives. The sample interviewed represents managers of various companies who are directly relate and involved in developing marketing strategies.

### **THE SAMPLE DESIGN**

A sample of twenty managers of different companies was interviewed to provide the database for this study. Much effort was made to interview eligible respondents who are familiar with the various promotools. In terms of consumers, a sample of a hundred student was chosen.

### **THE SAMPLE SELECTION**

A sample of a hundred students was selected randomly to represent Lebanese students, a major part of the consumer market. The sample was developed of an equal percentage of both sexes in order to control and reduce any bias that could result from the different sexes of respondents. The age of respondents ranged from twenty to twenty-five years of age. As to the educational level of respondents, the subjects, as mentioned earlier, are university students who have similar educational basis (BA/BS and MS degrees).

## **METHODS USED TO COLLECT DATA**

As to the methods used to collect data, a thorough search for appropriate information was conducted using personal interviews and self administered questionnaire.

By definition, a personal interview is simply a questionnaire that is administered in a face-to-face setting. In order to reduce any bias that may result from inappropriate comprehension of questions addressed, the researcher adopted the directive style. Interviewees were asked direct questions that were designed in the same wording and order for every respondent. In addition, all administered questions followed a funnel sequence. This means that questions start from the most general and broad in sense at the beginning and gradually the focus is narrowed to become more specific at the end.

As to the respondents who constitute the consumer market, a well designed questionnaire was distributed among them. The researcher planned to let respondents fill in the questionnaire while he was present so that he can answer any question asked by them, reduce bias that may result from miscomprehension of questions, and ensure that respondents fully answer the whole questionnaire. Also, the respondents were asked to complete the questionnaires in their order format so that answers to early questions would not be influenced or guided by the respondents' knowledge of the succeeding ones. In other words, the researcher was certain that questionnaires be answered in a consistent manner.

## **DATA PROCESING AND ANALYSIS**

The data gathered from the questionnaire and personal interviews were properly arranged to facilitate the interpretation and analysis processes. All the data filled out by various respondents were analyzed by means of a statistical package (SPSS). Standard editing and coding procedures were utilized along with a careful categorization of data collected. Simple Tabulation and cross-tabulation was utilized as well to analyze the information at hand.

## **METHODOLOGY IN DATA ANALYSIS**

As the main objective of this study is to assess the effects of sales promotion on the company's image (increase sales consumption of goods) and consumers buying behavior (increase loyalty and purchasing), different methodologies were used to perform this analysis.

First, a descriptive analysis was applied to interpret and understand the different aspects related to the general feelings and attitudes of consumers on one hand and dealers on the other hand. The consumers' intention to buy was compared versus their purchasing decision to assist in this analysis. Averages were calculated along with frequency and percentage distribution after arranging the data collected and processing it into meaningful information in an effort to present a wider picture of the effects of sales promotion.



# CHAPTER FOUR

## (Analysis & Findings)

Consumer behavior and buying patterns are a complex phenomenon which managers of all functions should understand and base their decisions upon. Marketing managers should know how to trigger the purchasing need of a customer and attract him/her toward a specific brand. As some earlier studies have discovered that human behavior can be caused, companies should concentrate their planning on strengthening the promotional programs. In chapter I, the research hypotheses were as follows:

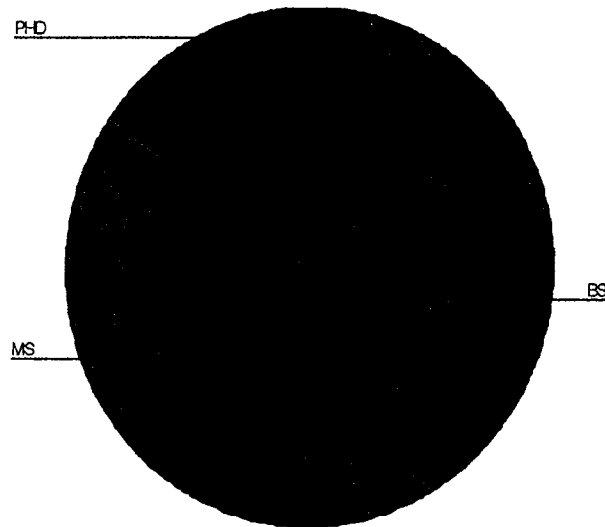
In this study, it is assumed that managers should be knowledgeable enough regarding consumer behavior and the factors affecting it, and have the capability to do so. Hence, comes a brief analysis of data gathered from managers in respect to their knowledge, perception, and application of sales promotion. At this stage, the researcher feels the urge to advise the readers to read the sample versions of the questionnaires that were distributed to both managers and customers. These questionnaires constitute appendices A and B. Also, a brief explanation of some of the statistical terms used in this research project is summarized in appendix C.

### 4.1- A profile of managers

Of the sample subjects who responded to the survey, 15.4% hold a Ph.D. degree, 30.8% holds an MS degree, and 53.8% hold a BS degree. This is revealed in a pie chart depicted in figure 4.1. As to their field of education, 7.7% hold a degree in finance, 46.2% holds a degree in marketing, 38.5% hold their degree in management, and 7.7% hold a degree in economics. What might add to the validity of data given by the managers is the level of management they belong to. An equal proportion of 46.2% belong to top and middle management levels whereby only 7.7% belong to the supervisory level, the

third management layer. Such data would be helpful in interpreting managers' knowledge and perception with respect to sales promotion and its applications. The above mentioned results are presented in the following frequency tables-IV.1.

Figure 4.1: Education level



Frequency Tables-IV.1

Field Ed

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Finance	1	7.7	7.7	7.7
	Marketing	6	46.2	46.2	53.8
	Management	5	38.5	38.5	92.3
	Economics	1	7.7	7.7	100.0
	Total	13	100.0	100.0	
Total		13	100.0		

Mgt lvl

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Top Mgt	6	46.2	46.2	46.2
	Mdle Mgt	6	46.2	46.2	92.3
	Supv Mgt	1	7.7	7.7	100.0
	Total	13	100.0	100.0	
Total		13	100.0		

## **4.2- A measure of managers' knowledge and perception in regard to sales promotion**

As we all know, promotion constitutes a major element of the marketing mix. As revealed in the literature review, the expenditures on sales promotion have recently surpassed those on other elements of the promotion mix. Since the Lebanese civil war was ended in 1992, more attention and trust are given to the Lebanese market. This has been proved by the large number of international companies investing in our country. In order to face such threats imposed by foreign companies, our managers should, at least, have enough knowledge along with adequate perception of business processes and applications.

It is worth noting from the very beginning, that the sample selected represents companies that have been applying sales promotion for a long period. It represents companies that have chosen to invest in sales promotion programs in an effort to increase both their operations and market share. Ultimately, all of the sample companies have a marketing department. The managers who constituted the sample all agreed that such a department is essential for every organization, "even for non-profit institutions", as one of the managers reported.

### **4.2.1- An assessment of managers' knowledge With respect to competition and Customer Retention**

When asked about competition, 84.6% of the managers stated that their companies identify marketing strategies of competitors as compared to 15.4% who denied such an identification. This is presented in figure 4.2. It adds that 23.1% of the sample, as revealed in figure 4.3, said that the current promotional strategies followed by their companies do not correlate properly with their competitors' strategies. This vagueness in the market planning might be one of the reasons explaining foreign companies' success.

Figure 4.2

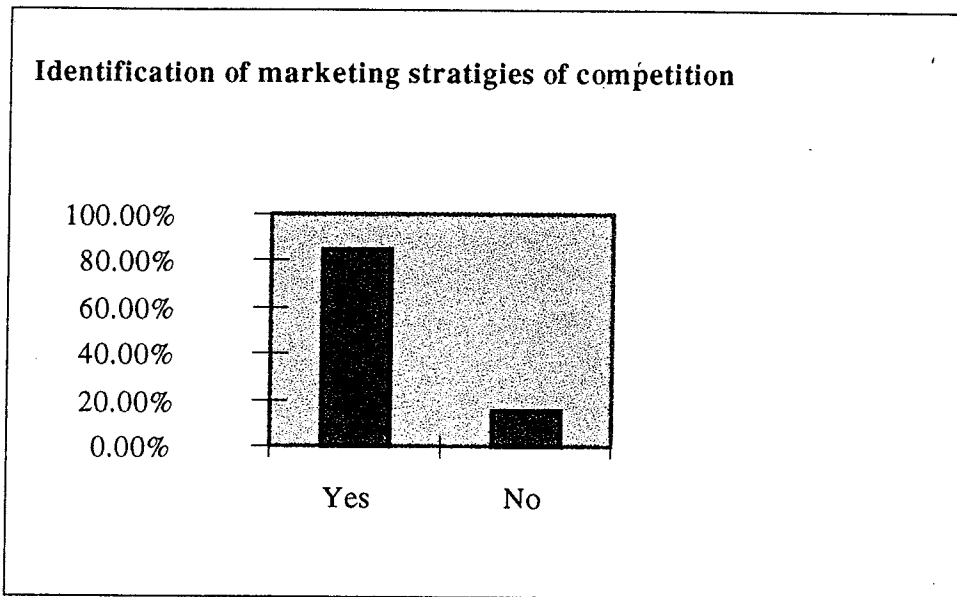
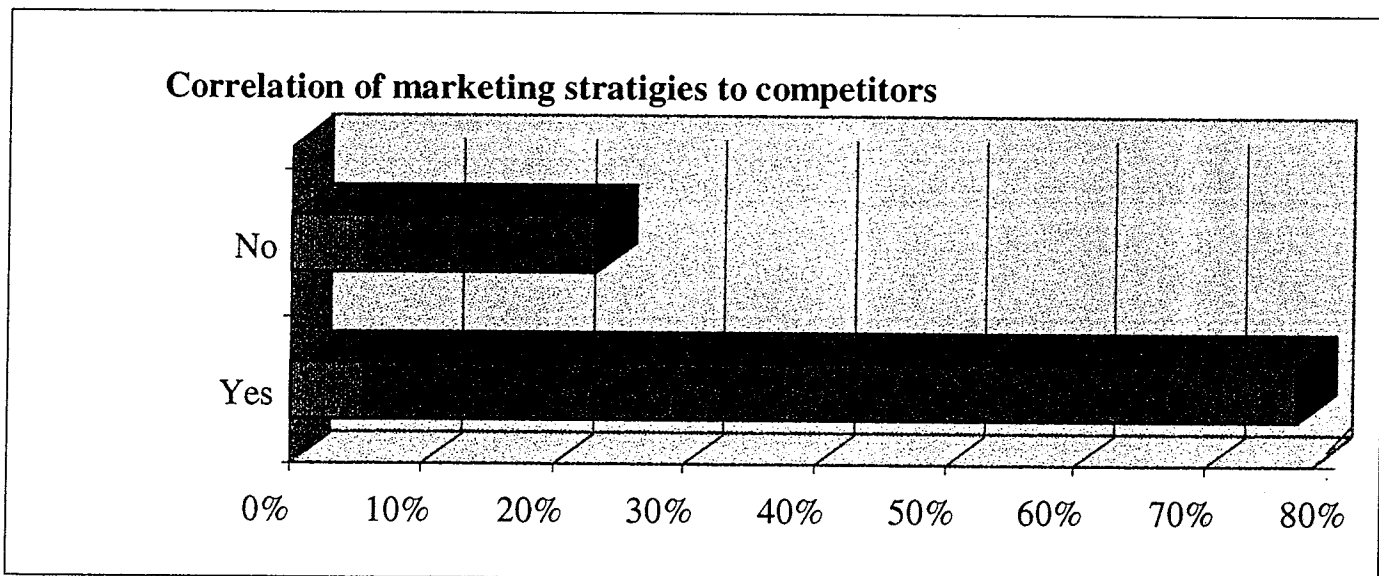


Figure 4.3



Yet, these companies try to retain their customers. Their managers understand that the cost of attracting a new customer is much higher than the cost to retain an old one. Also, in a correlation test, it was found that at a significance level of 0.05, there is a significant relationship between companies correlating their current promotional strategy to meet customers' demands and expectations with their identification of factors that might influence their current and potential customers' demands for their products. A thorough reading of the correlation table-IV.1 leads to a basic notion.

Correlation Table-IV.1:

Correlations

		P1_5	P2_2d
Pearson Correlation	P1_5	1.000	.662*
	P2_2d	.662*	1.000
Sig. (2-tailed)	P1_5	.	.014
	P2_2d	.014	.
N	P1_5	13	13
	P2_2d	13	13

\*. Correlation is significant at the 0.05 level (2-tailed).

- P1-5: Companies identify factors that influence their current and potential consumers' demand.
- P2-2d: Promotional strategies correlate properly with consumers demands and expectations

The more customers vary in demands and expectations, the higher would become the companies' interest to modify their promotional programs to respond to such changes.

However, the way our managers perceive external environmental factors is not included in their planning decisions. At a significance level of 0.05, a test of variance (Anova test ) revealed the following:

ANOVA TEST-IV.1

ANOVA TEST	
LEBANESE MARKET	DEGREE OF VARIATION
CHANGING	0.915
COMPETITIVE	0.368
RISKY	0.347
STABLE	NO RELATION

As the results show, there is no significant variance in the managers' plan for promotional strategies in various business environments. This means that managers plan their promotional strategy without considering the predicting state of the business environment.

This is also stressed in correlation table-IV.2. As this table shows, there is no correlation between the Lebanese market state, i.e., being changing, competitive, risky and stable, as considered by the sample members, on one hand and applying sales promotion techniques on the other hand.

Correlation Table-IV.2

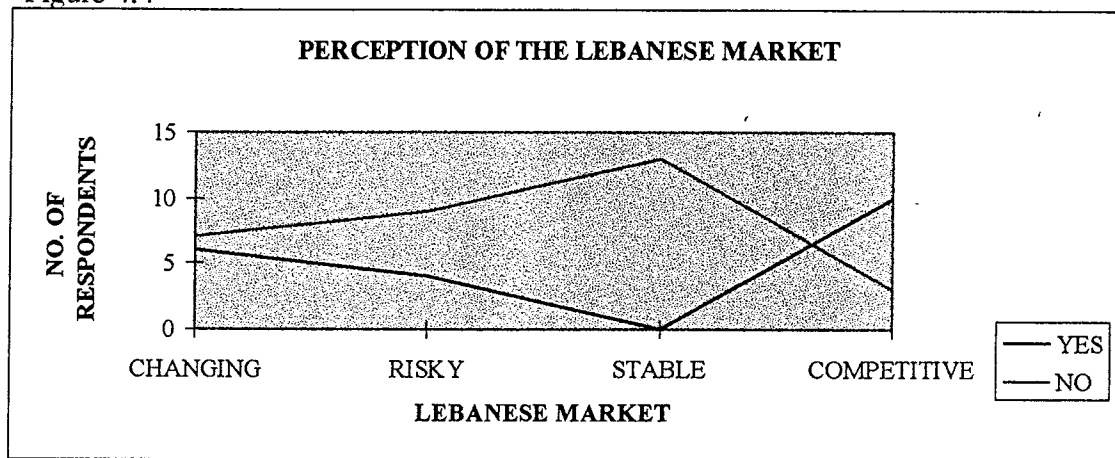
**Correlations**

		FollSpt	Lebmkтч	Lebmkтco	Lebmktrs	Lebmkтst
Pearson Correlation	FollSpt	1.000	.	.	.	.
	Lebmkтч	.	1.000	-.225	.051	.
	Lebmkтco	.	-.225	1.000	-.030	.
	Lebmktrs	.	.051	-.030	1.000	.
	Lebmkтst	.	.	.	.	1.000
Sig. (2-tailed)	FollSpt	.	.	.	.	.
	Lebmkтч	.	.	.459	.867	.
	Lebmkтco	.	.459	.	.921	.
	Lebmktrs	.	.867	.921	.	.
	Lebmkтst	.	.	.	.	.
N	FollSpt	13	13	13	13	13
	Lebmkтч	13	13	13	13	13
	Lebmkтco	13	13	13	13	13
	Lebmktrs	13	13	13	13	13
	Lebmkтst	13	13	13	13	13

- FollSpt: Follow sales promotion technique
- Lebmkтч: Lebanese market being changing
- Lebmkтco: Lebanese market being competitive
- Lebmktrs: Lebanese market being risky
- Lebmkтst: Lebanese market being stable

Of course, This could have negative implications on the strategic planning process. The key to organizational survival and growth is the firm's ability to adopt its strategies to a rapidly changing environment. This puts a large burden on management to anticipate future events correctly. The promotion policies adopted by any company should be developed after long run forecasts of key environmental factors affecting its market. To analyze such a finding, it is important to examine the managers' perception of the Lebanese market. This is well revealed in figure 4.4.

Figure 4.4



It's well known that one reason companies use promotional programs is to overcome threats imposed by the market. The fact that only 30.8% of the sample managers consider our market risky is a clear proof of improper analysis and understanding of the market place. To illustrate such a lack of market analysis and understanding, 76.9% of the sample managers admit that the Lebanese market is competitive which reveals a variance of 46.1% between market competitiveness and risks especially that 100% (the whole sample) described it as not stable! Promotional strategies, of which sales promotion is a basic element, should be conducted by companies in accordance to their forecasted state of the business environment. Such an improper consideration by the managers might be one reason why other foreign companies are succeeding in penetrating the market and affecting the economy.

#### 4.2.2- Specialization Versus Decision Making

Another important aspect revealed in this research is the importance of managers' specialization versus decision making. One of the prerequisites to the success of any organization, is proper selection and procurement of human resources. Personnel recruitment is one of the major functions of human resources development. A frequency distribution was performed concerning the managers' educational levels and specialization as portrayed in previous section of this chapter (see table-I). To study the variability of the managers' attitudes

regarding the use of sales promotion as a tool to generate more sales along with managers' education and specialization, a Chi-square analysis was performed.

Cross tabulation Table-IV.1

+Chi-square tests

relspvss \* Edu Crosstabulation

Count		Edu			Total
		BS	MS	PHD	
relspvss	short term	2	2		4
	long term			1	1
	continuous	4	2		6
	long and cont	1		1	2
Total		7	4	2	13

- Edu: Managers educational level
- relspvss: Relation between sales promotion and sales increase

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	9.905 <sup>a</sup>	6	.129
Likelihood Ratio	9.627	6	.141
N of Valid Cases	13		

a. 12 cells (100.0%) have expected count less than 5. The minimum expected count is .15.

This reveals that at a significance level of 0.05, there is no association between managers emphasis on the relationship between managers using sales promotion as a tool to generate more sales and their educational level. This is a logical result. It is not necessary that if one holds MS degree in Finance or Accounting that he better knows and understands Marketing strategies than a BS holder of the same major.

Yet, this differs when it comes to managers specialization. Another Cross tabulation analysis along with a chi-square test was performed. But this time managers emphasis on sales promotion as an essential tool to generate more sales was associated to the managers fields of education.



## Crosstabulation Table-IV.2

### Chi-square Tests

relspvss \* Field Ed Crosstabulation

Count		Field Ed				Total
		Finance	Marketing	Management	Economics	
relspvss	short term	1	2	1		4
	long term				1	1
	continuous		4	2		6
	long and cont			2		2
Total		1	6	5	1	13

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	18.778 <sup>a</sup>	9	.027
Likelihood Ratio	13.137	9	.156
N of Valid Cases	13		

a. 16 cells (100.0%) have expected count less than 5. The minimum expected count is .08.

It was found that at a significance level of 0.05, there is a strong association between managers' field of education and their perception of sales promotion. The significant result in the above chi-square test means that the more managers are specialized in certain fields the better would be their planning and consequently the more enhanced will become their performance. Here, it is important to say that the significance of the result might be attributed to the fact that most of the sample managers hold their degrees with a marketing or management emphasis which share a lot of in-common concepts.

### **4.2.3- Uncertainty and deviation in principles**

Still, this research shed the light on a every important phenomena: Managers' uncertainty and deviation in principles. Successful companies adapt a well developed promotional mix in an effort to retain and capture a bigger market share. Also, the promotional mix can be used to reach other segments of the market. One should not forget that sales promotion consists of the following four elements: Advertising, Sales promotion, Publicity, and Personal selling.

Each of these elements has its own objectives. Any manager adopting the promotion mix must understand the dependent role of these elements. For example, Publicity and advertising campaigns aim to create knowledge and awareness of customers by revealing the characteristics of a certain product whereas sales promotion tends to arouse the interest of customers to buy a specific brand. This was further explained in the literature review.

Reading through the following Crosstabulation analysis, including chi-square tests, we can deduce that our managers' performance is not based on firm grounding. Comparing each Crosstabulation with its associated chi-square test, we observe

Crosstab + Chisquare Tests-Table IV.3

**Crosstab**

Count		PP_Aware				Total
		Most important	Important	Less important	not stated	
P1_4	Str Agree	4	2	1	4	11
	Agree	1			1	2
Total		5	2	1	5	13

- PP\_Aware: Promotional Planing to create awareness as the desired goal
- P1\_4: A well planed promotion mix gives better results

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	.709 <sup>a</sup>	3	.871
Likelihood Ratio	1.154	3	.764
Linear-by-Linear Association	.016	1	.899
N of Valid Cases	13		

a. 8 cells (100.0%) have expected count less than 5. The minimum expected count is .15.

**Crosstab**

Count		PP_Int			Total
		Important	Least Important	not stated	
P1_4	Str Agree	4	4	3	11
	Agree			2	2
Total		4	4	5	13

- PP\_Int: Promotional planning to create interest as the desired goal

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	3.782 <sup>a</sup>	2	.151
Likelihood Ratio	4.432	2	.109
Linear-by-Linear Association	2.116	1	.146
N of Valid Cases	13		

a. 6 cells (100.0%) have expected count less than 5. The minimum expected count is .62.

**Crosstab**

Count

		PP_Knldg					Total
		Most important	Important	Less important	Least important	not stated	
P1_4	Str Agree	2	2	3	1	3	11
	Agree					2	2
Total		2	2	3	1	5	13

- PP\_Knldg: Promotional Planning to create knowledge as the desired goal

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	3.782 <sup>a</sup>	4	.436
Likelihood Ratio	4.432	4	.351
Linear-by-Linear Association	2.545	1	.111
N of Valid Cases	13		

a. 10 cells (100.0%) have expected count less than 5. The minimum expected count is .15.

**Crosstab**

Count

		PP_Pref				Total
		Most important	Less important	Least important	not stated	
P1_4	Str Agree	5	3	2	1	11
	Agree	1			1	2
Total		6	3	2	2	13

- PP\_Pref: Promotional Planning to create preference as the desired goal

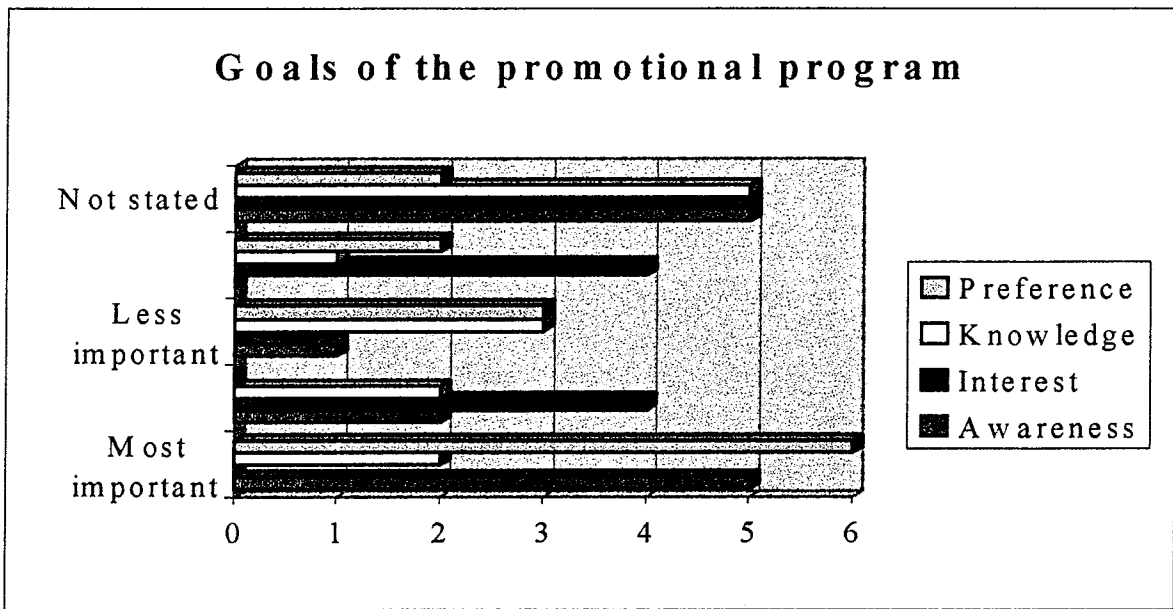
**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	2.758 <sup>a</sup>	3	.431
Likelihood Ratio	2.983	3	.394
Linear-by-Linear Association	.193	1	.660
N of Valid Cases	13		

a. 7 cells (87.5%) have expected count less than 5. The minimum expected count is .31.

that there is no variability between what managers perceive as important goals (in terms of awareness, knowledge, interest, and preference) when applying their sales promotion programs on one hand and planning their promotional mix on the other. This means that managers treat the above notions as being independent of each other. This is one of the weaknesses of our managers. The reason behind this result can be attributed to the following frequency tables that reveal how managers classify their goals.

Figure 4.5



As shown above, a high percentage of the sample managers were uncertain of their answers and even some of them stressed opposite goals of the same elements of the promotional program. At this stage, the researcher feels the need to ask managers to determine within themselves what they want to

achieve before planning and applying any promotional tactic or strategy. The various elements of the promotion mix are usually adopted by companies who have the intention to develop loyalty and create stronger bonds with their ultimate customers. In the past, companies took their customers for granted. Today, the market is so saturated with alternative suppliers of similar products that a customer gets amazed when entering a small retail store.

Back to our deducted result, it can be based on another similar test by performing a Crosstabulation analysis accompanied by chi-square tests. A sample of the association between the most important goals (creating awareness, interest, etc.) of promotional programs as perceived by managers versus the latter's clustering of the various elements of promotional programs (including advertising and sales promotion) support our findings. Taking a sample of the analysis (16 crosstabs with 16 chi-square tests), we end up with the following:

Crosstabulations Table- IV.4

PP\_Aware \* PP\_adv Crosstabulation

Count		PP_adv			Total
		Most important	Important	less important	
PP_Aware	Most important	3	1	1	5
	Important	1	1		2
	Less important		1		1
	not stated	3	2		5
Total		7	5	1	13

- PP\_Adv: Promotional programs using advertising as the primary element

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	3.714 <sup>a</sup>	6	.715
Likelihood Ratio	4.346	6	.630
Linear-by-Linear Association	.203	1	.652
N of Valid Cases	13		

a. 12 cells (100.0%) have expected count less than 5. The minimum expected count is .08.

**PP\_Int \* PP\_SP Crosstabulation**

Count		PP_SP		Total
		Most important	Important	
PP_Int	Important	1	3	4
	Least Important	2	2	4
	not stated	2	3	5
Total		5	8	13

- PP\_SP: Promotional Planning using sales promotion as the primary element

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	.536 <sup>a</sup>	2	.765
Likelihood Ratio	.549	2	.760
Linear-by-Linear Association	.256	1	.613
N of Valid Cases	13		

a. 6 cells (100.0%) have expected count less than 5. The minimum expected count is 1.54.

As shown in the above sample of our analysis, there is no variation between the groups in the study. This agrees with the preceding result.

**4.2.4- Maintaining a control plan**

It is at the introductory courses in business management that we learn to develop a controlling procedure to monitor performance and/or deviations from plans. Similarly, in marketing we should measure our performance to make sure that our plans would achieve their purposes. In the following statistical analysis, significant results were deducted which add to our managers' knowledge and practices of such an important notion. Although two out of fifteen managers said that they do not measure back their performance against the planned set of activities and business operations, the other thirteen managers stressed on the importance of measuring their promotion performance. This is best portrayed in the following frequency table.

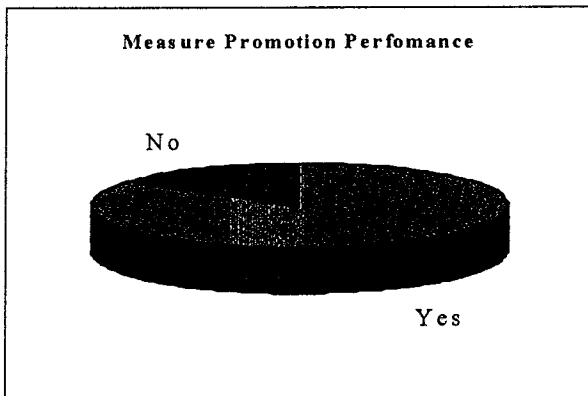
Frequency table-IV.2

**MsPrmPer**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	11	84.6	84.6	84.6
	No	2	15.4	15.4	100.0
	Total	13	100.0	100.0	
Total		13	100.0		

- MsPrmPer: Measure promotion performance

Figure 4.6



Outlining the controls for monitoring plans' progress is a planning procedure that should go in parallel to the promotion activities carried out by any company. Evaluating the sales-promotion results is a crucial requirement. The heart of the control plan can be best referred to as management by objectives. It is to ensure that the company achieves the sales, profits, and other established goals of the promotion such as an increase in market share and gaining new customers' trust.

Carrying forward our analysis, we discovered that at a 0.05 significance level, there is a significant variation between the planning process by our managers of their current promotional strategy and their controlling measurement of performance, as summarized in the table below. This variation stresses on the importance and high dependence of developing and maintaining a good performance measurement on the adequacy of planning the promotional strategy. This stands, by itself, to reduce inconvenient surprises that might add to our companies' threats or weaknesses, which are many.

Chi-Square Test Table-IV.1

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)	Exact Sig. (2-tailed)	Exact Sig. (1-tailed)
Pearson Chi-Square	13.000 <sup>b</sup>	1	.000		
Continuity Correction <sup>a</sup>	6.453	1	.011		
Likelihood Ratio	11.162	1	.001		
Fisher's Exact Test <sup>a</sup>				.013	.013
Linear-by-Linear Association	12.000	1	.001		
N of Valid Cases	13				

a. Computed only for a 2x2 table

b. 3 cells (75.0%) have expected count less than 5. The minimum expected count is .31.

#### 4.2.5- Market Segmentation

Markets consist of buyers, and buyers differ in one or more aspects. They may differ in their wants, purchasing power, geographical location, buying attitudes, and buying practices. Any of these can be used to segment a market. Dividing the market into different segments is one way that successful managers usually do with the aim of better understanding their customers demands and satisfying their needs. Wise managers should understand the interests of each segment market and provide it with promotional programs and promotools that are especially tailored to meet its expectations. In other words, they should measure market potential and forecast future demands. In this research, we intended to compare our managers' basis of market segmentation on various promotools that are used to attract both dealers and consumers.

To begin with dealers, they constitute an important fragment of our target market. Market segments normally attract several competitors. To reduce the latters' effect on their marketing strategies and plans, companies should build a distinctive relation with its dealers. This relation should be based on co-operation and mutual benefits. Reading through the following frequency tables, valuable information could be deducted.



Frequencies Table-IV.3

P2\_3a

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	8	61.5	61.5	61.5
	No	5	38.5	38.5	100.0
	Total	13	100.0	100.0	
Total		13	100.0		

\* P2\_3a: Managers who follow market segmentation plan.

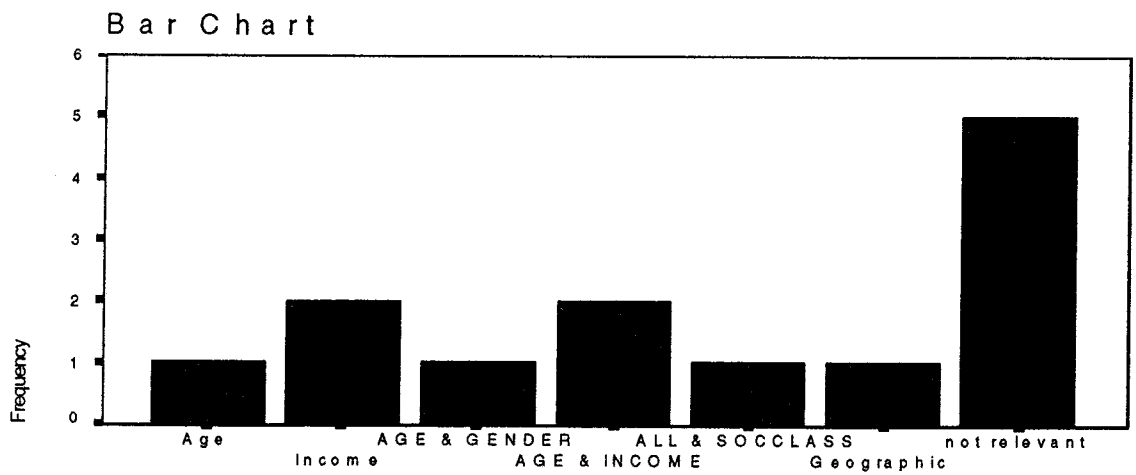
There is an important relation between the basis upon which managers segment their market and the various promotools adopted by them. Some of us might give little importance to these findings. However, the researcher believes that dividing the

Frequency table-IV.4

P2\_3b

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Age	1	7.7	7.7	7.7
	Income	2	15.4	15.4	23.1
	AGE & GENDER	1	7.7	7.7	30.8
	AGE & INCOME	2	15.4	15.4	46.2
	ALL & SOCCLASS	1	7.7	7.7	53.8
	Geographic	1	7.7	7.7	61.5
	not relevant	5	38.5	38.5	100.0
	Total	13	100.0	100.0	
	Total	13	100.0		

Figure 4.7: Basis of market segmentation

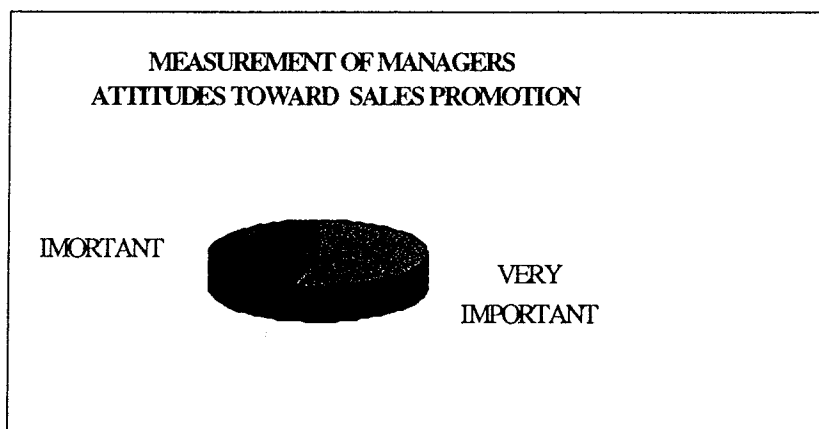


P 2 \_ 3 b

customers' market into segments is one thing and striving to fulfill this segment is another concern that can not be separated from wholesalers' and retailers' market. Still, the fact that five of our sample managers stated that they do not divide the market into segments reveals a weakness in managerial practices. Dealers act as intermediaries between our products, programs, and strategies on one tail and our customers on the other. A relative portion of companies' success is dependent on their dealers' performance. And to perform well, they should be satisfied. During this research process, managers revealed a profound respect to and co-operation with their dealers. Yet, this proved impractical to measure since the researcher could not have access to more detailed information.

Going back to the customer market, companies are confronting fragmentation of their market along with competition which have negative effects on customers' loyalty. They are striving to increase their sales. Marketers have recently realized that customers are paying a great deal of attention to their value-added process (benefits versus cost). Any company that wants to, at least, retain its customers should understand the increase of promotional sensitivity. The following figure is a clear proof of our managers' awareness of such a necessity.

Figure 4.8



The following correlation table reveals how some of our managers perceive the effect of the various promotools available for use. It is apparent

from this correlation table that managers focus on coupons, especially instant coupons. The latter is used in association with contests.

Correlation table-IV.3: A correlation test between market segments and the various sales promotion techniques used. See Appendix for further details

		Correlations									
		P2_3b	TchCrCop	TchInstC	TechBon	TechCont	TechCoup	TechPrce	TechPrem	TechRef	TechSmpl
Pearson Correlation	P2_3b	1.000	.	.240	.007	-.079	.423	-.019	-.068	.016	.026
	TchCrCop	.	1.000	.	.	.	.	.	.	.	.
	TchInstC	.240	.	1.000	.527	.693**	.058	-.693**	.058	.030	.141
	TechBon	.007	.	.527	1.000	.365	.228	-.365	.228	-.192	.267
	TechCont	-.079	.	.693**	.365	1.000	.300	-.350	-.025	.158	-.220
	TechCoup	.423	.	.058	.228	.300	1.000	.350	.025	.184	-.098
	TechPrce	-.019	.	-.693**	-.365	-.350	.350	1.000	.350	-.158	-.098
	TechPrem	-.068	.	.058	.228	-.025	.025	.350	1.000	-.501	.220
	TechRef	.016	.	.030	-.192	.158	.184	-.158	-.501	1.000	-.386
TechSmpl	.026	.	.141	.267	-.220	-.098	-.098	.220	-.386	1.000	
Sig. (2-tailed)	P2_3b	.	.	.430	.982	.797	.150	.951	.825	.959	.933
	TchCrCop	.	.	.	.	.	.	.	.	.	.
	TchInstC	.430	.	.	.064	.009	.851	.009	.851	.921	.646
	TechBon	.982	.	.064	.	.220	.453	.220	.453	.529	.377
	TechCont	.797	.	.009	.220	.	.319	.241	.935	.606	.471
	TechCoup	.150	.	.851	.453	.319	.	.241	.935	.546	.751
	TechPrce	.951	.	.009	.220	.241	.241	.	.241	.606	.751
	TechPrem	.825	.	.851	.453	.935	.935	.241	.	.081	.471
	TechRef	.959	.	.921	.529	.606	.546	.606	.081	.	.193
TechSmpl	.933	.	.646	.377	.471	.751	.751	.471	.193	.	
N	P2_3b	13	13	13	13	13	13	13	13	13	13
	TchCrCop	13	13	13	13	13	13	13	13	13	13
	TchInstC	13	13	13	13	13	13	13	13	13	13
	TechBon	13	13	13	13	13	13	13	13	13	13
	TechCont	13	13	13	13	13	13	13	13	13	13
	TechCoup	13	13	13	13	13	13	13	13	13	13
	TechPrce	13	13	13	13	13	13	13	13	13	13
	TechPrem	13	13	13	13	13	13	13	13	13	13
	TechRef	13	13	13	13	13	13	13	13	13	13
	TechSmpl	13	13	13	13	13	13	13	13	13	13

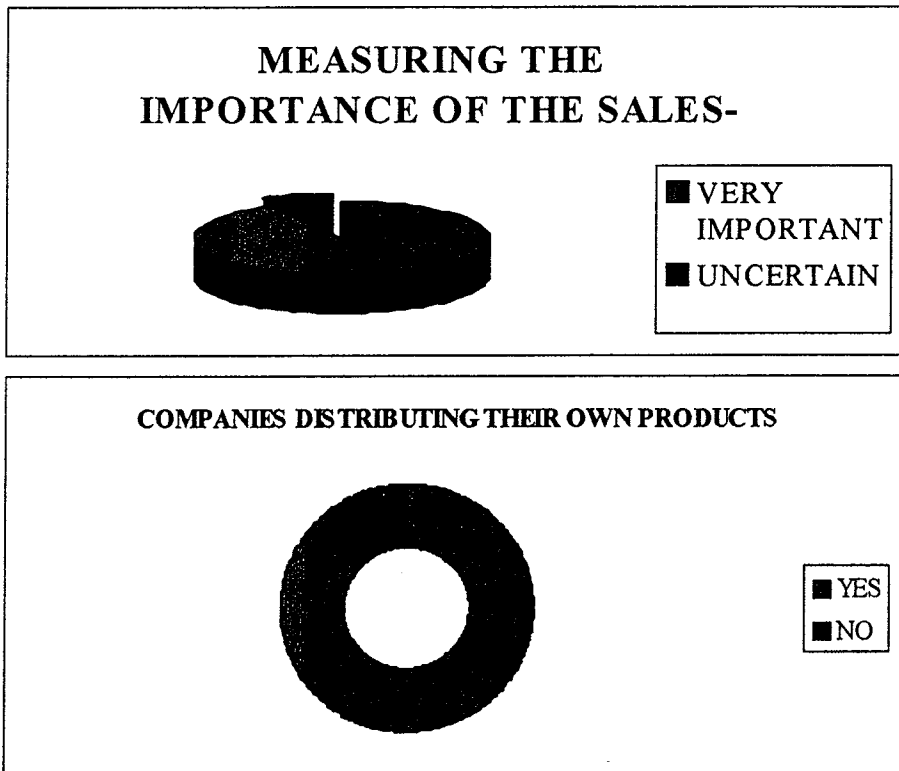
\*\* Correlation is significant at the 0.01 level (2-tailed).

However, there is no attention given to price deals, premiums, and contests. This describes the degree of imitation our managers follow. One reason to apply sales promotion is to gain customers' trust. This trust requires sacrifices. Our managers should be keen enough to apply a variety of various promotools at different time duration and circumstances. After all, each of these promotools has its own objectives and methods of applications that better serve its purposes. Proper understanding and application of each of these promotools is a prerequisite. This is to keep customers interested in our promotional programs. Moreover, these programs should be built on the basis of rewarding customers.

#### 4.2.6- BUILDING A STRONG SALES FORCE

Still, a part of the success of marketing program is dependent on effective distribution. The sales force is a two-way strategy that successful companies follow. It plays a major role in making the product accessible to all interested customers. Companies should consider the unique role that the sales force can undertake in the marketing mix to serve customers' needs in a competitively effective way. Expansion and market differentiation are marketing aspects that are inseparable from distribution. A network of distribution channels is an essential ingredient to provide the promoted product in the right place at the right time. Selling, as a part of the marketing plan, has always been a complex phenomenon. As competition is increasing along with a further fragmentation of the market, the sales force has become a crucial element that can aid in creating and maintaining what can be called a "relationship marketing". One important task of the sales force is to reactivate a committed and collaborative relationship between the company and its customers (both dealers and final users) for the long-run.

Figure 4.9



From the above charts, we can see that managers consider the sales force as important to the organization success and their real distribution activities. Companies, by developing their own distribution department, they could utilize such a department, along with its personnel, to gather feedback information about both market and customers as well.

### 4.3- A PROFILE OF CUSTOMERS

As indicated in chapter three of this research, a sample size of a hundred respondent representing consumers was selected. The response rate was 86%. The following frequency table presents a descriptive profile of the sample.

Frequency tables-IV.5

#### AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18--22	57	66.3	66.3	66.3
	23--27	28	32.6	32.6	98.8
	not stated	1	1.2	1.2	100.0
	Total	86	100.0	100.0	
Total		86	100.0		

#### FAM INC

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	500000--1,000,000	8	9.3	9.3	9.3
	1,000,000--1,500,000	2	2.3	2.3	11.6
	1,500,000--2,000,000	16	18.6	18.6	30.2
	2,000,000--2,500,000	16	18.6	18.6	48.8
	2,500,000--3,000,000	9	10.5	10.5	59.3
	ABOVE 3,000,000	26	30.2	30.2	89.5
	not stated	9	10.5	10.5	100.0
	Total	86	100.0	100.0	
Total		86	100.0		

#### GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	51	59.3	59.3	59.3
	FEMALE	30	34.9	34.9	94.2
	not answered	5	5.8	5.8	100.0
	Total	86	100.0	100.0	
Total		86	100.0		

**JOB**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	30	34.9	34.9	34.9
NO	55	64.0	64.0	98.8
not stated	1	1.2	1.2	100.0
Total	86	100.0	100.0	
Total	86	100.0		

**PERSINC**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 300,000--500,000	12	14.0	14.0	14.0
500,000-800,000	4	4.7	4.7	18.6
800,000--1,200,000	7	8.1	8.1	26.7
1,200,000--1,600,000	8	9.3	9.3	36.0
not stated	55	64.0	64.0	100.0
Total	86	100.0	100.0	
Total	86	100.0		

- PERSINC: Personal income

	Clothes		Cosmetics		Detergents		Food & Beverages		Furniture		Jewelry	
	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg
Yes	79	91.9	21	24.4	10	11.6	58	67.4	4	4.7	6	7
No	7	8.1	65	75.6	76	88.4	28	32.6	82	95.3	80	93
Total	86	100	86	100	86	100	86	100	86	100	86	100

This table reveals the mosproduct items purchased

	Clothes		Cosmetics		Detergents		Food & Beverages		Furniture		Jewelry	
	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg
Yes	54	62.8	40	46.5	29	33.7	45	52.3	32	37.2	42	48.8
No	30	34.9	45	52.3	56	65.1	40	46.5	53	61.6	43	50
Missing	2	2.3	1	1.2	1	1.2	1	1.2	1	1.2	1	1.2
Total	86	100	86	100	86	100	86	100	86	100	86	100

This table reveals customers attitudes toward applying sales promotion in promoting each of the above product items

After being asked to select the type of products they usually buy, the respondents were asked to rank their attitudes towards the elements of both marketing and promotional mix. This is portrayed in the succeeding frequency tables.

### Frequency Tables-IV.6

	Place: Location		Price		Promotion		product: (Quality)		Product: (Service)	
	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg
Most imp.	4	4.7	18	20.9	2	2.3	61	70.9	0	0
Important	5	5.8	38	44.2	3	3.5	18	20.9	17	19.8
Undecided	13	15.1	16	18.6	15	17.4	4	4.7	33	38.4
Less Imp.	28	32.6	6	7	24	27.9	0	0	20	23.2
Least Imp.	29	33.7	5	5.8	34	39.6	0	0	10	11.6
Not Stated	7	8.1	2	2.3	8	9.3	2	2.3	6	7
Equally Imp.	0	0	1	1.2	0	0	1	1.2	0	0
Total	86	100	86	100	86	100	86	100	86	100

	Advertising		Personal Selling		Publicity		Sales Promotion	
	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg
Most Imp.	37	43	13	15.1	10	11.6	24	27.9
Important	22	25.6	11	12.8	27	31.4	20	23.3
Less Imp.	16	18.6	15	17.4	23	26.7	26	30.2
Least Imp.	7	8.1	43	50	21	24.4	10	11.6
Not Stated	4	4.7	4	4.7	5	5.9	6	7
Equally Imp.	0	0	0	0	0	0	0	
Totals	86	100	86	100	86	100	86	100

The researcher advises managers to let the prospective customers be aware and understand the real meaning and objectives of the promotional mix elements. We should reorient customers preference to the promotion mix in an effort make customers aware of the importance of cooperation among these elements.

#### 4.3.1- Effect Of Demographic Variables On Consumers' Preference

Consumers purchasing decisions are directly related to customers' personal income and age. The following Crosstabulation analysis, along with associated chi-square test, supports this analysis.

Crosstabulation-Table IV.5

PRFPRMOT \* AGE Crosstabulation

Count		AGE			Total
		18--22	23--27	not stated	
PRFPRMOT	MOST IMPORTANT	2			2
	IMPORTANT		3		3
	NEUTRAL	11	3	1	15
	LESS IMPORTANT	19	5		24
	LEAST IMPORTANT	22	12		34
	not stated	3	5		8
Total		57	28	1	86

- PRFPRMOT: Preference to promotion

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	17.654 <sup>a</sup>	10	.061
Likelihood Ratio	17.443	10	.065
Linear-by-Linear Association	.092	1	.762
N of Valid Cases	86		

a. 12 cells (66.7%) have expected count less than 5. The minimum expected count is .02.

This shows that at a significant level of 0.1, there is a relative variance between age and customers' preference to promotion. This means that the more people get older, the more will promotion be considered important. This can be explained in terms of customers' nature. The older a customer is, the more would he become interested to save money. Their purchasing decision in terms of cost versus derived benefits can be best explained in the following analysis between customers' preferences to promotion and family income on one hand and between customers having a job and their preference to quality on the other.



The above tables show that at a 0.05 significance level, there is a significant relation between family income and jobs versus the preference of promotion and quality. This is due to the fact that as people strive hard to work and get paid, they will be more interested in the price and quality of any product item they would like to buy. The older the people, the more rational they are to any product that they buy in terms of its cost versus benefit. These data could be useful to managers who segment their market since they provide new sects. This is very important to be considered by our managers when they plan their promotional programs.

#### 4.3.2- Assessment Of Customers' Perception Toward Sales Promotion

The following frequency table describes customers' preference to the various promotools used .

Frequency table-IV.7

	Coupons		Premiums		Contests		Price Deal		Discounts		Sample		Rebates		Gifts	
	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Freq.	Ptg	Fr eq.	Ptg	Freq.	Ptg	Freq.	Ptg
Most Imp.	5	5.8	2	2.3	0	0	9	10.5	38	44.2	10	12	3	3.5	16	19
Very Imp.	7	8.1	7	8.1	3	3.5	15	17.4	18	20.9	6	7	4	4.6	17	20
Important	11	12.8	14	16.3	3	3.5	10	11.5	10	11.6	8	9.3	4	4.6	16	19
Uncertain	11	12.8	7	8.1	10	11.6	12	14	4	4.7	11	13	12	14	8	9.3
Less Imp.	13	15.1	14	16.3	7	8.1	12	14	1	1.2	8	9.3	11	13	11	13
Least Imp.	10	11.6	11	12.8	13	15.1	10	11.6	4	4.6	12	14	12	14	3	3.5
Not Imp.	11	12.8	15	17.4	19	22.1	3	3.5	3	3.5	11	13	10	12	3	3.5
Extr. UnImp.	10	11.6	5	5.8	19	22.1	4	4.7	2	2.3	9	11	19	22	4	4.7
Not stated	6	7	9	10.5	11	12.8	10	11.6	3	3.5	9	11	10	12	7	8.1
Equally Imp.	1	1.2	1	1.2	0	0	0	0	2	2.3	1	1.2	1	1.2	1	1.2
Missing	1	1.2	1	1.2	1	1.2	1	1.2	1	1.2	1	1.2	0	0	0	0
Total	86	100	86	100	86	100	86	100	86	100	86	100	86	100	86	100

Based on our previous analysis ( section4.3.2), it was expected that most of our sample would suggest applying sales promotion for various types of products so that they get the most benefit. In response to a question whether the sample members buy products that offer sales promotion, the response was as follows:

Frequency Table-IV.8

**BUYSPOFR**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	11	12.8	12.9	12.9
	AGREE	52	60.5	61.2	74.1
	UNCERTAIN	15	17.4	17.6	91.8
	DISAGREE	7	8.1	8.2	100.0
	Total	85	98.8	100.0	
Missing	System Missing	1	1.2		
	Total	1	1.2		
Total		86	100.0		

- BUYSPOFR: Buy sales promotion offers

The above listed table reveals that the majority of people are interested in sales promotion offers. This assures our hypothesis that sales promotion is an important element which affects customers' purchase criterion. Yet, customers' understanding of the basic meaning of sales promotion is disguised. Sales promotion is usually used to reward customers. As frequency table ..... shows, most of our sample stated that sales promotion means intense competition. This contradicts one of the major purposes of sales promotion. Our managers' practices hold a part of this fault belief. There should be a co-operative investment in the various elements of the promotion mix to accomplish the goals of any promotion activity. This was emphasized in the literature review as a marketing strategy which aim to make the customer knowledgeable, aware, interested and motivated to buy the promoted product. This was stressed by our managers; nevertheless, this does not describe what has been done.

**4.3.3- A Measure Of Promotion Effect On Competition**

As it was previously stated, customers consider sales promotion as a tool to fight competition. However, such perception of sales promotion carries acceptance of application. In a correlation analysis, it was found that there was a significant correlation, at a 0.01 significance level, between the effectiveness of sales promotion and competition.

### Correlation Table-IV.4

**Correlations**

		SPGOOD	SPEFFECT
Pearson Correlation	SPGOOD	1.000	.375**
	SPEFFECT	.375**	1.000
Sig. (2-tailed)	SPGOOD	.	.000
	SPEFFECT	.000	.
N	SPGOOD	84	83
	SPEFFECT	83	83

\*\* Correlation is significant at the 0.01 level (2-tailed).

- SPGOOD: Sales promotion techniques are good for new products
- SPEFFECT: Sales promotion techniques affect the purchasing decision

In other words, customers perceive sales promotion as an effective technique to be followed by companies whose products face competition, as long as they are well known products, with customers here, Unsurprisingly, stressing their interest in quality.

This relationship between competition and sales promotion is revealed in another correlation test.

### Correlation Table-IV.5

**Correlations**

		SPINTRD	SPATTENT
Pearson Correlation	SPINTRD	1.000	.216*
	SPATTENT	.216*	1.000
Sig. (2-tailed)	SPINTRD	.	.048
	SPATTENT	.048	.
N	SPINTRD	85	84
	SPATTENT	84	84

\* Correlation is significant at the 0.05 level (2-tailed).

- SPINTRD: Sales promotion introduces us to the promoted products
- SPATTENT: Sales promotion brings promoted products into our attention

The above table reveals a significant relation between sales promotion as being a tool to introduce us to new products offering sales promotion techniques and bring such products to our attention. This table shows that as companies include sales promotion programs in their marketing strategies, they will attract customers who used to buy other brands. Consequently, a respectable portion of these customers will try or purchase the promoted product on another occasion. Yet, we have to remember that the perceived utility satisfaction (cost-

price versus benefit-quality) is a deterministic factor of the purchasing decision or choice. A clear proof would be customers' response, as is reflected in the following frequency table.

Frequency table-IV.9

**PURCHCHC**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	50	58.1	60.2	60.2
	UNCERTAIN	18	20.9	21.7	81.9
	NO	6	7.0	7.2	89.2
	not stated	9	10.5	10.8	100.0
	Total	83	96.5	100.0	
Missing	System	3	3.5		
	Missing				
	Total	3	3.5		
Total		86	100.0		

- PURCHCHC: The purchasing choice is highly affected by sales promotion

The purpose of sales promotion is to deviate customers' attention from other products and make them interested in the promoted objects. In other words, sales promotion tends to play a seductive role to make new people try the company's products. This fact, as perceived by customers, plays a major role in shaping their purchase choice in terms of brand selection. The following frequency tables reveal how important sales promotion is to attract customers' attention to new products.

Frequency Table-10

**SPINTRD**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	16	18.6	18.8	18.8
	AGREE	43	50.0	50.6	69.4
	UNCERTAIN	14	16.3	16.5	85.9
	DISAGREE	11	12.8	12.9	98.8
	STRONGLY DISAGREE	1	1.2	1.2	100.0
	Total	85	98.8	100.0	
	Missing	System	1	1.2	
	Missing				
	Total	1	1.2		
Total		86	100.0		

- SPINTRD: Sales promotion introduces us to new products

SPATTENT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	32	37.2	38.1	38.1
	AGREE	44	51.2	52.4	90.5
	UNCERTAIN	6	7.0	7.1	97.6
	DISAGREE	2	2.3	2.4	100.0
	Total	84	97.7	100.0	
Missing	System Missing	2	2.3		
	Total	2	2.3		
Total		86	100.0		

- SPATTENT: Sales promotion brings new products into attention

Sales promotion could be successful in attracting new customers and stimulating more purchasing by existing customers. This is further revealed in frequency table-IV.11. Yet, as sales promotion puts extra burden (increase costs) on the company, it works best, in general, when the company attract competitors customers to try a superior product and these customers permanently switch as a result. If the company's product is not superior, the brand share is likely to return to its pre-promotional level. In fact, the promotion would have altered the time pattern for demand rather than the total demand. It could have increased sales and covered (paid back) its costs, but this should not be the purpose of sales promotion. This is especially true since it would generate negative effects on the brand image for the long run.

Frequency table-IV.11

SPNEWPRD

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	34	39.5	40.5	40.5
	AGREE	36	41.9	42.9	83.3
	UNCERTAIN	6	7.0	7.1	90.5
	DISAGREE	6	7.0	7.1	97.6
	STRONGLY DISAGREE	2	2.3	2.4	100.0
	Total	84	97.7	100.0	
Missing	System Missing	2	2.3		
	Total	2	2.3		
Total		86	100.0		

- SPNEWPRD: Sales promotion techniques are essential to new products

**SPPOSEFF**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	10	11.6	11.9	11.9
	AGREE	50	58.1	59.5	71.4
	UNCERTAIN	17	19.8	20.2	91.7
	DISAGREE	6	7.0	7.1	98.8
	STRONGLY DISAGREE	1	1.2	1.2	100.0
	Total	84	97.7	100.0	
Missing	System Missing	2	2.3		
	Total	2	2.3		
Total		86	100.0		

\* SPPOSEFF: Sales promotion yields positive effects to the promoted products

#### 4.3.4- Measurement Of Quality In Promotional Planning

As mentioned in the literature review chapter, quality is a prerequisite to the marketing program adopted. It provides the means for the second purchase trial. To see the effect of quality, a correlation analysis was done with respect to customers' beliefs regarding the effect of sales promotion upon the purchasing decision versus their attitudes towards applying it to well known products. We can conclude from the antecedent correlation table-IV.4 that there is a significant correlation (at the 99 confidence level) between the two variables. This means that when a well known product carries out sales promotion offers, it will have a positive effect on the purchasing behavior of customers. This can be illustrated by the following frequency table, whereby a 69.8% of the sample encourages differentiated products to apply sales promotion.

Frequency Table-IV.12

**SPEFFECT**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	POSITIVELY	60	69.8	72.3	72.3
	NEUTRAL	16	18.6	19.3	91.6
	NEGATIVELY	6	7.0	7.2	98.8
	not stated	1	1.2	1.2	100.0
	Total	83	96.5	100.0	
Missing	System Missing	3	3.5		
	Total	3	3.5		
Total		86	100.0		

- SPEFFECT: Sales promotion has a direct impact on customers purchasing choice

The above result can be inducted as well from the thorough reading of the correlation table presented below.

**Correlation Table-IV.6** Correlations

		SPSWITCH	REPPURCH
Pearson Correlation	SPSWITCH	1.000	.322**
	REPPURCH	.322**	1.000
Sig. (2-tailed)	SPSWITCH	.	.003
	REPPURCH	.003	.
N	SPSWITCH	84	84
	REPPURCH	84	85

\*\* . Correlation is significant at the 0.01 level

- SPSWITCH: Sales promotion make customers switch to the promoted product
- REPPURCH: Sales promotion encourages repeat purchasing

The above table reveals a significant relation between sales promotion of a certain product and the frequency of re-purchasing it. This table shows that as one might switch to another product, the tendency that he would repurchase that product is high, especially if he was satisfied by its offered benefits. Thus, comes the need for companies to pay a keen eye on quality performance (through quality management) in order not to lose their customers.

Still, customers might not try another product that is applying sales promotion if they are dissatisfied (or not interested) in the promotools used. In accordance to our sample, a correlation analysis was done that gives credit to this discussion. At 99% confidence level ( $\alpha = 0.01$ ), there is a significant relation between the variables in the table as presented below.

**Crosstabulation table-IV.6**

**PURCHCHC \* ASSDISS Crosstabulation**

Count		ASSDISS				Total
		YES	UNCERTAIN	NO	not stated	
PURCHCHC	YES	29	10	11		50
	UNCERTAIN	1	4	2	11	18
	NO		1		5	6
	not stated		3	1	5	9
Total		30	18	14	21	83

- PURCHCHC: Sales promotion affects the purchasing decision
- ASSDISS: Customers associate their dissatisfaction of the sales promotion techniques used with the promoted product

Chi-Square Tests

	Value	df	Asymp. Sig. (2-tailed)
Pearson Chi-Square	52.729 <sup>a</sup>	9	.000
Likelihood Ratio	66.838	9	.000
Linear-by-Linear Association	27.583	1	.000
N of Valid Cases	83		

a. 11 cells (68.8%) have expected count less than 5. The minimum expected count is 1.01.

The more customers get benefited from sales promotion, the more will they buy products offering sales promotion.



# CHAPTER FIVE

## CONCLUSION

Since the Lebanese war was put to an end, the business sector has been revived along with an increasing stability of political and economic environment. Both local and international companies do hope to enhance their growth. However, only a few of these companies are striving to improve their performance level. Adequate strategic planning is their guide or key to success. Customer satisfaction (especially in terms of quick service and high quality products), efficient distribution that covers the whole market zone, flexible communication channels, and effective promotional programs that include and employ the various elements of the promotion mix are all needed to achieve companies' objectives and goals. Still, effective recruitment and selection of well qualified members is a prerequisite.

This study was conducted after a thorough reading about sales promotion and its various applications. During the data gathering process, an observation of the market was taking place. Marketing programs, strategies, policies, and practices were all taken into account. New companies entering the market, companies reducing its personnel, companies engaging in subsidiary agreements, and other business news were all of high interest to the researcher. One purpose of the study was to reveal some of our managers' misconceptions and independent practices. This was done only with the aim to enhance our economy and strengthen our credibility. In early stages of our glorious history, our trade-fleet conquered the world.

## RECOMENDATIONS

In order to achieve a bigger range of loyal and satisfied customers and fight competition more effectively, Lebanese companies must apply the following recommendations in setting and carrying out their marketing plans.

### **A- Understand The importance of sales promotion**

A major portion of all promotion efforts similarly intend to clinch the sale and sell additional units of a product. Another purpose of sales promotion is competition. Many companies selling similar product items might not be able to compete or out-advertise others; yet, they can go head-to-head with its promotion programs which are intended to get customers to make a fast decision in favor of the respective promoting companies. Marketers also have found that promotions can produce brand and seller identity in the minds of their prospects. In essence, carefully developed promotions can improve the image of marketers by associating them with a goods cause or an important concern of people. This is evident by the way “Dewars” adopted in giving away tree seedlings as part of the environmental protection movement. Finally, promotions can build loyalty among customers that causes them to consistently want to buy a certain brand of a product.

### **B-Establish Customer Service Department**

One can conclude from the mission statement of any company that the ultimate purpose is to satisfy customers and/or meet their needs. Assuring quality, building effective distribution channels that reach whoever needs or wants the product, and gaining customer loyalty and confidence are some of the most important objectives of this department. Also, such a department should be dedicated to properly respond to the various suggestions, inquiries, and complaints of the various customers (suppliers, trade outlets and intermediaries, and end-users).

### **C-Building an effective communication with customers**

Managers should always think in terms of their mission, objectives, and goals. All of these managerial processes focus on customer satisfaction. We should always create plans that fulfill our interests and satisfy our customers. To keep customers satisfied, we have to inform them. Effective communication

channels should be developed to eliminate the distances between our plans and our customers. This is of extreme importance since most of the marketing plans are tailored to attract customers and satisfy their needs. In fact, there are many specific ways in which effective communication can help products. For example, it can assist in providing an increase in interest as well as a rationale for purchasing on one hand and serve as a reminder for people to stimulate and motivate them to re-purchase. To be interactive is the holy grail of the marketing world. We have to let prospective buyers to respond directly and instantly.

Any wise marketing planner work to enforce communication with the largest possible number of customers. It has been realized that all promotion efforts are basically some attempts to communicate with customers and other groups upon whom the success of any product, or even company, relies. This is intended to make customers aware and interested in company's products/services and guide them to ask about any new product developments. Customers should be always acknowledged of products' benefits, features, and characteristics. Effective communication strategies are a prerequisite to the planned promotion mix. Companies should carefully invest in their promotional programs in order to make sure that the contemplated messages do reach the targeted prospects and develop the desired results. At this stage, it is important to remember the different objectives (as was stated in the literature review) of the various elements of the promotion mix.

#### **D-Promote developments**

It is very important for every business firm to develop its resources, especially human skills. Any company should keep a continuous monitoring of the market and its demands. Remember that the market is always subject to rapid changes. Companies should strive to be the initiator (the leader) and not the follower in regard to improving and forward investing in its products and fulfilling any opportunity that might arise in the market. Moreover, subordinates at all companies' levels should be subject to continuous evaluation

and training in an effort to improve performance and push sales up. Managers should attend seminars and symposiums that refresh their memories and enhance their capabilities. Going back to our research subject, managers should be given the opportunity to recall sales promotion in its various techniques along with the advantages, disadvantages, and proper application of each of these techniques. Still, managers should be enrolled in ad-hoc committees and control panels in which they could study back and re-evaluate their distribution channels, sources of financial funding, level of quality attained, market share and positioning, competitors' strategies and so on.

### **E-Design efficient follow up programs**

Firms should follow up their strategies and control any deviation from the planned direction, decide on the proper basis for their budgeting decisions, and make sure to reflect the observed performance in preparing the forecasted budget of sales promotion for the next or coming years. They should design controlling programs through which they can measure their promotion performance and evaluate the latter's results against the planned promotion strategies. Still, each of these companies should forecast the stages of its product life cycles and develop its plans on this basis. This must guide the planning process of the promotional program that should be followed.

### **Other Recommendations**

1- Lebanese companies must develop a marketing information department that prepares continuous studies (marketing researches) about the market, targets new markets, aids in planning marketing strategies, and performs a swot analysis to reduce any negative advantages of environmental pressures and take advantage of the positive ones (act on the basis of entrepreneurial pressures). Managers should be interested to know and even investigate information about their competitors. The business environment, government rules and regulations. The forecasted economy, along with several issues upon which the success of any business entity is dependent. If we are to think in terms of the going-on-

concern principle, any company that aim to prolong its existence and expand should do a periodic SWOT analysis. As revealed in chapter 4, valuable information was not accounted for by several managers. International strengths and weaknesses as well as external threats and opportunities should always be included in our managers' agenda while planning their business operations.

2- The Lebanese managers should be constantly informed about new marketing activities, on both local and international basis. They should update their information. Intensive reading is one of the various methods that can be used by managers to widen their scope of knowledge. After all, knowledge is power.

3- Managers should always think in terms of their mission, objectives, and goals. All of these managerial processes focus on customer satisfaction. We should always create plans that fulfill our interests and satisfy our customers. To keep them satisfied, we have to inform them. Effective communication channels should be developed to eliminate the distances between our plans and our customers. This is of extreme importance since our customers tend to present our plans. In fact, plans are tailored for our customers.

4- Companies should carefully invest in their resources. Information technology and quality management have become important concerns that play a major role in shaping and determining the future of any organization. At this level, efficient and effective selection, recruitment and development of human resources is a must.

5- Managers carrying out marketing activities should carefully plan their marketing mix. Each mix must be carefully planned to fit the nature of the product or service with a keen eye on the different Characteristics and interests of the market. The four P's principle (product, price, place, and promotion) should be maintained and practiced in accordance with the organization's capabilities and strategic planning. Pricing and distribution of any product require extensive efforts. A constant research should be carried-out to reveal methods to enhance these strategies.

Similarly, promotion is one of the communication devices between a company and its target market. Managers have to set or establish promotion objectives and goals before planning any of the tactics and/or strategies designed to reach these objectives. A well planned promotion mix should be developed to make certain that the required messages reach the “receiver” or the customers at the right time. There should be a complex co-operation between the four elements of the marketing mix. Combined together, they lead to a synergy. Yet, our managers should understand these elements and their applications before putting them into implementation.

6- Managers should be ethical in their business applications. They should build trust among their customers. Consequently, This trust will add to their image, which strengthen their market position.

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## Appendix A

### Research Objective:

The objectives of this study are to measure the effect of Sales Promotion on corporate image and consumer purchase behavior. Based on this, a lot of information is needed to help accomplish this goal. Interpretation and analysis of data is dependent on its validity; thus, objectivity in answering the questions is requested. All the data gathered will be treated with extreme confidence.

### Thank You for Your Cooperation

Name \_\_\_\_\_

Age \_\_\_\_\_

### Educational Level

\_\_\_\_ Secondary school \_\_\_\_ BA/BS \_\_\_\_ MS \_\_\_\_ Others \_\_\_\_\_

### Field of education

\_\_\_\_ Accounting \_\_\_\_ Finance \_\_\_\_ Marketing \_\_\_\_ Management \_\_\_\_

Others \_\_\_\_\_

### What managerial level do you belong to

- Top management level
- Middle management level
- Supervisory management level

### Years of experience

1-3      3-6      6-9      9 and above

### Introductory Questions

**Please, answer the following questions**

\* State briefly some of the company's primary products (or product lines, if any).

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\* Give us a brief summary of the company's objectives.

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\* Provide some background information about the marketing department present along with some of its accomplishments, if possible, in terms of the various marketing strategies (especially promotional activities) adopted.

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\* In your opinion, what are the main opportunities and threats that might face your company

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\* In your opinion, what are the major strengths and weaknesses of the company within the current business environment

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## General Questions

Please, circle your answers to questions of part one and four according to the following scale:

**1 = Strongly Agree**

**2 = Agree**

**3 = Uncertain**

**4 = Disagree**

**5 = Strongly Disagree**

### **Part One**

1.1 I believe that the marketing department is essential for every organization

**1   2   3   4   5**

1.2 The sales force plays an important role in the organization success

**1   2   3   4   5**

1.3 I support promotion as a mean that contributes to earnings' growth

**1   2   3   4   5**

1.4 I agree that a well planned promotion mix could give better results

**1   2   3   4   5**

1.5 I am certain that my company identifies factors that influence the current \_\_\_\_\_ and potential consumers' demand for our products

**1   2   3   4   5**

1.6 I believe that sales promotional programs should be developed only to protect and assist weak products

**1   2   3   4   5**

### **Part Two**

2.1 Does your company identify marketing strategies of competitors

\_\_\_ yes      \_\_\_ No

2.2 Does the current promotional strategy correlate properly

--with the promoted products themselves

\_\_\_ yes \_\_\_ No

--with the competitors

\_\_\_ yes \_\_\_ No

--with the ever-changing economic and business environment

\_\_\_ yes \_\_\_ No

--with consumers' demands and expectations

\_\_\_ yes \_\_\_ No

2.3 Do you follow a segmented target market

\_\_\_ yes \_\_\_ No

--If yes, on what basis do you segment your target market

\_\_\_ Age Group \_\_\_ Education \_\_\_ Gender \_\_\_ Income \_\_\_

Others \_\_\_\_\_

2.4 Do you plan your promotional program based on your market segmentation

\_\_\_ yes \_\_\_ No

2.5 Do you distribute your own products

\_\_\_ yes \_\_\_ No

--If no, please answer the following questions:

-Please, state the name of your distributing agent \_\_\_\_\_

-Why do you use such agent instead of establishing your own  
distribution channel under the marketing department

\_\_\_\_\_  
\_\_\_\_\_

### Part Three

3.1 I perceive the Lebanese market, in terms of the business environment, as

\_\_\_ Stable \_\_\_ Changing \_\_\_ Competitive \_\_\_ Risky

3.2 In my opinion, the relationship between sales promotion and sales is  
essentially

\_\_\_ Short-term basis \_\_\_ Long-term basis \_\_\_ Continuous basis

**\*\*\* Please, rank your answers to questions 3.3, 3.4, &3.5 according to their importance to you.**

3.3 In terms of the promotional program, the most important element is

- \_\_\_ Advertising
- \_\_\_ Publicity (Dinners, Participation in special events)
- \_\_\_ Sales Promotion (Coupons, Premiums, Gifts, Samples, and Discounts)
- \_\_\_ Personal Selling (Direct Marketing, Door-to-Door Selling).

3.4 In what aspect do you differentiate your company from your competitors

\_\_\_ Product \_\_\_ Service \_\_\_ Promotion

3.5 When applying promotional programs, the most important goal(s) are

\_\_\_ Interest \_\_\_ Knowledge \_\_\_ Awareness \_\_\_ Preference

#### **Part four**

4.1 Promotional programs are very effective in generating awareness and interest in products

1 2 3 4 5

4.2 Sales promotion tools are essential to generate more sales

1 2 3 4 5

4.3 Sales promotion is not appropriate at all stages of the product life cycle

1 2 3 4 5

4.4 I believe that sales promotion reduces the added value (image) of the promoted product

1 2 3 4 5

4.5 I consider advertising as a crucial tool when using sales promotion tactics

1 2 3 4 5

4.6 I think that other elements of the marketing mix (personal selling and publicity) are important when carrying out sales promotion

1 2 3 4 5

4.7 I believe that only new products or brands need sales promotion

1 2 3 4 5

4.8 I believe that products at their maturity stage need sales promotion

1 2 3 4 5

4.9 I consider investment spending in sales promotion for a product at its declining stage is a waste of time

1 2 3 4 5

**Part Five**

5.1 Do you follow any sales promotion techniques in your business

\_\_\_ yes \_\_\_ No

\*\*\* If your answer was yes, please continue this research study, otherwise stop.

5.2 What techniques do you usually use concerning consumers (you can choose more than one answer).

- Coupons
- Premiums
- Contests and Sweepstakes
- Sampling
- Refunds and Rebates
- Price-off Deals
- Bonus back coupon
- Cross-ruff coupon
- Instant coupons

5.3 What techniques do you usually use to attract dealers (sales intermediaries)

(please, rank your answers if you choose more than one answer).

- Contests and Sweepstakes
- Trade Allowances
- Displays and Point-of-purchase materials
- Sales training programs
- Trade Shows
- Cooperative advertising

5.4 What are some reasons that motivate you to use sales promotion tactics

(please, rank your answers if you choose more than one answer).

- Growth of retailers' power
- decrease in consumers' loyalty

- Increase of promotional sensitivity
- Increase of competitive brands
- Fragmentation of consumer market
- Increase in the habit of using promotional programs
- To promote weak products
- To increase sales

**Part six**

-- What impact does sales promotion have on the consumer market?

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--What promotion programs does the company follow?

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--What promotion programs does the company need to grow?

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-- What promotion programs does the company follow at times of turmoil?

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-- When implementing a promotional program, what factors should be taken into consideration?

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## Part Seven

-- On what basis do you build your budgeting decisions

- \* Immediate sales benefit
- \* Costs of price-related promotion
- \* Long term brand-building

-- Do you often measure the company's promotion performance and evaluate its results against the planned promotion strategy

\_\_\_ yes      \_\_\_ No

-- If a good performance was observed, do you increase the budget of sales promotion for the next year

\_\_\_ yes      \_\_\_ No

**Thank you!**

## APPENDIX B

Research objective: To determine to what extent does sales promotion affect the buying behavior of a customer

### Demographic variables:

- Age:      • 18-22      • 23-27      • 28-32
  
  - Gender:      • Male      • Female
  
  - Family income: (In Lebanese Currency)
    - 500,000-1,000,000      • 1,000,000-1,500,000
    - 1,500,000-2,000,000      • 2,000,000-2,500,000
    - 2,500,000-3,000,000      • Above 3,000,000
  
  - Do you have a job
    - Yes      • No
- If your answer is yes, please state your personal income
- 300,000-500,000      • 500,000-800,000
  - 800,000-1,200,000      • 1,200,000-1,600,000

- Please, state the \* Type of your job \_\_\_\_\_  
\* Current position \_\_\_\_\_

### General Questions:

- When you go shopping, what type of products do you usually buy
  - Jewelry    • Clothes    • Food & Beverages    • Furniture
  - Cosmetics • Detergents • Others \_\_\_\_\_
  
- Rank the following factors in order of their preference to you while shopping
  - Price
  - Service
  - Quality
  - Location
  - Promotion
  
- In terms of promotion, rank the following elements (by order of importance) that would affect your purchasing decision
  - Advertising
  - Sales promotion
  - Publicity
  - Personal selling

**Questions regarding expectations**

• Please, rank the various factors that companies should heavily rely on in their sales promotion strategies

- Coupons                      • Premiums                      • Contests and sweepstakes
- Price-deals                      • Discounts                      • Sampling
- Rebates                      • Gifts

• What type of products do you expect to apply (carry out) sales promotion programs

- Clothes              • Cosmetics              • Food & Beverages              • Furniture
- Home appliances              • Detergents              • Others \_\_\_\_\_

• Do you think that companies are honest and ethical in their sales promotion offers

- Not honest at all                      • To a certain extent
- Most often                      • Always

• According to your judgment, sales promotion means (If you choose more than one answer, please rank them)

- Company is weak
- Brand name is weak
- Intense competition
- A mean to reward customers/consumers
- A company wants to maximize its short-run sales
- A company wants to maximize its long-run sales
- Others (specify) \_\_\_\_\_

**Questions regarding attitudes**

- Strongly Agree (SA)              = 1
- Agree (A)                              = 2
- Uncertain (U)                      = 3
- Disagree (D)                      = 4
- Strongly Disagree (SD)              = 5

SA    A    U    D    SD

- I buy products that offer sales promotion	1	2	3	4	5
- I would advice my friends to buy products that offer sales promotion programs	1	2	3	4	5
- I encourage companies to apply sales promotion tactics	1	2	3	4	5
- In my opinion, sales promotion programs tends to provide an incentive to buy	1	2	3	4	5

- Applying sales promotion for a product would increase the frequency of repeat-purchasing it 1 2 3 4 5
- I believe that sales promotion stimulates one's needs 1 2 3 4 5
- I perceive sales promotion as a way to facilitate and accelerate the selling process of the promoted product 1 2 3 4 5
- I think that sales promotion introduces me to new products that I did not have thought of buying them 1 2 3 4 5
- Sales promotion converts a consumer into a user 1 2 3 4 5
- I consider myself benefiting from products that offer sales promotion 1 2 3 4 5
- I think that two potential negative effects of sales promotion are an increase in price sensitivity and a decrease in brand loyalty 1 2 3 4 5
- Sales promotion is a mechanism to bring the product to the attention of consumers 1 2 3 4 5
- Sales promotion is a powerful weapon for newly introduced products 1 2 3 4 5
- I believe that sales promotion gives positive effects for both retained (old) and attracted (new) customers 1 2 3 4 5
- It is said that the average post-deal purchase probability is higher than the pre-deal purchase probability 1 2 3 4 5
- Consumers feel that sales promotion is an attractive technique to be followed by companies whose products face competition 1 2 3 4 5
- Consumers who switch to brand, in response to a promotion, have a higher likelihood of repurchasing that brand 1 2 3 4 5
- Sales promotion is good for well-known products 1 2 3 4 5

- What factors or elements of sales promotion would affect your buying behavior (you can choose more than one answer)
  - Samples
  - Coupons
  - Premiums
  - Price deals
  - Discounts
  - Rebates
  - Contests
  - Gifts
- How do you know about products offering sales promotion (you can choose more than one answer)
  - Through advertising
  - Through publicity
  - Through friends
  - Through parents
  - Through gossips
- If a successful product offers sales promotion programs, how would this affect its image
  - Positively
  - Neutral
  - Negatively

### Questions Measuring Satisfaction

- Are you satisfied with the products you have purchased that offered sales promotion
  - Strongly Satisfied
  - Satisfied
  - Uncertain
  - Dissatisfied
  - Strongly Dissatisfied
- If you were not satisfied by the sales promotion offer, would this affect you purchasing choice
  - Yes
  - Uncertain
  - No
- \* If yes, would you associate (relate or link) your dissatisfaction to the promoted brand
  - Yes
  - Uncertain
  - No
- If you were satisfied by the promotion, would you stop buying the product if it ceased (did not continue) its promotional offers
  - Yes
  - Uncertain
  - No
- It is argued that frequent sales promotion programs can hurt the brand
  - Yes
  - Uncertain
  - No
- It is said that continuous sales promotion programs can hurt the brand
  - Yes
  - Uncertain
  - No

- If possible, state any company, product, or brand that you remember offering sales promotion and the promotools used
- 
- 

- What duration of the sales promotion program would lead you to a “repeat purchase trial”

- One month
- One year
- Three months
- Six months
- Duration has no effect

**Thank you for your cooperation**

## Appendix C

### Anova

#### Analysis of Variance

Analysis of variance, or ANOVA, is a method of testing the null hypothesis that several group means are equal in the population, by comparing the sample variance estimated from the group means to that estimated within the groups.

### Chi Square

The Chi-Square Test procedure tabulates a variable into categories and computes a chi-square statistic. This goodness-of-fit test compares the observed and expected frequencies in each category to test either that all categories contain the same proportion of values or that each category contains a user-specified proportion of values.

### Correlation

The Bivariate Correlation procedure computes Pearson's correlation coefficient, Spearman's rho and Kendall's tau-b, with their significance levels. Optionally, we can obtain univariate statistics, covariances, and cross-product of deviations. Correlation measure how variables or rank orders are related.

### Cross-Tab

A table displaying the number of cases falling into each combination of the categories of two or more categorical variables. The counts of cases are often supplemented or replaced by percentages of various kinds. A table displaying the number of cases falling into each combination of the categories of two or more categorical variables. The counts of cases are often supplemented or replaced by percentages of various kinds.

### T-test

The One-Sample T Test procedure tests whether the mean of a single variable differs from a specified constant. The default output displays statistics for the variable, the t test, and a 95% confidence interval for the difference between the mean and the hypothesised value.

The Paired-Samples T Test procedure compares the means of two variables for a single group. It computes the differences between values of the two variables

for each case and tests if the average differs from 0. The default output displays descriptive statistics for the test variables, the correlation between them, descriptive statistics for the paired differences, the t test, and a 95% confidence interval of the difference of the means.

The Independent-Samples T Test procedure compares means for two groups of cases. The default output shows descriptive statistics for each group, the Levene test for equality of variances, t tests for both equal and unequal variances, and a 95% confidence interval for the difference in means.



## Appendix D

Below is a grouping of the various sales promotion techniques that can be best used and targeted for specific markets.

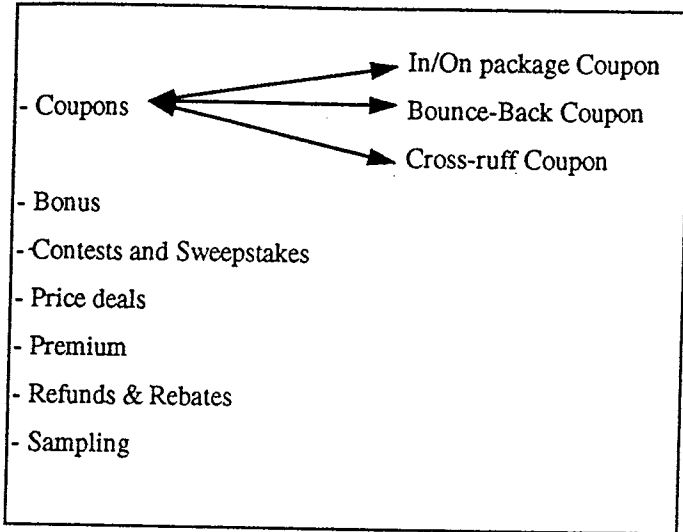
Aimed at final users
-Contests
-Coupons
-Aisle
-Displays
-Samples
-Trade shows
-Point-of-purchase materials
-Banners & streamers
-Trading stamps
-Sponsored Events

Aimed at middlemen
-Price deals
-Promotion
-Allowances
-Sales contests
-Calendars
-Gifts
-Trade Shows
-Meetings
-Catalogs
-Merchandising aids

Aimed at a company's own sales force
-Contests
-Bonuses
-Meetings
-Portfolios
-Displays
-Sales force
-Training materials

# Appendix E

Below is a summary of the most used sales promotion techniques



- TchCrCop: Technique Cross-ruff Coupon
- TchInstc: Technique Instant Coupon
- TechBon: Technique Bonuses
- TechCont: Technique Contest
- TechCoup: Technique Coupons
- TechPrce: Technique Price
- TechPrem: Technique Premium
- TechRef: Technique Refunds
- TechSmpl: Technique Sampling