

# Sales promotions in mobile phone industry in pakistan marketing essay



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Sales promotions are typically viewed as an easily executed means of boosting short-term sales. Sales promotions can be divided into trade promotions, such as those directed at retailers (e. g. margin allowances, slotting and case allowances) and consumer promotions, which include activities such as premiums, coupons, and price offs. I will be using practical examples of retail promotions but I will also cover consumer promotions in detail as well.

There are two sales promotional tools namely price-oriented and non-price-oriented promotions. Price oriented promotions include discounts, coupons and rebates. Whereas, non-price-oriented promotions include free samples, sweepstakes, contests, premiums and frequent user programs. Price-oriented promotions are praised for their ability to achieve short-term results such as increasing market share, encouraging brand switching and including product trial usage. Non-price promotions are primarily adopted for their ability to meet such longer-term objectives as enhancing brand image, strengthening brand associations, or increasing brand loyalty.

Every brand tries to draw the attention of the consumer by advertisements and price-promotions. As a result, the market is characterised by strong sales peaks that are caused by promotional actions.

There has been much interest and discussion concerning the increasing proportion of a brand's promotional budget that is being allocated to sales promotion, often at the expense of advertising expenditure. There are a number of reasons for the increase in sales promotion expenditure, such as escalating media costs and media clutter, managerial short-term focus, the

increasing demand for managerial accountability, and changes in consumer decision making. Another significant reason for increasing sales promotion expenditure is the change in the balance of power from manufacturer/service provider to retailer which puts considerable pressure on manufacturers/service providers to offer trade promotions.

The basic reason of choosing this area of investigation is its originality and possibility of practical application in the industry. Also, the consumers are demanding something 'extra' and in the future only those companies will survive who delights their customers rather than just satisfying them and sales promotion has the potential to do that. Reason for choosing this area is that there is lack of research on efficiency of sales promotions in this market and I believe it would help the professionals in this regard.

### 3: Research question/objective

The problem that have been identified is that sales promotions are big adds to cost specially in mobile(cellular) service industry, and do not achieve desired benefits if not properly planned, organised and forecasted particularly when market is already saturated and there is a strong competition culture. It does help you move out excessive charges, to try new plans and to increase sales whenever your company needs but it has certain limitations as well, for example it may decrease brand value and is often unpredictable. Additionally, it may create gap. Also, it may be attractable to new customers but they may switch after enjoying the benefits.

I have planned to find out how companies operating in mobile phone industry can better utilise the sales promotion tool for the benefit of organization and in turn increase overall profits and brand image.

The main objectives of the research are:

To justify the benefits of allocated budget to sales promotions.

To identify the timing and duration of a perfect sales promotion.

Advantages and disadvantages of sales promotions for Telecommunication Industry.

#### 4: Research method

Researcher have planned to design a questionnaire based on consumer point of view regarding sales promotions, also intend to conduct survey using questionnaire from Mobilink manager's (via e-mail). The sales promotion planning, patterns and feasibility at Mobilink will also be studied in order to support research with practical implications.

Combination of quantitative and qualitative research methods will be used and will try to make it more practical rather than theoretical but it will be a combination of literature review and practical applications in industry.

The qualitative research will be supported by using a questionnaire filling with managers and customers and utilising observation techniques by getting the customer point of view. For quantitative research, the survey research using questionnaires and will ask the consumers about the

consumption patterns in order to compare the before and after effect of sales promotions on buying behaviour.

#### 5: Data Collection and Analysis

I have planned to analyse the data by utilising Multiple discriminant analysis (MDA) and will try to find out the association between sales promotional tools and its particular effect on consumer buying behaviour.

PEST, SWOT analysis as well as the financial and sales analysis of mobile companies under observation will be conducted.

#### 6: Literature Review

Researcher will explore some of the journals written in this regard . The sales promotion typology can be broadly divided into consumer promotions, retailer promotions and trade promotions (Teunter, 2002, Pp. 5). Consumer promotions are offered by manufacturers for consumers in collaboration with retailers and retail promotions are offered by retailers for consumers. Trade promotions are somewhat different because they are offered by manufacturers to influence retailers or other trade entities so that they can be persuaded to sell goods to other parties. All sales promotions are attempts to influence customer behaviour and these marketing efforts try to persuade customers to purchase more of the merchandise that has been included in the promotion effort. Not only do sales promotions offer highlight the merchandise that has been selected for promotion, but they also offer temporary price discounts or other inducements, such as coupons or rebates, that have been designed to enhance consumer interest and to

persuade them to purchase more of selected products. However, non – price promotions that offer premiums, membership to users clubs or entry to sweepstakes that can provide a decent prize to a few are useful in enhancing excitement and consumer interest. Price cuts, attractive display, feature highlighting and a combination of all of the previously mentioned attractions are often a part of promotions. Consumers like promotions because these events offer hedonistic pleasures including entertainment, exploration and self – expression along with monetary savings and an ability to purchase brand items that may have been unaffordable because of their high regular prices.

5Although published literature related to promotions has indicated that increased promotional spending in the relatively recent past is being questioned as being efficient in terms of its ability to deliver returns, it has to be appreciated that the cost of advertising has also soared above the rate of inflation and it is difficult to reach a wide diversity of consumers effectively with a single advertising message that has to be presented on a constantly increasing plethora of mediums that includes print, television, radio and website etc which attract different segments of the total market population (Teunter, 2002, Pp. 6).

A number of theoretical models that attempt to explain customer behaviour in regard to promotions have been presented and these include the economic model, the stimulus – response model, the stimulus – organism – response model and trait theory (Teunter, 2002, Chapter 2). The economic model applied to promotions attempts to explain customer response in terms of a relaxation of their budgets due to reduced prices which makes it

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possible for them to purchase more of a retail item which may have been appealing, but somewhat out of reach. The stimulus – response model applied to sales promotions attempts to explain the impact of promotions on customers in terms of a management of the behavioural learning of customers that attempts to present appropriate cues about purchase behaviour and attitudes towards retail items that are being promoted and which are likely to be copied by consumers. Vicarious learning which takes place by customers as a result of a promotion is expected to encourage new product adoption. Classical conditioning is expected to motivate consumers to act and purchase a retail item that is being promoted, operant conditioning is expected to reinforce the message that a customer needs an item and this also encourages emotional attachment for an item, while the stimulus – response – organism model attempts to create and translate a customer's perceptions of the environment, (attribution, price perception, perceived risk and prospect theory), into actual consumer choice for a retail item. However, it has to be appreciated that efforts to condition consumers in favor of a product costs money and a retailer has to be able to justify the funds that are spent in terms of increased sales, customer loyalty and customer appreciation. Also, promotions are undertaken because if a retailer ceases to indulge in promotions, then some other retailer will do better by offering promotions to customers and this way they are likely to gain an edge on those retailers that are not offering promotions. After all, customers want value for their money and will spend where they are likely to get the most in terms of products, convenience, quality and excitement. Thus, retailers have to somehow determine what they can possibly offer to

customers based on their earnings in a manner that is likely to please customers most and hope

that their efforts will increase sales and improve customer loyalty. .

#### 7: Practical and ethical issues

I think confidentiality of customer data and company specific information will be a big challenge. Gathering accurate data from consumers will be a question mark as well. I will make sure that each and every information I analyse is up-to-date and accurate to the best of my knowledge. Also, I will cross check and confirm each set of data before drawing conclusions based on that.

Managing and questionnaire filling with managers will be a big task but I am confident and dedicated to my goal.

#### 8: Plan or timetable

I will study and do all the literature review and research first of all followed by survey using questionnaire and manager's interviews in the end. I intend to complete each of these major tasks on the following planned dates:

##### TASK TIME

Literature Review and Essential reading.....4 weeks

Online Survey and questionnaire..... 2 weeks

Compiling and Analysis of data.....4 weeks.



Conclusion and finalizing..... 2 weeks.