PRICE PROMOTION, QUALITY AND BRAND LOYALTY

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Thesis Advisor
Lars WITELL

Seren URUN         861116-T244
ABSTRACT

This thesis depicts how price promotion influences customer brand loyalty and buying behavior in the context of the retail industry. The influence of price promotions was studied by interviewing twenty customers and analyzing their answers. Price promotions are a critical marketing method: by conducting a retailer survey and analyzing several academic papers, I scrutinized the relationship between price promotions and brand loyalty, and the effects of price promotion on customer decisions during the time of purchase. Based on previous research and empirical data analysis, I found that price promotions do not influence customer brand loyalty. This sort of marketing activity satisfies consumers, but this alone is not enough to improve brand loyalty. The most popular marketing strategy is promotion, which is frequently used in order to increase an awareness of product and brand. Today's consumers are quite knowledgeable about promotional activities. They know that the primary aim of promotion is to boost the brand and the product instead of rewarding customer loyalty. I also found that price promotion pushes customers to buy more than they would have otherwise. They tend to stockpile products for future use, especially if the products in question are non-perishables and/or long lasting. Finally, my research shows that a brand’s external appearance and the history of an individual brand in terms of price promotion are important issues for customers. Sometimes customers hesitate about a promoted product’s quality. Professional promotion management and a professional external appearance can reduce any prejudice and/or any reluctance to buy a specific brand.
ACKNOWLEDGEMENTS

There are many people who supported me throughout my studying and the writing of this thesis. They all deserve to be named here.

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INTRODUCTION

In this chapter, the focus will be on general information about promotion. This will be followed by a problem analysis focusing on sales promotion, in particular price promotion and its effect on customer buying behavior and brand loyalty in the retail (grocery) industry. In addition, this chapter will outline the purpose of the study and my three research questions.

1.1 Background of study

Today, business life constitutes a domain that is highly dynamic and competitive and the companies aggressively focus on selling products and creating their own target group of customers. To be successful in a competitive environment, many companies take into consideration different sales techniques, like promotion. Promotion is the one of the most essential elements of marketing communications. It is defined as the communication method that marketers use including such activities as advertising, public relation, personal selling and sales promotion. (Gordon et al. 2011)

Companies spend immense amounts of money on promotions. These expenses may be a direct result of coupons, rebates, contests or an indirect result of payments to store owners or retailers to display or promote a product at a reduced price. Many researchers are investigating customer responses to sales promotions to discover the most effective methods of facilitating customer brand loyalty.

Sales promotions, which are a key element of promotional techniques, are designed to be used short term to increase customer interest in a brand. Their effectiveness depends on whether the company uses correct sales promotion techniques, compatible with the company’s product portfolio (Kotler, 2003).

Sales promotions have gained importance over the past few years. Companies now allocate large budgets for promotional activities. According to Kotler (2003), promotions can be described as stimulations and rewards which lead customers to buy now rather than later. They are short-term tools which trigger buyer actions; their effect on sales revenues can be measured quickly and easily. Sales promotions may be a company’s initial strategy, but the company may revise its decision to rely on this strategy, especially if it is falling behind in achieving its target sales (Kotler, 2003).
In day-to-day transactions, managers pay special attention to sales promotions and may start to question whether sales promotion tools, like the price promotions currently being used, increase product value.

This thesis investigates the effects of price promotions in the retail industry on customers. When customers go to supermarkets or grocery stores, they see a variety of products and brands, in addition to various sales promotions applied to boost sales of these very products. Its variety of products and brands means the retail industry is a highly suitable business sector in which to analyze how sales promotions influence customers' buying behavior and brand loyalty.

Generally, groceries and/or supermarkets use price promotions because these types of sales promotions have traditionally focused on convenience goods (Zerres & Hünerberg, 2009). According to Hess & Gerstner (1991), distributors and/or manufacturers frequently offer deals to customers; their main purpose is to positively influence customer demand.

From my perspective, price is one of the key tools every store has to positively or negatively influence customers. Customers range considerably: some are more sensitive to price and others are more sensitive to quality or brand. We know some people who do their weekly shopping in three or four stores just to find the lowest prices and we know others who do their weekly shopping in one place.

This raises an important topic. If a company uses price promotions successfully, will a store generate more customers as a consequence than it would otherwise in the course of its usual daily operations? If a store’s customers only buy when a company offers special prices related to promotional activities, are they loyal customers? Is price promotion ultimately effective in changing the brand decisions of customers?

Some research says that, when used correctly, price promotion triggers customers brand loyalty. In contrast, other research claims the opposite and is against price promotions, asserting that when the price promotion ends, customers quickly return to their old brand and a company’s sales rate drops back to the old level (Srinivasan et al., 2002).
1.2 Purpose of study

This study examines customer response to price promotional activities in the retail (grocery) industry. In what follows, I will try to contribute to accepted knowledge of price promotion and its effect on customer brand loyalty. The main purpose of the thesis is to describe and analyze how customer behavior and brand loyalty are influenced by price promotions. The basic assumption is that price promotions have the power to impact customer buying decisions and brand loyalty. This power is becoming more and more important and it is increasingly evident in every area of business.

The specific research questions of this study are:

How do price promotions influence customer buying decisions and brand loyalty?

How do price promotions influence customer perceptions of the quality of specific goods?

How do customers feel when they see their regular brand has price promotion?

1.3 Definition of Terms

Promotion is one of the key elements of communication in developing a company message to stimulate awareness of, interest in, and purchase of its various products and services (Kotler, 2003). The Marketing Mix, referred to as the "4Ps" (price, promotion, place, and product), involves promotion which performs a central role in increasing sell rate and the attention of costumers. Promotion is defined as an action-focused marketing activity whose main purpose is formulated by brands to create a strong impact on customers and encourage them to make a purchase or participate in a product trial (Kotler, 2003).

Companies perform promotions, which involve advertising, sales promotions, sales people and public relations, in order to spread the message and increase attention pertaining to the interest consumers display for a particular company. Promotion cannot be effective if it cannot reach the target market (Kotler, 2003).

Every company should research and employ promotion strategies corresponding to its sector and product range. Rosenbloom (1999) defines promotion as a “controlled, integrated program of communications methods and materials designed to present a company and its products to prospective customers; to communicate need-satisfying attributes of products towards the end of facilitating sales and thus contributing to long-run profit performance.”
Promotional strategy plays a pivotal role in marketing. It provides a mutually beneficial exchange between producer and consumers of goods, services, and ideas. Both sides benefit when a company applies promotional strategies properly; both are be damaged when a company misapplies the strategy. Promotional strategy should focus on consumer needs and the company should integrate its activities to satisfy those needs (Engel et al., 1991).

Over the last few decades, sales promotion has been one of the most exciting areas in the domain of promotional strategy. The American Marketing Association defines it as encompassing “those marketing activities, other than personal selling, advertising, and publicity that stimulate consumer purchasing and dealer effectiveness and as media and non-media marketing pressure applied for a predetermined, limited period of time at the consumer, retailer or wholesaler level in order to stimulate trial, increase consumer demand or improve product availability” (Engel et al., 1991).

The literature presents many definitions of sales promotion. Every author formulates his or her own definition and each has points of commonality. Peattie & Peattie (1994) define sales promotion as “marketing activities usually specific to a time period, place or customer group, which encourage a direct response from consumer or marketing intermediaries, through the offer of additional benefits.”

Kotler (2006) conceptualizes sales promotion as a “short-term incentive to encourage the purchase or sale of a product or service.” There are many types of sales promotions. This research is based on sales promotions that cut prices or add value to products, commonly known as price promotions. These promotion techniques give customers the concept of a reduced price, in conjunction with a favorable financial deal. They are important marketing techniques for (grocery) retailers. Price promotion is the most frequent instrument used to attract customers and/or to increase sales (Millin & Cummins, 1989).

Some customers desire one brand over another: this is an intriguing subject of marketing which offers an important basis for developing a sustainable competitive advantage. Researchers focus on price promotion to explain its effect on customer brand loyalty and consumption behaviors (Richards & Allender, 2009). The relationship between brand loyalty and pricing strategies is not well understood. Brand loyalty has been described as “consumers’ attitude or behavior that directly effects the consumption decision and thereby
determines retailers’ optimal pricing strategies. In most models brand loyal behavior is either defined by the maximum price differential consumers are willing to accept before they switch to price reduced brands (degree of loyalty) and/or by the size of the loyal consumer segments (extent of loyalty). Brands might differ with respect to the level of loyalty and/or the size of their loyal consumer segment” (Empen et al, 2011).
THEORETICAL FRAMEWORK

This chapter gives an overview of the literature and models related to the research questions in the introduction. The aim of this thesis is to describe and analyze how customer behavior and brand loyalty are influenced by price promotions. Therefore this chapter reviews theories on price promotion, brand loyalty and the link between them.

2.1 Sales Promotion

According to Peattie & Peattie (1994a), sales promotions are defined as “marketing activities usually specific to a time period, place or customer group which encourage a direct response from consumers or marketing intermediaries through the offer of additional benefits.”

The traditional definition of sales promotions says that they motivate customers on a short-term basis to purchase a company’s products. Promotions provide a reason for customers to buy products immediately. Therefore, promotions are only valid for short time periods (Schultz et al., 1998).

The more strategic definition of sales promotions pertains to realizing their role in overall brand building processes: sales promotions are marketing tactics for communication used by companies to change the price/value relationship of products and/or services perceived by the brand target group, thereby generating immediate sales and altering long-term brand value. This definition emphasizes two important points: 1) sales promotions motivate the buyer to purchase products immediately, either by lowering prices or by adding value. 2) Sales promotions work on a direct behavioral level rather than a conscious one. In addition, this description stresses the concept of a target audience. It means that sales promotions should be directed at a specific target group of customers rather than an entire population (Schultz et al., 1998).

Sales promotions usually have fewer long-term effects than other marketing tactics. They may not change the customer’s overall opinion about a product or brand, but they lead them to purchase. They are a kind of bargain which the company provides customers. In this instance, companies offer a better than normal deal to customers, altering the price/value, which means adding something of value to the product. For example, this includes giving related items to
customers in the same package. It also means lowering prices and perhaps offering coupons or rebates (Schultz et al., 1998).

Sales promotions include a wide variety of tools--coupons, contests, price reductions, premium offers, free goods, and more. Each has specific qualities. Their goal is to attract consumer attention, provide information, and to lead customers to buy products. Sales promotion tools are used by companies to invite and reward a quick response (Kotler et al., 2007).

Sales promotions mostly focus on monetary sales promotions such as discounts on shelf-price, coupons, rebates, and price packs. These promotions are intended to immediately reward the consumer and they are all transactional. Non-monetary sales promotions contain such elements as sweepstakes, free gifts and loyalty programs; these tend to involve delayed rewards and are more relationship-based. To assess the effectiveness of sales promotions, it is essential to examine both types, transactional and relationship-based/non-monetary. Sales promotions provide customers with many benefits. The most important and obvious one is monetary saving (Kwak & Uncles, 2005).

Furthermore, sales promotions are categorized into two main groups by Peattie & Peattie (1994): value increasing promotions (price-based promotions) and value adding promotions (non-price promotions).

Value increasing promotions are related to price, which a company sets in deals with its customers, like coupons or refund offers. These kinds of promotions change the price or quality to increase the value of the offering. In market literature, value increasing promotions are predominantly used. Value adding promotions offer something extra bundled to customers. Free gifts, complementary products, and sweepstakes are all examples of value adding promotions.

In table 1, you can see categories involving price-based promotions and non-price promotions.
Sales promotions are increasingly important for companies. Marketing resources are allocated for promotional tools which comprise a significant portion of a company’s entire public relations expenditure. For example, research shows that investment in sales promotions in the U.S. amounts to nearly 30 percent of what companies spend on advertising alone, while many European companies spend far more on sales promotions than they do on their advertising budgets (d’Astous & Jacob, 2002).

During sales promotions, sales rates may significantly increase as a result of exiting customers buying more products than usual or accelerating their buying behavior. Some research supports the notion that sales increases for the most part come from existing customers who tend to continue to purchase the brand even when the sales promotion is over. In other words, sales promotions are effective but not as effective as they are assumed to be (Raghubir et al., 2004). Sales promotions may also enhance the sales rate of complementary or other (related) products. For example, discounts on flour might also boost the sales of baking powder (Raghubir et al., 2004).

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<td><strong>Price-based promotions</strong></td>
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<td><strong>Non-price promotions</strong></td>
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Table 2, Main source of sales increases from a promotion, Raghubir et al., 2004

<table>
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<th>Promoted products</th>
<th>Existing customers</th>
<th>New customers</th>
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<tr>
<td></td>
<td>Increase purchase quantity for stockpiling leading to increase in consumption</td>
<td>Increase purchase by brand switchers</td>
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<tr>
<td></td>
<td>Increase and/or accelerate purchase frequency</td>
<td>Increase primary demand for category</td>
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<td></td>
<td>Reduce brand switching and retain existing customers</td>
<td>Increase purchase by store switchers</td>
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| Non-promoted products | Use complements Spillover brand effects |
Sales promotions offer a few utilitarian benefits, including savings, quality, convenience and other more hedonic benefits, including value expression, exploration and entertainment (Raghubir et al., 2004).

Companies have begun employing enormous creativity to provide different types of promotions to their customers. They bombard customers using an ever greater variety of promotions in almost every product category. Sales promotions are an economic incentive to encourage people to purchase (Raghubir et al., 2004).

While companies’ assumption of sales promotions has increased in recent years, the importance of sales promotions' impact on consumers and brand has rapidly drawn the attention of scholars and researchers. All marketing activities serve customers and customers keep companies alive in an increasingly competitive business arena (Davis et al., 1992).

Dadson et al. (1978) undertook research about sales promotion, analyzing the link between brand evaluation and promotion. The research was conducted in a shopping environment. After a first measurement of brand evaluation, they decided to test and control categories. The prices of the control categories were all the same while the test categories were promoted regularly. Three months later, the analyzers conducted reassessments of brand evaluation. The result lends support to the hypothesis that for particular brands, promotion does not have a negative effect.

Promotions strongly affect customers at the time of buying decisions. As Neslin and Shoemaker (1989) maintain, there is no evidence to show that sales promotions undermine brands or detract from brand evaluation. Other research has tested the negative effects of the sales promotions hypothesis by Davis et al. (1992). The sales environment was grocery, which has many different product varieties. They used the same test method that Dadson et al. (1978) used in their research. When they promoted particular brands, their sales rate gained an average of 15%. Sales promotions have a positive influence on brands as well as on some customer behavior. But they also added that companies couldn’t expect to change the purchasing behavior of customers who were already strongly loyal to specific brands. Promotions only work on customers who are open to change or indifferent to multiple brands. Putsis and Dhar (2001) outline techniques useful to increase customer expenditure, mostly for products with a long shelf life. The research focused on low priced food products and
analyzed price promotions and their effect on product groups. Four brands were used which comprised 80% of the overall market share. Data received have been checked weekly and all results were evaluated regularly during that period. At the end of year 2000, one brand (brand X) began to be promoted by using a price discount of around $.99 to $2.00. In one week, sales rates showed an increase averaging of 10,000 to 50,000 units per week. In the second week, this effect still occurred. Approximately four weeks later, the same brand (brand X) was subjected to another price reduction which was $1.00 to $2.00. Compared to the first promotion, the results were minimal. Ultimately, these results show that price promotion had no identifiable long-term effect on brand value although it did increase sales during the promotion. Price promotion also had a visible impact on the sales of a competing retailer chain in the period of promotion. In addition, the research emphasized that price promotion does not generate a long-term effect for the brand by attracting new customers who make purchases for the first time. They suggest that the brand manager should not use price promotion as a marketing tool for long-term growth, because this may cause disappointment.

In the next section, I will continue with price promotions. This will begin with some definitions and subsequently information will be provided in greater depth by drawing on previous research.

2.2 Price Promotion
There are various types of sales promotions, like price cuts, mostly called price promotions. This promotion offers customers reduced prices and impressive financial deals. For instance, customers may be made an offer to buy later or to utilize a coupon to make use of present or future consumption (Mullin & Cummins, 2008). These sales promotions are more quantifiable, and quicker and easier than other marketing methods (Hardie, 1996).

Mullin and Cummins (2008) stated that price promotions include money-off coupons, pence-off flashes, buy one get one free and extra fill packs. There is some discussion about promotions categories. For instance, some authors say that extra fill packs (20 per cent extra free) belong in the value, not price category. Both are acceptable. Companies can reduce the price for the standard size or replace the standard size with a larger one and continue sales without changing the price. Both cases result in price cuts.
The response plays a key role in making promotions so attractive to retailers. For instance, in recent years, promotions have gained popularity and importance with UK grocers as a result of having the advantages they have over competitors. Since the recession, the number of price sensitive customers has increased. During the early 1990s, retailers influenced price sensitive customers by reducing the level of their expenditure using price promotions. Nowadays, price sensitive customers are more aware of promotional activities and more active in searching for price promotional offers (Yeshin, 2006).

According to Mullin and Cummins (2008), price promotions can negatively affect brand value and undermine the added value which companies have created over years. Some researchers have shown that price promotions may have a positive short-term effect but reduce the value of brands long-term. Nevertheless, a price promotion enables customers to try new products and develop a relationship with them. If customers are satisfied with a product that may affect their future buying habits as well as their current outlook, and their individual behavior towards a brand may change as a result. A positive relationship then develops regarding the regular-priced and promotion purchasing at the individual level. Over three quarters of buyers who explain price promotion as an initial reason for shopping purchased one or more regular-priced items. In fact, customers visiting a store because of price promotion products spent more money on regularly priced merchandise than on promoted merchandise (Mulhern & Padgett, 1995).

Madan and Suri's (2001) study, which focuses on the negative results of price promotion, stresses that retail industries have been using varied forms of price strategies like short-term price discounts--the most popular and actively used price promotion--to revitalize sales and increase short-term demand for their products and services. Besides increasing demand, they state that price promotion also raises doubts about a product’s quality and/or service in the eyes of customers. This highlights the negative results of price promotion such as price sensitivity, losing the power of a brand franchise and the cannibalization of regular price sales.

In addition, it is also possible that price promotion is perceived as a reward and/or bonus. That could bring about a positive effect on brand evaluation. Furthermore, for some customers who believe that a low price is not equivalent to low quality, it means the perception of a high-tech product. If a brand uses advanced technology, it is able to produce high quality products at a
low cost which allows them to be sold at a low price (Raqhubir & Corfman, 1999). However, some other authors have previously outlined the positive results of price promotion as providing companies’ variation of supply and demand, including turning customer attention to brand, trial and enhancing the customer’s shopping experience. Price promotions are being used by retailers to show customers that they are doing something to make them happier (Yeshin, 2006).

Hammand and Ehrenberg (2000) state that price promotions are mostly used for past customers of the brand who have bought the same brand’s product over many years. Price cuts implemented for these branded packaged goods then created a rapid raise in sales during that time. Furthermore, when a company ends price promotions, the effect quickly ends and sales rates regress back to original/regular levels. Their research also found that price promotions seldom affect new customers. They do not improve subsequent sales and do not influence customer loyalty. Customers who made purchases during price promotions will not show up and spend money when products are being sold for the regular price. In general, promotions reach very few people and do not create significant change for a brand. Their key finding is that price promotions are purposed for existing customers who made purchases before the price promotion began (Hammand & Ehrenberg, 2000).

Neslin and Shoemaker (1989) emphasize that if price promotion encourages buyers who normally have a low propensity to buy that brand, they will return to the brand they are loyal to until the company re-promotes and makes pre-deals with customers. As a result, sales rates drop and the mobility of sales regresses back to regular levels. Consumers who are non-purchasers are an important resource for business. Marketers must find ways to involve them in purchasing and lessen their uncertainty thereof in order to motivate them. Therefore, marketers should build strong relationships based on mutual trust, which companies can then build by using price-related deals (Beckett et al., 2000).

Winer (1985) states that customer expectations of future prices is a key factor which influences the process of purchase decision making. Jacobson and Obermiller (1990) found that customers are sensitive about prices to an extent that they compare the sticker price with expected future prices. Customers generally believe that a product’s price will increase in the future; this idea leads them to buy products sooner. Higher future price expectation is an incentive and produces more sales in the present (Tsiros & Hardesty, 2010). Price promotions
like deeper discounts create lower future price expectations (Alba et al., 1999) and this factor builds good relationship between customers and brands.

The literature is quite extensive regarding price promotions. Generally, researchers focus on the effects of price promotions on brand and/or customers, how they change customer purchasing behaviors, and how they improve and/or damage customer brand loyalty.

2.3 Theory of Brand Loyalty

Building and upholding brand loyalty has become an increasingly important issue in marketing theory and practice, especially in regards to establishing sustainable competitive conditions. Many theories have examined customer brand decisions. The results show that various factors affect levels of brand loyalty, such as satisfaction, usage rate, trust, social pressure, emotional pressure, habitual behavior, and brand knowledge (Lau & Lee, 1999).

A conceptual framework presented by Oliver (1997) covers the full extent of brand loyalty based on a hierarchy of effects modeled on cognitive, affective, and behavioral intent, and the behavior dimensions of repeated purchase. According to Oliver (1999), brand loyalty means “a deeply held commitment to re-buy or re-patronize 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.”

The concept of loyalty has been examined by various marketing professionals, but still no solid definition has been produced. The reason may be because loyalty is measured using three dimensions: behavioral, attitudinal and a combination of the two (Singh & Boora, 2011). The concept of behavioral dimension uses actual purchases that occur in a given period and the concept of attitudinal dimension explains brand loyalty by means of stated preferences in terms, commitments or purchase intention (Rundle-Thiere & Mackay, 2001). The attitudinal element is based on a customer’s brand preference, which reflects a consumer’s psychological disposition towards a brand. The behavioral concept of customer loyalty focuses on customers’ observable behavior in purchasing (Allender & Richarda, 2009).

According to Day (1969), when loyalty is the focus of an evaluation, both attitudinal and behavioral criteria should be considered to prevent an incorrect evaluation of loyalty.
Otherwise, accidental repeat purchasing might be regarded as an indicator of loyalty. The majority of research which is about customers brand loyalty often takes as a guide Pessemier (1959) who defines loyalty as “the price differential needed to make consumers who prefer one brand switch to a less preferred brand.” This concept captures two important elements of brand loyalty, which are the attitudinal and the behavioral. There is a contrast between a price-based measure of brand loyalty and temporal measures of brand loyalty: customer repeat-purchasing behavior serves as an indicator of future purchasing decisions (Know & Walker, 2001).

2.4 The Relation Between Price Promotion and Customer Brand Loyalty

Today, in marketing literature, researchers are analyzing the relationship between brand loyalty and price promotion, which is not yet well understood. As a result of a focus on relationships in marketing research, customer loyalty has rapidly become absolutely critical. This relationship stresses the deal, which suppliers build with their consumers (Allender & Richarda, 2009).

The biggest mistake is the conflation of habitual buying with brand loyalty. They are two different subjects. For instance, a housewife who purchases X brand of daily foods may not be acting out of loyalty. She might choose X brand product because she has no other options in her market or she may be buying it out of habit. Most of the time, companies are not clear about who their loyal customers actually are. Brand loyalty in which the customer is committed to one brand is characterized by the tendency of customers to spend extra effort in order to have that product. The price differential or other differences do not change the buying behavior of loyal customers (Saxena, 2008).

Markets today sell a multitude of similar products which are produced by the same technology. In this case, price is a key element during the decision making period for buying (Saxena, 2008). As a result, price promotions have a strong effect pertaining to the encouragement to customers to buy one particular brand instead of another and to also purchase it in greater quantities (Shimp, 2008).

Nevertheless, price promotions have been connected to customer loyalty. Some researchers found that “if all brands in a product market have high brand loyalty, price promotions will not be useful to any of the brands.” In competitive business arenas which host both weak and
strong brands competing with each other, stronger brands should use promotion strategies less frequently: “Brand loyalty was found to have the potential to explain the use of price promotion as well as the frequency and depth of discounts in various markets. The data are consistent with the finding that there is a positive correlation between the number of competitors and a brand’s likelihood of using price promotions in product markets, and that stronger brands promote less often than weaker brands” (Keillor, 2007).

There are some researchers who stress the positive results of price promotions on customer brand loyalty and also state that sometimes the effects are negative. These researchers emphasize how price promotion can actually reduce customer brand loyalty.

Day-to-day customers are losing their loyalty as a result of brands becoming increasingly similar. This perceived similarity makes it easier for customer to switch brands. One team of researchers stipulates that price promotion changes customer and makes them price sensitive in the long-term. The main reason for retailers to use price promotions is to make customers “trial” product or services and build up strong relationships with them. Furthermore, the research also found that price promotion decreases brand loyalty and increases brand switching (Shimp, 2008). A study of Papatla and Krishnamurthi (1996) supports the same results. They emphasize the fact that while price sensitivity increases, customer brand loyalty decreases when brands use price promotion. Mela et al. (1997) also found that current price promotions influence future price promotions and enhance customers’ higher expectations for the future. They focus on current product prices and wait for lower prices in the future. If their demands are not met, their allegiance for that brand will be reduced.

Another comprehensive study which was conducted in the UK, the U.S., Japan, and Germany in a range of stores, “investigated the effect of price-related promotions on a brand’s sale after a promotional period is over.” The result of this research examined twelve brands and showed that price promotion has no positive impact on a brand’s long-term sales and customer brand loyalty. Individuals who normally purchase a particular brand are the ones who react most strongly to that brand’s price promotion (Shimp, 2008).

Brand loyal customers who generally take advantage of price promotions have a broad knowledge of the actual market conditions of their brand. Andrew et al. (1994) emphasize that existing customers feel like they are being rewarded when they encounter price promotions.
Their research stressed that the customers who have not previously tried the brand, seldom respond to price promotions: “When one of these purchases do occur, it is the result of ‘a selective customer reaction’ not likely to result in additional brand loyal customers.” They are provisional customers (Keillor, 2007).

Baldinger and Rubinson (1996) conducted a study which examined 27 brands over one year. Loyalty was calculated for each respondent and each brand. By the end of the research, the authors observed that 53% of high loyalty users stayed highly loyal to the brand. They categorized the variable “loyalty” under three groups: 1) “highly loyal who have a 50% probability of repurchasing the brand,” 2) “moderately loyal who have a 10% to 50% probability of repurchasing the brand,” and 3)”low loyals and non-buyers who have 0% to 10 percent of probability of repurchasing the brand.”

Customers who are in the “moderate loyal” category might be transformed through promotional activities. Price promotions like cash discounts and also other promotional offers might be used to say "thank you" and reward long-term loyal customer (Baldinger & Rubinson, 1996).

2.5 The relationship between Quality and Customer Brand Loyalty

Multiple definitions of quality have been put forth by endless authors. Previous research has generally focused on defining and measuring the quality of tangible products and goods (Garvin, 1988 & Juran, 1988). According to Juran (1988), quality is “exceeding and meeting customer expectations.” Crosby (1987) defined product quality as “conformance to requirements.”

The relationship between quality and price is obvious, but must be carefully investigated. Previous researchers have analyzed the link between quality and price. Some of them found that low prices are usually interpreted as a sign of low quality. In other words, high prices guarantee high quality in the price-quality literature. This brings up the question of whether price promotions have a positive or negative effect. When customers encounter price promotions, they attempt to discern why a particular company has decided to sell a product at a low price. The answers given are often reasons associated with poor quality, while the real reasons were not at all about quality. Instead, they were about a brand’s marketing tactic (Lichtenstein et al., 1989). If a brand has been frequently used to promote a product group in
the past, customers will not be surprised. On the other hand, this may lead customers to reevaluate the brand and product quality.

Raqhubir and Corfman (1999) emphasize that price promotions have negative effects on pre-trials under particular conditions. A brand’s history of previous price promotion is the determining factor. In this case, they found that a) offering lower prices to customers will lower a brand’s value only if the brand has not been used as part of any previous promotion, b) if the price promotion method which a brand uses for its product is unusual in the industry, the result of promotion may cause negative brand evaluation, and c) a previously promoted brand’s value is unaffected if a promotion is not offered.

Another comprehensive study conducted in a number of stores in the UK, the US, Japan, and Germany, showed that sometimes existing customers become hesitant about quality and cease to feel comfortable when price promotion is used to categorize products by brand. People who are regular purchasers of a brand are the ones who are most reactive to the brand’s price promotion (Shimp, 2008).
METHODOLOGY
This chapter describes the methods used in this study. It focuses on the explanation of processes which were used in the research and which generated well-qualified results. This section illustrates all selected methods and the main reasons for selecting them. It also provides the validity and reliability of the study and research.

3.1 Techniques and Methods used for Research
There are two methods available for researchers—qualitative and quantitative. Qualitative research includes the collection, analysis and interpretation of data that cannot be meaningfully quantified and summarized in the form of numbers; whereas, quantitative research is characterized by more structure, larger respondent samples and numerical calculation of results (Parasuraman, 2007). Although there are important differences between the two approaches, they both contribute to theory generation and testing. In the context of this investigation, knowledge of the differences between the two approaches guided the selection of one method over the other. In the opinion of Rogelberg (2002), differences in research philosophy, research questions, available tools, involvement of the researcher and flexibility have to be considered before making a decision on the research technique. Following the author’s approach I based my decisions on the answers of the following questions:

- Is the context central to the research questions?
- Is the participant’s interpretation central to the research questions?
- Is the depth/richness of data essential?
- Is the research exploratory?

As previously elaborated, the main purpose of this study is to observe the price promotion effect on customers, concentrating specifically on the retail industry. In the opinion of Rogelberg (2002), one main disadvantage of qualitative research is that it might not lead to general conclusions which hold validity in other research settings. However, if the focus of the research is a particular industry or an individual company then by using a qualitative approach, the research can yield some significant findings which cannot be achieved through the use of quantitative research. In terms of my investigation, I considered the context (the grocery industry) central to my research purpose which in turn provides an advantage to the use of qualitative research.
Another decision point is the importance of participants’ interpretation. Namely, qualitative research is used frequently by researchers in social science. It is one of the preferred methods to study the fields of human behavior such as beliefs and attitudes. It helps researchers in finding the answers of research questions and may generate valuable data that potentially cannot be reached by other methods (RDSU, 2007). With regard to the third question, it is clear that the specified research questions demand more depth. Hence, by using qualitative research methods such as interviews or focus groups I will be able to obtain more detailed information about my specified targets.

Finally, considering that the purpose of my investigation is to understand how price promotions affect consumers’ buying preferences, their perception of quality, and their emotional state, it is clear that the research is intended to provide insights and understanding which make this an exploratory research. Following Rogelberg (2002), qualitative research techniques are most appropriate for exploratory research because they may result in findings that otherwise might be missed.

The answers to each of the questions presented above clearly suggest that qualitative research is the preferred approach. It is my belief that this method enables greater flexibility because qualitative methods generally allow more spontaneity and adaptation of the interaction between the study participant and the researcher. For example, qualitative methods helped when the answers were not sufficiently clear. It also provided in-depth questioning opportunities.

In addition, with qualitative methods, the relationship between the participant and the researcher was often less formal than in quantitative research. Participants have the opportunity to respond more elaborately and in greater detail than is typically the case with quantitative methods.

### 3.2 Research Philosophy

In the context of research philosophy, the literature argues that social sciences, which focus on people and their institutions, are fundamentally different from natural sciences in which practitioners follow scientific perspectives in conducting any study. Put differently, social phenomena play a crucial role in the direction and depth of the study because people do not operate under controlled conditions but are always under the diverse influences of
environmental, social, political and other factors (Khan, 2008). This in turn means that when investigating social sciences, researchers may need to use inductive theory construction, in the sense that we first observe aspects of social life and then seek to discover patterns of relationship between the variables we observe (Babbie, 2002). In my research, I used this interpretivism perspective throughout the analysis.

3.3 Sampling and Data Collection

Sampling is widely used in academic research for the purpose of collecting necessary information about a population of interest. A population is defined as any complete group which shares a common set of properties (Lim & Ting, 2012).

Researchers can include the entire population in the study; however, populations are usually too large and it is not possible or cost efficient to focus on all of them. The process of sampling allows the researcher to use a small number or part of the population with the purpose of developing conclusions about the entire population. Hence a sample is a subset of a population and sampling techniques help us to reduce the amount of data.

Today, there are quite a few studies that investigate how many respondents are enough for sampling in relation to a particular study. According to Saldaña (2011), many factors can affect the number of respondents sampled. Qualitative researchers usually work with small samples of participants nested in their context and studied in depth (Marshall, 1996). Although the sample size in qualitative research has less bearing compared to quantitative research, where the size of the sample is the driving force of the statistical analysis, it is still not irrelevant.

Klenke (2008) argues that qualitative researchers should employ purposive or theoretical sampling which means that the researcher intentionally selects respondents who can provide in-depth and essential information about the subject of interest. Following this approach, in my analysis I have selected a sample size which I believe will provide the best and most extensive description of the phenomenon under investigation. More specifically, I will focus my investigation on people from twelve different countries who have different ages, genders, and work status and use retail markets for their shopping (e.g. groceries or supermarkets). Choosing individuals from different countries with different characteristics allows us to have different perspectives on the research questions and better able to see if any patterns emerge.
As mentioned previously, the purpose of qualitative research is to observe a particular social phenomenon and identify any patterns of behavior. Hence, when choosing which individuals to interview, one determinant was diversity. This enabled having different approaches for each question and is what makes this research different from many others. Finally, I preferred to interview people who had no previous contact with each other so as to prevent interaction among the participants. (See personal data of population in Appendix I.)

In the opinion of Mariampolski (2001), qualitative research relies greatly on personal expressions and behavioral observations; hence it has a strong preference for unstructured or semi-structured questions. In this thesis, in-depth interviews are used as the main source of information and were complemented by using the information from previous research. Interviews are classified as one of the most commonly used qualitative methods since they are effective in obtaining a vivid picture of the thoughts and perspectives of different individuals regarding a particular research topic. Respondents were chosen at random from individuals who had regular monthly salaries. At the same time, their nationalities, gender, age, marital status and frequency of shopping were taken into consideration.

In the process of the interviews, I used face-to-face interview techniques with all twenty respondents to get the feedback immediately (Opdenakker, 2006). Each interview took approximately four to five minutes.

The respondents answered the questions in succession without waiting and this gave me the opportunity to study their responses directly. Face-to-face interview schedules prevent a communication gap between interviewers and interviewees. While interacting with the respondents, I could spontaneously ask some questions which strengthened the dialogue and could provide more relevant information or answers.

Questions were asked according to an interview guide. They were all prepared in advance and covered all topics that were related to the research. The introduction to interviews was made carefully to gain the respondents’ co-operation. The atmosphere was kept relaxed to make them feel comfortable. The respondents were encouraged to think that the interviewer was interested in conversation rather than interrogation. At the end of the interview, every respondent was thanked for their time and given appropriate information and feedback and an opportunity to put forward any queries or questions they might have.
Every respondent answered common questions that enabled a control of the topic and the scope of the interview easier. The questions which I used were open-ended and yes/no questions. The respondents were permitted to express all ideas and opinions toward the questions without any limitations. Therefore, additional questions could appear when respondents had unusual points of view. These questions also helped me to understand their thinking more deeply.

The interview questions comprised of two parts: the first, containing seven questions, constituted personal and general information about the respondents; and the second part, involving fifteen specific questions related to the thesis’ main subjects. The order of questions is from general to specific.

3.4 Data Analysis
In the opinion of Mariampolski (2001), qualitative investigations include analytic methods which have holistic, speculative and descriptive properties. In this case, I used the most common form of examination in qualitative research—thematic analysis. Willing (2013) argues that thematic analysis can illustrate the possible reasons behind opinions and perceptions because it identifies and thematizes the meaning that individuals assign to particular social phenomena. What follows is a brief explanation of the analysis of the collected interview data.

As mentioned previously, after each interview the answers of each respondent were immediately re-written in an electronic format and all Word documents were examined using thematic analysis. Thematic analysis is a process of encoding qualitative information which, by definition, requires an explicit code (Boyatzis, 1998). The code is considered a list of themes which are entirely dependent on the specified research questions. This method of analysis includes searching for themes and subthemes across a set of qualitative data with the purpose of discovering answers to the specified research questions. There are several stages in conducting a thematic analysis which I followed in my research. First, after becoming familiarized with the data, I conducted descriptive coding. In this stage, the main purpose was to identify parts which are likely to address the specified research questions. Moreover, in an attempt to better understand how individual respondent’s views and perceptions related with the topic of interest, I made additional notes. In the second stage I conducted a clustering of the themes which shared similar meanings and reference points. In the final stage of the
thematic analysis, I reviewed the clusters and based on that, derived key themes for the whole dataset. This thesis is structured following the main themes identified in the final stage of the thematic analysis.

3.5 Reliability and Validity

Regardless of the methods used in collecting and analyzing data, the reliability and validity of the process must always be a primary consideration (Rogelber, 2001). These play an important part in the evaluation of research results and qualitative researchers should be concerned about these factors while designing a study and analyzing the results and quality of the study (Malhotra & Birks, 2000).

According to Joppe (2000) reliability is defined as: “The extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable.” Reliability offers an opportunity to audit the ability of the research process (Perry, 2001). There is a big difference in achieving acceptable levels of research reliability between qualitative researchers and quantitative researchers. Qualitative researchers do not control the environment or the researcher/subject relationship; also they do not work to provide high standardization (Sarantakos, 1998). From a qualitative perspective, reliability evaluates the quality, the purpose of which is to generate understanding (Golafshani, 2003).

The concept of validity is part of many qualitative studies (Winter, 2000). Zikmund (2000) defined validity as: “the ability of a scale or measuring instrument to measure what is intended to be measured . . . validity addresses the problem of whether a measure (for example, an attitude measure) measures what it is supposed to measure.”

The concept of validity is to evaluate the correlation between theoretical frameworks and empirical works in order to represent a trustworthy thesis (Bryman & Bell, 2007). Some researchers have argued that validity is not applicable to qualitative research. According to Silverman (2000), credibility is a more useful term for qualitative research. Many researchers have improved their own validity concepts.
To create reliability and validity in my research, I prepared the interview questions carefully so that they were clear and easy to understand for the respondents. Before the start of the research, all questions had been tried three times, to analyze how participants react when they heard the questions. I realized an error: some questions were long and this could make participants get bored or make it difficult for them to understand the question. These pilot interviews helped me to improve my questions and make them clear for participants. In addition, I used various sources to gather accurate information for setting up the questions and to confirm conclusions. After every interview, I transcribed the answers as a Word document and they were all validated by each interview participant.

3.6 Ethical Considerations

According to Rogelberg (2002) before engaging in any investigation, a researcher must be fully aware of their competence to carry out the research, have detailed understanding of ethical guidelines and ethical acceptability of their study (p.35). In the context of art investigation, one main ethical consideration is respecting intellectual property and avoiding plagiarism. In line with this, every book, article and resource used throughout this thesis is adequately referenced using Harvard referencing system in both in-text and referencing pages. In addition to this, most academic resources used for the purpose of this research are available on-line hence there were no concerns in terms of confidentiality violations. The conducted interviews also followed particular ethical considerations. Every interviewee was informed about the purpose and duration of the interview process as well as the way in which the interview would be used and presented. Moreover, all interviewees were informed regarding the research objectives which were explained in a broader context so that they were able to anticipate any inconveniences that might arise from their participation in the interview. Finally, all findings and conclusions are presented in a manner which is objective and unaffected by biases and opinions.

3.7 Possible Limitation

One main limitation of this investigation is that it entirely relies on information collected from random interviews. More specifically, since each interviewee is from a different background, hence they might give completely different answers, which in turn can make any comparison of data difficult. In addition to this, considering that this approach is costly and time-consuming, researchers are usually able to conduct a very limited number of interviews and fewer participants mean fewer observations for analysis. Finally, the information provided by
the respondents can be greatly affected by their current emotional state, which in turn could imply that if asked on a different day, their answers might be completely different.
EMPIRICAL STUDY

The interviews were conducted from the beginning of August 2011 to the middle of August 2011 using twenty people over the age of 15. In this segment of the thesis, I will provide a summary of the respondents’ personal information and a brief outline of their responses to each interview question.

The ensuing results are separated into two parts. The first part involves the respondents' personal data such as gender, age, home country, monthly salary, relationship status and how often they go shopping. The second part relates their answers to interview questions. Before every interview, I suggested that the respondents consider their retail purchase while answering the questions. Appendix I shows the table of the respondents' data.

4.1 Part 1: Personal data and general information

Home country: The sample consisted of twenty respondents from twelve different countries. Five of them were from Austria, representing 25% of all respondents. The second largest group consisted of 3 individuals from Germany, or 15% of all respondents. The remaining respondents were from France, the United Kingdom, Canada, Turkey, Spain, Thailand, the Ukraine, Cyprus, Italy and Russia.

Age: The respondents’ ages fell into four different groups: 45% of the interviewees were between 15-25, 35% were between 25-35, 10% were between 35-45 and 10% were 45 and over.

Gender: There were seven male respondents which made up 35% of total respondents; 65% of all respondents were female.

Status: Fifteen respondents were single. This represented 75% of respondents. The rest (5%) were married.

Monthly Salary: The respondents’ monthly salaries fell into four different salary ranges. Most (55%) earned between €500-€1500 monthly. There was only one person (5%) who earned more on a monthly basis than other respondents (over €2500 a month).

Frequency of shopping: All respondents did their shopping themselves and they generally preferred supermarkets for their household needs rather than small local markets. Among twenty respondents, five shopped almost every day (25%) and fourteen people (70%) visited a store once or twice a week. There was only one person (5%) who went shopping once or
twice every two weeks because working long hours meant having limited time in which to shop.

As was clear from the personal information initially presented, there was a great deal of diversity among respondents, which was my deliberate approach. Namely, the literature suggests that when choosing interviewees one should always consider a sample that best represents the varying nature, attitudes and perceptions of a range of people. By choosing respondents who maximize diversity, researchers are able to analyze the widest range of perspectives and meanings held by the participants in the setting. This in turn enables the data to count much more than in a situation where the research is based on a less-diversified sample.

4.2 Part 2: Answers

1. When you buy a product, which is your deciding factor? Why?

There were three key answers given by respondents: quality, price and brand. Respondents who said that quality was the deciding factor during their purchase believed that it was the most essential aspect of any product. Some respondents related product quality with price or brand and some mentioned that quality alone should be considered—high prices do not always guarantee quality or value. A well-known brand may guarantee quality but not necessarily good value for the money. As a Canadian respondent, Jasmin Cohen1 said, “When the product is of a high quality, it is manufactured using high quality materials which makes the product healthier and more durable.” According to Turkish respondent Şeyda Urun2, quality generally extends the life of products although it also requires that you pay a greater amount of money. Accordingly, brand owners and designers demand high prices from consumers for high-quality products. She accepted the necessity of paying more to receive more, and considers quality rather than price and/or brand as a deciding factor.

Price was a deciding factor for some respondents who as price-oriented customers like to compare a product’s price with other products of different brands. In this case, their main goal was to keep monetary consumption at the lowest level possible. Wagner Tamara3, who is from Austria, said, “I am a student, with low monthly income. With this income I have to

1 Jasmin Cohen, interview on the 4th of August 2011.
2 Şeyda Urun, interview on the 5th of August 2011.
3 Jasmin Cohen, interview on the 4th of August 2011.
finance my studies, my free time, my flat and food. So, I am trying to save money in all of these categories as much as possible. A low price doesn’t always mean low quality. Because retailers offer customers the same quality products from different brands using different price strategies, they provide customers opportunities to find the cheapest products.”

The third answer was brand. According to these respondents’ answers, brand symbolized a combination of price and quality. They judged brand according to which one had satisfied them in a previous consumer experience. They emphasized that a brand which has been selling its products in the market for many years guarantees quality and suitable prices for customers. They pointed out that otherwise a brand cannot sustain its lifecycle successfully in the competitive business arena.

2. Do you stick to any particular brand which you don’t give up or switch with another brand under any circumstances or do you keep trying new brands? Why?

Most respondents said that they stick to specific brands and that they do not switch in most circumstances, even though they like to try new brands. Generally, they are satisfied by product quality. As Anita Aigner⁴, an Austria respondent said, “If a product is food or drink, I don’t like to taste different brands. I have tested others before and I found the best quality for me as a result of my previous experience. Whenever I go shopping I just buy these brands in all circumstances.”

The large majority of respondents did not like to remain loyal to any one brand and thought trying new brands was enjoyable: they are always looking for the most satisfying product. Daniel Fredriksson⁵ and Nicos Malekos⁶ offered a divergent perspective. While they usually buy the same brands when they go shopping, they are also open to trying new brands. According to their answers, it is easy to find a different brand of product with the same degree of quality. Stores offer a wide variety of categories for customers. If another brand offers a product by using enticing marketing methods such as price promotion, and if it successfully takes over their attention, they buy and experiment with the new brand. They often buy items on price promotion, for example two for the price of one. This helps to save money and

⁴ Anita Aigner, interview on the 4th of August 2011.
⁵ Daniel Fredriksson, interview on the 6th of August 2011.
⁶ Nikos Malekos, interview on the 8th of August 2011.
reduce their shopping consumption. Respondents on a shoestring budget generally thought trying new brands was enjoyable and they were always looking for the best value.

3. What is your reaction when you see an unknown brand which has price promotion? Would you like to try this product?

If price promotion is effectively introduced to customers, they respond positively to the brand even it is unknown to them. 80% of respondents stressed that the external appearance of a product is a significant issue. How a product looks is as important as how the brand implements price promotion. Regarding unknown brands, there is a link between a customer’s first impression and that product’s external appearance. When it looks professional, customers are more willing to try that product even if the brand is unknown. They also mentioned that if the appearance did not reflect the product’s quality, customers will not buy it; in fact, they see price promotion as evidence that the product is of a poorer quality. Finally, the respondents were aware that price promotions are marketing strategies.

There were four respondents, constituting 20% of total respondents, who believed that companies alter quality components in order to offer price promotions to customers. In their view, when a company practices price related promotions, it likely uses materials of poorer quality. If they were not already familiar with the brand, they were often pessimistic and dubious about the quality of a brand that was price-promoted.

As Şeyda Urun⁷, a Turkish respondent said, “I am not likely to buy unknown products, even if there is a price promotion. If the product in question is unknown, this factor undoubtedly influences people, but more specifically crazy shoppers who believe that ‘a best price is a best product.’ As a consequence, I prefer to follow promotions which are applied to brands that I know.”

4. How do you feel when you see that your regular brand has price promotion?

Most respondents felt quite positive. For the most part, they immediately bought the product if their regular brand offered them a deal such as a price promotion. If it was a brand that they were already familiar with, they did not hesitate to purchase that product. Respondents said that it was helpful that companies helped them reduce their expenditure in these challenging

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⁷ Şeyda Urun, interview on the 5th of August 2011.
economic times. The Turkish respondent Şeyda Urun stated that price promotion definitely pushes her to do more shopping and buy more products than usual. Even if she doesn’t buy anything, she goes in the shops and looks at the shelves.

As Stefanie Thönnes, a German respondent said, “I generally feel the regular price is too high as I know the company could sell the product more cheaply and still earn money. I can’t blame companies; I know that it is all about the rules of business. But I also feel fooled by the market because they make me pay too much money. Nevertheless, I will continue to buy this product.”

Another answer was given by Austrian respondent Petra Schwaighofer. According to her, if a brand is not often used to promote its product, when it then implements price promotion in an extreme way (for instance selling the product very cheaply), she loses her trust in the quality of the brand.

One of the respondents emphasized that if a brand implements price promotion for its product, it is often because a product's expiration dates have been reached or because the stock on hand wasn’t sold. In this case, they would only buy the product if they thought they might consume it in the near future (before the expiration date) or if they really needed that product.

5. When there is a price promotion on a product which you regularly buy, do you feel your loyalty is being rewarded? Could you please explain?

65% of respondents said that they do not believe that companies use price related promotions to reward their loyalty. They said that everybody is able take advantage of a promotion: it is not possible to separate potential customers into loyal and not loyal. A price promotion is a method stores and manufacturers use to move stock that is not selling fast enough, or to promote products which a company wants to sell off. They said that price promotions are used in order to lead new customers who have never tried a product to purchase and trial. The benefit of price promotion is not to thank loyal customers; it is more important in persuading new customers to buy the product. However, these respondents still feel pleased when they are faced with price related promotions at the store.

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8 Şeyda Urun, interview on the 5th of August 2011.
9 Stefanie Thönnes, interview on the 5th of August 2011.
10 Petra Schwaighofer, interview on the 7th of August 2011
35% of respondents had a different take than the 65% of respondents mentioned above. These respondents believed that price promotions are the marketing tactics of brands to reward loyal customers. They feel appreciated when price promotions are used by their brand.

6. How do you describe brand loyalty?

Every respondent conceptualized his or her own definition of brand loyalty. As Jasmin Cohen\(^\text{11}\), a Canadian respondent said, “Brand loyalty means being a continuous customer of a particular brand, despite having options available to purchase products from other retailers. Also brand loyalty means being a committed customer of a brand regardless of the brand’s lack of price promotion or cheaper price.”

According to this definition, brand loyalty means buying only that brand every time you shop, refusing to try any other brand. A loyal customer of a brand does not even look at other brands in the same product category. If other brands are cheaper or even better compared to his or her regular brand, it does not matter. Customers build an emotional relationship with a brand and trust its quality under all circumstances. They also believe its price is fair.

7. Could you please tell me your feelings when you compare your brand’s regular price with its price promotion price? Does this hurt your trust in the brand?

Eleven respondents said that price differences do not hurt their trust in a brand. However, they all think that brands sometimes sell products to consumers using higher than normal prices. According to their answers, they think this is normal marketing behavior and therefore a common policy of every brand. Of course companies want to make profits by increasing sales rates. They also want to keep their existing customers and find new customers. The market sets the price of products and this process is the result of supply, demand, and market competition. As Anita Aigner\(^\text{12}\) said, “One brand can’t be always cheaper than its competitors. Price promotion is a company’s strategy to offer good deals to customers for a set period of time and to therefore sell more and acquire new customers.” Petra Schwaighofer\(^\text{13}\) said, “If a company always used price promotion, it would be broke after a while because it would be ignoring market rules.”

\(^{11}\) Jasmin Cohen, interview on the 4\(^\text{th}\) of August 2011.
\(^{12}\) Anita Aigner, interview on the 4\(^\text{th}\) of August 2011.
\(^{13}\) Petra Schwaighofer, interview on the 7\(^\text{th}\) of August 2011
The rest of respondents said that a company’s main purpose was to earn as large a profit as possible. These respondents focused on how much individuals will spend on the product. Price promotions made them realize that the actual amount of money spent to produce the product is much smaller than the sticker price. This means that a brand will still profit, even if it practices price promotion.

French respondent Baptiste Romano\(^{14}\) stressed that if the amount of a price promotion is quite large, for instance if a product’s price is reduced 40% or 50%, this makes him uncomfortable and hurts his faith in the brand. When he compares the regular price with the promotion price, he hesitates to buy this brand again.

8. **Is there a brand which you regularly follow because of that brand’s price promotions?**

The answers of twenty respondents to this question were six positive and fourteen negative. According to those who answered positively, it happens quite often. They follow a few specific brands and prefer to only buy those brands if there is a price advantage. The main reason for their pursuit of these brands is quality. In general, the prices of these brands are relatively high compared to other brands. Respondents choose to wait for periods of price promotion for these brands instead of giving up on them.

Most respondents who provided negative answers said that they do not follow any specific brands because of their price promotions. For instance, respondent Wilson Norman\(^{15}\) said that “there is no specific brand I follow for its price promotion. I will always buy according to financial value; I will not follow a particular brand just because it is always on promotion. If a brand is always on promotion, then there is something wrong with the retail price. I would not trust such a brand because it is a really cheap product pretending to be more expensive than it is.”

9. **Do you buy products more often than you need, when there is a price promotion?**

*(If your answer is no, please skip question 10.)*

Price promotions are effective if they push customers to buy more than they need. Most respondents emphasized that while they are shopping, they want to get more than one item if a product has price related promotions.

\(^{14}\) Baptise Romano, interview on the 8\(^{th}\) of August 2011

\(^{15}\) Wilson Norman, interview on the 7\(^{th}\) of August 2011.
Respondents qualified their answers to this question. Purchasing behaviors varied according to the duration of product life. In the case of everyday foods such as milk, which has a short shelf life, they preferred to buy greater amounts if they thought that they could consume the products before product expiration. They also stressed that they avoid promotions on perishable goods such as fruit that will go bad if not used quickly. However, if a product had a long shelf life, customers stocked up on it.

10. What is the reason that makes you buy more than you need? Could you please explain your feelings?

This question was answered by respondents who said yes to question 9. The most common response to this question was that they buy more than they need to save money. Other responses relied on this money-saving philosophy as a basis. Respondents generally thought that they would need the product in the future and would come to the supermarket again the next day to buy that item. So they wanted to buy more than one unit of a product before the discount ended. Some respondents were aware that they did not need everything they bought but that they would eventually need the product. Other respondents said that they bought more than they needed if the product could be consumed in the short term, or if that was not the case, all of the products had to be capable of being stored and could be consumed before the expiration date.

Another common response was that buying more saved time. Respondents knew that they would need the product soon and they came to the supermarket specifically to buy that product. So they bought more in order to avoid having to go shopping as often. British respondent Wilson Norman\(^{16}\) said that he buys more if the product is discounted. This means he avoids having to go shopping again soon and also saves fuel. According to Austrian interviewee Michael Poxhofer,\(^{17}\) “It’s the feeling that I invested my money well, that I can save money through buying more of one thing and less of another. Perhaps I save money by not buying other things.” This response shows that making saving money a priority leads customers to buy less than they planned to in order to meet other needs. Customers can give up buying other products because this option allows them to buy more of a discounted product in their budget.

\(^{16}\) Wilson Norman, interview on the 7th of August 2011.

\(^{17}\) Michael Poxhofer, interview on the 7th of August 2011.
11. What is the method that you follow to keep track of new price promotions?

Some respondents mentioned that they sometimes liked to go shopping for fun in addition to buying because of their needs. During their store visits, they said they spent time searching carefully for promotion products. Furthermore, some respondents said that they followed the price promotion from the internet, magazines and/or flyers distributed by marketers, store brochures, TV advertisements, and SMS messages which were sent from that brand.

As Jasmin Cohen\textsuperscript{18} said, “I usually keep track of new offered price promotions on the Internet or sales offered by flyers. Sometimes I find out about the new price promotions on my visits to stores, or the emails I receive from that particular store or brand.”

Another respondent, Michael Poxhofer\textsuperscript{19} from Austria, mentioned that he doesn’t have a particular method of following price promotions, and that he doesn’t search for bargains. However, when he is in a store, he carefully scrutinizes the price promotion on products in order to be able to select the cheapest product.

Turkish respondent Sahir Güven\textsuperscript{20} said, “I generally follow my regular brands through the internet. SMS (Short message service) is another way I become informed about new price promotions. If you are registered with the 'free' messaging system, you will receive current or upcoming related information (price, place, products, promotion, percentage etc.).

12. What is your opinion about “expensive products having a better quality”? Do you agree?

Respondents did not completely agree with the idea that “expensive products are of a better quality.” Some did not believe this is ever true. Even many of them who agreed with the statement said that it is not true for all product types. These respondents believed that they could find a high quality product for a cheap price. They generally think that expensive products are expensive because of the high manufacturing costs, the quality, the technology, the labor, or the location of the manufacturing.

\textsuperscript{18} Jasmin Cohen, Jasmin Cohen, interview on the 4\textsuperscript{th} of August 2011.
\textsuperscript{19} Michael Poxhofer, interview on the 7\textsuperscript{th} of August 2011.
\textsuperscript{20} Sahir Güven, interview on the 9\textsuperscript{th} of August 2011.
Some of them said that bad products may be intentionally sold at high prices. Canadian interviewee Jasmin Cohen\textsuperscript{21} stated that, “In China the cost of labor is much cheaper than the cost of labor in Europe for manufacturing the same product of the same quality. Therefore, we should not judge the quality of a product by its price or brand.” Another reason respondents gave is that products may be expensive because of advertising costs. In that case, there is no difference in product quality which may be exactly the same, but the price is higher to include advertising. Respondents also believed that brands may raise product prices simply because they can as a result of their brand name. They know that loyal customers will buy their products even if the prices of another brand's products are lower.

13. How do you feel about a product’s quality, when the product is in a price promotion? Why? Do you get suspicious about a product’s quality?

Respondents' answers to this question came from different approaches. Most respondents stressed that their opinion depended on whether they knew the brand. If an unknown brand was on price promotion and the label of the product looked cheap and unappealing, then they were likely to be suspicious. They were also likely to think that the product was on promotion because it was not of good quality. They became especially skeptical about a product’s quality if it was on price promotion, particularly about the products that they did not know or had not used.

If a brand which had price promotion had been part of a prior experience, eighteen respondents did not feel suspicious about its quality. Only two respondents, from Turkey\textsuperscript{22} and Canada\textsuperscript{23}, stated that it is obvious that companies want to create quick consumption through a price promotion and that’s why they gather qualified and non–qualified products. Quick consumption means consumers only consider the fact of a price promotion when making purchases, and that they buy many more products than they need, irrespective of product quality. These two respondents also said that a conscious consumer realizes the differences between regular and promotion prices and does not become unhappy because of spending their money.

\textsuperscript{21} Jasmin Cohen, interview on the 4\textsuperscript{th} of August 2011.
\textsuperscript{22} Şeyda Urun, interview on the 5\textsuperscript{th} of August 2011.
\textsuperscript{23} Jasmin Cohen, interview on the 4\textsuperscript{th} of August 2011.
Another strange answer came from Austrian respondent Petra Schwaighofer\textsuperscript{24}. She pointed out that if a brand which she used to buy or doesn’t have any current experience with, launched new products to market by using price promotion, she would not feel suspicious. Because she knows that there are rules of the market and that brands use price promotion to introduce new products to shoppers.

14. \textit{Have you ever bought a brand because of its price promotions?}

Most of the respondents had bought products because of price promotion. If they needed that product and previously planned to buy it, and if there was not a price promotion on that product but on another brand which they usually did not buy, they would even buy it just to try it. Turkish interviewee Şeyda Urun\textsuperscript{25} sees this as an opportunity to get to know other brands. British respondent Daniel Fredriksson\textsuperscript{26}, experienced that one of his friends advised him that a brand was really good, but at that time it was not on price promotion. When its price was reduced, Daniel bought that brand and liked it. French respondent Baptise Romano\textsuperscript{27} said that he waits for price promotions for quality brands before buying them. Austrian respondent Daniela Schlemmer\textsuperscript{28} always buys the products which are on promotion, if she isn’t searching for a specific product. All of these examples show that price promotions affect customer shopping behaviors. Some interviewees said that they did not usually follow or care about a brand's price promotions if they were not familiar with it. These respondents always bought the products that they usually buy, products whose quality they trust.

Wilson Norman\textsuperscript{29}, from the UK, feels suspicious about promoted products. He checks the quality and ingredients of a product before buying it. And he stays away from impulse buying when seeing promotions. He thinks buying on impulse is dangerous for the shopping budget. Michael Poxhofer\textsuperscript{30}, from Austria, thinks a bit differently. He always buys the cheapest product, even if the normally expensive product is on price promotion. Another Austrian respondent, Wagner Tamara,\textsuperscript{31} said, \textit{“Sometimes I buy brands when they are on sale because I like them but I would not buy them regularly.”} In conclusion, price promotions affect customer shopping habits.

\textsuperscript{24} Petra Schwaighofer, interview on the 7\textsuperscript{th} of August 2011
\textsuperscript{25} Şeyda Urun interview on the 5\textsuperscript{th} of August 2011.
\textsuperscript{26} Daniel Fredriksson, interview on the 6\textsuperscript{th} of August 2011.
\textsuperscript{27} Baptise Romano, interview on the 8\textsuperscript{th} of August 2011
\textsuperscript{28} Daniela Schlemmer, interview on the 5\textsuperscript{th} of August
\textsuperscript{29} Wilson Norman, interview on the 7\textsuperscript{th} of August 2011.
\textsuperscript{30} Michael Poxhofer, interview on the 7\textsuperscript{th} of August 2011.
\textsuperscript{31} Wagner Tamara, interview on the 10\textsuperscript{th} of August 2011
15. Have you ever bought and tried a product because of price promotion? Are you still buying that product?

In general, most respondents had tried a product because of a price promotion. After a trial of that product, if they were satisfied, they continued to buy it. The first thing that they looked for in a product was quality. They compared the quality with a product’s price; if they were satisfied, they bought it again. The regular price of that product was an important criterion. If it was affordable to customers after the promotion, customers bought it again, but if it is not, it meant that price promotion failed. The brand lost the opportunity to create new loyal customers. If customers liked the product when they tried it but it was not affordable during a regular/non promotional time, this led customers to wait for a new price promotion for that product. Austrian interviewee Daniela Schlemmer\(^\text{32}\) said, “I really like a specific kind of shrimp, but at the normal price they are too expensive for me. Since they are quite often on sale and I always buy them then!”

Some of the respondents said that they would always buy the product if they really liked it, even if the product was not in promotion again or if its regular price was expensive. Jasmin Cohen\(^\text{33}\) from Canada and Viktoria Lukavenko\(^\text{34}\) from Ukraine said that they had tried new products because of their price promotions but they didn’t become regular customers of those brands and promotions did not cause them to change their buying habits. Wilson Norman\(^\text{35}\) from the UK especially prefers a store’s own brands. He said, “Some products I have bought on price promotion include store brand toilet paper, breakfast cereals, tinned food and biscuits—which I now prefer to the leading brands because I like the taste. I still buy them because the quality is good and the price is lower.”

\(^{32}\) Daniela Schlemmer, interview on the 5\(^{th}\) of August
\(^{33}\) Jasmin Cohen, interview on the 4\(^{th}\) of August 2011.
\(^{34}\) Viktoria Lukavenko, interview on the 10\(^{th}\) of August 2011
\(^{35}\) Wilson Norman, interview on the 7\(^{th}\) of August 2011.
ANALYSIS

After presenting a short summary of the empirical study, I will now proceed with the analysis. Following Willing (2013), the purpose of any qualitative analysis is to provide insights which represent at least a partial answer to the research questions which motivated the investigation. In this segment I will analyze the respondents’ answers as related to specified research questions and theoretical frameworks. More specifically, by using a thematic analysis, I was able to identify different categories with regard to how respondents perceived price promotions. What follows is a summary table of the identified themes and subthemes related with respondents’ answers.

Table 3, Themes and Sub-themes

<table>
<thead>
<tr>
<th>Key Themes</th>
<th>Sub-Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Buying Behavior</td>
<td>Quality-oriented individuals</td>
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<tr>
<td></td>
<td>Price sensitive individuals</td>
</tr>
<tr>
<td></td>
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</tr>
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<td></td>
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</tr>
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<td>4) Quality</td>
<td>High-priced products</td>
</tr>
<tr>
<td></td>
<td>High-manufacturing costs and up-to-date technology</td>
</tr>
<tr>
<td></td>
<td>External appearance</td>
</tr>
</tbody>
</table>

As mentioned previously, this segment is structured based on the main themes identified from the conducted thematic analysis of the interview data. These themes are: i) buying behavior, ii) unknown and known brands, iii) brand loyalty and iv) quality.

5.1 Buying Behavior

According to respondents’ answers, there are three key points which affect their purchasing behavior. These are price, quality and brand. Some customers who are quality-oriented associate product quality with price. In this case, if a product has a lower price compared to
normal, it is a kind of signal for low quality. Because of this reason, they mostly prefer not to buy products which are sold at a price lower than the normal price. Madan and Suri (2001) state how price promotion raises doubts about a product’s quality or service in the opinion of the customers. Another research which was conducted by Shimp (2008) also supports this approach. As a result of price promotion, existing customers start to hesitate about quality and do not feel comfortable in purchasing the product.

However, if the customer is price sensitive, their behavior towards the price promotional brand is totally different. According to this type of customer, price was a deciding factor during purchasing. Based on this point, the customer is sensitive about price related promotions. They like to compare brand prices with each other and usually buy the lower priced one. Their main goal is to keep monetary consumption at the lowest possible level and save as much money as they can. This type of customer also believes that retail markets offer them thousands of different brands which have the same quality but with different price promotion strategies. They search for brands which offer deals such as reduced prices or other price promotions. Shimp (2008) found that price promotions change customers in the long term and make them more price-oriented.

Customer purchasing behaviors are also different according to duration of the product's life. If it is a product which has no expiration time or has a long shelf life, price promotions push customers to buy more and stock them. The main reason is a reliance on saving-money. Customers are aware that promotional activities are only valid for a short time and prices will rise in the future. The research of Tsiros and Hardesty (2010) supports this conclusion. They emphasized that higher future price expectations are an incentive factor.

The other common answer of respondents was in regard to "saving time." If customers use a product constantly and do not have enough time to go shopping, they prefer to buy more to save time.

In the context of my research question regarding how price promotions influence customers’ buying decisions, this investigation does not provide a very precise answer but rather it confirms conventional views that consumers’ responsiveness to promotions varies depending on their preferences and buying attitudes. This in turn is a very important finding for
marketers in the sense that it could help them make better and more informed decisions regarding price promotions.

5.2 Unknown Brands and Known Brands

According to Shimp (2008), brands use price related promotions such as "cents-off" coupons and low price offers to introduce their new product or new service to the customer. He also states that if a brand is new in the market, price promotion is one of the marketing tactics to introduce the brand to the customers. Customers are aware of a brand’s marketing strategies such as price promotion. Price promotions push customers to try new brands or a new product which is different from the ones they are used to purchasing. If a brand is unknown or a product is new to the market, customers usually go by external appearances of the product in deciding whether to buy it or not. The first impression is important for consumers and it critically affects a product’s or brand’s future. When a promotional product looks professional and of high-quality, customers will be more likely to volunteer to experience this product.

Nevertheless, if a particular brand or product is known, customers will not hesitate to purchase the item on price promotion because they already have an experience with that product or brand and they know its quality and its characteristics. Customers are happy with their brand’s price promotions and these marketing tactics lead them to buy more immediately before a promotion ends. Only one exception makes customers feel hesitant about buying a product, namely, if a brand is not used to present its products by using price promotion often or when price promotion seems illogical.

Many customers try new brands or products when they have an ongoing price promotion. If they are satisfied with the product or brand, they will continue to buy it. According to Shimp (2008), price promotion increases brand switching. This constitutes one of the reasons why the retail industry uses price promotion to introduce a new brand or product to the customers. Neslin and Shoemaker (1989) have stated that price promotions are being used to encourage buyers who normally do not buy a particular brand.

There is also another key issue which is the regular price of a product. It should be affordable and fairly priced. If it is not, a brand will lose the possibility of increasing its loyal customer base. Also, when customers are satisfied with a product which has an unfair price in normal circumstances, they prefer to wait for a new price promotion instead of paying more.
5.3 Brand Loyalty

Some respondents stick to certain specific brands which they are satisfied with in terms of product quality and do not switch them with other brands under any circumstances, even if they are open to try new brands or products. According to the basic definition derived from the respondents' answers, “brand loyalty means the customer buys only one brand every time they shop and refuses to try any other brand.” There is an emotional relationship with the customer and they trust the brand’s quality under all circumstances, believing its price is fair.

Baldinger and Rubinson (1996) emphasized three types of brand loyalty. These are: high loyal, moderate loyal and low loyal or non-buyer. Loyalty was calculated and the results showed that 53% of high loyalty users stayed highly loyal to the brand. Today, it seems quite hard to find the same level of loyal customers because different brands produce similar quality products and sell those in stores by using different price strategies. As a result of this, when a customer is unable to buy a brand which has been previously experienced, they can give it up and easily find another brand’s product which is of the same quality, perhaps at a lower price. In this case, Shimps (2008) is right that price promotions are the prime reason for brand switching.

Analyzing the relationship between brand loyalty and price promotion, two important questions were asked of the respondents. The first question was about their feelings and the second question was about their behavior. Based on the answers, the results show that when customers’ regular brands have price promotion, they feel happy. The price difference between the regular price and the promotional price doesn’t change their feelings and their trust for the brand.

Today’s customers are more knowledgeable compared to before. They all recognized that price promotion is a common policy used by every brand. It is a way to increase profits, retain existing customers, or find new customers. In this case, customers do not think about brands, they mostly focus on how much their expenditure is reduced.

Customers do not think that brands use price promotions to reward their loyalty. It is not the method that stores or manufacturers use to thank loyal customers and it is usually the way to persuade new customers to buy the product or introduce new brands or products to the market. Although, being aware of this, the customers feel happy when they are faced with
price related promotion in stores. Most respondents’ answers didn’t support the research of Andrew S.C. Ehrenberg, Kathy Hammond and G.J. Goodhardt (1994). They state that existing customers feel like they are rewarded when the brand they are loyal to has price related promotions. Today’s business world is a big pie and the customers are the biggest piece of this pie: they have quite a broad knowledge of actual market conditions.

Price promotion is not a reason for customers to be loyal to particular brands. Sometimes they follow the brands which they are most used to buying. This is because these brands sell their products at a more expensive price compared to other products of the same category. In this case, I would say that price promotion is for new customers who have never tried the brand before. Through their visits to and/or experiences with stores, the internet, TV advertisements, magazines, internet and flyers, customers have the opportunity to follow their brands’ promotions.

5.4 Quality
Quality is one of the main deciding factors for customers while they are purchasing. All consumers are looking for the best quality with suitable prices. On the basis of this point, customers do not accept that expensive products are of a better quality than cheaper products. Generally, if a product is expensive, it is because of high manufacture cost, technology or other factors. Prices may be related to quality; however this approach is not correct for all product types in the opinion of the consumers.

Price sensitive customers usually do not judge a product’s quality by its price. In the market there are a lot of options, with the same quality of products selling at different prices for shoppers. It is possible to buy a product which is quite expensive and of a low quality, but the opposite is also possible. According to Lichtenstein et al. (1989), low prices are mostly a signal for low quality. In other words, low price guarantees low quality. They said that customers look for a reason when they encounter brands that implement price promotion to its products. The answers of the respondents did not validate this conclusion. In particular, this pertains to customers who presented themselves as price sensitive.

Customers behave differently when they face promotional products. Some of them feel suspicious about the quality and this reflects their purchasing behavior, especially when customers did not know a brand or a product before. A brand’s owners might assign
importance to a product's external appearance to reflect quality to the customer. It is a significant issue for them because there are thousands of brands, each of which is competitive in its own way. A quality and interesting external appearance increases the value of the product, raises its attractiveness and influences the customers’ attention easily, which is facilitated to gain the advantage over competition in the market.

If a brand is new in the market, owners implement prices related to promotion to increase the number of customers who take notice of the product. In this case, customers will not feel suspicious about quality if the price is commensurate with the external appearance and prices of other products from different brands in the same product category.

If a brand is not new to the market, Raqhubir and Corfman (1999) emphasize that the brand’s history with regards to price promotion is a key factor. In previous instances, if price promotions have been used actively, customers will not be surprised or feel suspicious about quality due to familiarity. The answers of respondents validate this conclusion.
CONCLUSION

The previous chapter presented an analytical comparison between theory and collected data. The aim of this thesis is to understand how customers’ behavior and brand loyalty can be influenced by the strategy of price promotion. According to this aim, each research question will be answered and a summary will be given in the final conclusion.

RQ1: How do price promotions influence customers’ buying decision and brand loyalty?

This research examines customers’ reactions to price related promotions in the retail industry and the thesis showed that price promotion easily influences consumers’ buying decisions during their shopping time.

Price promotions induce customers to buy more than they need because price promotion implies money-saving and time-saving. When a product has no expiration date or has a long shelf-life, they prefer to purchase more and stock them before their price rises back up to regular levels. Another interesting point concerns new products and brands. According to respondents’ answers, I conclude that most of them are aware of company marketing strategies like price promotion which pushes them to try new brands or new products that is different from the ones they are used to purchasing. Therefore price promotion is an effective way to introduce new brands or products to customers.

Customers do not switch from familiar brands if there is no valid reason for them to do so. Price promotions create the reasons to persuade customers to try a new brand or product instead of purchasing regular brands.

My research found that price promotions do not have the power to influence brand loyalty in positive ways. Nowadays, it is not easy to create brand loyalty in retail markets. Customers can find many different brands which have the same quality with different price strategies. Besides that, today’s customers are more aware than before.

A conscious consumer knows that price promotion is a kind of marketing strategy for a business to make the brand more attractive for buyers and they also know that all these price promotion activities are for the future of a brand, not to reward customers’ brand loyalty.
This research supports this idea and concludes that customers feel satisfaction but do not feel rewarded by the brand when they encounter price promotion on a product such as a price discount. Price related promotions also increase the number of price sensitive consumers. This kind of customer would prefer to wait for the next promotion, because they know there will be some price promotions again in the near future.

*RQ2: How do price promotions influence customers’ perception of quality of a specific good?*

The relationship between price deals and quality is a complicated issue that is still being investigated by many researchers. This research also analyzed how price promotion influences customers’ perception of quality.

As a result of this research, I found that quality is one of the main reasons for customers to purchase a product. Because of this, companies should be careful when they implement price related promotion of its products. They should not compromise on product quality and reflect its value by using its external appearance. Accordingly, customers demand products which look good. They relate quality with external appearance. In other words, the human perception of a product's appearance has been the main instrument of the judgment of its quality.

There are certain different approaches regarding this case. If a product which is produced by an unknown brand has a professional external appearance, consumers do not hesitate about its quality and they like to take advantage of the price promotion.

First impressions are important for consumers and critically affect a product or brand’s future. Unknown brands should be quite careful about how their product looks on store shelves because this is one of the key factors in creating brand loyalty in the future. If a product has a low-quality appearance, this will in fact destroy all efforts on behalf of the company in building the brand using strategies like price promotion.

Additionally, if a product is manufactured by a known brand which customers are used to seeing on the shelf of a store, they do not hesitate about the quality of the product and purchase it in order to not miss out on this promotional opportunity.
This study found that customers feel uncomfortable with price promoted products only if the brand’s external appearance did not reflect the quality of product or if a brand did not use promotional activities in the past. Brand history is an important issue. It is a kind of reference point for customers. According to this information, if a brand or product is known and its package has a good quality, customers’ brand loyalty will not be damaged or altered.

**RQ3: How do customers feel when they see their regular brand has price promotion?**

People are having a hard time because of the current economic problems they have to face. Spending less and controlling the balance of their budget is a critical issue. Because of this, when they see their regular brand has a price related promotion, customers would like to buy before the promotion ends. They have already experienced the product and are happy with its quality. They usually feel satisfied, though sometimes they also feel as if they have been duped by the market. As I mentioned before, consumers are aware of the nature of the market and they know that it is not possible for brands to ensure their continuity without keeping up with market rules. They are not angry with the brands; they are angry with the market that sets the price of product groups.

From that viewpoint, this research found that people are satisfied and happy with price promotion. Despite feeling angry with the market that made the prices higher, they are not angry with the brand itself. As a result, price related promotions do not damage customers’ brand loyalty.

**Final Conclusion**

The research is essentially based on three research question which have been provided to analyze the effects of price promotion on customers’ behavior, their feelings towards the brand, and brand loyalty. Price promotions are important marketing activities for retailers and they can easily influence customers' buying decisions such as encouraging them to switch their brand, change the number of products they purchase etc. Also, today’s customers have a quite expansive knowledge and understanding of the markets and they usually realize that all price related activities are for the brand's benefit, not for customers. They feel happy when they see their regular brand has promotion, but this feeling is not enough to develop strong customer’s brand loyalty.
In the marketing literature, the relationship between price promotions and customers is not well understood. Several theoretical papers have analyzed the relationship between price promotions and brand loyalty, buying decisions and customers’ opinions of and/or feelings towards a brand. All the issues which are mentioned in this paper are important marketing topics. There are still many researchers who continue to examine the variables underlying price promotion and its different effects across different factors.
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## APPENDIX I

Table 1, Price promotions and non-price promotions

<table>
<thead>
<tr>
<th><strong>Price-based promotions</strong></th>
<th>Price reductions, free goods, price packs (banned offers), coupons, cash refunds, money off next purchase, loss leader pricing, cheap credit, special events</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-price promotions</strong></td>
<td>Competitions, personality promotions, free gifts and mail-ins, self-liquidating offers, multi-brand promotions</td>
</tr>
</tbody>
</table>

Table 2, Main source of sales increases from a promotion

<table>
<thead>
<tr>
<th><strong>Promoted products</strong></th>
<th><strong>Existing customers</strong></th>
<th><strong>New customers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increase purchase quantity for stockpiling leading to increase in consumption</td>
<td>Increase purchase by brand switchers</td>
</tr>
<tr>
<td></td>
<td>Increase and/or accelerate purchase frequency</td>
<td>Increase primary demand for category</td>
</tr>
<tr>
<td></td>
<td>Reduce brand switching and retain existing customers</td>
<td>Increase purchase by store switchers</td>
</tr>
<tr>
<td><strong>Non-promoted products</strong></td>
<td>Use complements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Spillover brand effects</td>
<td></td>
</tr>
</tbody>
</table>

Table 3, Themes and Sub-themes

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<th><strong>Sub-Themes</strong></th>
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<td></td>
<td>External appearance</td>
</tr>
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</table>
Table 4, Personal Data

<table>
<thead>
<tr>
<th>Name</th>
<th>Country</th>
<th>Age Range</th>
<th>Gender</th>
<th>Status</th>
<th>Salary Range €</th>
<th>The frequency of shopping</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anita Aigner</td>
<td>Austria</td>
<td>25-35</td>
<td>F</td>
<td>Married</td>
<td>500-1500</td>
<td>(Almost) every day</td>
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<tr>
<td>Baptiste Romano</td>
<td>France</td>
<td>15-25</td>
<td>M</td>
<td>Single</td>
<td>500-1500</td>
<td>Once or twice a week</td>
</tr>
<tr>
<td>Daniel Fredriksson</td>
<td>UK</td>
<td>15-25</td>
<td>M</td>
<td>Single</td>
<td>500-1500</td>
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<tr>
<td>Jasmin Cohen</td>
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<td>(Almost) Everyday</td>
</tr>
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<td>F</td>
<td>Single</td>
<td>0-500</td>
<td>(Almost) Everyday</td>
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APPENDIX II

Figure 1: Home country

Figure 2: Age

Figure 3: Gender

Figure 4: Relationship Status
Figure 5: Monthly Salary

Figure 6: Frequency of shopping
APPENDIX III

Interview questions

Part 1: General information about the respondents

1. Respondent’s name and surname
2. Home country
3. Gender
4. Age
5. Relationship Status
6. Monthly Salary
7. Frequency of shopping

Part 2: The questions about Price Promotions

1. When you buy a product, which is your deciding factor? Why?
2. Do you stick to any particular brand which you don’t give up or switch with another brand under any circumstances or do you keep trying new brands? Why?
3. What is your reaction when you see an unknown brand which has price promotion? Would you like to try this product?
4. How do you feel when you see your regular brand has price promotion?
5. When there is a price promotion on a product which you regularly buy, do you feel your loyalty is being rewarded? Could you please explain?
6. How do you describe brand loyalty?
7. Could you please tell me your feeling when you compare your brand’s regular price with its price promotion price? Does this hurt your trust in the brand?
8. Is there a brand which you regularly follow because of the brand’s price promotions?
9. Do you buy products more often than you need, when there is a price promotion? (If your answer is no, please skip question 10.)
10. What is the reason that makes you buy more than you need? Could you please explain your feelings?
11. What is the method that you follow to keep track of new price promotions?
12. What is your opinion about “expensive products having a better quality”? Do you agree?
13. How do you feel about a product’s quality, when the product is in a price promotion? Why? Do you get suspicious about a product’s quality?
14. Have you ever bought a brand because of its price promotions?
15. Have you ever bought and tried a product because of price promotion? Are you still buying that product?