

T.C.
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**THE EFFECTS OF PRICE DISCOUNTS ON CONSUMER ATTITUDE IN THE
PROCESS OF PURCHASING**

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Y. CAN ERDEM

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**THE EFFECTS OF PRICE DISCOUNTS ON CONSUMER ATTITUDES IN THE
PROCESS OF PURCHASING**

by

YUSUF CAN ERDEM

Approved by:

Assist.Prof.Dr.Neva YALMAN:
(Advisor)

..... 


Prof.Dr.Selime SEZGİN :

..... 

Prof.Dr.Muzaffer BODUR :

..... 

Prof.Dr. Nükhet VARDAR :

..... 

Assist.prof.Dr.Füsun AKDAĞ:

..... 

Date of Approval by the Admisistrative Council of the Institute : 25/07/2007

ABSTRACT

Sales Promotions and Price Discounts in particular have always been popular topics to be researched by marketers. Being the targets of sales promotion tools, the consumers, have been the center of the focus with the objective of predicting how they would react to different promotional tools. Hence, understanding how consumers form their attitudes toward the popular tools of price discounts would be very important for those who design sales promotions and price discounts for the ultimate aim of profitability.

In this study, the price discounts and how they are perceived by different players on the supply chain have been analyzed with a focus on understanding how consumers go through the stages of forming an attitude toward dairy products and cleaning detergents in a well-known Three Component Attitude Model. The components of the model, “cognition”, “affect” and “conation” were assumed to have a fixed sequence as listed in the Standard learning Hierarchy on the way to attitude formation.

The research showed that all the factors composed of psychographic traits of consumers significantly determining the attitude components influencing intention to purchase the two groups of products are the cognitive ones.

The theoretical and the managerial implications of the findings including the correlations among the demographics of respondents and their attitudes have been detailed.

KEYWORDS: Price Discounts, Sales Promotions, Consumer Behavior.

ÖZET

Satış Promosyonları ve özellikle Fiyat İndirimleri pazarlamacılar için her zaman cazip araştırma konuları olmuşlardır. Satış kampanyalarının hedefi olan tüketiciler ve onların farklı promosyonlara nasıl tepki göstereceklerini tahmin edebilmek de önemli bir ilgi odağıdır. Dolayısıyla, satış promosyonu ve fiyat indirim kampanyalarını kar amaçlı olarak tasarlayanlar için, tüketicilerin popüler fiyat kampanyalarına karşı tutumlarını nasıl oluşturduklarını anlayabilmek çok önemlidir.

Bu çalışmada, fiyat indirim kampanyaları ve bunların tedarik zincirinin parçaları olan işletmeler tarafından nasıl algılandığı incelenirken özellikle tüketicilerin “Üç Bileşenli Tutum Modeli (Three Component Attitude Model)” çerçevesinde süt ürünleri ve temizlik deterjanları hakkında tutumlarını belirlerken geçtikleri aşamalar üzerine yoğunlaşıldı ve model bileşenlerinin modelde listelendikleri sabit sırada yer aldıkları varsayıldı.

Araştırma gösterdiği, tüketicilerin psikografik özelliklerinden oluşan ve her iki grup ürünün satın alınma kararını belirleyen tutum bileşenlerini istatistiki olarak anlamlı bir şekilde etkileyen tüm faktörler bilişsel olanlardı.

Araştırmaya katılanların demografik özellikleri ile tutumları arasındaki korelasyon dahil bulguların kuramsal ve yönetimsel sonuçları detaylandırıldı.

Anahtar Sözcükler: Fiyat indirim Kampanyaları, Satış promosyonları, Tüketici Davranışları.

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The Curriculum Vitae of Can Erdem

Yusuf Can Erdem was born in Ankara in 1955.

After graduating from Middle East Technical University, Faculty of Administrative Sciences, Department of Management in 1978, he was honoured with a State Scholarship towards meeting the entire cost of his Graduate study in the USA.

He received his MBA Degree at East Carolina University, in North Carolina and then returned to Turkey and fulfilled his Military Service in 1982.

Following a one-year-employment with PriceWaterhouse as an auditor, he was employed by The Ministry of Technology to complete his obligatory work. In a year he was transferred to Pancar Motor A.Ş. as the Marketing Manager where he assumed full responsibility for marketing and sales functions and started export business with Middle Eastern countries.

During the second phase of his business life, he assumed sales and marketing responsibilities at local and multinational pharmaceutical companies, namely Sifar İlaçları A.Ş., Müderrisoğlu İlaç A.Ş. and Fresenius AG. His responsibilities included hiring and supervising sales force, directing all sales, marketing and collection activities, implementing the strategic plans. Personally prepared departmental budgets, sales plans, bonus systems and managed key accounts. Contacted with foreign suppliers, prepared distributorship agreements, established warehouses.

When he worked for Sifar İlaçları, he established an office in Moscow, organized distribution channels, prepared and implemented business plans for Russia, Belarus, Romania, Georgia.

In 1998 he joined General Electric-Tradernet, the first e-commerce and Electronic Data Interchange (EDI) service provider in Turkey, as the first Sales Manager at the time of establishment. Promoted to GM position in a year and held ultimate accountability for all activities including P&L, operations, sales, marketing and staffing. Prepared and implemented a corporate business plan; set departmental objectives; authorized spending, planned, directed and coordinated operations of the Company. Leading and motivating a team of a-15 technical /administrative staff, established a strong customer base in various sectors and doubled the sales turnover for two consecutive years.

Following his retirement in 2002, he became full-time lecturer in Department of Management, Yeditepe University and taught courses of E-Business, Supply Chain Management, Consumer Behaviour, Customer Relationship Management, International Marketing and Marketing in both undergraduate and MBA Programs.

Two of his articles, “Changing Channels: A Conceptual Review of Internet Marketing”, and “E-Commerce and Distribution Channels”, were published by Academy of Business Administration in the USA, and Yasar University in Turkey.

Can Erdem is married and has two children.

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1. INTRODUCTION

1.1. Structure of the Thesis

Pricing, among the marketing mix elements, has always been a major issue of discussion starting from the Economics Theory. The past decade has seen the reengineering of business processes, wholesale staff reductions, new purchasing strategies, a focus on quality, customer relationship management (CRM), automation and the development and the use of new channels and technologies for reaching customers. All of these have played an important role in improving results, but today they are part of nearly every top company's repertoire.

Long past the impact, excitement, and competitive advantage they initially offered. Smart managers and smart companies are already asking, what is next? How do we stay ahead? Most of the companies have returned to the old story –price strategies- as competition is being intensified. What can possibly be new about pricing? The answer is “a lot”. To begin with, the level of competence in using these tools varies drastically among competitors. This is especially true of price skills; the decisions regarding price discounts which are directly related to the positioning of the brand. On one hand, marketers are trying to increase brand loyalty by elaborate marketing management techniques; on the other hand, due to competition, they are trying to cut down cost and induce the customers by price discounts as an effective tool in sales promotion management. While an occasional discount period seems to do no permanent damage to price integrity, overuse of sales discounts leads the customers to avoid purchases until a sale arrives. Obviously, this defeats the purpose of the sale from the offerer's point of view. When buyers expect sales, they soon demand sales and then carefully crafted market pricing gets out of control.

So the major question is how to manage price discounts as an effective tool to beat the huge competition facing almost all the companies.

This thesis is structured mainly into two parts. The first part consisting of the Second Chapter of the dissertation provides a literature review based on a framework constructed to categorize the theoretical and empirical studies conducted about pricing literature in Economics and Marketing in general. From this holistic point of analysis, price discounts as part of sales promotional strategies are analyzed in detail.

Chapter Three starts with the Exploratory Study of the thesis. This qualitative study aims to understand how sales promotions and price discounts in particular are perceived by some of the major players of the retail sector. Then the conceptual model is presented, the variables within the conceptual model are defined and the hypotheses to be tested in the research are stated.

The Third Chapter also includes the operationalization of variables, the explanations about the details of the research design and methodology.

The Fourth Chapter includes Statistical Analysis Procedures, and the data analysis. The findings obtained from the field work and the statistical results and hypotheses testing are discussed in this chapter.

In the Fifth Chapter, conclusions are drawn from the findings of the Research. This chapter also includes the discussion and the implications of the study, the limitations of the study and the directions for future research.

2. LITERATURE REVIEW

2.1. Discussion of Pricing Theories

In the modern world of today, the common goal for every person, family, business organization, government and even society is to make the best use of what they already have, to get more wealth and more time to enjoy the things that are owned. How to get more and how to make the best use of what is available is the key economic problem. This economic problem is the subject of price theory (Watson & Getz, 1981).

In the world of economy, the prices are instruments allocating material resources and human services among alternative uses. Therefore, price systems dominate modern economies by allocating the goods and services among potential users. Prices perform this task by both transmitting signals about the value of goods and services to all concerned parties, and also inducing changes in their behavior.

The two main branches of modern economic theory are:

- a. Price theory –that is, the theory of the small individual units that make up an economy, considered one at a time relative to others (Wykstra, 1971).

Another name for price theory is “microeconomics”. It investigates the behavior of consumers, producers and markets and is concerned with the nature of competition in individual markets. Price theory explains the composition / allocation of total production by focusing on the behavior of one price at a time.

- b. Income theory, also called “macroeconomics”, (Watson and Getz, 1981) is the theory of the large total economy considered as a single unit. Macroeconomics tries to understand the total levels of consumption, income and production, and investment and saving and the aggregate price level with a central concern of the determinants of

inflation, unemployment and inadequate economic growth. It explains the level of total production and why the level rises or falls.

The main components of price theory are demand functions, supply functions, cost functions and production functions. In other words, what determines demand, supply, cost and production are the major components of price theory; that is, Microeconomics.

The demand for a product is the schedule of quantities of that product consumers are willing and able to buy at different prices at a particular point in time (Wykstra, 1971 p.316). The demand function is the relation between the quantities demanded and the determinants of those amounts. These determinants can be listed as (1) the possible prices of that product, (2) the income levels of the potential buyers, (3) the tastes of the potential buyers, (4) the prices of the related products (Watson & Getz, 1981). The fifth element, the number of buyers, is also added to the above list (Wykstra, 1971).

2.1.1. Demand and Price

The relation between demand and price is in the center of the Price theory. This relationship is described by demand schedules and demand curves. A demand schedule shows the relation between prices and the quantity bought at each possible price in a market in a period of time. This price-quantity relationship is an inverse one and often called “The Law of Demand”; other things being equal, the quantity demanded of a good falls when the price of the good rises (Mankiw, 2001). The negative relationship is validated by casual observation of consumer behavior. A demand curve with its negative slope portrays this inverse relationship. Demand curves shift in time because of changes in consumers’ tastes, changes in their income levels and changes in the prices of substitute/complementary products, the number of potential buyers and even the

expectations of buyers. These variables were kept constant when the attention focused on the relationship between demand and price (Petersen and Lewis, 1999)

To analyze how markets work, it is also necessary to determine the market demand, which is the sum of all the individual demands for a particular good or service.

2.1.2. Supply and Price

In economics, supply always means a schedule of price alternatives and of amounts to be sold at each price. A supply schedule, like a demand schedule, shows the relationship between prices and quantities sold at that price in a given market in a certain period of time. This relationship is called the “Law of Supply”; other things being equal, the quantity supplied of a good rises when the price of the good rises. “A Supply Curve” has a positive slope which is a reflection of the common-sense notion that product price is an incentive for a firm to produce more, other things being equal.

Market supply is the sum of the supplies of all sellers and depends on all those factors influencing the sellers, like the prices of inputs used in production, the available technology, and expectations and number of the sellers. Therefore, any change in any of the determinants of supply other than the price itself, causes the supply curve to shift in either direction (Mankiw, 2001).

2.1.3. The Equilibrium Price

The simplest model of price determination is to equate the quantity demanded at a particular price with the quantity supplied at that price, with no shortage and surplus, thus the equilibrium price is obtained. As it is sometimes called, “at the market clearing price”, buyers buy all they want to buy and sellers sell all they want to sell so everybody in the

market is satisfied. The main feature of this model is that the stocks of the goods are already available at the possession of suppliers.

When the market price is above the equilibrium price, then suppliers are not able to sell all they want at the going price and there is surplus.

In contrast, when buyers are not able to buy all they want at the going rate, then there is shortage. In both cases, the activities of many buyers and sellers automatically push the market price toward the equilibrium price where there is no upward or downward pressure on the price. In many free markets, however, surpluses and shortages are only temporary since prices eventually move toward their equilibrium levels. Indeed, this pervasive phenomenon is called “The Law of Supply and Demand”: The price of any good adjusts to bring the supply and demand for that good into balance (Mankiw, 2001, p.81).

The model of supply and demand was originally developed by a very dominant figure in world economics, Alfred Marshall, who specialized in Microeconomics from 1890 until his death in 1924. In his very important book of “Principles of Economics” (Marshall, 1997), he emphasized that the price and output of a good are determined by both supply and demand: the two curves intersecting at equilibrium. Modern economists still start by looking for factors that may have shifted demand or supply in order to understand why price changes occur. This supply and demand theory regarding market price, while popular, has been criticized as being too simplistic. It can be argued that a good or service may already have a price before reaching the marketplace. Moreover, buyers are not always considered by producers when creating a commodity in the economic theory.

Another contradiction to Marshall’s theory comes from Keynesian economics, named after the renowned economist and also his student, John Keynes who noted that prices could

become “sticky” by not responding to fluctuations in neither demand nor supply. This is especially likely to occur when prices are decreasing.

2.1.4. Price Elasticity

In addition to understanding the nature of demand, it would be very useful if management were able to estimate the extent to which demand is likely to respond to a price change. Estimation of this responsiveness is referred to by economists as the measurement of price elasticity (Nellis and Parker, 1997 p.29).

The price elasticity of demand measures the responsiveness of the quantity demanded of a product to changes in its own price. It is computed as the percentage change in quantity demanded divided by the percentage change in price. Since products usually have downward sloping demand curves, the value of price elasticity of demand will have a negative sign. The terms “elastic” and “inelastic” are used to define different degrees of elasticity. In general:

- Products with a price elasticity of demand of less than 1, are said to have a relatively inelastic demand with respect to price inelastic ones,
- If a price reduction is associated with no change in quantity demanded, then demand is said to be perfectly inelastic,
- Products with a price elasticity of demand greater than 1, are said to have a relatively elastic demand with respect to price-price elastic,
- If a price reduction causes the demanded quantity to increase infinitely, then demand is called perfectly elastic,
- Products with a price elasticity of demand equal to 1 are said to have a unit elasticity of demand.

The definition of a price elasticity of demand was first explicitly laid out by Alfred Marshall in his classic textbook “Principles of Economics” (Marshall, 1997). He wrote that “The elasticity (or responsiveness) of demand in a market is great or small according to the amount demanded increases much or little for a given fall in price, and diminishes much or little for a given rise in price.” Marshall provided a more mathematical definition in a footnote to the above passage:

“We may say that the elasticity of demand is one, if a small fall in price will cause an equal proportionate increase in the amount demanded: or as we may say roughly, if a fall of one per cent in price will increase the sales by one per cent.; that it is two or a half, if a fall of one per cent in price makes an increase of two or one half per cent. Respectively in the amount demanded; and so on”. (Marshall, 1997)

The above section illustrated how the concept of elasticity can be extremely important to economic agents by clarifying the relationships between changes in economically significant variables. However, for elasticity to be useful, it is important to keep in mind exactly what they do and do not measure. This is because any estimate of price elasticity of demand, or any other type of elasticity, is determined in part by the idiosyncrasies of the particular market from which the information is derived. Additionally, those idiosyncrasies must be stable for a given elasticity to be used over time. Ludwig von Mises, who was critical of the shift toward more quantitative analysis in economics he saw in his lifetime, used this limitation of the elasticity estimate as part of his critique. He wrote in “Human Action” (1996, first pub. 1949) that:

“If a statistician determines that a rise of 10 per cent in the supply of potatoes in Atlantis at a definite time was followed by a fall of 8 per cent in the price, he does not establish anything about what happened or may

happen with a change in the supply of potatoes in another country or at another time. He has not "measured" the "elasticity of demand" of potatoes. He has established a unique and individual historical fact" (Mises, 1996).

To the extent that the market for a particular product in a particular place differs from the market for that product in general, the price elasticity of demand for one product may not apply to different versions of the same product. One way of expressing this critique is to note that there is no way to theoretically predict elasticity—it must be calculated for each case at hand, and the elasticity from one case may bear little or no relation to the elasticity in another.

Another fact that must be remembered about elasticity is that even in the case of elasticity estimated for a very specific market, a single elasticity will not hold for that market at all times. Except in a few special cases, quantity demanded will still change in response to a change in price, but the relative sizes of the changes will be different. As a result, it is important to know not just to what markets a given estimate of elasticity applies, but also whether the price levels in those markets have changed significantly from when the estimates were made.

2.1.5. Market Structure

Pricing decisions are highly affected by the economic environment in which the firm operates and an important dimension of this environment is the degree of competition faced by the firm. The extent of competition has major implications, in particular, for the pricing of products, the output supplies, and the level of investment, and employment, the sales trends, the pace of innovation, the marketing strategies and ultimately the profits earned. Since no single theory can adequately describe all the conditions of different

market structures, it may be possible to identify a limited number of market structures in order to analyze decision making by categorizing markets in terms of their basic characteristics. The basic characteristics used for categorization are (Petersen and Lewis, 1999; Mansfield, 1999):

a) Number and size of distribution of sellers: In a market consisting of few suppliers only, any individual firm may have a considerable power to affect prevailing price and total supply to the market. In case of having many suppliers of similar product to the same market, then the relative influence of each of them will be much small.

Regarding the size distribution of the available firms, in a market with firms of nearly equal size, individual sellers are likely to have less influence of price and the total supply compared to the case of a market with few dominant and many small firms. Then the large businesses would have much more impact on price and product attributes.

b) Number and size of distribution of buyers: What is also important to characterize the markets is the number and size of distribution of the sellers. Where there are many small purchasers then none of them could exert an extra power in demanding price advantages. In markets either with only one or few buyers or with one dominant and many small buyers, then large buyers may obtain various price advantages because of their sales volume

c) Product differentiation: product differentiation refers to the extent that the product of one of the suppliers differs from the products of other suppliers in the market. In markets where products are not differentiated much, price becomes the only basis for buying decisions. On the contrary, some products are perceived by buyers as having unique characteristics so that manufacturers of such products enjoy

the power to affect prices and command premium prices. Here, what is important is to influence the perception process and change the perceived image if necessary by some modification of both the product and the company.

d) Conditions of entry and exit: One of the major determinants of the nature of the market is the ease of entry and exit. In markets where it is extremely difficult for the new comers to enter, already existing firms have a great freedom to influence prices and the output. This is just the opposite in markets where major players are concerned about the new entrants attracted by high profit margins and are probably worried about losing market share to aggressive new competitors (Brigham and Pappas, 1976; Mankiw, 2001; Wykstra, 1971).

2.1.5.1. Perfect Competition:

Under perfect competition, all firms have small scale, products in each industry are homogeneous, consumers are perfectly informed about what is for sale and at what price, and all sellers are what economists call price takers (that is, they have to "take" the market price and cannot charge a higher one for their goods) (Hessen, www.econlib.org). Since the individual economic units are so small their actions have no predictable effect on other buyers and sellers. Hence, they do not compete against each other. Rather they make decisions in an economic environment that they perceive as fixed.

Perfect competition also assumes easy entry to and exit from the market. The existence of economic profit acts as an incentive for new companies to enter the market or to expand the production capacity of the firms already in the market. If profits are below average, resources can easily be transferred from the industry for new investments in different industries.

Since products are totally undifferentiated, purchasing decisions are based on prices only. If the firm sets its price above the price level determined by the market, then it will be unable to attract buyers. Setting a price below the market price level is unnecessary since the company is able to sell all its products at market price level. The equilibrium market price of a commodity bought and sold in a perfectly competitive market is determined by market demand and supply schedules. Since market demand and supply schedules are always in motion, equilibrium prices and quantities are normally in disequilibrium, in motion between equilibrium positions (Watson and Getz, 1981).

The profit maximizing output for the perfectly competitive firm occurs where price equals marginal cost. In the short run, firms in perfect competition may earn economic profit. But, if the price drops below average variable cost, the firm should close down. However, in the long run, entry of new firms and/or plant expansion drive price down and eliminate the economic profit.

2.1.5.2. Monopoly:

Like the perfect competition model, the monopoly model is also designed as an extreme case and rarely found in practice in today's economic structure. Sometimes, state industries are described as monopolies but what they dominate is an industry not the market. In other words, it is possible to find examples of monopolistic industries, but rarely of pure monopolistic markets. A monopoly is an enterprise that is the only seller of a good or service (Stigler, www.econlib.org). For a firm to continue as a monopoly, in the long run, there must be factors preventing the entry of other firms. These barriers may be listed as product differentiation, control of inputs by existing suppliers, legal restrictions, patents and copyrights, tariffs and non-tariff barriers against imports, control of distribution

channels, control of necessary factors of production and scale economies, know-how advantages.

Finally, the product of the monopolist must be highly differentiated from other goods so that there may be no good substitutes.

In the absence of government intervention, a monopoly is free to set any price it chooses and will usually set the price that yields the largest possible profit. (Stigler, www.econlib.org).

Just being a monopoly need not make an enterprise more profitable than other enterprises that face competition: the market may be so small that it barely supports one enterprise. But if the monopoly is in fact more profitable than competitive enterprises, economists expect that other entrepreneurs will enter the business to capture some of the higher returns. If enough rivals enter, their competition will drive prices down and eliminate monopoly power.

2.1.5.3. Monopolistic Competition:

Competition that is not pure (perfect) is called imperfect competition. It has two forms: monopolistic competition and oligopoly. Monopolistic Competition model was developed by Chamberlin (1962). It can be thought of as a bridge to fill the gap between the models of perfect competition and monopoly. Having elements of monopoly and perfect competition, the monopolistic competition assumes that there are a large number of small sellers in competition so that the actions of any supplier do not have a significant effect on other sellers in the market. It is also assumed that there are many buyers and that resources can easily be transferred into and out of the industry. The model of monopolistic competition resembles the monopolistic model in that products of individual firms are considered close but not perfect substitutes of others by consumers. Therefore, it is a

market in which firms compete through slight product differentiation and management has discretion in pricing, trading off price against quantity sold. Competition will lower prices and profits as in perfect competition but the equilibrium price is set above the marginal cost since the demand is very elastic. The firm uses its market power in adjusting its equilibrium price (Wykstra, 1971; Brigham and Pappas, 1976).

2.1.5.4. Oligopoly:

In oligopolistic markets, the number of buyers is unspecified but there are only a few suppliers. Unlike the three different forms of market structure that have been mentioned before, sellers are very deeply concerned about the reactions of those few competitors. Consequently, decision making in an oligopoly is much more difficult compared to the other models. The product sold in an oligopoly may be homogeneous; then the market is called “pure oligopoly” or it may be less homogeneous; then the market is called “differentiated oligopoly”. The greater the product differentiation, the greater the scope is to be a price-maker rather than a price-taker (Nellis and Parker, 1992 p.85).

There are also some barriers, like patent rights, preventing new firms from entering the industry for the oligopolistic market structure to persist.

The most distinctive feature of an oligopolistic industry is the fact that, suppliers must recognize their interdependence and that the success of every competitive strategy depends on how rivals react to it in terms of both price and non-price competition. Many factors such as industry maturity and the nature of the product can affect the alternative competitive reactions and the large number alternative scenarios cause difficulties in formulating models of oligopoly. Consequently, there is no general model of oligopoly. However, there are some models that analyze oligopoly decisions on the basis of

assumptions about the interaction between firms (Petersen & Lewis, 1999; Mansfield, 1999; Watson and Getz, 1981; Mankiw, 2001).

2.1.6. Price Discrimination

Market segmentation for pricing has a long history in economic research.

Price Discrimination exists whenever the difference in prices between consumers is not proportional to the difference in costs. In other words, price discrimination exists whenever the price-cost margin varies between different consumers. For instance charging different prices for the same product classes of customers, charging different prices for the same product and charging different classes of customers the same prices for different products with varying cost structures are examples of price discrimination (Brigham & Pappas, 1976; Waldman and Jensen, 2001). Since the above definitions are from an economic perspective only, price discrimination should not be given a bad connotation ethically.

In order for a firm to take advantage of price discrimination, three necessary conditions must exist:

1. The firm must have at least some control over price. In a perfectly competitive market, a company that acts as a price taker would not try to practice price discrimination,
2. The firm must also be able to segment the market into some submarkets with different price elasticities. So that different price elasticities of demand for the same product can lead to the successful implementation of discrimination.
3. The firm must be able to separate the segments so that the transfer of goods from one group to the other one can be prevented. Without the isolation of segments, it is not possible to charge different prices to different segments.

Price discrimination can be based on a variety of factors such as geographical classification, product use (types of users), time or calendar, and demographics like age, sex and income.

The standard classification identifies three different types or degrees of price discrimination:

1. First Degree Price Discrimination (Perfect Discrimination) involves charging the maximum price possible for each unit of output. Thus, the consumer who attaches the highest value to the product is identified and he/she is charged that high price. Similarly, the other groups of consumers with different level of values for the product are also charged different prices accordingly. Therefore, the first degree price discrimination improves allocation efficiency and increases welfare. Being both the most extreme and the most profitable form of price discrimination, the first-degree price discrimination is not very common because it requires that the seller have complete knowledge of the market demand and of the willingness of the individual consumers to pay for the product.

2. Second Degree Price Discrimination (Imperfect Form of First Degree Price Discrimination) involves pricing based on quantities of output purchased by individual consumers. The company offers all consumers the same price schedule and the consumers, depending on their consumption, select different price categories. The firms are unable to identify different groups of consumers separately to charge differently although they know that different groups of consumers have different reservation prices. In most cases, second degree price discrimination involves goods and services whose consumption is metered.

3. Third Degree Price Discrimination is the most common type of price discrimination and is based on the assumption that consumers can be separated perfectly in terms of their

price elasticity of demand and higher prices are set at markets with less elastic demand. The basis for separation may be various factors but geographical separation is the most popular one.

Price discrimination always redistributes income from consumers to producers and increases profits in general, but it may have positive or negative effects on competition and welfare by increasing total industry output. Finally, it is not a straightforward process to analyze the effects of price discrimination and it may need value judgments (Cassady, 1946; Brigham & Pappas, 1976; Waldman and Jensen, 2001; Enke, 1964; Ekulund, 1970, Gerstner & Holthausen, 1994).

As can be seen from the previous analysis, market structures have a major impact in the price decisions and have influenced the companies to consider the competitive tool as a major determinant in their analysis.

2.2. Pricing in Economics Literature

As has been discussed in the first part; price is a central issue both for the disciplines of Economics and Marketing. Determination of price strategies, and all its consequences, not only for the firm, but also for the whole economy have always been one of the major relevant issues and concern to both disciplines.

According to Nagel (1984), Economic models are abstractions. They hold many real variables constant since those variables are not relevant for their theoretical objectives. Consequently, economic models rarely provide realistic and practical solutions for setting the price strategies. This is not surprising because economic theorists have no claim to

describe the decision making processes. Economic theory claims to explain why certain decisions persist and assumes that persistent and widespread decision must be reinforced by success at furthering economic well being with no attention paid to the underlying psychological reasoning behind it (Mason, 1995).

Marketing academicians and practitioners have been careful not to ignore the interrelationships between price and other variables nor can they afford to hold any of the variables constant since it is their job is to make realistic pricing decisions that will hold the company strong in the market. Pricing products, including the development of and testing of practical pricing procedures, is the task of marketing as marketing task is concerned with the survival of the firm and the long term profitability.

The role of economics is to explain the economic principles to which successful pricing strategies will conform. If the economists can do a good job in identifying theoretical principles with actual counterparts in real life, then the marketer's task should be easier when s/he stands on a sound foundation of economic theory (Nagle, 1984).

Therefore, economic theory with a theoretical base provides a particularly sound basis for pricing research (Nagle, 1984), but it is just a theory and it can neither reflect the full meaning of a practical pricing problem nor can it provide a complete prescription for solving it.

No matter how perfectly they are equipped with insights and perspectives, marketers are still left with the problem of how to price products. The marketing literature on pricing typically focuses on developing pricing strategies and treating prices as control variables. The descriptive models of consumer behavior emphasized by marketing literature are based on empirical observations and semi normative theories. In contrast, economics

literature approaches pricing from the perspectives of industrial organization theory; its objectives are to explain the firm's behavior and to investigate the rationality and welfare implications of various pricing policies in different competitive and regulatory contexts (Oren, 1984). Consequently, the economics literature focuses on normative and equilibrium type models and these models are validated, if ever they are, at the industry level using aggregate data and econometric techniques.

The above dichotomy explains the strengths and weaknesses of each discipline with respect to pricing research. Actually, the differences between the two approaches to pricing are mostly due to their historical origins, primary concerns, and doctrinal evolution (Skouras, Avlonitis, Indounas, 2005)

Nagel (1984) reviews the theoretical literature in Economics in order to understand the economic environment where pricing decisions are made. The three areas of economic theory with potential application to pricing have been selected as follows: The Economics of Information, The Economics of Spatial Competition, and The Economics of Segmented Pricing.

a. The Economics of Information: Anytime sellers know more about the quality of their product than do buyers, then buyers use their own average quality perceptions to determine the price they will pay. According to Klein and Leffler (1981), when there is an information asymmetry about product quality, a seller would like to keep the quality level high as long as the high price is attractive enough to cover extra costs and an extra profit. Otherwise, it would be preferable to lower the production cost by lowering the quality level and to keep the extra profit until customers realize the change in quality.

Consequently, the price of a high quality product "...must not only compensate the firm for the increase average production costs incurred when (high quality) is produced but must also yield a normal rate of return of the foregone gains from exploiting consumers' ignorance..." (Klein and Leffler, 1981, p. 624).

This analysis implies that buyers of high quality products in the market with asymmetric information will be influenced by the familiar "price-quality effect" since the higher price would be an incentive for the seller to establish and maintain higher quality (Nagle, 1984). The essential consequence is that price competition is less effective in markets with asymmetric information and this fact will encourage sellers to keep prices high for high quality products. This also implies the increasing importance of branding and consequently profitability of producing high quality products. Since price cutting is not effective for customer attraction, then competition takes different forms of investing in value based assets like advertising and location based assets to support strong brand equity. Companies having cost advantages in such investments can enjoy their advantageous positions that others with higher cost can not have soon. According to Telser (1980) nobody forces sellers to keep supplying their product at the quality level they promised but it is for their interest to keep the quality high at the price level set for that quality. Telser calls this "self-enforcing agreement" which becomes a "self-enforcing threat" in the analysis of oligopolistic price competition.

Nagle (1984) defines price elasticity as a major concept in pricing and claims that according to economics, consumers' change of brands depends on both availability and number of substitutes of the competing brands. Nelson (1970) proposes that in a world of imperfect information, price sensitivity depends on the number and substitutability of products that the consumers are aware of and adds that the nature of the product

determines the cost of acquisition of consumer information. Hence, it can be said that the nature of the product can make it possible to make predictions about the importance of price in competition.

Nelson (1970) also makes a classification of product attributes with respect to how buyers learn about them:

- “Search attributes” can be evaluated prior to purchase,
- “Experience attributes” can only be evaluated after the consumption of the product.

The third group of product attribute proposed by Darby and Karni (1973) was “Credence attributes”. They included those attributes that could not be evaluated even after consumption and their evaluation depended on the reputation of the product, trust to the manufacturer and their intangibles such as the brand, patents etc.

The product attributes grouped above have different acquisition costs changing from low acquisition costs of search attribute to high acquisition costs of credence attribute. This range is also the reflection of consumers’ intention to have that information about alternative products. Consequently, consumers choose to be informed of different characteristics of fewer products when the acquisition cost of that information is high. According to Nelson (1970), the less brands consumers know about, the less sensitive they will be to the prices of any of these products and this is a threat to the strategy of low penetration pricing and to price competition in general.

b. The Economics of Spatial Competition:

The Economics of Spatial Competition analyzes the effect of the brand’s physical location on its pricing competition. According to Nagel (1984), the history of models of Economics

of Competition ranges back to 1920s and the developed models are used as analytical tools for realistic positioning of different brands and consequently the supporting pricing strategies of spatial positioning today.

Marketers still use multidimensional scaling techniques for spatially representing actual markets in order to find available positions for new product entries and in order to evaluate competitive interactions.

A useful next step would be to incorporate the strategic principles from the economics of spatial competition into the analysis of product positioning, identifying not only where a firm might introduce a brand to maximize market potential, but also where it might introduce a brand to minimize potential competition from later entrants (Nagle, 1984, p.14).

c. The Economics of Segmented Pricing:

“Pricing differently to different segments of buyers” is the segmented pricing policy and it may involve price discrimination: the business practice of selling the same good at different prices to different customer groups (Nagle, 1984). Being one of the pioneering scholars in the field of price discrimination Ralph Cassady made a definition in 1946 and stated that “price discrimination may be defined as unequal treatment of those with whom a buyer or seller has dealings by making a disproportionately lower price to some than to others relative to the product –service exchanged. Broadly speaking, discrimination may apply to not only commodities sold by a firm, but to goods and services purchased as well” (Cassady, 1946 p.9). He offers three possible methods for detecting price discrimination:

1. The method of objective analysis compares the relative amounts of the commodity-service exchanged with the prices paid. This method based on the measurement of

quantities is not practical at all since it does not take into account the qualitative differences.

2. The method of subjective evaluation compares the relative values of the commodity-service exchanged with the prices paid. This method is also impracticable since price is taken as the only tangible cue to the value of commodity-service.

3. The method of cost-price compares cost-price relationship on the assumption that costs are roughly indicative of the value of the commodity-service rendered. This method relies on the assumption that relative cost differences reflect product service differences and with some limitations it is, for conceptual purposes, at least, is quite satisfactory (Cassady, 1946).

Some of the more focused research topics about pricing problems have been studied by economists and their analysis can be applied in marketing theory and practice (Nagel, 1984). Some of them are stated below:

a) Pricing through a distribution channel: When the distributed product gives some monopoly power to distributors due to its unique nature, the channel members may take advantage of it by manipulating the retail price and the quantity sold. Authors like, Machlup, Taber and Telser have published some articles suggesting manufacturers' maximum resale prices, minimum retail sales requirements or two-part pricing strategies. Telser (1960) wrote about the need to reward retailers for offering promotional and maintenance services which positively affects the demand for products. One of the pioneering scholars, Porter (1980) wrote about the causes and effects of the bargaining power of channel members. He argued that the bargaining power of manufacturers do shift to retailers due to the fact that more and more customers rely on retailers for information

about brand choices. Channel pricing is an important research topic deserving further research.

b) Pricing for peak loads caused by temporary peaks in demand has been analyzed by economists since 1950s and they have shown how to allocate capacity costs in order to select profit maximizing prices.

c) Priority Pricing is the case when demand exceeds supply of a product and the seller applies different prices to different buyers depending on how important the product is for them. According to Harris and Raviv (1981) priority pricing is a way for monopolistic sellers to increase their profits. This superior pricing tactic is relevant for the products in fixed supply like antiques and oil leases.

d) Pricing in used product market is an issue since many durable products will also be parts of the used products market. The decision is whether to encourage or to discourage the used market. Both alternatives can increase the prices paid for new goods. The research shows that either strategy may be profit maximizing depending on the substitutability of used products for new products and the degree of competition in the industry.

e) Pricing superstars: The phenomenon of Pricing Superstars introduced by Sherwin Rosen (1981) is about the highest quality products-services that can earn disproportionately high profits in some markets like performances by outstanding musicians. The explanation of Rosen for such seldom cases is that for some products, quality is not perfectly additive.

2.3. Different Orientations of Pricing in Marketing Literature

Pricing is one of the most difficult decisions facing any manager because price is the only marketing mix variable that generates revenue while the other variables are associated with costs, expenditures or investments of funds. Also the effects of price changes are much more direct and immediate compared to the effects of other variables. Furthermore, pricing decisions are characterized by flexibility, in that, the decisions to change product prices can be implemented very quickly with results realized in a much shorter period than other managerial decisions. Prices are also the easiest elements of the marketing program to adjust; product features, distribution channels and promotion take more time both to plan and to implement. Consequently, any marketing strategy or tactic based on price is the easiest to communicate to prospective buyers. However, such appeals usually get the fastest reactions from competitors compared to the appeals based on product or service benefits. It can be argued that the price decisions are the most significant and influential ones among the marketing strategy decisions for branded products (Rao, 1984).

In 1985, The American Marketing Association has defined Marketing as follows: “The goal of the marketing mix (price, product, place and promotion) is to satisfy customers through offering the right product with the right promotion and place at the right price in order to satisfy customers’ needs better than competitors, and thus to achieve the firm’s corporate objectives.” It is clear by this definition that price and the other marketing mix variables are not separable since each of them is complementary to each other; for instance, a premium price would lead to a high quality product which would need to be distributed through either an exclusive or a very efficient distribution strategy designed to reach the targeted customer segments who would expect advertising, sales or direct marketing promotion campaigns satisfying their both transactional and acquisition needs.

In the case of low prices, similar scenarios can be developed for different customer segments showing how pricing fits within the overall marketing strategy. What is also true is that the interaction among all the marketing variables is in every direction. Most of the time, price is the only element determined by the other elements of four P's of marketing. Therefore, pricing is an integral part of a general marketing strategy and should be in perfect harmony with the other variables of the strategy. This makes pricing a territory claimed by everybody but not owned by anybody. Indeed pricing decisions are taken by multiple managers from different departments: however, none of them often covets control of pricing (Indounas, 2006; Smith, 1995).

Despite the high significance and long term effects of pricing decisions, academic research on pricing issues have been surprisingly modest. This may be due to the fact that marketing researchers have been busy with financial and cost analyses used to reach price decisions within a corporation. No available data and methods needed for analyzing complex pricing matters have been available to researchers. It is also true that there has always been greater support for product research, advertising, and behavioral science methodologies. Therefore, at an aggregate level of industry and economy, economists have been the leading group in pricing research.

The first articles by Dean, published in 1950 and reprinted in 1967, and by Oxenfeldt published in 1960, 1966, 1973 have all proposed a systematic approach to price setting taking into account the factors of cost, market segmentation, consumer response, target market and integration with the other elements of marketing mix. The idea that pricing is an art and the pricing decisions for new products requires sound judgment had been emphasized by Dean in the 1970s and those ideas have been the subject of systematic theoretical research in the 1980s.

Fortunately, marketing academicians, especially the ones with a background in economics, and related disciplines have incorporated some concepts into research on pricing since the 1980s (Gould, 1984).

2.3.1. Factors Affecting Pricing Decisions

In the pricing literature, the question of how firms specify their pricing objectives has always been a controversy. The main discussion has centered on the issue of whether or not “making a profit” is the only objective underlying pricing decisions.

As a result of this debate several proposals have emerged regarding the distinction between quantifiable and non-quantifiable goals. With respect to the time dimension, the concept of short and long term pricing goals has been debated. Then the priority/relative importance of pricing goals has been a discussion topic.

Diamantopoulos and Mathews (Diamantopoulos & Mathews, 1994) have investigated the question of how firms, in practice, set their pricing priorities and found out the four perspectives as listed in the Table 2.1 below. Those perspectives can be defined at two dimensions:

- Nature of primary objective (profit vs. other goals)
- Specification of pricing objectives (maximization or satisficing)

Table 2.1: Pricing Priorities

Specification of pricing objectives

	Maximization	Satisficing
	(1)	(3)
Profit	Conventional price theory	Average-cost theories

	Industrial organization theory	Viability theories
Nature of	(2)	(4)
Primary	Utility theories	Behavioral theories
Objective	Managerial theories	Homeostasis theories
Other		

Source: Diamantopoulos and Mathews, 1994,

- 1) The traditional view on pricing objectives is represented by the theories in the region of profit maximization; conventional price theory and industrial organization theory.
- 2) Utility theories and Managerial theories try to maximize either a group of individual goals within a total utility function or set a different goal like “sales” and tries to maximize it.
- 3) Average cost and Viability theories accept profit as a main motive but at the same time they claim that the search for conventional or normal profit designated their pricing decisions.
- 4) Behavioral and Homeostasis theories argue that firms try to balance multiple goals. All these theoretical perspectives have assumed that the firm has just one well-defined objective set with no intra-firm variations.

The difference between the perspectives was how they assumed the composition of this objective set and the nature of attainment associated with it (Diamantopoulos & Mathews, 1994). In the modern business world of today where various products of the same firm are marketed in various markets with various pricing objectives by various management styles to compete with various competitors, the above assumptions do not seem very realistic.

Following their investigation in a large manufacturing firm, Diamantopoulos and Mathews (1994) concluded that both maximization and satisficing theories of pricing objectives can be adopted at the same within a firm and also the same objective may be specified differently depending on the planning horizon. The interpretation of the authors was that in real life, firms can be both maximizers and satisficers. A more important implication is that importance of a particular pricing objective can only be determined in relation to other goals since all the objectives are interrelated to each other. The research conducted by the authors (Diamantopoulos and Mathews, 1994) showed that output goals (market share and sales volume) appeared to be two most important pricing objectives in both short and long run. Although short-run profit maximization was not mentioned of as a pricing objective, the long-run profit maximization was observed in number of cases.

2.3.2. Managerial Pricing Orientations

Managerial Pricing Orientation is the pattern of policies, activities and behaviors that business units typically engage in with regard to information gathering and processing, decision rules and beliefs, organizational decision processes, and organizational responsiveness relating to setting or changing prices (Smith, 1995 p.30).

- The first dimension of Managerial Pricing Orientation is gathering and processing information about cost related information (cost structure, gross margin, contribution margin, product costs at varying capacity levels, unit variability), customer -related information (sales volume, detailed comparisons of sales volume figures, any data collected about customers including complaints and feedback about attitudes of customers toward the business unit and its pricing policies), and competitor-related information (any data regarding the functions, strategies, investments and prices of competitors) (Oxenfeldt, 1973; Smith and Nagle, 1994).

- The second dimension refers to the accepted beliefs and norms prevailing in the organization with regard to making pricing decisions. These beliefs are directly related to the concept of organizational climate. In some organizations, pricing strategy may be viewed in strategic terms and it may be integrated to the business unit's long-term market strategy. In some other organizations, pricing strategy may be considered in tactical terms and it may be treated as a short term toll to achieve the business unit's tactical goals.
- The organizational decision process refers to the managerial and interfunctional decision patterns followed by the organizations and the level of interfunctional integration when making a pricing decision.
- Organizational responsiveness refers to the nature and implementation of the business unit's response to a change in market conditions or a change in production and operating conditions that might impact on the effect of pricing decision (Smith, 1995 p.35). The responsiveness of the organization is measured by the nature of the response and the speed of the response.

In the light of the four dimensions listed above, Smith (1995) proposed four different pricing orientations as shown in Table 2.2.

a. Cost Orientation has been historically the oldest and the most popular orientation to pricing decisions. Organizations adopting a cost orientation view pricing as a financial mechanism to achieve unit profitability. A number of empirical studies showed that cost-based methods (especially cost-plus and mark-up) have dominated the pricing practices in history. In 1939, Hall and Hitch (1939) observed that the dominant pattern of price decision making was adding a percentage of overhead cost and profit to the direct unit cost. In this calculation, total fixed costs needed to be allocated on some criteria probably

proportionally to the entire products offered to market. This allocation may be totally misleading. What is worse is the case that companies following this approach allocate fixed costs on the basis of total sales volume they plan to achieve in a certain period of time. Since total sales volume is a reflection of unit prices there is a vicious circle when cost-based pricing is applied. Cost is the starting point in the process of determining a product's price, in reality; it is affected by the final outcome of the process, which is price (Indounas, 2006). In some industries, it is not even possible to determine the unit cost before setting the price itself.

A deviation of cost-plus pricing is mark-up pricing approach which has been adopted by retailers and distributors for many years. In this pricing model, the company adds a certain percentage to the cost of purchasing a product or service. That percentage may be standardized by industry norms or it may be determined in consultation with the competitors in oligopolistic markets. The system suffers from the same drawback of the cost-plus system and does not take inputs from customers into consideration. The added percentage does not reflect any value attached to the product but it is just to cover the costs (Indounas, 2006).

That is the main disadvantage of cost-based pricing; it disregards market conditions even though managers claim that they take the prevailing prices in the market into account in the process of decision making. Nevertheless, still this is not a systematic consideration of market conditions. The issues of what value the customer assigns to the product and how that value can be communicated through price are all left untouched.

One might ask, then, what makes cost based pricing so popular? Its main advantage is that it is very simple to implement. Moreover, customers in general, have a belief that cost is a fair base in setting prices.

b. Sales Orientation is adopted by companies focusing mainly on information about market response to price in the form of sales. Those companies are driven by a sales-oriented pricing philosophy that considers price as a means of to consummate the sale. Since the price is to be set in consistency with what customers are ready to pay, customer relationships and direct selling are very important in these companies and price decision making can even be decentralized to the individual level ((Indounas, 2006).

The sales orientation has the main advantage of being perceived as responsive to customer concerns especially in markets where customer retention is important. Sales orientation does not refer to managing customer perceptions but it involves simply responding reactively to all customer complaints.

c. Competition Orientation is generally adopted by companies that treat price as a competitive weapon. The criteria used in setting prices are to beat competitors' prices, to defend market share and to protect customers. After all these militaristic words what is expected is a price war which happens frequently as a result of such myopic approach. The main advantage of this system is that it is simple to administer as long as accurate and timely information about competition is available. It is the job of Marketing and Sales to monitor competitive climate.

d. Strategy Orientation implies that pricing decisions integrate different forms of relevant information and they are viewed as policy decisions with long-term consequences on both strategic performance and competitive advantage of the organization. Pricing decisions are taken in a centralized and integrated manner across different departments sometimes by a

Pricing Department to facilitate the integration process. The objectives may be price stability within the industry and/or long-term profitability of industry or the company.

Table 2.2 The Summary of the Distinctions between Different Pricing Orientations

Managerial Pricing Orientations

Dimensions of Pricing Orientation	Cost oriented	Sales oriented	Competitor oriented	Strategic oriented
Information gathering and processing	Variable costs, fixed Costs, overhead burdens	Current sales relative to last period's sales; sales/account or by market segment; Customer complaints regarding price, lost customers, trade.	Competitor prices, market shares, signals, financial analysis, capital investments.	Variable costs, contribution margins, total contribution, customer response, competitive r., regulatory r.
Pricing objectives, philosophies, beliefs	Financial prudence philosophy. Unit profitability, Variances in costs, revenues and profits. ROI, ROS, ROS, ROE.	Sales oriented philosophy: prices reflect what customers are willing to pay: consummate the sale	Competitive weapon philosophy: price to meet or beat competitors; defend market share; market share leads to profitability.	Philosophies: sustain competitive advantage; customer value, segmentation pricing. Price stability; LT industry and SBU profitability
Organization decision process	Accounting finance functional competence; formalized, centralized process; little departmental connectedness; moderate interfunctional conflict.	Sales functional competence; less formal, decentralized process, little interdepartmental connectedness; high interfunctional conflict	Marketing functional competence; More formal, centralized process; some interdepartmental connectedness; moderate interfunctional conflict	Integrated decision process; formalized, centralized process; high interdepartmental connectedness, low interfunctional conflict.
Organizational responsiveness	Inflexible, slow response to market changes; planned but narrowly focused response	Flexible quick responses to market changes; unplanned unfocused response.	Flexible moderate responses to market changes; unplanned reactive response.	Relatively inflexible, slow response to market changes; planned, integrative assessment of response.

Source: Smith, 1995, p.35.

2.3.3. Generic Pricing Strategies

Although managerial pricing is one of the basic concepts in both marketing literature and practice, its implementation has not been researched in detail. Gerald Smith (Smith, 2002) has integrated the literature on rational decision making and social sense making in organizations and developed a typology of different pricing orientations based on two organizational decision processing dimensions:

1. Organizational decision processing that is followed when making pricing decisions,
2. Organizational centers of knowledge influence.

Table 2.3 Typology of Organizational Pricing Orientations

Systematic Analytical ↑ Organizational Decision Process ↓ Social Sensemaking	(a1)	(b1)	(c1)	(d1)
	Cost Driven Analytical	Quality/Value Driven Analytical	Customer Value Driven Analytical	Competitive Driven Analytical
	(a2)	(b2)	(c2)	(d2)
	Cost Driven Sense making	Quality/Value Driven Sense making	Customer Value Driven Sense making	Competitive Driven Sense making
	Internal Knowledge Focused	Centers of Knowledge Influence		External Knowledge Focused

Source: Smith, 2002, p.361

a) Internal Cost-Focused Pricing Orientations

1) The organizations implementing a cost-driven analytical orientation gather and share formal cost and pricing data from internal, statistical and impersonal sources. Having set goals for cost, profit and a return target, they make their pricing decisions systematically with many policy and formula based rules, and almost no room left for individual decisions. Price is taken as a means to cover unit costs. The determined price is believed to be a true one with almost no flexibility for change. According to Dean and Qxenfeldt (Qxenfeldt, 1973), the major factors affecting price decisions are cost and desired gross margin.

2) The organizations implementing “a cost-driven sense making orientation” also gather and share information but, by using informal processes with irregular, casual reporting. The decision making process is not strictly formalized but sensitive to environmental changes like costs and availability of suppliers. Price is again believed to cover unit costs. Pricing decisions are made in an informal, negotiation based environment with intensive social interactions between price makers and consumers.

b) Internal-External Customer-Focused Pricing Orientations

1) The organizations implementing a quality/value driven analytical orientation gather and share formal data about product performance, product quality and value to customers. Price decisions are made in a formal, systematic way with policies and procedure with little room for social interactions among managers and customers. Unlike, the previous cases, price for these companies was believed to signal product quality, product performance or economic value. Premium prices and customer loyalty again for the first time were considered to be drivers of organizational profitability (Smith, 2002).

2) The organizations implementing “a quality/value Driven sense” making orientation use informal, personal sources to gather data and share it in an irregular and casual way. The pricing decision process is situational driven with a focus on justifying price based on utility provided. Price decision making is based on informal negotiations between consumers and managers with few rules and procedures. The organizations are said to have an intuitive sense of product’s quality, value and performance. The companies try to influence the perceptions of customers positively towards the product, but this is done in an unsystematic way.

c) External Customer-Focused Pricing Orientations

1) The organizations implementing “external customer volume driven pricing orientations” engage in formal and statistical data gathering with an emphasis on customer demand and sales volume from all market segments. The decision processes and pricing structures are prospective with goals and policies assumed to drive organizational success. With many rules and procedures and little room left for personal decision making, these organizations have a systematic price decision making systems. Price is considered as a tool to drive sales volume and to penetrate market segments. Profitability depends on whether or not the planned sales volume is reached. Price discriminating companies are included in this group of companies.

2) The organizations implementing “customer volume driven sense making orientation” are similar to the ones implementing “a quality/value driven sense making” organizations with an exception that the objective is to increase the sales volume which is believed to drive profitability and price is a just a negotiable tool to reach the planned volume.

d) External Competitive-Focused Pricing Orientations

1) The organizations implementing “a competitive driven analytical orientation” also gather and share data from external and statistical sources but it is focused on the competitors’ prices, market shares and comparisons of price/performance ratios. Accordingly, their specific goals are set for market share and market rank. Pricing decision making is a hierarchical, system based and structured with many rules with little room for individual decision making. Price is again a tool but to protect /expand the market share this time since market position and/or any strategic competitive advantage is taken as a key for profitability (Smith, 2002).

2) The organizations implementing “a competitive driven sense making orientations” gather and share external and personal data by using irregular, casual systems. Their general assumption is that the organization’s pricing decisions are actually constrained by competitors so price is believed to be a tool to win against competition and it is the only way leading to profitability. Managers make wrong decisions through social interactions and their main criterion is how to beat competition.

Gerald Smith (2002) has studied two different types of organizational models with respect to making pricing decisions as detailed above: “systematic analytical” and “social sense making”. The supporters of the systematic analytical model assume that managers set specific and well-defined goals rationally and analyze the alternatives and their consequences before making pricing decisions and they have the needed information in order to be able to perform this task. (Nagle & Holden, 1995; Tellis, 1986; Diamantopoulos and Mathews, 1995). On the contrary, scholars like Weick (1995), claim that decision making is more social and sense making is more important.

2.3.3.1. Value based pricing

Rather than reflecting the cost of a product, price should reflect its value (Indounas, 2006). This fact leads us the concept of “value-based-pricing” which let managers design their pricing strategy in a more sophisticated and systematic way. The contribution margin analysis approach (CMAA) is a value based approach based on the premise that “only the direct costs that are affected by specific pricing decisions are taken into consideration”. Although is not a new approach, Nagle and Holden (1995) were the first authors to systematically review the method.

2.3.3.2. New product pricing

In the early life of a new product and depending on the short term objectives of the company, one of the following three alternative pricing strategies may be applied.

Price Skimming is setting a high initial price and systematically discounting it on time. In **Penetration and Experience Curve Pricing**, the initial price is low with the objective of speeding adoption of the new product. The Experience (Learning) Curve reflects the negative relationship between the unit costs and the cumulative volume. With this assumption, the experience curve pricing seeks to drive down unit costs after setting the initial prices low which is to build cumulative volume quickly (Noble, Gruca, 1999).

2.3.3.3. Product line pricing

A pricing strategy is a reasoned choice from a set of alternative prices that aim at profit maximization within a planning period in response to a given scenario (Tellis, 1986 p.147).

According to Tellis, one of the bases to classify marketing strategies is the pricing objective of the firm. On this basis, the pricing strategies can be classified into three groups:

1. Differential Pricing, whereby the same product can be sold at different prices to consumers because of consumer heterogeneity which enables a firm to discriminate its prices implicitly. Depending on consumer characteristics, a firm may prefer to take advantage of discriminated prices in three different ways.

- a. Second market discounting is an appropriate pricing strategy when the firm has unused capacity and consumers have transaction costs so there is no perfect arbitrage between the two markets. Firms may enjoy this strategy provided that additional revenues from the second market exceeds all increases in both variable and fixed costs and loss of profits in the first market. As long as the first market provides an external economy to the second market, the firm may benefit from either entering into a second market, a foreign market, or secondary demographic segments and sell at any price above its variable cost in the first market.
- b. Periodic discounting is the strategy of discounting prices temporally like discounting of off-season fashion goods, off season fares, peak-load pricing of utilities, discounting of older models and price skimming. The basic principle underlying the strategy is that the timing and the manner are predictable by consumers and the discounts can be appreciated by anybody with no discrimination. Under this strategy, all the market segments facing varying prices provide external economies to each other.

- c. Random discounting is the strategy of discounting randomly and infrequently to the uninformed consumers so that the number of informed consumers can be maximized at the low price instead of the competitor's low price while number of uninformed consumers can be maximized at the high price. The routine price discounting promotions done very frequently by hypermarkets, supermarkets, department stores and specialty stores are of this type. The basic condition for this strategy is heterogeneity of perceived search costs, which enables firms to attract informed consumers by discounting (Tellis, 1986 p.150). The decision criteria for the firms to initiate random discounting strategies is the comparison of the increased profit from new consumers attracted by discounts and the cost caused by uninformed buying at the discounted price plus the cost of administrating the campaign.

Under this strategy, customers informed of discounts provide an external economy to the uninformed customers by encouraging the discounting campaigns, thus lowering the price uninformed customers pay in the long run.

2. Competitive Pricing, whereby, prices are set to exploit competitive position of the firm. The extreme strategy in this group is predatory pricing where prices are held low enough to keep competition out so that a firm can establish its own monopolistic power. Again depending on consumer characteristics, this category covers some alternative pricing strategies.

- a. Penetration Pricing, originally proposed by Joel Dean for new products, is similar to periodic discounting and can be adopted when the average selling price exceeds the minimum average cost. Because of price sensitivity of some customers and of the

threat of competition, prices are kept lower and this creates an advantage for both price sensitive and insensitive segments of consumers.

- b. Experience Curve Pricing, also an alternative strategy to periodic discounting, lets consumers buy the product at lower prices because of economies of experience and active and/or potential competition. The consumers who buy the goods at early stages of the life cycle benefit the price advantages compared to the late buyers. The firms adopting the experience curve pricing strategy are supposed to have strong experience effects due to their accumulated experience and have price sensitive consumers. A good example may be companies marketing nonessential durable goods market at early stage of their life cycle.

- c. Price Signaling is adopted by companies when there are quality differences among competing products; there is less information about quality than on price; and quality is important for consumers. Then, companies may use high prices as signals of better quality although the quality level of those high priced products is not any better than the lower priced competitors. For new or amateur consumers with no information about competition and for mainly durable goods, price signaling may be common.

- d. Geographic Pricing strategies are similar to both second market discounting and price penetration strategies since firms try to exploit economies of scale by pricing below competition in a different market. In geographic pricing strategies, two markets are geographically separated and transportation costs influence the prices significantly. The firms adopting the strategy try to absorb the transportation cost between the separate markets so that the second market can provide an economy to the first one.

Some of the alternative solutions to overcome the price differences between markets are as follows:

- a. **FOB-Origin Pricing:** under this strategy the title and responsibility of the products are transferred to customers when products are placed free on board (FOB) a carrier. Then freight charges are assumed by the customer but this does not change the fact that the retail prices will still be higher for the second market.
- b. **Uniform Delivered Pricing:** Companies adopting geographic pricing strategies may charge the same price to all the markets regardless of their location and this price includes the freight charges. This strategy keeps the prices high but provides the company a more global approach.
- c. **Zone Pricing:** Companies set some geographical zones and all customers in those zones are given the same prices no matter what their locations in the zone are.
- d. **Basing Point Pricing:** Companies may also choose some centers and charge standard freight costs to different customers with respect to their distances from designated centers without considering the actual shipping ports. The trend is setting various basing point and charging the customers freight costs from the closest basing point center.
- e. **Freight Absorption Pricing:** Companies may even absorb some or all of the actual freight charges with the intention of keeping prices less than competition.

3. Product Line Pricing, whereby related brands are sold at prices to take advantage of mutual dependencies among them.

- a. **Price Bundling:** The basic requirements for pricing bundled products are non-substitute and perishable products with an asymmetric demand structure like in cases of lower priced season tickets and packages of options on automobiles.
- b. **Premium Pricing** involves application of differing prices for different versions of products with different features catering to different consumer segments. Premium pricing can be used in pricing of durable and nondurable products as well as alternate service plans. The basic idea of the firms is to produce two types of substitute products to enjoy the joint economies of scale and to market them to heterogeneous but fully informed consumers.
- c. **Image Pricing** involves introducing an identical version of a current product with a different name or model number and a higher price. The objective of the company is to subsidize the price on the lower priced version by the increase in the profit it makes on the higher priced version. In other words, companies signal quality to uninformed customers by varying prices of different brands of the same product line and the differences are for images or positions.
- d. **Complementary Pricing**

“The characteristics of consumers” is the second dimension for the classification. There are three different alternatives of interest.

- a.. At least , some of the consumers do not have information regarding what firm sells what product so those customers need to search for that and still some of those

customers prefer not to search since the opportunity cost of search time exceeds the benefits of the search. As a result, purchasing takes place without full information.

- b. Some customers are either price sensitive or not in urgent need to do the purchase,
- c. All customers have certain transaction costs like costs of traveling, cost of money or switching other than search costs.

The table containing the nine possible pricing decision combinations is below.

Table.2.4 Taxonomy of Pricing Decisions

Consumer characteristics	Objective of the firm		
	Vary prices among consumer segments	Exploit competitive position	Balance pricing over product line
Some have high search costs	Random discounting	Price signaling	Image pricing
Some have low reservation prices	Periodic discounting	Penetration pricing Experience curve pricing	Price bundling Premium pricing
All have transaction costs	Second market discounting	Geographic pricing	Complementary pricing

Source: Tellis, 1986, p.148.

Tellis (1986) considered how the above strategies differ depending on the existence of consumer segments, competitors in the market and product mix. He did not consider the complementary role of promotion.

The table below is a summary format of all the pricing strategies discussed so far. As can be seen from the groupings, setting the pricing strategy is a challenging task for companies as there are variables to be considered.

Table 2.5 Pricing Strategy Definitions

Strategy	Description	Related Strategies
Price Skimming Penetration Pricing Experience Curve Pricing	High initial prices are reduced systematically. Customers expect prices to eventually fall. Initial low prices accelerate product adoption Initial low prices build volume and accelerate cost reduction through accumulated experience	Premium pricing Learning curve pricing
Competitive Pricing Situation		
Leader Pricing Parity Pricing Low-price supplier	Prices are changed and other firms are expected to do so Match the price set by the overall market or the price leader Always strive to have the low price in the market	Umbrella Pricing, Cooperative P, Signaling Neutral Pricing, Follower pricing Parallel pricing, Adaptive pricing, Opportunistic pricing
Product Line Pricing Situation		
Complementary Product Pricing Price Bundling Customer Value Pricing	Price the core product low when complementary items like accessories, supplies, spares can be priced with a higher premium Offer the product as part of a bundle of several products, usually at a total price giving the customers an attractive saving over the sum of individual prices Price one version of a product at very competitive levels, offering fewer features than are available on other versions	Razor-and-blade Pricing System Pricing Economy Pricing
Cost-Based Pricing Situation		
Cost- Plus Pricing	Establish the price of the product at a point that gives us a specified percentage profit margin over our costs	Contribution P., Rate-of-return P., Target Return P., Markup P.

Source: Noble and Gruca, 1999, p.438

Table 2.6 Systematic Approaches to New product pricing

Step	Dean	Oxenfeldt	Welsh
1	Estimate demand	Select market targets	Estimate demand
2	Select market targets	Choose brands image	Determine marketing requirements over product's life cycle
3	Design promotional strategy	Compose marketing mix	Plot product's expected life cycle
4	Choose distribution channels	Select a pricing policy	Estimate costs over life cycle
5		Determine a pricing strategy	Estimate competitor's entry capabilities
6		Select a specific price	Estimate competitor's probable entry dates
7			Select a specific price

Source: Monroe, Bitta, 1978, p.415.

2.4. Comparison of Economic vs. Marketing Approaches to Pricing

The last attempt to provide a comparative review of both approaches to pricing had a set of three perspectives focusing on the three sides of any price transaction (Skouras, Avlonitis & Indounas, 2005):

a) Buyers' Response to Price: Economists have always assumed that buyers behave rationally. Their preferences are self consistent and stable and they are committed to the doctrine of utility-maximization. Buyers' response to prices is, according to economics, exercise in-utility maximization under constraints (Skouras, Avlonitis and Indounas, 2005 p. 2). Theoretically, it is simple to derive the law of demand, and to obtain market demand by aggregating individual demand curves of any product and to describe buyers' responses to different prices by using the concept of price elasticity. But in real life, the assumptions made in derivation of demand curve are questionable. The assumption of "other things being equal" is usually nullified by the changes in real income, the changes in prices of

substitute goods and other variables. Consequently, the theoretically derived demand curves can not be estimated without additional information and in real life, it may not be possible to obtain that information. So the inverse relationship between prices and quantities demanded may not be witnessed in practice.

The assumption of utility maximization by rational buyers has also been invalidated by ordinary customers in the everyday experience. Furthermore, it has been showed by many psychological experiments that rationality and utility maximization can not be considered representing consumer behavior traits universally. Another belief that rationality is an essential assumption for the inverse relationship between prices and quantities demanded has also been nullified by Gary Becker who wrote that “The kind of evidence traditionally used, the negative slope of market demand curves or the positive slope of market supply curves, is equally consistent with individual irrationality and can not discriminate between them” (Becker, 1962 p.13.)

Therefore, it can be said that as the group of behavioral economists claim, the economists’ commitment to utility maximization is not universal anymore and the best improvement showing the general approval of this trend may be the Nobel economic prize given to a psychologist, Daniel Kahneman (2003), who is critical of utility maximization and strict consumer rationality.

In contrast, lack of perfect rationality is a starting point for consumer behavior studies in marketing. The main assumptions were the lack of perfect rationality and the absence of full information for the customers and those issues have been analyzed within the marketing literature in six different groups (Skouras, Avlonitis and Indounas, 2005):

The concept that buyers tend to associate a higher price with a higher quality and as a result they may buy higher-priced products as an assurance of higher quality has been investigated through many empirical studies with contradicting results. Many research

studies have found that consumers rely on price as an indicator of product quality, and identical products with different prices are perceived by consumers at different qualities (Dodds, Monroe and Grewal, 1991; Chang and Wildt, 1994; Sinha and DeSarbo, 1998). One study found that consumers using a price/quality relationship are actually relying on a well-known and expensive brand name as an indicator of quality without relying directly on price (Liechtenstein, Ridgway and Netemeyer, 1993). Another study showed that consumers use price and brand to evaluate the prestige of the product but do not generally use these cues when they evaluate the product's performance (Brucks and Zeithaml, 2000). What is generally accepted in the marketing literature that price is usually treated as an indicator of quality, especially when buyers are not informed about the quality of the product (Monroe, 1971).

b) Firm's Determination of Price: In economic theory, profit maximization has traditionally been the single goal of any firm which could be achieved by equating marginal revenue and marginal cost. Depending on the market structure different models have been developed.

With the separation of power between owners and professional managers, managerial theories emerged and they suggested the motives of managers were the dominant ones in pricing decisions of large firms. These new objectives included sales, growth, security, and managerial utility.

In 1939 Hall and Hitch (1939) developed their average cost theory based on the concept that, firms are using a full-cost pricing approach in setting their prices. In 1949, normal cost pricing, based on the concept that prices are based only on variable costs at the targeted capacity level, has been developed. Consequently, the economic literature has been dominated by "optimization" approaches while profit maximization has had a central place.

In marketing literature, the optimization models included new product pricing, price discrimination, price bundling, determination of economic value for customers, client – driven models, pricing in an international context, non-linear pricing and retail pricing. What is to be maximized was usually the profit. As the main difference between the approaches of two disciplines, in marketing literature pricing research has been characterized by behavioral approach and the emphasis has been on how prices in practice are determined.

Hence, it can be said that marketing provides a closer view of pricing to actual managerial practice by treating price as only one of the elements that need to be considered in the strategic marketing decisions. In contrast, economics adopts an optimization approach and achieves a much closer focus and can provide normative results to be used in decision-making.

c) Industry and Economy-wide Role of Prices: The industry and economic-wide significance of prices has been traditionally of great importance to economics while it has been practically of no interest at all to marketing (Skouras, Avlonitis and Indounas, 2005 p. 8). Industrial economics with its origin going back to Alfred Marshal (1997) included concepts like concentration, economies of scale, barriers to entry or exit from a market, governmental intervention to price, vertical integration, diversification, product differentiation.

At the economy-wide level, there are two approaches: general equilibrium analysis is concerned with the determination of equilibrium relative prices throughout the economy and macroeconomics addressing the question how the level of prices is determined and how the rate of change of the overall prices affects economic magnitudes like investments, consumption, the interest rate, and employment.

The key to understand the differences between marketing and economics in their treatment of pricing is to realize the basic differences in the nature of the two disciplines.

The theoretical hard core of economics is centered on the issue of pricing whereas marketing had no theoretical contribution to the issue. This is due to the difference between the origins of both disciplines. Marketing arose out of a business concern to attune management with market requirements and had as its primary mission to improve business performance while economics has its historical roots in political philosophy and aimed at improving the organization of society (Skouras, Avlonitis & Indounas, 2005 p.9). In other words, marketing is a discipline concerned with business practice and mainly influenced by the science of economics.

Table 2.7 gives a summary of all the literature concerning the differences between marketing and economics related to price theory. As the comparisons are made according to three factors namely:

- a) Buyers' response to prices,
- b) Firm's determination of prices,
- c) Industry and Economic role of pricing.

It becomes apparent that most of the marketing thought on pricing is based on economic literature.

Table 2.7 A comparison between the economics and the marketing literature on pricing

	Economics	Marketing
Buyers' response to prices	<p>Rationality assumed on the part of the buyers, which is essential to the utility maximization theory. Price is use as a determinant (independent variable in the function) of this utility.</p> <p>Price is the most important criterion in buyers' decision</p> <p>The focus is on rational buyers' behavior rather than on how actual buyers behave in reality</p>	<p>Rationality is not always evident as shown by research in psychology (price-quality relationships, Weber-Fechner law)</p> <p>Price is not the most important criterion in buyers' decision making especially in the business-to-business sector</p> <p>The emphasis is on how buyers are actually processing prices through empirical observation studies.</p>
Firms' determinant of prices	<p>Emphasis on optimality issues through the use of formal models that attempt to maximize an objective function under certain constraints</p>	<p>Emphasis on how firms are actually behaving through the behavioral examination of issues such as pricing behavioral objectives, pricing methods, departments responsible for pricing decisions, pricing of new products and examination of the firm and business conditions that favor a price increase or decrease.</p>
	<p>Profit maximization has been the most common objective but a wide variety of other joint objectives have also been investigated.</p>	<p>Firms are considered to pursue a variety of pricing objectives apart from profit with the emphasis being placed on achieving satisfactory rather than maximum results.</p>
	<p>Price is usually considered as the main business decision for gaining competitive advantage</p>	<p>Price is regarded as a less important business activity compared with the other elements of the marketing mix.</p>
	<p>Theoretical concepts of and econometric tools have been developed in the context of optimizing models.</p>	<p>Some issues such as pricing over the product life cycle stage, service pricing, retail pricing, online pricing have been examined mainly, if not exclusively, within the marketing literature.</p>
	<p>A Large number of empirical studies have been conducted to test econometrically the range of applicability of various optimizing models</p>	<p>Relatively few empirical studies have been conducted from a marketing perspective, while optimality models used tend to be less formal and incorporate managerial judgment</p>
	<p>Recent interest in behaviorist approaches seems likely to grow.</p>	<p>Concepts such as price discrimination, price skimming, price leadership and cost-based pricing have been barrowed from economics.</p>
Industry -and- economy wide role of prices	<p>Industrial economics examines how the nature of competition in market affects pricing behavior. General equilibrium theory shows how mutually consistent relative prices can be determined under conditions of perfect competition. It is the theoretical hard core of economics and provides and ideal standard for social organizational platform for political action. Macro economics focuses on the overall price level and its rate of change and studies their interrelationship with other central macroeconomic aggregates, such as, income, employment, rate of interest, investment, savings and consumption.</p>	<p>These issues have been examined almost exclusively within the economics literature.</p>

Source: Skouras, Avlonitis and Indounas, 2005, p.371.

2.5. Retail Pricing

Retail pricing is one of the fields where the most recent and sophisticated pricing techniques and methodologies are expected to be applied but the retailers in the U.S. seem to be very conservative in their pricing practices (Levy, Grewal, Kopalle and Hess, 2004). Michael Levy and his co-authors claim that the US retailers make their pricing decisions on the base of traditional rules which usually are cost-based formulas-a certain fixed percentage markup on the cost to them. For example, fashion retailers take a fixed percentage markdown on the price of the products unsold for a certain period. Another rule-based technique is to price the products above, below, or at the parity with the prices of competitors (Levy, Grewal, Kopalle and Hess, 2004). In these approaches, price is always based on some historical price and the markup/markdown is just arbitrary. The chain stores apply the same rule-based approaches all around the country with no geographical or sociocultural segmentation. Consequently, smart customers learn from past experience and wait for sales for shopping.

The retailers would be expected to take into consideration the following factors in order to determine optimal prices: (1) Price sensitivity (price elasticity) factors: how the quantity demanded of a product changes as the price of it changes and how price elasticity changes in time, (2) Substitution effects: how the quantity demanded of a product changes as the price of the competing product changes, (3) Dynamic effect of price changes over time, (4) How prices change across different markets/customer segments, (5) Cross-category effects: how prices affect the prices of the other products in the same category (substitutes and complementaries), (6) Retailer costs, (7) The effect of competition on retail prices (Levy, Grewal, Kopalle and Hess, 2004).

According to Shankar and Bolton (Shankar and Bolton, 2004), competitor factors explain the most variance in retailer pricing strategy. Category and chain factors are also significantly important in explanation of variance in retailer pricing. They examined how underlying dimensions of retailers' pricing strategies were influenced by variables representing the market, chain, store, category, brand, customer, and competition. The study classified retailers' pricing strategies based on four underlying dimensions: price consistency, price-promotion intensity, price-promotion coordination, and relative brand price. These four pricing dimensions are statistically related to: (1) competitor factors (competitor price and deal frequency), (2) category factors (storability), (5) brand factors (brand preference and advertising), and (6) customer factors (own-price and deal elasticities). The findings can be classified as follows:

1. For all pricing dimensions, the most important factors are competitive factors,
2. Price-promotion Intensity and Price-promotion coordination are complementary dimensions,
3. Category differences are associated with substantial differences in pricing strategies,
4. Manufacturer/Brand differences create retailer pricing opportunities
5. The effect of customer responsiveness on retailer pricing is small but significant (Shankar and Bolton, 2004).

The retailer pricing strategies fall under one of Everyday Low Pricing (EDLP) and High/Low (Hi-Lo) pricing strategies. This view of retailer pricing strategy is primarily at the store or chain level and is largely driven by the store or chain positioning. Chains typically communicate or signal their pricing policy as one of these two strategies. For example, Wal-Mart's positioning slogan, "Low prices, always," indicates an EDLP strategy. (Bolton, Shankar, 2003). An EDLP policy involves offering consistently low prices on many brands and categories (Shankar and Bolton, 2004). In contrast, a Hi-Lo

policy is characterized by steep temporary price discounts on high regular prices for many brands and categories. It attracts consumers who follow the price discounts.

An EDLP strategy stresses continuity of retail prices at a level somewhere between the regular price and the deep discount sale price of the retailer's competitors. In other words, "low" does not mean "lowest". A more accurate description of this strategy is everyday stable prices because the prices do not fluctuate significantly (Levy and Weitz, 2001).

A HiLo pricing strategy lets retailers offer prices above/below their competition's EDLP, but they use advertising and sales promotions to promote frequent sales.

The benefits of an EDLP strategy relative to Hi-Lo strategy can be listed as below:

- a. Reduced price wars: Retailers adopting EDLP successfully can withdraw from severe price wars with competitors,
- b. Reduced advertising: Advertising can focus on image-building messages instead of temporary sale advertising. This is also true for expenses made for inserts and catalogs.
- c. Improved customer service: A more stable sales staff can possibly focus on customer needs instead of dealing with pricing issues and sales promotions.
- d. Reduced stock out and improved inventory management: The elimination of promotions removes forward buying by retailers and results in orders that match customer demand. This lets retailers to be much more efficient in forecasting demand and therefore to manage their inventories with more certainty. Fewer stock outs mean more satisfied customers, higher sales turnovers, less safety inventories and higher inventory turnovers. This is also a key to have better supplier relationship management and better procurement opportunities. From the standpoint of supply chain management, this may be the major advantage of EDLP strategy provided that logistics capabilities are coordinated accordingly. Chopra and Meindl listed EDLP as

one of the factors contributing to the coordination of supply chain (Chopra and Meindl, 2007).

- e. Increased profit margins: Overall profit margins in the long run can increase due to the saving of having no large reductions in prices in addition to the administrative savings.

A HiLo strategy also has benefits:

- a. The same merchandise appeals to multiple markets
- b. It creates excitement: since sales draws crowds and crowds create excitement, retailers may combine low prices/sales with advertising and in-store activities like shows. This may create an effective competitive advantage in some sectors.
- c. Quality or service is more emphasized: High prices are usually taken as indicators of better quality and this impression is also relevant at times of sales because of higher reference prices and this is an important signal to some customers.
- d. Easier to maintain: Compared to EDLP strategy

Lal and Rao (1997) have analyzed the competition between supermarkets through a game theoretic analysis of a market consisting of both time constrained consumers and “cheery pickers”. They wrote that “our analysis shows that the EDLP store’s offering of constant everyday low prices is an equilibrium outcome, endogenously determined. Successful implementation of the EDLP strategy involves communication of relative basket prices, implying that merely setting constant low prices is not viable. We further demonstrate that while time constrained consumers find everyday low prices at EDLP attractive and cherry pickers the promotions at PROMO “HiLo, clientele effects are in fact more complicated ” (Lal and Rao, 1997 p.60). Their findings showed that time constrained consumers desired higher service level and sale prone consumers desired to take advantage of price-off deals. The authors claim that these results showed that EDLP and Hi-Lo are positioning strategies

rather than merely pricing strategies. Not only the prices but also the communication strategy and the service strategies of adopters of each strategy emphasize differences as well.

The analysis of pricing decisions conducted by Bolton and Shankar (2003) in 17 chains, 212 stores, six categories and five markets revealed some surprising insights about how retailers depart from overall Hi-Lo pricing and promotion strategies when they customize their decisions for a particular brand and store.

First, it showed that at the brand-store level, retailers practice five types of pricing strategies, namely Exclusive, Moderately Promotional, Hi-Lo, EDLP, and Aggressive pricing.

Second, an interesting finding is that the most prevalent pricing strategy is not any strategy close to Hi-Lo pricing strategy as casual observation of chains and their pricing may suggest. It is a pricing strategy that is closer to EDLP strategy than any other strategy. The second most prevalent strategy, Aggressive pricing, is not close to a Hi-Lo pricing strategy either. These findings point out that although retailers may signal to consumers a positioning strategy of EDLP or Hi-Lo pricing strategy at the store or chain level, they actually engage in different pricing strategies at the brand-store level.

This apparent contradiction can be explained by the fact that EDLP is simpler to communicate internally and easier to implement. However, it is known that pricing decisions—as opposed to other marketing decisions—are the key to profitability for most companies, and this is more evident in retailing with its accompanying razor-thin margins. Thus, retailers must become proactive—rather than passive price-takers—customizing price at the brand-store level to local conditions.

Bolton and Shankar (2003) propose alternative ways that retailers—and their competitors—can customize their own pricing and promotion strategies to different brands and stores. The suggested dimensions for pricing decisions are below:

Relative Price: relative price of a brand is calculated as the average of the ratio of the brand price divided by the weighted average of all brand prices (weights are the market shares of the brands within the category in that store) (Bolton and Shankar, 2003 p. 221).

Price Variation: the ratio of the standard deviation of actual price over the mean of actual price.

Deal Intensity: the components of deal intensity are the depth, the frequency and the duration of deals.

Deal Support: deal support involves support of discounts through press or displays (or both) for a limited period of time. The three different measure of deal support used by Bolton and Shankar (2003) are proportion of weeks with feature support, proportion of weeks with display support and proportion of weeks with both of them.

Bolton and Shankar also make some general comments about retail pricing strategies:

1. Pricing strategies are multi dimensional including relative price, deal intensity and deal support.
2. Pricing strategies are also brand-store specific although pricing dimensions may be stable
3. Retailer pricing strategies are not limited to EDLP or Hi-Lo strategies only

Table 2.8 summarizes the overall literature on pricing theory both in Economics and Marketing.

Table 2.8: Overview of Literature on Pricing Theory in Economics and Marketing.

Article	Key Findings
<p>Amit, R. (1986), Cost Leadership and Experience Strategy.</p> <p>Strategic Management Journal, 7(3), 281-292.</p>	<p>The article is about the concepts of experience curve and experience curve and the underlining factors. A distinction between the learning effect and the scale effect is made and then the implications of some scale-learning relationships are examined as far as the advantages of cost-leadership of the firm are concerned. The finding is that cost leadership may be a competitive advantage in case the firm deviates from the short-run profit maximization output, confirming current profits to obtain higher future returns. This is possible in the presence of learning.</p>
<p>Cassady, R, JR. (1946), Some Economic Aspects of Price Discrimination under Non-perfect Market Conditions.</p> <p>The Journal of Marketing, 11(000001), 7-20.</p>	<p>The article is an attempt to clarify one of the most confused and complex issues in the world of economics, that is, price discrimination.</p>
<p>Cassady, R.JR. (1946). Techniques and purposes of price discrimination.</p> <p>Journal of Marketing, 11(000002), 135-150.</p>	<p>The author classifies and illustrates the many different methods of price discrimination and lists the various purposes of discriminatory pricing arrangements. He concludes that discrimination does not depend upon the existence of monopoly control of a market. Indeed, discriminatory pricing may have certain advantageous aspects from the point of view of society.</p>
<p>Cressman, G.E, Jr. (1999), Commentary on Industrial pricing: Theory and Management practice.</p> <p>Marketing Science, 18(3), 455-457.</p>	<p>The findings of the work by Noble and Gruca have made it clear that market orientation work has not connected to pricing practice and this is a challenge to marketing theoreticians. The underlying drivers of customer needs are not connected to pricing practices according to the findings.</p>

<p>Diamantopoulos, A., Mathews, B.P. (1994), The Specification of Pricing Objectives: Empirical Evidence from an Oligopoly Firm.</p> <p>Managerial and Decision Economics, 15(1), 73-85.</p>	<p>The authors investigated how firms specify their pricing objectives in a large manufacturing company producing a wide range of repeat purchase products. The research showed that both maximization and satisficing objectives can coexist within a given firm and the same objective can be specified differently depending on both the planning horizon and the prevailing market conditions. A noticeable switch from satisficing to maximizing is associated with the change of the planning horizon but this does not change the emphasis attached to it. The output goals of sales volume and market share have been confirmed as two most important pricing objectives. Short-run profit maximization has been selected as the major objective in every instance but long-run profit maximization was selected in a noticeable number of cases not every instance</p>
<p>Eichner, A.S. (1987), Prices and Pricing.</p> <p>Journal of Economic Issues, 21(4), 1555-1584.</p>	<p>This detailed descriptive study starts with a time scale for observing changes in Economic Phenomena; continues with definitions pricing systems and is finalized with models of pricing behavior.</p>
<p>Ekelund, R.B. Jr. (1970), Price Discrimination and product Differentiation in Economic Theory. An Early Analysis.</p> <p>The Quarterly Journal of Economics, 84(2), 268-278.</p>	<p>The article is about the early writings of Jules Dupuit who was the earliest and the highest authority of the theory of price discrimination and of product differentiation. His early writings on price discrimination in the period of 1844-1866 are distinguished by their scientific view of economic theory.</p>
<p>Enke, S. (1964), Some Notes on Price Discrimination. The Canadian</p> <p>Journal of Economics and Political Science, 30(1), 95-109.</p>	<p>The notes are about the classification of monopolistic price discrimination cases. The categorization mainly depends on what the objective (short run and long run) is, the ability to differentiate the product, the ability to transfer the buyers between markets, the ability to distinguish between available markets, the ability to sell successive units to a certain buyer at different prices etc.</p>

<p>Gerstner, E., Hess, J.D., & Holthausen, D.M. (1994), Price Discrimination Through a Distribution Channel: Theory and Evidence.</p> <p>The American Economic Review, 84(5), 1437-1445.</p>	<p>The authors studied the price discrimination within a channel of distribution consisting of a single manufacturer and competitive retailers. In the model, the manufacturer discriminates price by using a pull discount targeted at consumers with low reservation prices to reduce the net price paid for the product. The firm chooses the whole sales price for the product and the size of the price discriminating pull discount. The major finding is that a higher retail markup percentage influences the manufacturer to use price discrimination in a less intensive way so the markup percentage is of great importance for the manufacturer. If this percentage increases while the wholesale remains the same, the retail price will increase then the manufacturer would have to increase the size of the pull discount to keep the targeted consumers. This unattractive strategy for the manufacturer makes the strategy less profitable for him. Consequently, the manufacturer's profit maximizing response is to lower both the wholesale price and the pull discount.</p>
<p>Gould, J.P., Subrata, K.S. (1984), Issues in Pricing Research.</p> <p>The Journal of Business, 57(1).</p>	<p>The authors note that Economics and Marketing are getting closer to each other (1980s) in that economists pay more attention to practical managerial concerns and marketers are more interested in theory building.</p>
<p>Howard, J., Morgenroth, W. (1968), Information Processing Model of Executive Decision.</p> <p>Management Science, 14(7), 476-428.</p>	<p>The research provides evidence that it is possible to describe the decision making process of a high level executive when he/she makes a decision with a major effect on prices. The study also has implication for company information systems of specifying an executive's information requirements.</p>
<p>Indounas, K. (2006), Making Effective pricing decisions. Business Horizons, 49(5), 415-424.</p>	<p>After mentioning of the disadvantages cost-plus pricing models, a new value-based pricing model, namely contribution margin analysis method is proposed and it is based on the assumption that only the costs that are directly related to pricing decisions should be taken into consideration especially at times of price changes.</p>

<p>Mason, R. (1995), Interpersonal effects on consumer demand in economic theory and marketing thought, 1890- 1950.</p> <p>Journal of Economic Issues, 29(3), 871-882.</p>	<p>The article states that supply-side issues sourced by neoclassical theory economic theory have dominated the academic literature with little attention devoted to issues like consumer preference formation, demand and consumption. Market demands, branding and so called “irrational consumer behavior” were all neglected issues. Some economists still stick to those “rationalistic” views.</p>
<p>Monroe, K.B. (1971), “Psychophysics of Prices”: A Reappraisal.</p> <p>Journal of Marketing Research, 8(00002), 248- 250.</p>	<p>This article must have been written to falsify the proposal of Kamen and Toman who implied that substantiation of the fait price theory invalidates Weber's law. The point of the author is that the analysis used by two authors of the mentioned article did not test the applicability of Weber's law so their results seem to be compatible with a price-quality demand relationship, that is, when price is used as an indicator of quality, a positive price demand relationship is assumed. If a buyer perceives a difference in price, coteries paribus, he will prefer the higher priced gasoline.</p>
<p>Monroe, K.B. (1971), Measuring Price Thresholds by Psychophysics and Latitudes of Acceptance.</p> <p>Journal of Marketing Research, 8(00004), 460-464.</p>	<p>This article is about how to adapt two experimental techniques namely; psychophysics, measuring an individual’s response thresholds for physical stimuli and the own-category procedure for measuring individual responses to subjective stimuli. The objective is to summarize the experiment with both techniques for determining price thresholds. Since both experiments supported the hypothesis of an acceptable range of prices, there is no apparent difference between the two experimental techniques.</p>
<p>Monroe, K.B. (1971), The Information Content of prices: A Preliminary Model for estimating Buyer Response.</p> <p>Management Science, 17(8), 519-532.</p>	<p>The author assumes that that price is used as an indicator of quality and cost by buyers and the research shows that buyer’s subjective perceptions of price may include a range of acceptable prices for a product and demand is responsive only between upper and lower price limits. These variations in buyer response can be expressed by the Weber-Fechner Law as $R = k \log S$ where R is the magnitude of the response, S is the magnitude of the stimulus ad k is a constant of proportionality.</p>

<p>Monroe, K.B., Della Bitta A.J. (1978), Models for Pricing Decisions.</p> <p>Journal of Marketing Research, 15(000003), 413-428.</p>	<p>Following the review of the pricing literature, the authors focus on four pricing areas: new product pricing, product -line pricing, price change decisions and price structure decisions. The criteria used for evaluation of the models in each area included assumptions of models (how realistic and how explicitly they are stated), how explicitly they specify the nature of relevant variables, their dependence on accessible information, specification of interrelationships between variables and the degree of model in incorporating current research evidence.</p>
<p>Nagle, T. (1984), Economic Foundations of pricing.</p> <p>The Journal of Business, 57(1), 3-26.</p>	<p>This article reviews the theoretical literature in Economics in order to understand the economic environment where pricing decisions are made. The three areas of economic theory with potential application to pricing have been selected as follows: the economics of information, the economics of spatial competition, and the economics of segmented pricing.</p>
<p>Narasimhan, C. (1988), Competitive Promotional Strategies.</p> <p>The Journal of Business, 61(4), 427-449.</p>	<p>This article is about the equilibrium pricing strategies of products with loyal consumers and those products are competing with each other in a common market.</p>
<p>Noble, P.M., Gruca, T.S. (1999), Industrial pricing: Theory and Managerial Practice.</p> <p>Marketing Science, 18(3), 435-454.</p>	<p>The existing theoretical pricing research is grouped as a two level framework for industrial goods pricing: the first group consists of new product, competitive, product line and cost-based pricing. The second group consists of the pricing strategies appropriate for a given situation. The new product pricing strategies (skim p., penetration p., experience curve p.), the competitive pricing strategies (leader p., parity p., low-price supplier p.), product line pricing strategies (bundling, p., complementary p., customer value p.), and cost-based pricing strategies have been researched with a sample. Cost-based pricing was the most cited strategy among the respondents.</p>

<p>Noble, P.M., Gruca, T.S. (1999), Response to the Comments on “Industrial Pricing: Theory and Managerial Practice”.</p> <p>Marketing Science, 18(3), 458-459.</p>	<p>The authors accept the fact that cost based pricing has been used by majority of the respondents but those companies have also incorporated a second externally-focused pricing strategy into their overall pricing decision making. The percentage of the companies adopting only the cost-based pricing was 28%. The authors also claim that the high rate is due to the context of the examined companies.</p>
<p>Oren, S.S. (1984), Comments on “Pricing Research in Marketing: The State of the Art”.</p> <p>The Journal of Business, 57(1), 61-64.</p>	<p>The author compares and contrasts two different perspectives of economics literature and marketing literature by identifying some strengths and weaknesses of both approaches. For example: the marketing literature treats prices as control variables whereas the economics literature approaches pricing from the perspective of industrial organization theory.</p>
<p>Oxenfeldt, A.R. (1973), A Decision-making Structure for Price Decisions.</p> <p>Journal of Marketing, 37(000001), 48-53.</p>	<p>The author provides lists of potential pricing objectives, pricing problems, data that might be used to design a price monitoring system. He also proposes some mathematical models of multiple regression, simulation, adaptive modeling for marketers to cope with pricing responsibilities.</p>
<p>Oxenfeldt, A.R. (1965), From Price Elasticity to the Marketing Mix-and Beyond.</p> <p>The Business Quarterly, 30(4), 23-26.</p>	<p>After summarizing the contributions of microeconomics under the headings of elasticity, the author proposes the concepts of customer appeals mix and the marketing program</p>

<p>Rao, R.C., Bass, F.M. (1985), Competition, Strategy, and Price Dynamics: A Theoretical and Empirical Investigation.</p> <p>Journal of Marketing Research, 22(000003), 283-296.</p>	<p>In dynamic pricing models effects of competitive actions are usually ignored mainly because incorporating competition into dynamic pricing models involves costs because of complexity of both analysis and quantity of additional data needed. The authors incorporated both dynamic and competitive effects to explore how competition affects dynamic pricing of new products in an oligopolistic market. The competition among firms is modeled as a dynamic Nash equilibrium in which each firm chooses its optimal dynamic strategy. Empirical examination of price paths shows them to be consistent with analytical results.</p>
<p>Rao, V.R. (1984), Pricing research in Marketing: The State of the Art.</p> <p>The Journal of Business, 57(1), 39-60.</p>	<p>The paper is an attempt to review the pricing literature from the view point of marketing science. Static and dynamic models of price setting, price promotion decisions and behavioral aspects of pricing are the issues about which the publications and comments are listed in a chronicle order.</p>
<p>Skouras, T., Avlonitis, G., & Indounas, K.A. (2005), Economics and marketing on pricing: how and why do they differ?</p> <p>The Journal of Product and Brand Management, 14(6), 362-374.</p>	<p>Being the first article attempting to compare and evaluate the treatment of pricing by the disciplines of economics and marketing, this article reviews two approaches from three different perspectives: buyers' response to price, firm's determination of price and industry wide role of price. The major differences between the two disciplines as far as their approaches to pricing are concerned are: marketing takes the perspective of buyers thanks to interdisciplinary support from behavioral sciences while economics takes the perspective of economic theory. This is due to the differences in their historical origins, primary concerns and doctrinal evolution.</p>
<p>Smith, G. E. (1995), Managerial Pricing orientation: The process of making pricing decisions.</p> <p>Pricing Strategy & Practice, 3(3), 28-40.</p>	<p>The paper is an attempt to integrate the concepts behind managerial pricing orientation and to discuss how they relate specifically to pricing decisions. The author defines four dimensions of managerial pricing orientation as information gathering; processing, pricing objectives, policies and beliefs; organizational decision processes; organizational responsiveness. Four pricing orientations are listed as follows: cost, sales, and competition and strategy orientations. The author emphasizes the importance of consistency between adopted managerial pricing orientation and the dynamics of the market place.</p>

<p>Smith, G.E. (2002), A typology of pricing orientations: Sense making and making sense of organizational pricing.</p> <p>AMA, Conference Proceedings, 13, 238-367.</p>	<p>The author proposes a typology to define different pricing orientations around two dimensions of organizational centers of knowledge influence (internal vs. external knowledge focused) and organizational decision process (systematic analytical vs. Social sense making). Consequently four different pricing orientations are defined: Internal cost focused p.o, internal-external customer, focused p.o, external customer, and focused p.o., external competitive-focused p.o. The integration of these knowledge centers and organizational models provides a basis for studying the effect of pricing orientation.</p>
<p>Tellis, G.J. (1986), Beyond the Many Faces of price: An Integration of pricing Strategies.</p> <p>Journal of Marketing, 50, 146-160.</p>	<p>The author first reviews the field of pricing strategy and then presents a number of pricing strategies, compares and contrasts them with their practical applications and then proposes a classification of these strategies. The dimensions he uses for the classification are the pricing objective and the characteristics of consumers.</p>

In the previous parts of the thesis, pricing theory in the area of economics and marketing have been analyzed in detail. This part of the thesis concentrates on sales promotions which are directly related to pricing strategies of companies.

2.6. Sales Promotions

In 1960, the American Marketing Association proposed a definition for sales promotion:

“Those marketing activities other than personal selling, advertising, and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, shows, exhibits, demonstrations, and various non-recurrent selling efforts not in the ordinary routine.”

(AMA, 1960). This definition is not adequate today not only because it does not specify what sales promotion is but also it restricts sales promotion to “non-recurrent sales efforts not in the ordinary routine” since sales promotion is routinely employed by consumer goods companies regularly (Kimball, 1989). The modern version of this definition again by AMA is as follows: “The media and non-media marketing pressures applied for a predetermined, limited period of time at the level of consumer, retailer, or wholesaler in order to stimulate trial, increase consumer demand, or improve product availability” (AMA, 2005).

A more comprehensive and more identifying definition of sales promotion is “A direct inducement which offers an extra value or incentive for the product to the sales force, distributors, or the ultimate customer” (Kimball, 1989).

Richard Semenik emphasized the brand building effect of sales promotion and made a definition that “sales promotion is the use of incentive techniques that create a perception of greater brand value among consumers, the trade and business buyers”. (Semenik, 2002, p.383)

Sales promotion refers to any incentive used by a manufacturer to induce the trade (wholesalers, retailers, or nay other channel members) and / or consumers to buy a brand and to encourage the sales force to aggressively sell it (Shimp, 2003).

Don Schultz uses the term “Promotional Marketing” and “Sales Promotion” interchangeably and makes a similar definition as “the marketing discipline that utilizes strategic motivational tactics to encourage a predetermined action(s), by the sales, distribution, trade, end-users, and /or consumers” (Smith and Schultz, 2004).

Sales promotion is a catch-all term used to refer to a wide range of tools not formally classified as advertising, personal selling or public relations (Kotler and Keller, 2005). That is why Sales promotions are probably the least understood and the least analyzed but also the most costly and the most frequently used sales tools (Srinivasan and Anderson, 1992). One of the reasons for this confusion may be that sales promotion often uses many of the same tools and techniques as are used in advertising campaigns. Hence, sales promotions may be viewed as just another form of advertising although there are many major differences between sales promotions and advertising (Schultz, Martin and Brown, 1987).

Although sales promotions have always been used by marketers, since the early 1980s the role and the importance of sales promotions have increased dramatically. This steady increase in promotion spending was mainly at the expense of advertising expenditures. Media advertising expenditures in particular used to average more than 40% of the total marketing communications expenditures until the early 1980s but it has fallen to around 25% today (Shimp, 2003).

In recent years, sales promotion expenditures have increased at an annual rate of 9-12% compared to 6-8% rate for advertising. By 2000, sales promotion investments have reached over \$100 billion while consumer-packaged-goods firms having the main share of this figure.

In 1999, \$155 billion was spent on promotions targeted on wholesalers and retailers while total promotional spending was around \$260 billion in the USA. Not only the amount of money spent on sales promotions but also the percentages of the budgets devoted to sales promotions have also increased at an increasing rate. (Belch and Belch 2001).

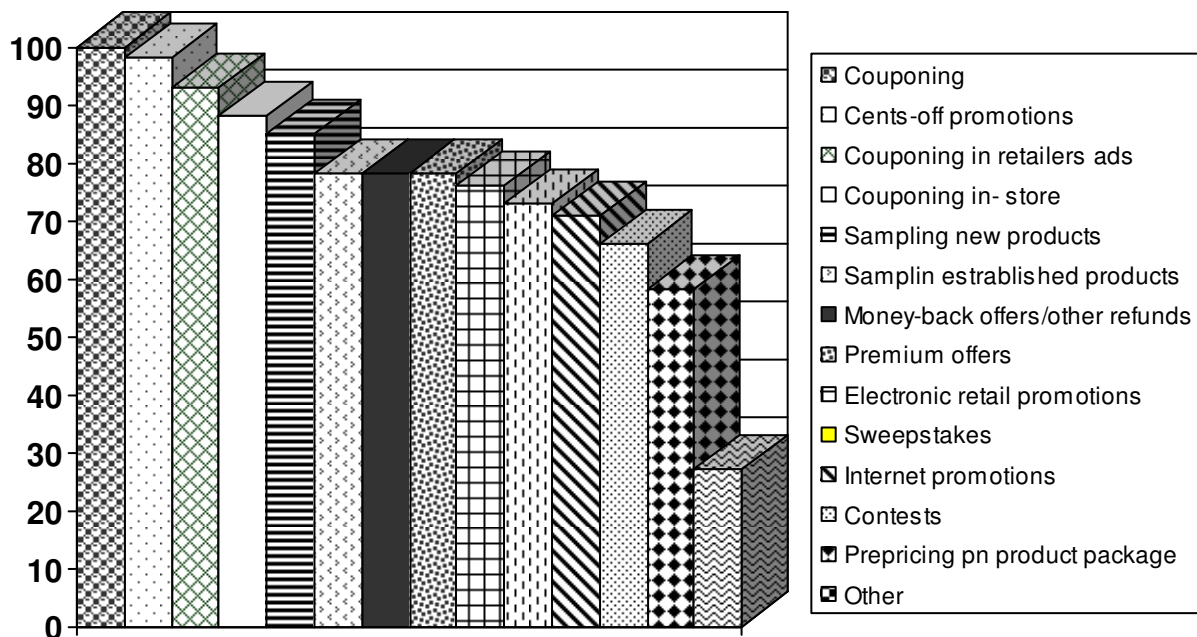
According to Kotler, a decade ago, the advertising-to-sales promotion ratio was about 60:40 in many consumer-packaged-goods companies. In 1997, he wrote that sales promotions accounted for 65% to 75% of the combined budgets (Kotler, 1997). In 2006, Kotler quoted the studies conducted by Trade Promotion Spending and Merchandising Industry in 2002 and 2003 and stated that “Today, in the average consumer packaged-goods company, sales promotion accounts for 76 percent of all marketing expenditures (Kotler and Armstrong, 2006, p.470).

In the UK, the research conducted by the Institute of Sales Promotion and the Advertising Association showed that the overall UK sales promotion expenditure was around £2.5 billion whereas the estimated total advertising expenditure was at a level of £6.57 in 1988. In a special survey conducted in 1996, it was suggested that the total sales promotion expenditures have increased to around £4.9 billion versus £10.98 billion advertising expenditures in 1995 (Yeshin, 2004).

Many factors have contributed to the increasing popularity of sales promotions in general and trade promotions in particular. Before getting into details of the major reasons of such a drastic shift, it may be helpful to remember that before 1980s, the emphasis in consumer

package goods marketing was on promotional pull. Manufacturers heavily advertised especially on network television and forced retailers to handle their brands by creating consumer demand for the advertised items expecting that encouraged consumers would prefer those brands versus other brands. Following the 1980s, pull-oriented marketing has become less effective because of the reasons listed below and push-oriented sales promotion techniques like personal selling, trade advertising and trade-oriented sales promotion practices to wholesalers and retailers have become more popular.

Table 2.9: Consumer Promotions Used by Packaged-Goods Manufacturers



Source: Belch and Belch, 2007, p.508.

Table 2.10: Promotional Spending of PROMO Members (\$ billion)

Tactic	2005	2004	2003	% Total (2005)
Event Marketing	171.8	166.0	151.8	50.2
Direct Mail	49.8	35.1	45.9	14.5
Premiums incentives	47.6	46.5	30.5	13.9
Retail	19.3	18.5	17.6	5.6
Sponsorship	12.1	11.1	9.8	3.5
Coupons	7.2	7.2	7.0	2.1
Specialty printing	6.1	6.1	5.9	1.7
Licensing	5.9	5.9	5.8	1.7
Agency revenues	5.2	4.2	3.8	1.5
Fulfillment	4.7	4.7	4.1	1.4
Product placement	4.5	-	-	1.3
Interactive/online	2.4	2.4	2.0	0.7
Loyalty	2.0	2.0	1.9	0.5
Games, contests, sweeps	1.8	1.8	1.8	0.5
Sampling	1.8	1.8	1.5	0.5
Total	342.2	313.2	289.3	100

Source: PROMO Industry Trends Report (2006)

Table 2.11: Marketing Budget Allocation of Promo members

	2005	2004	2003	2002
Consumer promotion	27.9	30.5	28.4	26.49
Advertising	41.3	39.4	17.52	24.00
Trade promotion	27.5	24.9	53.99	49.50
Other	3.3	5.2	-----	----
Total	100	100	100	100

Source: PROMO Industry Trends Report (2006)

As can be seen from the above table, the percentage of marketing budget that is allocated to advertising is still high but as consumer and trade promotions are taken together the total amount that is used in sales promotions is surpassing advertising budgets.

Table 2.12: Sales Promotion methods with allocations

Tactic	2005 (%)	2004 (%)
Direct mail	41.9	37.5
Internet marketing	31.8	24.4
Trade shows	29.7	33.9
Ad specialties	23.0	17.9
Event/mobile mktg.	17.6	17.3
Coupons	16.9	16.7
Premiums/Incentives	14.9	14.9
Games/Contests/sweeps	12.8	13.1
P-O-P	12.2	16.7
Co-mktg./account specific	11.5	19.0
Research	8.8	4.8
Sampling	8.1	13.1
In-store services	7.4	5.4
Entertainment mktg.	6.8	7.1
Experiential mktg.	6.8	-
Tie-ins/alliances	6.1	3.6
Specialty printing	5.4	6.0
Sponsorship	5.4	18.5
Fulfillment	4.1	4.8
SMS / MMS / other digital	3.4	-
Licensing	0.7	1.8

Source: PROMO Industry Trends Report (2006)

2.6.1. The Increasing Popularity of Sales Promotions

According to Joseph Flanagan, the President of the Council of Sales Promotion Agencies, “Sales promotion is an alternative to brand-building advertising.” He claimed that Sales promotions make up a larger part of the marketing mix than ever before; it is approaching to %60 with advertising taking only %40. What is more interesting is that this rate was just the opposite in 1985 (Flanagan, 1988). The major reasons of such a drastic increase can be listed as follows:

1. The issues with media and advertising are getting more complicated. Not only continuously increasing media costs but also the diminishing TV viewing rates are pushing marketers to alternative solutions like internet advertising. Additionally, it is getting more and more difficult for the companies to set their products apart from the competition because of the pressures from administration, industry groups, business chambers and legal restrictions.

2. Since the top executives of companies are more and more interested in short term results, they want to get sales tomorrow, if not today. Historically, sales promotions have been considered a tactical activity, primarily deployed on a short term basis. Evidence suggests that promotions have often been used by management under pressure to reap short-term results, rather than designed strategically, to fortify competitive standing (Strang, 1976). Considering the ever increasing global competition it would be no surprise to assume the need for such immediate measures will always be relevant. According to Joseph Flanagan, sales promotion is a viable tool for making immediate sales and, when properly used, it need not take away from a brand’s image.

3. One of the key factors for the increasing popularity of sales promotions is the changing relationship with advertising. Traditionally, they were viewed as alternatives to one another, with promotions considered as the secondary in importance. This has changed as increased used by market leaders like McDonalds, Heinz and P&G. These and many other companies have given promotions respectability, and as rising prices and increasing clutter have raised doubts about advertising's cost-effectiveness (Peattie, 1998).

4. One major advantage of sales promotion compared to advertising is its capacity to provide account specific marketing programs so that retailers can stand out from other retailers in their market area. This is an important factor in the frame of channel power which is shifting in favor of retailers who would take advantage of any tool emphasizing the importance of the store but not the product itself.

5. Use of information technologies, electronic networks and the Internet have provided the retailers great information advantages. With widespread use of scanners, retailers can track product movements not only from the warehouse to the store to the consumer but also from the third or fourth tier suppliers to the refrigerators of consumers along the supply chain. Having such detailed and comprehensive sales data about purchasing patterns, what better marketing tool is there than sales promotion for quickly interacting with the market to produce immediate results at the cash register.

6. In parallel to the trend from mass marketing to micro marketing with the help of electronic explosion emerged a new trend and that is regional marketing or focused local area marketing. This gives both manufacturers and retailers the opportunity to focus

specific programs to a region, a city or a given group of stores to take advantage of local customers. Regionalization means less national advertising and more use of coupons, sales promotion, price discounts and joint programs with retailers.

According to Blattberg and Neslin (1990), sales promotion is an action focused marketing event whose purpose is to have a direct impact on the behavior of the firm's customers.

2.6.1.1. The More Powerful Retailers: For many years manufacturers have enjoyed the privileges of power and retailers were just passive distributors of their products in the supply chain. The manufacturers of consumer products have created demand for their brands through advertising and consumer oriented promotions like samples, coupons and premiums. The retailers were considered as meeting points with customer and they relied on manufacturers for information regarding the sales performance of brands. What changed this traditional structure were the technological improvements and the use of information technologies in stores. Uses of Information technologies, electronic networks and the Internet have provided the retailers with great information advantages. With widespread use of scanners, retailers can track product movements not only from the warehouse to the store to the consumer but also from the third or fourth tier suppliers to the refrigerators of consumers along the supply chain. Having such detailed and comprehensive sales data about purchasing patterns, no marketing tool better than sales promotion interacts with the market to produce immediate results at the cash register. Due to the data concerning how quickly products turn over, which products make money and what promotional methods are paying off, retailers analyze sales of brands and demands discounts and other promotional support from manufacturers who are better off to comply with such demands. This is one of the developments that helped to transfer power from the manufacturers to the retailers. Now more powerful retailers take advantage of any tool

emphasizing the importance of the store but not the product itself. Sales promotions are the major tools in this process since sales promotional methods can provide account specific marketing programs so that particular retailers can stand out from other retailers in their market area.

One other development leading to power shift has been the consolidation of the grocery store industry leading to larger chains with greater purchasing power. Through both mergers and acquisitions, and vertical integration or global expansion of some already huge corporations, some superpower mega retailers have been created. As these giant retailers grow larger and larger supporting the scale economies, better customer service and other savings to consumers, they gain more power in their dealings with manufacturers. In the USA, Wal-Mart's revenues are more than three times those of PandG. Large chains like Wal-Mart, Carrefour or Tesco do pressure manufacturers for both trade and customer oriented promotions. What is more threatening for the manufacturers is the fact that most of the large retailers have been marketing their own private label brands in various packaged good categories like foods, drugs, health and personal care products etc. More innovative sales promotions are the most preferred marketing tools for private label products in competition with national brands.

2.6.1.2. Declining Brand Loyalty: Every year nearly 20,000 new products are launched into the consumer-product market and this figure was nearly 2700 in 1980. Due to the trends like internationalization, globalization, popular alternative distribution channels and increasing /changing customer needs, the development of new products seems to be a major aspect of many firms' marketing strategy. As the market becomes more saturated with new but similar products, it will also be more fragmented with many products lacking significant advantages to be emphasized by advertisers. The consumers of the 21 century

are also in transition. They are more time starved and are purchasing more on the basis of price, value and convenience. In other words, consumers are fewer brands loyal but many are coupon loyal and conditioned to look for deals when shopping. In such a fragmented and crowded consumer market where confused consumers have neither any idea of the regular price of the product nor any brand loyalty, marketers are turned to more segmented, highly targeted sales promotion tools. These tools are used to achieve trial usage of new brands, to encourage repeat purchases, to help the confused consumers in decision making and to approach ethnic markets.

2.6.1.3. Short-Term Focus: Since the top executives of companies are more and more interested in short term results, they want to get sales tomorrow, if not today. Pressures from share holders for better quarter-by-quarter revenue, high expectations for profit per share, bottom-line mentality and marketing plans based on short-term profit generation are all factors making tactics with short-terms results more and more important. Historically, sales promotions have been considered a tactical activity, primarily deployed on a short term basis. Evidence suggests that promotions have often been used by management under pressure to reap short-term results, rather than designed strategically, to fortify competitive standing (O'Guinn, 2003; Strang, 1976). Considering the ever increasing global competition it would be no surprise to assume the need for such immediate measures will always be relevant. According to Joseph Flanagan, sales promotion is a viable tool for making immediate sales and, when properly used, it need not take away from a brand's image (Flanagan, 1988).

Sales promotions are considered by many manufacturers as the major tools to gain and maintain competitive advantage in the market of mature products. Considering the difficulty of boosting sales through rather repetitive and standardized advertising

messages, some manufacturers and retailers form strategic alliances to prepare customized promotions for the key accounts. Such account-specific marketing may also use promotional techniques tied into local flavor, themes and events so that regional marketing can be used in order to take advantage of local customers. (Belch, Belch 2001)

2.6.1.4. Demand for Greater Accountability: Accountability is a major issue in today's era of downsizing and cost cutting. Disciplines like marketing and sales and functions of marketing communications are popular subjects to be evaluated as far as the cost-benefit analyses are concerned. Since immediate effects of sales promotions are much easier to track compared to long term activities like advertising, managers always appreciate quick and measurable jumps in sales.

2.6.1.5. Micromarketing: Parallel to the trend from mass marketing to micro marketing with the help of electronic explosion, there emerged a new trend and that is regional marketing or focused local area marketing. This gives both manufacturers and retailers the opportunity to focus specific programs to a region, a city or a given group of stores to take advantage of local customers. Regionalization means less national advertising and more use of coupons, sales promotion, price discounts and joint programs with retailers.

2.6.1.6. Decrease in the effectiveness of advertising: One of the key factors for the increasing popularity of sales promotions is the changing relationship with advertising. Traditionally, they were viewed as alternatives to one another, with promotions considered as the secondary in importance. This has changed as increased use of price promotion by market leaders like McDonalds, Heinz and P&G. These and many other companies have given promotions respectability, and as rising prices and increasing clutter have raised doubts about advertising's cost-effectiveness (Peattie, 1998).

One major advantage of sales promotion compared to advertising is its capacity to provide account specific marketing programs so that retailers can stand out from other retailers in their market area. This is an important factor in the frame of channel power which is shifting in favor of retailers who would take advantage of any tool emphasizing the importance of the store but not the product itself.

The issues with media and advertising are getting more complicated. Not only continuously increasing media costs but also the diminishing TV viewing rates are pushing marketers to alternative solutions like internet advertising. Additionally, it is getting more and more difficult for the companies to set their products apart from the competition because of the pressures from administration, industry groups, business chambers and legal restrictions.

2.6.2. Classifications of Sales Promotions

According to Peattie (Peattie, 1998) promotions can be classified as value increasing and value adding ones. Value increasing promotions manipulate the quantity/price and sometimes quality/price equation to increase the perceived value of product offerings. The popular examples would be discounts, coupons, payment terms, and multipacks, multibuys. Value increasing promotions, particularly coupons and price discounts are the dominant ones as far as both applicability and academic research are concerned. Altering price/value relationships provides consumers with a greater incentive to purchase a product immediately. Moreover, since most promotions last only for short periods of time, consumers are motivated to purchase immediately, rather than waiting. Since marketers are more concerned with how sales promotion tools influence short-term sales rather than intervening variables such as product awareness, the incentives are generally targeted at the decision-making and purchasing stages of the buying process and can impact behavior

directly because they alter the price/value relationship a product/service offers to consumers (Belch and Belch, 2004).

The second and often overlooked group of promotions is the value adding promotions and these promotions offer the customers something extra with no change in the price. Examples are samples, trials, value packaging, free gifts, loyalty clubs, brochures, in-store magazine (Peattie, 1998). The chance to win a prize in a contest or sweepstakes adds something of value to the product or service. Gilbert and Jackaria (Gilbert and Jackaria, 2002) assumed that promotional techniques used within UK supermarkets have been taken to be both value increasing and value adding. When they conducted the research with 160 respondents to analyze if there was an association between the four consumer promotional approaches, namely coupons, price discounts, samples, “buy-one-get-one-free” campaigns and buying behaviors of respondents, namely, brand switching, brand loyalty, stockpiling, product trial and forward buying, it was found that the only strategy with a statistically significant influence on respondent consumers’ buying behavior was discounts. The “buy-one-get-one-free” was the second popular promotion type. The most influential types of behavior exhibited by respondents when there was a discount were forward buying and product trial. For “buy-one-get-one-free”, while the result was not significant, the two variables, brand switching and forward buying were statistically significant.

In 1992 alone, the total promotional spending was \$177 billion and this spending is growing at an annual rate of %8. While highly competitive pressures are forcing marketing/sales managers to increase their sales promotions at the same time, these expenditures are being examined closely by top managers as one of the best areas for cutting costs. Being one of those promotional elements under intense scrutiny, sales promotions consist of a collection of mostly short-term incentives designed to motivate

consumers or businesses to purchase a product immediately and/or in large quantities. Each of these tools is used to achieve a unique objective and can be targeted at a company's own sales force, distributors or retailers, or to the final consumers as presented below (Srinivasan & Anderson 1998) within two groupings: Consumer vs. Trade Oriented Promotion Techniques.

2.6.2.1. Consumer–Oriented Sales Promotion Techniques

Consumer promotions are externally directed incentives offered to the ultimate consumer. These usually consist of offers such as coupons, premiums, rebates, samples, contests, sweepstakes and price packs etc., designed to gain one or more of the following: product trial; repeat usage of product; more frequent or multiple product purchases; introduction of a new/improved product; introduction of new packaging or different size packages; neutralize competitive advertising or sales promotions; capitalizing on seasonal, geographic, or special events; for encouragement to consumers to trade up to a larger size, more profitable line, or another product in the line.

They are mainly employed by manufacturers to stimulate purchases. Being very popular in the US, coupons are used to discriminate between more- price-elastic and less-price-elastic consumers. Samples are used to make consumers try the product with the expectation of shaping his purchase decision.

Table 2.13: Major Consumer-Oriented Promotions

Consumer Reward	Generating Trial Purchases	Encouraging Repeat Purchases	Reinforcing Brand Image
Immediate	<ul style="list-style-type: none"> • Samples (1) • Instant Coupons • Self Delivered Coupons 	<ul style="list-style-type: none"> • Price-offs (3) • Bonus packs • In-, on-, near-pack premiums • Games 	(5)

<p>Delayed</p>	<ul style="list-style-type: none"> • Scanned-delivered coupons • Mail- and mail-delivered coupons • Online coupons • Mail-in premiums • Free-with-purchase premiums (2) 	<ul style="list-style-type: none"> • In- and on-pack coupons • Rebates/refunds • Phone cards • Continuity programs (4) 	<ul style="list-style-type: none"> • Self-liquidating premiums • Sweepstakes and contests (6)
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Source: Shimp, 2003, p.524.

(1) Sampling: Consumers are given some quantity of product at no charge. Any method to deliver an actual or trial-sized product to consumers is included in sampling (Shimp, 2003). The main objective of giving away some products is to generate trial. Being used by almost 90 percent of consumer product companies (Promo, 2000) but expensive to induce trial, sampling is often used at introduction phases of new products. Sampling method should also serve the basic purpose of reaching the right prospect for trial. Therefore, the success of sampling basically depends on the effectiveness and cost efficiency of the distribution method. Some popular distribution alternatives are door-to-door, newspapers and magazines, direct mail, in-store, on- or in-pack and event and high traffic locations and internet sampling. One great advantage of sampling is the fact that it combines the goals of introducing new products to consumers and getting the support of retailers for the promotional programs. Although there is no doubt that sampling can motivate trial purchasing, there are concerns whether it also increases repeat purchases. Like in many sales promotion techniques, product distributed must have some clear value and superior benefits over the competition for the sampling to be effective. The ideal circumstances for an effective sampling program may be listed as follows:

- a. In addition to having a superior value, distributed new or improved products should be demonstrably superior over competitors that it is planned to replace, and also innovative so that

- b. Sampling should be used for the products of relatively low unit value and are divisible so that small sample sizes can demonstrate the features of the product,
- c. Sampling is more effective for products with shorter purchase cycle so that consumers do not forget the features of the samples before the repurchase.

Major limitations of sampling are usually caused by the inefficiencies and mismanagement of distribution. Since sampling is expensive, marketers should be able to control the whole process of reaching to consumers so that they can follow up the feedback and take necessary measures when necessary.

Trial Offers have the same effect of inducing consumer trial use of a brand but they are usually used for more expensive items preferably in segments with high sales potentials (Belch and Belch, 2007; Shimp, 2003; Schultz, 1987; Semenik, 2002).

(2) Couponing: Couponing is a way of rewarding customers for buying a particular product in the form of either a discount in price or free merchandise (Shimp, 2003). Being the oldest, the most popular and the most effective sales promotion tool in the USA, coupons have reached the peak number of 310 billion in 1994 and dropped to 258 billion in 2003. Over %75 of the consumers in the USA use coupons and %21 say they always use them at shopping and average face value of coupons distributed by manufacturers only was \$1.03 in 2004 (Belch and Belch, 2007).

Coupons can be classified with respect to who offers them; manufacturer coupon, retailer coupon and retailer/manufacturer coupon.

The advantages of coupons are listed below:

- a. Coupons let the manufacturers discount retail prices without consulting with retailers so that manufacturers may have the full control of the promotion campaign,

- b. Coupons are good to offer price reduction only to those price sensitive customers while full price is still relevant for other customers who do not bother to clip coupons,
- c. Since coupons both generate trials and encourage customers for repurchase, they are good for both new and established products provided that they attract new customers which is not the case many times,
- d. A coupon is an excellent way to stimulate repeat purchases. It is a general belief that in-package coupons are more effective in stimulating brand loyalty, retailers believe that coupons attached to the store shelf and distributed at the point of purchase are more effective (Semenik, 2002).

Major problems with the use of coupons are the low redemption rates, difficulty to estimate response rates and response timing and high cost of coupons. In 1998 only %2 of the distributed coupons was redeemed and the redemption time was just before the expiration date which makes coupons less effective than sampling as far as initial product trial of new products is concerned (Belch and Belch, 2007).

Coupons can be used by current users instead of nonusers and competitors' users as planned and this reduces firm's profitability.

Couponing programs are expensive to implement with various expenses of not only face value of redeemed coupons but also of producing, distribution and handling of them.

Fraud and misredemption are very chronic problems in couponing process. Interestingly, internet related coupon fraud is the most popular way of misredemption in the USA (Belch and Belch, 2007).

Coupons are distributed to consumers in many different ways each with its advantages and disadvantages. Inserts in Sunday newspapers being the most popular, direct mail,

newspapers, magazines, packages (inside or outside), stores, kiosks, check-out counters, and the internet are coupon distribution methods (Semenik, 2002; Shimp, 2003; Schultz, 1987).

Although an average American household is still being bombarded by almost 3000 coupons a year, the total number of coupons distributed has declined by 20% between 1997 and 2001 because of concerns over costs and effectiveness (Belch and Belch, 2007).

Being one of the mainstays of sales promotion, coupons build product movement and they help to sell more products. Consumers in the US love coupons even to the point of going to court to keep them coming to their door in the 1990s. Since use of coupons is a part of the shopping culture in the US, they do not seem to be abandoned totally but lower number of coupons seems to be distributed through more effective distribution ways in future.

(3) Premiums: Premiums are either free or low priced articles of merchandise/services included in/on the product package as an extra incentive to induce action on consumers. Such premiums may also be samples of different products. The basic forms of premiums offered by brand manufacturers are listed below:

- Free-with-Purchase Premiums may be an additional package of the original item or related/unrelated item at no cost and it may be included in the package of the purchased product or sent to the customer in exchange of proof of purchase.
- Free-with-Purchase Premiums are sometimes offered by durable good manufacturers like white goods or tire manufacturers and they may be attractive enough to provide indecisive customers with reasons to purchase the premium offering product.

- Package-carried premiums are very impulsive but they may be very costly and difficult to find since the type and quality of the premium should reflect both the brand/company image and the positioning strategy of the product promoted.
- Mail in premiums are also effective in encouraging repeat purchases since they are mailed to consumers who are supposed to send in more than one proof of purchase. The disadvantage of mail-in premiums is the time delay to provide the reward to the customer and this is the reason for very low redemption rates of them.
- The self-liquidating premiums can be very different items that are sent to purchasers who pay some of the costs of those items. The objective of the marketer is to offer a value to the customers but not to make profit on the premiums. The selected self-liquidating premiums should be enhancing the brand's image but not be the main focus of the customer. They are usually tied to advertising campaigns.
- The limitation of both mail-in and self-liquidating premiums are low redemption rates.
- Phone Cards and Gift cards are the most recent and increasingly popular forms of premiums but the most popular premium tools in many countries are the toys distributed by the fast-food chains and the free airline miles.

(4) Contests and Sweepstakes: A sweepstake can be one of the most economical promotions since the fixed cost of the prize is spread across all the nominees as opposed to coupons or discounts.

A contest is a skill promotion in which participants may earn a prize through a demonstrable skill. They may or may not be required to submit proofs of purchase.

A sweepstakes is a chance competition where a participant can win a prize purely through luck.

Contests and Sweepstakes can be very effective in calling attention to a product or service for which there is nothing new to advertise or promote. Properly designed sweepstakes can generate interest and attention for the brand provided that the event should have some relationship to the product/service promoted but not is the dominant focus than the brand itself.

Sweepstakes and contests are not considered as strategic brand building techniques, but, if properly organized and clearly communicated to participating customers, they can be a relatively inexpensive way to build a customer database.

Another disadvantage is that Contests and sweepstakes sometimes can create some legal issues and even can be abused by professional players and jeopardize the name of the brand or the company.

(5) Refunds / Rebates: Refunds (rebates) are offers of manufacturers to consumers who submit proofs of purchase to reimburse some of the paid retail price. Having been used by manufacturers of consumer durables, package goods, cars, in order to encourage both trials and brand switching, refunds have high response but low redemption rates. Not like in couponing, buyers are required to fill out and mail a form requesting the money back from the manufacturer, and many customers are not motivated to use refunds because of the delay and the efforts required for the collection. That is why, sometimes refunds are called phantom discounts.

Also the manufacturers offering rebates are sometimes perceived as selling poor performer products. The amount and the frequency of refunds are very important not to confuse the customers about the real value and the real price of the product.

(6) Bonus Packs: Bonus packs are immediate offers of some extra amount of a product without increasing the price. Manufacturers can provide extra value directly to consumers without any requirement and this is appreciated by the customers. Additional advantage of bonus packs is the protection provided for the customers to keep them off the competitors' promotional efforts. The major limitation is the fact that they may appeal to the current users and to promotion sensitive customers who usually are not loyal customers.

(7) Price-off Deals: Price-off Deals (cents-off or price packs) are direct reductions on retail prices usually offered through special price packs. Since the reductions come from manufacturers' profit margin, retailers can not keep discounts for themselves and also support such deals. This is important for the manufacturers to control the campaigns. The customers enjoy the apparent value offered on the package with no extra effort required especially when price comparisons are made. According to Shimp (2003), price-off promotions are effective when manufacturers are intending to reward the present users and to load them with extra quantities and so that to keep them out of reach of competition. Additionally, price-offs provides manufacturers and sales forces with extra power in their relationships with retailers as far as shelf spaces and created store traffic are concerned. Price-offs are usually preferred by sales executives as the fastest responding promotional tools in the short run, but marketing executives believe that price-offs can neither reverse a downward sales trend nor produce a significant number of new users. As far as trial users are concerned, price-offs are not believed to be more effective than sampling, coupons or premium packs.

Additional limitations may be the potential problems with the retailers who may not approve packages with different prices and the high probability of appealing to current users but not nonusers. In the USA, The Federal Trade Commission, and in Turkey, The

Ministry of Commerce also has some rules regulating the timing and application of price-off campaigns.

(8) Loyalty Programs (Frequency/Continuity Programs): Loyalty Programs can be considered as parts of Customer Relationship Management (CRM) programs and are based on the philosophy of Relationship Marketing. Marketers who believe in Relationship Marketing interact with customers as well as other stakeholders on a regular basis and give them reasons to maintain a bond with the company for mutual benefit over time (Solomon, 2007). Loyalty programs like frequent flier programs adopted by almost all airline companies are the main tools to encourage customers to use their products /services on a continual basis so that customer loyalty can be developed between companies and their then loyal customers. Many packaged-goods companies and retailers (supermarkets-hypermarkets) have loyalty programs offering discounts or points to frequent customers that can be used to obtain additional goods or services from the company.

The more recent use of loyalty programs like loyalty cards is to identify customers, to develop data basis and to take advantage of the valuable data about customers. So that customers can be classified with respect to different criteria such as purchasing habits and different campaigns can be developed to reach and to track different customer segments. Data-mining tools and various software inspecting accumulated sales records and demographic data about customers make up the most valuable investments any company would like to have in the 21.th century when technological improvements will be restructuring the world of Marketing.

(9) Event Marketing: Event Marketing is organizing some events or activities with the purpose of promoting a product/service. Popular activities like concerts, festivals or games

are associated with the promoted product and some experiences are created for customers. Event Marketing can be classified under public relations activities and/or as a part of sponsorship of activities.

2.6.2.2. Trade–Oriented Sales Promotion Techniques: Trade–Oriented Sales Promotion Techniques, targeted to marketing intermediaries like wholesalers, distributors and retailers have objectives like getting support of marketing intermediaries in transferring consumer–oriented sales promotions to customers for established and new products, encouraging them both to better promote and to build inventories of the products.

(1) Contests and Incentives: Contests and incentives programs are organized by manufacturers to encourage management and/or sales personnel of retailers for better selling efforts. These programs can be in the form of contests for the retail level personnel with prizes or individual salesman can be paid some money or bonus if he/she reaches a sales quota on the basis of units or value for certain products. Such applications may create conflict between retailer sales personnel and store management regarding the time/efforts devoted to different products. Retailers may not let their employees to participate in such manufacturer-sponsored contests or incentive programs. Although, contests may create dealer interest and support while they continue, they usually do not have long-lasting effects.

A particular type of incentives is push money (spiffs), that is, the money/reward offered to retail salespeople for featuring a certain brand with shoppers. This also can create problems with store management since it may change the priorities of sales staff.

(2) Trade Allowances: Trade Allowances are different forms of deals or discounts given to marketing intermediaries by manufacturers for better cooperation regarding sales, inventory holding and promoting the products. The allowances can be in the form “Buying Allowances”- a certain discount on invoices or free goods, “Promotional Allowances”- a discount for promoting the products in store or in ad, “Slotting Allowances” (Stocking Allowances- Introductory Allowances)- fees charged by retailers for providing space and time/energy for new products.

The general dispute about the trade allowances is that many manufacturers’ claim that most of the allowances given to wholesalers monetary allowances are either kept by the resellers or lost in inefficiencies.

(3) Displays and Point-of-Purchase Materials: Displays and Point-of-Purchase Materials are used by manufacturers to control merchandizing of their products in stores. They may range from a simple poster in a grocery store to 3-dimensional stand-up racks. P-O-P promotion can help to get extra shelf space and to reach customers at the point of purchase. According to Belch and Belch (Belch and Belch, 2007), it is very important for marketers to get the attention of consumers through P-O-P material in stores where almost two-thirds of consumers make their purchasing decisions.

(4) Sales Training Programs: Different forms of Sales Training about product features and sales/marketing skills are increasingly important trade promotions for especially specialty goods such as computers, security systems and highly sophisticated consumer durables like home theaters. Since such products are quite complicated to explain to potential customers, knowledgeable sales people create a competitive advantage for manufacturers. The Sales Training Programs can be in different forms such as classroom

training, use of videotapes and having sales teams of manufacturers and retailers work together.

(5) Trade Shows: Trade Shows are usually annual events organized by either manufacturers or associations in particular industries with the intention to display the products and present its promotional message to the attendees from all resellers. In addition to participants from many different manufacturers and wholesalers in a convenient way so trade shows provide great opportunities to develop and maintain relationships with both the trade and business buyers. Small companies, in particular, with less sales staff and with limited advertising budgets, can take advantage of trade shows to meet trade members.

(6) Cooperative Advertising: It is sharing some advertising costs by channel members on different bases. One of the common forms of it is sharing the cost of advertising paid by a manufacturer on a ratio depending on the retailers' purchases. The effectiveness of cooperative advertising, as a promotional strategy depends on the level of support offered by the retailers. In other words, manufacturers expect retailers have an inventory of the advertised product, offer point-of-purchase display and support the campaign with personal selling activities in addition to sharing the cost. Cooperative advertising may be very effective if the required collaboration can be achieved.

2.7. How Sales Promotions are perceived?

In the past decade, consumer sales promotions have increased in volume, expanded its range of activities, and gained respect as part of an overall marketing plan primarily at the expense of media advertising. In 1986 promotions accounted for %66 of expenses, compared with %44 for media advertising. In 1982, these rates were %56 and %44 respectively (Kimball, 1989).

Such increasing reliance on sales promotion is, at least in part, attributable to a greater desire by marketers for measurable and quantifiable results as well as an increasing emphasis on return on investment (Neslin, 2002). However, despite the large amounts of money spent on consumer promotions, little attention has been given to the process by which these promotions affect consumers from a communications perspective (Belch and Belch, 2004).

The overwhelming diversity of promotions has also probably contributed towards difficulties in their appraisal, and neglect of their strategic potential. Whatever the type of the sales promotion used, marketing executives are looking for ways to better evaluate the effectiveness and efficiency of these diverse activities.

The Sales Promotion Executives Association conducted a survey in 1960 and found out that almost %75 of the member companies did not bother to measure the results of sales promotion activities (Margolis, 1963). In the 1960s the total volume of sales promotion expenditures was almost half of the annual expenditures for advertising. Milton claimed that the proper evaluation would depend on before-after measurements to a great extent.

In 1963, John Weber took a rather pessimistic approach and wrote that consumer response to a promotion was affected by his/her economic conditions, market conditions including competition and both known and unknown factors within the firm and none of these effective factors was known, predictable or measurable. According to him a quantitative evaluation of the effectiveness of promotion could not be done scientifically and no scientific could ever be developed for quantitative measurement of such unpredictable and immeasurable factors of selling (Weber, 1963).

A quick response came from Lee Adler, head of the client service department of McCann-Erickson who proposed that achievements of sales promotions could be measured and what were needed were different yardsticks for different sales promotions depending on the objectives of the program (Adler, 1963).

The decision problems for sellers to promote lower prices were analyzed in terms of perception psychology in 1981 (Bitta, Monroe and McGinnes, 1981). The decisions of “how much to reduce” and “how to communicate the lowered price” were searched with the purpose of providing evidence on how individuals evaluate comparative price advertisements. The findings can be generalized as follows: (1) A perception of value to purchase a promoted product was necessary but not sufficient in order to purchase the product, (2) There was a clear tendency to stop information search in parallel to the increase in the advertised discount, (3) There were different responses when the discount was expressed as percentages rather than in absolute dollars, (4) It is suggested that perceptual responses are more likely to be related to the overall references about the promoted product but not to the specific price levels only.

In 1985 Mark Moriarty investigated the displacement and substitution effects of sales promotions for a food product. After collecting data from 5 supermarkets in the period of

94 weeks, he concluded that sales promotions within this product category increased brand sales with only limited impacts on total sales due to displacement and substitution from high margin products to promoted products with low profit margins (Moriarty, 1985).

Gupta (1988) examined the impact of promotions on consumer decisions of *when*, *what*, and how much to buy. He used the IRI (Information Resources, Inc.) scanner panel data covering a panel of approximately 2000 households' coffee purchases for the period of 1980-82. The analysis of the data showed that more than 84% of the sales increase due to price discount came from brand switching, 14% or less from purchase time acceleration and less than 2% from stockpiling.

Common sense and formal economic analysis suggest that a consumer's decision on brand and purchase quantity may depend on the size of the price reduction and the time until the next price discount. In other words, consumer perception of sales promotions is shaped by "expected deal frequency" and "expected size of the future reduction". Krishna, Currim and Shoemaker conducted an empirical research in 1991 to estimate the degree of consumer knowledge about deal activities with the expectation of improving understanding of why and how consumers react to price promotions. The possible reactions of consumers shaped by their knowledge of deal frequency and possible rates of discounting would be great help to both manufacturers and retailers in designing their promotions. The authors also investigated the association between a household's characteristics and its perception of deal activities with the purpose of improving models of consumer response to promotions. Their empirical finding included the following:

- Deals on frequently promoted brand sizes were not viewed as surprises by many consumers. Such knowledgeable consumers made many of their purchases on deal with a consequence of reduced profitability of the promoted brand. This was

popular among regular purchasers of the brand and heavy buyers since they had more accurate perceptions of deal frequency and deal prices.

- Also perception of a high deal frequency on their more preferred brands made consumers less responsive to new brand deals and to less preferred brands.
- It was also found that some buyers compare the current sale price with the typical sale prices offered at different times and they adjust their stockpiling decisions accordingly (Krishna, Currim and Shoemaker, 1991)

The study by Gupta and Cooper (1992) examined how consumers perceive the advertised (promoted) discounts and how this discounting of the discounts change purchasing intentions.

- Consistent with the findings of other scholars, it has been observed that consumers were skeptical about the advertised claims of retailers.
- Furthermore the discounting of discounts depended on the discount level, store image and whether the advertised product was a name brand or a store brand. For example: it has been found that in general, offering a discount on a name brand has more impact on consumers' intentions to buy than a similar discount on a store brand. By understanding consumers' perception of and responses to price discount of different stores and brands, the authors also presented an approach to find a promotion threshold and saturation points.
- The study confirmed the intuition that price reductions should be min of about 15% in order to be able to attract consumers to purchase by suggesting that the threshold levels change by brand name and the threshold level for the store brand was significantly higher than for the name brand.

- It has also been found that promotions reach a saturation level so that their effect on consumers' intentions to purchase was minimal beyond this level of discount which was estimated to be 20%- 30% for this particular study.

Several researchers have recognized the role sales promotion can play in building brand equity. Keller (1993) discusses how supporting marketing programs such as sales promotion play an important role in building and maintaining brand equity. Chandon, Wansink and Laurent (2000) noted that promotions can provide consumers with both utilitarian and hedonic benefits. Utilitarian benefits help consumers maximize the utility, efficiency, and economy of their shopping. They are primarily instrumental, functional and cognitive and provide customer value by being a means to an end. Hedonic benefits are non-instrumental, experiential, and affective and are appreciated for their own sake as they may provide intrinsic, stimulation, fun and self-esteem. They studied the effects of the two types of promotions and concluded that nonmonetary promotions that offer hedonic benefits may be more appropriate for brand-building activity than monetary promotions that offer utilitarian benefits.

Hardesty and Bearden (2003) have investigated the under-researched issue of how to best promote. Given the very large expenditures allocated to price and other promotions, understanding which strategy to use for a given promotional cost/value was important. Overall, the current results suggested that price discount and bonus pack promotions were valued similarly for low and moderate promotional benefit levels, while price discounts were valued more for high promotional benefit levels. The results from their current research suggested that retailers and manufacturers could benefit from using bonus pack (Hardesty and Bearden, 2003) when low and moderate promotional benefit levels were

offered. That is, retailers and manufacturers could benefit since bonus packs did not affect expected prices and were valued the same as price promotions. Additionally, bonus packs may well be consumed faster than price discount promotions (Ailawadi and Neslin, 1998 and Wansink, 1996) and avoid the deleterious effects of constant price reductions associated with price discounting (Kahn and McAlister, 1998). Each of the relationships described above led to the recommendation that bonus pack promotions were viable alternatives to price discounts when the promotional benefit level was low or moderate. When the promotional benefit level was high, price discount promotions were valued more highly than bonus pack promotions. Thus, price discounts might be better than bonus pack promotions when large discounts were offered according to Hardesty and Bearden (2003).

Promotion's effect on consumption stems from its fundamental ability to increase household inventory levels. Higher inventory can increase consumption through two mechanisms:

(1) Fewer stock outs mean that household has more opportunities to consume the product. Neslin and Stone noted that promotion also increases consumption "due to higher inventory levels, and hence fewer stock outs under the promotion scenario." (Neslin and Stone, 1996 p.89)

(2) Increased usage rate means that households increase their usage rate when they have high inventory and this claim is supported by both economic and behavioral theory. Assunção and Meyer showed that consumption should increase with inventory, not only because of stock pressure from inventory holding costs, but also because higher inventories give consumers greater flexibility in consuming the product without having to worry about replacing at high prices (Assunção and Meyer, 1993). Scarcity theory suggests that

consumers curb consumption of products when supply is limited because they perceive smaller quantities as more valuable (Alliwadi and Neslin, 1998).

Formats of Discounts

Marketers have an option of reducing prices in percentage versus currency terms. Chen, Monroe and Lou observed that for the high priced product, price reduction framed in dollar terms seemed more significant than the same price reduction framed in percentage terms. For the low priced product, the opposite was true. The same savings were also offered in either coupon and discount promotions, and it was found that the coupon promotions were evaluated more favorable and were more effective in changing subjects' purchase intentions. (Chen, Monroe, Lou, 1998)

Dhar, Gonzalez-Vallejo and Soman (1999) developed a framework to understand how consumers respond to tensile versus price claims on a group of advertised items for different price image stores. It was proposed that consumers' valuation of an advertised sale offer depends on their subjective assessments about the probability with which they will find a desirable item at a discounted price (subjective probability), the size of that discount (subjective discount), and the probability of liking the sale item.

As a result of series of experiment, they have found that: when the fraction of stock specified to be on sale was low (high), consumers responding to a tensile claim were optimistic (pessimistic) about the discount they believe they will get, expecting a subjective discount greater (smaller) than the midpoint of the tensile range. Correspondingly, in responding to a precise claim, consumers expected a subjective discount equal to the advertised discount. There was also no difference in the subjective probability assessed for tensile and precise claims. Consequently, when the fraction of

stock on sale was low (high) advertised deals with tensile claims are perceived to be more (less) attractive than with precise claims.

They found that the inferred fraction of stock on sale produced effects similar to the specified fraction of stock on sale. In addition, because they measured the perceived distribution of quality for sale items, they were able to examine its effects on consumers' overall valuation of an advertised sale offer. They predicted and found that there was a "threshold discount" level for each store above which tensile claims were more effective and below which precise claims were more effective. They also find that the threshold discount was greater for a store with a higher price image (Dhar, Gonzalez-Vallejo and Soman, 1999).

Despite the obvious importance of increasing purchase probabilities of the same category or item, in many cases, promotions are effective only if they stimulate sales of non-promoted categories or items through higher sales of other items to the same customers (Mulhern and Leone, 1991). If a retail manager is interested in cross-selling, he should look for categories with high main effects that are also strong complements with relationships to other frequently bought high contribution categories. According to the empirical results, this may be valid for canned vegetables and pasta, dried fruit and baking products as well as hair care and hygienic products. In "loss leader pricing", some lower priced products increases sales probabilities of some related high margin categories which in turn increases profitability (Hruschka, Lukanowicz and Buchta, 1998).

Retailers assume their baseline sales with no sales promotion and promoted sales for a given product are independent of each other and of past pricing activity. But research in consumer behavior shows that consumers evaluate retail prices relative to certain internal reference prices which have been defined as "a standard price expectation that resides in memory against which new prices are judged. Consumers' internal sales prices can be

influenced by past prices, brand promotion frequency and type of store (Levy, Grewal, Kopalle, Hess, 2004). All else being equal, high internal reference prices tend to make new prices look more attractive than low internal reference prices since consumers' transaction utility are increased. Transaction utility represents the difference consumers perceive between their internal reference price for an item and the purchase price encountered in a store. When transaction utility is high, the probability that the item will be purchased is greater than when transaction utility is low. Therefore, an understanding of how consumers' internal reference prices respond to sales promotion amounts has theoretical and managerial relevance. The results of the study by Low and Moody suggested that the effect of the amount of sales promotions on internal reference price interacted with the sales promotion type (Low and Moody, 1996). Retailers also need to consider the possibility that their base line (off-promotion) sales could decrease with frequent promotions. Furthermore, excessive price promotions over time may result in increased customer price elasticity. If these long-term negative effects of promotions on base line sales and price response are high, retailers should decrease their use of price promotions (Levy, Grewal, Kopalle, Hess, 2004).

One of the differences between sales promotions and other marketing strategies is the extreme importance of predicting consumers' perceptions of promotional activities for both retailers and manufacturers since both parties can initiate the activity. Strategic decisions regarding sales promotions both retailers and manufacturers rely on their expectations of consumer reactions to the promotions. However, consumers can be highly influenced by their beliefs about channel member motives for offering the promotions and these beliefs affect their reactions. Given this interdependence, the effectiveness of any channel promotion no matter who initiates it depends on how accurately channel members understand consumer perceptions of their promotional activities. Surprisingly, there exists

almost no empirical research on channel member predictions. Monroe, Krishna and Harlam (2001) examined manufacturer and retailer beliefs about consumers' (and each others') perceptions of sales promotions and assess the accuracy of these predictions. Their results showed that both retailers and manufacturers hold similar but equally inaccurate views of consumers' about industry (like who funds a special promotion). For knowledge of store and generic brands, manufacturers and retailers were inaccurate in predicting consumers' beliefs. Conversely, both retailers and manufacturers were accurate in their assessments of what consumers think motivates the channel members to offer deals. Also both parties were accurate in predicting the motivation for offering deals of each other's. In other words, information flow between retailers and manufacturers appeared to be open and this shows a close interdependency.

In summary, it can be seen that there is interest in the usage of sales promotions and sales discounts from a marketing perspective. However, none of the research findings has been able to solve the major problem of this marketing category as expressed by Monroe, Krishna and Harlam (2001) "both retailers and manufacturers hold similar but equally inaccurate views of consumers' about industry."

Table 2.14: Overview of Literature on Sales Promotions.

Author(s)/Article	Key Findings
<p>Adler, L. (1963). Sales Promotion effectiveness can be measured.</p> <p>Journal of Marketing, 27(4), 69-70.</p>	<p>The effectiveness of many SP activities can be measured and predicted, although various methodological difficulties must be overcome. Criteria of effectiveness will vary with the objectives.</p>
<p>Alford, B.L., & Biswass, A. (2002),</p> <p>The effects of discount level, price consciousness and sale proneness on consumers' price perception and behavioral intention.</p> <p>Journal of Business Research, 55(9), 775-783.</p>	<p>This study investigates the effects of individual difference variables of sale proneness and price consciousness as well as the level of discount on consumers' perception of offer value and search and buying intentions. The findings are: higher the discount level, lower the search intentions; higher the price consciousness, higher the search intentions and lower the perception of offer value; higher the sale proneness, higher intention to search for better prices. There was not any significant interaction between sale proneness and the level of discount.</p>
<p>Ailawadi, K.L., Neslin S.A. (1998). The effect of promotion on Consumption: buying more and consuming it faster.</p> <p>Journal of Marketing Research, 35(3), 390-398.</p>	<p>The authors empirically show the existence of flexible consumption rates in packaged-goods products, how it is modeled and its importance in assessing the effectiveness of sales promotion.</p>
<p>Alba, J.W., & Broniarczyk, S.M. & Shimp, T.A., Urbany J.E. (1994). The influence of prior beliefs, frequency cues, and magnitude cues on consumers' perceptions of comparative price data.</p> <p>Journal of Consumer Research, 21, 219-235.</p>	<p>The authors explored how the comparison of advertised (discounted) prices to a competitor's prices is processed and used in conjunction with prior beliefs to influence price perceptions of customers. They manipulated frequency of price advantage and magnitude of price adv. and found out that prior beliefs affected price perceptions and the frequency cue exerted a dominating influence.</p>

<p>Alvarez, B.A., & Casielles V. R. (2005), Consumer evaluations of sales promotion: the effect on brand choice.</p> <p>European Journal of Marketing, 39(1/2), 54-74. Abstract.</p>	<p>The authors showed the importance of sales promotions on brand choice behavior and Sales Promotions based on price have the greatest effectiveness.</p>
<p>Akshay, R. R., & Monroe, K. B. (1989). The effect of price, brand name, and store name on buyers' perceptions of product quality: An integrative review.</p> <p>Journal of Marketing Research, 26(3), 351-357.</p>	<p>The authors have analyzed and integrated the previous research investigating the influence of price, brand name, store name on consumers evaluations of product quality and suggested that for consumer products the relationships between. pq and price & brand name are positive and significant. But the positive effect of store name and pq is not statistically significant.</p>
<p>Ang, S.H., Leong S.M., & Tey W. L. (1997). Effects of price reduction sale ads on consumer responses.</p> <p>Pricing Strategy & Practice, 5(3), 116-126.</p>	<p>The authors have manipulated level of discount claim, the format of discount and brand familiarity to determine consumer responses to sale ads.</p>
<p>Babin, L.A., & Babin, B.J., & Boles, J.S. (1997). The effects of consumer perceptions of the salesperson, product and dealer on purchase intentions.</p> <p>Journal of Retailing and Consumer Services, 6, 91-97.</p>	<p>The authors examined the effects of consumer attitudes toward a sales person, a product and a retailer on purchase intentions for a major purchase. The results show a significant direct influence of attitude toward the product. But the attitude toward the salesperson is mediated by att. toward the retailer.</p>
<p>Baker, J., & Parasuraman A. (2002). The influence of multiple store environment cues on perceived merchandise value and patronage intentions.</p> <p>Journal of Marketing, 66(2), 120-136.</p>	<p>The authors have proposed a model to search the simultaneous impact of multiple store environment cues. The empirically examined the extent to which environmental cues influence consumers' assessments of a store choice criteria and patronage intentions.</p>

<p>Bawa, K.Bawa & Shoemaker, R.W. (1987). The Coupon-Prone Consumer: Some Findings Based on Purchase Behavior Across product Classes.</p> <p>Journal of Marketing, 51(4), 99-110.</p>	<p>According to the findings of the earlier research, it was believed that deal proneness/coupon proneness was influenced by the characteristics of households and therefore deal/coupon prone consumers in a product group would be so in other product groups also. This research also confirms the previous finding in that the characteristics of households can be indicators of household's responsiveness to coupon promotions. Additionally, coupon prone consumers are found to be more educated, mo urban, less store loyal and less brand loyal.</p>
<p>Bearden, W.O., & Carlson, J.P. & Hardesty, D.M. (1999). The effects of advertised sale and invoice prices on consumer perceptions of offer fairness, product quality, and perceived value.</p> <p>American Marketing Association. Conference Proceedings, 10.1-2.</p>	<p>The study investigated the effects of both price and cost based claims on qp, perceived monetary sacrifice, transaction value, acquisition value and offer fairness. The findings showed that sale prices increased perceived monetary sacrifice and lessened perceptions of offer fairness.</p>
<p>Bearden, W.O., & Carlson, J.P. & Colton, D. (2000). Price discount and brand information effects on perceptions of quality and value.</p> <p>American Marketing Association. Conference Proceedings, 11,111-117.</p>	<p>The previous research has been extended by the addition of reference prices in considering the combined effects of price, discount information and brand familiarity on perceptions of quality, TV, av. The results provide support for the importance of brand information in pricing research.</p>
<p>Bell, D.R., & Chiang, J., & Padmanabhan, V. (1999). The decomposition of promotional response. An empirical generalization.</p> <p>Marketing Science, 18(4), 504-522.</p>	<p>The study conducted showed that the decomposition of total price elasticity for 173 brands across 13 product categories was due to purchase acceleration by 25% and to secondary demand effects and brand switching by 75%.</p>
<p>Biswass, A., & Blair E.A. (1991). Contextual effects of reference prices in retail advertisements.</p> <p>Journal of Marketing, 55(3), 1-12.</p>	<p>The arguments that: consumers' price beliefs change in response to external rp, inference leads to changes in beliefs other than those directly addresses by rp, the direction of belief change is determined by whether the external rp is above/below consumers' previous estimates.</p>

<p>Bitta, A.J.D., & Monroe, K.B., & McGinnis, J.M. (1981). Consumer perceptions of comparative price advertisements.</p> <p>Journal of Marketing, 18(4), 416-427.</p>	<p>The issue of comparative price advertising is analyzed. The authors ask several questions with the purpose of providing evidence on how individuals evaluate comparative price advertisements...</p>
<p>Blattberg R.C. & Levin, A. (1987). Modeling the effectiveness and profitability of trade promotions.</p> <p>Marketing Science, 6(2), 124-146.</p>	<p>A model has been developed in which sales effects and profitability of trade promotions has been evaluated. Some of problems highlighted by the analyses are: lack of consumer passes through of trade deals, heavy forward buying by retailers, making many trade deals unprofitable, variability in effectiveness of td across sizes and markets.</p>
<p>Bhasin, A., & Dickinson, R & Hauri, C.G., & Robinson, W.A. (1986). Promotion investments that keep paying off.</p> <p>The Journal of Consumer Marketing, 6(1), 31-36.</p>	<p>The authors explain the reasons for shifting to SP in marketing.</p>
<p>Boatwright, P. & Dhar, S., & Rossi, P. (2004). The role of retail competition, demographics and account retail strategy as drivers of promotional sensitivity.</p> <p>Quantitative Marketing and Economics, 2(2), 169-190.</p>	<p>This article is about a study of the sensitivity of consumers to temporary price reductions, displays and feature advertisements. The finding is that retail strategic variables such as price formats, competition and demographic variables of consumers are the important variables</p>
<p>Bolton, R.N., & Shankar, V. (2003). An empirically derived taxonomy of retailer and promotion strategies.</p> <p>Journal of Retailing, 79(4), 213-224.</p>	<p>Following the examination of 1364 brand-store examinations, it has been found that pricing and promotion strategies have been based on combinations of four dimensions: relative price, price variation, deal intensity and deal support. The pricing strategies practiced by retailers at the brand-store level are exclusive, moderately promotional, Hi-Lo, EDLP and aggressive pricing.</p>

<p>Brucks, M., & Zeithaml, V. & Naylor, G. (2000), Price and brand name as indicators of quality dimensions for consumer durables.</p> <p>Academy of Marketing Science Journal, 28(3), 359-375.</p>	<p>The experiment is conducted to examine the key marketing variables affect consumers' judgment processes and inferences about how products perform on the quality dimensions of ease of use, nasality, durability, serviceability, performance and prestige. results indicated that consumers use price and brand name differently to judge the quality dimensions.</p>
<p>Burman, B., & Biswass, A. (2004). Reference prices in retail advertisements: moderating effects of market price dispersion and need for cognition on consumer value perception and shopping intention.</p> <p>The Journal of Product and Brand Management, 13(6), 379-388.</p>	<p>The authors examined the moderating roles of market price dispersion for a product category and need for cognition in influencing consumer evaluation of reference prices across two experiments. The results showed that for low need, for cognition individuals, increasing the level of reference price results in positive effects on value perception and shopping intention.</p>
<p>Burton, S., & Lichtenstein, D.R., & Netemeyer, R.G., & Garretson, J.A. (1998). A scale for measuring attitude toward private label products and an examination of its psychological and behavioral correlates.</p> <p>Academy of Marketing Science Journal, 26(4), 293-307.</p>	<p>This article is about the attitudes of consumers toward private label brands and their psychometric properties. The hypotheses regarding the potential perception of private label products and the effects of sales promotions have been tested. The findings are: private label attitude was positively related to deal proneness and value consciousness and negatively related to brand loyalty and price-quality perceptions. Private label attitude was negatively correlated with impulsiveness and positively correlated with smart-shopper self-perception and reliance on internal reference price.</p>

<p>Chandon, P., & Wansink, B., & Laurent, G. (2000). A benefit congruency framework of sales promotion effectiveness.</p> <p>Journal of Marketing, 64(4), 65-81.</p>	<p>This article builds a framework of the multiple consumer benefits of a sales promotion. The authors found that monetary and no monetary promotions provide consumers with three hedonic benefits (opportunities for value expressions, entertainment, exploration), and here utilitarian benefits (savings, high product quality, improved shopping convenience). Authors also develop a benefit congruency framework which argues that a sales promotion's effectiveness is determined by the utilitarian and hedonic nature of the benefits and the congruency these benefits have with the promoted product.</p>
<p>Chen, S., & Monroe, K.B. & Lou, Y. (1998). The effects of framing price promotion messages on consumers' perceptions and purchase intentions.</p> <p>Journal of Retailing, 74(3), 353-372.</p>	<p>The authors framed a price reduction in % vs. Dollar terms on either high or low price products. The respondents responded that a price reduction framed in dollar terms seemed more significant than the same price reduction framed in & terms. The opposite was also true for the low priced product. The same saving was offered in coupon and discount promotions and coupon promotions were more effective.</p>
<p>Compeau, L.D., & Grewal, D. (1998). Comparative price advertising: an integrative review.</p> <p>Journal of Public Policy and Marketing, 17(2), 257-274.</p>	<p>The topic of comparative price advertising has been examined and found that comparative price advertising is powerful with a strong opportunity for deception.</p>
<p>Compeau, L.D., & Grewal, D. & Chandrashekar, R. (2001). Believe it or not: advertised reference prices, sale prices, and perceptions of value.</p> <p>American Marketing Association. Conference Proceedings, 12, 12.</p>	<p>This article examines how the believability associated with the advertised reference price moderates the effects of both sales and advertised reference prices on consumers' perceptions of the value of the deal. The results suggest that the effectiveness of comparative price advertisements depend on the extent to which consumers believe advertisers' claims.</p>

<p>Compeau, L.D., & Grewal, D. & Chandrashekar, R. (2002). Bits, briefs, and applications: comparative price advertising: believe it or not.</p> <p>The Journal of Consumer Affairs, 36(2), 284-295.</p>	<p>The authors have found that while increasing a reference price while holding the sale price constant does appear to improve the perceptions of the value of the deal even for less believable reference prices decreasing the selling price while holding an exaggerated reference price constant does not improve the perception of the value of the deal.</p>
<p>Compeau, L.D., & Mullikin, J. & Grewal, D. & Petty, R.D. (2004). Consumers' interpretations of the semantic phrases found in reference price advertisements.</p> <p>The Journal of Consumer Affairs, 38(1), 178-188.</p>	<p>This article presents a discussion of the vagueness in pricing claims as a step toward evaluating deception.</p>
<p>Cotton, B.C. & Babb, E.M. (1978). Consumer response to promotional deals.</p> <p>Journal of Marketing, 42(3), 109.</p>	<p>This article examines the results of a study conducted between 1972 and 74. The results show that promotional deals result in substantial increases in the level of purchases especial when the deal is effective. Carryover effects in later periods are relatively much lower. The response for a promotional deal is much greater than an equivalent reduction in price and lower for more familiar products. IN-store specials are less effective in increasing purchases than other types of specials.</p>
<p>Darden, W. R. & Perreault W.D. (1976). Identifying Interurban Shoppers: Multi product Purchase Patterns and Segmentation profiles.</p> <p>Journal of Marketing Research, 13, 51-60.</p>	<p>The types of outshoppers with respect to how they are motivated by their life-cycles and life styles are the topic of the article. The findings show that there are different types of outshoppers with large market segments and retailers can benefit from understanding these segments and the forces influencing these segments before setting reasonable marketing strategies.</p>
<p>d'Astous, A., Landreville, V. (2003), An experimental investigation of factors affecting consumers' perceptions of sales promotions.</p> <p>European Journal of Marketing, 37(11/12), 1746-1761.</p>	<p>Four major characteristics of premium-based sales promotions were tested for purchase of computers: the attractiveness of the premium, the extent to which it fits the product category, the reception delay of the premium and the mention of its value. They had interactive effects on consumers but the attractiveness of premiums had a positive effect on consumer appreciation. But also, the extent of their fit to the category was also effective. Sales promotions with a premium having a good fit to the product category were less likely to be perceived as manipulative.</p>

<p>Darke P., & Chung, C.M.Y. (2005). Effects of pricing and promotion on consumer perceptions: it depends on how you frame it.</p> <p>Journal of Retailing, 81(1), 35-47.</p>	<p>This research examined the extent to which different promotional frames increased perceptions of deal value. Price discounts dominate the sales promotions employed by marketers. The literature suggests discounts have robust positive effects on consumer perceptions of deal value. However, the current research showed that negative quality inferences moderated discount framing effects and undermined deal value, particularly when no assurance of product quality was provided. EDLP offers were also vulnerable to negative quality inferences, while free gift frames maintained quality perceptions and increased deal value. Product trial acted to further magnify promotional framing effects, according to a confirmation bias.</p>
<p>Davies, M. (1992). Sales promotions as a competitive strategy.</p> <p>Management Decision, 30(7), 5-11.</p>	<p>A very general definition of SP is given and the author claims that SP is usually considered a short-term tactical activity although SP should be considered as a major strategic ingredient to develop competitive advantage.</p>
<p>Davis, S., & Inman, J.J., & McLister, L. (1992). Promotion has a negative effect on brand evaluations-or does it? Additional disconfirming evidence.</p> <p>Journal of Marketing Research, 29(1), 143-148.</p>	<p>This article is about the hypothesis that SP leads to lower evaluation of brands. The authors expand their work by directly testing the hypothesis of a negative effect for promotion on brand evaluation. After initial measurement of shoppers' evaluations, brands were promoted for three months. At the end of the manipulation period, brand evaluations were measured and the hypothesis that overall evaluation would decrease was rejected.</p>

<p>Dawes, J. (2004). Assessing the impact of a very successful price promotion on brand, category and competitor sales.</p> <p>The Journal of product and Brand Management, 13(4/5), 303-314.</p>	<p>The article is about the results of a successful price promotion in a consumer goods category. The results showed that the promotion did not have any longer term effect on the brand but it did expand the total category for the retailer; sales dropped slightly for the competitor during the promotion but not for the other two competitors; and the promotion was followed by a decline in total category sales for the retailer. The results suggested that the longer-term negative effect on category volume cancelled out approximately two thirds of the gains of the price promotion to the retailer.</p>
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<p>Desai, K.K., & Talukdar, D. (2003). Relationship between product groups' price perceptions, shopper's basket size, and grocery store's overall store price image.</p> <p>Psychology and Marketing, 20(10), 903-919.</p>	<p>This research investigates how consumers form an overall store price image (OSP) of grocery stores by addressing the following questions: How do the (lower) prices offered on different types of products influence OSPI? Does such influence vary across consumers and, if so, how?</p>
<p>DeIVecchio, D.(2005). Deal-prone consumers' response to promotion: The effects of relative and absolute promotion value.</p> <p>Psychology & Marketing, 22(5), 373-392.</p>	<p>This article assesses the effect of a common segmentation criterion, consumer deal proneness, on consumers' responses to promotions of more and less relative and absolute value. The results show that deal-prone consumers are sensitive to the value of the promotion relative to other available promotions only in condition of high absolute dollar savings.</p>
<p>Diamond, W. (1990). Schemas determining the incentive value of sales promotions.</p> <p>Psychology & Marketing, 7(3), 163-175.</p>	<p>The article is about the theoretical models for the customers to determine the incentive values of Spite schema a consumer uses to evaluate a promotion may determine whether or not the promotion is seesaws valuable. The effects of salespeople, product type, and the consumer's situation on the schemas used to evaluate promotion are discussed.</p>
<p>Dickson, P.R. & Sawyer, A.G. (1990). The price knowledge and search of supermarket shoppers.</p> <p>Journal of Marketing, 54(3). 42-53.</p>	<p>The authors developed a modal of grocery shopper response to price and other point-of-purchase information. The findings suggest that shoppers tended to spend a very short time and did not check the price of the selected item. And many of them could not remember the price of the selected item and majority of them were not aware of the fact that the price was reduced.</p>
<p>Dhar, S.K., & Gonzales-Vallejo, C., & Dilip, S. (1999). Modeling the effects of advertised price claims: tensile versus precise claims?</p> <p>Marketing Science, 18(2), 154-178.</p>	<p>This study is about a conceptual framework to understand how consumers respond to tensile vs. Price claims on some advertised items for different price image stores. It is proposed that consumers' valuation of an advertised sale offer depends on their subjective assessment about the probability with which they will find a desirable item at a discounted price, the size of the discount, the prob. of liking the sale item. It was shown that when the fraction of stock specified to be on sale is low, consumers responding to a tensile claim are optimistic about the discount they believe they will get.</p>
<p>Dodds, W.B., & Monroe, K.B, & Grewal D. (1991). Effects of price, brand, and store information on buyers' product</p>	<p>The authors developed a conceptual model positing the effects of the extrinsic cues of price, brand name, store</p>

<p>evaluations.</p> <p>Journal of Marketing Research, 28(3), 307-319.</p>	<p>name on the dependent variables of buyers' perceptions of product quality and value and purchase intentions. Results indicated that price had a positive effect on perceived quality but a negative effect on perceived value and willingness to buy, Favorable brand and store information positively influenced perceptions of quality and value, and subjects' willingness to buy.</p>
<p>Dodson, J.A, & Tybout, A.M., Sternthal, B. (1978). Impact of deals and deal retraction on brand switching.</p> <p>Journal of Marketing Research, 15(1), 72-81).</p>	<p>The panel data for two consumer-packaged goods has been analyzed and it has been found that media-distributed coupons and cents-off deals induce brand switching and result in less loyalty than if no deal is offered. In contrast, package coupons stimulate brand loyalty which is maintained when they are retracted.</p>
<p>Farris, P.W., & Quelch J.A. (1987). In defense of price promotion.</p> <p>Sloan Management review, 29(1), 63-69.</p>	<p>The authors focus on the usefulness of price promotions in facilitating demand pricing. They also study the advertising vs. Price promotions ratios.</p>
<p>Feick, L.F., & Price, L.L. (1987). The Market Maven: A Diffuser of Marketplace Information.</p> <p>Journal of Marketing Research, 30, 234-245.</p>	<p>Market Maven consumers are the ones who know much about many kinds of products, prices, and other details of markets and more importantly, market mavens share their information with others. The authors developed a scale to measure the level of mavenism of consumers. The findings are that market mavens exist and they influence others who recognize them. But the authors can not find clear socioeconomic and demographic profile of the market mavens.</p>
<p>Fraser, C., & Hite R. E. (1990), Varied Consumer Responses to Promotions: A Case for Response- Based Decision-Making.</p> <p>Journal of the Market Research Society, 32(3), 349-376.</p>	<p>Consumers in a market of nondurables (instant and ground coffee) are segmented on the base of their responses to promotions. The finding is that the majority of consumers are promotion responsive and the promotional incentives are more than necessary to motivate the consumers.</p>

<p>Friestad, M., & Wright, P. (1999). Everyday persuasion knowledge.</p> <p>Psychology & Marketing, 16(2), 185-195.</p>	<p>The author's claim that persuasion related tasks are very important in our everyday life, the acquiring and sharing of persuasion expertise is an important sociocultural process. They discuss how beliefs about persuasion tactics get diffused within a culture the role of researchers in that diffusion process and the meaning of expertise in the domain of persuasion.</p>
<p>Friestad, M., & Wright, P. (1994). The persuasion knowledge model: How people cope with persuasion attempts.</p> <p>Journal of Consumer Research, 21(1), 1-31.</p>	<p>The authors present a model of how people develop and use persuasion knowledge to cope with persuasion attempts. They also discuss what the model implies about how consumers use marketers' advertising and selling attempts to refine their product attitudes and attitudes toward the marketers themselves.</p>
<p>Friestad, M., & Wright, P. (1995). Persuasion Knowledge. Lay people's and researchers' beliefs about the psychology of advertising.</p> <p>Journal of Consumer Research, 22(1), 62-74.</p>	<p>In this study, the content of people's conceptions of how TV advertising influences its audiences is explored.</p>
<p>Flanagan, J. P. (1988), Sales promotion: the emerging alternative to brand building advertising.</p> <p>The Journal of Consumer Marketing, 5(2), 45-48.</p>	<p>The author explains the reasons for the increase in sales promotions in the US.</p>
<p>Gardener, E., & Trivedi, M. (1998), A communications framework to evaluate sales promotion strategies. Journal of Advertising Research, 38(3), 67-72.</p>	<p>This study focuses on the impact sales promotional strategies have on consumers and on the framework developed for the evaluation of the effectiveness of promotions.</p>

<p>Gedenk, K., & Neslin, S. A. (1999), The role of retail promotion in determining future brand loyalty: its effect on purchase event feedback.</p> <p>Journal of Retailing, 75(4), 433-459.</p>	<p>The authors model the role of retail promotion in determining future brand loyalty through its effect on purchase event feedback which means the effect of current purchases on future brand preference. The model is applied to two product categories and the effects of price and nonprice retail promotions were compared. It has been found that in-store price promotions are associated with negative purchase event feedback compared to no promotion purchases, whereas nonprice promotions have no effect compared to purchases made off promotion.</p>
<p>Gilbert, D.C., & Jackaria, N. (2002), The efficacy of sales promotions in UK supermarkets: a consumer view.</p> <p>International Journal of Retail & Distribution, 30(6/7), 315-323.</p>	<p>The findings of the research conducted in the UK showed that only price discount promotions proved to be statistically significant on consumer buying behavior. Purchase acceleration and product trial are found to be the most influential variables related to discount.</p>
<p>Ghosh, A.K. (1997), Targeted promotions using scanner panel data.</p> <p>The Journal of Product and Brand Management, 6(6), 405-413.</p>	<p>The author suggests how managers could evaluate current promotional strategies, identify potential opportunities and threats and refocus promotional efforts to increase efficiency and effectiveness of promotional plans.</p>
<p>Grewal, D., & Monroe, K. B. & Krishnan, R. (1998), The effects of price-comparison advertising on buyers' perceptions of acquisition value, transaction value, and behavioral intentions.</p> <p>Journal of Marketing, 62(2), 46-60.</p>	<p>The findings of two experimental studies showed that buyers' internal reference prices are influenced by advertised and selling reference prices as well as the buyers' perception of the product's quality. It has also been found that the effect of advertised selling price on buyers' acquisition value was mediated by their perceptions of transaction value. The effects of perceived transaction value were mediated by their perceptions of acquisition value.</p>

<p>Grewal, D., & Krishnan, R., & Baker, J., & Borin, N. (1998), The effect of store name, brand name and price discounts on consumers' evaluations and purchase intentions.</p> <p>Journal of Retailing, 74(3), 331-352.</p>	<p>This paper develops and tests a conceptual model of the effects of store name, brand names and price discounts on consumers' evaluations (store image, brand quality perceptions, internal reference prices, and value perceptions) and purchase intentions. A store's perceived image is influenced by the store name and the quality of merchandise it carries. Results also indicate that internal reference price is influenced by price discounts, brand name, and a brand's perceived quality. The influence of price discounts on a brand's perceived quality was minimal. Price discounts, internal reference price, and brand's perceived quality exerted significant influence on perceived value. Perceived value and store image, in turn, positively influenced purchased intentions. High knowledge respondents are more influenced by brand name, while low knowledge respondents are more influenced by price discounts. Low knowledge consumers are also swayed by store name and brand name.</p>
<p>Grewal, D., & Marmonstein, H., & Sharma, A. (1996), Communicating price information through semantic cues: the moderating effects of situation and discount size.</p> <p>Journal of Consumer research, 23(2), 148-155.</p>	<p>This article explores why a consumer's response to a semantic cue depends on the situation and the discount size. The results of two studies show that the relative effectiveness of two types of semantic cues depends on both consumers' decision context and the level of processing evoked by the discount size and the semantic cue by situation interaction and demonstrates the robustness of this effect across store familiarity.</p>
<p>Grewal, D., & Marmonstein, H. (1994), Market price variation, perceived price variation, and consumers' price search decisions for durable goods.</p> <p>Journal of Consumer Research, 21(3), 453-460.</p>	<p>The article tests two explanations why consumers' willingness to engage in price search does not increase concurrently with the price variation of durable goods. The potential explanation that consumers underestimate the market price variation was not supported. The second possible explanation is that the psychological utility a consumer derives from saving a fixed amount of money is inversely related to the price of the item.</p>

<p>Gupta, S. (1988), Impact of sales promotions on when, what, and how much to buy.</p> <p>Journal of Marketing Research, 25(4), 342-355.</p>	<p>The three components of sales increase during/following a price discount are listed as brand switching purchase time acceleration and stockpiling. The results of the research show that more than 84% of the sales increase due to promotion comes from brand switching, less than %14 due to purchase acceleration and less than %2 due to stockpiling.</p>
<p>Gupta, S., Cooper, L.G. (1992). The discounting of discounts and promotion thresholds.</p> <p>Journal of Consumer Research, 19(3), 401-411.</p>	<p>The findings of the study showed that consumers discount the price discounts depending on the level of discount, the store image, whether the advertised product is a brand or not. The authors also found out that consumers do not change their intentions to purchase the discounted product unless the rate of discount is above the threshold which also depends on whether the product is a name brand or store brand. Not surprisingly, the threshold for a brand name product is lower than that for a store brand. The last finding was the existence of a promotion saturation point above which consumers had a minimal change in purchase intention due to discounts.</p>
<p>Hy, H. (2000), Evaluating consumer promotions: too many marketers are spending big bucks on misguided, ineffective or inefficient efforts.</p> <p>Marketing Magazine, 105(6), 26-28.</p>	<p>The author claims that the view that consumer promotion is just a tactical and short-term measure is wrong. According to him, effective promotion must be strategically based and focused since promotions create a long-term impact on a business.</p>
<p>Han, S., & Gupta, S., & Lehman, D.R. (2001), Consumer price sensitivity and price thresholds.</p> <p>Journal of Retailing, 77(4), 435-456.</p>	<p>The authors examine consumers' price sensitivity using a new approach that incorporates probabilistic thresholds for price gains and price losses in the reference price modest he threshold as a function of company, competitor and consumer specific factors. Model application to scanner panel data for coffee shows that our model is superior in fit compared to ordinary logit and two existing reference price models. The results indicate that higher own-price volatility makes consumers more sensitive to gains and less sensitive to losses, while intense price promotion by competing brands makes consumers more sensitive to losses but does not influence consumers' sensitivity to gains.</p>

<p>Hardesty, D., & Bearden, W.O. (2003), Consumer evaluations of different promotion types and price presentations: the moderating role of promotional benefit level.</p> <p>Journal of Retailing, 79(1), 17-25.</p>	<p>The effects of promotion type (i.e., price discounts and bonus packs) and price presentation (i.e., dollars and percentages) across promotional benefit levels were investigated in three experimental studies. The results suggest, for the products considered, that price discounts and bonus packs were valued similarly for both low and moderate promotional benefit levels, while price discounts were preferred when high promotional benefit levels were employed. Additionally, promotions presented in percentage terms were preferred when the benefit level was high. The implications of these results for retailers and manufacturers are that percentage price presentations should be used when large discounts are being offered.</p>
<p>Hartley, S.W., & Cross, J. (1988), How sales promotion can work for and against you.</p> <p>The Journal of Consumer Marketing, 5(3), 35-42.</p>	<p>The authors list some of the key issues that influence SP decisions. It describes current SP activities, identifies some of the negative consequence, and introduces a cost-benefit philosophy for SP decisions.</p>
<p>Hruschka, H., & Lukanowicz, M., & Buchta, C. (1999), Cross-category sales promotion effects.</p> <p>Journal of Retailing and Consumer Services, 6, 99-105.</p>	<p>The authors introduced a model measuring cross-category dependence and sales promotion effects of a retail assortment. This model requires as data both the market baskets of individual shoppers and the categories currently promoted in a retail outlet. Its application is demonstrated analyzing 6147 purchases that were acquired in a medium-sized supermarket. The managerial relevance of this model for sales promotion decisions of retail firms.</p>
<p>Hsu, C., & Liu, B. S., (1998), The role of mood in price promotion.</p> <p>The Journal of Product and Brand Management, 7(2), 150-160.</p>	<p>The paper is about the issue of mood effects on perceived transaction value in the context of price promotions.</p>

<p>Ingene, C.A. & Levy, M. (1985). Further Reflections on Cash Discounts.</p> <p>Journal of Marketing, 49(1), 147-148.</p>	<p>Discounts, in this article, are taken as tools to force customers to make cash payments and the authors claim that the retailers will not benefit by offering discounts for cash payment instead of using credit cards. The counter claim by two of the authors is that offering discounts for cash payments may still be effective depending on the interest rate, proportion of the expensive items and the number of cash paying customers in the absence of discounts.</p>
<p>Jones, J.P. (1990), The double jeopardy of sales promotions.</p> <p>Harvard Business Review, 68(5), 145-153.</p>	<p>The authors adopt ELM Model to explain the behavior of reaction to promotion signals without considering relative price information. Results showed that low need for cognition individuals react to the simple presence of a promotion signal whether or not the price of the promoted brand is reduced. For consumers with high need for cognition react to promotion signal only when it is accompanied by a substantive price reduction.</p>
<p>Jones, J.P. (1990), The double jeopardy of sales promotions.</p> <p>Harvard Business Review, 68(5), 145-153.</p>	<p>The author claim that manufacturers make great investments into promotions even more than what they invest in advertising but when it comes to measuring the effects of sales promotions, the price elasticity, there are many problems in the measurement of price elasticity.</p>
<p>Kahn, B.E. & Raju, J.S. (1991), Effects of price promotions on variety seeking and reinforcement behavior.</p> <p>Marketing Science, 10(4), 316-338.</p>	<p>This research suggests that the long-run effects of price discounts on market share depends on both whether the promoted brand is a major one and also the type of consumers. Discounted prices of a major brand have a relatively larger effect for the variety seeking consumers than for the reinforcement consumers. This is just the opposite for the discounted minor brands.</p>
<p>Kalyanaram, G., & Winer, R.S. (1995), Empirical generalizations from reference price research.</p> <p>Marketing Science, 14(3), 161-169.</p>	<p>The authors' three empirical generalizations about reference prices. (1) Consumers use reference prices in making brand choices, (2) consumers rely on past prices as part of the reference price formation process, (3) consumers have been more sensitive to "losses", than "gains."</p>

<p>Kamel, J., Mela, C.F., & Gupta, S. (1999), Managing advertising and promotion for long-term profitability.</p> <p>Marketing Science, 18(1), 1-23.</p>	<p>The results of the study conducted in consumer packaged good industry to compare the perceptions of influences of advertising and promotions showed that in the long term, advertising had a positive effect on brand equity whereas the promotions had a negative effect. The effects of price promotions on decisions of customers were mainly on short term.</p>
<p>Kaynak, E., & Küçükemiroğlu, O., & Öztürk, S.A. (1998), Sales promotion practices of consumer goods companies in an advanced developing country.</p> <p>International Journal of Advertising, 17(2), 213-232.</p>	<p>This study has been conducted in Turkey to investigate the consumer sales promotion activities of consumers goods producing companies and the finding show that SP practices are gaining importance in overall promotion practices though there are some differences in its use by type of industry, size of company, area of business and the decision making mechanism in the company.</p>
<p>Karande, K.W., & Kumar, V. (1995), The effect of brand characteristics and retailer policies on response to retail price promotions: implications for retailers.</p> <p>Journal of Retailing, 71(3), 249-279.</p>	<p>The variation in the impact of a brand's retail price promotion on its own sales (promotional price elasticity) and the sales of its competitors (promotional cross-price elasticity) during the period of the price promotion is studied. Brand characteristics and retailer policies significantly explain the variation in promotional price elasticity and cross-price elasticity across brands. Results are used to offer guidelines to retail managers for planning promotions in terms of what brands to promote, and how and when to promote them under three different retailer objectives: (1) to liquidate inventories; (2) to maximize product category sales; and (3) to maximize product category profits.</p>
<p>Keon, J.W., & Bayer, J. (1986), An expert approaches to sales promotion management,</p> <p>Journal of advertising research, 26(3), 19-27.</p>	<p>The author attempts to develop an expert knowledge base to offer guidelines to managers and the judgments are obtained from experts of the promotion Marketing Association of America.</p>
<p>Kendrick, A. (1998), Promotional products vs. price promotion in fostering customer loyalty: a report of two controlled field experiments.</p> <p>The Journal of Services Marketing, 12(4), 312-322.</p>	<p>The research to compare the effectiveness of using advertising specialties and price promotions was conducted in the businesses of Chinese food delivery service and dry-cleaning. The results showed that as specialties can serve as inducements for a larger dollar volume generated by price promotions.</p>

<p>Kimball, R. (1989), An exploratory report of sales promotion management.</p> <p>The Journal of Consumer Marketing, 6(3), 65-75.</p>	<p>The article investigates the role and management of SP in American companies to identify factors that influence SP management.</p>
<p>King, C.W., & Summers, J.O. (1970). Overlap of Opinion Leadership Across Consumer Product Categories.</p> <p>Journal of Marketing Research, 7(1), 43-50.</p>	<p>The authors analyzed the overlap of opinion leadership among the six consumer product categories and their conclusions are: opinion leadership overlap is common across especially between product categories that involve similar interests; this finding suggests that there is a generalized concept of opinion leader in consumer products.</p>
<p>Krishna, A., & Currim, I.S., & Shoemaker, R.W. (1991), Consumer Perceptions of Promotional Activity.</p> <p>Journal of Marketing, 55(2), 4-16.</p>	<p>The authors investigate several aspects of consumer perceptions of deal frequency (expected time until the next price reduction) and deal prices (expected size of future reductions). Results indicate that many consumers are reasonably accurate about the deal frequency and sale price. Furthermore consumers with larger families, reading weekly sale fliers devote a higher percentage of product class purchases to the brand and purchase the package size more frequently.</p>
<p>Krishna, A, & Johar, G.V. (1996), Consumer Perceptions of Deals: Biasing Effects of Varying Deal Prices.</p> <p>Journal of Experimental Psychology, 2(3), 187-206.</p>	<p>The findings of three lab experiments and a survey supported the hypothesis that offering multiple deal prices may result in underestimation of deal frequency and average deal price and this may confuse the consumers about the right price. Additionally, consumers are to be willing to pay more for the discounted brand when it is offered at two deal prices with a small difference compared to a single price.</p>
<p>Krishna, A. (1991), Effect of Dealing Patterns on Consumer Perceptions of Deal Frequency and Willingness to Pay.</p> <p>Journal of Marketing Research, 28(4), 441-451.</p>	<p>The author found that the perception of consumers of deal frequency may affect consumer price perceptions and their responses to deals much more strongly than the actual deal frequency. She also showed that the dealing pattern influences the perception of deal frequency.</p>

<p>Kumar, V., & Leone, R.P. (1988), Measuring the Effect of Retail Store Promotions on Brand and Store Substitution. <i>Journal of Marketing Research</i>, 25(2), 178-195.</p>	<p>The authors used store-level scanner data to investigate the effect of retail store price promotion, featuring and displays on sales of some diaper brands at different retailers in acuity. Within a store PP produced the largest amount of brand substitution, followed by featuring and displays. These activities also produced store substitution. However, the geographic proximity of the stores still dictated what specific promotional variables are significant and the magnitude of the effect.</p>
<p>Lal, R. (1990), Price promotions: Limiting Competitive Encroachment. <i>Marketing Science</i>, 9(3), 247-262.</p>	<p>This article analyzes the equilibrium pricing strategies of three firms in an oligopolistic market where two of the firms have a certain number of loyal customers and the third one has no loyal customer and there are also switchers in the market. The analysis shows that if the number of switchers and the discount rate are sufficiently large, and the demand parameter is within a feasible range, then the pricing strategies of the national firms is a perfect Nash equilibrium.</p>
<p>Lal, R. & Rao, R. (1997), Supermarket Competition: The Case of Everyday Low Pricing. <i>Marketing Science</i>, 16(1), 60-80.</p>	<p>The authors studied the competition between two supermarkets adopting Every Day Low Pricing (EDLP) and Promotional Pricing (PROMO). The research showed that two supermarkets adopting a PROMO strategy and the other adopting an EDLP strategy are in equilibrium. The authors claim that the scope of these two different strategies are not only pricing but in fact positioning since these strategies are combination of advertising, pricing and service. According to the authors, price discounts are not sufficient to generate additional sales volume to make EDLP strategy more profitable.</p>
<p>Lam, S.Y., & Vandenbosch, M., & Hulland, J., & Pearce, M. (2001), Evaluating promotions in shopping environments: Decomposing sales response into attraction, conversion, and spending effects. <i>Marketing Science</i>, 20(2), 194-211.</p>	<p>This study proposes a framework incorporating three different categories of retailers' marketing objectives. They are: 1.attraction effects that make customers enter the store, 2. conversion effects that is about whether the consumers make a purchase or not, 3. spending effects that is amount of money spent and how it is composed of.</p>

<p>Laroche, M., & Pons, F., & Zgolli, N., & Cervellon, M., & Kim, C. (2003), A model of consumer response to two retail sales promotion techniques.</p> <p>Journal of business Research, 56(7), 513-514.</p>	<p>The proposed model integrates all the aspects of how and why consumers use sales promotions and specifies the linkage between consumers' beliefs, attitude and behavior. The cognitive component of the pattern included two dimensions: (a) the overall evaluation of the benefits triggered by the use of the promotion and (b) the information search about the potential price promotions. It is posited to influence the degree of liking of specific price promotions as well as the liking of deals in general. The affective component is then posited to influence behavioral intentions towards price promotions and stockpiling. Moreover, the potential influences on this pattern of consumers' traits like Busyness, variety seeking, perceived financial wellness, market maven and brand loyalty are posited to have specific influences on the three components of the pattern.</p>
<p>Licata, J.W. & Biswass, A., & Krishnan, B.C. (1998). Ambiguity and Exaggeration in price promotion. Perceptions of the elder and non elder consumer.</p> <p>The Journal of Consumer Affairs, 32(1), 56-82.</p>	<p>This study examines the effects of plausible, implausible and eggeregated tensile discounts on consumer behavior, price perceptions as behavioral intentions of two different groups of customer, elderly and no elderly. The research showed that age had a significant effect on discounting behaviors of consumers. Consumers were also skeptical of implausible discounts while their reactions changed wrt low and high implausible discount offers.</p>
<p>Lichtenstein, D. R, & Netemeyer, R G & Burton, S. (1995). Assessing the domain specificity of deal proneness: A field study.</p> <p>Journal of Consumer Research, 22(3), 314-327.</p>	<p>The authors conducted two studies to understand more about deal proneness. The literature provided three alternatives: 1. there is a single deal proneness construct, 2. Deal proneness is domain specific only, 3. Deal proneness applies to certain types of deals only. The findings showed that deal proneness changes depending on the domain of the deal but not the type of deal.</p>
<p>Lichtentein, D.R., & Burton, S. (1989), The relationship between perceived and objective price-quality.</p> <p>Journal of Marketing Research, 26(4), 429-443.</p>	<p>According to the authors, consumers perceived objective price-quality relationships with only modestly accurately. Findings of the four studies indicated that the accuracy of consumer's perceptions is moderated by product type (more accurate for nondurable products). The authors also concluded that price-quality perceptions are a function of general or product-type-specific schemas.</p>

<p>Lichtentein, D.R., & Burton, S., & Netemeyer, R.G. (1997), Psychological correlates of a proneness to deals: a domain specific analysis.</p> <p>Advances in Consumer Research, 24, 274-280.</p>	<p>This article is about findings of two different studies and they support the premise that deal proneness has psychological correlates and it is a domain-specific concept.</p>
<p>Lichtentein, D.R., & Burton, S., & Netemeyer, R.G. (1997), An examination of deal proneness across sales promotion types: a consumer segmentation perspective.</p> <p>Journal of Retailing, 73, 283-297.</p>	<p>This research examines if there are consumer segments that have a propensity to be deal prone in general and/or segments that reflect a proneness to deals at some more specific level. Analyses using multi-item scales assessing consumers ' proneness to eight different types of sales promotion indicate the existence of a consumer segment that reflects a generalized deal proneness across deal types. These segment-based findings are validated by relating segment membership to deal-responsive behaviors assessed in a natural field setting. Given the objective of reaching deal prone consumers in an efficient manner, these results suggest that usage of a broad variety of promotion types may not be necessary to achieve this goal.</p>
<p>Lichtenstein, D.R., & Ridgway, N.M., & Netemeyer, R.G. (1993). Price perceptions and consumer shopping behavior: A Field study.</p> <p>Journal of Marketing research, 30(2), 234-245.</p>	<p>The authors use seven different price related constructs as independent variables to predict market place responses in five domains of price search, sale responsiveness, price recall, generic product purchases and coupon redemption. The price-related constructs explain a significant amount of variance in all the above domains.</p>
<p>Lichtenstein, D.R., & Ridgway, N.M., & Netemeyer, R.G. (1990). Distinguishing Coupon Proneness From Value Consciousness: An Acquisition-Transaction Utility Theory perspective.</p> <p>Journal of Marketing, 54(3), 54-67.</p>	<p>The article is about coupon proneness, one construct affecting coupon responsive behavior, and it should be measured at a psychological level according to the authors. They define the concept of coupon proneness and differentiate it from value consciousness. Results of the research show that both value consciousness and coupon proneness collaboratively affect the coupon responsive behavior.</p>
<p>Lim, J., & Currim, I.S., & Andrews, R.L. (2005), Consumer heterogeneity in the longer term effects of price promotions.</p> <p>International Journal of Research in Marketing, 22(4), 441-457.</p>	<p>The authors explores whether the adjustment, permanent and total effects of PP differ consumers segmented based on their usage rates and their loyalty. The findings show that substantial differences between consumer segments that will provide insights to managers to increase longer-term effectiveness of PP. Additionally, consumer segmentation is found to improve the forecasting performance of the persistence model for two categories of products.</p>

<p>Low, G., S., & Moody, R.T. (1996), The effect of sales promotion type and amount on internal reference price.</p> <p>Pricing Strategy & Practice, 4(1), 21-28.</p>	<p>This article is about research conducted to investigate the effect of SP amount and type (rebate or coupons) on consumers' internal reference price when the only external reference price cue is the SP itself. Results show that coupon amounts are perceived as a percentage of the product's expected price and higher coupon amounts tend to increase expected price. Rebate amounts are perceived as an economic saving and higher rebate amounts tend to decrease expected price.</p>
<p>Low, G. S., & Mohr, J.J. (2000), Advertising vs. sales promotion. A brand management perspective. The</p> <p>Journal of Product and Brand Management, 9(6), 389-307.</p>	<p>The article is about the findings of a research conducted with 165 brand managers in the US to investigate the antecedents and outcomes of brand managers' advertising and SP budget allocations.</p>
<p>Margolis, M.J. (1963), How to evaluate field sales promotion.</p> <p>Journal of Marketing, 27(3), 42-46.</p>	<p>The author provides a standard evaluation form to evaluate field sales promotion.</p>
<p>Martinez, E., & Montaner, T. (2005), The effect of consumer psychographic variables upon deal-proneness.</p> <p>Journal of Retailing and Consumer Services, 13(3), 157-168.</p>	<p>The authors analyzed the psychographic traits associated with deal-proneness. In the personal survey, three kinds of deal-proneness are differentiated: proneness towards store flyers, proneness towards coupons and proneness towards in-store promotions. The results prove that there are relationships between some psychographic characteristics of consumers and deal-proneness. In general, price-conscious consumers are deal-prone. However, savings are not the only reason to buy a product on promotion. Deal-proneness is influenced by other aspects as impulsiveness, innovativeness or shopping enjoyment.</p>
<p>Myhew, G.E. & Winer R.S. (1992), An empirical analysis of internal and external reference prices using scanner data.</p> <p>Journal of Consumer research, 19(1), 62-70.</p>	<p>The article is about the findings of the research conducted to examine if both internal and external reference prices affect purchase decisions. Both types of variables have been found to have significant effects on purchase decisions. This suggests that consumers may use multiple reference points in evaluating price in purchase decisions.</p>

<p>Mazumdar, T., & Papatla, P. (1995), Gender difference in price and promotion response.</p> <p>Pricing Strategy and Practice, 3(1), 21-34.</p>	<p>The authors examined differences between men and women shoppers in their responses to price and promotions like feature advertisements, in-store displays and coupons by using A.C.Nielsen scanner panel data on laundry detergents. The findings are: Men are more price elastic but men pay higher prices on average than women. Men pay higher sensitivity to shelf prices but pay higher prices since they are reluctant to use coupons and they instinctly prefer higher priced brands. Women prefer using coupons rather than switching brands because of small differences in shelf prices.</p>
<p>Mela, C.F., & Gupta, S., & Lehman, D.R. (1997), The long-term impact of promotion and advertising on consumer brand choice.</p> <p>Journal of Marketing Research, 34(2), 248-261.</p>	<p>This important article is about the research conducted to investigate whether the consumers' responses to marketing mix variables change in time and if so, are these changes associated with changes in manufacturers' advertising and retailers' promotional policies? The results showed that consumers become more price and promotion sensitive over time since advertising activities have been reduced and promotions have been increased.</p>
<p>Mittal, B. (1989), Measuring Purchase-Decision Involvement.</p> <p>Psychology & Marketing, 6(2), 147-163.</p>	<p>Purchase-decision involvement has been defined as the extent to which a consumer cares about what s/he buys and the extent to which s/he is motivated to make the right choice. The author proposes a scale consisting of degree of caring, perceived brand differences, importance of right brand selections, and concern with the outcome, in order to measure purchase involvement.</p>
<p>Mittal, B. (1994), An Integrated Framework for Relating Diverse Consumer Characteristics to Supermarket Coupon Redemption.</p> <p>Journal of Marketing Research, 31(4), 533-544.</p>	<p>This article is about a model of how consumers use grocery coupons. The classes of explanatory variables in the model are cost/benefit perceptions, personal traits of shoppers, nondemographic and demographic characteristics of consumers.</p>
<p>Mohn, N.C. (1989), Measuring the effect of a sales promotion.</p> <p>The journal of Business Forecasting Methods and Systems, 8(2), 2-7.</p>	<p>The paper outlines a means to gauge incremental sales volume generated by a promotional effort for a soft drink.</p>

<p>Monroe, K. (1973), Buyers' subjective perceptions of price.</p> <p>Journal of Marketing Research, 10(1), 70-80.</p>	<p>The article reviews the relevant research literature about the pricing, psychological pricing, price consciousness, price -quality relationships, absolute and differential price thresholds.</p>
<p>Montgomery, D.B. (1971), Consumer Characteristics associated with dealing: an empirical example.</p> <p>Journal of Marketing Research, 8(1), 118-120.</p>	<p>This article examines possible relationships between a housewife's dealing activity in a particular product group, dentifrice, and some of her social-psychological characteristics and purchasing characteristics.</p>
<p>Moreau, P., & Krishna, A., & Harlam, B. (2001), The Manufacturer-Retailer-Consumer –Triad: Differing Perceptions Regarding Price Promotions.</p> <p>Journal of Retailing, 77(4), 547-569.</p>	<p>The authors examined how consumers response to sales promotions and how channel members predict these responses. The findings showed that channel members were consistently inaccurate in predicting the industrial knowledge of consumers. The channel members were accurate in their prediction of beliefs of consumers regarding what motivates channel members for introducing sales promotions. The channel members were also accurate in predicting motivations of each other to offer deals.</p>
<p>Moriarty, M.M. (1985), Retail Promotional Effects on Intra- and Inter Brand Sales Performance.</p> <p>Journal of Retailing, 61(3), 27-48.</p>	<p>This article is about the two negative impacts of retail promotions, namely substitution effect and displacement effect. Following a research conducted with 5-supermarkets over a period of 94 weeks, it has been found that promotions increase brand sales with limited impact on total sales due to displacement and substitution.</p>
<p>Mulhern F., & Padgett, D.T. (1995), The Relationship Between Retail Price Promotions and Regular Price Purchases.</p> <p>Journal of Marketing, 59(4), 83-91.</p>	<p>The research investigated the effects of price promotions to attract and encourage shoppers of regular price products and showed that there is a significant positive relationship between regular price and promotion price purchases. Majority of the shoppers attracted by price promotions purchase regular price products and even spend more for those products.</p>

<p>Mulhern F.J., & Leone, R.P. (1991), Implicit Price Bundling of Retail Products: A Multiproduct Approach to Maximizing Store Profitability.</p> <p>Journal of Marketing, 44(4), 63-76.</p>	<p>The authors develop a theoretical framework for retail pricing and promotion policies based on implicit price bundling of substitute and complementary products. They showed that price promotions can positively influence sales of a complementary product not only through cross-sell but also through positive cross-category effects and retail price and promotion decisions should incorporate totality of those effects.</p>
<p>Munger, J.L. & Grewal, D. (2001), The Effects of Alternative Price Promotional Methods on Consumers' Product Evaluations and Purchase Intentions.</p> <p>The Journal of Product and Brand Management, 10(3), 185-198.</p>	<p>The authors found out that, assuming that the amount of price reduction is constant, price discounts framed as providing free product options are perceived more favorably than conventional discounts which are perceived more favorable than rebates. The results also showed that unbundling of deals enhances these perceptions.</p>
<p>Murry, J.P., & Heide, J.B. (1998), Managing Promotion Program Participation Within Manufacturer-Retailer Relationships.</p> <p>Journal of Marketing, 62(1), 58-68.</p>	<p>This article is about the retailer participation in manufacturer sponsored promotions. The basic aspects studied are retailer agreements to participate in point-of-purchase programs and compliance of retailers with agreements with manufacturers. Two basic variables in such an environment are interpersonal relations between the personnel of both groups and organization level variables like incentives. The findings show that presence of strong interpersonal relationships does not decrease the importance of other variables and they are less important than economic incentives.</p>
<p>Neslin S.A., & Shoemaker, R.W. (1989), An Alternative Explanation for Lower Repeat Rates After Promotion Purchases.</p> <p>Journal of Marketing Research, 26(2), 205-213.</p>	<p>The authors describe an alternative explanation for the general interpretation of lower repeat rates following a promotion purchase and claim that promotions can attract a disproportionate number of households with lower purchase probabilities, and the lower repeat rates of such customers are averaged with the repeat rates of customer who would have purchased the products even without promotions.</p>
<p>Neslin, S.A., & Henderson, C., & Quelch, J. (1985), Consumer Promotions and the Acceleration of Product Purchases.</p> <p>Marketing Science, 4(2), 147-166.</p>	<p>The authors investigated the effects of coupons, price cuts and manufacturer and retailer advertising on sales figures of two products (bathroom tissue and coffee) with respect to purchase acceleration. The major findings are that increased purchase quantity is more frequently observed; advertised price cuts were the most effective tool of purchase acceleration and the most common way for consumers to change their purchase behavior after accelerating was to wait longer until the next purchase.</p>

<p>Ndubisi, N.O., & Moi, C.T. (2005), Consumer behavioral Responses to Sales promotion. The role of fear of losing face.</p> <p>Asia Pacific Journal of Marketing, 17(1), 32-50.</p>	<p>According to the findings of this research conducted in Malaysia, the Malaysian consumers respond more to free sample, price discounts, in-store displays and bonus pack than coupons probably because coupons require more efforts and skills than the other tools. The second finding is that in-store displays have the strongest effect on product trial. The fear of losing face (embarrassment) negatively moderates the relationship between in-store display and product trial but not the relationship between the other four tools and product trial.</p>
<p>Nijs, V.R., Dekimpe, M.G., Steenkamp, J.E.M., & Hanssens, D.H. (2001). The category demand effects of price promotions.</p> <p>Marketing Science. Linthicum. 20(1), 1-22.</p>	<p>Following a detailed study across 560 consumer products in Dutch supermarkets to investigate the category demand effects of consumer price promotions, it has been found that price promotions rarely exhibited persistent effect although they had total net short-term effects and category demand has not changed radically.</p>
<p>Owens, D., Hardman, M., & Keillor, B. (2001). The differential impact of price-related consumer promotions on loyal versus non-loyal user of the brand: A field study investigation.</p> <p>Journal of Promotion Management, 6(1, 2), 113.</p>	<p>The results of the research investigating the effects of consumer promotions and brand loyalty, purchase involvement, product experience showed that sales promotions had applications beyond their traditional role of increasing sales in the short run.</p>
<p>Peattie, S. (2003). Applying sales promotion competitions to nonprofit contexts.</p> <p>International Journal of Nonprofit and Voluntary Sector Marketing, 8(4), 349-359.</p>	<p>The paper is about the applicability of sales promotion techniques within not-for-profit (NFP) marketing. The author claims that all the criticisms regarding sales promotions are also relevant for NFP markets so it is not very different than the commercial markets. A specific type of sales promotion techniques, sales promotion competition, is proposed as a valuable technique to be used in NFP marketing.</p>
<p>Peattie, S. (1998). Promotional competitions as a marketing tool in food retailing. British Food Journal, 100(6), 286-295.</p>	<p>After making a classification of sales promotion techniques, consumer competition as a popular sales promotion tool in food retailing industry in the UK is explained in detail.</p>

<p>Pechtl, H. (2003). Profiling intrinsic deal proneness for HILO and EDLP price promotion strategies. <i>Journal of Retailing and Consumer Services</i>, 11(4), 223-233.</p>	<p>In this study, “deal proneness” is taken as an intrinsic characteristic towards EDLP and HiLo strategies.</p>
<p>Piron, F. (2000). Are consumers developing an attitude problem? An exposition and discussion of retail barrowing, postponed purchasing and the effect of sales promotion.</p> <p>American Marketing Association. Conference proceedings, 11,166-168.</p>	<p>According to the findings of the research about level of price discounts, discounts over 35% are wasted and consumers may neither believe nor motivated by high rates of discounts. Additionally, price discount rates of 50-80% may be disadvantageous to the promoting companies since the attitudes of consumers are not favorable towards them. Also found that, 85% of consumers surveyed believe that sales are frequent and more than 50% of them can not justify buying a needed item if it is not on sale.</p>

<p>Phillips, W.E. & Robinson, B. (1989). Continuous sales price promotion destroys brands.</p> <p>Marketing News, 23(2), 4.</p>	<p>According to W.E.Philips, “price dealing” and “promotion marketing” are not the same. He claims that tools of promotion like sweepstakes, premiums, and games can be used in the process of brand image building but price is straight trade dealing and all these promotional tools can be very destructive to the foundation of branding. According to B.Robinson, continuous sales promotion can and does work if it is a part of a well-analyzed and well executed strategic plan.</p>
<p>Papatla, P. & Lakshman, K. (1996). Measuring the dynamic effects of promotions on brand choice.</p> <p>Journal of Marketing Research, 33(1), 20-36.</p>	<p>The authors proposes brand choice model to estimate the dynamic effects of promotions on loyalty to brand and customers’ sensitivity to the price of the brand in liquid detergent sector. The results show that increased use of coupons erodes brand loyalty and increase price sensitivity.</p>
<p>Putsis, W. & Dhar, R. (2001). An Empirical Analysis of the Determinants of Category Expenditure.</p> <p>Journal of Business Research, 52(3), 277-291.</p>	<p>This article attempts to estimate category–level expenditure equations for private label and branded products. The findings show that promotions of private label and branded products have different effects on the level of category expenditures; and these effects change across markets and categories.</p>

<p>Quelch, J., Neslin, S.A., & Olson L.B. (1987). Opportunities and Risks of Durable Goods Promotion.</p> <p>Sloan Management Review, 28(2), 2738.</p>	<p>In the sector of durable goods, the popularity of sales promotions is increasing rapidly and the authors offer suggestions for management of this increasing concern and explain the reasoning behind this popularity.</p>
<p>Raghubir, P., Inman, J.J., & Grande, H. (2004), The Three Faces of Consumer Promotions.</p> <p>California Management Review, 46(4), 23.</p>	<p>The authors propose a framework those allows managers to design more profitable promotions which are not only economic incentives for the consumers. The proposed model examines the effects of the managerially controllable actions like designing and communicating sales promotions so that the effects of various techniques can be improved.</p>
<p>Raghubir, P. & Corfman, K. (1999), When do price promotions affect pretrial brand evaluation?</p> <p>Journal of Marketing Research, 36(2), 211-223.</p>	<p>The research conducted to investigate the effects of price promotions on pretrial brand evaluations in service industry showed that consistency with past promotional behavior, distinctiveness in terms of how common it is to promoter in an industry and consumer expertise are important moderating variables when price promotions have an unfavorable effect on brand evaluations.</p>
<p>Rothschild, M.L. & Gaidis, W. (1981). Behavioral Learning Theory: It's Relevance to Marketing and Promotions.</p> <p>Journal of Marketing, 45(2), 70-78.</p>	<p>The authors claim that the central concept of behavioral learning theory is that positively reinforced behavior is more likely to recur than nonreinforced behavior and this may be a sufficient model for dealing for most low involvement purchase situations and in the development of promotional strategies, behavioral learning theory may be very valuable.</p>
<p>Schneider, L.G., & Currim, I.S. (1991). Consumer purchase behaviors associated with active and passive deal-proneness.</p> <p>International Journal of Research in Marketing, 8(3)-205.</p>	<p>The authors make a classification of active and passive deal-proneness and then test the hypotheses on the association between a consumer's deal proneness and purchase behavior.</p>

<p>Sethuraman, R. & Tellis, G. (2003). Does manufacturer advertising suppress or stimulate retail price promotions? Analytical model and empirical analysis.</p> <p>Journal of Retailing, 78(4), 253-263.</p>	<p>The authors develop a model to understand the relationship between manufacturer advertising and retail price promotion and the model shows that if advertising differentiates brands and suppresses consumer response to retail promotion then it is negative. But if the advertising message is informative enough then the relationship is positive.</p>
<p>Sinha, I. & Smith, M.F. (2000). Consumers' perceptions of promotional framing of price.</p> <p>Psychology and Marketing, 17(3), 257-266.</p>	<p>The authors conducted a research to investigate the perception of three different deal formats and found out that the nature of framing appears to affect consumer perceptions value from equivalent deals and the stock-up characteristics of the promoted products moderates the perceptions of customers between different deal alternatives.</p>
<p>Sivakumar, K. (1995). A procedure to compare promotional pricing and everyday low price strategies.</p> <p>Pricing Strategy & Practice Bradford, 3(3), 4-15.</p>	<p>The results of the research conducted by the author for comparing the effectiveness of EDLP and promotional pricing strategies under market share and profit objectives showed that EDLP strategies may be more effective than promotional pricing strategies</p>
<p>Smith, M.F. & Sinha, I. (2000). The impact of price and extra promotions on store preference.</p> <p>International Journal of Retail and Distribution, 28(2), 83-91.</p>	<p>The research conducted to study the effects of three different deal types: a straight price discount in percentages, an extra product or volume and a combination of both showed that the nature of framing significantly affects consumers' preferences for deal and store even though the deals are equivalent on a unit cost basis.</p>
<p>Srinivasan, S.S., & Anderson R.E. (1998). Concepts and strategy guidelines for designing value enhancing sales promotions.</p> <p>The Journal of Product and Brand Management, 7(5), 410-419.</p>	<p>The authors make a classification of sales promotion activities and key factors to be considered by managers for the success of the promotion. They also claim that sales promotions are coming under tight controls as a result of cost cutting activities.</p>

<p>Srinivasan, S., Pauwels, K., Hanssens, D.M., & Dekimpe, M.G. (2004). Do Promotions Benefit Manufacturers, Retailers or Both?</p> <p>Management Science, 50(5), 617-630.</p>	<p>The findings of the investigation of the effects of price promotions on manufacturer revenues, retailer revenues and on total profit margins showed that a price promotion does not have a permanent monetary effect for either party. PPs have positive effects on revenues of manufacturers but their effects on revenues of retailers are not clear. PPs are not beneficial for retailers as far as store traffic and cross sell effects are concerned. Besides retailer category margins are reduced by PPs. The revenue elasticities for manufacturers and retailers change depending on the frequency, content and depth of discounts and the types of products (branding, market share).</p>
<p>Strang, R. (1976), Sales promotion - Fast growth, Faulty management.</p> <p>Harvard Business Review, 54(1), 115.</p>	<p>The author makes a list of the necessary steps for an effective promotional activity. They are: identify the money spent, define the role of promotions in achieving marketing objectives, select the right technique to achieve the objectives, pretest them and constantly evaluate the promotional programs.</p>
<p>Tepper, K., Lichtenstein, D.R., & Green C. (1996). Influences on consumer response to preferred customer programs.</p> <p>Pricing Strategy and Practice, 4(4), 14-26.</p>	<p>The authors investigated the effects of a discount offer within the context of a preferred program, relative to offering the discount to general public. Additionally, the level of the discount, social visibility, an earned membership status influences were investigated. The findings showed that the higher discounts were perceived more favorably; discounts offered as a part of a preferred customer program were perceived more favorably; and prestige sensitivity and attributional sensitivity were positively related to consumer response to preferred customer programs.</p>
<p>Thang, D.C.L., & Tan, L.B. (2002). Linking consumer perception to preference of retail stores. An empirical assessment of the multi attributes of store image.</p> <p>Journal of Retailing and Consumer Services, 10(4), 193-200.</p>	<p>One of the findings of the research conducted by the authors is that promotions have a significant effect on consumer preference and this is parallel to the finding of Bagozzi that promotions are important to increase store awareness and traffic and to build customer relationships. Consumers should be attracted to the stores through good deals to build in them a sense of affiliation.</p>

<p>Urbany, J.E., Kalapurakal, R., & Dickson, P.R. (1996). Price search in the retail grocery market.</p> <p>Journal of Marketing, 60(2), 91-105.</p>	<p>One of the findings of the price search in retail grocery market is that market mavenism explains a significant amount of variance in price-and-specials related search. The suggestion of the authors is that some dramatic specials on high-turnover, highly visible items will be remembered and talked to the friends by market mavens.</p>
<p>Voss, G.B., & Seiders, K. (2003). Exploring the Effect of Retail Sector and Firm Characteristics on Retail Price Promotion Strategy.</p> <p>Journal of Retailing, 73, 37-52.</p>	<p>The study investigated how perishability and heterogeneity (sector-level characteristics) and retailer differentiation, number of stores and average size of stores (firm-level characteristics) influence price promotion decisions. The findings showed that a complex interaction between sector-level and firm-level characteristics define benefits of any particular strategy.</p>
<p>Walters, R.G., Rinne, H. J. (1986). An Empirical Investigation into the Impact of Price Promotions on Retail Store Performance.</p> <p>Journal of Retailing, 62(3), 237-266.</p>	<p>The authors investigated the relationship between retail price promotions, store sales, store traffic and store profitability by studying the loss leader promotions and double coupon promotions. Loss leader promotion had greater impact on store traffic, store sales, deal sales but not retailer profits. Double coupons were also effective in increasing sales in all stores but in increasing profits in only one store. In double couponing, the retailer doubles the value of the coupon offered by manufacturers.</p>
<p>Walters, R.G. (1991). Assessing the Impact of Retail Price Promotions on Product Substitution, Complementary Purchase, and Interstore Sales Displacement.</p> <p>Journal of Marketing, 55(2), 17-28.</p>	<p>The findings of the research conducted with store-level scanner data showed that retail price promotions created significant substitution and complementary effects within the store. Promotions also had interstore effects like decrease in sales of substitutes and complementaries in a competing store.</p>
<p>Walters, R.G. (1989). An Empirical Investigation into Retailer Response to Manufacturer Trade Promotions.</p> <p>Journal of Retailing, 65(2), 253,272.</p>	<p>This second article written by Walters about the loss leader promotions and double coupons following a research study in three stores over a period of 36 months, both promotion methods have been found effective in increasing store traffic and sales but not retail profits.</p>

<p>Walters, R.G. (1988). Retail Promotions and Retail Store Performance: A Test of Some Key Hypotheses. <i>Journal of Retailing</i>, 64(2), 153-180.</p>	<p>The author tested the effects of advertised price promotions and direct mail price promotions in a specialty store and found out that effects of the promotions were stronger than the effects of the complement; store traffic plays a key role in determining if a promotion will be effective in increasing retailer profit. Finally, advertised price promotions had a negative while direct mail promotions had a positive effect on retailer profit.</p>
<p>Walters, R.G., Mackenzie, S.B. (1988). A Structural Equations Analysis of the Impact of Price Promotions on Store Performance. <i>Journal of Marketing Research</i>, 25(1), 51-63.</p>	<p>The authors examined the impact of three types of price promotions, namely, loss-leader promotions, advertised and unadvertised in-store price specials and double couponing on three different indicators, namely, store traffic, sales of promoted and non-promoted products and store traffic. The findings are (1) loss leader promotions had a limited effect on profit through store traffic, (2) the effect of double coupon promotions was through increase in sales of promoted products, (3) in-store, price specials had no effect on any of the parameters.</p>
<p>Weber, K.H. (1963), Can Results of Sales Promotion Be Predicted? <i>Journal of Marketing</i>, 27(1), 15-19.</p>	<p>According to the author, proposes a list of immeasurable factors affecting sales (general economic conditions, local market conditions, competitive reactions, in-firm conditions, and claims that the product, the message and the skill of the individuals involved are all parts of any promotional program so that the effectiveness of all these parts are not measurable.</p>
<p>Webster, F.E. (1965). The "Deal-Prone" Consumer. <i>Journal of Marketing Research</i>, 2(000002), 186-180.</p>	<p>The article is about the research to identify the "deal-prone" consumer. The findings show that deal proneness tends to increase both as the age of the housewife and the number of brands purchased increase. It tends to decrease both as brand loyalty and the total number of units purchased increase. But these variables explain only about %15 of the variability in deal proneness.</p>
<p>Zeithaml, V.A. (1988), Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence. <i>Journal of Marketing</i>, 52(3), 2-22.</p>	<p>The author combines the findings of the past research with the findings of an exploratory study in order to define the concepts like price, perceived quality, and perceived value. Perceived quality:</p>

<p>Zhang, Z.J., & Krishna, A., & Dhar. S.K. (2000), The Optimal Choice of Promotional Vehicles: Front-loaded or Rear-loaded Incentives?</p> <p>Management Science, 46(3), 348-362.</p>	<p>The front-loaded incentives (price packs, direct mail coupons, FSI and peel-off coupons) are compared with rear-loaded incentives (in-pack coupons, loyalty programs) in order to investigate the impact of both incentives. The analysis shows that the important determinant in comparison is the choice process of consumers (variety seeking or inertia). In both cases, the sales impact and sales on store count are higher for front-loaded incentives but rear-loaded incentives are more effective from a profitability perspective. In markets where variety-seeking is more popular, it is more profitable to use rear-load promotions and in markets where inertia is the trait then the front-load promotions are more profitable.</p>
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2.8. Conclusion of the Literature Survey

The Literature Review started with a detailed discussion of Pricing Theories and Market Structures. Then, the concept of Pricing has been examined from the perspective of Economics Literature. Economic Theory provides a sound basis for pricing research by explaining the economic principles of successful pricing strategies. The objectives are to investigate the rationality and welfare implications of these pricing policies in different normative and equilibrium type models. These models can be validated at the industry level with aggregate data and by econometric techniques. Consequently, the focus is on normative abstracts.

Marketing theorists and practitioners have the responsibility of making realistic pricing decisions on the way to long-term profitability. They first need to consider all the related normative and positive relationships among variables related to pricing; then to develop and to test practical pricing procedures; and to make adjustments whenever necessary. The models used are based on empirical observations and semi normative theories that include not only consumer behavior models but also any other behavioral science theory borrowed from Psychology, Sociology and Anthropology. Therefore, pricing literature, originated by economists, is a combination of research by both economics and marketing disciplines.

In implementation of the pricing strategies, retailers have not been very innovative since mainly cost-based time-honored approaches are still popularly used and many of the retailers do not take into consideration essential factors to be incorporated into retail pricing. The recent discussion is about the effectiveness of Every Day Low Pricing (EDLP) and High-Low Pricing (Hi-Lo) (Promo Pricing). According to the findings of a study EDLP and Hi-Lo pricing do not generate very different sales volumes, not to mention of the profitability at all because the scope of these two different strategies are not only pricing but in fact positioning since these strategies are combination of advertising, pricing

and service. Therefore, there is no consensus among the scholars that one of the retail pricing strategies is significantly more effective than the other one for all the products and for all types of retail institutions.

Sales promotion is a catch-all term used to refer to a wide range of tools not formally classified as advertising, personal selling or public relations (Kotler and Keller, 2005).

That is why Sales promotions are probably the least understood and the least analyzed but also the most costly and the most frequently used sales tools (Srinivasan and Anderson, 1992). Price discount promotions are reductions in a brand's regular price.

Sales promotions and price promotions in particular have gained an increasing proportion of promotional budgets in many retail businesses. In many frequently purchased product categories, more than %50 of the total sales volume is sold on promotion (Neslin and Blattberg, 1991). A recent study conducted over four years at Northwestern University showed that promotions have a direct result on the bottom line. It has also been found that all types of consumers participate in promotions, regardless of their income or spending habits (Prof. Frank Mulhern, NU, 2002). But the uncertainty in both industry and academia about the long term impact of sales promotions on brand performance is still relevant.

The mentioned research also shows that as stores discount the prices of several products, consumers also discount the price discounts. The difference between perception of price promoting party and perceptions of consumers is the main reason for this misconception,

An extensive body of research has showed that the promotional variables under the control of the retailer are effective in temporarily increasing sales of the promoted brands. Many of the articles about sales promotions and about price discount are to search for the short-term and long-term effects of various sales promotion tools on sales volume. The differing perceptions of chain members regarding price discounts were also investigated by some scholars like Moreau, Krishna, and Harlam (2001). To the best of the researcher's

knowledge, no similar academic research has been conducted in Turkey so far regarding the perceptions of both consumers and the other channel members to price discounts in two product groups. Appendix link no.3 4. Nielsen

3. THE RESEARCH DESIGN AND METHODOLOGY

In this section, issues related to the research design and methodologies of the empirical study are introduced. These cover the issues referring to the sampling, research variables and data collection. However, initially an exploratory study conducted with the objective of understanding sales promotion tools utilized by both manufacturers and retailers will be introduced.

3.1. Qualitative Study

The objective of this research is to have an understanding of the views of the managers of manufacturers and retailers and share their experiences with respect to the use of sales promotions and price discounts and their effects on consumers' intention of purchase. Therefore, an exploratory research was conducted to discover the general nature of sales promotional activities used by companies in Turkey. The best way to be able to understand the different perspectives regarding price discounts and sales promotions was to interview some opinion leaders representing manufacturers and retailers to get insights before conducting the survey with consumers.

A group of Marketing and Sales executives from six manufacturing companies and from two major retailers were interviewed.. The list of the interviewed executives and the in-depth interview topics is presented in appendices no. 1* and 2* Due to the nature of the in-depth interviews, unstructured questions have been used and the respondents were free to proceed without a fixed plan as long as the conversation was about the use of price discounts/ sales promotions as a marketing tool.

The list of questions was also given to the respondents, since they wanted to know beforehand the format and depth of the topic as they considered that most of the data could

*: Please see appendices 1 and 2.

be confidential.

The first topic asked was, the popularity and frequency of application of price promotions. The decision making process, financing and the ownership of price promotions were also asked. There is a general consensus among the Marketing and Sales executives interviewed that, Price Discounts are a very popular promotion tool in the Turkish Retail Business. Although all the executives agreed upon the effectiveness of price discounts, especially against competition, marketing and sales staff had different approaches to the influences of price discounts in a marketing mix due to their varying perspectives. Marketing executives, as expected, consider price discounts as complementary tools in the process of brand building. Additionally, they usually believe that, sales tools are short term measures to increase in-store traffic and to push the shoppers to be buyers. Sales executives, in contrast, rely on price discounts as the fastest and the most effective tools not only in generating immediate action but also in reinforcing the brand name and advertising.

Sales Departments usually have the authority and responsibility to plan, to implement and to control the price discounts while the Marketing Department takes charge of other marketing tools such as advertising and public relations.

It is also common, according to the manufacturers interviewed, that the costs of the price discounting programs including the administrative expenses, such as advertising expenses of the campaigns and the profit given-up due to lowered margins, are all paid through the budgets of the Sales Departments. In other words, Sales Departments are both in charge and take advantage of price promotions conducted through chain stores of supermarkets and hypermarkets. Respectively, the national advertising campaigns and other promotional techniques, like bundling or sales contests, are all financed through the budgets of Marketing Departments. In some of the manufacturers visited, Marketing and Sales Departments had separate budgets controlled by department managers, and this was a great

advantage so that both tracking and auditing of the expenditures occurred. The best example was the global manufacturer with different promotional budgets to be managed by each department for each product group and for each retailer. In that company, both sales and marketing managers have enjoyed the full control of any sales promotional tool designed for each product line and for each retailer chain. Conversely, in the smaller companies, managers kept complaining about continued struggle to share already limited funds among various promotional tools for many product groups.

When asked for the popular tools of discounts, all the respondents participated in the interviews agreed that the most popular price discount tools are the published and distributed inserts in both newspapers/magazines, and in store stands. They are planned and designed by retailers for periods of two weeks, and manufacturers are usually asked to contribute by discounting the prices of their listed products in the inserts. The products to be included in inserts are usually chosen by retailers and can be changed if the manufacturer/importer does not agree to contribute. The retailers usually would like either to lead or to improve for the products of categories to take place in inserts.

The important facts about inserts can be listed as follows:

- a. They are very frequently used by retailers since the rate of increase in sales of listed/discounted products is satisfactory although no major study has been done to measure the effectiveness of them in Turkey.
- b. Only sales data obtained from Nielsen and internal audits show that sales returns of inserts are very encouraging.

As a matter of fact, there is only one research conducted by Mehmet Tıǧlı and Serdar Pirtini (Tıǧlı and Pirtini, 2003) which was sponsored by Turkish Council of Shopping Centers and Retailers (TCSCR), with the objective of investigating the perceptions of customers regarding inserts. The findings of the research conducted

with 650 randomly selected respondents in four different retail chains showed that consumers perceive inserts very positively and as a major tool of retailers to announce discounted prices. In other words, inserts are considered “company focused” but not “customer focused”. Another important finding was that customers had no stereotype that the listed products were low in quality. Customers significantly asked for more details including the original list prices of the listed products. The availability of the discounted products in the stores was also important, according to the customers.

The effects of inserts on sales can be increased in a great deal if the printed material is also supported by in-store activities like stands or some shows.

- c. Having full control of inserts, retailers use this power in setting their relationships with manufacturers. First of all, manufacturers are expected not to refuse to contribute since competitive companies are always available in production sector but not in retail business. Therefore, inserts are considered as one of the sources of power exercised by retailers especially after the mergers and acquisitions in the retail business of Turkey.
- d. There is a consensus that retailers usually ask for approval of major producers regarding their contributions to inserts, but it is not very uncommon for relatively small manufacturers to receive invoices from retailers for the discounts and the promotional expenses although no approval has been given to the retailers. As one of the executives has said “such surprises are not to be refused” in order not to be in the black list of the major retailers”.

Regarding the discount rates, the most important factor in stating the rates are the relative positions of products in their categories. Retailers may give extra discounts in addition to the rates of manufacturers or only the rates provided by the

manufacturers are reflected to the price tags. Very seldom, discounts can be given out of the margins of retailers only if the prices are ever reduced. Hence, the competitive position of each product sets its categorical position which, in turn, states the probability of its being promoted by price discounts at varying rates.

- f. According to the Key Accounts Sales Director of a major producer, discounts of 3% or 4% at prices of some unique food products can double the regional sales of a major retail chain provided that the discounted prices are also supported with some in-store activities and even by TV ads. The most suitable products to be promoted with inserts are milk, liquid oil, margarine, diapers, and detergents.
- g. The cover pages of inserts are also preferred for just launched products since cover pages catch attention easily.
- h. The effectiveness of inserts is also influenced by the positioning strategy of retailers. Having different sizes and been located in many different regions, supermarkets do need to attract shoppers through ads, billboards or sweepstakes so inserts are great tools for supermarket customers. On the contrary, hypermarkets are usually larger and fewer in numbers with higher Stock Keeping Units (SKU). Besides, large hypermarkets are perfect centers of entertainment so that customers enjoy themselves by just wandering around but relatively small supermarkets may take advantage of inserts in order to pull and guide the customers to the discounted products in the shortest time period. But it is also true that some supermarket chains like BIM of Turkey, do not ever attempt to use inserts in parallel to both their competitive strategies and their target segments of consumers.
- i. The representatives of retailers have stated that no study has been done to investigate the effectiveness of inserts at all. Even, retailers do not have any sound data regarding how thoroughly they are distributed with newspapers in big cities.

Therefore, it is not scientifically measured if they ever reach the right potential consumer segments not to mention how they are perceived and how influential they are. Consequently, none of the executives has ever mentioned of how to evaluate the success of inserts other than comparing the sales figures periodically.

The opinions of the respondents are also in parallel to the trend that sales promotions are getting a larger share in promotional expenditures and this increase is at the expense of advertising expenditures. Although there is no disclosed information about the promotional expenses detailed on the basis of companies or retailers, the executives confirmed that promotion budgets have been the fastest increasing items in their overall expense budgets.

According to almost all the executives, discounts work best if they are promoted. If the price discounts are promoted through newspaper ads, circulars and in-store display ads, the increase in sales is much greater than the case of simply reducing the price on the shelf.

Some sales managers classified price promotions applied by retail chains with respect to the collaboration in planning of the campaigns by manufacturers and retailer. It is generally true that both parties agree on timing and other details of price campaigns in the beginning of each year. Therefore, a detailed calendar of campaigns for each retailer on a weekly basis can be prepared and used for staffing purposes, in-store organizations, and for preparing financial plans like cash-flow statements. Such detailed plans are also significant for production scheduling and inventory management of manufacturers. According to the executives of retailers, the above planning process can generally be realized since manufacturers are readily “available” to be part of the campaign. Besides, according to the retailers, it is not possible to promote a discount campaign without the approval of the manufacturer. On the contrary, the manufacturers claimed that retailers, in general, are

collaborative in planning the discount periods ahead of time and but, local retailers in particular, sometimes do not even bother to ask for reducing prices of certain goods. As a matter of fact, it is true that some products are very influential in setting consumer perceptions of retailers' positioning strategies. Prices of products like, milk, diapers, detergents, soap, and toilet paper are very effective indicators of relevant pricing strategies of chain stores. That is why; such products are used by retailers as loss leaders to attract shoppers. The tough competition in retail sector sometimes causes these rates of discounts to be so high that manufacturers warn the retailers to be collaborative in pricing decisions. Sometimes, price wars among retail chains end up with one or both of the chains having no stocks of promoted product. The Turkish Commercial Law and the Provisions about Competition state that manufacturers are obliged to provide their distributors and contracted retailers continually but there is no law regulating the discounting issues between channel members. Therefore, retailers are legally free to set the list prices as they wish unless they have a binding contract with manufacturers/importers regulating the pricing process between two institutions. Manufacturers are also free to set their wholesale or retailer specific prices with or without consideration of the final retail prices. All these legal constraints do not change the fact that sometimes manufacturers may cancel planned shipments to retailers due to unexpected delays in their manufacturing or import schedules.

As expressed very clearly by almost all the respondents, price discounting is one of the important factors affecting the long-term relationships among members of distribution channels. The parties set their long term strategies for each channel partner and pricing issues are just considered as a short term tactic in the long term strategic partnerships. Like in any other partnership, there is a balance of power in every supply chain starting with suppliers and ending with consumers.

The respondents agree that the balance of power is in favor of retailers especially after the acquisitions of two major groups. The Koç Group and Carrefour-Sabancı Group control a market share of more than 50% in the organized retail sector that includes supermarkets of different sizes and hypermarkets but excludes traditional grocery stores, pharmacies, cosmetic shops and wholesalers

This great power generated by the market structure is exercised by the retailers with enthusiasm in any contact they have with manufacturers / importers. Sales promotion negotiations are one of the battlefields where retailers may impose their expectations as far as the timing and frequencies of inserts, price campaigns, discount rates and other sales promotion tools are concerned. What is more interesting is that major retailers keep checking all the retail prices of manufacturers in all the chains. If they notice that the same product is on sale at a lower price at some other retailer, then the difference between two list prices is invoiced to the manufacturer. Although this is not legally approvable, for the sake of getting a space in the shelf, manufacturers do not object such unfair activities since the present structure of the Turkish retail industry is not in favor of manufacturers. The historically fragmented structure of the sector has changed significantly and this trend is expected to continue in the long run. As detailed in appendix no.3 both the number and market shares of traditional grocery stores have been decreasing in the last decade. Although far from their very high market shares in Europe, hypermarkets and small supermarkets in particular are gaining more shares in parallel to the increasing number of stores. As it is defined by the executives interviewed, the “Organized Retailers”, including hypermarkets, large and small supermarkets, medium sized markets but excluding grocery stores and regional open markets, are becoming more and more powerful in Turkey. The general belief is that the trend will be continuing and the total market will be ruled out by large scale, organized retailing institutions with many stores all around the country. “Due

to their cultural importance and some payment advantages provided to their customers, grocery stores will not disappear totally but will be limited in number and turnover”, stated the respondents. These expectations increase the importance of organized retailers both at present and in the future. The recent acquisitions and merges in the sector made it clearer that big retailers will exercise their power with no hesitation in all channels of distribution and price discounts are already the most popular tool used in this arena of struggle.

But retailers also kept emphasizing that they do give up their own margins in supporting the price promotions of the right products provided that the product creates a store traffic and improves the size of the category. This emphasizes a very important fact about price promotions, that is, the type of the product directly influences the effectiveness of the discount. The most popular products are diapers, liquid oil, toilet paper, detergents, soap, and milk. Discounted prices of these products can be so effective that both manufacturers and retailers can take advantage of them when needed. Realizing monthly or yearly budgets on a national or regional basis, keeping competition away may be the right targets for the above products to be discounted. One of the sales director of a major manufacturer surprisingly said that for some of their food products they do not even need to contribute to the discounts since the retailers are ready to give up some of their own profit margins for those products. “This sacrifice may lower the retail price below the cost of the product” added the same executive since what was important was the profitability on the base of a customer not the product. The sales executive of the major retailer in Turkey approved the above comment and added that price discounts are the most effective sales generators especially for commodities but some products like banana, ground beef, sugar, and diapers have a reputation of “pulling the crowd” among the sales people. But “the legendary products are Coca-Cola 2.5 lit, Prima and Ariel” according to him and “they can not be discounted without the approval of the manufacturers at all”, he added. Like everywhere

else, the sector of carbonated soft drinks in Turkey is controlled by few major companies and the Marketing Manager of Cola Turka claimed that they do not even consider price discounts to keep their temporary no. 2 position since all the companies use Competition-Based pricing. The major players base their prices largely on the prices of the market leader, Coca-Cola, and follow the changes very closely. Instead of giving discounts, they prefer other sales promotion tools like bundling and sponsorship. This does not keep them from discounting their prices but the main expectation is not to beat the competition because the consumers' choices are shaped by the positioning strategies of companies and price has never been the dominant factor in the marketing mix in that sector. A contradicting comment came from the sector of dairy products where cost structures of the almost commoditized products are very similar and a small discount may affect the sales figures in a great deal. Therefore, increased production may lead to some cost advantages due to economies of scale. In such a case, price discounts may create some indirect advantages in short and medium terms.

When asked about long term effects of price discounts, all the executives of manufacturing firms agreed that price campaigns should not last long enough to create the image that the product is as a "cheap" one. Having prices discounted continuously will convince consumers that there is really no full retail price so the discounted price is what consumers should always be paying. When marketers change the price to its traditional shelf price, consumers simply ignore the product and the brand. Depending on the sector and the competitive structure, manufacturers are sensitive not to hurt the image of "valuable product".

Although it is very important to investigate how the consumers perceive price discounts as far as who initiates, designs and benefits from the campaigns are concerned, it is agreed by all the respondents that no research has been conducted so far. What is more surprising is

that it is not the main concern of the companies to check if consumers correctly perceive retailers or manufacturers as the “owners” of the price discounts. It is somehow assumed that consumers believe price campaigns are both planned and carried on by retailers. In general, this belief is appreciated by retailers in their positioning efforts to give the impression that they are in support of consumers. When the campaign is over, it is the fault of the manufacture, anyway. Manufacturers also prefer to give the impression that their products are so valuable that they would not discount the prices

The limitation of the exploratory study is that the number of executives interviewed is limited. Since senior executives were chosen who had both the authority to initiate sales promotions and the experience to comment about the trends in the retailing world, it is not surprising that they would neither be very eager to get into details of the difficulties of the sector nor available time to spare for researchers. Although they were guaranteed of the confidentiality, especially major retailers have not been very much supportive even to share some general issues of the sector partly due to the rather conservative and concentrated structure of the sector.

The exploratory study conducted with the representatives of both manufacturers and retailers has been very useful in understanding the fact that price discounts are the most frequent sales tools adopted by even the retailers that claim to use Every-Day-Low-Price (EDLP) strategies. Because sales promotions in general and discount programs in particular are quite welcome by Turkish consumers provided that the selection of the product, timing and discounts rates are coordinated effectively. As mentioned above, the rules and standards of how to maximize the benefits of any promotion tool from the perspectives of both commercial groups have yet to be analyzed by the researchers. In this

promising field of research, the first research avenue would be inspecting the perceptions of consumers regarding the initiators and beneficiaries of sales promotions. The priorities of both channel members and more importantly how these priorities are perceived by both consumers and channel members would be an important topic to start with. Any research focusing on the evaluation of effectiveness of sales promotions and price discounts in particular would be an improvement since almost no measurement technique has been used so far. The need for electronic systems to collect Electronic-point-of-sale (EPOS) data also needs to be mentioned here. Without the help of Scan-track data and other electronic ways of collecting and sharing both sales and promotion data, it is neither effective nor efficient to design any test with the intention of measuring the results of any promotional campaign. Another very interesting but neglected research topic is how shoppers can be convinced to be customers. The attitudes of shoppers with no evoked set of purchase and the ways to change their patronage intentions through multiple store environmental cues are very important topics where majority of the purchase decisions are made in the stores.

3.2 The Consumer Survey

3.2.1. Research Objectives

The purpose of this research is to understand how consumers with different demographic and psychographic characteristics perceive price related sales promotion activities and how these activities influence the attitudes of consumers towards the choice of the brand.

The design, fulfillment and possible impact of sales promotions at different business environments are very important for all involved parties to realize since sales promotions constitute very large expenditures in many sectors. According to Neslin and Blattberg in many frequently purchased product categories, more than 50% of the total sales volume is sold on promotion. Being the most common form of sales promotions, price discounts

(price promotions) may be as high as 50, 60, or 70 percent of the list prices for several products and their popularity has been increasing recently. The number of price reductions offered in department stores grew from 6% of total sales to 19% between 1963 and 1986 (Blattberg and Neslin, 1991) and the number of coupons distributed by manufacturers more than quadrupled between 1976 and 2000. In 1990, the amount of money spent on consumer sales promotions was more than 6 billion dollars and it was increasing at about 6% annually (Diamond, 1990). 16th annual survey of promotional practices found that packaged goods manufacturers' spending on consumer sales promotions exceeded the amount spent on advertising and the firms are using on average more than eight different types of consumer sales promotions.

The figures for sales promotions in Turkey are not comparable with developed countries because of the size of both the economy and the level of consumption. However this does not change the fact that sales promotions are the primary tools increasingly employed by mainly retailers. Especially, in periods when purchasing power does not increase in parallel to the growth of the economy, sales promotions, price discounts in particular have become very popular in convincing buyers. But the key question is: Do consumers believe in these advertised discounts? Previous studies show that consumers' perceptions of the discounts are not the same as the perceptions of the discounters. Consumers, in other words, discount the price discounts (Gupta and Cooper, 1992). The difference between perceptions of two parties leads us to the question; what affects the consumers when they are exposed to price discounts other than the lowered prices themselves. According to research findings, store image, sales personnel, the product itself, whether the product is a brand name or a store brand, the form of discount (precise or tensile) are just few of the additional factors to the discounted price likely affecting consumers' intentions to buy the discounted product. The

only way to understand consumers' responses to price discounts is to develop an effective measurement technique which will also help us investigate the existence of promotion threshold. That is, the minimum value of price promotion required to change consumers' purchase intentions.

Despite the fact that sales promotions are much faster to motivate consumers, there has not been much research about the measurement of effects of those promotions on both retailers and manufacturers. It is true that such promotions do almost always produce some positive consequences for the retailers but what is not usually measured is whether the perceptions of both parties regarding the promotions match or not. Since they are mainly considered as short term measures to improve sales and as long as sales are improved, managers have not been very curious about what the main reason behind that improvement was. Additionally, sales practitioners are usually occupied with their own perceptions of what is needed to solve some marketing/sales problems in the shortest possible time frame.

After talking to several authorities in the sector of retailing in Turkey, it has been noticed that the subject of measurement of sales promotions has never been a primary research issue, particularly in Turkey where high inflation rates have changed the priorities in favor of inventory management and increasing sales. With lower inflation rates and with threat of multinational competition, issues like store management, salesman performance and in-store atmosphere are becoming important in Turkey currently. Therefore sales promotions will be a major tool to be used more frequently by Turkish retailers/manufacturers to overcome issues which have not been previously so important.

The contribution of this research will be twofold: First, the findings will contribute to the price theory, in terms of developing theoretical models explaining the mechanisms of

perception of price discounts from the consumer's point of view. Secondly, from the factors that influence the consumers' perception of price discounts, recommendations as to how retailers can better manage price discounts, yielding better results in terms of increased sales can be derived which will add up to the operational value of this research.

3.2.2. Research Problem

The main research problem presented in this thesis is “What are the factors that influence the attitude of consumers with respect to different sales promotional tools and price discounts?”

The two main consumer product categories have been chosen namely dairy products and detergents, as from primary research, it has been found out that they are the two main categories where competition is motivated mainly by price discounts and sales promotions.

The secondary research questions are:

- a) the purchasing agent in the family,
- b) the place (store) where consumers shop frequently,
- c) frequency of purchase of products,
- d) the criteria for the preference of the store,
- e) most frequently purchased brand,
- f) the ideal brand, purchase of the ideal brand,
- g) reasons as to why the purchasers can not get their ideal brands and,
- h) the effect of price discounts.

3.2.3. The Research Model and Variables

It has always been one of the most debated issues to understand the relationship between attitude and behavior of both marketers and psychologists with varying objectives. To be able to explain, and more importantly, to predict the behaviors of consumers, the best way has been to understand the composition of attitudes. Scholars from different backgrounds have formulated models in order to be able to examine the underlying dimensions of attitudes. Attitude models with different names have always had three basic components (Solomon, 2007): “Cognition” refers to the knowledge and perceptions including beliefs a consumer has acquired by both direct experience with the attitude object and related information from various sources. “Affect” is how a consumer feels about an attitude object. “Behavior” (Conation) refers to the likelihood that an individual will behave in a particular way with regard to the attitude object (Schiffman and Kanuk, 2007).

Although named differently by different scholars, this model emphasizes the interrelationships among ‘knowing, feeling and doing’ sequence in the formation of attitudes towards an object (Solomon, 2007). Each of the three components is a part of the “whole”, which is what influences the consumer’s decision process in buying or not buying a product; to like or dislike some other individual.

All the attitude models have been analyzed in detail with the intention of understanding which factors influence individuals, and different combinations of three components have been studied to understand at what situations what combination of these three models are effective.. It was thus how the concept of Hierarchy of Effects has been developed. Depending on a consumer’s involvement in and his motivation with regard to the attitude object, as the sequence of steps (components) changed so did the hierarchies.

It is also supportive of the Hierarchy of Effects Models (HEM) that the importance of an attitude objects changes from person to person. Hence, it is also very important to

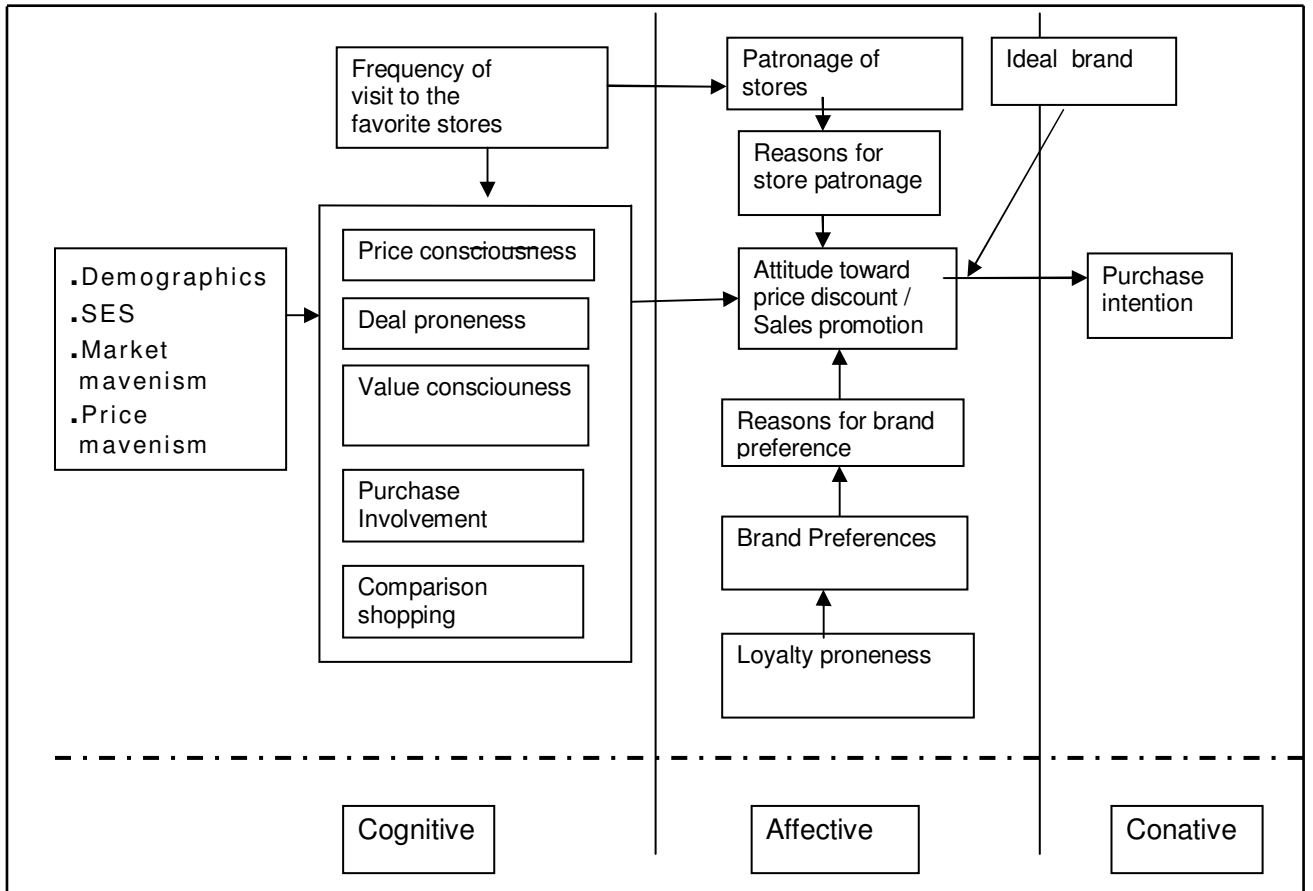
understand what makes an object very important/unimportant for a group of people (Concept of high involvement and low involvement). In other words, understanding what is common for some people that make them have a common attitude towards an object would help marketers a lot for market segmentation.

Among different hierarchies, the Standard learning Hierarchy (SLH) was assumed to be relevant. SLH is based on the assumption that a consumer first gathers data and forms his/her beliefs about a product, then forms a feeling about it and finally s/he engages in a relevant behavior as a result of his/her evaluation.

The Three Component Attitude model and the potential influence of both shopping psychographics and demographics are the basic concerns of this research. The researcher examined the effects of different consumer psychographics in setting the hierarchy of components of the three component attitude model.

As can be seen from the hypothetical model (Figure 3.1), in order to answer the research question “What are the factors that influence the attitude of consumers with respect to different sales promotional tools and price discounts?” the model has been developed as an Input → Output model and the attitude component have been analyzed in three different factors as cognitive, affective and conative component. It is known in the literature that “within the three-component model of attitude”, the factors can change places according to the type of involvement with the product class. The two different categories of products, namely milk products and detergents are considered as medium-high involvement products, so gathering information and alternative evaluations (cognitive) part has preceded the others in the model. In both of the product categories, brand/store loyalty is an important intervening variable that can affect attitude toward price discounts-is taken as the affective component and purchase intention (taken as the behavioral component) has been analyzed as the conative component.

Figure 3.1: The Conceptual Model



Dependent Variable: Attitude toward price discounts and sales promotions. As attitude has either positive or negative impact in purchase intention, this conative part of the attitude measurement has been taken as a dependent variable from this relational inference.

Independent Variables: the independent variables can be summarized as follows:

Demographical Variables:

Age

The influence of age on consumer decision making process has been examined by Licata, Biswass and Krishnan (1998). They investigated the effects of plausible and implausible tensile discounts on price perceptions, and behavioral intentions of two consumer segments: elderly consumers and nonelderly consumers. The finding is that “the elders discounted the implausible discount significantly more than nonelders and found the value of the deal significantly less than nonelders” (Licata, Biswass and Krishnan, 1998 p.63). Therefore, the authors commented that age of the consumers had a significant interaction with discount level for consumer discounting behavior.

Gary Gaeth and Timothy Heath (1987) investigated the effect of misleading advertising on elderly consumers with a mean age of 79 and nonelderly consumers with a mean age of 21. When the two groups were asked to examine both ambiguous and direct assertions about a product and a service, nonelderly respondents appeared less vulnerable to believing the ambiguous claims made in the ads. It was also indicated that nonelderly consumers were better able to discriminate between advertisements providing ambiguous and direct assertions about products.

Gender

Suein Hwang (1994) was the first author who wrote about gender differences in supermarket shopping behavior. According to Hwang, "...many women view the supermarket as an arena where they can exercise their skills in getting the best value for their dollar." The President of Consumer Network Inc., Ms. Doyle stated, "How good a supermarket shopper you are still part of women's self-esteem package". According to a study conducted in 1993 by the Food Marketing Institute, 93% of the women judged sales or many saving specials as "very" or "somewhat" important, while 84% of men did". (Hwang, 1994, p.2).

Mazumdar and Papatla (1995) have conducted a detailed research by using A.C.Nielsen's scanner data on laundry detergents. They examined the gender differences in price and promotion responses by focusing on the following:

- The differences between the average prices paid by both genders,
- How men and women take ads on newspapers, store flyers, and store displays into consideration,
- How men and women are prone to using coupons.

The authors (Mazumdar and Papatla, 1995) also checked if the gender differences are mediated by factors like household income, family size, working hours and education levels. One of their basic findings is that since male shoppers do not like to use coupons, they tend to switch brands, even with small differences in price and therefore men are said to be more price-sensitive although men, on the average, pay a higher price than women. On the contrary, the female shoppers actually derive more savings from coupon usage and this makes them less responsive to small price differences and only major price differences make them switch brands. This analysis suggests that men assign a greater weight to the

acquisition value component of shopping and therefore are more sensitive to shelf-price differences among the high-priced brands. Women, on the other hand, are more influenced by the transaction value, as evidenced by their higher propensity to use coupons (Mazumdar and Papatla, 1995 p. 28)

Marital Status

Although there is no research conducted on the shopping behavior of singles and married people, the researcher inferred that due to the characteristics of the product classes chosen in the research, both groups can show some differences in purchase decisions as these types of products are consumed more within families with children.

Socio-economic variables (SES)

AC Nielsen's 2007 SES Measurement system, presented in Appendix 6, has been used in the research to group the respondents into different socio-economic categories. As 2007 AC Nielsen's SES Measurement is complex and it is the only evaluation in the area of describing the socio-economic class categorization in Turkey, this measurement has been taken as literature shows that people from different socio-economic classes have different perceptions towards price discounts and sales promotions.

Market Mavenism

The personality trait called "market mavenism" has been defined by Price (Price, Feick and Guskey-Federouch, 1998; Feick and Price, 1987) as the degree to which a person has a wide range of knowledge regarding products to buy, places to shop, and other consumption-related activities and influences others by passing on this information. Feick and Price (Feick and Price, 1987) identified and examined a type of consumers they

referred as the “market maven” “who are individuals with information about many kinds of products, places to shop, and other facets of markets, and initiate discussions with consumers and responds to requests from consumers for market information” (Feick and Price, 1987 p.85). The market mavens are usually aware of new products earlier, engaged in more information seeking, disseminated information about a variety of products to others and showed greater market interest. These consumers are characterized by their expertise in that they plan their shopping trips, their expenses and they are also heavy users of coupons. But they are not necessarily the early purchasers or even users of products they are informed about since the concept of market maven is different than the concepts of opinion leadership and early adoption. The difference is that market mavens have general marketplace knowledge and influence on others but their expertise is not product specific as in the case of opinion leadership. Although opinion leadership can overlap across product categories especially between categories with similar interests, researchers have disagreed about whether opinion leadership is generalized (King and Summers, 1970). Therefore, market mavens are not necessarily opinion leaders or early adopters although they can easily be either one.

As a result of their research, Feick and Price (1987) found that individuals can recognize the market maven quality in both themselves and others. After identifying the market mavens, consumers can use them in making consumption decisions and also distinguish them from individuals with product-based expertise. Another finding is that one reason for markets maven’s acquisition and transmission of information may be their involvement with the market place (Feick and Price, 1987, p.94). The authors have not claimed of any clear demographic profile of market mavens.

The results of the research conducted by Price, Feick and Guskey-Federouch (1998) showed that market mavens were likely to engage in smart shopping behaviors. Martinez

and Montaner (2006) found that market mavens do not modify their shopping behaviors with in-store promotions and they show a higher proneness to out-of-store promotions.

According to the findings of their research, Urbany, Dickinson and Kalapurakal (Urbany, Dickinson and Kalapurakal, 1996) found a positive effect of market mavenism on search behaviors and cognitive activities.

Price Mavenism

Price Mavenism is defined as “the degree to which an individual is a source for price information for many kinds of products and places to shop for the lowest prices, initiates discussions with consumers and responds to requests from consumers for market place price information” (Lichtenstein, Ridgway and Netemeyer, 1993, p.235).

Mavens are more attentive to both media as a basis of their expertise and local advertising and direct mail (Higie, Feick and Price, 1987). They are also heavy users of coupons (Price, Feick and Guskey-Federouch, 1998). Therefore, they are expected to be heavy users of out-of-store promotions which require more effort and reflective of more shopping expertise (Ailawadi, Neslin, and Gedenk, 2001). One important managerial implication of the research conducted by Urbany, Dickinson and Kalapurakal (1996) is that market mavens may be very effective in remembering and talking about few dramatic special prices on some high-turnover and highly visible items to their friends instead of trying to remember too many less dramatic discounts.

Frequency of visit to the favorite stores

The conceptual model of the research is based on the model of consumer decision making, so the researcher hypothetically inferred that as the frequency of visit to the favorite store increases, the consumers will be able to follow the price discounts /sales promotions more

closely or / and can be informed by the store salespeople about these opportunities as they have created closer relationships with the store employees as loyal customers.

Price Consciousness

According to many scholars (Lichtenstein, Ridgway and Netemeyer, 1993; Tellis, 1990; Zeithaml, 1988), price perception may have a positive and a negative role in all purchase situations. In a positive role, the price cue is a signal to indicate quality and therefore affects purchase decision positively. In a negative role, the price means the amount of money to be given up as a part of transaction. Lichtenstein, Ridgway and Netemeyer (1993) use the term “price consciousness” in referring to the degree to which the consumer focuses exclusively on paying low prices.

Deal Proneness

Martinez and Montaner (2006) defined Deal-proneness “as the tendency to use promotional information as a reference to make purchase decisions” (p.158). It is a variable that is commonly used to segment consumer markets by affecting consumers’ choice of a promoted brand. It has also been defined as “a general proneness to respond to promotions because they are in deal form” (Lichtenstein, Netemeyer, and Burton, 1990 p.55). Many scholars (Lichtenstein, Netemeyer, and Burton, 1990; Dodson, Tybout and Sternthal, 1987; Montgomery, 1971; Narasimhan, 1984; Webster, 1965) suggest that deal prone consumers may perceive a deal as an end in itself as well as a mean to an end. Therefore, deal proneness is defined as an increased propensity to respond to a purchase offer because the form of the purchase offer positively affects purchase evaluations (Lichtenstein, Netemeyer, and Burton, 1990).

What need to be emphasized here are two important facts. First, deal-proneness is the psychological propensity to buy, not the actual purchase of promoted goods. Secondly, deal-prone consumers are more responsive to price related benefits compared to less deal-prone consumers just because of the “decreased” but not of the “low” prices (DeIVecchio, 2005).

Martinez and Montaner (2006) attempted to differentiate between the consumers who responded to in-store promotion, and the ones who responded out-of store promotional activities. Their findings revealed three different types of deal proneness: (1) Consumers who respond to in-store promotions were more price conscious with less care for quality; they were attracted by new products and easily switched brands with impulsive buying habits. (2) Consumers who responded store flyers to decide about the product and the store to purchase were al so high in price consciousness and they enjoyed planning their shopping trips with less care for quality, and (3) Consumers who were coupon-prone and price conscious considered themselves as market mavens and innovative.

Other scholars made a different classification of two dimensions of deal proneness: Active deal-proneness is defined as sensitivity to features, store flyers and coupons whereas passive deal-proneness is sensitivity to in-store displays (Schneider and Currim, 1991; Lichtentein, Burton and Netemeyer, 1997)

Being the first scholar who wrote about Deal Proneness, Webster (1965) searched for any demographic, socioeconomic, or purchasing factors that correlated with Deal-Proneness Index. Out of the 45 independent variables, four variables have been found to be consistently strong predictors of consumer deal proneness: (1) age of housewife, (2) proportion of most frequently purchased brands to total number of units purchased, (3) number of different brands purchased, (4) total number of units purchased.

The factors no.1 and no.3 have a direct relationship, and factors no.2 and no.4 have an inverse relationship with deal proneness. In other words, the deal-prone consumer is likely to be an older housewife who purchases fewer units, but buys more brands and does not concentrate purchases on one brand (Webster, 1965 p.188). What is interesting is that the total of the four factors listed above that make deal prone consumers more expert shoppers, explained only 15% of the variability in deal proneness in Webster's research.

Value Consciousness

Zeithaml (1988) captured various consumer expressions of value and made an overall definition: "perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (p.14). Although both "what is received (volume, quality, convenience etc.) and what is given (money, time, effort) vary across customers, still value represents a trade off between "give" and "get" components. The benefit components of value may include intrinsic and extrinsic attributes, perceived quality and other abstractions. The differences of perceived value from quality can be listed as follows: Being more personal than quality, perceived value is a higher level concept. Secondly, quality is not the only "get" component in the value equation since consumers may include other higher level abstractions like convenience and prestige (Zeithaml, 1988). The additional proposed dimensions related to value in supermarket shopping may be listed as variety, service, facilities, convenience, freshness, and time that combine with price and quality to produce value perceptions in supermarket consumers. On the assumption that for many people, price and quality are the most relevant "give and get" components, value consciousness is defined as a concern for paying low prices, subject to some quality concerns (Lichtenstein, Netemeyer, and Burton, 1990, p.56). Here what is important for a consumer is not to get the "highest ratio of quality to price" since

the quality of the product may exceed the consumer's specific requirements. Therefore the highest value for the particular consumer is viewed as the lowest priced product that meets his specific quality requirements (Lichtenstein, Netemeyer, and Burton, 1990). Lichtenstein, Ridgway and Netemeyer (1993) conceptualized value consciousness as "reflecting a concern for price paid relative to quality received" (p.235).

The research shows that (Low, Moody. 1996; Lichtenstein, Netemeyer, and Burton, 1990) there are two types of utility associated with consumer purchases as listed below:

Total Utility = Acquisition Utility that represents the economic gain/loss from a purchase transaction + Transaction Utility that represents the pleasure/displeasure associated with the financial terms of the deal and is equal to the difference between internal reference price and the purchase price (Lichtenstein, Netemeyer, and Burton, 1990 p.56).

Total Utility = (Utility of Purchased Goods-Purchase Price) + (Internal Reference Price-Purchase Price)

Internal reference price is defined by Lichtenstein, Netemeyer, and Burton (1996) as "the mentally stored price against which other prices are judged" and as "the expected price "by Low and Moody (1996). Monroe (1973) defines internal reference price as "the price last paid, the buyers' notion of a fair price. According to Schiffman and Kanuk (2007) internal reference prices are those prices retrieved by the consumer from memory. What is agreed upon is that internal reference prices are very effective in consumers' evaluations of and perceptions of value of a product and a price deal. In other words, purchase evaluations are positively related to the amount by which the internal reference price exceeds the purchase price. Therefore, transaction utility is a function of the internal reference price. Individuals whose value perceptions are largely affected by acquisition utility are more likely to be value conscious than deal prone. Individuals whose value perceptions are more dependent

on transaction utility are more likely to be deal prone since price deals affect the internal reference price which leads a change in transaction utility but not the acquisition utility.

Purchase Involvement

Being a psychological construct, involvement has been defined by several scholars ever since 1940s. What is common in these definitions is that “involvement is the degree of interest of a person in an object (Mittal, 1989 p.148). The “goal-object” can be a product (product involvement) or it can be the purchase decision (purchasing/purchase/purchase decision involvement). Being two different concepts, product involvement is not a necessary one to purchase involvement. Another definition of Banwari Mittal (1989, p.150) is “the extent of interest and concern that a consumer brings to bear upon a purchase decision task.” The concept of purchase involvement is about a consumer’s mind-set about an anticipated purchase decision so it is about how the consumer thinks what the right or wrong choice of the brand would mean to him and correspondingly whether or not the consumer would be indifferent as to which of the product alternatives is purchased (Mittal, 1989). Therefore, the purchase involvement concept does not concern a response behavior manifested in the decision-making process. Since purchasing involvement (purchase involvement) is a general measure of the self-relevance of purchasing activities, the individual differences in purchasing involvement may relate to personality traits and provide a link between personality and consumer behavior (Slama and Taschian, 1985). Additionally, purchasing involvement may be related to consumer decision process from search activities like coupon clipping to post purchase evaluation. Purchase activities like taking advantage of deals and discounts that are not product specific in nature can be explained by understanding purchasing involvement which is significantly important in designing marketing strategies. According to the findings of the research conducted by

Slama and Taschian (1985), some consumers tend to be more involved in purchase decision process and they tend to be women with children, moderate incomes and relatively high education.

Mittal (1989) also proposed a measurement scale of purchase involvement comprised of four items: degree of caring, perceived brand differences, importance of right brand selections, and concern with the outcome. The research showed that the above items cohere well.

Loyalty Proneness

In the literature, there are many process definitions of loyalty and they all define what consumers do to become loyal. In 1978, Jacoby and Chestnut have explored the psychological meaning of loyalty and distinguished it from behavioral definitions (Oliver, 1999). They concluded that it would be unwise to infer loyalty or disloyalty only from repetitive purchase patterns without further analysis.

Oliver (1999) defined loyalty as “a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (p.36).

Cunningham measured household loyalty to the favorite brand in seven product classes and concluded that loyalty proneness across product classes does not exist to a significant degree (1956). Massy, Frank and Lodahl have also conducted a similar comment in 1968 following an analysis made for beer, coffee and tea.

Wind and Frank (1969) measured brand loyalty by observing the purchase shares across 38 different classes of products and concluded that loyalty has not been observed as a significant variable in purchase decisions of that particular sample.

The finding of Carman (1970) that store loyalty and brand loyalty are strongly related was confirmed by Blattberg, Peacock and Sen (1976) who found that brand loyal households tended to shop at a single store while households which purchased several brands on deal tended to shop at many stores (Blattberg, Peacock and Sen, 1976 p.144).

Bawa and Shoemaker (1987) analyzed electronic purchase data returned by 2879 households over a period of one year and reported the presence of two different groups of consumers: activist shoppers who were less brand loyal and less store loyal and relatively coupon prone; routine zed shoppers who were more brand loyal and store loyal but lighter coupon users.

Several studies showed that brand loyalty is inversely related to dealing activity (Webster, 1965; Montgomery, 1971; Bawa and Shoemaker, 1987; Laroche, Pons, Zgolli, Kim, 2001).

A more comprehensive research conducted by Krishnamurthi and Papatla (2003) regarding the household choice data in categories of liquid detergents, margarine, ketchup, and yogurt suggested some interesting findings: They can be listed as follows:

(1) The nature of the loyalty-price sensitivity relationship does vary across categories as well as consumers. It has been found that the rate at which price sensitivity decreases with an increase in loyalty depends on the customer's demographics such as income and how busy the customer is (Krishnamurthi and Papatla, 2003). This suggests that making crude classifications of loyal and non-loyal customers is not right. Instead, loyal customers should be divided on the base of how the loyalty affects their price sensitivity. Then, promotional programs can be customized based on the specific type of relationship that a customer exhibits.

(2) The strength of the loyalty-price sensitivity relationship is dynamic and it reduces with increasing loyalty of the household. As in the above case, this finding suggests that it is inappropriate to make a clear-cut separation of loyal customers and non-loyal customers

and to have different programs for each segment. Instead, managers should have an entire schedule of promotions and offer progressively smaller price promotions as loyalty increases (Krishnamurthi and Papatla, 2003).

Both of the above findings and the general approach suggested is in accordance with the spirit of One-to-One Marketing and of Database Marketing as far as customized solutions are concerned.

(3) Although the research has covered only four groups of products, it has been observed that all categories can not be treated similarly in the design of loyalty based promotional programs since the loyalty price- sensitivity relationship may be different for each group of products.

Store patronage

The literature related to discuss the patronage of stores does not cover the association to the pricing strategies used by retailers. So the researcher in order to design the model has used this intermediary variable in order to pass to the next stage, covering the reasons for store patronage which also includes the price discounts / sales promotions.

Preferred Brands

The preferred brands in three product categories has been placed in the model to see how the purchase of these brands are influenced by price discounts /sales promotions, and how these do influence the change of purchase decision from the mentioned brands to the discounted brands .

Reasons for Brand Preference

These dimensions are important as the reasons that influence the purchase intention covers the major tools that are used by retail marketers.

Ideal Brand

This variable measures the perception of the respondents with respect to the characteristic and the actual brand name that they would define as their ideal brand; that is, the brand that possesses all the desirable attributes. The important factor is to see if the ideal brand is actually purchased by the consumers, if not what are the factors that act as barriers to the purchase act.

It is the intention of the researcher to investigate the influence of price discount on consumers' evaluation of their ideal brands in the product groups of detergents and dairy products.

Purchase Intent

Purchase intention, or willingness to buy, is the consumers' likelihood of purchasing the product/service (Doods, Monroe, Grewal, 1991). Purchase intention is positively related to overall perceptions of acquisition and transaction value, *ceteris paribus*. Buckley (1991) has found a link between store image and willingness to purchase. It has also been found that purchase intention is positively associated with perceived value (Doods, Monroe, and Grewal, 1991; Grewal, Monroe and Krishnana, 1998)

3.2.4 Sampling

In this section of the research methodology, how the sampling plan has been prepared and how it has been carried out is discussed.

3.2.4.1. Sampling Unit

The sampling unit has been taken as individual consumers who purchase dairy/detergents.

Those who are not purchasing those items are removed from the sample.

3.2.4.2. Sampling Method

The sampling method of “convenience sampling” has been used and the respondents were offered a small gift in exchange of filling out the questionnaire. In total 354 respondents have been covered in the survey after removing the unusable and empty questionnaires.

The respondents filled out the questionnaires at the campus of Yeditepe University and at different locations in İstanbul. Since majority of Turkish citizens come from Socio Economic Status groups of C and D, and as these groups are more price conscious, the respondents have been selected from the mentioned groups. (Please see the Appendix 6).

3.2.4.3. Sample Size

Since it is possible to have five different responses for each question asking about a variable, it is a general rule to have a minimum number of observations as many as five times of the number of variables (Hair et al., 2006). Therefore, the sample size has been decided to be 385 observations.

3.2.5. Data Collection Methods

The data collection methods used for this empirical study is survey method and the data collection instrument that has been used is structured-disguised questionnaire. Additionally face-to-face interviews have been conducted with some executives of the leading

manufacturers and retailers in Turkey in the exploratory phase of the study. The objective was to get insider information from the authorities designing and implementing the discount promotions in general.

Face-to-face questionnaire were conducted with survey respondents. The most important advantage of face-to-face surveys is that long questionnaires can best be handled by this method (Tull and Hawkins, 2002). The interviewer can explain and clarify complex and confusing questions. Besides presenting the questionnaire and asking and thanking for the time/effort of the respondent rather than simply sending forms through mail suggests to respondents that the researcher particularly takes the time and trouble to conduct the research himself. This is a symptom that researcher values the opinions of respondents and this fact in turn can enhance the care with which respondents answer questions. This is more important in case of long questionnaires.

The questionnaire used is disguised in that the intention of the study is not revealed to the respondents. It is also structured in that a standard questionnaire is applied to all respondents and it consists of mostly close ended fixed alternative questions.

The advantages of the structured-disguised questionnaire are that it is easy to tabulate and analyze and simple to administer. Respondents should not have difficulties in replying since they have alternative responses which make the question clear. The reliability of fixed-alternative questions is sometimes associated with loss of validity as the alternative answers may not reflect the true state of affairs. Respondents may be forced to make a choice among the alternatives which may not include all the possible cases and this bias may lower validity. This is true especially in cases when the respondent does not have a clear opinion about the subject asked about (Tull and Hawkins, 2002).

3.2.5.1. Data Collection Instruments and Measuring

Table 3.1: The Scale table

Question #	Variables	Sources for the Scales
6.1	consumer gender	Constructed by the researcher
6.2	consumer age	Constructed by the researcher
6.3	consumer marital status	Constructed by the researcher
6.4	consumer family size	Constructed by the researcher
6.5	consumer income	Constructed by the researcher
6.6	consumer occupation	SES-Nielsen
6.7	consumer education	SES-Nielsen
6.8		SES-Nielsen
	consumer psychographics	
5.94 5.102 5.111 5.113	consumers' market mavenism	Feick, L.F., & Price, L.L. (1987). The Market Maven: A Diffuser of Marketplace Information. <i>Journal of Marketing Research</i> , 30,234-245.
5.97 5.118 5.119 5.131	consumers' price mavenism	Urbany, J.E., & Dickson, P.R., & Kalapurakal, R. (1996). Price Search in the Retail Grocery Market. <i>Journal of Marketing</i> , 60(2), 91-104. King, C.W., & Summers, J.O. (1970). Overlap of Opinion Leadership Across Consumer Product Categories. <i>Journal of Marketing Research</i> , 7(1), 43-50.
5.88 5.89 5.99 5.106 5.115 5.122 5.123	consumers' price consciousness	Lichtenstein, D.R., & Ridgway, N.M., & Netemeyer, R.G. (1993). Price perceptions and consumer shopping behavior: a field study. <i>Journal of Marketing Research</i> , 30(2), 234-245. Lichtenstein, D. R, & Netemeyer, R G, & Burton, S.(1995). Assessing the domain specificity of deal proneness: A field study. <i>Journal of Consumer Research</i> , 22(3), 314-327.
5.87 5.96 5.117	consumers' deal proneness	Slama. M.E., & Tashchian, A. (1985). Selected Socio-economic and Demographic Characteristics Associated with Purchasing Involvement. <i>Journal of Marketing</i> , 49, 72-82. Burton, S., & Lichtenstein, D.R., & Netemeyer, R.G., & Garretson, J.A. (1998). A scale for measuring attitude toward private label products and an

5.93 5.110	consumers' involvement	<p>examination of its psychological and behavioral correlates. <i>Academy of Marketing Science Journal</i>, 26(4), 293-307.</p> <p>Lichtenstein, D. R, & Netemeyer, R G, & Burton, S.(1990). Distinguishing Coupon Proneness From Value Consciousness: An Acquisition-Transaction Utility Theory perspective. <i>Journal of Marketing</i>, 54(3), 54-67.</p>
5.90 5.92 5.100 5.112 5.116 5.130	consumers' value consciousness	<p>Petrevu, S., & Brian, T.R. (1997). A Model of Search Behavior with an Application to Grocery Shopping. <i>Journal of retailing</i>, 73(4), 463-486.</p> <p>Urbany, J.E., & Dickson, P.R., & Kalapurakal, R. (1996). Price Search in the Retail Grocery Market. <i>Journal of Marketing</i>, 60(2), 91-104</p> <p>Arora, R. (1985). Involvement: its measurement for Retail Store Research. <i>Journal of Marketing Science</i>, 13(1), 229-241.</p> <p>Barak, B., 6 Stern, B. (1985/1986). Women's Age in Advertising. An Examination of Two Consumer Age profiles. <i>Journal of Advertising Research</i>, 25, 38-47.</p> <p>Mittal, B., (1994). An Integrated Framework for Relating Diverse Consumer Characteristics to Supermarket Coupon Redemption. <i>Journal of Marketing Research</i>, 31,533-544.</p> <p>Darden, W. R. & Perreault W.D. (1976). Identifying Interurban Shoppers: Multi product Purchase Patterns and Segmentation profiles. <i>Journal of Marketing Research</i>, 13, 51-60.</p> <hr/> <p>Korgaonkar, P.K. (1984). Consumer Shopping Orientations, Non-Store Retailers, and Consumers' Patronage Intentions: A Multivariate Investigation. <i>Journal of Academy of Marketing Science</i>, 12 (1), 11-22.</p>
2.9	consumers visit frequency	Constructed by the researcher
1.1, 1.3.	consumers' market knowledge	Constructed by the researcher
1.4, 1.6,1.7,1.8	consumers' patronage of stores	Constructed by the researcher
1.10, 1.11	consumers' reasons for store patronage	Constructed by the researcher
1.10, 1.11	consumers' attitude	Constructed by the researcher

	toward price discount	
3.12, 3.13	consumers' reasons for brand preference	Constructed by the researcher
	consumers' preferred brands	Constructed by the researcher
5.121 5.124 5.134	consumers' loyalty proneness	<p>Sproles, G.B., & Kendall, E.L. (1986). A Methodology for Profiling Consumers' Decision Making Styles. <i>Journal of Consumer Affairs</i>, 20(1), 267-279.</p> <p>Bawa, K. & Shoemaker, R.W. (1987). The Coupon Prone Consumer: Some Findings Based on Purchase Behavior Across product Classes. <i>Journal of Marketing</i>,</p> <p>Krishnamurthi, L. & Papatla, P. (2003), Accounting for Heterogeneity and dynamics in the Loyalty-price sensitivity relationship. <i>Journal of Retailing</i>, 79(2), 121-135.</p> <p>Webster, F.E. (1965). The "Deal-Prone" Consumer. <i>Journal of Marketing Research</i>, 2(000002), 186-180.</p> <p>Montgomery, D.B. (1971), Consumer Characteristics associated with dealing: an empirical example. <i>Journal of Marketing Research</i>, 8(1), 118-120.</p>
4.14, 4.15	consumers' ideal brands	Constructed by the researcher
5.127 5.128 5.129	consumers' purchase intentions	Mittal, B. (1989). Measuring Purchase-Decision Involvement. <i>Psychology & Marketing</i> , 6(2), 147-162.

The first draft of the questionnaire contained proposed questions about all of the variables in the theoretical model. However, some of the questions have been eliminated and/or grouped by the dissertation committee and the researcher following a series of pre-tests.

The final version that has been filled out by the respondents has been presented in appendices 4. and 5.

3.2.6. Data Analysis Procedures

Two primary analysis methods were used in this study: Factor analysis and multiple regression analysis.

Following a preliminary data analysis with descriptives of the model elements, the independent variables have been factor analyzed, using the Principal Components Analysis (PCA) method. Then a Reliability Analysis has been conducted for the Factors obtained through the factor analysis. Finally, the factors have been entered into multiple regression analysis.

3.2.6.1. Factor Analysis

Factor analysis is a statistical approach that can be used to analyze interrelationships among a large number of variables and to explain these variables in terms of their common underlying dimensions (factors) (Hair, et.al. 2006, p.16). It was chosen for uncovering the underlying dimensions of the various attributes proposed to impact upon consumers' attitude formation toward price discounts in the process of purchase decision making. The purpose was to examine the underlying relationships (correlations) among the independent variables and to condense the original information into a smaller set of factors with respect to how the respondents perceive them. Therefore, these factors with their scores of explanatory power could replace the original variables in order to be able to explain the network of relationships affecting the attitudes of consumers toward price discounts.

Since the objective was to minimize the number of factors explaining the maximum portion of the variance of the original variables, principal component analysis was used. The purpose was to reduce the interrelated independent variables into a small set of variables that are not correlated with each other but they could later be entered into other

multivariate analysis, like regression (Hair et al., 2006; Malhotra, 2004). Since multiple regression analysis was intended to be used in the next stage of the analysis, the principal components were rotated and the factor scores of the rotated principal components obtained from the analysis were entered into the multiple regression models as independent variables. Rotation has served to remove multicollinearity among the factors and the technique used was Varimax since Varimax seems to give a better separation of the factors (Hair, et al., 2006).

3.2.6.2. Multiple Regressions

“Multiple regression analysis is a statistical technique that can be used to analyze the relationship between a single dependent (criterion) variable and a set of dependent (predictor) variables” (Hair, et al., 2006, p.85). The main objective is to provide an objective means of assessing the predictive power of the independent variables. The assessment of the degree and character of the relationship between the dependent and the independent variables is the second objective.

In this study multiple regression was used to determine which dimensions of the consumer psychographics that are represented by the factors retained from the principle component analysis can significantly predict variation in the dependent variable of attitude formation towards price discounts; The relative importance of these independent variables (factors) in predicting the consumer attitude; the degree and direction of the relationship between the independent variables and the dependent variables are investigated.

4. EMPIRICAL FINDINGS

The empirical results of the study are presented in two sections. The first section shows the findings obtained from descriptive statistics. The second section presents the findings obtained from several relational hypotheses.

4.1. Descriptive Statistics

The findings obtained from descriptive statistics about the characteristics of the respondents are listed below.

4.1.1. Demographic Factors

The respondents have been analyzed with respect to their demographic factors of gender, marital status, age, family size, net income, education and Socio economic status (SES).

Table 4.1: Demographic Variables

GENDER		
	n	%
Male	106	31.5
Female	231	68.5
The missing cases:17	The majority, almost 69%, of the respondents are female, which is in accordance with the general tendency for the purchase pattern dairy products and detergents.	
MARITAL STATUS		
	n	%
Married	193	57.3
Single	129	38.3
Widow	11	3.3
Divorced	4	1.2
The missing cases:17	The proportion of the married respondents is higher than the single ones, which is appropriate as most of these items are for family usage.	
AGE		
	n	%
18-26	116	33.0
27-35	115	32.8
36-45	70	19.9

46+	50	14.2
The missing cases:3		
Respondents between 18 and 35 years old constitute almost two-thirds of the sample.		
FAMILY SIZE		
	n	%
Single / a couple	53	16.2
Atom	176	53.8
Large	98	30.0
The missing cases:27	Families of 2-3 members constitute almost half of the respondents.	
Single and a couple: 0-1 member Atom family: 2-3 members Large family: 4+ members		
NET INCOME/FAMILY/MONTH		
	n	%
500 YTL and less	8	2.4
501-1000 YTL	41	12.3
1001-1500 YTL	52	15.6
1501-2000YTL	34	10.2
2001-2500 YTL	27	8.1
2501-3000 YTL	14	4.2
3001-3500 YTL	6	1.8
3501-4000 YTL	4	1.2
4001 YTL and above	46	13.8
No-response: 20		
Considering the high non-response rate of 28.8%, the replies regarding the income levels of respondents may be assumed not very reliable. It is also true that the MBA students must have caused the distribution of both monthly net income and the education level of the respondents to skew in favor of higher income and higher education.		
EDUCATION		
	n	%
University Education	135	38.8
Secondary Education	104	29.9
Primary School and below	109	31.3
Missing cases: 6		
38.8 % of the sample has a degree from the university, showing the bias from the choice of the sample, students from MBA courses. The researcher, having realized this problem has reached people with low level of education as indicated with a 31.3 % of primary education. The distribution of the education level in the sample is not anyway related to		

the general population statistics but it can be stated that equal number of people from different educational groups have been represented.

EMPLOYMENT

	n	%
Unemployed	140	42
Employed-white collar	110	33
Employed-blue collar	83	25

The “unemployed” group has the highest percentage since the students and housewives are included in it. When studied in detail, the housewives has the highest percentage (26.7%), followed by the trained and employed white collar workers (26.4%), and not trained and employed blue collar workers (9.6%), and students (9.6%).

SES GROUP

	n	%
B Group	118	73.8
C1 Group	42	26.3
Missing cases: 194		

Almost 90% of the population in Turkey consists of SES groups of C1, C2, D and E. (See appendix.5) Therefore, it has been planned to reflect this general distribution to the sample but because of both difficulty of reaching group D and E consumers and of lower probability of their shopping at supermarket/hypermarkets, the group B respondents have obtained almost one-third of the sample but the high rate of missing answers (55%) is the main reason for the above SES distribution of the respondents.

4.1.2. Purchase Behavior

Regarding the person who does the shopping for both dairy products and cleaning products, it is obvious that the respondents have been involved in the shopping of both groups of products personally.

Table 4.2: Data on Purchase Behavior

Purchasing Agent for Dairy products?	n	%
Respondent	193	57.3
His/Her spouse	1	0.3
Other family members	4	1.2
S/he + spouse	60	17.8
S/he + other family members	79	23.4
Missing cases:17		

Purchasing Agent for Detergents?	n	%
Respondent	189	56.3
His/Her spouse	3	0.9
Other family members	19	5.7
S/he + spouse	55	16.4
S/he + other family members	70	20.8
Missing cases:18		

The following tables show the responses of respondents about their dairy shopping habits and patronage of stores. The respondents purchase dairy products mostly from the supermarkets and “BIM” supermarket appears to be the most preferred store followed by Migros 13 % and Carrefour 12%. It is interesting to note that BIM being a low-price store with limited merchandise is chosen as the most frequented store as in BIM not every brand is available.

Table 4.3: Store Type

Type of Store shopped for	dairy products		cleaning material	
	n	%	n	%
Grocery store	1	0.3	1	0.3
Supermarket	245	72.7	239	71.1
Hypermarket	90	26.7	96	28.6
Missing cases: 17				

Table 4.4: Store Patronage-Dairy Goods

	Store Patronage for dairy products?			
	Multiple Response		Single Response	
	n	Valid Percent	n	Valid Percent
Bim	183	54,5%	100	29.7
Baymar	5	1,5%	1	0.3
Begendik	1	0,3%	0	0.0
Birmar	3	0,9%	0	0.0
Carrefour	118	35,1%	43	12,8
Championsa	18	5,4%	5	1,5
Diasa	76	22,6%	19	5,6
Endi	14	4,2%	6	1,8
Gima	88	26,2%	18	5,3
İsmar	18	5,4%	3	0,9
Kiler	88	26,2%	43	12,8
Kopuzlar	25	7,4%	5	1,5
Makrocenter	6	1,8%	4	0.0
Maxi	6	1,8%	1	0,3
Metro	20	6,0%	3	0,9
Migros	122	36,3%	49	14,5
Sok	40	11,9%	9	2,7
Tansas	90	26,8%	23	6,8
Yimpaş	7	2,1%	3	0,9
Real	1	0,3%	0	0.0
Namli	10	3,0%	2	0,6

The following table shows the responses of respondents about their shopping habits of cleaning goods and patronage of stores. Like in the case of dairy products, supermarkets are highly preferred by the respondents and “BIM” is again the most preferred supermarket with two followers, “Carrefour” and “Kiler” both with higher rates compared to dairy products.

Table 4.5: Store Patronage-Cleaning Goods

	Store Patronage for cleaning products?			
	n	Valid Percent	n	Valid Percent
Bim	169	50,1%	86	25,5
Baymar	5	1,5%	2	0,6
Begendik	1	0,3%	0	0.0
Birmar	6	1,8%	1	0.3
Carrefour	125	37,1%	60	17,8
Championsa	15	4,5%	1	0,3
Diasa	74	22,0%	17	5,0
Endi	11	3,3%	4	1,2
Gima	78	23,1%	23	6,8
İsmar	22	6,5%	4	1,2
Kiler	91	27,0%	52	15,4
Kopuzlar	23	6,8%	5	1,5
Makrocenter	4	1,2%	3	0.0
Maxi	21	6,2%	1	0,3
Metro	24	7,1%	4	1,2
Migros	117	34,7%	42	12,5
Sok	39	11,6%	8	2,4
Tansas	89	26,4%	22	6,5
Yimpas	3	0,9%	1	0,3
Real	3	0,9%	0	0.0
Namli	9	2,7%	1	0,3

Table 4.6: Purchase of private brands?

Buy private brand	for dairy products		for cleaning material	
	n	%	n	%
Yes	232	31,2	251	0
No	105	68,8		70,9
Missing cases	17			
The reason for having “private brands” as a variable in the research is the fact that private brands are cheaper than the manufacturer brands and that retailers mostly conduct sales promotional activities for their own private brands. But, as can be seen from the above tables, most of the respondents do not prefer to purchase private brands.				

Buyers with respect to their purchase frequencies have been grouped as follows:

Respondents buying dairy products once a week and 2-3 times a week are considered “Frequent Buyers”.

Respondents buying dairy products once every two weeks and once a month are considered “Infrequent Buyers”. With respect to dairy products, 55.1 % of the sample is in the category of frequent buyers. On the contrary, 97.1 % of the sample is in the infrequent buyer category for the cleaning items.

Table 4.7: Purchase frequency

	Dairy Products (%)		Cleaning Products (%)	
	n	%	n	%
Everyday	48	13.6	1	.3
2-3 times a week	146	41.5	9	2.6
Once a week	119	33.8	27	7.7
Once every two weeks	33	9.4	73	20.9
Once a month	6	1.7	240	68.6
Missing Cases:	2		4	
Frequent buyers	194	55.1	10	2.9
Infrequent buyers	158	44.9	340	97.1
Missing cases	2		4	4

The following two questions have been asked to find out what the missing features of already preferred brands of both groups of products. are.

Almost half of the respondents believe that their favorite brands are perfect with no need to be improved. The second largest group of buyers (almost one third) agree that the favorite brands need to be improved with better discounting policies.

Table 4.8: The attribute that is missing from the favorite brand

	Dairy products		Cleaning products	
	n	% of cases	n	% of cases
No Promotion	50	15.6	42	14.4
Easy to use	20	6.3	12	4.1
No discounts	101	31.6	96	33.0
No alternatives	6	1.9	6	2.1
Short life	26	8.1	7	2.4
Nothing missing	165	51.6	162	55.7

As can be seen from the table above; sales promotional activities plus price discounts are seen as the attributes that are required from the favorite brands. This result is an indication that consumers are open to new information about discounts/sales promotional activities and it can be an important component in changing the favorite brands.

4.1.3. Factor Analysis

Bartlett's test of sphericity is a test statistic used to test the null hypothesis that the variables are not correlated at all. In other words, the correlation matrix is an identity matrix which means each variable is correlated with itself only and there is no correlation between different variables (Malhotra, 2004, p.561).

Kaiser-Meyer- Olkin (KMO) statistic compares the magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients. Small values of the KMO statistic indicate that the correlations between pairs of variables can not be explained by other variables (Malhotra, 2004 p.564). In that case, factor analysis may not be appropriate to use. The required value for KMO statistic is greater than 0.5. (Malhotra, 2004)

As shown in Table 5.10, the null hypothesis that "the correlation matrix is an identity matrix" is rejected since Bartlett's test of sphericity is significant. Also the KMO statistic value .876 is greater than 0.5 so the factor analysis is appropriate to use.

"Eigenvalues over 1" was the criterion used in extracting the factors and Varimax rotation was used in order to secure pure constructs underlying each factor. The rotation converged in 7 iterations.

Table 4.9: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.876
Bartlett's Test of Sphericity	Approx. Chi-Square	2810.722
	df	210
	Sig.	.000

Table 4.10: Factor analysis

Factors and items	Factor Loadings	Variance Explained	Cum. Variance Explained	The Name
My friends think of me as a good source of information when it comes to new products or sales	.836	% 22.856	% 22.856	Factor 1 : Mavenism
I know a lot of different products, stores, and sales and I like sharing this info.	.813			
For many kinds of products, I would be better able than most people to tell someone where to shop to get the best buy.	.791			
I like helping people by providing them with price information about many types of products	.773			
I like helping people by providing them with information about many kinds of products	.708			
My friends think of me as a good source of price information	.688			
I am considered somewhat of an expert when it comes to knowing the prices of products	.647			
People ask me for information about prices of different types of products	.638			
Factor 2		% 12.018	% 34.874	Factor 2 : Deal Proneness
I buy as much as possible at sale prices	.792			
I have favorite brands, but most of the time I buy the brand that is on sale	.711			
Discounts have caused me to buy products I normally would not buy	.704			
I look carefully to find the best value for the money	.552			
Factor 3		% 8.229	% 43.103	Factor 3 : Attitude
I am more likely to buy brands that are on sale	.781			
When I buy brand that is on sale, I feel that I am getting a good deal	.751			
Factor 4		% 7.974	% 51.077	Factor 4 : Sales Proneness
I am more likely to buy a brand if it has a cents-off deal on the label	.840			
I enjoy buying products with cents-off deals, regardless of the amount I save by doing so	.776			
Factor 5		% 7.926	% 59.003	Factor 5 : Loyalty
I usually buy the same brand even when I have a discount on other brands.	.787			
I have favorite brands I buy over and over	.681			
Once I find a product I like, I stick with it.	.670			
Factor 6		% 6.998	% 66.001	Factor 6 : Value Consciousness
I generally shop around for lower prices on products but they still must meet certain quality requirements before I will buy them	.870			
When purchasing a product, I always try to maximize what I get for the money I spend	.745			

Table 4.11: Total variance explained

Factor no	Factor	Total Variance Explained	
		%	Cumulative %
1	Mavenism	22.856	22.856
2	Deal proneness	12.018	34.874
3	Attitude toward	8.229	43.103
4	Sale proneness	7.974	51.077
5	Loyalty	7.926	59.003
6	Value consciousness	6.998	66.001

Total explained variance is % 66.001.

4.1.4: Reliability Analysis

Reliability analysis is performed to check whether a scale produces consistent results when it is used repeatedly. When the number of items in a factor is above “2”, the coefficient used is “Cronbach's Alpha” and when the tne number of items is less than “2”, the coefficient used is Pearson cefficient as lisred in Table 4.12 and Table 4.13.

Table 4.12: The Reliability Table

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Factor 1: Mavenism	.895	.895	7
Factor 2: Deal proneness	.749	.747	4
Factor 5: Loyalty	.571	.576	3

Table 4.13: The Reliability Table (2)

	Pearson Correlation Coefficient	N of Items
Factor 3: Attitude toward price discounts	.589	2
Factor 4: Sale proneness	.573	2
Factor 6: Value Consciousness	.399	2

Table 4.14: The Correlation Analysis Table

		Mavenism	Deal Proneness	Sale Proneness	Attitude toward price discounts	Loyalty	Value Consciousness
Mavenism	Pearson Correlation Sig. (2-tailed)	1					
Deal proneness	Pearson Correlation Sig. (2-tailed)	.510(**) .000	1				
Sale proneness	Pearson Correlation Sig. (2-tailed)	.424(**) .000	.471(**) .000	1			
Attitude toward price discounts	Pearson Correlation Sig. (2-tailed)	.376(**) .000	.361(**) .000	.450(**) .000	1		
Loyalty	Pearson Correlation Sig. (2-tailed)	.128(*) .019	-.049 .366	.098 .072	.123(*) .024	1	
Value Consciousness	Pearson Correlation Sig. (2-tailed)	-.020 .714	-.063 .249	.025 .642	.095 .083	.303(* *) .000	1

(**): $p \leq .01$

(*): $p \leq .05$

4.1.5: The Correlation Analysis

Before the application of Multiple Regression analysis, the correlations between the factors were analyzed with the objective of redesigning the proposed model. The Table 4.14 shows the correlations between the independent variables and the dependent variable as well as the correlations among the independent variables.

As seen in Table 4.14, the dependent variable, Attitude toward Price Promotions is positively and significantly correlated with:

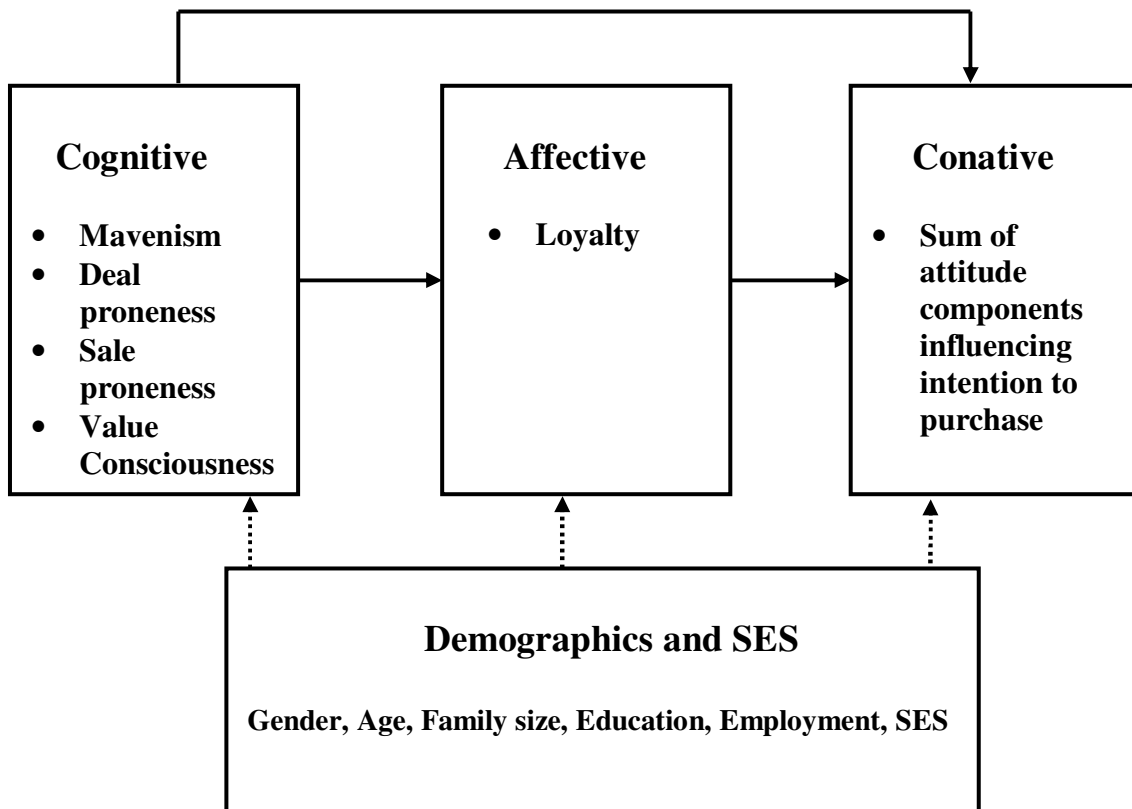
- Mavenism (r =0.376, 37.6%)
- Deal Proneness (r =0.361, 36.1%)
- Sale Proneness (r =0.450, 45.0%)
- Loyalty (r =0.123, 12.0%)

Further correlations are also observed among the following bivariate relations:

- There is a positive and significant relationship between Mavenism and Deal Proneness ($r = 0.510$, 51%)
- There is a positive and significant relationship between Mavenism and Sale Proneness ($r = 0.424$, 42.1%)
- There is a positive and significant relationship between Mavenism and Loyalty ($r = 0.128$, 12.8%)
- There is a positive and significant relationship between Deal Proneness and Sale proneness ($r = 0.471$, 47.1%)
- There is a positive and significant relationship between Loyalty and Value Consciousness ($r = 0.303$, 30.3%)

By taking the above correlations into consideration, the model was revised as in Figure 4.2. The new set of relationships was based on the correlation table (Table.4.13). The factors that are composed of different psychographics of respondents have been found significantly explaining the variance correlated with the dependent variable of “Attitude toward price discounts” and this led to the following revised model. As shown on the following page, the cognitive factors of “Mavenism”, “Deal proneness”, “Sale proneness” and the only affective factor of “Loyalty” have been found significantly correlated with the dependent variable-Attitude towards price discounts. Therefore, the cognitive factors of “Purchase Involvement” and “Comparison Shopping” were taken out of the model since they were not correlated either with the dependent variable or the other independent variables. Although there was no significant correlation between Value consciousness and Attitude toward Price Discounts, the independent variable of Value consciousness was also included in the revised model with the intention of checking out if its contribution to the revised model is significant or not.

Figure 4.2: The Revised Model



————> : The relationship between the independent and the dependent variables

-----> : The relationship between demographics and all the variables

4.1.6: Regression analysis of the factor scores

Regression analysis was conducted to find the underlying relationship between the obtained factors. Linear multiple regressions was used with the dependent variable of “Attitude toward price discounts” and all other factors as independent variables. Here, the assumptions are: the error term is normally distributed with a mean of “0”, and a constant variance; the error terms are uncorrelated meaning that respondents have been chosen independently.

Table 4.15: The Results of Regression Analysis of Factors

Independent Variables	R²	Adjusted R²	F	d.f.	Significance
Mavenism, Deal proneness, Sales proneness, Value consciousness	.264	.255	29.706		.000

Dependent variable: Attitude toward price discount

In the regression analysis, “the null hypothesis that there is no linear relationship between the dependent variables and the independent variables” is tested and rejected.

$$H_0: R^2=0 \quad H_1: R^2 \neq 0$$

The tested coefficient of determination, R^2 , with a domain between 0 and 1 is the proportion of the variation explained by the independent variables. In this particular example, R^2 can be interpreted as follows: “Approximately, 26% of the variation in the attitudes of the respondents towards price discounts can be explained by the independent variables of Mavenism, Deal proneness, Sales proneness, Value consciousness”. It also means that 74% of the variation is explained by some other independent variables not listed in the model at all.

Table 4.16: The Results of Regression Analysis of Factors: Regression Coefficients

	b	t	p
Mavenism	.044	3.215	.001
Deal proneness	.066	2.224	.027
Sales proneness	.281	5.616	.000
Value consciousness	.109	2.085	.038

Constant: 4.614

In Table 4.16, the following hypothesis is tested and rejected with the values of t-statistic.

H₀: b_i=0 The coefficients of b_i show the contribution o each independent variable

H₁: b_i≠0 in determination of the variation of the dependent variable.

Equation 4.1: The Regression Equation is:

$$Y_{\text{Attitude toward price discounts}} = 4.614 + .044 \times \text{Mavenism} + .066 \times \text{Deal proneness} + .281 \times \text{Sales proneness} + .101 \times \text{Value consciousness}$$

The Regression Equation above proposes a way to both understand and to predict the variation in the dependent variable of “Sum of attitude components influencing intention to purchase” (listed in tables as “Attitude toward price discounts”) caused by each of the independent variables. In other words, the relation of determination between the independent and dependent variables is modeled by the regression equation. Therefore, the contributions of each of the independent variable can be explained in the variation in the dependent variable.

Table 4.17: Table of Variance Inflation Factors (VIF)

Variable		VIF
Sale proneness		1.370
Mavenism		1.435
Deal proneness		1.522
Value consciousness		1.008

Since the VIF values are below 10, there is no support for the existence of multicollinearity.

4.2: Relations between Demographics and Various Factors of the Research Model

In this part of the study, relational hypotheses across various demographics and other variables are presented.

4.2.1. Differences across Gender

Differences between gender of consumers and the following factors are investigated:

a: level of being market maven,

H1.b: sale proneness,

H1.c: deal proneness,

H1.d: value consciousness,

H1.e: loyalty proneness,

H1.f: attitude toward price discounts,

The hypotheses that “Gender is related to each of the factors of Mavenism, Deal proneness, Sale proneness, Loyalty proneness, Value consciousness and the dependent variable of attitude toward price discounts” have been tested and it has been found that the significance levels of Levene tests are above 0.05. Consequently, variances of each variable across male and female respondents are assumed homogeneous as far as mavenism, sale proneness, Loyalty proneness, Value consciousness and Attitude towards Price Discounts are considered except Deal Proneness

It has also been concluded that there is not a significant difference between the mean scores of male and female respondents. In other words, gender is not significantly important to influence the independent factors and the dependent variable of Attitude toward price discounts.

Table 4.18: Gender Differences

Factors & Gender		N	Mean	Std. Deviation	Std. Error Mean
Mavenism	male	106	47.9918	16.84233	1.63587
	female	231	45.5137	15.47434	1.01814
Deal proneness	male	106	24.8053	8.38628	.81455
	female	231	24.2455	7.05495	.46418
Sale proneness	male	106	12.8208	4.19931	.40787
	female	231	12.7620	4.24132	.27906
Attitude toward price dis	male	106	13.9471	3.78210	.36735
	female	231	13.3117	3.84683	.25310
Loyalty	male	106	22.2850	5.21838	.50685
	female	231	22.5342	4.89371	.32198
Value consciousness	male	106	15.1403	3.63267	.35284
	female	231	15.4885	3.40435	.22399

Table 4.19: t-Test results on gender

	Levene's Test for Equality of Variances		t-test for Equality of Means							
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
								Lower	Upper	
Mavenism	Equal variances assumed	1.333	.249	1.327	335	.185	2.47813	1.86717	-1.19473	6.15098
	Equal variances not assumed			1.286	189.144	.200	2.47813	1.92683	-1.32271	6.27897
Deal Proneness	Equal variances assumed	8.310	.004	.636	335	.525	.55977	.87960	-1.17046	2.29001
	Equal variances not assumed			.597	175.806	.551	.55977	.93752	-1.29048	2.41003
Sale proneness	Equal variances assumed	.007	.936	.118	335	.906	.05875	.49603	-.91698	1.03448
	Equal variances not assumed			.119	205.729	.905	.05875	.49420	-.91560	1.03310
Attit. toward p.disc onts	Equal variances assumed	.040	.842	1.415	335	.158	.63539	.44893	-.24768	1.51846
	Equal variances not assumed			1.424	207.051	.156	.63539	.44610	-.24409	1.51488
Loyalty	Equal variances assumed	.475	.491	-.425	335	.671	-.24919	.58631	-1.40251	.90413
	Equal variances not assumed			-.415	192.531	.679	-.24919	.60048	-1.43355	.93517
Value consc.	Equal variances assumed	.044	.834	-.853	335	.394	-.34817	.40797	-1.15068	.45433
	Equal variances not assumed			-.833	192.418	.406	-.34817	.41793	-1.17249	.47614

4.2.2. Differences across Age Groups

Differences between age groups of consumers and the following factors are investigated:

H2.a: level of being market maven,

H2.b: sale proneness,

H2.c: deal proneness,

H2.d: value consciousness,

H2.e: loyalty proneness,

H2.f: attitude toward price discounts,

The hypotheses that “Consumers’ age is related to each of the factors of Maven, Deal, Spro, Loyal, Value and the dependent variable of Attid” have been tested and it has been found that the significance levels of Levene tests are all above 0.05. Consequently, variances of distributions of different age groups are assumed homogeneous as far as Mavenism, Sale proneness, Loyalty, Value consciousness, Deal Proneness and Attitude towards price discounts are considered.

Since the significance level of Oneway ANOVA test is below 0.05 for Mavenism Deal proneness and Sale proneness, it can be said that at least one of the means of the age groups differs from the others as far as Mavenism, Deal proneness and Sale proneness are considered. It has also been concluded that there is not a significant difference between the means of all age groups of distributions of respondents regarding Attitude toward price Discounts, Loyalty, and Value Consciousness.

In other words, age is not significantly important to influence the independent factors of Loyalty and Value Consciousness and the dependent variable of Attitude.

Table 4.20: Test of Homogeneity of Variances for Age Groups

	Levene Statistic	df1	df2	Sig.
Attitude toward price discounts	.366	3	330	.777
Mavenism	.533	3	330	.660
Deal proneness	.360	3	330	.782
Sale proneness	1.906	3	330	.128
Loyalty	.819	3	330	.484
Value consciousness	1.768	3	330	.153

Table 4.21: ONEWAY ANOVA test results for Age Groups

	Age Groups means				F	P
	18-25	26-35	36-54	55+		
Attitude toward price discounts	13.7170	13.0581	13.2319	14.6939	2.320	.075
Mavenism	45.2828	43.6668	48.9488	51.0408	3.295	.021
Deal proneness	24.6252	22.3890	25.0435	28.2041	7.474	.000
Sale proneness	12.6715	11.8076	13.3623	14.5714	5.555	.001
Loyalty	22.4276	22.3824	21.7971	23.2491	.812	.488
Value consciousness	15.8063	15.0569	15.4638	14.8571	1.227	.300

Following the ANOVA analyses, post-hoc analyses were also run for understanding where the differences between age groups with respect to Mavenism, Deal proneness and Sale proneness came from as shown in Table 4.22. The outcome indicated that there are significant changes between two groups of respondents as far as Deal proneness is concerned: the one in the group of (1)18-25 and 55+, (2) 26-35 and 55+.

As far as Sale proneness is concerned the difference is between the respondent in the groups of 26-35 and 55+ of age.

Table 4.22: Multiple Comparisons of Age Groups by Scheffe Test

Dependent Variable	(I) age grouped	J) age grouped	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Mavenism	18-26	6-35	1.61600	2.14564	.904	-4.4132	7.6452
		6 - 54	-3.66596	2.43849	.521	-10.5180	3.1861
		5+	-5.75799	2.72329	.217	-13.4104	1.8944
	26-35	8-26	-1.61600	2.14564	.904	-7.6452	4.4132
		6 - 54	-5.28197	2.42095	.192	-12.0848	1.5208
		5+	-7.37400	2.70760	.062	-14.9823	.2343
	36 - 54	8-26	3.66596	2.43849	.521	-3.1861	10.5180
		6-35	5.28197	2.42095	.192	-1.5208	12.0848
		5+	-2.09203	2.94509	.918	-10.3676	6.1836
	55+	8-26	5.75799	2.72329	.217	-1.8944	13.4104
		6-35	7.37400	2.70760	.062	-.2343	14.9823
		6 - 54	2.09203	2.94509	.918	-6.1836	10.3676
Deal proneness	18-26	6-35	2.23625	.98927	.166	-.5436	5.0161
		36 - 54	-.41825	1.12430	.987	-3.5775	2.7410
		55+	-3.57885	1.25561	.045	-7.1071	-.0506
	26-35	18-26	-2.23625	.98927	.166	-5.0161	.5436
		36 - 54	-2.65450	1.11621	.132	-5.7910	.4820
		55+	-5.81511*	1.24837	.000	-9.3230	-2.3072
	36 - 54	18-26	.41825	1.12430	.987	-2.7410	3.5775
		26-35	2.6545	1.11621	.132	-.4820	5.7910
		55+	-3.16060	1.35787	.146	-6.9762	.6550
	55+	18-26	3.57885*	1.25561	.045	.0506	7.1071
		26-35	5.81511*	1.24837	.000	2.3072	9.3230
		36 - 54	3.16060	1.35787	.146	-.6550	6.9762
Sale proneness	18-26	26-35	.86390	.56346	.504	-.7194	2.4472
		36 - 54	-.69078	.64036	.762	-2.4902	1.1086
		55+	-1.89989	.71515	.072	-3.9094	.1097
	26-35	18-26	-.86390	.56346	.504	-2.4472	.7194
		36 - 54	-1.55468	.63575	.115	-3.3411	.2318
		55+	-2.76379	.71103	.002	-4.7618	-.7658
	36 - 54	18-26	.69078	.64036	.762	-1.1086	2.4902
		26-35	1.55468	.63575	.115	-.2318	3.3411
		55+	-1.20911	.77339	.486	-3.3823	.9641
	55+	18-26	1.89989	.71515	.072	-.1097	3.9094
		26-35	2.76379*	.71103	.002	.7658	4.7618
		36 - 54	1.20911	.77339	.486	-.9641	3.3823

4.2.3: Differences across Family Size

Differences between Family Sizes of consumers and the following factors are investigated:

H3.a: level of being market maven,

H3.b: sale proneness,

H3.c: deal proneness,

H3.d: value consciousness,

H3.e: loyalty proneness,

H3.f: attitude toward price discounts,

The hypotheses that “Consumers’ family size differences vary according to the factors of Mavenism, Deal proneness, Sale proneness, Loyalty, Value consciousness and the dependent variable of Attit toward price discounts” have been tested. Since the significance levels of Levene tests are all above 0.05, variances of distributions of different family sizes are assumed to be homogeneous as far as Mavenism, Sale proneness, Loyalty, Value consciousness, Deal Proneness and Attitude towards Price Discounts are considered.

Table 4.23 Test of Homogeneity of Variances for Family Size Groups

	Levene Statistic	df1	df2	Sig.
Mavenism	1.430	2	324	.241
Deal Proneness	2.015	2	324	.135
Sale proneness	.445	2	324	.641
Attitude towards price discounts	.148	2	324	.863
Loyalty	.086	2	324	.918
Value consciousness	1.012	2	324	.365

Table 4.24: ONEWAY ANOVA test results for Marital Status Groups

	Family Size Groups means			F	P
	Single + couple	Atom (2-3 members)	Large (4-5 members)		
Attitude toward price discounts	13.7736	13.2330	14.0346	1.466	.232
Mavenism	43.3898	45.9262	49.9912	3.597	.029
Deal proneness	22.2642	24.0458	26.8265	7.665	.001
Sale proneness	12.7463	12.7754	13.4490	.945	.390
Loyalty	23.8141	21.8991	22.8082	3.407	.034
Value consciousness	15.8679	15.0780	15.8368	2.107	.123

The means of Mavenism, Deal proneness, Loyalty are significantly different across three; so for those factors multiple comparison tests were made as shown in Table 4.24.

Table 4.25: Multiple Comparisons of Family Size Groups by Scheffe Test

Dependent Variable	(I) household size	(J) household size	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Mavenism	solo	atom family	-2.53641	2.44197	.584	-8.5415	3.4686
		large family	-6.60139 *	2.65738	.047	-13.1362	-.0666
	atom family	solo	2.53641	2.44197	.584	-3.4686	8.5415
		large family	-4.06498	1.96436	.119	-8.8956	.7656
	large family	solo	6.60139 *	2.65738	.047	.0666	13.1362
		atom family	4.06498	1.96436	.119	-.7656	8.8956
Deal proneness	solo	atom family	-1.78165	1.15220	.304	-4.6150	1.0517
		large family	-4.56238 *	1.25384	.002	-7.6457	-1.4790
	atom family	solo	1.78165	1.15220	.304	-1.0517	4.6150
		large family	-2.78073 *	.92685	.012	-5.0600	-.5015
	large family	solo	4.56238 *	1.25384	.002	1.4790	7.6457
		atom family	2.78073 *	.92685	.012	.5015	5.0600
Sale proneness	solo	atom family	-.02903	.64252	.999	-1.6091	1.5510
		large family	-.70263	.69920	.604	-2.4220	1.0168
	atom family	solo	.02903	.64252	.999	-1.5510	1.6091
		large family	-.67360	.51686	.429	-1.9446	.5974
	large family	solo	.70263	.69920	.604	-1.0168	2.4220
		atom family	.67360	.51686	.429	-.5974	1.9446
Attit toward price discounts	solo	atom family	.54063	.60219	.669	-.9402	2.0215
		large family	-.26101	.65531	.924	-1.8725	1.3505
	atom family	solo	-.54063	.60219	.669	-2.0215	.9402
		large family	-.80164	.48441	.256	-1.9929	.3896
	large family	solo	.26101	.65531	.924	-1.3505	1.8725
		atom family	.80164	.48441	.256	-.3896	1.9929
Loyalty	solo	atom family	1.91496 *	.76935	.046	.0230	3.8069
		large family	1.00585	.83722	.487	-1.0530	3.0647
	atom family	solo	-1.91496 *	.76935	.046	-3.8069	-.0230
		large family	-.90911	.61888	.341	-2.4310	.6128
	large family	solo	-1.00585	.83722	.487	-3.0647	1.0530
		atom family	.90911	.61888	.341	-.6128	2.4310
Value consciouness	solo	atom family	.78996	.52983	.330	-.5129	2.0929
		large family	.03114	.57657	.999	-1.3867	1.4490
	atom family	solo	-.78996	.52983	.330	-2.0929	.5129
		large family	-.75882	.42620	.207	-1.8069	.2893
	large family	solo	-.03114	.57657	.999	-1.4490	1.3867
		atom family	.75882	.42620	.207	-.2893	1.8069

4.2.4. Difference across Marital Status Groups:

Differences Marital status of consumers and the following factors are investigated:

H4.a: level of being market maven,

H4.b: sale proneness,

H4.c: deal proneness,

H4.d: value consciousness,

H4.e: loyalty proneness,

H4.f: attitude toward price discounts,

The hypotheses that “Consumers’ marital status is related to each of the factors of Mavenism, Deal proneness, Sale proneness, Loyalty, Value consciousness and the dependent variable of Attitude toward price discounts” have been tested and it has been found that the significance levels of Levene tests are all above 0.05 except for Loyalty .

Therefore, variances of distributions of single, married, divorced and widow respondents are assumed homogeneous as far as Mavenism, Sale Proneness, Value Consciousness and Attitude towards Price Discounts are considered but variances of distributions of respondents with different marital status are not homogeneous with respect to Loyalty.

When the means of the distributions of single, married, divorced and widow respondents are inspected, it can be said that at least one of the distributions has a significantly different mean for attid, maven and spro.

It can be added that there is no significant difference between the means of distributions of respondents with different marital status with respect to deal and value.

Table 4.26: Test of Homogeneity of Variances for Marital Status Groups

	Levene Statistic	df1	df2	Sig.
Attitude towards Price Discounts	.671	3	333	.570
Mavenism	1.007	3	333	.390
Deal proneness	.423	3	333	.737
Sale Proneness	1.448	3	333	.229
Loyalty	2.959	3	333	.032
Value Consciousness	.502	3	333	.681

Table 4.27: ONEWAY ANOVA test results for Marital Status Groups

	Marital Status Group means				F	P
	Single	Married	Divorced	Widow		
Attitude toward price discounts	13.3364	13.4301	17.7500	15.4545	2.734	.044
Mavenism	43.0941	47.5164	58.0000	58.0909	5.016	.002
Deal proneness	23.5636	24.7324	26.7500	28.1818	1.739	.159
Sale proneness	12.0269	13.0547	17.0000	15.2727	4.379	.005
Loyalty	22.6996	22.1728	25.7500	23.3636	.1.011	.388
Value consciousness	15.6733	15.1548	17.0000	15.2727	.868	.458

Table 4.28: Multiple Comparisons of Marital Status Groups by Scheffe Test

Dependent variable	I	J	Mean Difference (I-J)	Std.Error	Sig.	Lower Bound	Upper Bound
Mavenism	married	single	4.42226	1.78043	.106	-.5804	9.4250
		widow	-10.57455	4.85299	.193	-24.2107	3.0616
		divorced	-10.48364	7.90849	.625	-32.7052	11.7379
	single	married	-4.42226	1.78043	.106	-9.4250	.5804
		widow	-14.99681(*)	4.91748	.027	-28.8141	-1.1795
		divorced	-14.90590	7.94823	.320	-37.2391	7.4273
	widow	married	10.57455	4.85299	.193	-3.0616	24.2107
		single	14.99681(*)	4.91748	.027	1.1795	28.8141
		divorced	.09091	9.14089	1.000	-25.5935	25.7753
	divorced	married	10.48364	7.90849	.625	-11.7379	32.7052
		single	14.90590	7.94823	.320	-7.4273	37.2391
		widow	-.09091	9.14089	1.000	-25.7753	25.5935
Sale proneness	married	single	1.02782	.47306	.196	-.3014	2.3570
		widow	-2.21803	1.28944	.399	-5.8412	1.4051
		divorced	-3.94530	2.10129	.319	-9.8496	1.9590
	single	married	-1.02782	.47306	.196	-2.3570	.3014
		widow	-3.24586	1.30658	.106	-6.9171	.4254
		divorced	-4.97313	2.11185	.138	-10.9071	.9608
	widow	married	2.21803	1.28944	.399	-1.4051	5.8412
		single	3.24586	1.30658	.106	-.4254	6.9171
		divorced	-1.72727	2.42874	.918	-8.5516	5.0971
	divorced	married	3.94530	2.10129	.319	-1.9590	9.8496
		single	4.97313	2.11185	.138	-.9608	10.9071
		widow	1.72727	2.42874	.918	-5.0971	8.5516

4.2.5. Differences across Education Groups:

Differences between Education Group of consumers and the following factors are investigated:

H5.a: level of being market maven,

H5.b: sale proneness,

H5.c: deal proneness,

H5.d: value consciousness,

H5.e: loyalty proneness,

H5.f: attitude toward price discounts,

The respondents are grouped into three groups with respect to their education level.

The hypotheses about Consumers' education and each of the factors of Mavenism, Deal proneness, Sale proneness, Loyalty, Value consciousness and the dependent variable of Attitude toward price discounts have been tested. The findings show that variances of distributions of different education groups are assumed homogeneous as far as Sale Proneness, Loyalty, and Attitude towards Price Discounts are considered since their significance levels of Levene tests are above 0.05.

For the independent factors of Mavenism, Deal Proneness and Value Consciousness the variances of distributions of different education alternatives are not homogeneous.

For Attitude and Loyalty the means of distributions of education groups of the respondent are significantly equal. The same can be said for Spro also because the significance level of F-test is almost 0.5 (0.51) as listed in the ANOVA Table 5.30 below.

In other words, consumers' education is not significantly important to influence the independent factors of Loyalty and Value Consciousness and the dependent variable of Attitude.

Table 4.29: Test of Homogeneity of Variance of Education Groups

	Levene Statistic	df1	df2	Sig.
Attitude toward price discounts	.849	8	325	.560
Mavenism	2.195	8	325	.028
Deal proneness	2.292	8	325	.021
Sale proneness	1.152	8	325	.328
Loyalty	1.074	8	325	.381
Value consciousness	2.341	8	325	.019

Table 4.30: ONEWAY ANOVA test results for the all Education Groups

		Sum of Squares	df	Mean Square	F	Sig.
Attitude toward price discounts	Between Groups	143.250	8	17.906	1.226	.283
	Within Groups	4746.887	325	14.606		
	Total	4890.137	333			
Mavenism	Between Groups	6479.338	8	809.917	3.354	.001
	Within Groups	78479.543	325	241.476		
	Total	84958.881	333			
Deal proneness	Between Groups	1601.491	8	200.186	3.848	.000
	Within Groups	16907.282	325	52.022		
	Total	18508.773	333			
Sale proneness	Between Groups	269.909	8	33.739	1.959	.051
	Within Groups	5598.344	325	17.226		
	Total	5868.253	333			
Loyalty	Between Groups	312.855	8	39.107	1.595	.125
	Within Groups	7969.364	325	24.521		
	Total	8282.220	333			
Value consciousness	Between Groups	64.791	8	8.099	.660	.727
	Within Groups	3989.636	325	12.276		
	Total	4054.427	333			

Table 4.31: Education Group Means

Education Group Means									
	Graduate degree	University	University Distance education	High School	Secondary Education	Secondary Education	Primary Education	Primary Education	No Education
Attitude toward price discounts	12.8990	13.8278	14.1250	12.7059	13.5857	14.3236	12.4634	13.8636	17.500
Mavenism	39.7780	42.6027	43.7500	46.0259	47.5429	55.0323	44.3902	50.2121	50.0000
Deal proneness	20.8032	23.3600	21.0000	23.0740	25.0571	26.7097	24.0000	27.2273	30.0000
Sale proneness	11.3991	13.2000	12.3750	11.4980	12.8000	14.2581	12.0732	13.6515	13.0000
Loyalty	21.7785	23.3200	24.7500	24.4850	21.6172	3.7742	21.7073	22.0606	24.0000
Value consciousness	15.2015	15.1401	16.5000	16.7946	15.2000	15.8710	15.1220	15.3636	14.0000

Table 4.32 : ONEWAY ANOVA test results for Marital Status Groups (3 groups)

		Sum of Squares	df	Mean Square	F	Sig.
Mavenism	Between Groups	3847.509	2	1923.755	7.850	.000
	Within Groups	81111.372	331	245.049		
	Total	84958.881	333			
Deal proneness	Between Groups	1269.357	2	634.678	12.186	.000
	Within Groups	17239.417	331	52.083		
	Total	18508.773	333			
Sale proneness	Between Groups	93.140	2	46.570	2.669	.071
	Within Groups	5775.113	331	17.447		
	Total	5868.253	333			
Attitude toward price discounts	Between Groups	19.676	2	9.838	.669	.513
	Within Groups	4870.461	331	14.714		
	Total	4890.137	333			
Loyalty	Between Groups	56.007	2	28.003	1.127	.325
	Within Groups	8226.213	331	24.853		
	Total	8282.220	333			
Value consciousness	Between Groups	1.876	2	.938	.077	.926
	Within Groups	4052.551	331	12.243		
	Total	4054.427	333			

Table 4.33: Education Group means (3 groups)

Education Group Means			
	University and/or Higher	High School	Primary and/or no Education
Attitude toward price discounts	13.3257	13.4225	13.9706
Mavenism	42.0298	48.2676	50.2059
Deal proneness	22.1582	25.1127	27.3088
Sale proneness	12.2018	12.9085	13.6324
Loyalty	22.1141	22.1176	22.9628
Value consciousness	15.3235	15.3239	15.4789

Table 4.34: Multiple Comparisons of Three Education Groups by Scheffe Test

Dependent Variable	(I) edu	(J) edu	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Mavenism	Univ.	2.00	-6.23779*	1.92403	.006	-10.9687	-1.5069
		3.00	-8.17607*	2.36218	.003	-13.9843	-2.3678
	H.School	1.00	6.23779*	1.92403	.006	1.5069	10.9687
		3.00	-1.93828	2.30854	.703	-7.6147	3.7381
	Elemantry / no	1.00	8.17607*	2.36218	.003	2.3678	13.9843
		2.00	1.93828	2.30854	.703	-3.7381	7.6147
Deal proneness	Univ.	2.00	-2.95449*	.88702	.004	-5.1356	-.7734
		3.00	-5.15064*	1.08901	.000	-7.8284	-2.4729
	H.School	1.00	2.95449*	.88702	.004	.7734	5.1356
		3.00	-2.19615	1.06429	.121	-4.8131	.4208
	Elemantry / no	1.00	5.15064*	1.08901	.000	2.4729	7.8284
		2.00	2.19615	1.06429	.121	-.4208	4.8131
Sale proneness	Univ.	2.00	-.70665	.51340	.389	-1.9690	.5557
		3.00	-1.43056	.63031	.078	-2.9804	.1193
	H.School	1.00	.70665	.51340	.389	-.5557	1.9690
		3.00	-.72390	.61600	.502	-2.2386	.7907
	Elemantry / no	1.00	1.43056	.63031	.078	-.1193	2.9804
		2.00	.72390	.61600	.502	-.7907	2.2386
Attitude toward price	Univ.	2.00	-.09681	.47147	.979	-1.2561	1.0625
		3.00	-.64486	.57884	.538	-2.0681	.7784
	H.School	1.00	.09681	.47147	.979	-1.0625	1.2561
		3.00	-.54805	.56569	.626	-1.9390	.8429
	Elemantry / no	1.00	.64486	.57884	.538	-.7784	2.0681
		2.00	.54805	.56569	.626	-.8429	1.9390
Loyalty	Univ.	2.00	.84870	.61273	.384	-.6579	2.3553
		3.00	.84518	.75227	.533	-1.0045	2.6949
	H.School	1.00	-.84870	.61273	.384	-2.3553	.6579
		3.00	-.00352	.73519	1.000	-1.8112	1.8042
	Elemantry / no	1.00	-.84518	.75227	.533	-2.6949	1.0045
		2.00	.00352	.73519	1.000	-1.8042	1.8112
Value consciousness	Univ.	2.00	.15497	.43007	.937	-.9025	1.2124
		3.00	.15539	.52800	.958	-1.1429	1.4537
	H.School	1.00	-.15497	.43007	.937	-1.2124	.9025
		3.00	.00041	.51601	1.000	-1.2684	1.2692
	Elemantry / no	1.00	-.15539	.52800	.958	-1.4537	1.1429
		2.00	-.00041	.51601	1.000	-1.2692	1.2684

4.2.6. Differences across Employment Status Groups:

Differences between Employment Status Groups of consumers and the following factors are investigated:

H6.a: level of being market maven,

H6.b: sale proneness,

H6.c: deal proneness,

H6.d: value consciousness,

H6.e: loyalty proneness,

H6.f: attitude toward price discounts,

The hypotheses that “Employment is related to the factors of Mavenism, Deal proneness, Sale proneness, Loyalty proneness, Value consciousness and Attitude toward price discounts” have been tested and it has been found that the significance levels of Levene tests are above 0.05 for all the variables except Deal proneness. Therefore, it is assumed that variances of each variable across employed and unemployed respondents are assumed homogeneous as far as Mavenism, Sale proneness, Loyalty proneness, Value consciousness and Attitude towards Price Discounts are considered.

It has also been concluded that there is not a significant difference between the mean scores of employed and unemployed respondents. In other words, employment is not significantly important to influence the independent factors and the dependent variable of Attitude toward price discounts.

Table 4.35: Employment Status Differences

Employment Status		N	Mean	Std. Deviation	Std. Error Mean
Mavenism	unemployed	139	46.2813	16.63998	1.41138
	employed	192	46.3578	15.30174	1.10431
Deal proneness	unemployed	139	25.1511	7.04943	.59792
	employed	192	24.0837	7.79500	.56256
Sale proneness	unemployed	139	13.1007	3.93847	.33406
	employed	192	12.5626	4.41604	.31870
Attitude toward price discounts	unemployed	139	13.7122	3.43732	.29155
	employed	192	13.3354	4.05165	.29240
Loyalty	unemployed	139	22.0647	4.76887	.40449
	employed	192	22.6021	5.12174	.36963
Value consciousness	unemployed	139	15.5612	3.26624	.27704
	employed	192	15.1913	3.61673	.26102

Table 4.36: t-Test Results on Employment

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Mavenism	Equal variances assumed	1.474	.226	-0.43	329	.966	-.07651	1.76815	-3.55482	3.40180
	Equal variances not assumed			-0.43	282.255	.966	-.07651	1.79207	-3.60402	3.45100
Deal proneness	Equal variances assumed	4.745	.030	1.279	329	.202	1.06743	.83428	-.57378	2.70863
	Equal variances not assumed			1.300	313.156	.194	1.06743	.82096	-.54788	2.68273
Sale proneness	Equal variances assumed	3.647	.057	1.144	329	.253	.53810	.47022	-.38693	1.46313
	Equal variances not assumed			1.165	314.993	.245	.53810	.46170	-.37030	1.44650
Attitude towards price discounts	Equal variances assumed	3.881	.050	.889	329	.375	.37686	.42387	-.45697	1.21070
	Equal variances not assumed			.913	320.761	.362	.37686	.41292	-.43550	1.18923
Loyalty	Equal variances assumed	.322	.571	-.969	329		-.53732	.55425	-1.62764	.55300
	Equal variances not assumed			-.981	309.017	.328	-.53732	.54794	-1.61549	.54085
Value consciousness	Equal variances assumed	.843	.359	.956	329	.340	.36987	.38689	-.39122	1.13096
	Equal variances not assumed			.972	313.344	.332	.36987	.38063	-.37904	1.11878

4.2.7. Differences across SES Groups:

Differences between SES Groups of consumers and the following factors are investigated:

H7.a: level of being market maven,

H7.b: sale proneness,

H7.c: deal proneness,

H7.d: value consciousness,

H7.e: loyalty proneness,

H7.f: attitude toward price discounts,

Since it has been found that the significance levels of Levene tests are all above 0.05 for the factors of Mavenism, Deal proneness, Sale proneness, Loyalty proneness, Value consciousness and the dependent variable of Attitude toward price discounts”, it has been assumed that, variances of each variable across B and C1 groups of SES are homogeneous.

It has also been concluded that there is not a significant difference between the mean scores of B and C1 SES groups. In other words, SES group of respondents is not significantly important to influence the independent factors and the dependent variable of Attitude toward price discounts.

Table 4.37: SES Group Differences

Ses groups		N	Mean	Std. Deviation	Std. Error Mean
Mavenism	B group	118	48.8559	11.73444	1.08024
	C1 group	39	50.0145	17.13973	2.74455
Deal proneness	B group	118	25.7203	6.68317	.61524
	C1 group	39	23.9487	8.34755	1.33668
Sale proneness	B group	118	12.9915	3.78141	.34811
	C1 group	39	12.5641	4.75059	.76070
Attitude toward price discounts	B group	118	13.3051	3.68992	.33968
	C1 group	39	14.2564	3.33812	.53453
Loyalty	B group	118	22.1119	4.66981	.42989
	C1 group	39	21.9487	5.02598	.80480
Value consciousness	B group	118	15.3305	3.42703	.31548
	C1 group	39	15.0256	3.07355	.49216

Table 4.38: t-Test Results on SES Groups

			Independent Samples Test	
			Equal variances assumed	Equal variances not assumed
maven4	Levene's Test for Equality of Variances t-test for Equality of Means	F	10.259	
		Sig.	.002	
		t	-.473	-.393
		df	155	50.294
		Sig. (2-tailed)	.637	.696
		Mean Difference	-1.15856	-1.15856
		Std. Error Difference	2.45010	2.94949
		9 Lower	-5.99845	-7.08193
		5 Upper	3.68134	4.76481
deal4	Levene's Test for Equality of Variances t-test for Equality of Means	F	4.202	
		Sig.	.042	
		t	1.346	1.204
		df	155	55.004
		Sig. (2-tailed)	.180	.234
		Mean Difference	1.77162	1.77162
		Std. Error Difference	1.31643	1.47147
		9 Lower	-.82885	-1.17726
		5 Upper	4.37209	4.72050
spro4	Levene's Test for Equality of Variances t-test for Equality of Means	F	4.149	
		Sig.	.043	
		t	.573	.511
		df	155	54.801
		Sig. (2-tailed)	.568	.611
		Mean Difference	.42742	.42742
		Std. Error Difference	.74631	.83657
		9 Lower	-1.04683	-1.24924
		5 Upper	1.90168	2.10408
attid4	Levene's Test for Equality of Variances t-test for Equality of Means	F	.164	
		Sig.	.686	
		t	-1.428	-1.502
		df	155	71.122
		Sig. (2-tailed)	.155	.137
		Mean Difference	-.95133	-.95133
		Std. Error Difference	.66620	.63333
		9 Lower	-2.26733	-2.21411
		5 Upper	.36468	.31146
loyal4	Levene's Test for Equality of Variances t-test for Equality of Means	F	.291	
		Sig.	.590	
		t	.186	.179
		df	155	61.161
		Sig. (2-tailed)	.853	.859
		Mean Difference	.16320	.16320
		Std. Error Difference	.87912	.91242
		9 Lower	-1.57340	-1.66120
		5 Upper	1.89980	1.98760
value4	Levene's Test for Equality of Variances t-test for Equality of Means	F	.719	
		Sig.	.398	
		t	.494	.522
		df	155	71.712
		Sig. (2-tailed)	.622	.604
		Mean Difference	.30487	.30487
		Std. Error Difference	.61762	.58460
		9 Lower	-.91517	-.86058
		5 Upper	1.52490	1.47032

5. CONCLUSION AND IMPLICATIONS OF THE STUDY

This chapter provides a discussion of both the suggested and final versions of the model, along with a discussion of the test results. Contributions of the research and the managerial implications will follow. The limitations the directions for future research will also be addressed at the end of the chapter.

5.1. Summary Discussion of the Results

This research is based on an empirical study which is conducted to examine the attitude of consumers toward Price Discounts in the process of purchasing. The Three Component Attitude model (Solomon, 2007; Schiffman and Kanuk, 2007) has been taken as the model of forming the attitude toward price discounts in two groups of products-dairy products and cleaning detergents and the Standard Learning Hierarchy (SLH) (Solomon, 2007) was assumed as the underlying structure of the model. SLH assumes that consumers are highly involved in making a purchase decision and they follow the steps of cognition, affection and conation in a sequence.

In the first stage of the original model, consumers were believed to form beliefs and perceptions about the price discounts on the basis of how they were informed of and how they perceived the discounts. The level of both their involvement in purchase of and their proneness to discounts in prices of the above listed products were also parts of the cognitive stage. The perceptions and knowledge of consumers regarding the concepts of value and utility are also determinants of the cognitive stage.

The stage of affection is the process of forming feelings about discounts in the prices of two product groups. Here, the Loyalty variable is added to the original model and the consumers are assumed to evaluate their approaches toward price discounts in the light of their loyalty-price sensitivity relationship for two product groups.

Finally, based on this evaluation, in the stage of conation, consumers are believed to come to a decision regarding their attitude toward price discounts. Their behavior to purchase or not to purchase the discounted products was not part of the model and hence, it was not measured at all.

Having in mind that the SLH is the most common model of attitude formation (Solomon, 2007; Schiffman and Kanuk, 2007), the test of the assumption that the respondents would move through the stages of cognition, affection and conation was the main concern of the research. The additional objectives were to test the potential influence of both shopping psychographics and demographic characteristics of respondents on attitude towards purchase. The effects of different consumer psychographics like Price Consciousness, Deal Proneness, Value Consciousness, Purchase Involvement and Comparison Shopping in the Cognitive stage; Loyalty Proneness in the Affective Stage and Purchase Intention in the Conative Stage were examined. Additionally, the effect of the concept of Ideal Brand was proposed in the stages of both Affection and Conation on the attitude formation of respondents toward Price Discounts. Finally the potential influence of demographics of the respondents on both shopping psychographics and attitude formation process were also tested.

In the context of consumers' use of price-oriented promotions based on the literature review, the hypotheses have been conceptualized in the model which was structured following the factor analysis in parallel to the perceptions of respondents. The objective was to test the possible relationships among the factors in the framework of the cognitive-affective-conative model and to search for the potential influence of some consumer traits on this model. Following the regression analysis, the revised model has been proposed and it was seen that the original hypothetical model had to be revised.

The most important revision is that respondents expressed their priorities for the variables of Sale proneness, Value consciousness, Deal Proneness and Mavenism in their process of forming their Attitude influencing intention to purchase (Attitude toward price discounts). In the context of this survey and the sample selected, it is clearly proposed that customers do care for price discounts and respondents agreed that customers' cognition has the priority in the process of decision making when they are offered a price discount. The customers are receptive to price deals and customers consciously care about the value of the deals. Loyalty, as the affective component was seen to be broken down by the elements of price discount effects. In other words, the assumed sequence of the SLH was not approved since there was no "affect" factor in the list of priorities. Especially related to dairy products and household cleaning products, where the manufacturers have been concentrating on building brand loyalty, the results of the study made it clear that especially within the middle and lower socio-economic classes price promotions have become the major stimulating tool. Being exposed to all the advertising activities focused on brand building, it was surprising for consumers and yet informative for both groups of companies in the chain that loyalty has disappeared as an effective factor on the way to attitude formation towards price discounts.

5.2. Implications of the Study

One of the contributions is that some important demographics of customers have been defined and their influence on forming attitudes and the variables affecting this formation have been investigated. In this context, gender, age and the family size did not seem to be significantly important to influence the attitude components determining intention to purchase. Only elderly groups (55+) seemed to be different than the other groups of respondents as far as some of the independent variables were considered.

Education seemed to be having different impacts on Mavenism, Deal proneness and Value consciousness but not on the Attitude formation. Regarding the employment status of the respondents, it has been found that for all the respondents, employment had no significant impact on all the variables. Finally, this study has implications for both manufacturers and retailers to influence their consumers in the process of taking advantage of price related sales promotions. The expectation is that these suggestions and the following managerial implications will help them.

The managerial implications of the study from the exploratory research are no secret to the members of the retail chains in Turkey. Both manufacturers and retailers are aware of the facts that both number and market share of traditional retailers in Turkey are shrinking. Due to the structure of the organized retail sector, as they call themselves, the power of few retailers are increasing and they take every single opportunity to exercise this power. Sales promotions and especially price discounts are the main tools of these retailers in establishing their own networks of loyal suppliers and consumers. Being the major decision makers regarding price campaigns, retailers usually expect manufacturers to approve their sales promotion decisions. This expectation may be based on mutual agreements with large multinational suppliers and both parties may collaborate in pricing and positioning their products. But for small, local manufacturers, this is not the case. Having accepted that the invoices of inserts and/or discounted prices from retailers will be paid eventually, manufacturers take those payments as a cost of securing shelf spaces in addition to the increased sales turnovers. What is motivating in this relationship is that retailers have been quite objective as far as the selection of the products are concerned. Either category leaders or the products that can create significant store traffic or the promising ones with great competitive advantages are selected to be either in inserts or to

be promoted with lowered prices. This is a challenge to the manufacturers in order for them to position their advantageous products compared to the ones with less benefits.

As a conclusion of the explorative study conducted with the executives of some leading manufactures and retailers, the most important finding was that the members of the retail chain in Turkey consider price oriented sales promotions as a part of the complex network of relationships among themselves. Both parties enjoy the benefits of significant sales turnovers due to lowered prices although there has not been much research about either planning or evaluating stages of promotional campaigns. The forecast regarding the future of the issue is that the competition will be tougher as new products /imports will be fighting for the limited shelf spaces. In case some global retailers enter the Turkish market, as some keep hoping for, the present competitive situation will not get any easier if not get tougher.

The managerial implications of the consumer survey are quite clear that consumers make their purchasing decisions cognitively. In other words, consumers use their mental processes of knowing, perceiving, reasoning and judging regarding their attitudes toward price discounts. This conclusion that consumers do base their decisions about discounted prices on their knowledge needs to be taken into consideration by the managers with great concern. One of the most important outcomes is that “price discounts need to be marketed in a direct way through the central routes of assumingly highly involved consumers”. Depending on the targeted segments, there may be different ways of focusing on the potential benefits of discounts. Front pages of inserts distributed to the right consumers may also be effective to get their attention.

As a second step, assuming that consumers have the knowledge regarding the discounted prices, comparative ads may be efficient to emphasize the additional value provided. Having all the store facilities and the staff organized just to make it easier for the

customers to purchase already available inventory of the lower priced products will be appreciated by the cognitively oriented customers.

5.3. Limitations of the Research

The limitation of this study is the fact that the attitudes of consumers with respect to price discounts/sales promotions only within the dairy products and cleaning detergents have been analyzed. In case of searching for the attitudes towards different groups of products like durable products, the findings would probably have been different depending on the type of the product group. It is also true that dairy products and cleaning detergents are both used and purchased usually by the same members of families. Although purchasing agents may have different levels of involvement for dairy and cleaning products, it is still a low probability that consumers may have very strong reasons to differentiate brands in each group. This has created some difficulties in the process of searching for the “ideal brand” preferences of the respondents. In fact, as most of the respondents did not fill in this question, this part of the research model was deleted from the final model.

Since the general Socio Economic Status (SES) structure of Turkey was intended to be reflected in the sample, majority of the respondents needed to be drawn from class C1 and C2. This was one of the reasons for relatively high rates of missing responses to some questions. This rate is very high, 170 out of 354 cases, for the last question in the questionnaire asking for the SES characteristics of respondents. The main reason for such a high rate can be the difficulty of remembering details about employment and education status of preceding generations. However, the mentioned question has been designed and announced as an indicator of SES grouping to be used by the researchers in Turkey by the Association of Researchers, prepared by AC Nielsen in 2006.

5.4. Directions for Future Research

Sales promotions in general, and price promotions, in particular, have always been one of the major tools used by sales personnel in Turkey with various objectives. Like in the rest of the world, the primary objective is usually an expected increase in short term sales which can be used to fulfill some of the managerial expectations like budget realization or keeping the competition out of market. Yet, many companies, local or international fail to evaluate their sales promotion programs. The most common evaluation method is to compare sales figures before, during and after a promotion. This is mainly due to the difficulty of keeping many other variables constant in the social context of the market but some measurement tools can be developed by using certain coefficients and by comparing the changes of these coefficients in time in order to be able to judge the efficiency of price discount promotions.

A better way of evaluating sales promotions may be through experiments that change promotional variables like incentive value, or duration of the promotion. Both of these evaluation methods are attractive topics to be searched.

According to Lal, Rao, Khan and McAllister, many industry experts (Lal, Rao, 1997; Khan, McAllister, 1997) call for more effective and cost efficient promotions that rely less on price but on nonmonetary promotions that offer hedonic benefits instead of monetary promotions that offer utilitarian benefits. This may also be more appropriate for brand building. This, rather socio-cultural, topic also deserves attention to be researched.

Since pricing optimization makes it possible to use differential price policies in different regions, it is important to search how consumers react to various applications of price discrimination among geographical regions. Although this is not a new issue to Turkish consumers because of the diversified economic and social structure of population

especially in big cities, further research may study how a customer would react if s/he found a bottle of milk on sale at two different prices at two different Migros stores.

The impact of promoted product on nonpromoted ones has not been investigated in detail. Moriarty (1985) and Walters (1988) examined the subjects of brand substitution and complementarities across product categories. These authors found some relationship between retail promotions and both brand substitution and sales of complementary products. Since no research about this subject has been done in Turkey, it may be for benefit of both retailers and category managers to investigate the above topic in detail.

In a country like Turkey where the consumer market consists of very different groups of consumers with different expectations and beliefs due to their different backgrounds, consumer segmentation is an essential starting point for retailers. “Deal proneness” may be one of the effective segmentation bases and this classification may even lead to introduce new sales promotion methods like couponing into relatively unorganized retail business of Turkey. Considering the success of many global firms in Turkey, such new promotional tools may be helpful to increase the share of organized retail sector. Thus, new sales promotion applications may be researched especially by the foreign retailers/manufacturers that plan to get a better market share of this relatively new and unorganized retail market in Turkey.

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APPENDICES

APPENDIX 1: The List of the Companies and Executives Interviewed

Sütaş	Marketing Manager	Zeki Bilsel
P&G	Purchasing Dept.	Fatih Hoşver
Pınar	Product Manager- Kido	Eren Can Ata.
Ülker	Sales Manager	Enver Yelkenci
Kopaş	Marketing Manager	Murat Onuk
Cola Turka-Ülker	Marketing Manager	Gürsal Gürarda
Carrefour	Marketing Manager- Supermarkets	Bora Tanrıkulu
Migros	Purchasing Dept. Purchasing Dept.	Mahmut Kaya Serhat İlkiz

APPENDIX 2: The In-Depth Interview Questions

Perakendeci Mülakat Notları

Görüşülen kişi:

Tarih:

- Genel olarak Satış promosyonu ve fiyat indirim promosyonu (kampanyası) uygulamasını nasıl değerlendiriyorsunuz? Fiyat indirim kampanyalarının genelde perakendeci firma imajını nasıl etkilediğini düşünüyorsunuz? Fiyat indirim kampanyaları firmanızın imajı ile örtüşüyor mu?
- Fiyat indirimi kararları hangi yetkililerce alınıyor? İndirime konulacak ürünlerin tespiti, indirim oranlarının tespiti, indirim zamanlamasının tespiti?
- Genelde Perakendeciler fiyat indirimi kararlarını alırken nelere dikkat ediyorlar? Öncelikli beklentileri nedir? Firmanızın bu konuda farklı bir yaklaşımı/misyonu varmı?
 - Yıllık, aylık satış hedeflerinin tutulması
 - Rekabete karşı tedbir alma
 - Genel ekonomik şartlar
- Hangi tür ürünlerde fiyat indirimi uygulanıyor?
 - Yeni ürün piyasaya sürerken
 - Mevsimlik ürünler
 - Hayat eğrisinde olgunluk şamasına gelmiş ürünler (Eski teknoloji, eski moda, stok eritme)
- İndirim uygulamaları tüm mağazalarda aynen geçerli oluyormu? Bölgesel uygulamalar varmı?
- İndirim kararlarında rekabetin etkisi nedir?

- Fiyat indirimlerini nasıl duyuruyor, erişim oranlarını nasıl ölçüyor (!), fiyat indirimlerinin sonuçlarını nasıl belirliyorlar?
- Perakendecilerin indirim konusunda üreticilerle ortak çalışmaları varmı? Varsa bu çerçevede uzun vadeli planlar geliştiriliyormu? Üretici ve perakendecilerin "güç dengeleri" indirim uygulamalarına nasıl yansıyor?
- Tüketicilerin indirimlere tepkisi ölçüldümü? Bu konuda bir çalışma varmı? Tüketicilerin fiyat indirimlerini nasıl algıladığına dair bir ölçüm yapıldımı?
- Genel olarak pazarlama araçları içinde reklam/satış promosyonu/fiyat indirim kampanyaları dengesi nasıl? Bu dengenin zaman içinde nasıl değişeceğini düşünüyorsunuz?

Üretici Mülakat Notları

Görüşülen kişi:

Tarih:

- Genel olarak Satış promosyonu ve fiyat indirim promosyonu (kampanyası) uygulamasını nasıl değerlendiriyorsunuz? Fiyat indirim kampanyalarının genelde üretici firma imajını nasıl etkilediğini düşünüyorsunuz? Fiyat indirim kampanyaları firmanızın imajı ile örtüşüyormu?
- Fiyat indirimi kararları hangi yetkililerce alınıyor? Bu konuda oluşmuş bir firma standardı varmı? İndirime konulacak ürünlerin tespiti, indirim oranlarının tespiti, indirim zamanlamasının tespiti?
- Genelde üreticiler fiyat indirimi kararlarını alırken nelere dikkat ediyorlar? Öncelikli beklentileri nedir? Firmanızın bu konuda farklı bir yaklaşımı/misyonu varmı?
 - Yıllık, aylık satış hedeflerinin tutulması
 - Rekabete karşı tedbir alma
 - Genel ekonomik şartlar
- Bazı ürünlerin fiyatlarında yapılan indirim diğer ürünleri nasıl etkiliyor? Hangi tür ürünlerde fiyat indirimi uygulanıyor?
 - Yeni ürün piyasaya sürerken
 - Mevsimlik ürünler
 - Hayat eğrisinde olgunluk şamasına gelmiş ürünler (Eski teknoloji, eski moda, stok eritme)
- İndirim uygulamaları tüm dağıtıcılarda aynen geçerli oluyormu? Bölgesel uygulamalar varmı? Perakendecilerde ve bayilerde farklı fiyat uygulamaları oluyormu? BİM, ŞOK? Discount mağazalarda geçerli fiyatlara üretici firma olarak müdahale imkanı varmı? Hedef kitlenin farklılaşması nasıl sağlanıyor?

- İndirim kararlarında rekabetin etkisi nedir? (Her firmanın sürekli piyasa fiyatlarını topladığını biliyorum)
- Fiyat indirimlerini nasıl duyuruyor, erişim oranlarını nasıl ölçüyor(!), fiyat indirimlerinin sonuçlarını nasıl belirliyorlar?
- Üreticilerin indirim konusunda perakendecilerle ortak çalışmaları varmı? Varsa bu çerçevede uzun vadeli planlar geliştiriliyormu? Üretici ve perakendecilerin "güç dengeleri" indirim uygulamalarına nasıl yansıyor? Bayi ve diğer dağıtıcıların (zincir mağazalar) etkileri nasıl?
- Tüketicilerin indirimlere tepkisi ölçüldümü? Bu konuda bir çalışma varmı?
Tüketicilerin fiyat indirimlerini nasıl algıladığına dair bir ölçüm yapıldımı? Sizce tüketiciler indirim kararlarını kimin (üretici /perakendeci) aldığını düşünüyorlar?
- Fiyat indirim kampanyalarının müşteri sadakatini nasıl etkilediğini düşünüyorsunuz?
Bu konuda yapılan ölçümler varmı?
- Genel olarak pazarlama araçları içinde reklam/satış promosyonu/fiyat indirim kampanyaları dengesi nasıl? Bu dengenin zaman içinde nasıl değişeceğini düşünüyorsunuz? Şirketinizin bu konudaki tavrı nasıl?

APPENDIX 3: Statistics about the Retail Sector of Turkey.

Table : Number of Retailers in Turkey

	Number of Retailers									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total	225226	222739	212287	205764	202515	206299	206296	205320	203218	203290
	2135	2421	2979	3640	4005	4242	4809	5545	6474	7221
Hypermarkets <2500 m2	91	110	129	149	151	143	152	160	164	178
Large SPM 1000-2500 m2	210	251	306	357	368	367	396	454	504	568
SPM 400-1000 m2	464	567	726	835	909	968	1082	1258	1567	1712
Small SPM <400 m2	1370	1493	1818	2299	2577	2764	3179	3673	4239	4763
Market 50-100 m2	12192	13247	13232	13210	13555	14537	15197	15076	14775	14875
Groceries <50 m2	155420	148925	136763	128580	122342	124283	122781	120397	116857	115221
Total Markets	169747	164593	152974	145430	139902	143062	142787	141018	138106	137317
Buffet	10367	11074	10775	10567	11185	11476	11971	11813	12100	12032
Dry Fruit vend.	16782	17211	18681	19846	20909	20324	19481	19713	20632	22152
Pharmacy	11190	11354	11561	11792	11986	12197	12450	12722	12905	13027
Perfumery	3565	3541	3336	3153	3096	3218	3188	3124	2959	2879
Photo shop	10758	11207	10790	10500	10687	11135	11155	10968	10662	10271
Gas station mar	2817	3759	4170	4476	4750	4887	5264	5962	5854	5612
Total Specialized	55479	3759	4170	4476	4750	4887	5264	5962	5854	5612

Source: AC Nielsen. 2007 figures are projections.

Table : Shares of Sales Turnover (%)

	Total Market (%)		Food Product (%)		Cleaning Products(%)		Personal Care Products (%)	
	2005	2006	2005	2006	2005	2006	2005	2006
Total	100	100	100	100	100	100	100	100
Hyp+Large SPM +SPM+Small SPM	51.5	52.4	44.6	45.4	78.9	80.0	75.1	76.3
Hypermarkets <2500 m2	9.4	9.3	7.7	7.6	17.3	17.0	14.4	14.8
Large SPM 1000-2500 m2	12.0	11.3	10.2	9.4	18.0	17.1	18.9	18.1
SPM 400-1000 m2	14.7	15.1	13.0	13.3	21.7	22.7	20.2	20.8
Small SPM <400 m2	15.4	16.7	13.7	15.0	21.9	23.3	21.6	22.5
Markets 50-100 m2	7.3	6.8	8.1	7.6	4.7	4.2	4.3	3.9
Grocery stores <50 m2	30.8	30.5	35.6	35.3	16.2	15.7	12.0	11.9
Total Markets	89.6	89.7	88.4	88.3	99.8	99.9	91.4	92.0
Buffet	4.5	4.6	5.7	5.8			0.3	0.3
Dry fruit vendor	0.8	0.7	0.2	0.2	0.1	0.1	4.0	3.6
Pharmacy	3.7	3.7	4.7	4.8			0.2	0.2
Perfumery	0.6	0.5					4.2	4.0
Photo shop	0.0	0.1						
Gas station market	0.8	0.7	1.0	0.9				
Total-Special Markets	10.4	10.4	11.6	11.7	0.1	0.1	8.6	8.0

Source: AC Nielsen

Table : Shares of Sales Turnover (%)

	Total Market (%)	Food Product(%)	Cleaning Products(%)	Personal Care Products (%)
Total	2003	2004	2005	2006
	100	100	100	100
Hyp+Large SPM +SPM+Small SPM	47.0	48.8	51.5	52.4
Hypermarkets <2500 m2	10.4	10.0	9.4	9.3
Large SPM 1000-2500 m2	11.5	11.5	12.0	11.3
SPM 400-1000 m2	12.3	13.4	14.7	15.1
Small SPM <400 m2	12.8	13.8	15.4	16.7
Markets 50-100 m2	8.1	7.7	7.3	6.8
Grocery stores <50 m2	33.1	32.1	30.8	30.5
Total Markets	88.2	88.6	89.6	89.7
Buffet	4.1	4.0	4.5	4.6
Dry fruit vendor	4.3	4.4	0.8	0.7
Pharmacy	1.2	1.0	3.7	3.7
Perfumery	0.6	0.6	0.6	0.5
Photo shop	0.8	0.6	0.0	0.1
Gas station market	0.7	0.7	0.8	0.7
Total-Special Markets	11.7	11.4	10.4	10.4

Source: AC Nielsen

2007 figures are projections.

The data is relevant for 91 product groups only.

SPM: Supermarket

Tobacco products are excluded.

APPENDIX 4: The Measurement Instrument (Final version) in Turkish

İSTANBUL HALKI ALIŞVERİŞ ALIŞKANLIKLARI ARAŞTIRMASI SORU FORMU

ANKET NO:

S.1. Evinizde süt / süt ürünleri alışverişini, çoğunlukla kim yapar?

K.1

- | | |
|---|---------------------------|
| 1 > Çoğunlukla, ben yaparım | Soru 2. ile devam lütfen |
| 2 > Çoğunlukla, eşim yapar | Ankete son verebilirsiniz |
| 3 > Çoğunlukla, ailemizin diğer fertleri yapar | Ankete son verebilirsiniz |
| 4 > Eşimle birlikte yaparız | Soru 2. ile devam lütfen |
| 5 > Ben ve ailemizin diğer üyeleri birlikte yaparız | Soru 2. ile devam lütfen |

S.2. Evinizde deterjan vb temizlik malzemeleri alışverişini, çoğunlukla kim yapar?

K.2

- | | | |
|---|----|---------------------------|
| 1 > Çoğunlukla, ben yaparım | => | Soru 3. ile devam lütfen |
| 2 > Çoğunlukla, eşim yapar | => | Ankete son verebilirsiniz |
| 3 > Çoğunlukla, ailemizin diğer fertleri yapar | => | Soru 3. ile devam lütfen |
| 4 > Eşimle birlikte yaparız | => | Soru 3. ile devam lütfen |
| 5 > Ben ve ailemizin diğer üyeleri birlikte yaparız | => | Soru 3. ile devam lütfen |

S.3. Süt ve sütü ürünler alışverişlerinizi, genellikle nereden yaparsınız?

K.3

- | | | |
|---------------------|----|---------------------------|
| 1 > Semt pazarından | => | Ankete son verebilirsiniz |
| 2 > Bakkaldan | => | Ankete son verebilirsiniz |
| 3 > Süpermarketten | => | Soru 3. ile devam lütfen |
| 4 > Hipermarketten | => | Soru 3. ile devam lütfen |

S.4. Hangi marketlerden süt ve sütü ürünler satın alırsınız? 1'den çok cevap olabilir

K.4

- | | | |
|----------------|-----------------|-------------------|
| 1 > Baymar | 7 > Diasa | 13 > Macrocenters |
| 2 > Beğendik | 8 > Endi | 14 > Maxi |
| 3 > BİM | 9 > Gima | 15 > Metro |
| 4 > Birmar | 10 > İsmar | 16 > Migros |
| 5 > Carrefour | 11 > Kiler | 17 > Şok |
| 6 > Championsa | 12 > Kopuzlar | 18 > Tansaş |
| 19> Yimpaş | 20> Uğur Center | 21> Real |
| 22> Namlı | | |

Diğer => Ankete son verebilirsiniz

S.5. Deterjan vb temizlik malzemesi alışverişlerinizi, genellikle nereden yaparsınız?
K.5.

- | | | |
|---------------------|----|---------------------------|
| 1 > Semt pazarından | => | Ankete son verebilirsiniz |
| 2 > Bakkaldan | => | Ankete son verebilirsiniz |
| 3 > Süpermarketten | => | Soru 3. ile devam lütfen |
| 4 > Hipermarketten | => | Soru 3. ile devam lütfen |

S.6. Hangi marketlerden deterjan vb temizlik malzemesi satın alırsınız? 1 'den çok cevap olabilir
K.6.

- | | | | |
|----------------|-----------------|-------------------|---------------|
| 1 > Baymar | 7 > Diasa | 13 > Macrocenters | |
| 2 > Beğendik | 8 > Endi | 14 > Maxi | |
| 3 > BİM | 9 > Gima | 15 > Metro | Soru 7. devam |
| 4 > Birmar | 10 > İsmar | 16 > Migros | |
| 5 > Carrefour | 11 > Kiler | 17 > Şok | |
| 6 > Championsa | 12 > Kopuzlar | 18 > Tansaş | |
| 19> Yimpaş | 20> Uğur Center | 21> Real | |
| 22> Namli | | | |

Diğer => Ankete son verebilirsiniz

BÖLÜM 2 : MARKET ZİYARETLERİ

S.7. Süt ve sütlü ürünler alışverişleriniz için en sık gittiğiniz market hangisidir? K.7.

SADECE TEK CEVAP LÜTFEN !

- | | | |
|----------------|-----------------|-------------------|
| 1 > Baymar | 7 > Diasa | 13 > Macrocenters |
| 2 > Beğendik | 8 > Endi | 14 > Maxi |
| 3 > BİM | 9 > Gima | 15 > Metro |
| 4 > Birmar | 10 > İsmar | 16 > Migros |
| 5 > Carrefour | 11 > Kiler | 17 > Şok |
| 6 > Championsa | 12 > Kopuzlar | 18 > Tansaş |
| 19> Yimpaş | 20> Uğur Center | 21> Real |
| 22> Namli | | |

S.8. Deterjan vb temizlik malzemesi alışverişleriniz için en sık gittiğiniz market hangisidir? K.8

SADECE TEK CEVAP LÜTFEN

- | | | |
|--------------|-----------|-------------------|
| 1 > Baymar | 7 > Diasa | 13 > Macrocenters |
| 2 > Beğendik | 8 > Endi | 14 > Maxi |

- | | | |
|----------------|-----------------|-------------|
| 3 > BİM | 9 > Gima | 15 > Metro |
| 4 > Birmar | 10 > İsmar | 16 > Migros |
| 5 > Carrefour | 11 > Kiler | 17 > Şok |
| 6 > Championsa | 12 > Kopuzlar | 18 > Tansaş |
| 19> Yimpaş | 20> Uğur Center | 21> Real |
| 22> Namli | | |

S.9. Söz konusu ürünler için alışveriş sıklığınız nedir?

	SÜT VE SÜTLÜ ÜRÜNLER İÇİN	DETERJAN VB TEMİZLİK MALZEMELERİ İÇİN
	K.9	K.10
Hergün	1	1
Haftada iki-üç kez	2	2
Haftada bir	3	3
Onbeş günde bir	4	4
Ayda bir	5	5

S.10. Süt ve sütü ürünlerin yoğunlukla satın aldığınız marketi, tercih etme nedenlerinizi ve bu nedenlerin önem düzeylerini belirtir misiniz?

Hiç Önemli Değil		Önemsiz		Ne önemli, Ne önemsiz		Önemli		Çok Önemli	
1	2	3	4	5	6	7	8	9	10
Evinize yakın olması						K.11	(.....)		
Ulaşım kolaylığı						K.12	(.....)		
Evlere servis olması						K.13	(.....)		
Mağaza içi düzenlemenin alışveriş kolaylığı sağlaması						K.14	(.....)		
Otopark olması						K.15	(.....)		
Ürün çeşitliliği						K.16	(.....)		
Marka çeşitliliği						K.17	(.....)		
Ürünlerin daha kaliteli olması						K.18	(.....)		
Üreticilerin güvenilirliği						K.19	(.....)		
Fiyatların uygunluğu						K.20	(.....)		
Alışkanlık						K.21	(.....)		
Mağaza kartı olması						K.22	(.....)		
Promosyonların sıklığı						K.23	(.....)		
Personelin tutumu						K.24	(.....)		
Kasaların daha hızlı/ çok olması						K. 25	(.....)		
Mağaza temizliği						K.26	(.....)		
Müşteri kitlesi						K.27	(.....)		
Mağazanın güvenilirliği						K.28	(.....)		
İnternet üzerinden satış						K.29	(.....)		

S.11. Deterjan vb temizlik malzemelerini yoğunlukla satın aldığınız marketi, tercih etme nedenlerinizi ve bu nedenlerin önem düzeylerini belirtir misiniz?

Hiç Önemli Değil		Önemsiz		Ne önemli, Ne önemsiz		Önemli		Çok Önemli		
1	2	3	4	5	6	7	8	9	10	
Evinize yakın olması						K.30	(.....)			
Ulaşım kolaylığı						K.31	(.....)			
Evlere servis olması						K.32	(.....)			
Mağaza içi düzenlemenin alışveriş kolaylığı sağlaması						K.33	(.....)			
Otopark olması						K.34	(.....)			
Ürün çeşitliliği						K.35	(.....)			
Marka çeşitliliği						K.36	(.....)			
Ürünlerin daha kaliteli olması						K.37	(.....)			
Üreticilerin güvenilirliği						K.38	(.....)			
Fiyatların uygunluğu						K.39	(.....)			
Alışkanlık						K.40	(.....)			
Mağaza kartı olması						K.41	(.....)			
Promosyonların sıklığı						K.42	(.....)			
Personelin tutumu						K.43	(.....)			
Kasaların daha hızlı/ çok olması						K.44	(.....)			
Mağaza temizliği						K.45	(.....)			
Müşteri kitlesi						K.46	(.....)			
Mağazanın güvenilirliği						K.47	(.....)			
İnternet üzerinden satış						K.48	(.....)			

BÖLÜM 3 : ÜRÜN TERCİHLERİ

BURADA, AŞAĞIDAKİ KUTU İÇERİKLERİNİ OKUYUN LÜTFEN !

MARKET MARKASI : Zincir mağazaların, kendi adları ile üretilen ve satışa sunulan ürünlerdir. (Tansaş Pirinç gibi)

ÜRETİCİ MARKASI : Üretici firmalar tarafından markalanmış ürünlerdir. (Eti Gofret gibi)

S.12-a Market markalarından en sık satın aldığınız **süt /süt ürünü** (yoğurt, ayran, peynir, tereyağı) marka ve ürün hangisidir? **TEK CEVAP Lütfen!**

Market markası almıyorsanız : 1 Hiç Almıyorum

k.49

S.12-b Üretici markalardan en sık satın aldığınız **süt /süt ürünü (yoğurt, ayran, peynir, tereyağı)** marka ve ürün hangisidir? **TEK CEVAP**

Üretici markası almıyorsanız : 1 Hiç almıyorum

k.50

12-a Market markası 1 : (Yazınız)51

Tercih nedenlerinizi “**en önemli neden: 1** **en az önemli neden: 3**” olmak üzere sıralayınız.

Ürünlerin daha kaliteli olması	K.52	(.....)
Marka güvenilirliği	K.53	(.....)
Fiyatların uygunluğu	K.54	(.....)
Alışkanlık	K.55	(.....)
Mağaza kartı olması	K.56	(.....)
Promosyonların sıklığı	K.57	(.....)
Diğer.....	K.58	(.....)

12-b Üretici markası 1 : (Yazınız)k.59

Tercih nedenlerinizi “**en önemli neden: 1** **en az önemli neden: 3**” olmak üzere sıralayınız.

Ürünlerin daha kaliteli olması	K.60	(.....)
Marka güvenilirliği	K.61	(.....)
Fiyatların uygunluğu	K.62	(.....)
Alışkanlık	K.63	(.....)
Mağaza kartı olması	K.64	(.....)
Promosyonların sıklığı	K.65	(.....)
Diğer.....	K.66	(.....)

S.13-a Market markalarından en sık satın aldığınız **Ev içi temizlik ürünü (yüzey temizlik deterjanı, elde ve makinada bulaşık deterjanı, çamaşır deterjanı)** marka ve ürün hangisidir? **TEK CEVAP Lütfen!**

Market markası almıyorsanız : 1 Hiç almıyorum

k.67

S.13-b Üretici markalardan en sık satın aldığınız **Ev içi temizlik ürünü (yüzey temizlik deterjanı, elde ve makinada bulaşık deterjanı, çamaşır deterjanı)** marka ve ürün hangisidir? **TEK CEVAP Lütfen!**

Üretici markası almıyorsanız : 1 Hiç almıyorum

k.68

S.13-a Market markası:(Yazınız) k.69		
Tercih nedenlerinizi “ en önemli neden: 1 en az önemli neden: 3 ” olmak üzere sıralayınız:		
Ürünlerin daha kaliteli olması	K.70	(.....)
Marka güvenilirliği	K.71	(.....)
Fiyatların uygunluğu	K.72	(.....)
Alışkanlık	K.73	(.....)
Mağaza kartı olması	K.74	(.....)
Promosyonların sıklığı	K.75	(.....)
Diğer	K.76	(.....)

S.13-b Üretici markası 1 : (Yazınız)K.77		
Tercih nedenlerinizi “ en önemli neden: 1 en az önemli neden: 3 ” olmak üzere sıralayınız:		
Ürünlerin daha kaliteli olması	K.78	(.....)
Marka güvenilirliği	K.79	(.....)
Fiyatların uygunluğu	K.80	(.....)
Alışkanlık	K.81	(.....)
Mağaza kartı olması	K.82	(.....)
Promosyonların sıklığı	K.83	(.....)
Diğer	K.84	(.....)

BÖLÜM 4 : İDEAL MARKA

- S.14.**En sık kullandığınız **süt/sütlü ürün** markasının hangi özelliklerin eksik olduğunu düşünüyorsunuz? K.85
- 1 > Promosyonu az/yok
 - 2 > Kullanım kolaylığı/ambalaj kolaylığı
 - 3 > Fiyat indirimi az/yok
 - 4 > Farklı alternatifler (tat/gramaj/diet)
 - 5 > Uzun ömür
 - 6 > Eksik olduğunu düşünmüyorum

- S.15.** En sık kullandığınız “**ev içi temizlik deterjanı**” markasının hangi özelliklerin eksik olduğunu düşünüyorsunuz ? K.86
- 1 > Promosyonu az/yok
 - 2 > Kullanım kolaylığı/ambalaj kolaylığı
 - 3 > Fiyat indirimi az/yok
 - 4 > Farklı alternatifler (koku/gramaj/diet)
 - 5 > Saklanabilirlik
 - 6 > Eksik olduğunu düşünmüyorum

BÖLÜM 5 : ALIŞVERİŞ ALIŞKANLIKLARI

S.16. Şimdi size alışveriş alışkanlıklarınızla ilgili bazı cümleler okuyacağım. Bu cümlelere / ifadelere katılma düzeyinizi lütfen belirtiniz.

Kesinlikle katılmıyorum		Katılmıyorum		Ne katılıyorum, ne katılmıyorum		Katılıyorum		Kesinlikle katılıyorum	
1	2	3	4	5	6	7	8	9	10
Tercih ettiğim markalar olsa bile çoğunlukla fiyat indirimi yapılan ürünleri satın alırım								K.87	(.....)
Paramın tam karşılığını alabilmek için sabırla araştırma yaparım								K.88	(.....)
Fiyatı indirilmiş olan ürünlerden, alabildiğim kadar satın alırım								K.89	(.....)
Düşük fiyatlı ürünleri tercih etsem de, satın alacaklarım bazı kalite standartlarını karşılamalıdır								K.90	(.....)
Satın aldığım süt ve süt ürünleri markalarını sık sık değiştiririm								K.91	(.....)
Alışveriş yaparken verdiğim paranın karşılığında en kaliteli ürünü almaya çalışırım								K.92	(.....)
Fiyatları indirilmiş ürünleri satın almak, beni rahatlatır								K.93	(.....)
Eğer birisi bana farklı ürünler için en avantajlı alışverişini nerede yapabileceğini sorarsa ona nereye gideceğini söyleyebilirim								K.94	(.....)

Kesinlikle katılmıyorum		Katılmıyorum		Ne katılıyorum, ne katılmıyorum		Katılıyorum		Kesinlikle katılıyorum	
1	2	3	4	5	6	7	8	9	10
Hep aynı mağazalardan alışveriş ederim								K.95	(.....)
Normalde satın alamayacağım ürünleri sadece indirimde oldukları için aldığım olmuştur								K.96	(.....)
İnsanlar farklı ürünlerin fiyatları ile ilgili benden bilgi isterler								K.97	(.....)
Fiyat indirimlerini takip ederek ciddi tasarruf yapmak mümkündür								K.98	(.....)
Fiyat indirimleri ile yapılan tasarruf genellikle harcanan zaman ve emeğe değermez								K.99	(.....)
Alışveriş yaparken, fiyat karşılaştırmalarını "kg/litre birim fiyatı" bazında yaparım								K.100	(.....)
Fiyatlar konusunda uzman sayılırım								K.101	(.....)
Arkadaşıma yeni ürün ve markalar öneririm								K.102	(.....)
Alışveriş ederken "avantajlı fiyat kampanyaları bulacağım" diye zamanımı israf edemem								K.103	(.....)
Etiket üzerinde yapılan indirim, ürünü satın alma kararımı kolaylaştırır								K.104	(.....)
İndirim ne kadar olursa olsun, indirimde konulmuş ürünleri almak beni sevindirir								K.105	(.....)
Sadece daha avantajlı fiyatlar için kesinlikle başka mağazaları da dolaşmam								K.106	(.....)
İndirimdeki ürünleri satın almak, bana, tasarrufun ötesinde, ayrı bir tatmin verir								K.107	(.....)
Satın alacağım ürünlerin fiyatlarını kontrol ederim								K.108	(.....)
Çoğunlukla, alışverişimi nerede yapacağımı kararlaştırmadan önce farklı süpermarket /hipermarket fiyatlarını karşılaştırırım								K.109	(.....)
Satın aldığım bir ürünün sonradan indirimde girdiğini öğrendiğimde rahatsız olmam								K.110	(.....)
İnsanlara çok sayıda ürün hakkında bilgi vererek yardımcı olurum								K.111	(.....)
Fiyatı yüksek olan ürünlerin kalitesi daha iyidir								K.112	(.....)

Arkadaşlarım yeni ürünler ve satışlar hakkında, benim iyi bir bilgi kaynağı olduğumu bilirler	K.113	(.....)
Farklı ürünler, mağazalar ve satışlar hakkında bilgi sahibiyim ve bu bilgiyi paylaşmaya hazırım	K.114	(.....)
Gazetelerin verdiği indirim eklerini her zaman incelerim	K.115	(.....)
Alışveriş yaparken, paramın karşılığını aldığımdan emin olmak isterim	K.116	(.....)
Bir ürünün fiyatının indirilmiş olması, o ürünün satın alınması için yeterlidir	K.117	(.....)
İnsanlara fiyatlar konusunda bilgi vererek yardımcı olmayı seviyorum	K.118	(.....)
Başkalarına oranla, çok sayıda ürünün en iyi nereden alınabileceği konusunda daha bilgiliyimdir	K.119	(.....)
İnsanlar indirimde olan ürünleri satın almalıdır	K.120	(.....)
Bir marka veya ürünü sevdiğimde ona sadık kalırım	K.121	(.....)
Fiyat indirim kampanyalarını her zaman takip ederim	K.122	(.....)
Aynı üründen daha ucuzunu bulabilmek için özel bir çabaya girmem	K.123	(.....)
Satın aldığım deterjan markalarını sık sık değiştiririm	K.124	(.....)
Alışverişimi sadece fiyatlar indirildiğinde yaparım	K.125	(.....)
Satın alamayacağım ürünleri sadece indirimde oldukları için aldığım olmuştur	K.126	(.....)
Diğer ürünlerde indirim olsa bile ben yine de alıştığım markayı satın alırım	K.127	(.....)
Fiyat indirimi olan ürünleri, ihtiyacım olmadığı halde planladığım zamandan daha önce satın alabilirim	K.128	(.....)
Daha önce hiç denemediğim ürünleri, indirimde oldukları için satın alabilirim	K.129	(.....)
Fiyat indirimleri konusunda olduğu kadar ürün kalitesi konusunda da duyarlıyım	K.130	(.....)
Arkadaşlarım ürün fiyatları hakkında beni iyi bir bilgi kaynağı olarak bilirler	K.131	(.....)
İndirimdeki bir ürünü satın aldığımda, iyi bir alışveriş yapmış olduğumu düşünürüm	K.132	(.....)
Fiyatları indirilen ürünleri satın alma olasılığım daha yüksektir	K.133	(.....)
Sürekli satın aldığım favori markalarım vardır	K.134	(.....)

BÖLÜM 6 : DEMOGRAFI

- D.1.** Cinsiyetiniz : 1 > Erkek 2 > Kadın K.135
- D.2.** Yaşınız : (Yazınız) : K.136
- D.3.** Medeni haliniz : 1 > Evli 3 > Dul K.137
2 > Bekar 4 > Boşanmış
- D.4.** Ailenizde beraber oturduğunuz kişi adedi (kendiniz hariç) (Yazınız) : K.138
- D.5.** Hanenize giren toplam aylık net gelir (maaş, faiz, kira vb gelirler dahil) K.139
1 > 0-500 YTL
2 > 501 YTL-1.000.-YTL arası 7> 3.001.- 3.500.-YTL arası
3 > 1.001.- 1.500.-YTL arası 8> 3.501.- 4.000.-YTL arası
4 > 1.501.- 2.000.-YTL arası 9> 4.001.-YTL ve üstü
5 > 2.001.- 2.500.-YTL arası 10 >Cevap yok
6 > 2.501.- 3.000.-YTL arası

D.6. Aşağıdaki soruyu lütfen kendiniz için yanıtlayın

K.140

Çalışmıyorum	Öğrenciyim	1
	İşsizim, sürekli bir işim yok	2
	Ev kadınıyım	3
	Eğitimle kazanılmış bir uzmanlığım var	4
Zihinsel Çalışıyorum	Mesleki eğitimim var - serbest	5
	Mesleki eğitimim var – ücretli	6
	Mesleki eğitimim yok - serbest	7
	Mesleki eğitimim yok - ücretli	8
Bedensel Çalışıyorum	Mesleki eğitimim var - serbest	9
	Mesleki eğitimim var – ücretli	10
	Mesleki eğitimim yok - serbest	11
	Mesleki eğitimim yok - ücretli	12

D.7. Aşağıdaki soruyu lütfen kendiniz için yanıtlayın

K.141

Üniversite,yüksek lisans-doktora-tıpta uzmanlık vb.	1
Üniversite normal	2
Üniversite ,açıköğretim	3
Yüksekokul (2 yıllık)	4
Lise normal	5
Lise meslek	6
Ortaokul	7
İlkokul	8
Eğitimsiz	9

EĞİTİM	Hane Reisi K.142	Hane Reisi nin		Hane Reisi nin Eşi K.145	Hane Reisinin eşinin	
		Babası K.143	Annesi K.144		Babası K.146	Annesi K.147
Üniversite,yüksek lisans-doktora-tıpta uzmanlık vb.	1	1	1	1	1	1
Üniversite normal	2	2	2	2	2	2
Üniversite ,açıköğretim	3	3	3	3	3	3
Yüksekokul (2 yıllık)	4	4	4	4	4	4
Lise normal	5	5	5	5	5	5
Lise meslek	6	6	6	6	6	6
Ortaokul	7	7	7	7	7	7
İlkokul	8	8	8	8	8	8
Eğitimi yok	9	9	9	9	9	9

İŞ-MESLEK (Emekliler için emekli olunan meslek)	Hane Reisi	Hane Reisi nin		Hane Reisi nin Eşi	Hane Reisi nin eşinin	
		Babası	Annesi		Babası	Annesi
ÇALIŞMIYOR	K. 148	K. 149	K. 150	K. 151	K. 152	K. 153
Ev kadını	1		1	1		1
İşsiz,sürekli işi yok	2	2	2	2	2	2
Eğitimle kazanılmış meslek-uzmanlık varsa	3	3	3	3	3	3
ÇALIŞIYOR						
Zihinsel						
Mesleki eğitimi var-serbest	4	4	4	4	4	4
Mesleki eğitimi var-ücretli	5	5	5	5	5	5
Mesleki eğitimi yokserbest	6	6	6	6	6	6
Mesleki eğitimi yok ücretli	7	7	7	7	7	7
Bedensel						
Mesleki eğitimi var-serbest	8	8	8	8	8	8
Mesleki eğitimi var-ücretli	9	9	9	9	9	9
Mesleki eğitimi yokserbest	10	10	10	10	10	10
Mesleki eğitimi yok ücretli	11	11	11	11	11	11

APPENDIX 5: The Measurement Instrument (version 2) in English

İSTANBUL HALKI ALIŞVERİŞ ALIŞKANLIKLARI ARAŞTIRMASI SORU FORMU

Questionnaire no:

- S.1.** Who does shopping for milk and dairy products at home ?
- | | | |
|--|----|---|
| 1 > I do, most of the time | => | Go to Q.2, please |
| 2 > My spouse, most of the time | | Please stop filling out the questionnaire |
| 3 > Other family members, most of the time | | Please stop filling out the questionnaire |
| 4 > My spouse and I do | => | Go to Q.2, please |
| 5 > Other family members and I do | => | Go to Q.2, please |
- S.2.** Who does shopping for cleaning detergents at home ?
- | | | |
|--|----|---|
| 1 > I do, most of the time | => | Go to Q.2, please |
| 2 > My spouse, most of the time | | Please stop filling out the questionnaire |
| 3 > Other family members, most of the time | | Please stop filling out the questionnaire |
| 4 > My spouse and I do | => | Go to Q.2, please |
| 5 > Other family members and I do | => | Go to Q.2, please |
- S.3.** Where do you usually shop for milk and dairy products
- | | | |
|-------------------|----|---|
| 1 > Open market | | Please stop filling out the questionnaire |
| 2 > Grocery store | | Please stop filling out the questionnaire |
| 3 > Supermarket | => | Go to Q.4, please |
| 4 > Hypermarket | => | Go to Q.4, please |
- S.4.** At what store do you usually shop milk and dairy products? More than 1 answer allowed.
- | | | | |
|----------------|------------------|-------------------|-------------------|
| 1 > Baymar | 7 > Diasa | 13 > Macrocenters | |
| 2 > Beğendik | 8 > Endi | 14 > Maxi | |
| 3 > BİM | 9 > Gima | 15 > Metro | Go to Q.5.please. |
| 4 > Birmar | 10 > İsmar | 16 > Migros | |
| 5 > Carrefour | 11 > Kiler | 17 > Şok | |
| 6 > Championsa | 12 > Kopuzlar | 18 > Tansaş | |
| 19 > Yimpaş | 20 > Uğur Center | 21 > Real | |
| 22 > Namlı | | | |
- Other => Please stop filling out the questionnaire.
- S.5.** Where do you usually shop for cleaning detergents products

- 1 > Open market
- 2 > Grocery store
- 3 > Supermarket
- 4 > Hypermarket

Please stop filling out the questionnaire
Please stop filling out the questionnaire
=> Go to Q.6, please.
=> Go to Q.6, please

S.6. At what store do you usually shop cleaning detergent products? More than 1 answer allowed.

- | | | | |
|----------------|-----------------|-------------------|--------------------|
| 1 > Baymar | 7 > Diasa | 13 > Macrocenters | |
| 2 > Beğendik | 8 > Endi | 14 > Maxi | |
| 3 > BİM | 9 > Gima | 15 > Metro | Go to Q.7, please. |
| 4 > Birmar | 10 > İsmar | 16 > Migros | |
| 5 > Carrefour | 11 > Kiler | 17 > Şok | |
| 6 > Championsa | 12 > Kopuzlar | 18 > Tansaş | |
| 19> Yimpaş | 20> Uğur Center | 21> Real | |
| 22> Namlı | | | |

Other => Please stop filling out the questionnaire.

SECTION 2 : MARKET VISITS

S.7. Which one is the most frequently visited store for dairy shopping?

Only one choice, please !

- | | | |
|----------------|-----------------|-------------------|
| 1 > Baymar | 7 > Diasa | 13 > Macrocenters |
| 2 > Beğendik | 8 > Endi | 14 > Maxi |
| 3 > BİM | 9 > Gima | 15 > Metro |
| 4 > Birmar | 10 > İsmar | 16 > Migros |
| 5 > Carrefour | 11 > Kiler | 17 > Şok |
| 6 > Championsa | 12 > Kopuzlar | 18 > Tansaş |
| 19> Yimpaş | 20> Uğur Center | 21> Real |
| 22> Namlı | | |

S.8. Which one is the most frequently visited store for ceaning detergents shopping? 8

Only one choice, please !

- | | | |
|--------------|-----------|-------------------|
| 1 > Baymar | 7 > Diasa | 13 > Macrocenters |
| 2 > Beğendik | 8 > Endi | 14 > Maxi |
| 3 > BİM | 9 > Gima | 15 > Metro |

- | | | |
|----------------|-----------------|-------------|
| 4 > Birmar | 10 > İsmar | 16 > Migros |
| 5 > Carrefour | 11 > Kiler | 17 > Şok |
| 6 > Championsa | 12 > Kopuzlar | 18 > Tansaş |
| 19> Yimpaş | 20> Uğur Center | 21> Real |
| 22> Namlı | | |

S.9. What is your frequency of visits for the above mentioned products?

	MILK/DAIRY PRODUCTS	DETERGENTS /CLEANING PRODUCTS
	K.9	K.10
Everyday	1	1
Two/three times/week	2	2
Once a week	3	3
Once every two weeks	4	4
Once a month	5	5

S.10. Can you please list and grade the reasons for choosing the most shopped store for dairy products?

Not important at all		Unimportant		Neither important, nor unimportant		Important		Very important	
1	2	3	4	5	6	7	8	9	10
Close to my house							K.11	(.....)	
Easy to get there							K.12	(.....)	
Home service							K.13	(.....)	
The store layout makes it easy to shop							K.14	(.....)	
Availability of parking lot							K.15	(.....)	
Product variety							K.16	(.....)	
Brand variety							K.17	(.....)	
Better quality of products							K.18	(.....)	
Trustably producers							K.19	(.....)	
Reasonable prices							K.20	(.....)	
Being used to							K.21	(.....)	
Availability of sore card							K.22	(.....)	
Higher frequency of promotions							K.23	(.....)	
Behaviors of sales staff							K.24	(.....)	
Faster cashiers							K.25	(.....)	
Clean stores							K.26	(.....)	
Other shoppers							K.27	(.....)	
Trustable stores							K.28	(.....)	
Availability of on-line sale alternatives							K.29	(.....)	

S.11. Can you please list and grade the reasons for choosing the most shopped store for detergents and cleaning material?

Not important at all			Unimportant		Neither important, nor unimportant		Important		Very important	
1	2	3	4	5	6	7	8	9	10	

Close to my house	K.30	(.....)
Easy to get there	K.31	(.....)
Home service	K.32	(.....)
The store layout makes it easy to shop	K.33	(.....)
Availability of parking lot	K.34	(.....)
Product variety	K.35	(.....)
Brand variety	K.36	(.....)
Better quality of products	K.37	(.....)
Trustably producers	K.38	(.....)
Reasonable prices	K.39	(.....)
Being used to	K.40	(.....)
Availability of sore card	K.41	(.....)
Higher frequency of promotions	K.42	(.....)
Behaviors of sales staff	K.43	(.....)
Faster cashiers	K.44	(.....)
Clean stores	K.45	(.....)
Other shoppers	K.46	(.....)
Trustable stores	K.47	(.....)
Availabilty of on-line sale alternatives	K.48	(.....)

SECTION 3 : PRODUCT PREFERENCES

PLEASE ! READ THE CONTENTS OF THE BOXES BELOW !

PRIVATE BRAND : Brands have produced by the reatilers with their names
(LikeTansaş rice)

PRODUCER BRAND : Brands produced by manufacturers. (Like Eti Gofret)

S.12-a What is the most frequently purchased private brand dairy product (milk, ayran, yoghurt, cheese, butter ? **A SINGLE ANSWER, PLEASE!!**

If you do not purchase any private brand product at all : 1 No purchase at all.

S.12-b What is the most frequently purchased producer brand dairy product (milk, ayran, yoghurt, cheese, butter product and its brand ? **A SINGLE ANSWER, PLEASE!!**

If you do not purchase any private brand product at all : 1 No purchase at all.

12-a Private label product 1 : (Please write the product and the brand)

Please mark your reasons for preference **“the most important reason: the least important reason: 3”**

Better quality products	K.52	(.....)
Trusted brands	K.53	(.....)
Better prices	K.54	(.....)
Being used to	K.55	(.....)
Availability of store card	K.56	(.....)
More frequent promotions	K.57	(.....)
Other.....	K.58	(.....)

12-b Producer brand 1 : (Please write)

Tercih nedenlerinizi **“en önemli neden: 1 en az önemli neden: 3”** olmak üzere sıralayınız.

Better quality products	K.60	(.....)
Trusted brands	K.61	(.....)
Better prices	K.62	(.....)
Being used to	K.63	(.....)
Availability of store card	K.64	(.....)
More frequent promotions	K.65	(.....)
Other.....	K.66	(.....)

S.13-a What is the most frequently purchased private brand indoor cleaning product (laundry detergent, floor detergent, automatic and manual dishwasher detergent)? **A SINGLE ANSWER, PLEASE!!**

If you do not purchase any private brand product at all : 1 No purchase at all.

S.13-b What is the most frequently purchased indoor cleaning producer brand (laundry detergent, floor detergent, automatic and manual dishwasher detergent)? **A SINGLE ANSWER, PLEASE!!**

If you do not purchase any producer brand product at all : 1 No purchase at all

S.13-a Private brand (Please write)
--

Please mark your reasons for preference **“the most important reason: the least important reason: 3”**

Better quality products	K.70	(.....)
Trusted brands	K.71	(.....)
Better prices	K.72	(.....)
Being used to	K.73	(.....)
Availability of store card	K.74	(.....)
More frequent promotions	K.75	(.....)
Other.....	K.76	(.....)

S.13-b Producer brand 1 : (Please, write)

Please mark your reasons for preference **“the most important reason: the least important reason: 3”**

Better quality products	K.78	(.....)
Trusted brands	K.79	(.....)
Better prices	K.80	(.....)
Being used to	K.81	(.....)
Availability of store card	K.82	(.....)
More frequent promotions	K.83	(.....)
Other.....	K.84	(.....)

SECTION 4 : IDEAL BRAND

S.14. What attributes of the most frequently purchased dairy product brand are missing, do you think ?

- 1 > Sales promotion are less / missing?
- 2 > Product / package user friendly
- 3 > Price discounts are missing / less
- 4 > Various alternatives (taste / size / diet)
- 5 > Long shelf life
- 6 > Nothing missing

S.15. What attributes of the most frequently purchased indoor cleaning product brand are missing, do you think ?

- 1 > Sales promotion are less / missing?
- 2 > Product / package user friendly
- 3 > Price discounts are missing / less
- 4 > Various alternatives (taste / size / diet)
- 5 > Long shelf life
- 6 > Nothing missing

SECTION 5 : SHOPPING HABITS

S.16. Please, kindly state if your agreement with the following sentences about your shopping habits .

Absolutely disagree		Disagree		Neither agree nor disagree		Agree		Absolutely agree	
1	2	3	4	5	6	7	8	9	10
I have favorite brands, but most of the time I buy the brand that is on sale								K.87	(.....)
I look carefully to find the best value for the money								K.88	(.....)
I buy as much as possible at sale prices								K.89	(.....)
I generally shop around for lower prices on products but they still must meet certain quality requirement before I will buy them.								K.90	(.....)
I regularly change dairy product brands I buy								K.91	(.....)
When purchasing a product, I always try to maximize the quality I get for the money I spend								K.92	(.....)
Buying products with cents-off deals makes me feel good								K.93	(.....)
If someone asked me where to get the best buy on several types of products, I could tell him or her where to shop.								K.94	(.....)
I go to the same stores each time I shop								K.95	(.....)
Price discounts have caused me to buy products I normally would not buy.								K.96	(.....)
People ask me for information about prices for different types of products								K.97	(.....)
Price deals can save a shopper a lot of money								K.98	(.....)
The money saved by finding lower prices is usually not worth the time and effort								K.99	(.....)
When I shop, I usually compare the “price per ounce” information for brands I usually buy,								K.100	(.....)
I am considered somewhat of an expert when it comes to knowing the prices of products.								K.101	(.....)
I like introducing new brands and products to my friends								K.102	(.....)
I don't like to waste a lot of time trying to get good deals on groceries.								K.103	(.....)
I am more likely to buy a brand if it has a cents-off deal on the label								K.104	(.....)
I enjoy buying products with cents-off deals, regardless of the amount I save by doing so								K.105	(.....)
I would never shop at more than one store to find lower prices.								K.106	(.....)
Beyond the money I save, buying products with cents-off deals gives me a sense of joy								K.107	(.....)
I check the prices of the products I buy.								K.108	(.....)
I compared the prices of different stores before finally deciding where to do most of my grocery shopping.								K.109	(.....)
I am usually not annoyed when I find out I could have bought something cheaper than I did.								K.110	(.....)
I like helping people by providing them with information about many kinds of products								K.111	(.....)
Generally speaking, the higher the price of the product, the higher the quality								K.112	(.....)
My friends think of me as a good source of information when it comes to new products or sales.								K.113	(.....)
I know a lot of different products, stores, and sales and I like sharing this information.								K.114	(.....)
I check shopping inserts of newspapers.								K.115	(.....)

When I buy a product, I like to be sure that I am getting money's worth	K.116	(.....)
If a product is on sale, that can be a reason for me to buy it	K.117	(.....)
I like helping people by providing them with price information about many types of products.	K.118	(.....)

For many kinds of products, I would be better able than most people to tell someone where to shop to get the best buy	K.119	(.....)
One should try to buy the brand that is on sale	K.120	(.....)
Once I find a product or brand I like, I stick with it	K.121	(.....)
I usually watch the advertisements for announcements of sales	K.122	(.....)
I am not willing to go extra effort to find lower prices for the same product	K.123	(.....)
I regularly change cleaning product brands I buy	K.124	(.....)
I usually purchase items on sale only	K.125	(.....)
Price discounts have caused me to buy products I normally would not buy.	K.126	(.....)
I usually buy the same brand even when I have a discount on other brands.	K.127	(.....)
A discount can allow me to buy the product earlier than planned	K.128	(.....)
A discount can allow me to buy a product which I have never tried before.	K.129	(.....)
I am very concerned about low prices but I am equally concerned about product quality	K.130	(.....)
My friends think of me as a good source of price information	K.131	(.....)
When I buy a brand that is on sale, I feel that I am getting a good deal	K.132	(.....)
I am more likely to buy brands that are on sale	K.133	(.....)
I am more likely to buy brands that are on sale	K.134	(.....)

SECTION 6 : DEMOGRAPHICS

D.1. Your gender : 1 > Male 2 > Female

D.2. Your age : (Please, write) :

D.3. Marital status : 1 > Married 2 > Single 3 > Widow 4 > Divorced

D.4. The number of household members living together (Excluding yourself) (Please write) :
.....

D.5. Total/net /monthly income of your household (Including salary, interest revenue, rent, etc.)

1 > 0-500 YTL

2 > 501 YTL-1.000.-YTL

3 > 1.001.- 1.500.-YTL

4 > 1.501.- 2.000.-YTL

7> 3.001.- 3.500.-YTL

8> 3.501.- 4.000.-YTL

9> 4.001.-YTL and above

5 > 2.001.- 2.500.-YTL 10 >No answer
6 > 2.501.- 3.000.-YTL arası

D.6. Please answer the following question for yourself: I am.....

Unemployed	a student	1
	unemployed with no permanent employment	2
	housewife	3
	trained and have an expertise	4
Employed- White collar	trained- free lance	5
	trained- on a wage	6
	not trained - free lance	7
	not trained – on a wage	8
Employed- Blue collar	trained- free lance	9
	trained- on a wage	10
	not trained - free lance	11
	not trained – on a wage	12

D.7. Please answer the following question for yourself

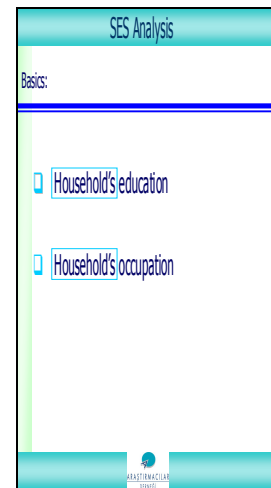
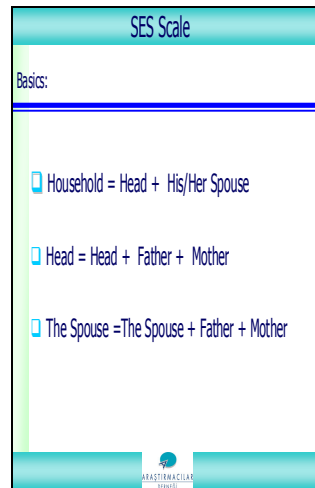
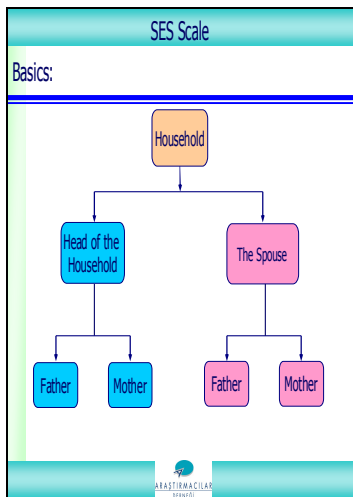
Completed graduate study	1
Completed undergraduate study	2
Completed distance education undergraduate study	3
Completed a two-year-undergraduate study	4
High School	5
High School-Technical	6
Secondary School	7
Primary School	8
No Education	9

D8. Please answer the following question for yourself

EDUCATION	Household Head	His/her		Spouse of Household Head	His/her	
		Father	Mother		Father	Mother
Completed graduate study	1	1	1	1	1	1
Completed undergraduate study	2	2	2	2	2	2
Completed distance education undergraduate study	3	3	3	3	3	3
Completed a two-year-undergraduate study	4	4	4	4	4	4
High School	5	5	5	5	5	5
High School-Technical	6	6	6	6	6	6
Secondary School	7	7	7	7	7	7
Primary School	8	8	8	8	8	8
No Education	9	9	9	9	9	9

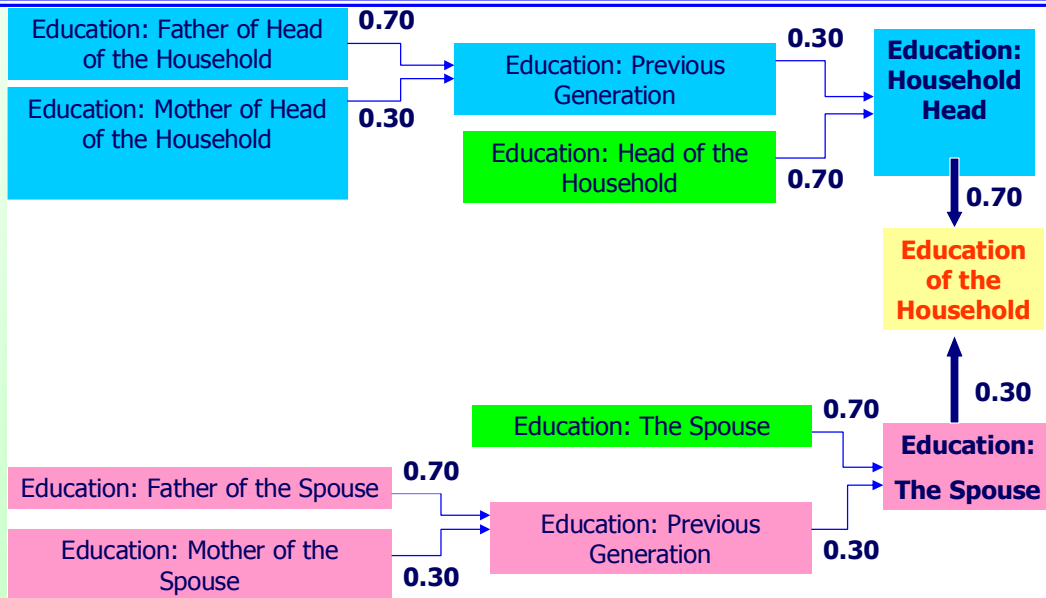
OCCUPATION-JOB	Household Head	His/her		Spouse of Household Head	His/her	
		Father	Mother		Father	Mother
UNEMPLOYED						
Housewife	1		1	1		1
unemployed with no permanent employment	2	2	2	2	2	2
If trained with an expertise	3	3	3	3	3	3
EMPLOYED						
White collar						
trained- free lance	4	4	4	4	4	4
trained- on a wage	5	5	5	5	5	5
not trained - free lance	6	6	6	6	6	6
not trained – on a wage	7	7	7	7	7	7
Blue collar						
trained- free lance	8	8	8	8	8	8
trained- on a wage	9	9	9	9	9	9
not trained - free lance	10	10	10	10	10	10
not trained – on a wage	11	11	11	11	11	11

APPENDIX 6 – The Classification of SES Groups as Proposed by the Association of Researchers.



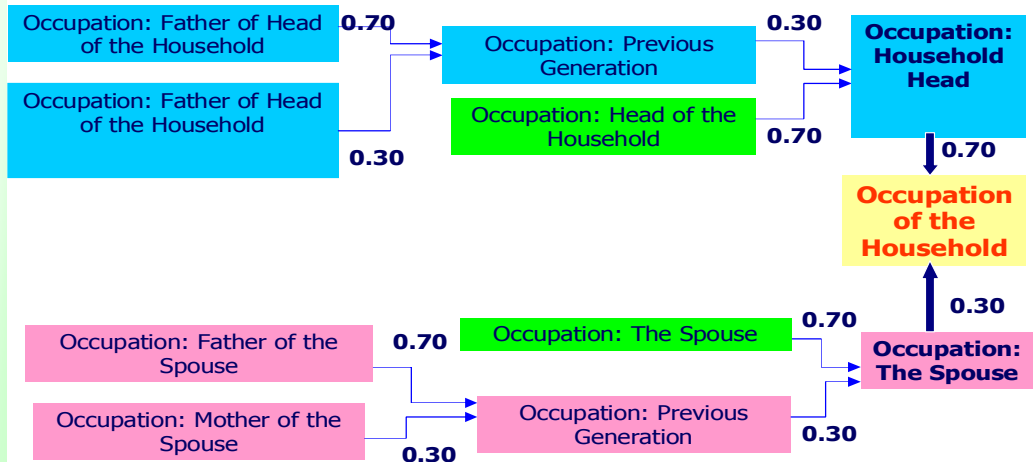
SES Analysis

Household's education



SES Analysis

Household's Occupation



SES Analysis		
Education Scores		
Education Level	The Household Head and the Spouse	Previous Generation
Graduate Degree, Masters, Ph.D., Specialized MD, etc.	30	60
University	20	40
University / Distance Education	15	22,5
Two-year College	13	19,5
High School / Normal	10	15
High School / Technical	7	10,5
Secondary School	5	5
Primary School	0	0
No Education	-5	-5

SES Analysis		
Occupation Scores		
Occupational Status	Household Head, The Spouse, the Parents	Grade
Not employed	<input type="checkbox"/> Housewife	0
	<input type="checkbox"/> Unemployed, No continuous employment	-10
	<input type="checkbox"/> Had training and specialized	11
Employed	<input type="checkbox"/> White collar	
	<input type="checkbox"/> Trained professionally-Free Lance	23
	<input type="checkbox"/> Trained professionally-Wage based	20
	<input type="checkbox"/> Not Trained – Free Lance	17
	<input type="checkbox"/> Not Trained –Wage based	14
	<input type="checkbox"/> Blue collar	
	<input type="checkbox"/> Trained professionally-Free Lance	13
	<input type="checkbox"/> Trained professionally-Free Lance	10
	<input type="checkbox"/> Not Trained – Free Lance	3
	<input type="checkbox"/> Not Trained –Wage based	0

SES Çalışması	
SES Groups	
SES Groups	Grade
A	33 and above
B	(12) - (33)
C1	(2) - (12)
C2	(-2) - (2)
D	(-7) - (-2)
E	-7 and below

SES Analysis			
SES Groups-Turkey			
	Urban (%)	Rural (%)	Total(%)
A	1.5	0.0	1.1
B	12.2	2.2	9.1
C1	23.3	8.9	18.9
C2	31.8	31.2	31.6
D	23.3	40.3	28.5
E	7.9	17.4	10.8