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ABSTRACT

PURPOSE – The study aims to explore sales promotion strategies developed by London small and medium sized enterprises in the context of food service industry during the current economic downturn

DESIGN/METHODOLOGY/APPROACH – The paper consists of a quantitative and qualitative survey and a qualitative semi-structured interview

FINDINGS – A satisfactory level of internal knowledge of sales promotion was discovered in London food service SMEs. Lack of consensus regarding the beneficial nature of this marketing activity was revealed among managers in participating organisations. Price offs, discounts, coupons and vouchers were found to be the most common and most frequently used sales promotion tools, the underlying reasons for which are their implementation simplicity and comparatively low cost, as cited by the respondents. The same tools were marked as the most effective. The overwhelming majority of the firms failed to measure and record the effectiveness of sales promotion techniques, therefore their answers in this regard were based on personal experience and formed opinion.

RESEARCH LIMITATIONS – The research has location and industry-specific limitations and explores consumer-oriented sales promotion from managerial perspective only.

PRACTICAL IMPLICATIONS – The findings of the project provide marketers with better understanding of sales promotion preferences of food service SMEs. Outlined recommendations based on the research results enable relevant companies to find ways to improve their sales promotion strategies.

ORIGINALITY/VALUE – The study contributed to bridging the research gap identified in the academic literature review regarding the lack of information about sales promotion strategies in food service SMEs.

KEYWORDS: sales promotion, small and medium sized enterprises, food service industry, London

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CHAPTER 1: INTRODUCTION

1.1. SALES PROMOTION AS A CURRENT ESSENTIAL MARKETING TOOL

In an increasingly competitive market environment, sales promotion is an essential marketing tool which can take many different forms; for example, price offs and gifts, discounts, prize draws and competitions, money off coupons, and loyalty schemes. It is estimated that the industry is worth around £18 billion per annum in the UK alone (as cited by Edwin Mutton, the Director General of the Institute of Sales Promotion, now called Institute of Promotional Marketing, in March 2002) and that it provides employment for 25,000 people. Another research dating back to 1986 (Cummins, J. and Mullin, R., 2002) shows that over 70% of the UK population has taken part in competitions or games on products and services, with almost 60% of the population actively participating in some form of promotion in any given month. This makes participating in sales promotions one Britain's biggest active leisure activities. The widespread use of sales promotions in the UK is also supported by its favourable legislation and loose control as self-regulation is well-developed in the country.

Sales promotion is a part of promotional mix together with advertising, public relations, direct marketing and personal selling. A successful promotional mix uses a balance of its five tools in a planned and structured way. The challenge is to select the right mix to suit your particular business at a particular time. Recent statistics reveal some changes in the overall percentage of promotional mix ingredients usage in different industries and provide valid evidence that more money is now spent on direct marketing and sales promotion activity than on advertising. For example, according to the data taken from Chart 25 in Cox Direct 20th Survey of Promotional Practices (1998) advertising spending of consumer packaged goods companies between 1990 and 1997 years declined from 28% to 26% of total marketing communications expenditures, while promotion spending steadily increased. Information derived from Cannondale Associates for the years 1998-2001 demonstrate similar patterns. John Phillip Jones (1990) specifies the saturation of markets and the urge to drive up market shares as

major underlying causes of a significant change of emphasis between advertising and promotions.

As sales promotions boomed in practice, they became an increasing focus of academic interest. Considerable research has been carried out to reveal statistically proven information about sales promotions and consumer response to them. However, most of the findings relate to retail and manufacturing sectors, and not so much has been researched in food service industry so far. This rises certain concerns as according to the economic and legal assessment of European food industry carried out by European Commission (2007) food services are of growing importance to the economies of individual countries, since their sales are approximately one third of consumer expenditure on food throughout the EU.

1.2. FOOD SERVICE INDUSTRY DURING CURRENT ECONOMIC DOWNTURN

Restaurants are part of the wider hospitality industry, which is worth an estimated £46bn to the UK economy in wages and profits. The restaurant sector in the UK is diverse and consists of a wide variety of subsectors, each offering something different to customers. According to Key Note (2011) all the food service companies can be divide into three groups: quick-service restaurants, which offer a relatively inexpensive, instant meal to customers; pub restaurants, offering a value-led variety of meals; and casual dining restaurants, which are establishments that offer certain cuisine. I have limited my current research to small and medium licensed and non-licensed food service organisations offering dining in and take-away services.

While people will never stop eating, their buying habits and the food they consume have changed following the downturn in the UK economy. According to Key Note estimates the total number of meals served across the three sectors peaked in 2007 at 4.03bn. In the following recession hit years of 2008 and 2009, declines of 4.9% and 3.9% were witnessed, respectively. The most popular frequency for eating out as determined by Mintel (2009) was once a month, although the incidence of consumers eating out more than twice a week has experienced a decline as consumers continued

eating out for a regular treat but less as a meal replacement exercise. It should be noted, that families were affected mostly, while young consumers with few financial commitments continued to drive the market for frequent eating out occasions. The same downward trend of food eaten out was witnessed by Defra (2010).

The restaurant industry coped with the downturn in meal frequency by increasing food prices, as can be seen by the surprisingly stable value growth of eating out market established by Key Note (2011), which was £18.27bn in 2009 (excluding sales of alcoholic beverages) and increased by 2.6% in 2008. In 2010 the market grew by a further 3.4% to a value of £18.87bn.

According to SWOT analysis performed by Key Note (2011) and customer groups identified by Mintel (2008) using people's buying behaviour in hard economic times as the basis for segmentation (both are presented in Appendix 1), the following conclusions can be made:

- In spite of the fact, that eating out is an essential part of the UK culture, restaurant industry has been sensitive to the economic downturn and has experienced certain degree of decline
- Discount vouchers and other promotion techniques are to be used by restaurant operators to appeal to bargain hunters who comprise 77% of the UK consumers in the time of economic recession and to ensure loyalty throughout other segments

1.3. SME AS THE MAIN REPRESENTATIVE OF THE UK FOOD SERVICE INDUSTRY

According to the National Statistics' 2010 edition of *UK Business: Activity, Size and Location* 94.7% of all restaurants, cafes and takeaways employed less than 20 people, making a small enterprise the main representative of the UK food service industry.

Small and medium sized enterprises (SMEs) are among the main constituents of Western economies and the importance of SMEs in the UK private sector in particular

is hard to underestimate, due to the number of jobs they provide which is 59.1% and the overall percentage of private sector turnover – 48.7% (The Business Population Estimates for the UK and Regions, 2010).

It has been quite complicated to agree on the one universal definition of a small firm. The most widely accepted one, however, has been provided by Bolton Committee (1971) who identified three main characteristics of a small firm:

- A relatively small market share
- Owners or part-owners act as managers
- They are totally independent from any larger enterprise

We cannot but agree that SMEs, including food service organisations, have to face lots of challenges in their operations, most of which occur due to the above mentioned characteristics and their consequent lack of specialist expertise (Carson, 1990) and financial resources. Moreover, the small scale of SME operations entails their incapability to influence business surroundings and modify environmental forces to their advantage (Carson *et al.* 1995). Therefore, life in a small firm is based on a day-to-day survival (Scase and Goffee, 1982) and 40% of them fail during their first year of operation (Dawood and Page, 2006; Phakisa, 2009). Competence in marketing is often referred to as a key prerequisite for the success of a small company by many academics including Neil, 1986; Hogarth-Scott, Watson, and Wilson, 1996; Moeller and Anrilla, 1987. A food service organisation, in its turn, has only three ways to grow its business. As Jose Luis Riesco (2010) and Aaron Alen, a founder and CEO of an Orlando based strategic marketing consultancy, state, they are:

- To increase the number of clients (this includes first comers and repeated customers)
- To increase frequency of visits
- To increase the amount of money customers spend per visit.

All three can to some extent be addressed by a meticulously planned and well delivered sales promotion programme. The question remains whether small enterprises able to make the use of it. Therefore, sales promotion strategies of food service SMEs have been chosen as a research area for my dissertation.

1.4. RESEARCH AIM, RESEARCH OBJECTIVES AND RESEARCH QUESTIONS

The ultimate goal of this research is to provide marketers with a better understanding of promotional preferences of food service SMEs. The findings of the research will also help SMEs in food service industry to develop more efficient and effective sales promotion strategies.

Sales promotion tools used by companies operating in a highly saturated market under conditions of economic downturn, will be examined and evaluated. The link will be provided between strategies being executed and business owners' and managers' attitudes towards sales promotion and their overall understanding of sales promotion importance to the business.

The following research objectives and the corresponding research questions have been identified for this research project:

| Research objective | Research question |
|---|--|
| 1. To identify business owners/managers' attitudes to and their overall understanding of sales promotion importance to the business | A. What are the reasons to engage in sales promotion campaigns from the point of view of business owners and managers? |
| 2. To find out which sales promotion tools are currently used by food service SMEs | B. What are the most common sales promotion tools used by food service SMEs in the conditions of |

| | |
|--|---|
| | economic downturn? |
| 3. To assess the effectiveness of sales promotion strategies developed by food service SMEs | C. Which sales promotion tools are considered to be most effective for a food service SME in the conditions of economic downturn? |
| 4. Propose recommendations as to how food service SMEs can use sales promotion techniques to achieve their business objectives | D. How can food service SMEs exploit the opportunities provided by sales promotion tools for the sake of their business success? |

Table 1: Research objectives and research questions

1.5. SCOPE AND LIMITATIONS

It was decided to limit the research to small food service organisations in West and South-West London areas due to the time constraints and consequent personal incapability to cover the whole city. The companies to be evaluated will offer dining-in and/or take-away services, licensed and non-licensed. The age of the companies can vary in order to obtain a balanced viewpoint on peculiarities of food service SME sales promotion strategies developed in response to the economic downturn in the UK. The research project will be limited to the examination of consumer promotions only.

1.6. DISSERTATION ORGANISATION

The remainder of this dissertation is organized as follows:

Chapter 2 focuses on literature review which gives an overview of relevant conceptual frameworks and theories related to sales promotion.

Chapter 3 outlines and justifies chosen research methodology that will be used in order to accomplish research objectives.

Chapter 4 presents the findings of the fieldwork together with their analysis and discussion.

Chapter 5 outlines conclusions of the research and provides recommendations for the enhancement of sales promotion strategies in food service SMEs.

CHAPTER 2: LITERATURE REVIEW

2.1. DEFINING SALES PROMOTION

There exist numerous definitions of sales promotion offered by academics and researchers interested in this field, as we will see below. Each one of them tried to cover all the aspects of the term in a single definition to make it an exhaustive one. Let's see to which extent they've succeeded.

Cummins and Mullin (2010) defined sales promotion as *'a range of price and value techniques designed within a strategic framework to achieve specific objectives by changing any part of the marketing mix, normally for a defined time period'*. The authors of the definition pay our attention to the fact that sales promotions are usually planned for implementation at a specific time, for example to address seasonal sales of ice-cream in food service companies. They can also be considered and introduced as contingencies to tackle problems and opportunities arising during the year. Secondly, sales promotion must start by being related to one or more marketing objectives that will be achieved by their implementation. And finally, Cummins and Mullin draw a distinction between value (free draws, mail-in premiums, container promotions, competitions) and price (money-off coupons, pence-off flashes, BOGOF, extra-fill packs) promotions, the usage conditions and effects of which will be discussed later in this paper. However, the academics failed to recognize that sales promotion techniques are *designed to add value to a product or service*. This characteristic has found its reflection in the definition provided by the Institute of Promotional Marketing (2009).

Another definition refers to sales promotion as *'any incentive used by a manufacturer to induce the trade (wholesalers, retailers, or other channel members) and/or consumers to buy a brand and to encourage the sales force to aggressively sell it. The incentive is additional to the basic benefits provided by the brand and temporarily changes its perceived price or value'*. The definition provided by Shimp (2003) specifies

that sales promotion techniques may be pitched at not only customers but retailers and sales force and that the incentive changes a brand's perceived price or value, but only temporarily.

Brassington and Pettitt (2000) offer a revised definition of sales promotion stating that it's *'a range of marketing techniques designed within a strategic marketing framework to add extra value to a product or service over and above the 'normal' offering in order to achieve specific sales and marketing objectives. This extra value may be a short-term tactical nature or it may be part of a longer-term franchise-building program'*. The definition possesses a certain value because it discusses the possible effects of sales promotion on short-term performance of a company as well as long-term brand franchise.

Cooke (1985) pays attention to the fact that sales promotion is a part of promotional mix together with advertising, public relations, direct marketing and personal selling and that a successful promotional mix uses a balance of its five tools in a planned and structured way. He therefore defines this ingredient as *'those promotional activities which enhance and support mass selling and personal selling, and which help complete and/or coordinate the entire promotional mix (advertising, personal selling, publicity, sales promotion) and make the marketing mix (product, price, channels of distribution) more effective'*.

As we can see none of the above mentioned definitions appears to be an exhaustive one, though each one of them analyses sales promotion from a slightly different perspective, revealing quite complicated and many-sided nature of the term. Most of the conceptual frameworks, theories and practical applications can be derived from sales promotion definition; therefore, its knowledge is of profound importance for those in charge of marketing activities in organisations, since it predetermines beneficial utilization of sales promotion tools. There is hardly any information in the academic literature about the level of knowledge and general understanding of sales promotion among the managers of food service SMEs. Hence the researcher feels the need to fill this gap in her study.

2.2. THE GROWTH OF SALES PROMOTION

As early as 1986 research studies showed increased sales promotion expenditures relatively to advertising (Bowman, 1986). According to the data taken from Chart 25 in Cox Direct 20th Survey of Promotional Practices (1998) and information derived from Cannondale Associates for the years 1998-2001 sales promotion spending has seen steady growth while advertising expenditures have declined. There are several reasons for this trend.

John Phillip Jones (1990) specifies the saturation of markets and the urge to drive up market shares as major underlying causes of a significant change of emphasis between advertising and promotions. Other major developments underlying the growth in promotions are depicted in Gale Encyclopedia of Small Business (2010) and include the increasing tendency of businesses to focus on short-term results, which is supported by corporate reward structures and can be considered a dangerous aspect as highlighted by Shimp (2003), as managers often try to impress their superiors by enhancing the performance of a product in the short-term neglecting possible devastating long-term effects. An increase in the size and power of retailers, which enables them to demand incentives from manufacturers to carry their products, is another phenomenon (Encyclopedia of Small Business, 2010).

Moreover, sales promotion has grown substantially in recent years due to increased brand parity and price sensitivity caused by the maturity stage of PLC of many product categories, which entails companies' difficulty to differentiate their products from those of the competitors' (Shimp, 2003). Sales promotion is used as a means of achieving temporary advantages over rivals. This advantage is somewhat questionable as evidence in other sources shows that the use of promotions by one brand may lead to increased promotional activity of the competing one, therefore in most cases differentiation is not achievable my this means (Quelch, 1987).

Consumer responsiveness to money-saving opportunities and other value-adding promotions is another underlying reason. Consumers have accepted sales promotion

as part of their buying decision criteria (Encyclopedia of Small Business, 2010; Shimp, 2003).

The above list could also be added by Cummins' and Mullin's (2010) points of view who explain that customers are more demanding nowadays looking for more from the brands they buy. Sales promotion offer novelty, excitement and humour at the point of purchase. Moreover, the authors defend the idea that sales effects of TV advertising are much greater when it coincides with promotions. Smith (2004) supports this view revealing how a company often uses sales promotion activities in combination with other promotional efforts to facilitate personal selling, advertising or both. Sales promotion can also be used as primary to other promotional mix ingredients and facilitated by advertising and personal selling. For example, advertising can be used to promote free sampling, contests, etc., as proved by Betsy Spethmann (2001), who estimated that one-third of all media advertisements on TV, print, Internet, etc. carry a promotional message.

Another advantage of sales promotion is its relatively easy and inexpensive implementation as mentioned by Schultz *et al.* (1998). He proves that on a cost versus results basis, sales promotion may be much less expensive than producing and airing television commercials to reach the same audience.

Finally, Ken Peattie and Sue Peattie (1993) cited measurability of sales promotions as one of the factors that have encouraged marketers to make greater use of sales promotions. They've stated that in spite of being quite problematic, it's still possible if dealt with with care, to measure the impact of most sales promotion techniques.

As it can be seen from the above, sales promotion has many underlying reasons for its increased popularity among various companies and organisations. The question remains how well the advantages of sales promotion techniques have been recognized and exploited by London food service SMEs. The researcher will try to find out whether sales promotion is an important part of the marketing strategy of the companies under consideration.

2.3. CLASSIFICATION OF PROMOTION TOOLS

There have been a few discussions in sales promotion literature about how different types of promotions may be classified. One dimension which has been suggested by Dibb *et al.* (2005) is consumer versus trade sales promotion categories. Consumer sales promotion techniques are targeted at consumers: to encourage or stimulate consumers to try a particular product or service, while trade sales promotion methods are pitched at marketing channel intermediaries and stimulate retailers to carry a producer's goods and to market these products aggressively. The drawback of this classification is that it fails to mention a third group of sales promotions mentioned by Shimp (2003) in his definition and directed at sales force to encourage and facilitate them in their selling process.

Another classification divides promotion in price versus non-price techniques (Campbell and Diamond, 1992; Blattberg and Neslin, 1990). Price promotions are defined American Marketing Association (2012) as 'the advertising of a price for a product or service, where the price being promoted is a reduction from a previously established price and may take the form of a lower price, a coupon to be redeemed, or a rebate to be received.. These promotions focus on the reduced economic outlay required to obtain a good or service'. According to Cooke (1983) non-price promotions are defined as 'promotions such as giveaways or contests in which value is temporarily added to the product at full price'.

A more comprehensive classification is offered by Cummins and Mullin (2010). The authors based it on not one but two parameters – value versus price and immediate versus delayed effect.

| Promotional type | Immediate | Delayed |
|------------------|---|--|
| Value | Free in-pack Reusable container Instant win | Free mail-in Competition Free draw |

| | | |
|--------------|--|---|
| | Home sampling Free on-pack | Self-liquidator Charity promotion |
| Price | Pence-off flash BOGOF Extra-fill packs In-store coupon Finance offer | Next purchase coupon Cash refund Cash share-out Buy-back offer |

Table 2: Classification of sales promotion tools by Cummins and Mullin (2010)

Shimps (2003) on the other hand, provides a classification which has an undeniable practical value, since he used a promotion objective as one of the parameters.

| Consumer reward | Generating trial purchases | Encouraging repeat purchases | Reinforcing brand image |
|------------------------|--|--|---|
| Immediate | Samples Instant coupons Shelf-delivered coupons | Price-offs Bonus packs In-, on-, and near-pack premiums Games | |
| Delayed | Scanner-delivered coupons Media-and mail-delivered coupons Online coupons Mail-in premiums Free-with-purchase premiums | In- and on-pack coupons Rebates/refunds Phone cards Continuity programs | Self-liquidating premiums Sweepstakes and contests |

Table 3: Classification of sales promotion tools by Shimps (2003)

The classification illustrated above is not flawless though, as sales promotion can pursue other business objectives, such as to increase volume, widen usage, create awareness, deflect attention from price, and gain intermediary support as cited by Cummins and Mullin (2010) or to stimulate sales force enthusiasm for a new, improved, or mature product, since exciting sales promotions give salespeople persuasive ammunition when interacting with buyers, as mentioned by Schimp himself later in his book (2003). In fact, objectives for promotion campaigns mainly depend on the stage of the product in its life cycle (Blattberg and Neslin, 1990). During the introductory stage, for example, the key objective is to generate initial trial while the growth stage is characterized by management attempts to reinforce repeated purchase of a product. When a product reaches maturity stage it becomes price sensitive, due to the increased number of 'me-too' products, thus, the main promotional goals are to reinforce loyalty and capture a significant share of switchers. At the decline stage all promotional campaigns are designed to generate sales volume of the product.

In the current study the researcher will explore which sales promotion tools are most commonly used in London food service SMEs as well as investigate which objectives are sought through their implementation, the areas which haven't been covered by any of the academic research so far.

2.4. CLASSIFICATION OF CONSUMERS AS A BASIS FOR THE CHOICE OF SALES PROMOTION TOOLS

As it could be derived from the previous part, one of the factors influencing the choice of promotional tools is the objective that a marketer plans to achieve with the help of a sales promotion campaign. However, since sales promotion is one of the ways a company communicates with its customers, receivers with their personal characteristics play a vital role in determining the success of the whole communication process. Therefore, marketers have to identify the group(s) of customers they want to reach following the principles of market segmentation and pitch at different customer segments in a different way as it was mentioned in Schultz's (1998) definition of the

term. Classification of consumers in relation to their involvement with a given brand is a commonly used scheme and is mentioned in many academic books for example, Ken Peattie and Sue Peattie (1993) and Schultz *et al.* (1998).

Once the marketers have determined business objectives to be achieved and have identified the particular consumer groups to be targeted, they can choose techniques for their promotional campaign. The table below has been adapted and elaborated from Schultz *et al.* (1998) and describes sales promotion techniques which are advised to be used to address different market segments.

| Type of consumers | Definition | Desired results | Sales promotion techniques | Notes |
|---------------------|--|--|--|--|
| Non-users | Do not use the product or service of its direct/indirect competitors due to unaffordable price or failure to see the benefits of a product | Create awareness of the product, persuade that it's worth buying | Price promotions to make products affordable. Sampling to demonstrate the value and justify the price | This group generally has negative attitude towards the product category, thus making change of this attitude is a primary sales promotion goal |
| Rival loyals | Do not use the product but buy from indirect competitor | Break loyalty, persuade to switch to promoted brand | Sampling, attractive sweepstakes, specialty packaging, bonus packs, high-value coupons | Quite immune to sales promotions therefore they need to be appealing, creative and noticeable. Price promotions do not usually work |
| Brand | Consumers who | Persuade to | Trade deals to | Intensive |

| | | | | |
|---------------------|--|---|--|---|
| switchers | switch between various competing brands | buy the 'right' brand more often | address distribution issues and make the product available, coupons and price-offs for value buyers, sweepstakes and premiums to add value, POP materials to attract attentions of variety seekers | distribution is desirable to achieve a high level of availability Continuity plans may be effective with value buyers, but are likely to fail with variety seekers |
| Own loyals | Tend to be repeat purchases until something encourages them to realign their loyalties | Reinforce behaviour, increase consumption, change purchase timing, cross sell | Continuity programmes, cause-related promotions, 'extras' (bonus packs, sweepstakes, premiums), POS materials, coupons for additional products | Price promotions are of limited value but may be sometimes necessary to counter competitive activities |
| Price buyers | Customers who make their buying decisions based solely on price | Entice with low prices or supply added value that makes price less important | Price promotions: coupons, price-offs, refunds, trade deals that are passed on to consumers | Value adding promotions can also be used but are much less effective. This price sensitive group will buy products only during |

| | | | | |
|--|--|--|--|-----------|
| | | | | promotion |
|--|--|--|--|-----------|

Table 4: Classification of consumers as the basis for choice of sales promotion tools

From the information above we can see, that in order to ensure the effectiveness of sales promotion tools, the type of customers they are directed at should be taken into consideration. It is not known if target audience predetermines sales promotion campaigns in London food service SMEs, thus the current research will try to close this gap in knowledge.

2.5. CONSUMER-ORIENTED PROMOTIONS

Since my research project is limited to the examination of consumer promotions, we need to look at the most widespread of them more closely and see what research and consequent practical knowledge is available. Dave Dolak (2010) cites coupons, samples, premiums, POP displays, contests, rebates, and sweepstakes among the most popular sales promotion tools.

2.5.1. Coupons

Coupons are an effective sales-promotion tool for business of almost every size and type (Bednarz and Bergiel, 2001). They are used to stimulate consumers to try a new or established product, to increase sales volume quickly, to attract repeat purchase or to introduce new package sizes or features; therefore they find their practical application in any stage of the product life cycle. According to Cox Direct 20th Annual Survey of Promotional Practices (1998) coupons continued to be a marketing mainstay in 1997, heavily used by manufacturers and grocery retailers, as well as influencing consumers' shopping and brand choice decisions. According to Dibb *et al.* (2005) approximately 80% of all households use coupons. Another study carried out by Valassis (2010) reveals the increase in coupon usage in the UK from 52% of consumers in 2009 to 61% in 2010. The conclusion from these research projects findings can be made that

coupons have always been widely accepted by the consumers and their usage has further increased in the conditions of economic downturn which can be explained by companies' fight to hold onto the customers and maintain their market share in the time of consumers' price sensitivity and consequent increased possibility of brand switching. According to the research conducted for Promotional Marketing journal all the promotional mechanics are now having less effect than they were a year ago (2010 and 2011 are compared), money-off coupons at the same time are still the main reason that consumers continue to buy a particular brand rather than switching to a rival.

All the coupons differ by their distribution method and the type of the reward they offer. It should be noted, that there was an unmistakable shift towards Internet coupons by marketers with an increase of 650% in Internet Coupons printed (Couponstar, 2007). Also, Internet coupons became the 3rd most popular choice for coupon delivery in the UK with 16% of consumers stating that they would mostly like to receive coupons 'over the internet' that they can 'download and print at home and then use in-store' (BrainJuicer, 2007). Coupons delivered by direct mail still remain on the first place of their redemption rates as revealed by the research conducted by Valassis (2010).

The advantages of couponing include their high effectiveness in generating brand awareness, measurability and that they present a good way to reward present users. Fraud and misredemption as well as possible lengthy redemption period are listed among the main drawbacks of coupons by Dibb *et al.* (2005).

The practice of offering a temporary price reduction through coupons is most prevalent in consumer-goods industries, especially for frequently purchased nondurable products and services (Narasimhan, 1984). Hence, much of the academic research has focused on packaged goods and there is a lack of insight of coupon usage in the food service industry. The observation has been made that coupons in general are actually very popular among restaurants and cafes, and there are lots of

opportunities to distribute them online through numerous websites such as www.groupon.co.uk, www.vouchercodes.co.uk, www.livingsocial.com, etc.

2.5.2. Sampling

Sampling includes any method used to deliver an actual- or trial-sized product to consumers. It is believed to be the premier sales promotion device for generating trial usage (Shimp, 2003), but it can also facilitate sales in the early stages of a product's life cycle. Sampling is also able to change a product's image and generate word of mouth (Marks, Lawrence, J. and Kamins, A, 1988).

The effectiveness of sampling can be explained by consumers' opportunity to personally experience a new brand. To ensure appropriateness of sampling Charles Fredericks (1975) determined ideal circumstances for using this type of promotional activity. First of all, a brand to be promoted by free samples should have distinct relative advantages over competitive brands and therefore be superior. Secondly, sampling should be used when the product concept is so innovative that advertising becomes an inappropriate method to communicate its features. And last but not least, sampling is advised when generation of quick trial is essential and a company can afford this promotional activity. Among distribution methods that are used to deliver samples one can mention direct mail, newspapers and magazines, door-to-door, on- or in-pack sampling, high-traffic locations and events, in-store and internet sampling. Most of these distribution channels entail very high costs making sampling the most expensive of all sales promotion methods, therefore marketers must ensure the effectiveness of sampling programs.

Other problematic areas of sampling include possible mishandling of mass mailings of samples, not precisely targeted and therefore wasted distribution in high traffic locations and inability to reach non-users of the brand through in- or on-pack samples (Shimp, 2003).

Sampling programmes are a significant element of the promotions mix, particularly in the food category. Mindi Chahal (2011) in her article 'Eat me! Drink me!' talks about the complexities of food and drink sampling activities and mentions planning, logistics and the health and safety requirements as the main complex areas for this type of promotional campaigns as they can build extra costs.

2.5.3. Premiums

d'Astous and Jacob (2002) defined a premium as 'a product or a service offered for free or at a relatively low price in return for the purchase of one or many products or services'. Although price discounts are the most traditional form of sales promotion, premiums are also becoming popular (Palazon and Delgado, 2009). There are several forms of premium offers which perform different objectives and therefore the choice of a particular premium should be based on the objective it needs to accomplish. Free-with-purchase and mail-in premiums are used to generate brand trial and re-trial, while in-, on-, and near-pack offers serve customer-holding purpose. Self liquidators in their turn perform a combination of customer-holding and image-reinforcement functions. The effectiveness of this promotional tool depends on how easily recognisable and desirable it is.

Research company fast.MAP revealed in one of their studies that pens, pencils, calendars, bags and mugs are most common promotional gifts; but umbrellas and barbecues are the most likely to be kept (Promotional Marketing, 2011).

2.5.4. Continuity promotions

Continuity promotions refer to a technique which allows to award customers with points for their repeat purchasing which leads to reduced prices or free merchandise. They are especially popular in categories where consumer perception of product differentiation is low. Rewarding customers for their loyalty is increasingly common in many segments of the hospitality industry, including airlines and hotels (Kim, Shi, and Srinivasan, 2004). As a result, customers are now able to pay for goods and services

with new currencies such as frequent flier miles and Diner's Club Rewards (Dreze and Nunes, 2004).

Florists, coffee shops, grocery stores have also started to offer continuity plans. Frequent-flyer, frequent-guest, frequent-sipper, frequent diner programmes as well as loyalty cards and point systems are examples of continuity promotions, the main aim of which is to cement relations with consumers and reward them for being loyal. The use of continuity programmes may also help companies to build databases of their product users and to learn which individuals are their best customers.

Despite the obvious beneficial nature of continuity plans and their rising popularity, both the academic literature and popular press cast some doubt over the effectiveness of these 'frequent user' programs (Fournier, Dobsha, and Mick, 1998; Dowling and Uncles, 1997). Further complications of this type of promotion include required major commitment from the marketer, as continuity programmes must run for a long time; and their possible ineffectiveness for inexpensive or infrequently purchased products, since they can be costly to administer and since the lag time before an attractive reward can be given is likely to be very long. Moreover, continuity programmes don't usually make consumers more aware of the brand benefits, stressing mostly the repeated purchase. And finally, marketers should keep in mind that a continuity plan is not an appropriate substitute for attempting to create brand loyalty in other ways (Schultz *et al.* 1998).

As it has been mentioned above, continuity programmes are implemented by various organisations including those in foodservice industry and can act as a great tool to create favourable relationships with organisation's customers and an effective incentive for a repeated purchase. One of the few studies, that I've come across while reviewing the existing literature in food service industry, investigates customer preferences towards loyalty reward programs in restaurants (Jang and Mattila, 2005). The findings indicate that there is strong potential for developing loyalty reward programs in the restaurant industry, while nearly 80 percent showed interest in joining a 10 percent loyalty reward program. The results also reveal that both fast-food and

casual dining customers seem to favour immediate, necessary, and monetary rewards over points-system, luxury, and non-monetary rewards. These results are largely consistent with previous research in various contexts (Berry, 1994; Dowling and Uncles, 1997; O'Brien and Jones, 1995; Prelec and Lowenstein, 1998). The tendency to prefer immediate gratification, non-luxury rewards was consistent across demographic classification variables such as gender, age, income level, and employment status.

2.5.5. Price-offs

Price-off offers is a method of encouraging customers to buy a product by offering a certain amount off the regular price shown on the label or package (Dibb *et al.* 2001). According to Charles Fredericks (1975) this type of promotion is effectively used to reward current brand users, to encourage consumers to buy larger quantities, to establish a repeat purchase pattern after an initial trial, to ensure maximum reach of current and potential consumers, and to provide the sales force with an incentive to obtain retailer support. The main drawbacks of this type of promotion include the possibility of adverse effect on brand image if it's used too often and possible customers' unwillingness to pay the price before reduction if price-offs take place on a regular basis. Schultz *et al.* (1998) states that of all promotional tactics, price-offs probably do the least for the value of the brand over the long-term.

2.5.6. Sweepstakes, contests, and games

Research described in the book of Cummins and Mullin (2010) shows that over 70% of the UK population has taken part in competitions or games on products and services. Sweepstakes, contests and games differ in the way they are executed and objectives they try to accomplish. While sweepstakes and contests are used primarily to enhance a brand's image, games are organised to generate repeat purchase behaviour. According to the article, written by Eileen Norris (1983) sweepstakes, where winners are determined purely on the basis of chance, are used more often than consumer contests, which encourage individuals to compete for prizes based on their analytical or creative skill. Additionally, sweepstakes tend to attract a greater number of

participants and cost considerably less than contests. On the other hand, contests have their own advantages, which include their ability to attract media attention because of their amusement value and their ability to solve marketing problems by involving consumers in the process.

2.5.7. Point-of-sales materials

POS materials are defined by Dibb *et al.* (2001) as 'enhancements designed to increase sales and introduce products, such as outside signs, window displays, counter pieces, display racks and self-service cartons'. POS materials are effective if they are attractive, informative and well constructed. A survey of retail store managers conducted by Fahey (1989) indicated that almost 90 percent believed that POS materials sell products and that they are essential for product introductions.

Having reviewed the academic literature, the researcher realized that there are hardly any studies dedicated to the investigation, which sales promotion tools are most commonly used in London food service SMEs, hence the current research will try to fill this gap.

2.6. LIMITATIONS OF SALES PROMOTION EFFECTIVENESS

While sales promotion is increasingly being called upon to meet an ever-expanding set of marketing objectives there are clearly risks and limitations associated with it.

According to the research by Balaghar *et al.* (2012) sales promotion is the most effective tool in the promotion mix followed by advertisement, PR, direct marketing and direct selling. Elizadeth (2008) in the study 'Effects of sales promotional tools on after purchase reactions of food stuff consumers' examined the effects of samples, discount coupons, store displays, prize packages, gifts and BOGOF on after purchase reaction of customers of the Isfahan Refah Chain Stores. All understudy sales promotion tools proved to be effective on reaction of customers.

Most researchers agree on sales promotions effectiveness, but only in boosting short-term sales (Hanssens, Parsons and Schults, 2001; Rizvi and Malik, 2011; Pawels, 2003). Doubts have been expressed about their long-term effects and about their ability to generate customer loyalty. In his paper 'The double jeopardy of sales promotions' John Phillip Jones (1990) reveals disastrous long-term costs of sales promotions, arising from their failure to generate repeat purchases and considerable reduction of profit margin.

Further marketplace evidence of the more worrying long-term legacy of promotions can be found in the work of James Peckham (1981), who proved that the consumer sales effect is limited to the time period of the promotion itself and that various price reductions lack the customary stress on building relationships with the brands. A lot of research has been done in this respect to compare the effects of price and non-price promotions and the conclusion was made that value promotions have greater overall impact as they contribute not only to short-term sales but to long-term brand value (Cummins and Mullin, 2010). While price promotions are sometimes unavoidable in highly competitive markets, their broad usage increase consumer price sensitivity and reduce brand loyalty (Mela, Gupta, and Donald, 1997; Papatla and Krishnamurthi, 1996).

The profitability of couponing is also questionable. Following the findings of the research carried out by Frey (1988) 70 to 80 percent of coupons are redeemed by a brand's current users. Thus, the effect of couponing appeared to be merely cost increasing and profit margin reduction, since consumers who redeem would have bought the brand anyway. Nonetheless, competitive dynamics force companies to continue offering coupons in order to prevent losing consumers to other brands that do offer them (Shimp, 2003).

Furthermore, there is scientific evidence that regular purchasers tend to stockpile during promotions in order to buy less afterwards (Frank and Massey, 1971). However, the effect of stockpiling doesn't apply to restaurants. Customers' inability to stockpile

services or prepared meals suggests that consumers will not drop out of the purchase arena following offer redemption.

The lack of consensus among academics has become obvious to me while I was reviewing the literature, since not all the research findings support the ideas expressed above. Some researchers arrive at the conclusion that if consumers are satisfied with a promoted brand they are likely to buy it again (Cotton and Babb, 1978; Rothschild and Gaidis, 1981). Other academics provide the evidence that price promotions not necessarily lower consumer perception of brand quality (Davis *et al.* 1992). Finally, there is scientific proof that price promotions don't change the long term sales trends for established brands (Rizvi and Malik, 2011). The relevant study in the quick service restaurant industry (Taylor and Long-Tolbert, 2002) reveals that coupon redemption doesn't negatively affect repeat-purchase behaviour, demonstrating that participants who redeemed the coupon were 7.5 times more likely to return to the QSR than non-redeemers.

Other academics carrying out the researches in the field of sales promotions effectiveness devoted their work to discovering the ways to increase their success. Abendroth and Diehl (2006) for example, statistically proved that consumers anticipating short-term regret are more likely to purchase promoted item, therefore in order to make sales promotions more effective, marketers should impose restrictions on them such as purchase limits ('limit 3 per customer'), purchase conditions ('on purchases over £20'), and an expiration date ('offer expires ...').

McGuinness, Dalton, Brennan, M. and Gendall (1995) investigated the ways of improving the results of product sampling. Their study has shown that sampling is more effective at stimulating future purchase when it is accompanied by a coupon. Another research about the effectiveness of sampling programmes in food industry (Nowlis and Shiv, 2005) reveals that distracting customers who are trying a pleasant food item, actually leads to a greater likelihood of choosing the sampled item. This suggests that marketers might want to encourage some type of cognitive distraction during taste tests for products, which could be done by asking the consumer to answer

some simple questions, while trying the product, or by showing the consumer information about the inherent characteristics of the product.

Finally, Cummins and Mullin (2010) emphasize, that sales promotions should be planned strategically and used in conjunction with other types of marketing tools in order to help a product succeed over the long run. Taking a strategic approach to planning sales promotions enables one offer to build on the previous one, and to establish a continuity of communication. This makes it possible to communicate long-term psychological values, making promotions work harder. It can also produce considerable savings in time and money, and can speed up response times.

Since there is lack of previous research into sales promotion strategies of London food service SMEs, there is no knowledge available about their effectiveness and which sales promotion tools are the most and least successful. The current study will explore the managerial point of view on the topic.

2.7. CONCLUSIONS

Having monitored the research into sales promotions one can come to the conclusion that a substantial number of theoretical frameworks have been developed and are available now to explain different aspects of sales promotions mechanism. Most of them, however, have been analysed in the context of big companies and there is obvious lack of practical knowledge of how these methods find their practical value in small and medium enterprises. Moreover, the majority of the studies were conducted before the economic recession; therefore their findings do not cover the changes and peculiarities of sales promotion strategies companies have to develop and implement in order to survive. Finally, most of the academic literature is dedicated to packaged goods and retailers and few studies have been conducted so far to discover more information about sales promotion techniques used in food service industry.

Addressing these gaps, the proposed research will explore sales promotion techniques used in food service SMEs. An attempt will be made to identify the most common and

most effective tools in food service industry in the conditions of economic downturn.
The proposal area is unique as it will look at West and South-West London areas only.

CHAPTER 3: RESEARCH METHODOLOGY

In this chapter my choice of the appropriate research methodology for this dissertation will be justified. The terms like research philosophy, research approach and research strategy will be defined and the differences between their kinds will be distinguished. The adoption of an appropriate methodology will be grounded on its ability to answer questions and achieve objectives of the research. Moreover, the reasons for the selection of certain data collection techniques and analysis procedures will be outlined and explained. Finally, the main ethical issues associated with the research will be covered.

3.1. RESEARCH METHODOLOGY

It is essential to have profound understanding of the existing research paradigms guiding business investigation and draw the core differences between them to enable a researcher to choose the one applicable for his/her particular research. Guba and Lincoln (1998) define a paradigm as ‘the basic belief system or world view that guides the investigation, not only in choices of method but in ontologically and epistemologically fundamental ways’. According to Saunders *et al.* (2007) three major ways of thinking about research philosophy can be identified: epistemology, which concerns what constitutes acceptable knowledge in the field of study and has positivist, realist and interpretivist perspectives; ontology, which is concerned with nature of reality and has two aspects – objectivism and subjectivism; and axiology, a branch of philosophy, studying judgements of value.

The advocates of positivist perspective prefer to ‘work with an observable social reality’ and believe that ‘the end product of such research can be law like generalisations similar to those produced by the physical and natural scientists’ (Remenyi *et al.*, 1998).

The essence of realism, as explained by Saunders *et al.* (2007), is that 'what senses show us as reality is the truth' and that 'a reality quite independent of the human mind'.

Interpretivism supports the idea that researchers need to adopt an empathetic stance and try to understand differences between humans in their role as social actors. The advocates of this perspective find its practical value in such fields as organisational behaviour, marketing and human resource management, as they believe that business situations are complex and unique and depend on circumstances and individuals (Saunders *et al.*, 2007). However, other scholars argue that the data collected in result may be unclear and imprecise (Easterby-Smith *et al.*, 2002).

Objectivism holds that social entities exist in reality external to social actors whereas the subjectivist view is that social phenomena are created from the perceptions and consequent actions of social actors (Saunders *et al.* 2007).

Pragmatism argues that 'the most important determinant of the research philosophy adopted is the research question – one approach may be better than the other for answering particular questions' (Saunders *et al.* 2007).

The current research questions do not unambiguously suggest that either a positivist or interpretivist philosophy should be adopted, therefore I have chosen pragmatism as the research philosophy for this dissertation. I agree with Tashakkori and Teddlie's (1998) opinion that researchers should study what interests them and has a certain value, study in different ways in which they think appropriate, and use the results in ways that can bring about positive consequences. Pragmatism is deemed to be the most beneficial for this particular research project.

3.2. RESEARCH APPROACH

According to Saunders *et al.* (2007) two different research approaches can be distinguished: deductive, following which a researcher develops a theory and

hypothesis and designs a research strategy to test them; and inductive, in which a researcher collects data and develops theory as a result of data analysis. While deductive approach is the dominant research approach in natural sciences, where 'laws present the basis of explanation, allow the anticipation of phenomena, predict their occurrence and therefore permit them to be controlled' (Collis and Harsley, 2003), researchers using an inductive approach seek to obtain alternative explanations to the events and are concerned about the context in which such events are taking place (Saunders *et al.* 2007).

It is quite essential to make the right choice about a research approach for a project, since as cited by Easterby-Smith *et al.* (2002), it enables a researcher to make a more informed decision about his/her research design and it allows a researcher to predict the effectiveness of possible research strategies and choices in a particular project.

Due to a large number of theoretical frameworks concerning sales promotion in general (please, refer to 2.3. and 2.4.) but lack of practical knowledge about sales promotion strategies in food service SMEs in the conditions of economic downturn, the combination of deductive and inductive approaches will be used. To answer current research questions both quantitative and qualitative data is needed. General theory will be used to determine which data are of practical value for the research, while close understanding of the research context and human influence on the events are also required. A structured approach in the form of surveys will be used to collect factual data, while interviews will also be conducted to fill the gaps in understanding of the underlying reasons for the events. Finally, after all the relevant data are collected and analysed, theoretical frameworks about sales promotions in food service SMEs will be developed.

3.3. RESEARCH DESIGN AND STRATEGY

Research design focuses upon turning a research question and objectives into a research project. It considers research strategies, choices and time horizons (Saunders *et al.* 2007). Bouma and Ling (2004) identified five basic types of research design:

1. Case study which answers the question ‘what is going on?’ and focuses on a single case or entity which might be one group
2. Longitudinal study which involves two or more case studies of the same entity with some time between each case study
3. Comparison study which compares same variables done for different entities at the same time
4. Longitudinal comparison which is the combination of longitudinal and comparison designs
5. Experimental design which aims to determine the effect that a change in one variable has upon another

The research will follow the case study design, since the main purpose of the dissertation is to describe sales promotion strategies that have been developed in food service SMEs in the conditions of economic downturn and link the data with the explored attitudes of owners/managers to and their understanding of sales promotions.

According to Saunders *et al.* (2007) a research strategy is ‘a general plan of how the researcher will go about answering the research question(s)’. The table below provides the brief outline of the main research strategies described in the existing literature and discusses their relevance to the current research.

| Strategy | Definition | Reference | Relevance to the research |
|-------------------|---|------------------|--|
| Experiment | A classical form of research in natural sciences and the primary purpose of which to study, whether a change in one independent variable produces a change in another dependent | Hakim, 2000 | Not relevant, since it’s not the purpose of the research to explore any causal links |

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|------------------------|---|-------------------------------|--|
| | variable | | |
| Survey | Usually associated with the deductive approach in business and management research projects and is used to answer who, what, where, how much and how many questions. | Saunders <i>et al.</i> , 2007 | Survey will be used to collect some quantitative data required to answer some of the research questions, particularly which sales promotion techniques are used and which of them are most popular |
| Case study | A strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence | Robson, 2002 | The understanding of the context (SME and economic conditions) is somewhat important for the research. Various collection techniques will be used to ensure correct interpretation of the data |
| Action research | A research strategy concerned with the management of a change and involving close collaboration between practitioners and researchers | Saunders <i>et al.</i> , 2007 | Not relevant, since the research objects are multiple organisations and it's not the change that is being observed but the current state of things that is being explored |
| Grounded theory | It's particularly helpful to predict and explain behaviour, but can be used to explore a wide range of other business | Saunders <i>et al.</i> , 2007 | 'Theory building' through the combination of induction and deduction. |

| | | | |
|--------------------------|---|-------------------------------|--|
| | and management issues | | |
| Ethnography | Is associated with the inductive approach and takes place over an extended time period as the researcher needs to immerse him-/herself in the social world being researched | Saunders <i>et al.</i> , 2007 | Not relevant, since the research objects are multiple organisations |
| Archival research | Makes use of administrative records and documents as the principal source of data | Saunders <i>et al.</i> , 2007 | Not relevant, since the documents required are expected to be unavailable for the research due to their total absence in SMEs or owners/managers' unwillingness to share the information |

Table 5: Main research strategies and relevance to the research

The conclusion can be made that a combination of survey, case study and grounded theory strategies will be used to answer the questions and achieve objectives of the research project.

3.4. DATA COLLECTION TECHNIQUES AND PROCEDURES

Data collection techniques are methods a researcher use to collect the required data. One can distinguish between quantitative and qualitative as well as secondary and primary data.

According to Saunders *et al.* (2007) quantitative data is a collection technique or data analysis procedure that generates or uses numerical data, whereas qualitative data is

non-numerical information relevant to a particular research. In his/her attempt to achieve objectives and answer questions of a research project, one must decide, whether qualitative or quantitative techniques and procedures are needed. When a researcher makes the use of a single data technique and corresponding analysis procedures, he applies a mono method. However, Curran and Blackburn (2001) strongly advocate the adoption of multiple methods within business and management context, where a single research study combines quantitative and qualitative methods, as well as finds both primary and secondary information valuable for achieving set goals.

For the purpose of this research project, mixed model research has been chosen. The combination of qualitative and quantitative approaches will be used at different stages of the research. An attempt will be made to quantitise qualitative data obtained during interviews with owners/managers of food service SMEs, converting the information into numerical codes so that it can be analysed statistically. The chosen method is believed to be advantageous in terms of answering the research questions, since interviews are going to be used at an exploratory stage, in order to get a feel for the key issues, while questionnaires will be designed to collect descriptive data. Moreover, the preferred method enables triangulation of data, which is essential to obtain trusted findings.

According to Wilson (2006) secondary data is 'information that has been previously gathered for some purpose other than the current research project'. The predictions have been made that most food service SMEs have very fragmented internal marketing data, or do not record it at all. Additionally, as mentioned before there is a lack of previous research carried out in the field beforehand, therefore primary data is what the researcher will count for to achieve research objectives. As defined by Saunders *et al.* (2007) primary data is 'collected specifically for the research undertaken', and though time-consuming and bias-prone, it is essential to address the issues of specific research. For the purpose of this research primary data will be obtained through semi-structured interviews and questionnaires.

3.4.1. Survey

Surveys are defined by the MRS (2007) as 'systematic collection, analysis and interpretation of information about some aspect of study'. The two broad categories to be distinguished here are self-completion and interviewer-administered surveys.

A self-completion survey will be designed to be filled in online by the companies wishing to participate in the research, the email addresses of which will be obtained randomly from online restaurants directories. Around 250 surveys are planned to be sent out but this number will be increased in case of a low response rate. A survey will be made as simple as possible and an incentive will be provided in the form of research findings information on the completion of the project. These tactics are believed to ensure a better response rate. A number of surveys (around 100) will also be hand-delivered to target companies not currently active online. This is believed to ensure the most reliable information.

Online survey has been chosen as a way to collect primary data because of its numerous advantages. First of all, some websites offer opportunities to create and send surveys for free such as www.surveymonkey.com, www.kwiksurveys.com, www.free-online-surveys.co.uk, etc. These websites have developed templates specific to the type of survey one may want to conduct and therefore, it's very easy to use. Moreover, surveys have immediate and wide reach, so it's much less time-consuming than interviews, for example. And finally, they can be completed at the respondents' convenience. The main disadvantage of this method is considered to be the fact that the amount of unsolicited e-mails a person gets may affect perception of the survey.

3.4.2. Sample size and technique

Bearing in mind budget and time constraints, sampling has been chosen as a valid alternative to a census. The sampling frame was selected in accordance with the research objectives and comprised of small and medium companies in food service industry located in West and South West London. The companies engaged in dining

services as well as take-away options, licensed and non-licensed, comparatively young (less than 5 years existence) and with a longer history. Simple random sampling was considered to be an appropriate technique for the current research. Sampling frame that lists food service companies in West London is easily accessible and has an acceptable level of accuracy in online restaurant directories, such as <http://urbanspoon.co.uk> and <http://yelp.co.uk>. The geographical area is comparatively large, therefore online questionnaires were the main data collection method. Hand-delivered surveys were still needed and administered to cover companies which are currently not active online. In most cases, these companies were still listed in online directories but there was an obvious lack of information about them, specifically website url and email address. In total 250 online surveys were sent via email and 100 printed questionnaires were hand-delivered. A minimum of 30% response rate was expected.

3.4.3. Questionnaire Design

For the purpose of this research questionnaire (please, refer to Appendix 2) was designed to collect a combination of three types of data:

- Opinion (managers' and owners' opinion about and attitude to sales promotion)
- Behaviour (sales promotion strategies SMEs develop in the conditions of economic downturn)
- Attribute (companies' characteristics for profiling and screening purposes)

Hence, a mixture of different types of questions will be used – open questions to explore the attitudes, rating questions to get opinions, category questions to analyse behaviour and collect attribute data. The questions were arranged in logical order to make a survey to be easy to answer. The questionnaire was divided into 4 subsections each of which started with a brief explanation and a guide to what is expected from the respondents.

Section 1 (Questions: 1-5) – Screening and profiling of the respondents.

The questions in this section were designed to ensure that a respondent is a representative of the research sample (a small or medium enterprise located in West London) and that he/she is eligible to participate in the survey (managerial position, marketing specialist or company owner). Some attribute data are also to be collected here, for example, whether a company has a long history and how many branches there are in an organisation.

Section 2 (Questions: 6-10) – Exploring managers' and owners' attitudes to and opinions about sales promotion as an element of their marketing strategy.

The questions in this section attempt to explore respondents' opinions about sales promotion and evaluate their general knowledge about it.

Section 3 (Questions: 11-16) – Getting information on the range of sales promotion tools currently used by food service SMEs.

Behaviour and attribute data is gathered about companies' current sales promotion strategy: most common techniques, frequency of usage, media used to create customers' awareness about sales promotions, and any changes in sales promotion strategy noticed since the beginning of the economic crisis.

Section 4 (Questions: 17-21) – Evaluating effectiveness of different sales promotion tools for food service industry from managers' perspective.

Managers/owners are asked to express their opinion on the effectiveness of sales promotion tools for their business. Respondents are also asked to provide the source for their point of view, whether it is based on the reliable marketing data or their personal experience and formed opinion. These data will allow the researcher to evaluate reliability of the information gained.

The last question provides respondents with the space to leave their email address in case they are interested to receive survey results and recommendations for the future. This was used as an incentive to increase the response rate.

The questionnaire is accompanied by a covering letter, explaining the purpose of the survey and stating that information gained as a result is anonymous and will be used for the purpose of the current research only.

3.4.4. Interviews

An interview is defined by Kahn and Cannell (1957) as a purposeful discussion between two or more people. 4-6 interviews are planned to be carried out for the purpose of the research. Interviewees will be selected from the survey respondents, the answers of whom will need further clarification. This method is considered as the most appropriate one, since it will give rich insights into consumers' attitudes and opinions, tend to have a higher response rates and make the data collection process more efficient. Semi-structured interviews are preferred as they will be beneficial for the purpose of the research since they will provide me with an opportunity to 'probe' answers and the respondents will have the chance to explain or build on their responses. It may also lead the discussion into areas that I have not previously considered but which are significant for my understanding.

Interviewees will be chosen according to their job function and state of business ownership to ensure their sufficient knowledge about the company and decision-making power. Companies to be contacted will be selected randomly. The interviews will be recorded to enable the researcher to concentrate on discussion rather than writing down the notes. The attractive feature of this method of data collection is that due to physical proximity to the respondent more information can be revealed, from body language for example, and by changing the line of questioning as the situation requires. On the other hand, conducting interviews is quite time-consuming and this was taken into consideration while producing a schedule for the project.

3.5. TIME HORIZONS

Another thing that a researcher needs to take into consideration while designing his/her investigation is the time during which a subject of the research is being observed. The research can be either a 'snapshot' taken at a specific time and in that case it's a cross-section study, or a 'diary' representing a sequence of events over a given period – a longitudinal study (Saunders *et al*, 2007).

The main purpose of this research is to examine a particular phenomenon, which is sales promotion strategies of food service SMEs, at a particular time, which is now, in the conditions of economic downturn, therefore it is going to be a cross-sectional study.

3.6. RESEARCH CREDIBILITY

One of the prerequisites of a successful research project is the level of credibility of its findings. Any researcher striving to get the right answer to his/her research question should take certain measures to ensure that the information obtained is reliable and valid. A reliable questionnaire will 'produce consistent findings at different times and under different conditions' (Saunders *et al*, 2009). Seif (2006) argues that validity is 'an assessment of the sufficiency and appropriacy of interpretations and usage of assessment results'.

Measures to ensure reliability and validity of the online survey include logical layout of the questionnaire and appropriate structure and careful wording of the questions to ensure that questions are 'understood by the respondent in the way intended by the researcher' and answers given by the respondent are 'understood by the researcher in the way intended by the respondent' (Foddy, 1994).

Pilot test was also conducted after the draft questionnaire was written in order to eliminate the possible mistake and to ensure that respondents will not have any difficulty in understanding questions and to avoid any consequent difficulties in

recording the data (Saunders *et al* 2007). Pilot test was conducted with 5 companies prior to the actual research. The feedback was received and some amendments were made to prevent misleading information and consequent inability of the researcher to accomplish research objectives. For example, two questions of the survey appeared to ask the same thing and therefore, one of them was discarded to avoid repetition and waste of time. The wording of question 16 caused some difficulties, and therefore it was changed.

3.7. THE ETHICS OF THE RESEARCH DESIGN

There are some ethical issues that the researcher will need to consider throughout the research process. The participation in surveys and interviews is voluntary and all the people who will wish to contribute to the project will be informed about its purpose and objectives. All the data obtained as a result of the research will remain strictly anonymous, unless the interviewees will give their consent to be referred to. Nobody from the research population will be subject to embarrassment or any other material disadvantage.

To sum up, this chapter explained and justified the research methodology adopted to achieve research objectives. Pragmatism was chosen as a research philosophy to as it's deemed to be beneficial for this particular project. The combination of deductive and inductive research approaches will be needed. A mix of quantitative and qualitative data will be obtained. A combination of survey, case study and grounded theory strategies will be developed to answer the questions and accomplish objectives of the research.

CHAPTER 4: DATA ANALYSIS AND RESULTS

4.1. SURVEY

An online survey was designed using Google Docs, since it's free and allows unlimited number of questions and records up to 1000 responses. Initially, 250 internet-mediated questionnaires were sent via email to food service small and medium companies in West and South West London. The areas covered included Kensington, Hammersmith, Earl's Court, Fulham, Chiswick, Chelsea, West Brompton, West Kensington, South Kensington, and Knightsbridge. Contact details were obtained from the companies' websites, the details of which were taken from two online directories: <http://yelp.co.uk> and <http://urbanspoon.co.uk>. 23 surveys (9.2% of the sample size) were not delivered due to outdated email addresses. The figure is quite high and entails that around 9% of all food service SMEs may have outdated information on their website which surely has a negative impact on their profitability since it leads to the loss of potential customers.

Some precautions were made to ensure sufficient number of responses to the online survey. First of all, some marketing-related terminology was used since the questionnaire was targeted at managers and marketing professionals, nonetheless, help text was provided in some cases to avoid confusion and misunderstanding of less experienced respondents. Secondly, emails were sent on Monday and Tuesday which were believed to be the most convenient time for managers to fulfil them, as these are the quietest days for food service industry. Thirdly, surveys were accompanied by a covering email explaining the reasons for carrying out the research. Fourthly, an incentive was provided in the form of available research findings to all participants, as was specified in the cover letter and at the beginning of the questionnaire. Moreover, the design of the survey was clear to prevent different display of the image resulting from alternative computer operating systems, Internet browsers and display screens as cited by Dillman (2000). Additionally, names were used in cases where these data could be derived from the website to make the email look more personal and

therefore appealing. Finally, reminder emails were sent one week after. Nevertheless, the response rate of online surveys appeared to be lower than expected – 25.2% (63 responses).

Thus, 100 surveys were additionally hand-delivered to small and medium food service companies in West and South West London. This served two purposes: to find extra respondents to reach the required sample size and to cover those companies which the researcher was not able to contact due to absence of contact details in the online directories used. This tactic would allow obtaining information from online active and inactive companies and would produce a balanced view of the research topic. The response rate of hand-delivered surveys was much higher – 47% (47 responses). The main reasons for participation rejection were as follows:

1. Inability to make contact with potential respondents. The survey was targeted at managers, marketing professionals and owners, and they were not available at that time. The survey was left for collection at a later point.
2. Refusal to participate due to unwillingness to disclose internal information to the outsider, believing that the researcher worked for a competitive company. It was difficult to persuade potential participants that their responses would remain anonymous.
3. Refusal to participate due to the lack of time, even though the quietest time (beginning of the week, mornings) was chosen to deliver surveys.
4. Some of the potential respondents refused to participate as they believed that there was nothing for them in this research. In such cases respondents were promised to get findings of this research and valuable informed recommendations. The response rate was somewhat increased by providing such an incentive.

Thus, the overall response rate of online and hand-delivered surveys is 31.4% (110 responses). It should be pointed out that the processing of hand-delivered surveys was very time-consuming. First of all, the collection of data took much of the researcher's

time. Secondly, all the data collected on paper were manually put online for easier analysis later on.

4.1.1. Section 1 – Respondent’s profile

The aim of this section was to screen the respondents and make sure that they are the target group of the research. Eligible participants would be managers, marketing professionals or owners of the companies which would employ fewer than 250 employees (small or medium enterprise), and be located in West and/or South West London (the exact areas have been specified above). Five questions were devoted to screen and profile the survey respondents.

1. How many employees are there in your company?

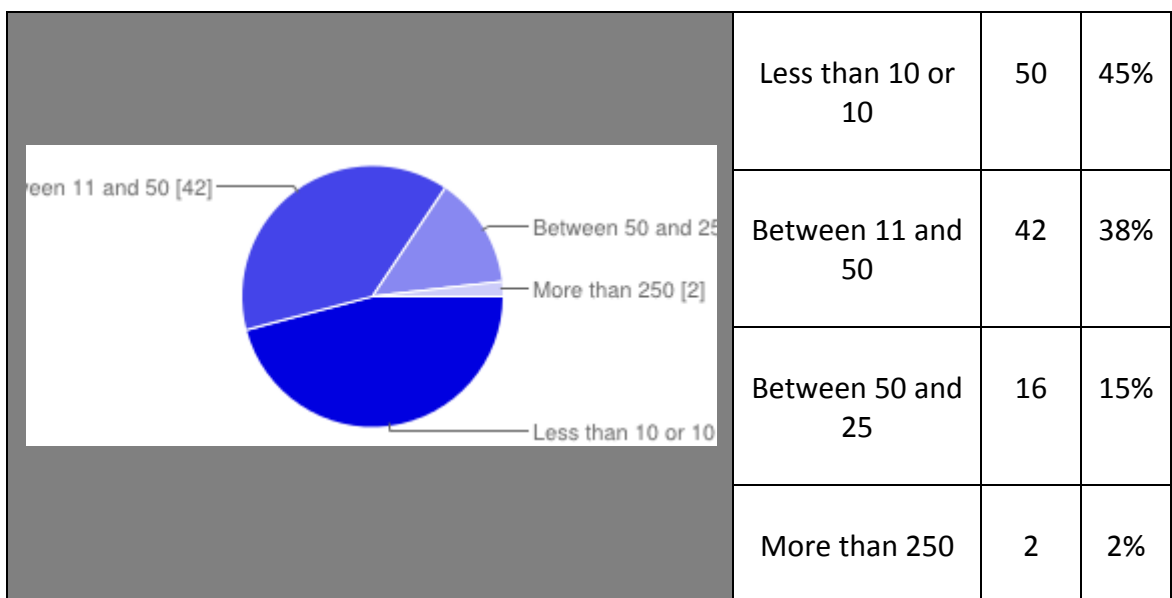


Table 6: Participants’ profile: number of employees

As we can see, from the table above two respondents (2%) were representatives of large companies, were contacted by mistake and therefore, deleted from the database to prevent unreliable results.

The majority of the respondents (45%) were representatives of really small companies employing 10 or fewer people and as it can be seen below, having only one branch (48%). The conclusion can also be made that the research results appeared to be quite balanced, significantly covering companies with different characteristics (number of employees and number of branches).

2. How many branches are there in your company?

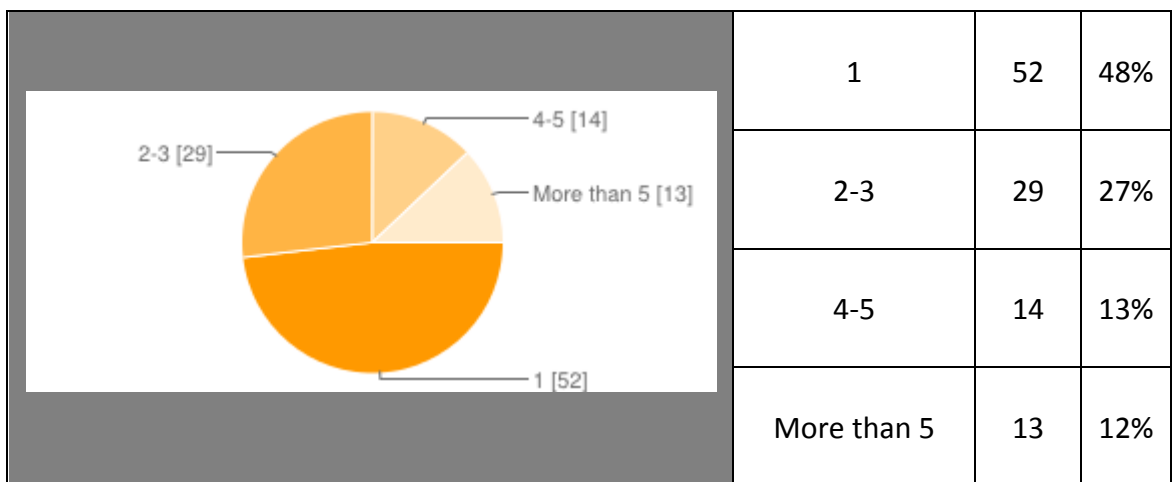


Table 7: Participants' profile: number of branches

This question was designed to have a better understanding how big the respondents' companies are, and how this criterion influences their chosen marketing strategy. As we can see most of the respondents are representatives of small companies holding only one branch (48%). But at the same time there is a significant number of bigger companies which run operations in 2-3 (27%), 4-5 (13%) and more than 5 (13%) stores. Therefore, having obtained data from a range of companies with different characteristics, the study offers a comprehensive view on the topic.

3. Where is your branch(es) located?

That was an open question to provide respondents with space to give their own answers. It was assumed that some branches of a company could be located

elsewhere, for example, central London. But as long as one of them was situated in West or South West London, a company was considered eligible to participate in the research. All the respondents (100%) were located within the limited territory.

4. For how many years has the company existed?

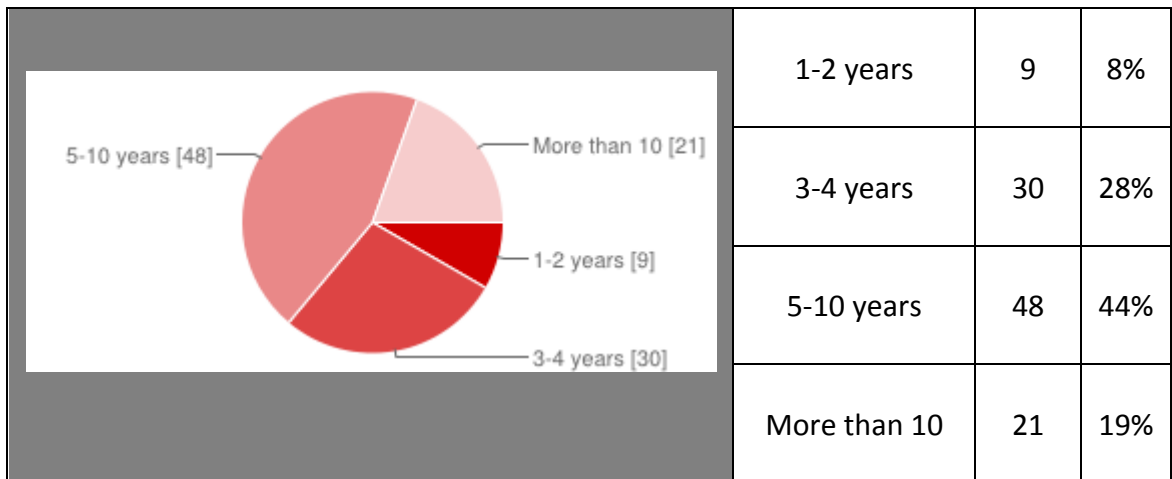


Table 8: Participants' profile: market history

36% of the respondents were working in comparatively young companies, which appeared in the market after the onset of the economic crisis and were not able to evaluate the change in frequency of sales promotion use before and during the economic recession (Question 16). The remaining 64% were representatives of companies with longer history – 5-10 years (44%) and more than 10 years (19%).

5. What is your position in the company?

All the respondents held managerial position, were marketing professionals or the owners of the companies, which was ensured by stating eligibility criteria in the covering email for online survey and controlling the profile of respondents while hand-delivering paper surveys. This fact adds credibility to the responses received from the fieldwork. The percentage of the respondents who were marketing professionals was very small (23%) and appeared to be a characteristic of bigger companies, which

proves that a high proportion of SMEs don't possess internal marketing departments. In many small companies comprised of one branch it was the owners-managers who mostly participated in the survey.

4.1.2. Section 2 – Sales promotion as a term

This section of the survey (5 questions) was specifically designed to achieve the first research objective:

- To identify business owners/managers' attitudes to and their overall understanding of sales promotion importance to a business (definition of the term, recognition of the main sales promotion tools, opinion about the effectiveness of sales promotion in the conditions of economic downturn and in the context of food service industry, reasons to engage in sales promotion)

1. How would you define sales promotion?

That was an open question to explore the understanding of the term. There was evidence of lack of clear understanding what 'sales promotion' means. Confusion with a wider marketing term 'promotion' was obvious. For example, one of the participants defined sales promotion as 'a particular activity that is intended to promote the business, product or service'. According to another respondent sales promotion is 'anything that creates brand awareness'. Those definitions appear to be quite general and refer to all the parts of the promotional mix, rather than specify distinguishing features of sales promotion. Still another participant answered that sales promotion is 'an advertisement through discounting', which is not exactly correct since advertisements and discounted offers can be used in combination to facilitate each other as it was cited in some literature sources (Smith, 1993; Spethmann, 2001), but they cannot be considered as one thing.

The majority of the respondents were referring to the objectives sought when implementing sales promotion in their definitions, such as increasing sales, rewarding loyal customers and creating awareness.

2. What sales promotion tools and techniques do you know?

This was designed as an open question in order to explore the level of managers' knowledge on the topic. The confusion between sales promotion and promotion was also evident in the answers obtained. For example, some of the respondents considered advertisement and branding as sales promotion tools. Other participants cited advertisements, leaflets, banners, posters, social media whereas those would be distribution channels for sales promotion rather than the tools themselves. Groupon, LivingSocial, Wowcher were also mentioned here several times, which provides the evidence of food service SMEs involvement in online activity and corresponds with the literature findings about a radical shift towards Internet coupons, as cited by Couponstar (2007).

The majority of the respondents (83%) cited discounts and coupons, but failed to recognise contests, games, POS materials, and promotional merchandize as sales promotion tools. Loyalty schemes were pointed out by 44% of the respondents.

The conclusion can be made that discounted offers were the most popular and well-known sales promotion tool among the participating companies.

3. In your opinion, is sales promotion beneficial for businesses in the conditions of economic downturn?

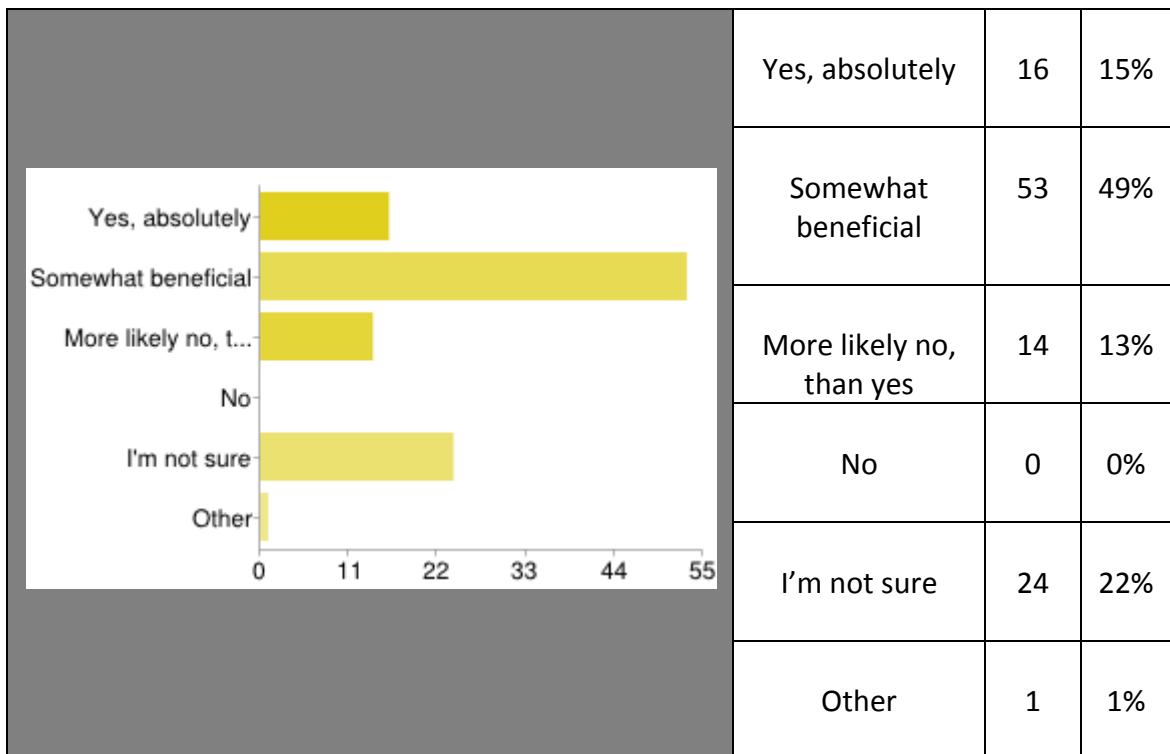


Table 9: Beneficial nature of sales promotion in the conditions of economic downturn

64% of the participants were more or less certain that sales promotion is beneficial for businesses in the conditions of economic downturn. 13% were not so sure about its advantages and 22% couldn't give a definite answer. One participant specified that it was questionable, due to the fact that his profit shrank as a result and he couldn't afford it in the current situation. Therefore, there is no consensus about beneficial nature of sales promotion among managers and owners of food service SMEs. This doubt had also its reflection in the previous academic research. It's worth to remember the results of the study conducted for Promotional Marketing journal in 2011, which revealed that all the promotional mechanics had less effect than they did a year ago (2010 and 2011 were compared).

Anyhow, the reasons for the disagreement among the respondents were set as a discussion point for semi-structured interviews at the second phase of the research.

4. In your opinion, is sales promotion effective in the context of food service industry?

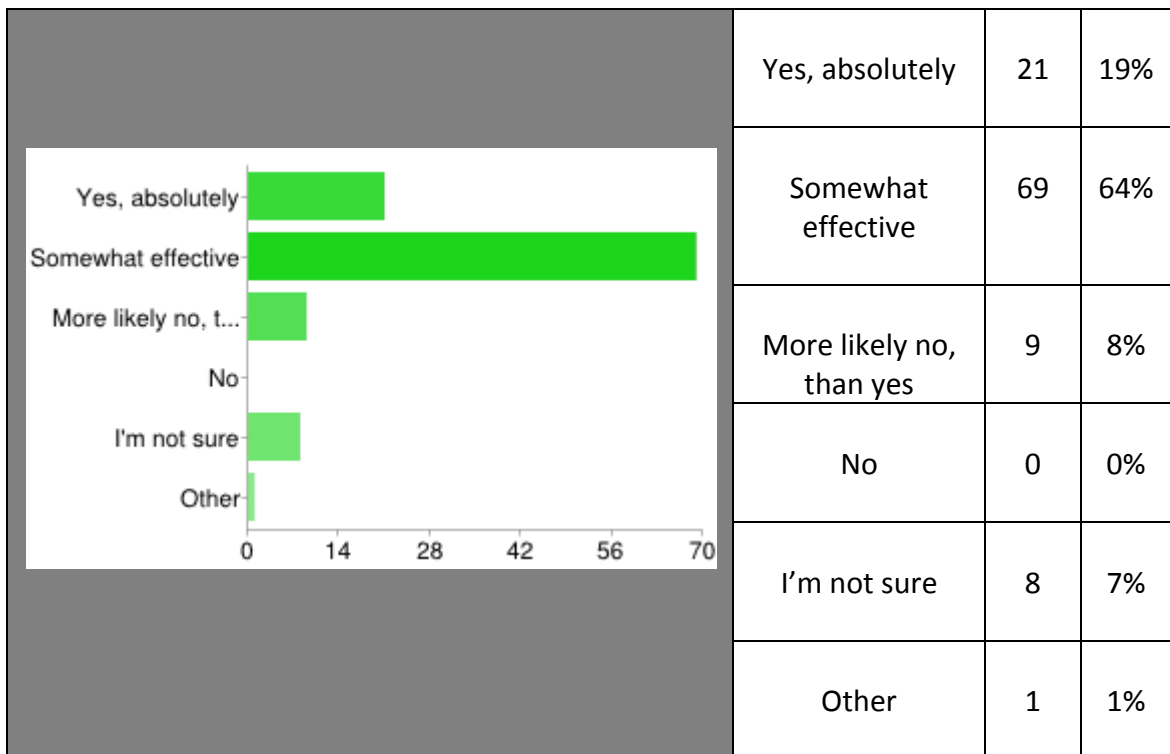


Table 10: The effectiveness of sales promotion in the context on food service industry

The participants were more unified in answering this question, agreeing that sales promotion was either very (19%) or somewhat (64%) effective in the context of food service industry. Though no literature sources were found to discover information about sales promotion effectiveness in this particular industry, a positive view about it, especially in the short term, is prevailing across various recent studies (Hanssens, Parsons and Schults, 2001; Rizvi and Malik, 2011; Elizadeth, 2008).

7% could not give a definite answer, which could possibly be explained by their consideration of the bad long-term effects on the brand image as well as firms' decreased profitability (as was specified by one of the respondents), the views on which are not so positive in some previous researches either (Pawels *et al.* 2003; Jones, 1990).

5. What are the reasons to engage in sales promotion?

This was designed as an open question to avoid giving hints to respondents but to explore their knowledge on the topic. The majority of the participants (91%) cited the need to increase sales as the main reason to engage in sales promotion. A much lower percentage (23%) mentioned the urge to increase repeated purchase. 21% acknowledged that sales promotion could be helpful in introductory stage of a product, while only 5% saw sales promotion as a good way to reward loyal customers and 3% spoke about spreading the word about a firm through the use of sales promotion tools. All the participants failed to recognize that sales promotions could be targeted at sales force as well, as it was mentioned by Shimp (2003) and therefore have another set of objectives to accomplish.

The conclusion can be made that a great majority of food service SMEs use sales promotion solely to boost their sales in quiet seasons.

Conclusions

The findings in relation to these questions clearly support the first research objective as they demonstrate the level of knowledge managers and owners of London food service SMEs possess about sales promotion and reveal their attitude to it. Some information obtained needed further clarification and was set as a discussion point during interviews at the second stage of primary research.

According to the received data, most of the participants had a certain level of understanding of the term sales promotion and what it includes. There was some evidence of confusion between 'sales promotion' and a wider term 'promotion' in several responses. Most of the objectives that could be sought by a business while implementing sales promotion were mentioned, though the overwhelming majority of the respondents believed that the main reason to engage in this marketing activity is solely to increase sales during quiet periods, other reasons were successfully neglected by many. There was some disagreement among the participants whether sales

promotion is beneficial for businesses in the conditions of economic downturn, but the opinions about its effectiveness in the context of food service industry were more unified with companies realizing its beneficial nature. In general, the knowledge on the topic appeared to be satisfactory.

4.2.3. Section 3 – Sales promotion tools in the respondents’ business

This section of the survey was dedicated to the achievement of the second research objective:

- To find out which sales promotion tools are currently used by food service SMEs (the importance of sales promotion as a marketing tool in the company, the most common sales promotion techniques used, frequency of usage, factors influencing the preference of one tool to another, means by which enterprises inform their customers about offers and deals, change in usage frequency following the economic crisis)

Six questions aimed to reveal those issues.

1. Is sales promotion an important tool in the marketing strategy of your business?

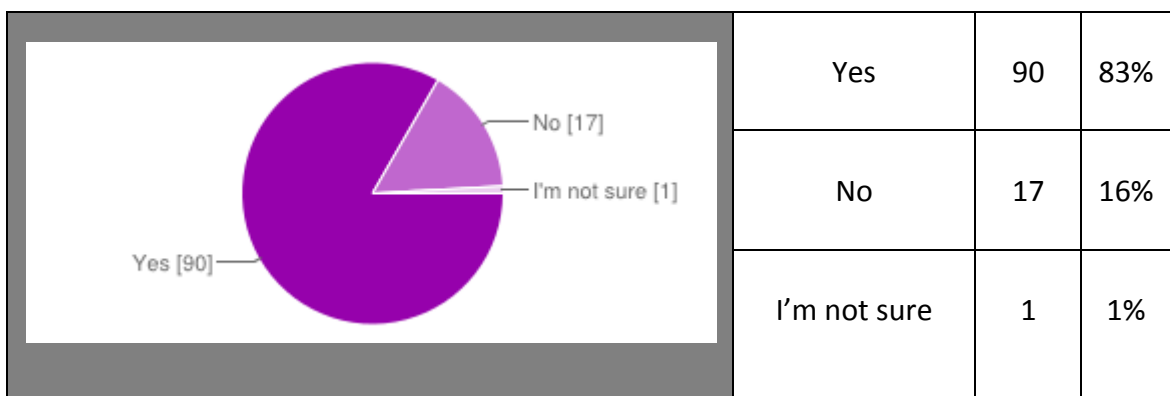


Table 11: The importance of sales promotion tool in the marketing strategy of participants’ businesses

From the table above the observation can be made that in spite of a certain level of uncertainty regarding beneficial nature of sales promotion among managers and owners of food service SMEs as discussed earlier, 83% of them are still using its tools in their marketing strategy and consider them to be quite important in the success of the business. This trend is often depicted in the literature, where authors refer to competitive dynamics and possibility of losing customers as the main factor that forces companies to engage in sales promotion activity (Shimp, 2003).

2. What sale promotion tools and techniques, if any, are you currently using in your business? Please, tick all that apply

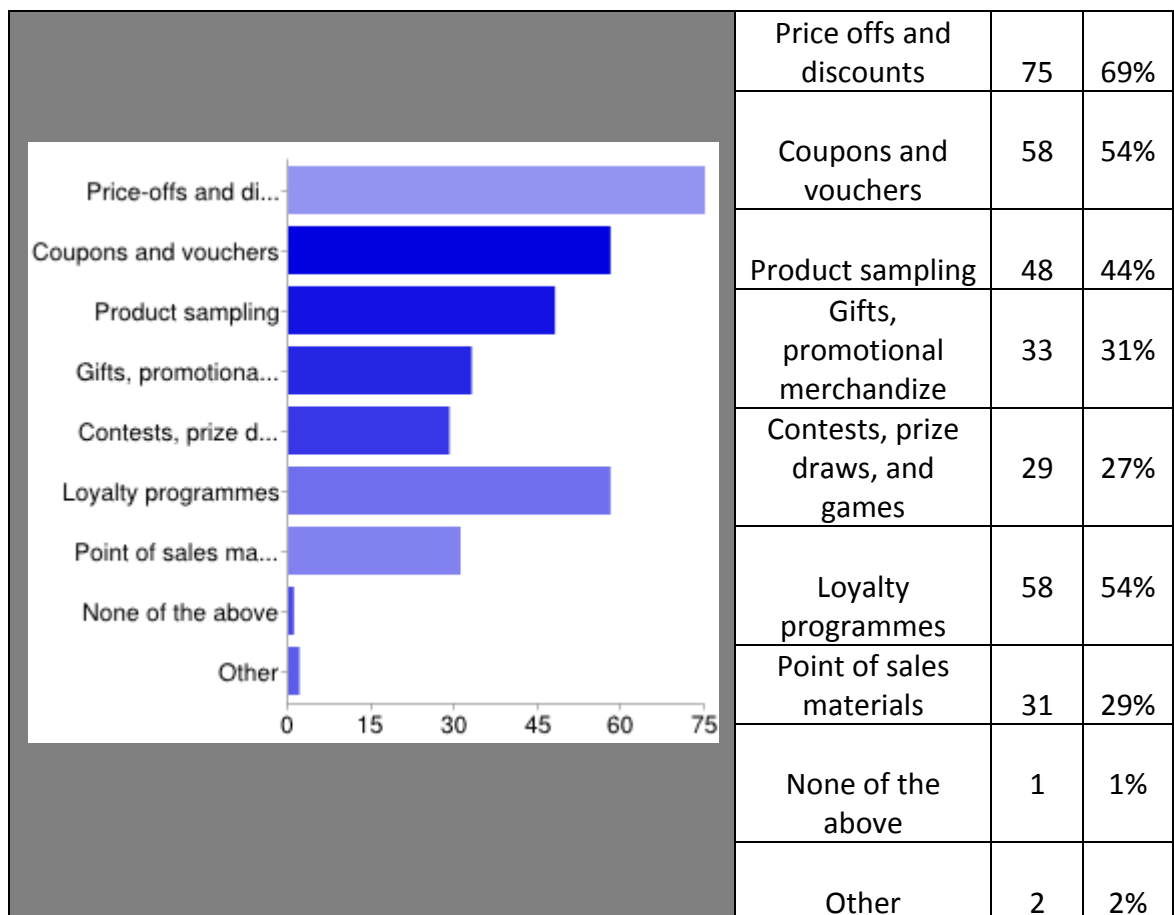


Table 12: The most common sales promotion tools used in London food service SMEs

As it was stated earlier, price offs and discounted offers prove to be the most popular among food service SMEs (69%). Coupons, vouchers and loyalty programmes were on

the second place, having been mentioned by 54% of the participating organisations. Product sampling was another widespread technique (44%) and was mentioned as such in the literature (Mindi Chahal, 2011). Contests, prize draws, and games, POS materials and premiums were among the least important for businesses in the food service industry (27%). Two of the respondents provided additional information and cited 2 for 1 and ‘happy hour’ as their chosen tactics. These data revealed that price promotions were of more importance to food service enterprises than value promotions. This might be justified by their operations in a highly competitive and saturated market. As stated in some of the literature sources, price promotions become unavoidable in these conditions (Cummins and Mullin, 2010; Jones, 1990).

3. Please, evaluate how often you use each of the following sales promotion tools

a) Price offs and discounts

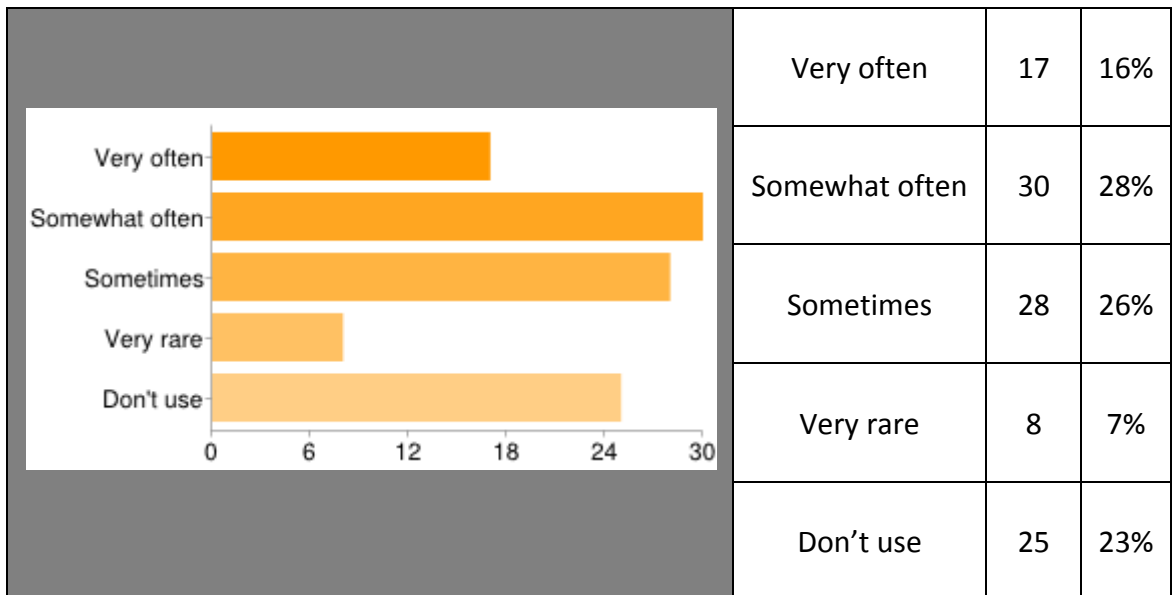


Table 13: The usage frequency of price offs and discounts

Out of 77% of the companies which engaged in price offs and discount schemes, the majority used them very often (17 out of 83 companies) and somewhat often (30 out

of 83). The data prove one more time the enormous popularity of this sales promotion tool, which might be justified by its implementation simplicity, which was discovered later as one of the most important factors to influence managers' choice of sales promotion tactics. Also, the price sensitiveness of customers in the conditions of economic downturn could be a reason as well as their general preference for immediate monetary rewards as cited in one of the literature sources (Dowling and Uncles, 1997; Prelec and Lowenstein, 1998; Jang and Mattila, 2005).

b) Coupons and vouchers

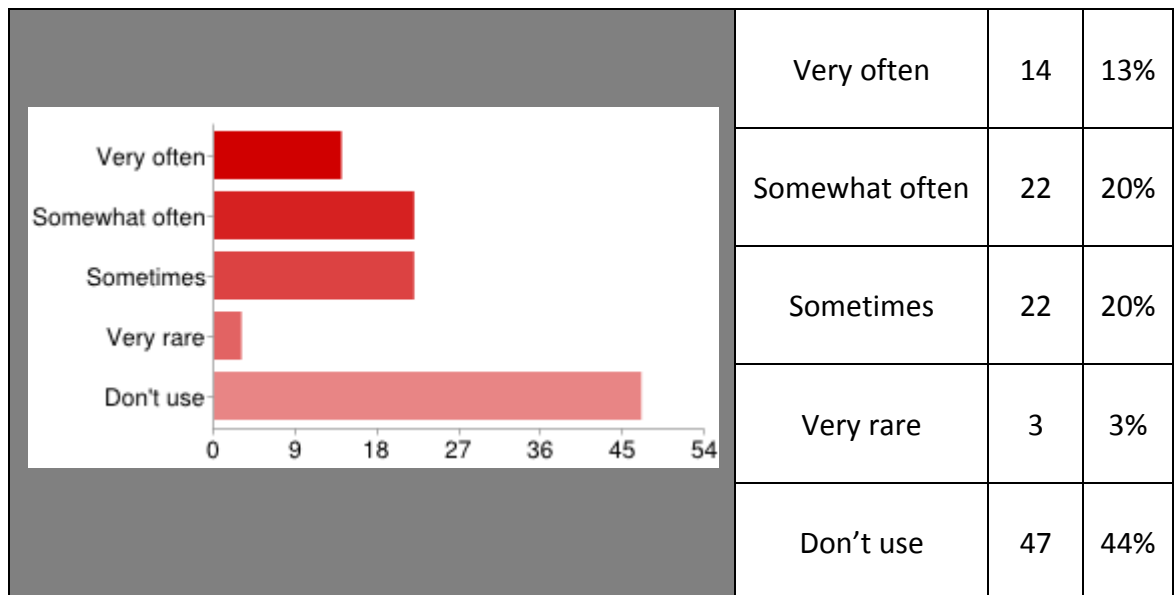


Table 14: The usage frequency of coupons and vouchers

Out of 56% of the companies who used coupons and vouchers to achieve their certain business objectives, more than a half exploited their advantages very often (14 out of 61 companies) and somewhat often (22 out of 61). Nonetheless, this percentage is much lower than for price offs and discounts. The difference could be explained by the efforts required from the management to implement those tools. The issue needs further consideration and will be examined in more detail during the interviews.

c) *Product sampling*

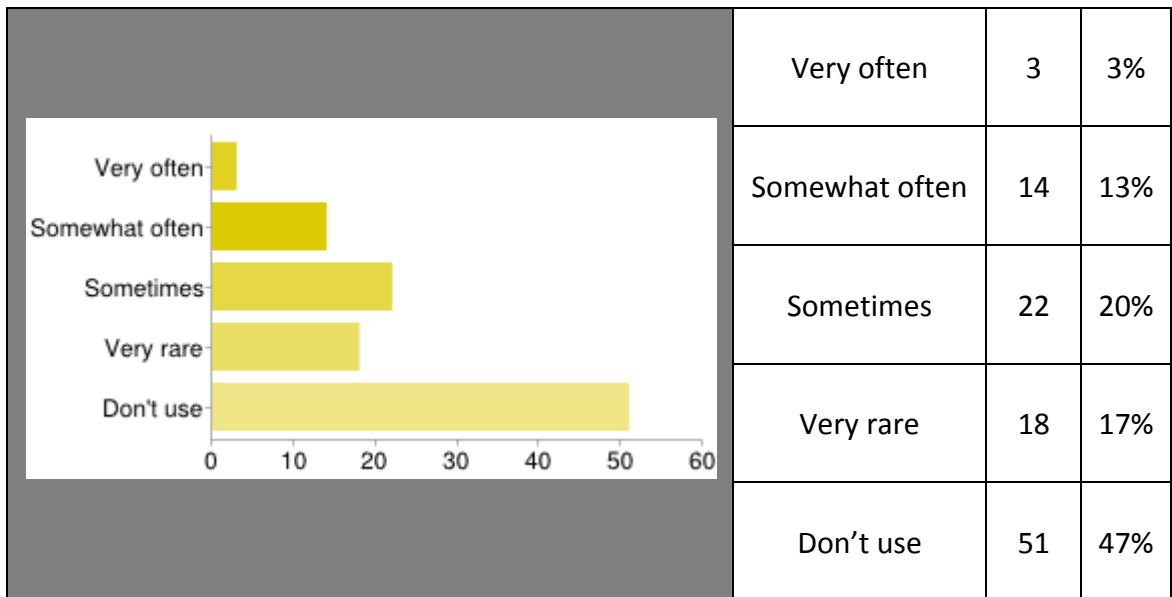


Table 15: *The usage frequency of product sampling*

There is obvious inconsistency in the respondents' replies about product sampling usage in their companies. Only 44% mentioned it in question 12, though this percentage increased to 53% in the question above, which could probably be explained by infrequent utilization of this technique by the participating organisations – 18 out of 57 participants who used product sampling stated that they did it on very rare occasions. 22 companies implemented it sometimes. This infrequent usage could possibly be explained by high costs associated with this tool as cited in some literature sources (Shimp, 2003) and/or complexities of food sampling activities as mentioned by Minda Chahal (2011).

d) Gifts, promotional merchandize

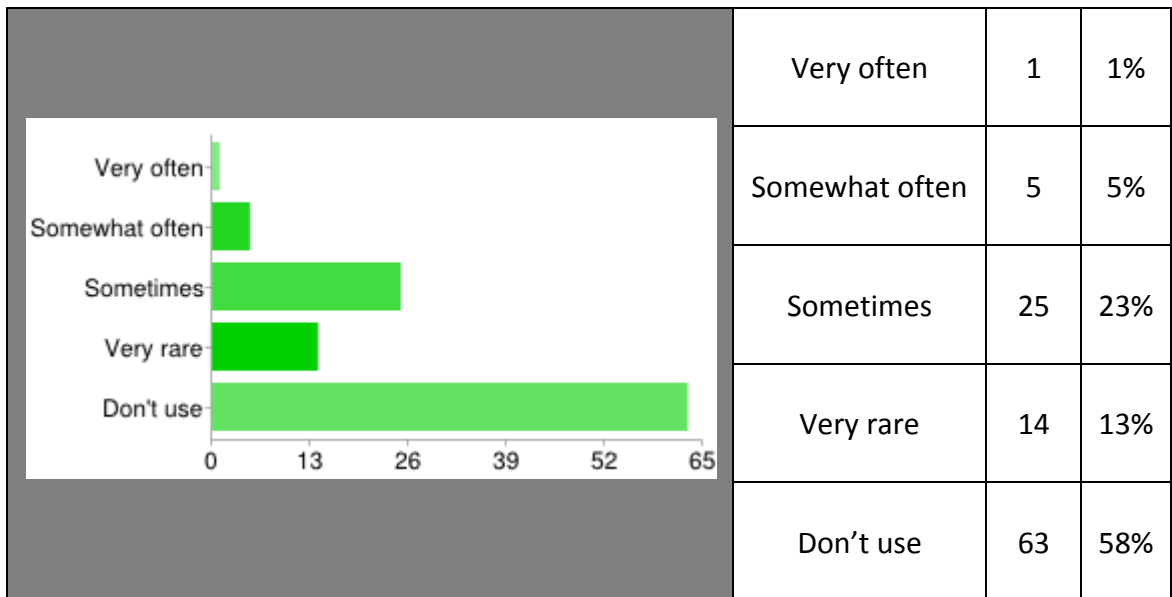


Table 16: The usage frequency of gifts and promotional merchandize

Out of 42% of the companies having highlighted gifts and promotional merchandize as significant tools in their strategy, the majority used them sometimes (25 out of 45 companies) or very rarely (14 out of 45). Such unpopularity of this tool could possibly be explained by associated costs and impossibility to measure its effectiveness, as Question 18 will reveal it later.

e) Contests, prize draws, and games

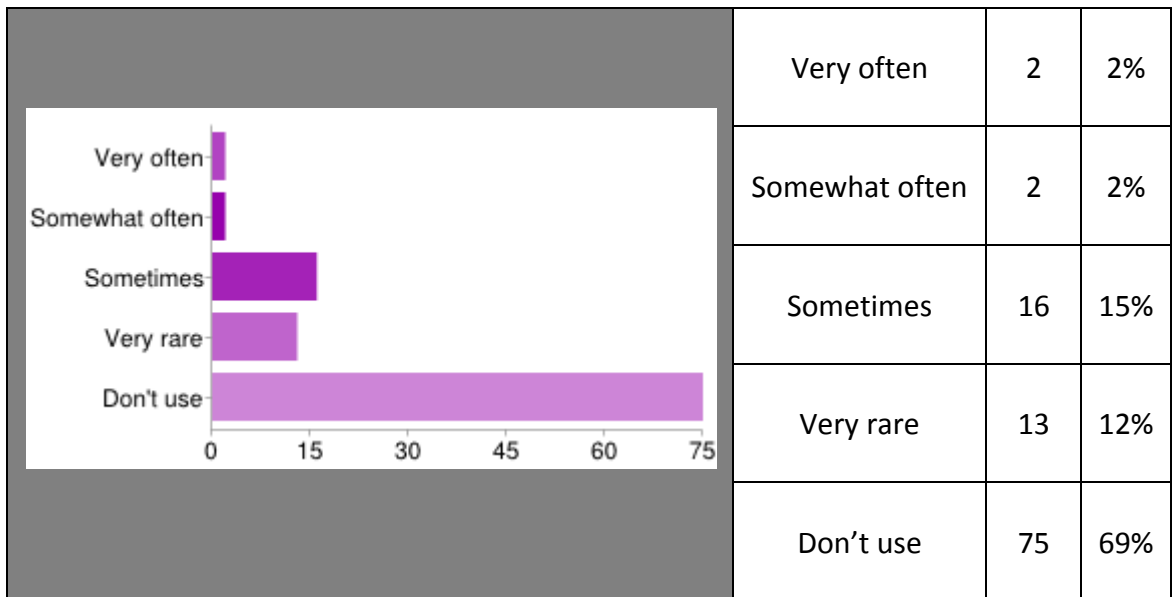


Table 17: The usage frequency of contests, prize draws, and games

Contests, prize draws or games were practised by only 31% of all the respondents. Moreover, they conducted them only sometimes (16 out of 33 companies) or on very rare occasions (13 out of 33). As we can see participating companies are missing the opportunities offered by this sales promotion tool due to its popularity with the public (Cummins and Mullin, 2002) and its high level of effectiveness as it was found in this research later on (Question 19). The reasons for infrequent usage of this tool needed further clarification and were set as a discussion point for interviews.

f) Loyalty programmes

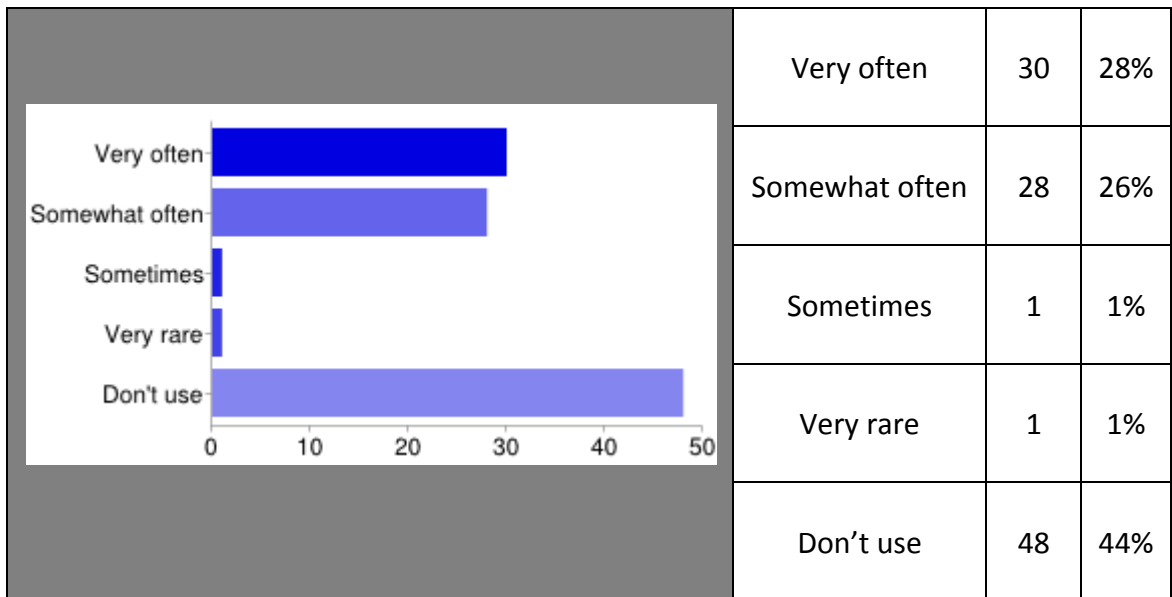


Table 18: The usage frequency of loyalty programmes

Loyalty schemes proved to be the most frequent sales promotion tool used in 56% of the survey participants, which corresponds with the literature sources, the authors of which state that rewarding loyal customers through the use of continuity programmes are increasingly common in many segments of the hospitality industry (Kim, Shi, and Srinivasan, 2004). Nonetheless, it should be pointed out that loyalty schemes can be costly to administer and difficult to implement, since they require major commitment from marketers, as cited by Schultz *et al.* (1998), and this arises a certain level of doubt about the honesty of the respondents, since cost and implementation simplicity, as it was discovered later, are the main factors influencing participants' decisions about the choice of sales promotion tools.

g) POS materials

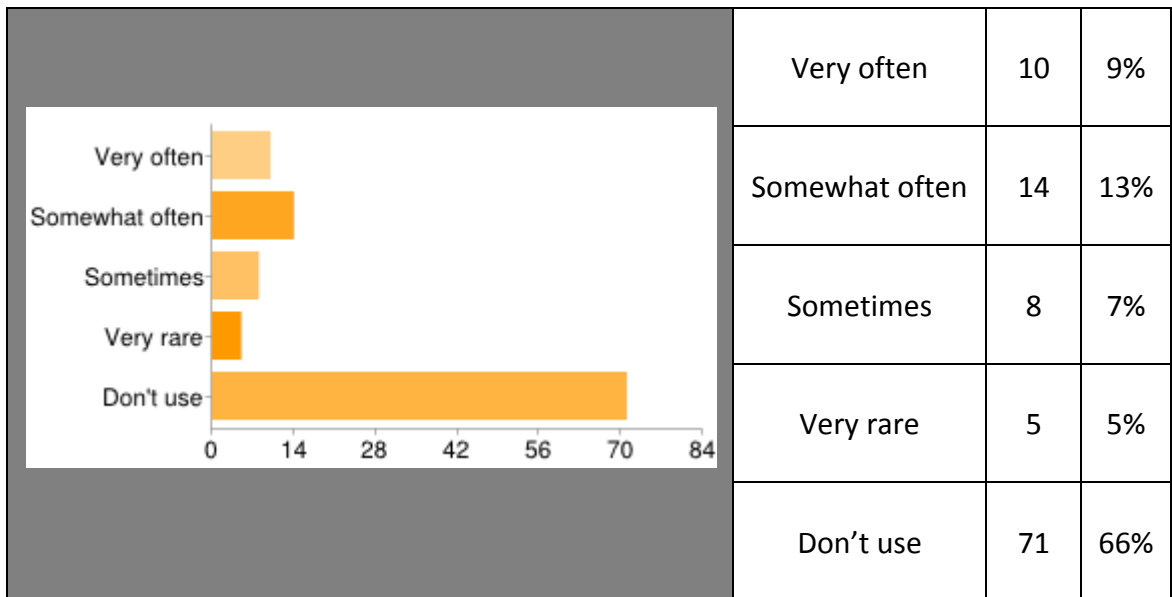


Table 19: The usage frequency of POS materials

The percentage of participating companies using POS materials to promote their goods appeared to be insignificant (34%). Furthermore, they were not revealed to be frequently used either. This finding is very surprising, due to the fact that POS materials are comparatively easy and cheap to implement and cost and implementation simplicity were the most important factors influencing the choice of sales promotion tools, as was discovered later in this research (Question 15).

4. How do you let your existing and potential customers know about your sales promotions? Please, tick all that apply

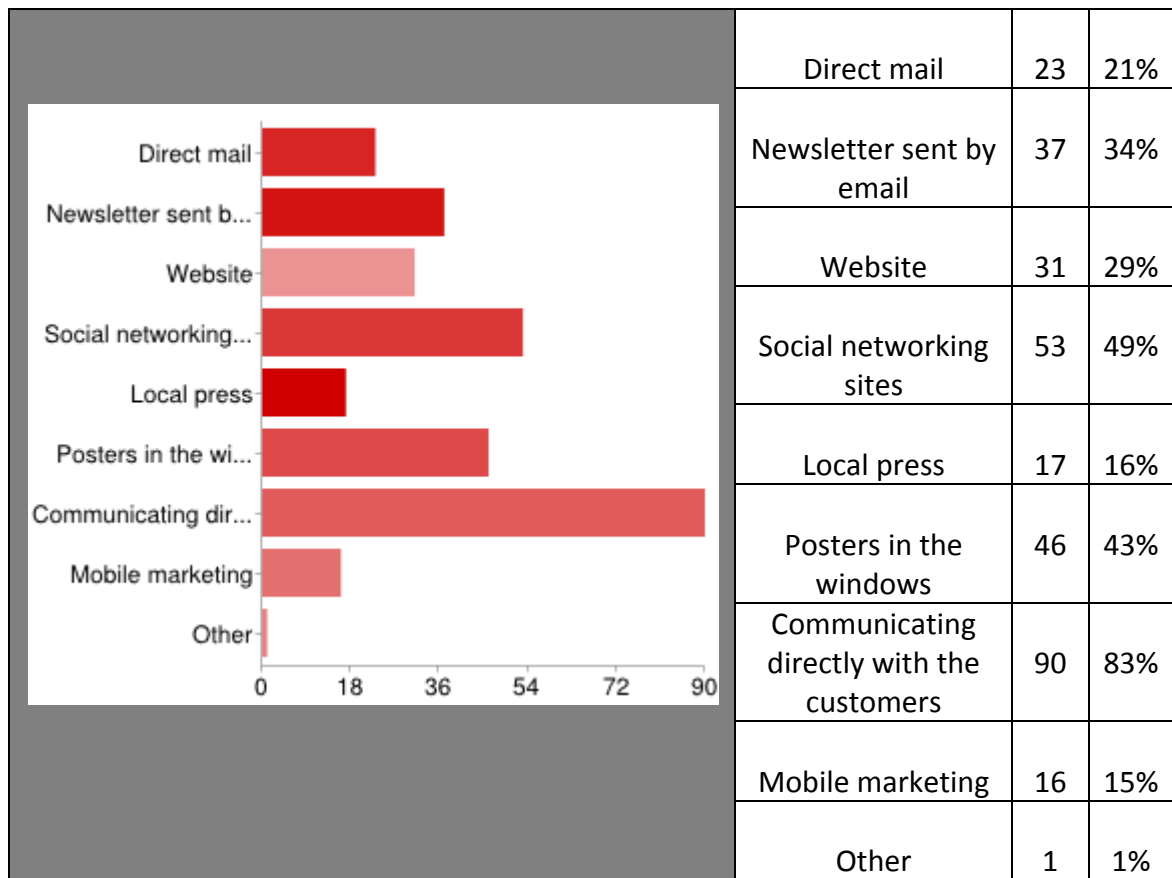


Table 20: Distribution channels of sales promotion tools in London food service SMEs

As we can see from the table above, a great majority of the participants (83%) communicated directly with the customers to inform them about their offers. 43% used window posters for this purpose. The preference for these tactics can be explained by their implementation simplicity and low cost, which, as we will see later (Question 15), were two factors food service SMEs were mostly concerned about while making decisions about their sales promotion strategies. Another important trend to notice here is that half of the respondents (49%) stated that they actively used social networking sites to spread the word about their deals, while 34% sent newsletters to their clients via email. This information demonstrates that in spite of their insignificant size and consequent limited financial and human resources, the organisations strive to keep up with the latest innovations and trends. They've managed to see and grasp the

opportunities offered for businesses online and realized that in order to be ahead of competition they have to be present in the World Wide Web. Some of them (15%) went even further and exploited the advantages of the most recent phenomenon – mobile technologies. Direct mail (21%) and local press (16%) were far less popular among food service SMEs, presumably because of their high associated costs.

5. Specify which factors are important for you and which are not when choosing a specific sales promotion tool for your company

a) Implementation simplicity

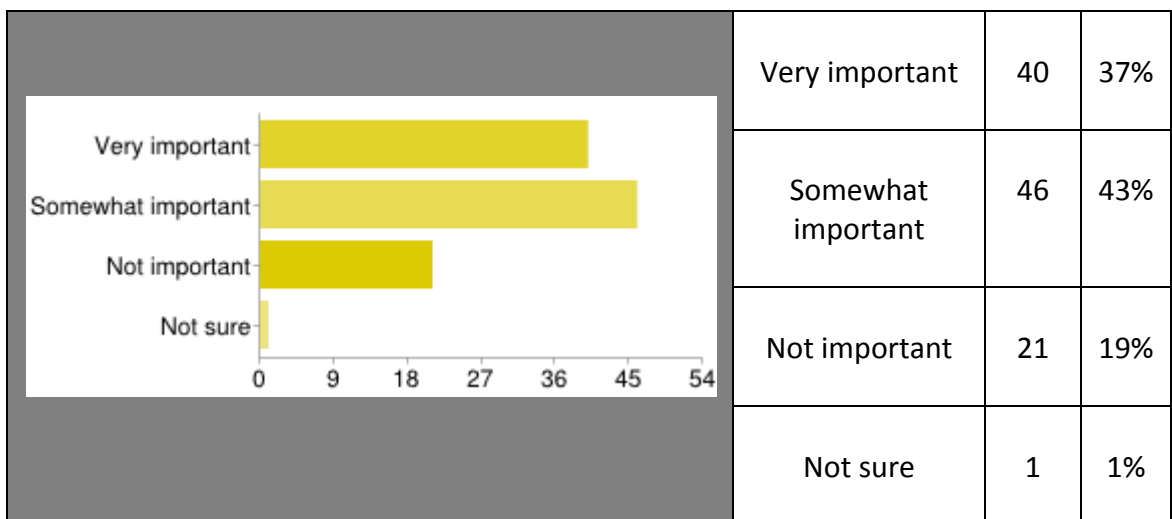


Table 21: Implementation simplicity as a factor influencing the choice of sales promotion tools

The majority of the respondents admitted that implementation simplicity was a very (37%) or somewhat (43%) important factor while choosing an appropriate sales promotion tool. This finding could possibly be explained by the fact, that most of small companies lack professional skills in marketing and seek for techniques which are simple to deliver using available internal resources.

b) Cost

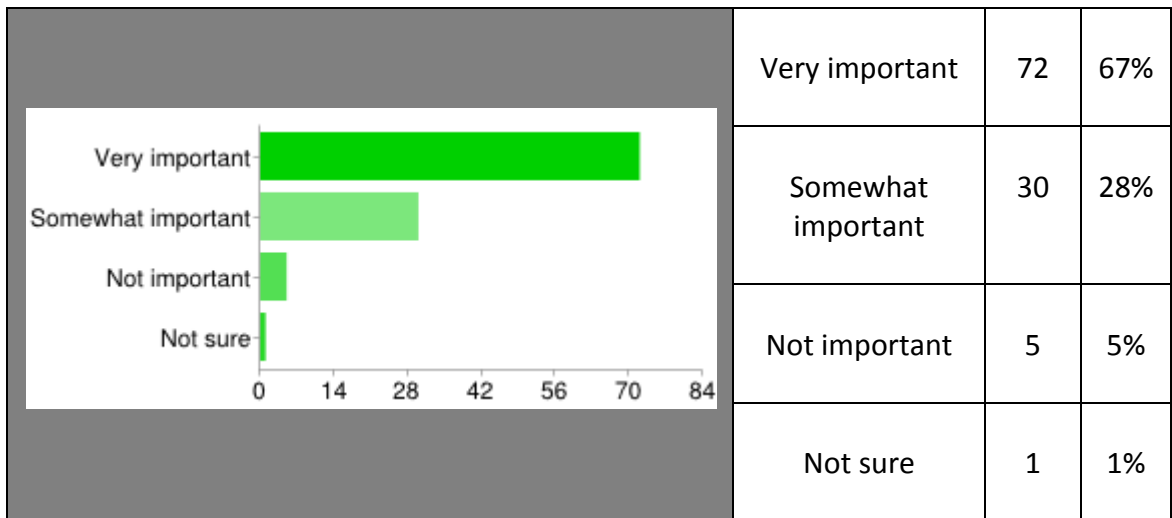


Table 22: Cost as a factor influencing the choice of sales promotion tools

95% of the participants cited cost as a basis for their decision about the choice of a certain sales promotion technique. This could be explained by the fact that most of food service SMEs have to operate within limited budgets and they find it hard to spare valuable cash for marketing activities. An assumption can be made that participating companies might have failed to consider their decreased profitability as a cost of their most preferred sales promotion tools – discounts and coupons, as they can appear to be quite expensive in that sense.

c) *Measurability*

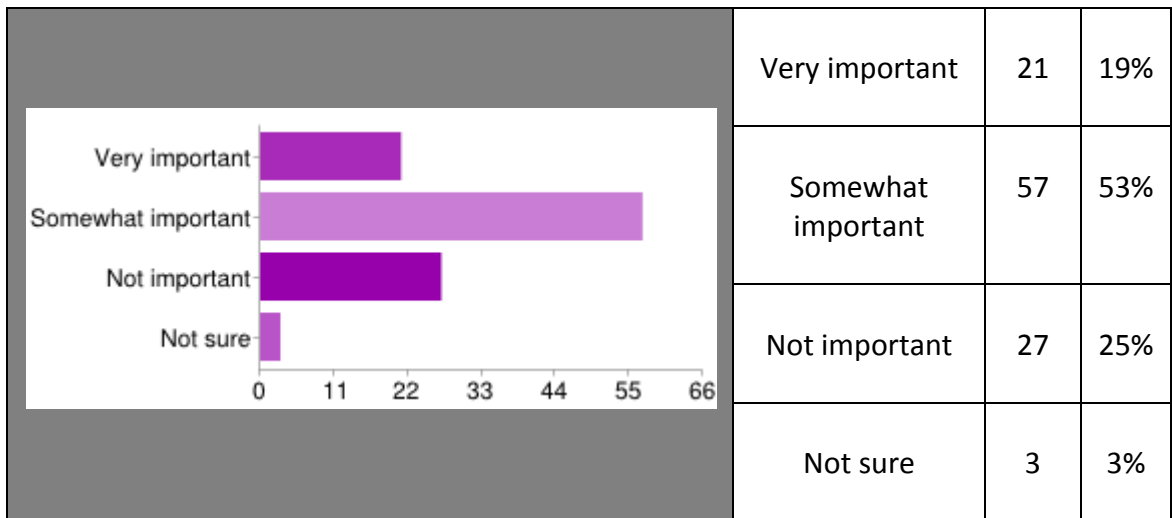


Table 23: *Measurability as a factors influencing the choice of sales promotion tools*

Measurability proved to be very (19%) or somewhat (53%) important to the participants, which supports literature findings, that ability to measure sales promotion is one of the factors that have encouraged marketers to make greater use of sales promotions (Peattie and Peattie, 1993). Nonetheless, one forth of all the respondents noted that measurability of sales promotion techniques used in their companies was not important for them. This could possibly be explained by their lack of knowledge how to do it or their neglect of the importance of proper analysis. This information required further clarification and was chosen as a discussion point for the interviews.

d) Creativeness

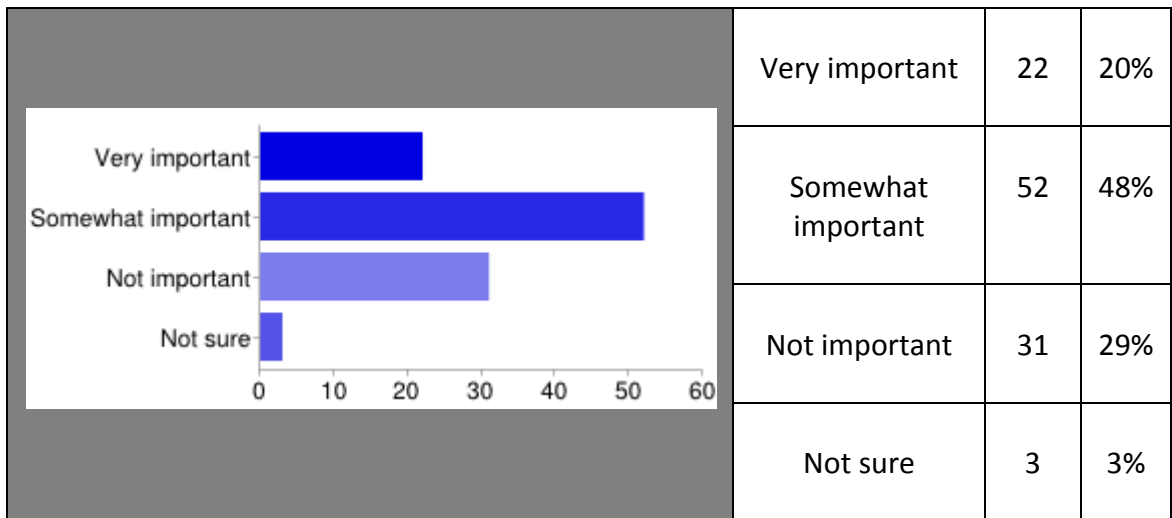


Table 24: Creativeness as a factor influencing the choice of sales promotion tools

68% of the participants stated that they tried to be creative in their marketing solutions, striving to make their offers as appealing to the customers as possible. In fact, these data most likely revealed the respondents' wish to be creative but not the actual state of things, due to the fact that their most preferred tools, discounts and coupons, can hardly appear to be creative.

e) Associated risk

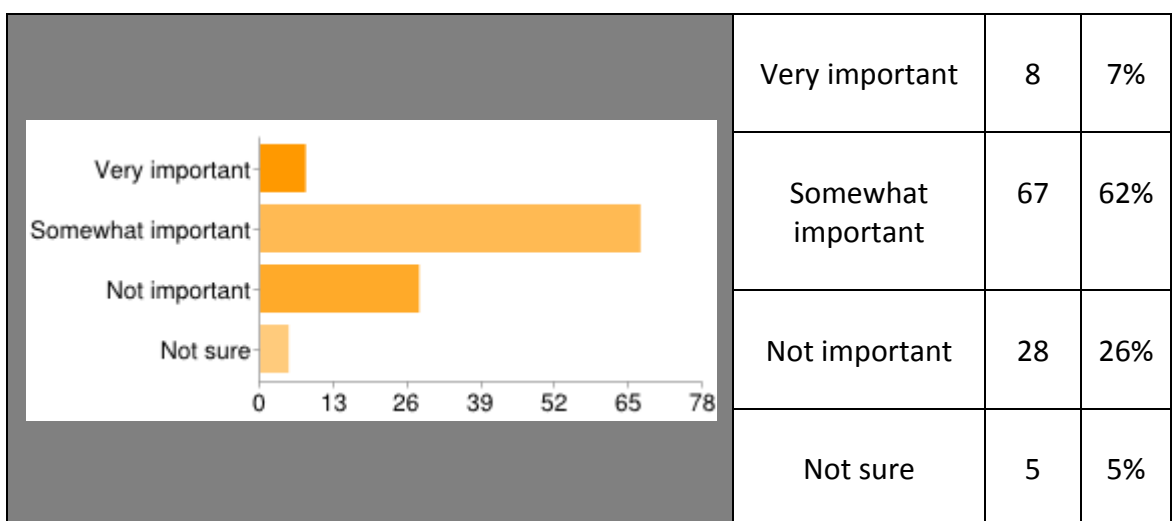


Table 25: Associated risk as a factor influencing the choice of sales promotion tools

According to the table above, quite a significant proportion of the respondents (26%) is not concerned about the associated risk they take while using sales promotion tools. Moreover, 5% could not give a definite answer. This reveals that a fourth of the participants failed to see the risk associated with certain sales promotion tools discussed in the literature review, for example, customer misredemption and fraud, physical inability to meet increased demand, damage caused to the brand in the long-term.

f) Target audience

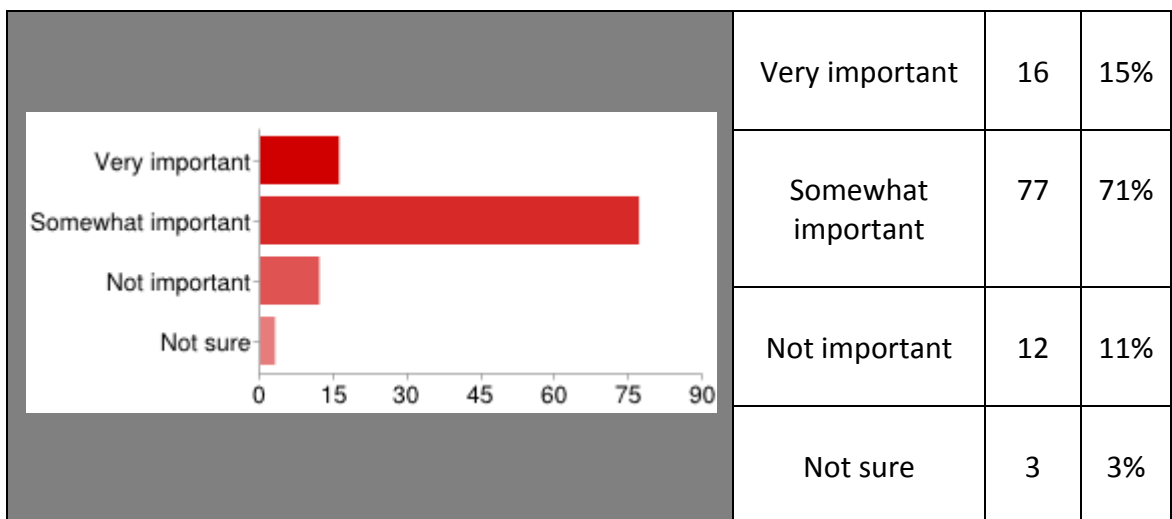


Table 26: Target audience as a factor influencing the choice of sales promotion tools

The majority of the respondents (86%) claimed that they had their customers in mind while designing their sales promotion strategy. These data seem to me a bit biased, as they most likely revealed the respondents' hope that their sales promotion tools were the ones that their target audience was mostly enthusiastic about and responsive to. In reality though, most small companies would probably choose the tools that they can afford and are able to implement. The data needed further clarification and was set as a discussion point for the interviews.

6. Do you think that the use of sales promotion techniques in your company has increased since the beginning of the economic crisis?

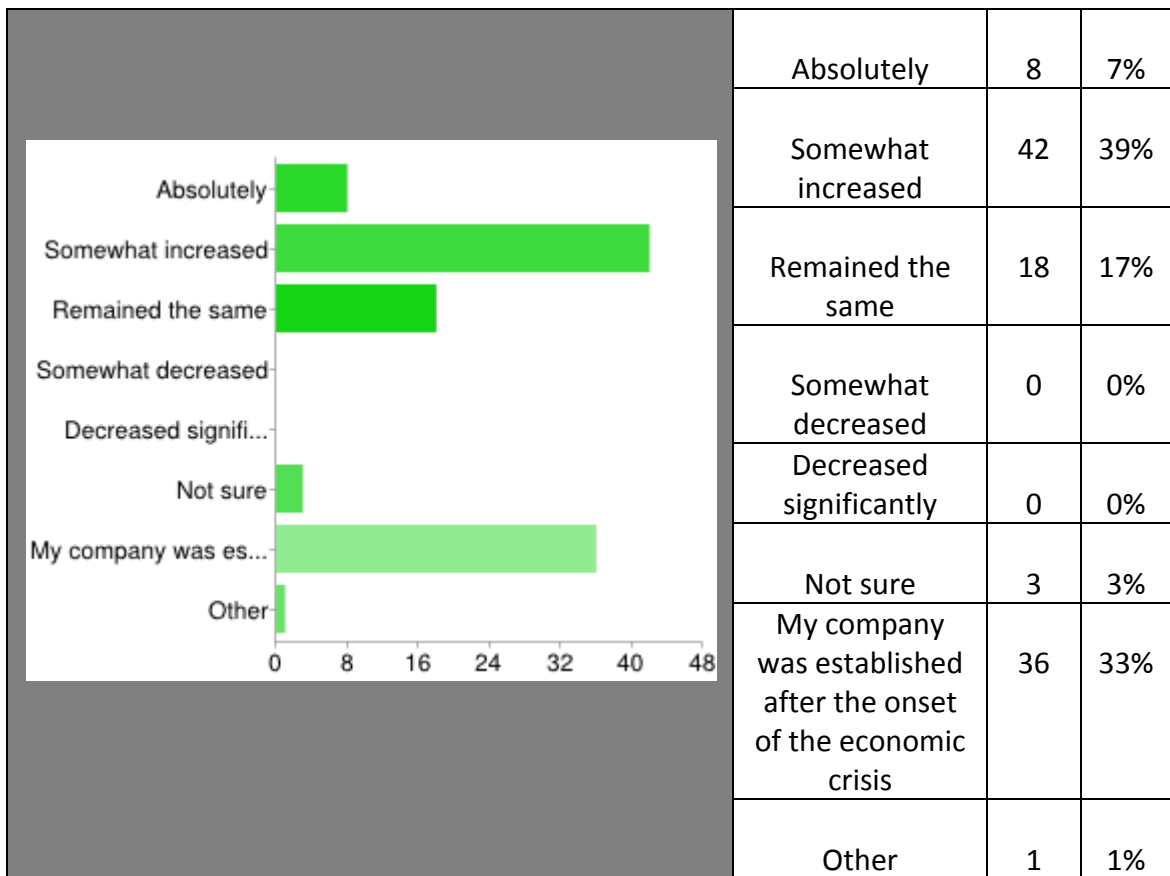


Table 27: Usage frequency of sales promotion tools in London food service SMEs since the beginning of the economic crisis

The majority of the companies which were eligible to answer this question stated that the use of sales promotion techniques had absolutely (7%) or somewhat (39%) increased following the onset of the economic crisis. 17% noted that the frequency of usage remained the same, while none of the respondents found the evidence of the declining trend. This result finds its reflection in the literature, where authors observed that the use of sales promotion has the tendency to decline during economic upsurge and increase during recessions (Shimp, 2003).

Conclusions

The results obtained in this section support the second research objective as they identify the most common and most frequent sales promotion tools used in London food service SMEs. Some points needed further clarification during interviews at the second phase of the research.

To sum up, the data suggest that sales promotion is considered to be an important tool in the marketing strategy of the majority of London food service SMEs, even though not as many of them are sure about its beneficial nature in the conditions of economic downturn. Price offs, discounts, coupons and vouchers are among the most common and most frequently used techniques in the participating organisations, while contests, prize draws, and games proved to be unpopular. The primary distribution channel of sales promotion tools is direct communication with the customers, while mobile marketing and advertisements in local press are infrequent phenomena. Social networking is surprisingly widespread and proves companies' wish to keep up with the latest marketing trends. Implementation simplicity and cost are of paramount importance while choosing a sales promotion tool, while creativeness and associated risk are mostly neglected. The majority of participating companies with the market history of more than 5 years have noticed a certain level of increase in usage frequency of sales promotions after the onset of economic crisis.

4.2.4. Section 4 – Effectiveness of sales promotion tools

This section is comprised of 6 questions all of which, for the exception of the last one, were designed to accomplish the third research objective:

- To assess the effectiveness of sales promotion strategies developed by food service SMEs (the existence of marketing data on sales promotion effectiveness; knowledge of ways to measure sales promotion tools; estimated level of effectiveness; factors, decreasing success of sales promotion strategy)

1. Do you normally measure and record the effectiveness of your sales promotion tools?

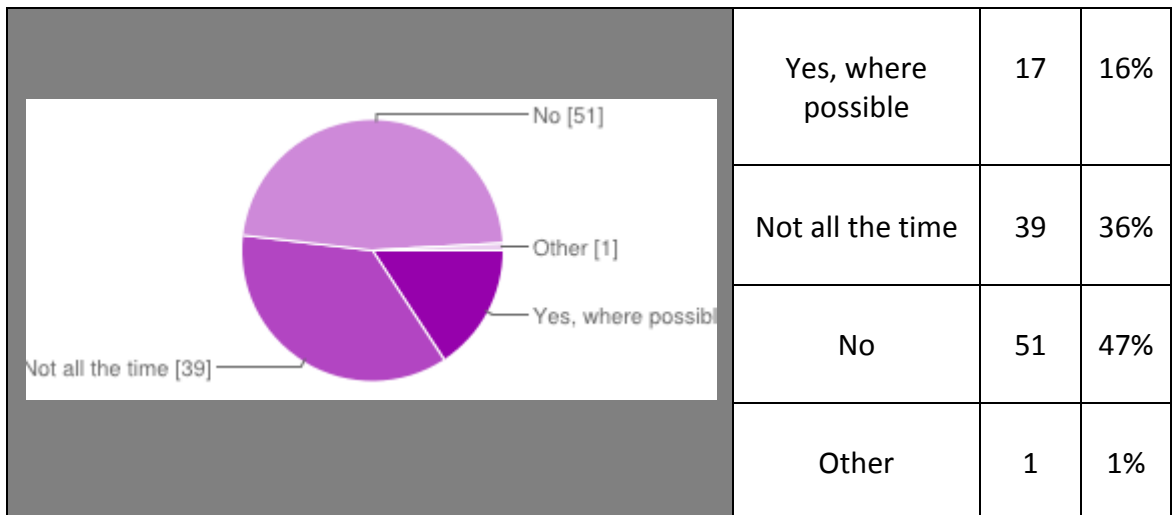


Table 28: Measurement and recording of sales promotion effectiveness in London food service SMEs

47% of the respondents failed to measure the effectiveness of their sales promotion tools, while 36% did it occasionally. Therefore, the conclusion can be made that a high proportion of food service SMEs doesn't have reliable information confirming the effectiveness or ineffectiveness of a certain sales promotion technique. All they have is their personal judgements and opinions, which could easily be wrong. The majority of the following answers would be based on owners and managers' personal experience and formed opinions, as it would clearly be seen in Question 21, which increases the risk of bias and misleading data.

2. Please, evaluate how easy for you to measure the effectiveness of each sales promotion tool used in your company

a) Price offs and discounts

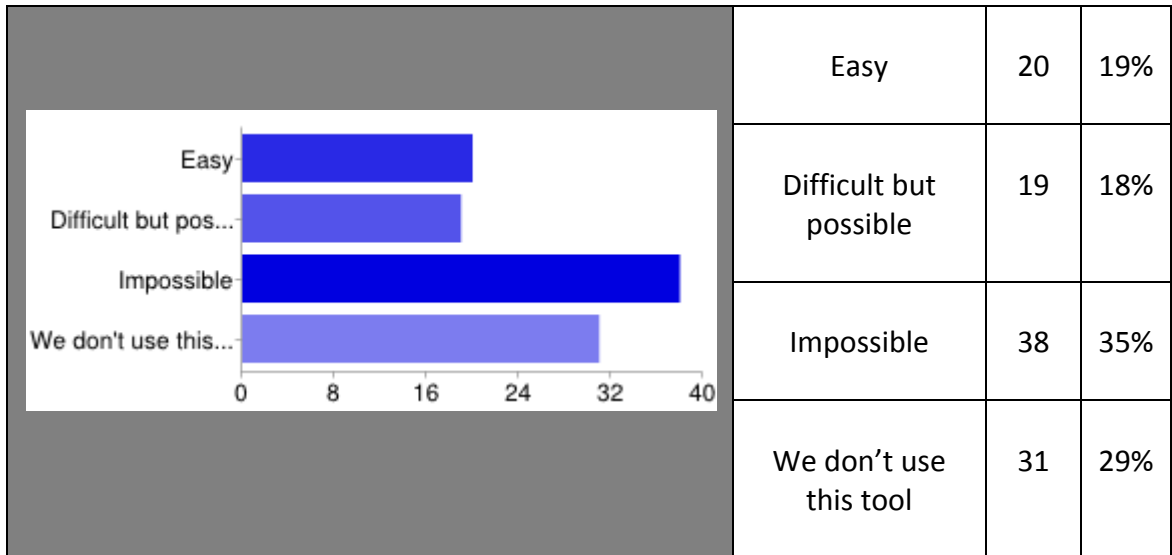


Table 29: Measurability of price offs and discounts

35% of the respondents had no idea how to measure the results of price offs and discounts and 19 out of 77 companies who used this tool, considered it to be quite complicated. As it could be seen from the results most of the companies lack the knowledge of how they measure this technique, nonetheless, the majority of them stated that they were actually successful (Question 19) and therefore so commonly and frequently used (Questions 12 and 13), obviously basing their answers on personal observation and analytical skills.

b) Coupons and vouchers

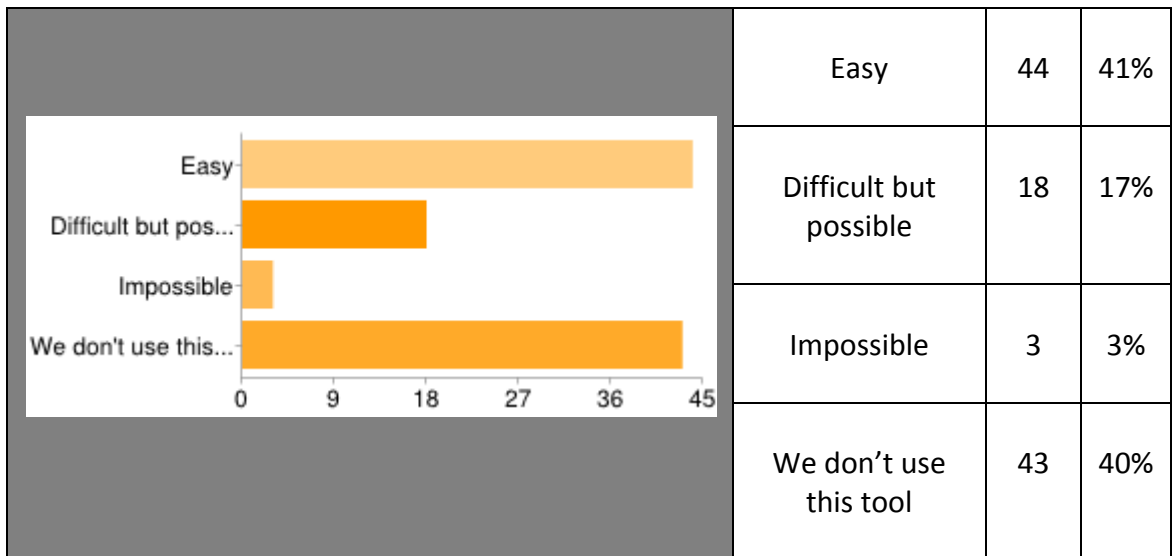


Table 30: Measurability of coupons and vouchers

Coupons and vouchers proved to be easier measured. 62 out of 65 companies using this tool had a certain level of understanding how to evaluate their effectiveness. Nonetheless, if compared with price offs, coupons were used less frequently (Question 13). Therefore, it's one more proof that measurability was not so essential for participants while choosing a sales promotion tool and that respondents were most likely neglecting the importance of a proper analysis.

c) *Product sampling*

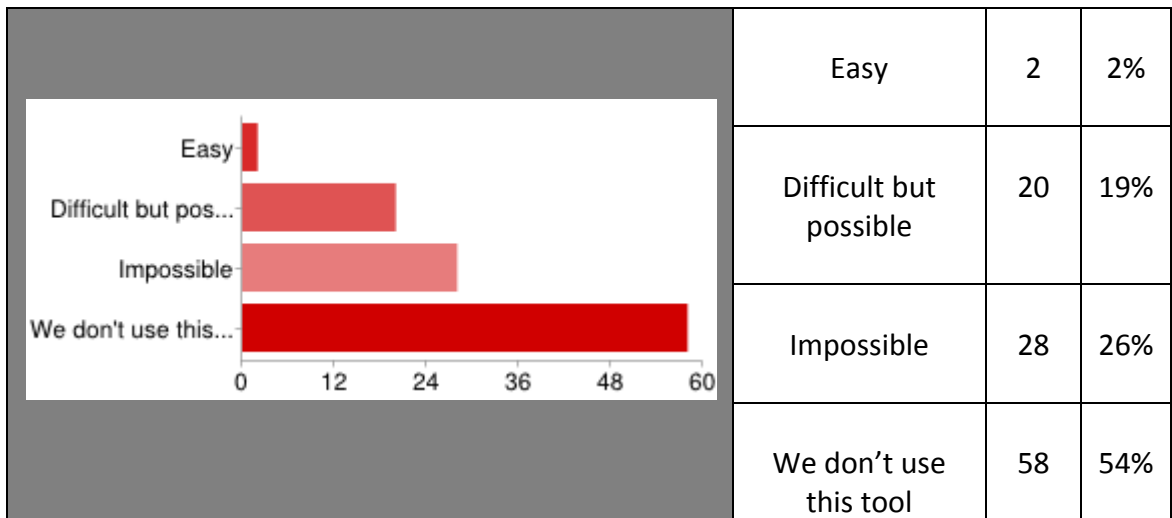


Table 31: Measurability of product sampling

Product sampling is another problematic technique to evaluate for most of the companies. 28 out of 50 companies who use product sampling find it impossible to measure, while 20 don't consider it to be an easy task. The data reveal the participants' lack of knowledge of how to measure this tool. One of the methods, for example, was described in the literature (McGuinness, Dalton, Brennan, M. and Gendall, 1995) and it's the need to combine it with coupons, so as to see by the rate of their redemption how successful product sampling is.

d) Gifts, promotional merchandise

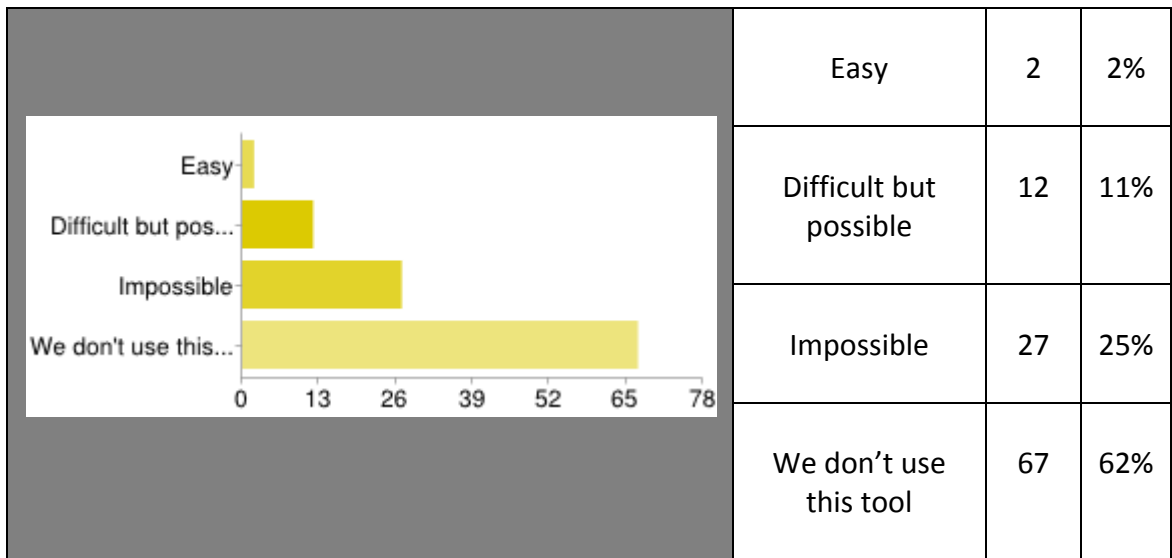


Table 32: Measurability of gifts and promotional merchandise

The same lack of knowledge about measuring techniques was obvious with regards to gifts and promotional merchandise. According to the table above the majority of the companies who used this tool (27 out of 41) failed to discover ways to measure its success. It should be noted that no particular methods were described while reviewing the relevant literature; therefore, the same results could potentially be discovered among large companies.

e) Contests, prize draws, and games

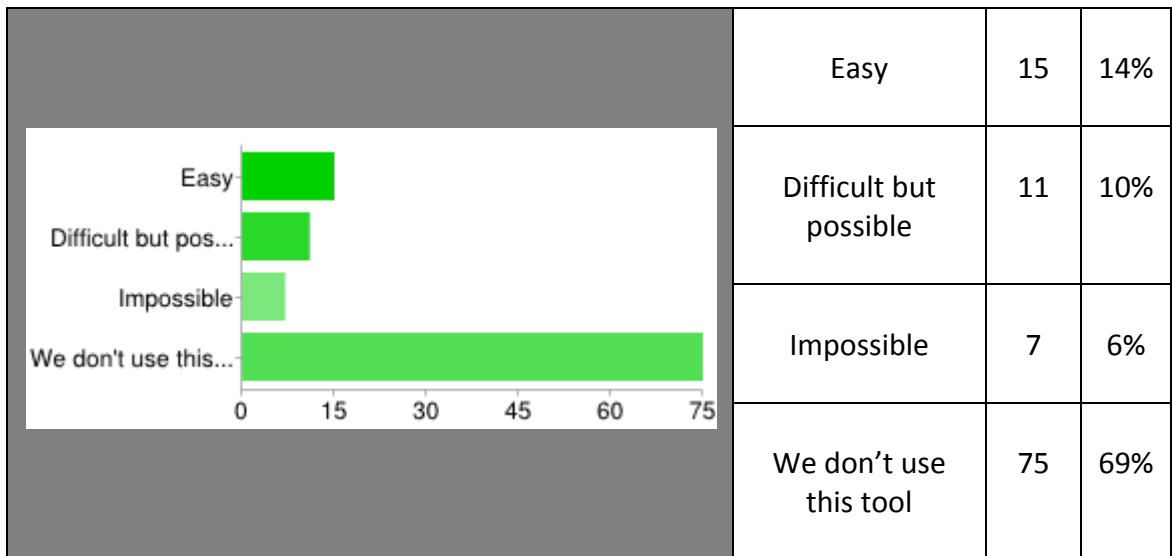


Table 33: Measurability of contests, prize draws, and games

Contests, prize draws, and games though not so popular among food service SMEs (only 31% of the respondents utilized them) appeared to be much more measurable. 26 out of 33 companies knew how to obtain information about their effectiveness and 15 considered it to be quite simple. The observation was made that contests, games and prize draws were easier to measure for those who were engaged in social networking. Presumably, it's easier to deliver and measure this tool if carried out using a networking platform, as applications available for them (for example, Wildfire or SnapApp) provide analytical information.

f) Loyalty programmes

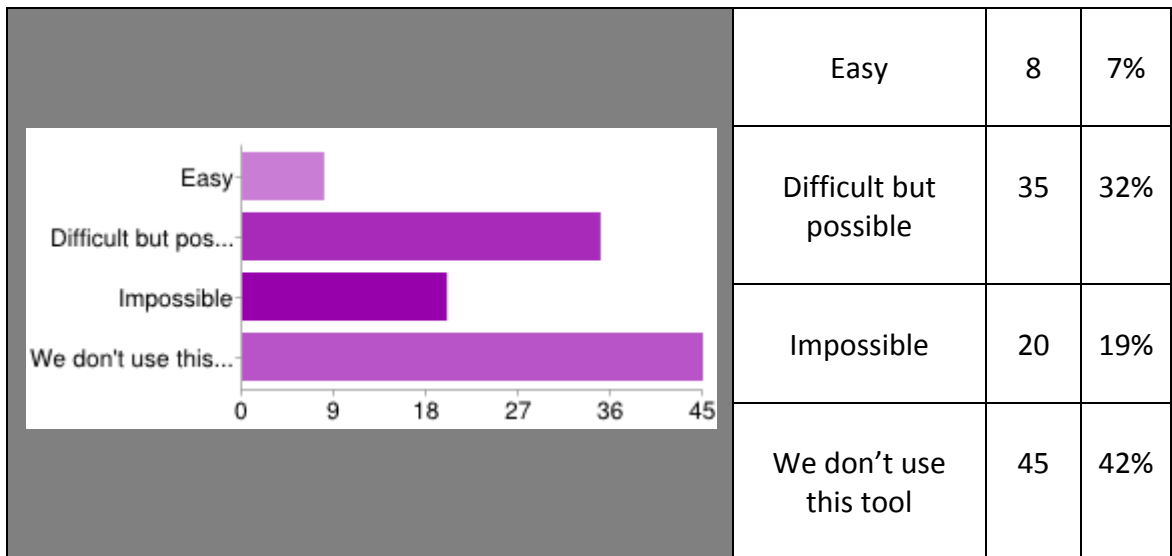


Table 34: Measurability of loyalty programmes

The majority of the companies who implemented loyalty schemes (35 out of 63) had certain difficulties to measure them. 20 companies were unable to do it at all. The problem seems to be caused by lack of financial resources that could be spent on automated loyalty systems with complete analytical information about participating customers, their overall value to the company as well as general evaluation of the loyalty scheme performance. This assumption can be supported by the fact that 8 respondents who did find it easy to measure their continuity programme, were representatives of medium-sized firms with potentially bigger budget for marketing activities.

g) POS materials

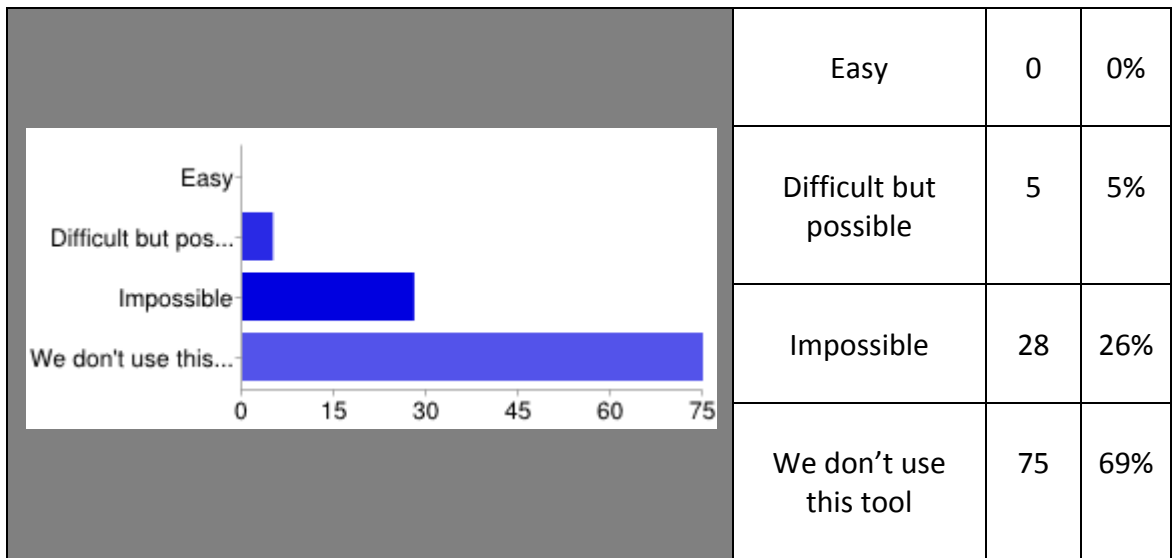


Table 35: Measurability of POS materials

The overwhelming majority of the companies using POS materials at their premises (28 out of 33) agreed that it was hardly possible to measure their success. The finding is not surprising since there is hardly any successful method depicted in the academic literature, except for the eye tracking technology mostly used in retailing business which is not relevant in the case of SMEs operating in food service industry.

3. Please, evaluate the effectiveness of each sales promotional tool currently used in your company

a) Price offs and discounts

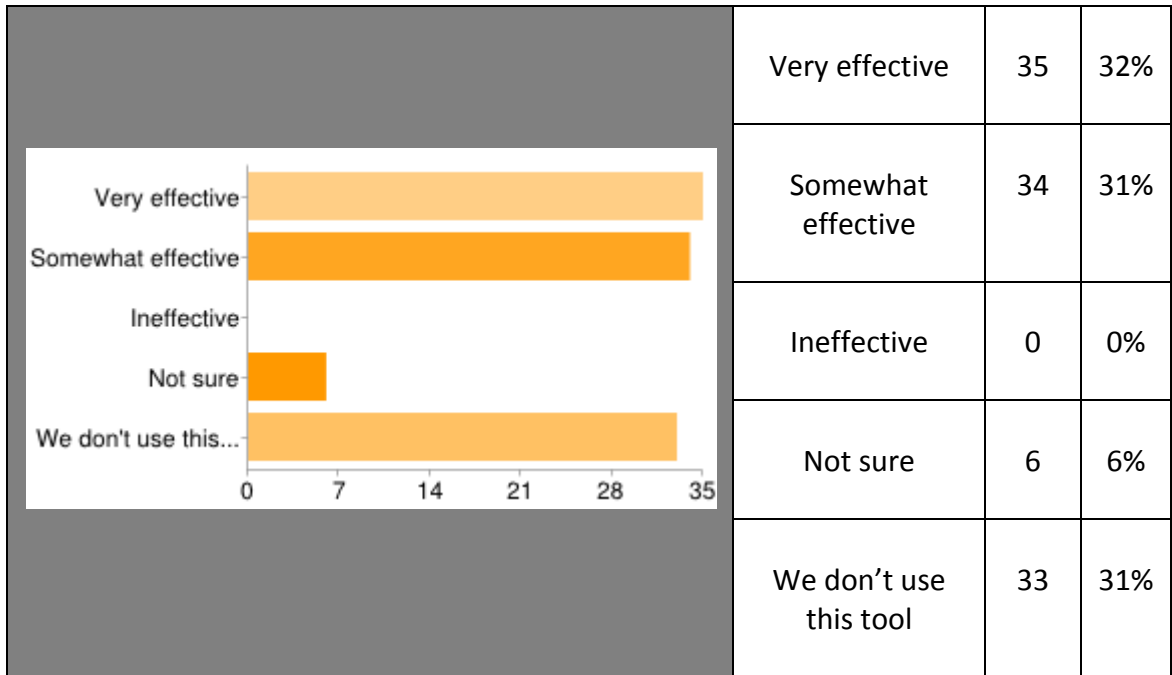


Table 36: Effectiveness of price offs and discounts

Discounted offers proved to be a very effective (35 out of 75 companies who used this tool) or somewhat effective (34 out of 75). Only 6 of them could not give a definite answer. This information can be considered as reliable to a certain extent as there is an evidence in the literature as well, that immediate and monetary rewards are preferred by and consistently effective with the public (Dowling and Uncles, 1997; Prelec and Lowenstein, 1998; Jang and Mattila, 2005). On the other hand, respondents were obviously more focused on short-term results and failed to evaluate the damage this sales promotion tool could cause the brand in the long-term, as highlighted in the work of Schultz *et al.* (1998).

b) Coupons and vouchers

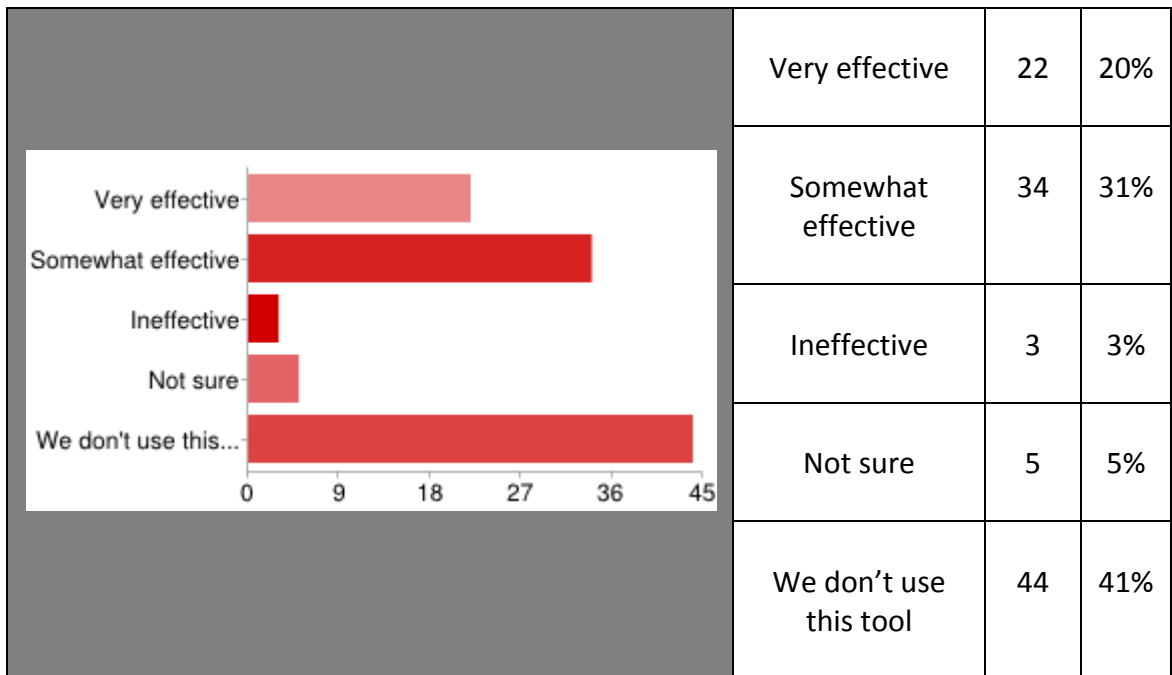


Table 37: Effectiveness of coupons and vouchers

Coupons and vouchers were also considered to be quite beneficial for food service SMEs with 22 out of 64 companies stating that they were very effective and 34 of them saying that they were somewhat effective. 5 participants could not give a definite answer. This information finds its support in the literature, where high effectiveness of coupons is cited by several authors (Dibb *et al.* 2005; Bednarz and Bergiel, 2001) and is explained by their widespread acceptance (Cox Direct, 1998; Valassis, 2010).

c) *Product sampling*

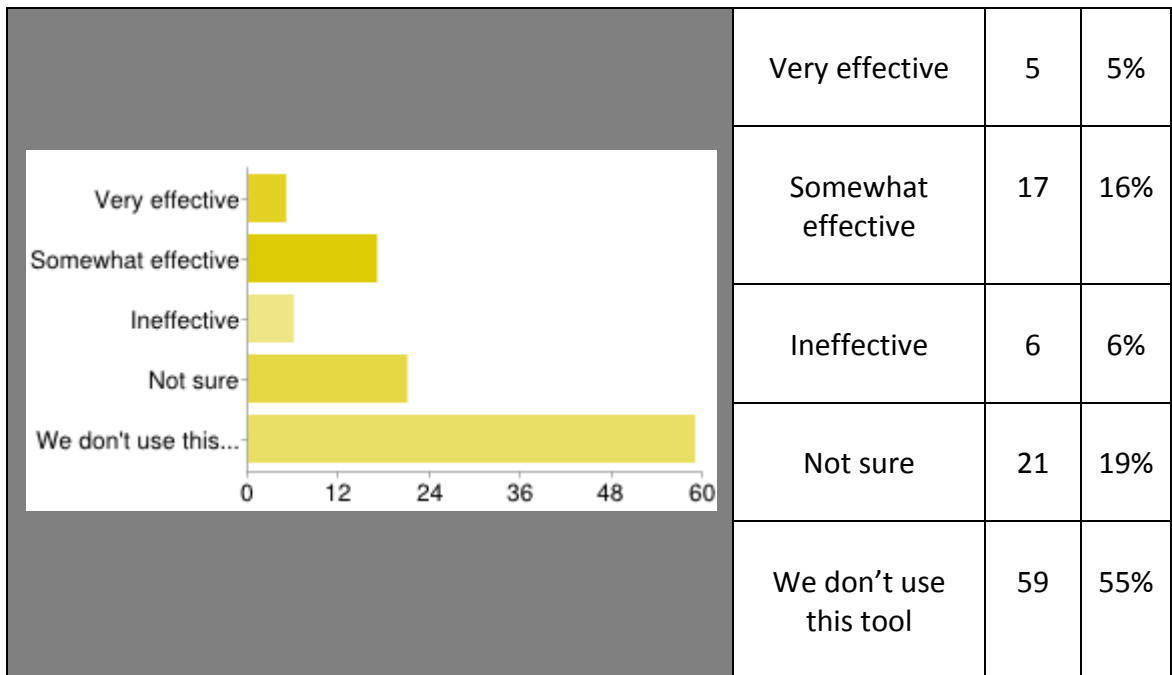


Table 38: Effectiveness of product sampling

21 out of 49 companies who used product sampling were not sure about its effectiveness, which could possibly be explained by their failure to measure this tool. 22 out of 49 respondents considered it very (5) or somewhat (17) effective, while 6 participants didn't find it beneficial. The result is somewhat inconsistent with the literature sources where product sampling is mostly cited as an effective tool due to consumers' opportunity to personally experience a new brand (Schimp, 2003).

d) Gifts, promotional merchandise

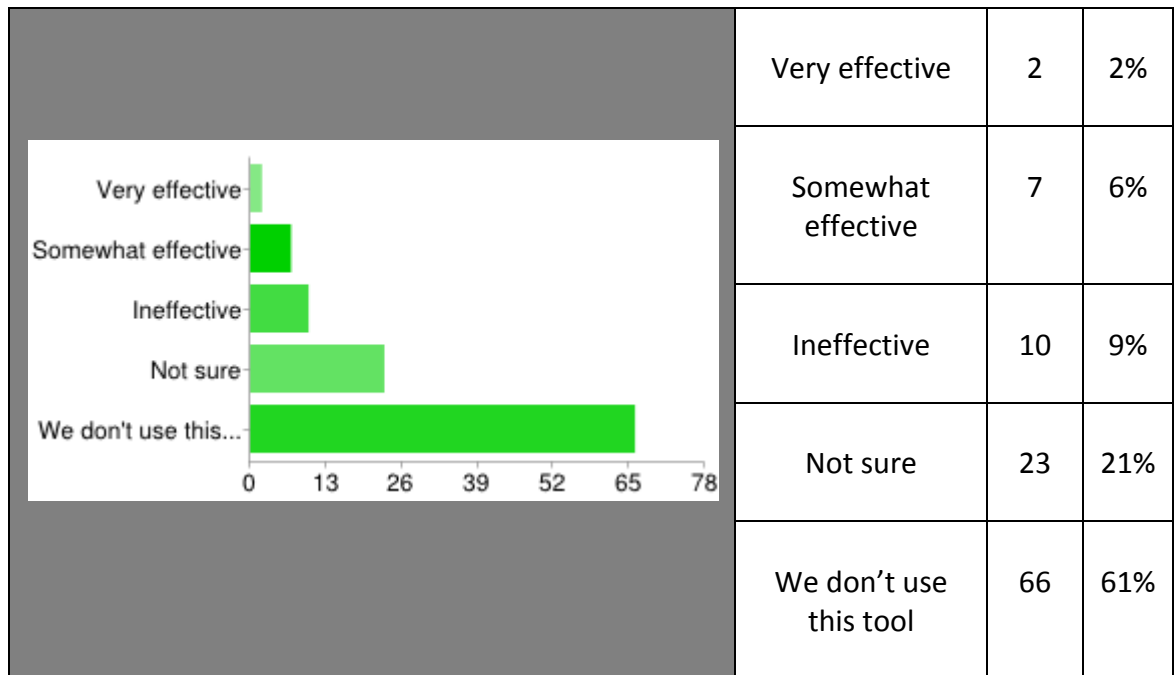


Table 39: Effectiveness of gifts and promotional merchandise

More than half of the companies using gifts and promotional merchandise (23 out of 42) failed to form their opinion about beneficial nature of this tool, which can be explained by their failure to measure it (Question 18) and thus possess reliable information about its effectiveness. The inability to measure its success and consequent uncertainty about the value of this tool to the business entails such infrequent usage of gifts and promotional merchandise among food service SMEs spotted in Questions 12 and 13.

e) Contests, prize draws, and games

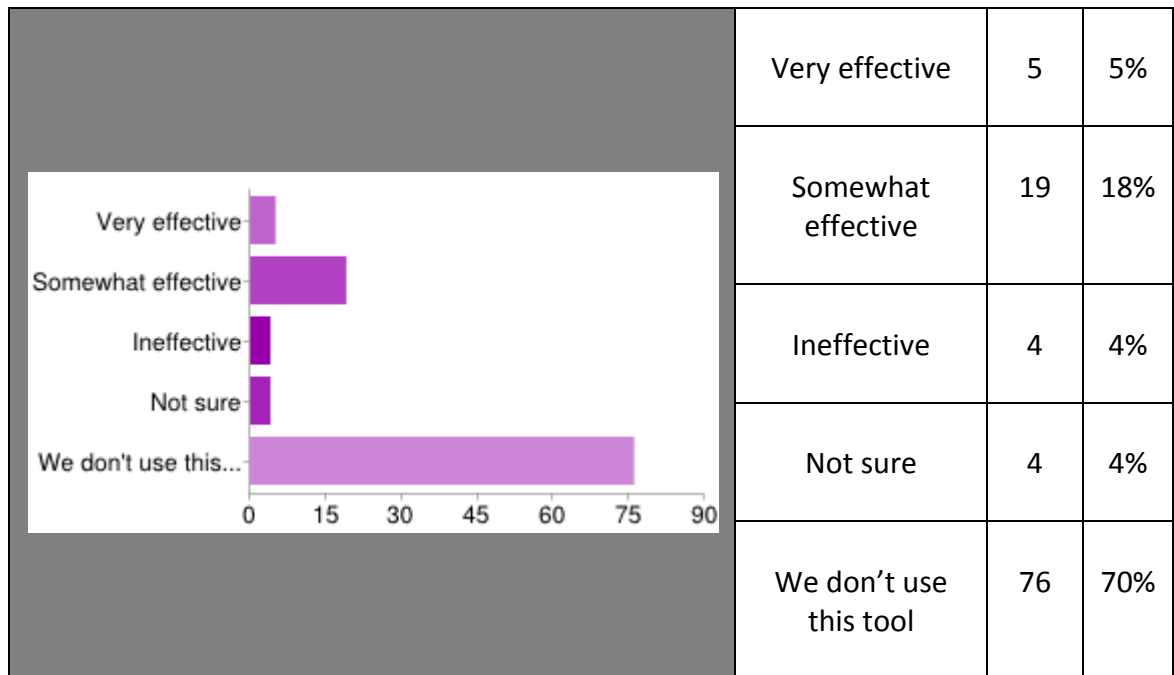


Table 40: Effectiveness of contests, prize draws, and games

Even though most of the participants didn't use these tools, the majority of those who did implement them, found them either very (5 out of 32) or somewhat (19 out of 32) effective. Only 4 respondents failed to benefit from them, and other 4 were not certain about their effectiveness. Since the success of this tool is highly dependent on the customers' willingness to participate, this result provides the evidence that a significant number of people do actually wish to play. The result corresponds with the findings of previous researches, according to which sweepstakes, contests and games are widely accepted and participated in by the UK population (Cummins and Mullin, 2010).

f) Loyalty programmes

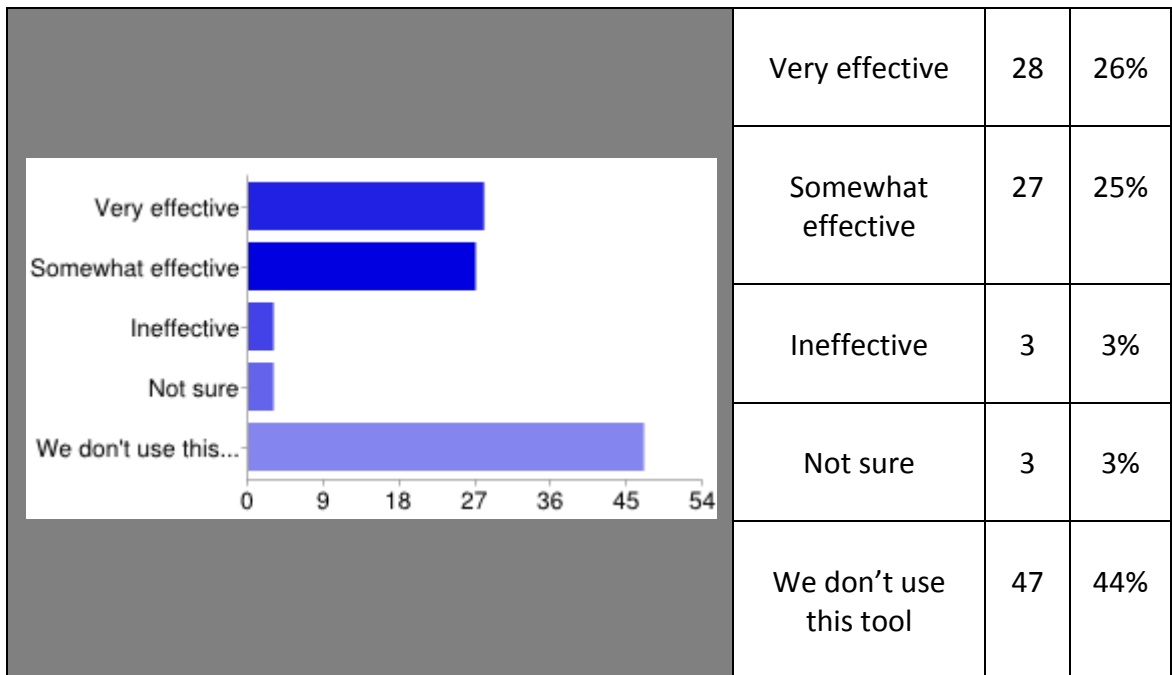


Table 41: Effectiveness of loyalty programmes

The overwhelming majority of the organisations who used this tool (55 out of 61 companies) didn't share the doubt expressed in some academic literature and popular press (Fournier, Dobsha, and Mick, 1998; Dowling and Uncles, 1997) about the effectiveness of this tool. Loyalty programmes were considered to be very (28 out of 61) and somewhat (27 out of 61) effective.

g) POS materials

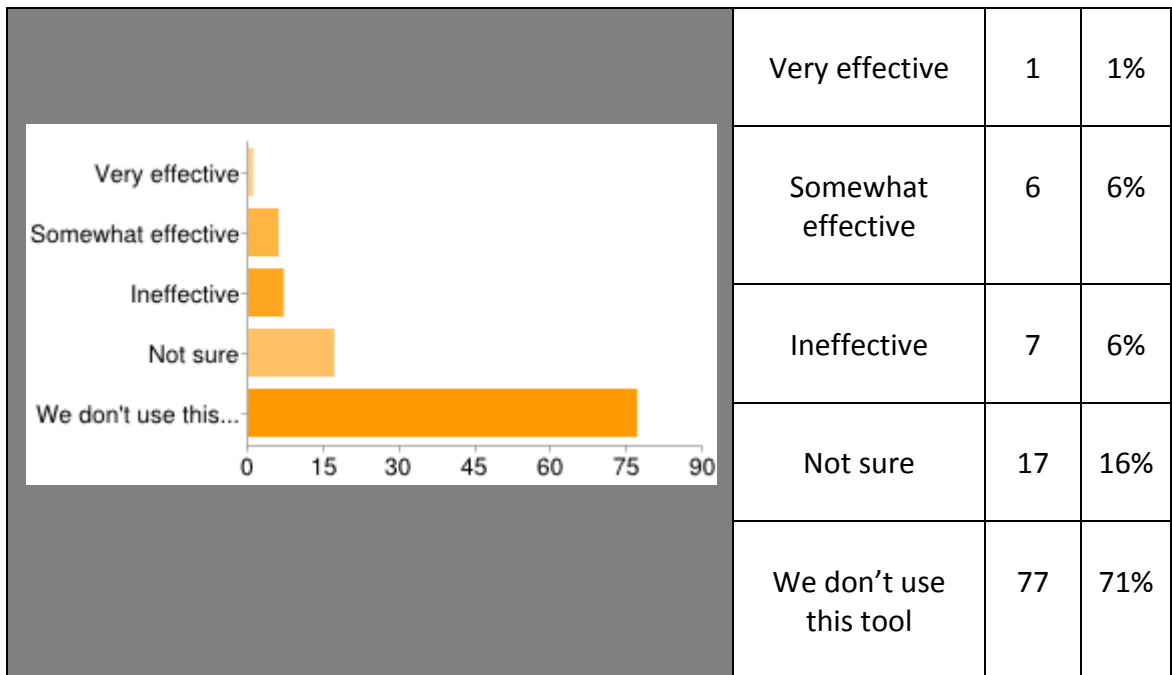


Table 42: Effectiveness of POS materials

POS materials being quite unpopular also failed to be effective for food service SMEs with 17 out of 31 companies unable to give a definite answer and 7 out of 31 realizing their ineffectiveness. The result is very surprising due to the fact that there is ample evidence in the literature about a high level of effectiveness of POS materials throughout industries (Dibb, 2001; Fahey, 1989) provided that they are attractive, informative and well constructed. This survey result was set as a discussion point for interview in order to discover the underlying reasons.

4. *In your opinion, what are the factors that can potentially decrease the effectiveness of sales promotion tools used in your company? Please, tick all that apply*

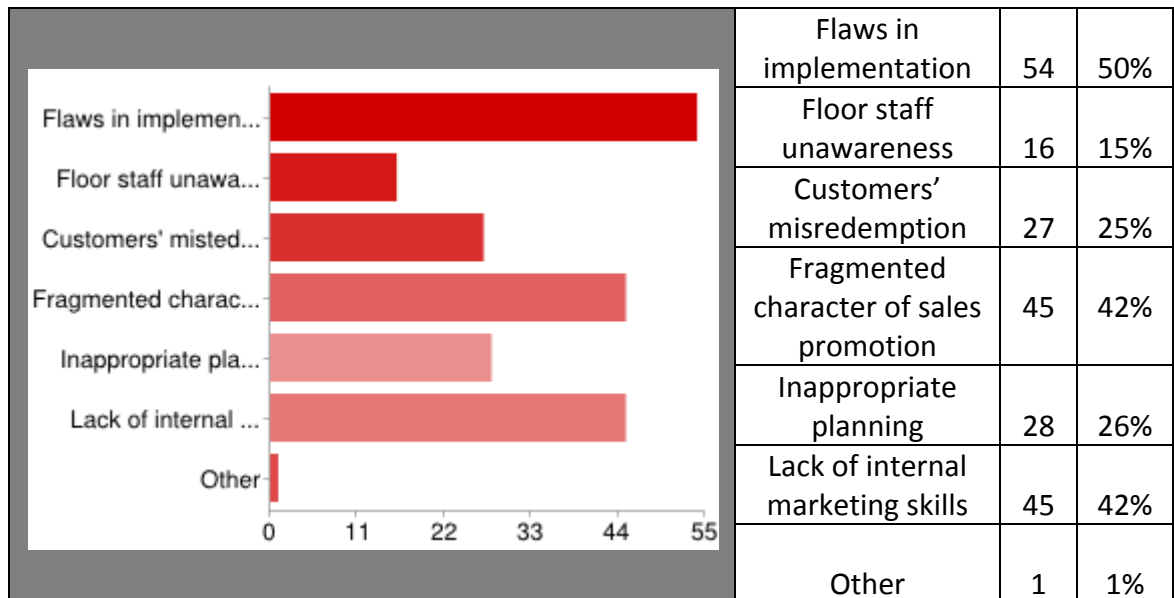


Table 43: Factors that could potentially decrease the effectiveness of sales promotion in London food service SMEs

Flaws in implementation (50%), fragmented character of sales promotion (42%) and lack of internal marketing skills (42%) were mostly mentioned as the prerequisites of sales promotion failure in London food service SMEs. The result can be explained by the absence of internal marketing departments and lack of highly-qualified professionals in the field in participating companies, due to the limited financial resources to sponsor activities of this kind. This situation clarifies some previous findings of this research, such as widespread confusion over sales promotion definition and its tools (Question 6 and 7) and failure to measure the effectiveness of used sales promotion tools (Question 17).

5. What were your answers in this section based on?

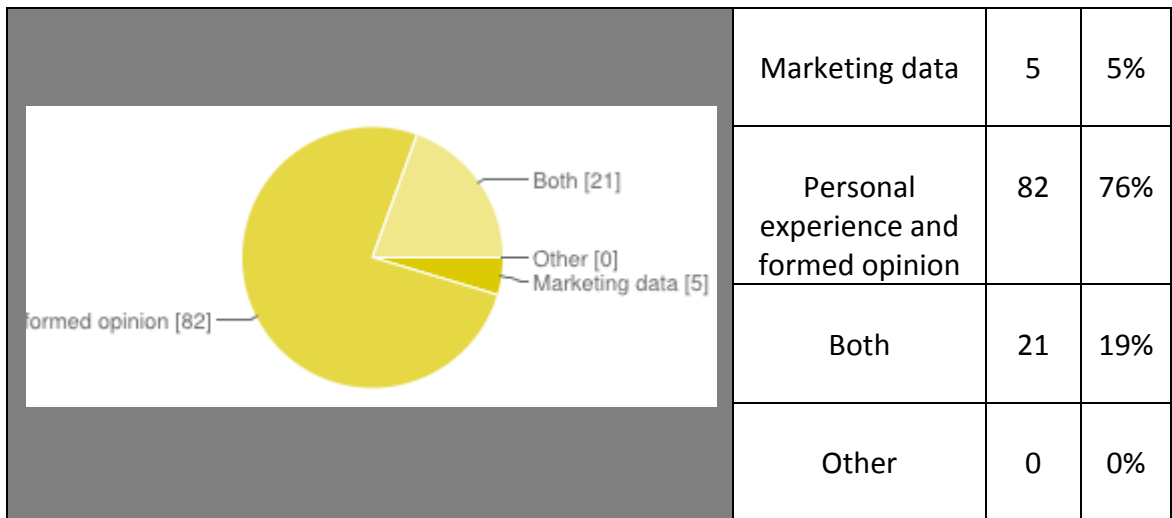


Table 44: Source of information participants used to answer to the survey questions

Only 5% of the participants were guided by internal marketing data while answering the survey. 21% had fragmented recorded marketing information at their disposal, while most of the replies (76%) were made based on personal experience and formed opinion of owners and managers of London food service SMEs. Observation was made that the existence of full or fragmented marketing data was mostly referred to by participants who held marketing positions. This highlights the benefits of setting up a marketing department within a food service SME, even though the chance of bias is not neglected.

6. If you wish to receive the findings of this research and recommendations to them, please, provide your email below

42% of the respondents left their emails in order to obtain the findings of this research. The rest either didn't show any interest in them or preferred to stay anonymous.

Conclusions

The questions designed for this section have successfully enhanced researcher's knowledge about the effectiveness of sales promotion tools in London food service SMEs and therefore supported the achievement of the third research objective. Some clarification was needed and was obtained during the interviews at the second phase of the research.

The overwhelming majority of the respondents failed to measure and record the effectiveness of sales promotion tools they used and didn't possess comprehensive internal marketing data, therefore their answers were based on their personal experience and formed opinion, which increased the risk of bias and possibility of misleading information. A high proportion of the participants lack knowledge about the ways to measure the effectiveness of most sales promotion tools for the exception of coupons and vouchers. Price offs and discounts, though difficult or impossible to measure, are still considered to be the most effective by the respondents. Gifts, promotional merchandize and POS materials are among the least successful. The majority of the respondents admitted that flaws in implementation, fragmented character of sales promotions and lack of internal marketing skills are the main obstacles for effective sales promotion campaigns. This highlights one more time the benefits for a small or medium company to have an internal marketing professional, who would decrease the impact of these factors to the minimum.

As we can see from the results above the conducted survey helped the researcher to obtain the information required to answer the questions and accomplish the objectives of the research. Some areas were identified for clarification during semi-structured interviews as the next step of the research:

1. Uncertainty about the beneficial nature of sales promotion in the conditions of economic downturn
2. Unpopularity of contests, prize draws, and games in spite of being comparatively effective and easy to measure

3. Unpopularity of POS materials in spite of being simple to implement, which is an important factor for choosing an appropriate sales promotion tool
4. Reasons for less frequency usage of coupons than price offs and discounts
5. Target audience as a factor influencing the choice of sales promotion tools
6. Reasons for the failure to measure the effectiveness of sales promotion tools

4.2. INTERVIEWS

Additional method of collecting information was chosen to ensure reliability of primary data as well as the depth of the research. Participants, whose answers were in the area of the researcher's interest, as specified above, and who provided their contact details, were selected and asked for permission to meet up with them for a quick discussion. In total, 24 participants were contacted, out of whom 7 agreed for an interview. Bearing in mind time and budget limitations of this research, the decision was made to carry out 4 interviews. The names, companies, contact details and scripts are available in the Appendix. 2 people wished to stay anonymous.

Semi-structured interviews were chosen (please, see the scripts in Appendix 3), where survey's questions and interviewee's answers made at an earlier stage were taken as the basis, but the researcher had the right to omit, amend or create additional questions, given a specific organisational context that is encountered in relation to the research topic. The interviews were audio-recorded to enable the researcher to observe an interviewee and focus on what he/she was saying. Some notes were also taken to provide a back-up in case of audio-recording failure and to show that the participants' responses were important to the researcher. The interviews were scheduled in advance to allow interviewees find the most suitable time for it to prevent interruptions. All the interviews were held at interviewees' workplaces, as it was more convenient to them.

The data generated as a result of semi-structured interviews shed light on the 'why' in addition to previously explored in the online survey the 'what' and the 'how'. Semi-

structured interviews provided the researcher with the opportunity to probe the answers and encouraged interviewees to explain.

1. *Uncertainty about the beneficial nature of sales promotion in the conditions of the economic downturn*

All the participants were able to clarify their opinion on the issue. 3 of them either didn't agree about the value of sales promotion for businesses in the current economic conditions or weren't sure about its benefits. The last interviewee was more positive, but still like the rest of the respondents claimed that he experienced significant decrease in his profit during the promotions, which companies couldn't afford, especially now, when they are struggling (Script 4). One of the respondents admitted that their sales volume was increased during the promotion but the level of demand went back to its usual once the offer was finished. Therefore, her company failed to increase repeated purchase permanently or obtain new customers as a result of the deal (Script 1). Another interviewee noted that companies tended to run promotions too often, which was not good for their own companies and businesses around, since bearing in mind increasingly price sensitive customers, all the enterprises were obliged to engage in sales promotion to avoid being behind their direct competitors (Script 3).

As a result of the interviews the researcher could see the picture more clearly why not all the participating companies appreciated the benefits of sales promotion.

2. *Unpopularity of contests, prize draws, and games in spite of their high level of effectiveness*

All the interviewees were able to shed light on this problematic area. The main obstacles for companies' usage of contests, prize draws and games were their implementation difficulties, associated cost and the required commitment from professionals who they didn't have within their companies. One of the respondents was not sure about its benefits for the business even though he could admit a high level of public participation (Script 3). Another interviewee didn't have enough

knowledge of how he could easily run this type of promotions on Facebook, presumably because his company joined this social platform not so long ago and he was still unaware of all the possibilities offered there (Script 4). And the owner of one company thought that this type of sales promotion was not applicable for his business due to the type of customers he had. He believed that all his customers were interested in was value for money products (Script 2).

The information obtained during the interviews made the results of the survey more understandable for the researcher.

3. Unpopularity of POS materials in spite of their implementation simplicity

2 of the respondents didn't use POS materials or used them on very rare occasions. The observation was made that their companies actually did use them for example, outside signs and product displays, but the interviewees appeared to be not aware about the actual meaning of the term 'POS materials'. One of the participants was sure that POS materials were just product information booklets (Script 3). The assumption can be made that this lack of knowledge of the term is widespread among participating companies and has influenced such a surprising result in the online survey.

4. Reasons for less frequency usage of coupons than price offs and discounts

According to the results of the survey, coupons are used less frequently than discounts. An attempt was made to clarify the reasons. Only 2 respondents could actually comment on this, which was not enough to make a reliable conclusion. The researcher only assumed based on these two answers that coupons were less frequently implemented than discounts due to more commitment required to implement the first. These two companies were printing out their own discounts and distributing them at promotional events, therefore they are able to do only occasionally.

5. Target audience as a factor influencing the choice of sales promotion tools

All the interviewees were able to clarify their answers regarding these issues in the survey. All of them stated in the survey that target audience was important to them while choosing an appropriate sales promotion tool to run. But in reality, they didn't make informed decisions, but were trying to guess what a certain type of customers might like. One respondent was sure that all the people were just looking for opportunities to save money and the company was to decide in which form it would offer them these possibilities (Script 3). Another participant admitted that they were searching for sales promotion ideas by observing their competitors and making his own judgements of what would be applicable for his business. The main thing he needed to be sure of was offer generosity (Script 4).

Therefore, an assumption can be made that most of the answers to the related question didn't reveal the actual state of things, since a high level of inconsistency was spotted between survey and interview results.

6. Reasons for the failure to measure the effectiveness of sales promotion tools

All the respondents could explain their failure or partial failure to measure the effectiveness of sales promotion tools. The main reason for that was unwillingness to be engaged in this sort of activity due to the lack of time and skills. As it was stated by one of the respondents, marketing was not their priority at the moment, but they were planning to hire a person to deal especially with their marketing (Script 1). Another interviewee thought that managerial observation was enough to judge the success of sales promotion tools (Script 4). Most of the respondents had understanding how to measure their tools but couldn't do it due to the absence of the appropriate technology, such as automated loyalty cards and electronic till registers. One of the interviewees provided detailed information on how they manually collect the information about the effectiveness of their sales promotion tools (Script 3).

The conclusion can be made that most of the companies do have some knowledge on how to collect the information about the effects of their sales promotion tools on customers' buying decisions but fail to do it due to time and budget constraints.

As it can be seen from above semi-structured interviews were helpful for the researcher indeed to obtain more reliable information and make her research comprehensive. With the help of this additional type of data collection, some issues were clarified and better understanding of the whole situation was achieved. Therefore, interviews enhanced researcher's knowledge on the topic and helped to accomplish research objectives.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

The findings obtained as a result of online and hand-delivered surveys and semi-structured interviews, as described above, helped the researcher to accomplish the first three objectives of the current study. Due to the primary research results, the researcher found out the level of knowledge London food service SMEs managers possess in sales promotion as well as businesses reasons to engage in this type of marketing activity. Moreover, industry most common and most frequently used sales promotion tools were indentified. Finally, data revealing the effectiveness of these tools were obtained.

The last objective of the research was to provide recommendations on the enhancement of sales promotion strategies in food service SMEs. The recommendations as outlined below were based on the researcher's profound knowledge on the topic resulting from the review of numerous academic literature sources and the current project findings.

5.1. CONCLUSIONS

The research results appeared to be quite balanced, significantly covering companies with different characteristics such as the number of people employed, market history and the number of branches. Due to the fact that participants were strictly managers, owners and marketing professionals, the study offers a reliable and comprehensive view on the topic.

Online and hand-delivered surveys served as a primary source and semi-structured interviews as additional source of information for this project. The data received as a result were sufficient enough to enable the researcher to answer questions and accomplish objectives of the research.

The business owners and managers' attitudes to and their general knowledge about sales promotion were explored. It was discovered that most of the participants had a

satisfactory level of knowledge on the topic. Some confusion was evident in defining the term and identifying main sales promotion techniques. Furthermore, sales promotion was commonly seen as directed at the consumers. Other possible target audiences such as retailers and sales force were neglected. Speaking about the reasons to engage in sales promotion activity, the overwhelming majority claimed that it was to increase sales in quiet periods. Thus, it's become obvious that a significant number of the participants weren't aware about other sales promotion implications. Moreover, there was some disagreement among the participants whether sales promotion is beneficial for businesses in the conditions of economic downturn. As it was clarified during the interviews, this was due to the resulting decreased profitability of companies and inability to maintain the level of sales during promotion-free periods. The respondents claimed that they felt somewhat forced to engage in sales promotion on account of price sensitive customers and active promotional activity of their direct competitors.

The second objective of the research was to identify the most widespread sales promotion tools used in food service SMEs in West and South-West London. Price offs, discounts, coupons and vouchers were discovered to be the most common and most frequently used techniques in the participating organisations, while contests, prize draws, and games proved to be unpopular. This result was explained by the level of commitment and financial resources required to implement those tools. Implementation simplicity and cost were critical for companies in deciding their sales promotion strategy, for example the choice of a distribution channel. The overwhelming majority used direct communication with the customers to inform them about the current deals, because it's cheap and very easy to deliver.

The effectiveness of sales promotion strategies developed by food service SMEs was also investigated in this study. The overwhelming majority of the respondents failed to measure and record the effectiveness of sales promotion tools they used and didn't possess comprehensive internal marketing data. As it was discovered during the interviews this was due to the time and skills constraints. Price offs and discounts are considered to be the most effective by the respondents, whereas gifts, promotional

merchandize and POS materials are among the least successful. It should be noted that the information gained about the effectiveness of different sales promotion tools was merely based on personal experience of the participants and their formed opinions, therefore there is potentially an increased risk of bias and misleading information. Also the discovered unpopularity of POS materials was due to the participants' lack of knowledge of the term.

The last research objective was to propose recommendations on how to improve the performance of sales promotion activity of food service SMEs. The recommendations as cited below are based on the researcher's profound knowledge on the topic gained from numerous academic sources and the findings of the current study.

5.2. INDUSTRY RECOMMENDATIONS

The main obstacles of food service SMEs to effective sales promotion strategies are their financial and skills constraints, therefore companies need to find cheap and creative ways to promote their business.

Managers and owners are advised to be less focused on the nearest future and be more concerned about the long-term effects of their decisions. Therefore, non-price promotions are recommended to be used more frequently, since in spite of being more costly, they are believed to have greater impact on the performance of the company and contribute not only to short-term sales but to long-term brand value, which at the end of the day will be more profitable for the company. The results of the research show the opposite picture, where most sales promotion campaigns run by food service SMEs offer simple price reductions, thus making customers more price sensitive and less brand loyal.

Moreover, managers and owners are suggested to make a better use of product sampling as it's very relevant to the industry and so simple and comparatively cheap if implemented at the premises. The results of the research reveal that this tool is not frequently used at the moment due to managers and owners failure to measure it and

consequent uncertainty about its effectiveness. Thus, product sampling is advised to be used in a combination with coupons to increase the success of the campaign as well as to be able to judge its effects.

Furthermore, all the offers are advised to be imposed with restrictions such as purchase limits, purchase conditions and an expiration date. This will provide the conditions of short-term regret and encourage consumers buy.

Managers and owners are also advised to exploit sales promotion opportunities offered online. To start with, website development and its regular updates are essential. The results of the study reveal that 9% of food service companies have outdated information on their websites, which has an adverse impact on their performance due to the loss of potential clients. To explore the advantages of social networking is another must. It's very easy to put up a certain promotion on your fan page as well as conduct some games and contests, which are examples of non-price promotions and proved to be very popular with the UK population in various studies. There exist certain not expensive applications that allow you to implement this tool, for example, Wildfire Social Media Application (<http://wildfireapp.com>). The advantage of this application is that it helps you not only to deliver your campaign but get precise analytical information about its effectiveness.

Finally, in order to be able to plan sales promotions strategically to increase their effectiveness, managers and owners of these enterprises are recommended to find time and opportunities to educate themselves in the marketing in general and in sales promotion field in particular, such as reading related literature online, participating in marketing exhibitions, subscribing to Chartered Institute of Marketing community. All these opportunities do not require a lot of time and effort and therefore considered to be beneficial for those in charge of food service SMEs. Alternatively, those in charge of food service SMEs can offer an internship to a marketing graduate, which will enable organisations to get professional help at a low cost.

5.3. RESEARCH LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

As any other academic research, this study had its own limitations. First of all, the research was limited to West and South-West London areas due to the time constraints and consequent personal incapability to cover the whole city. Academic researchers may wish to carry out similar researches in other areas of London to see if the results will be consistent with the findings of the current project.

Secondly, the study only explored the managerial perspective on the effectiveness of sales promotion tools, ignoring the opinions of the customers which could be very different from those of the managers' of food service SMEs. Therefore, another research could be conducted to explore customers' views on the success of sales promotion tools to influence their buying behaviour.

Moreover, the research was limited to studying consumer promotions. As it's known from the literature sources, the same marketing tool can successfully be targeted at sales force and have different objectives to accomplish. These sales promotions are quite relevant for the industry, since the level of sales of the products depends to a great extent on the accompanying customer service and managers have to come up with floor staff incentives to be able to improve this aspect of the business. Thus, academic researchers may wish to investigate promotion strategies directed at sales force in the context of food service industry.

Finally, time constraints of the project caused the researcher's inability to conduct more semi-structured interviews at the second phase of the investigation, to get more reliable and comprehensive data.

Nevertheless, this study can be seen as a major step towards systematically examining sales promotion strategies in London food service SMEs, and thus adding knowledge to this important area of research.

APPENDIX 1

1. SWOT ANALYSIS OF THE RESTAURANT INDUSTRY (KEYNOTE, 2011)

STRENGTHS:

- Eating out is now firmly established in the UK's culture. This has helped to boost the industry during the recession
- Despite the large volume of chain restaurants, quality, local independent establishments are capable of competing against them
- There are a wide variety of restaurants in the UK that offer a diverse range of cuisine at various price points, thus appealing to most demographics
- There is high interest in food and drink in the UK, as well as in ethnic foods and cuisines from other countries, with most customers willing to try new foods
- Some of the most regular visitors to restaurants are within the high earning social groups (social grades A and B)
- The quick-service sector has proven itself to be more resilient to economic downturns than its more expensive competitors

WEAKNESSES:

- The recent recession has demonstrated that the industry can be sensitive to economic downturns. Rising inflation and unemployment has also reduced consumer confidence
- Competition is fierce as there are multiple restaurants offering similar experiences and deals all vying for customers

OPPORTUNITIES:

- The rise in popularity of social networking websites can be used as an interactive and relatively inexpensive marketing tool

- There is an increased interest in restaurants that use locally sourced, sustainable ingredients and have environmental credentials
- The growing concern over the unhealthy characteristic of quick-service food could be an opportunity to introduce healthier menus
- Busier lifestyles mean that people no longer have as much time to prepare food at home, resulting in increased opportunities to dine out
- The 2012 London Olympics should provide a boost to the UK tourism industry and, in turn, the restaurant market

THREATS:

- The price of food continues to rise and many restaurants may have to increase prices in order to remain profitable
- Continued high inflation and unemployment may mean that customers will be reluctant to spend money on eating out
- Over recent years consumers have become used to taking advantage of discount vouchers and special offers when eating out. Restaurants may therefore risk losing customers who have become reliant to such promotions

2. CONSUMER SEGMENTATION BASED ON PURCHASING RESPONSES TO HARD ECONOMIC TIMES (MINTEL, 2008)

Bargain hunters (77%) are assiduous in tracking down the best deals, often using the internet to do so. Companies can benefit by finding out – from research and/or by tracking purchases – which of their customers fall into this category, and targeting them with special offers and promotions.

Back to Basics (25%). A potential return to 1970s-style economic conditions is prompting some to return to the 1970s values of self-sufficiency and making-do. They will be interested in money-saving strategies that also have environmental, ethical

and/or health benefits – and they will be more alert than most to the policies and behaviour of companies they deal with.

Stay-at-Homes (61%) are making a virtue out of economic realities by enjoying home entertainment rather than going out, and preparing food at home rather than buying from restaurants and fast food outlets. They can be targeted with cross-promotional deals which help them make their ‘evenings out at home’ even more enjoyable – for example DVD rental with a bottle of wine, or candles/tableware with premium ready meals.

Comfort Seekers (34%) are reluctant to give up the little luxuries which make life worthwhile, these consumers will be fairly frequent purchasers of items which make them feel good while not making a big hole in their budgets.

APPENDIX 2: QUESTIONNAIRE

SALES PROMOTION STRATEGIES IN LONDON FOOD SERVICE SMEs

Please, spare several minutes of your time to complete this form. I'm carrying out a research into sales promotion strategies used by food service SMEs in the conditions of economic downturn. The findings of the research are believed to be beneficial for businesses as well as academics, since they will shed light on the current state of things and will provide ground for valuable recommendations. Please, contribute to the research and as my gratitude, you will receive the findings as long as the recommendations at the end of my project, which will help you to make more informed decisions and develop successful strategies in the future. All your responses will remain strictly confidential and anonymous. The information obtained as a result of this survey will be used for the purpose of this research only. Thank you very much.

** Required*

RESPONDENT PROFILE

In this section you will be asked to give basic information about your company and your position in it. Thank you

1. How many employees are there in your company? *

- Less than 10 or 10
- Between 11 and 50
- Between 50 and 250
- More than 250

2. How many branches are there in your company? *

- 1
- 2-3
- 4-5
- More than 5

3. Where is your branch(es) located? *



4. For how many years has the company existed? *

- 1-2 years
- 3-4 years
- 5-10 years
- More than 10

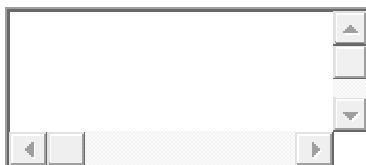
5. What is your position in the company? *



SALES PROMOTION AS A TERM

In this section you will be asked to express your opinion towards sales promotion as a part of a business strategy. Please, try to provide a researcher with as full answers as possible in order to get a deep understanding of your views on the topic. Thank you

6. How would you define sales promotion? *



7. What sales promotion tools and techniques do you know? *



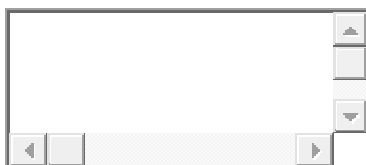
8. In your opinion, is sales promotion beneficial for businesses in the conditions of economic downturn? *

- Yes, absolutely
- Somewhat beneficial
- More likely no, than yes
- No
- I'm not sure
- Other:

9. In your opinion, is sales promotion effective in the context of food service industry? *

- Yes, absolutely
- Somewhat effective
- More likely no, than yes
- No
- I'm not sure
- Other:

10. What are the reasons for a business to engage in sales promotion? *



SALES PROMOTION TOOLS IN YOUR BUSINESS

In this section you will be asked to provide a researcher with detailed information about sales promotion tools and techniques currently used in your business. Be honest. The main aim of the research is to provide VALUABLE recommendations on the topic based on RELIABLE information. Thank you

11. Is sales promotion an important tool in the marketing strategy of your business? *

- Yes
- No
- I'm not sure

12. What sale promotion tools and techniques, if any, are you currently using in your business? Please, tick all that apply *

- Price-offs and discounts
- Coupons and vouchers
- Product sampling
- Gifts, promotional merchandize
- Contests, prize draws, and games
- Loyalty programmes
- Point of sales materials
- None of the above
- Other:

13. Please, evaluate how often you use each of the following sales promotion tools *

| | Very often | Somewhat often | Sometimes | Very rare | Don't use |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Price-offs and discounts | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Coupons and vouchers | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

| | Very often | Somewhat often | Sometimes | Very rare | Don't use |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Product sampling | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Gifts, promotional merchandize | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Contests, prize draws, and games | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Loyalty programmes | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Point of sales materials | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

14. How do you let your existing and potential customers know about your sales promotions? Please, tick all that apply *

- Direct mail
- Newsletter sent by email
- Website
- Social networking sites
- Local press
- Posters in the windows
- Communicating directly with the customers
- Mobile marketing
- Other:

15. Please, specify which factors are important for you and which are not when choosing a specific sales promotion tool for your company? *

| | Very important | Somewhat important | Not important | Not sure |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Implementation simplicity | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Cost | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Measurability | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Creativeness and appeal | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Associated risk | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Target audience | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

16. Do you think that the use of sales promotion techniques in your company has increased since the beginning of the economic crisis? *

- Absolutely
- Somewhat increased
- Remained the same
- Somewhat decreased
- Decreased significantly
- Not sure
- My company was established after the onset of economic crisis
- Other:

EFFECTIVENESS OF SALES PROMOTION TOOLS

In this section you will be asked to evaluate the effectiveness of sales promotion tools for your business. It is of course, beneficial to base your answers on facts extracted from internal marketing data. In case of the absence of this sort of information, please, use your own experience and formed opinion. Thank you

17. Do you normally measure and record the effectiveness of your sales promotion tools? *

- Yes, where possible
- Not all the time
- No
- Other:

18. Please, evaluate how easy for you to measure the effectiveness of each sales promotion tool used in your company *

| | Easy | Difficult but possible | Impossible | We don't use this tool |
|----------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|
| Pirce offs and discounts | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Coupons and vouchers | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Product sampling | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Gifts, promotional merchandize | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Contests, prize draws, and games | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Loyalty programmes | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Point of sales materials | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

19. Please, evaluate the effectiveness of each sales promotional tool currently used in your company *

| | Very effective | Somewhat effective | Ineffective | Not sure | We don't use this tool |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| Price offs and discounts | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Coupons and vouchers | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Product sampling | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Gifts, promotional merchandize | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Contests, prize draws, and games | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Loyalty programmes | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Point of sales materials | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

20. In your opinion, what are the factors that can potentially decrease the effectiveness of sales promotion tools used in your company? Please, tick all that apply *

- Flaws in implementation
- Floor staff unawareness
- Customers' misredemption
- Fragmented character of sales promotion
- Inappropriate planning
- Lack of internal marketing skills
- Other:

21. What were your answers in this section based on? *

- Marketing data
- Personal experience and formed opinion
- Both
- Other:

22. If you wish to receive the findings of this research project, please, provide your email address below

THANK YOU VERY MUCH FOR THE TIME SPENT ON COMPETING THIS SURVEY. YOUR CONTRIBUTION TO THIS ACADEMIC RESEARCH IS INVALUABLE!

APPENDIX 3: INTERVIEWS SCRIPTS

INTERVIEW SCRIPT 1

| | |
|----------------------|--|
| Interviewer | Iryna Shashko |
| Interviewee | Lisa Britton, PA of the owner, responsible for marketing |
| Company | Blanche Eatery, 3 branches, 4 years in the market |
| Date and Time | 18/06/2012; 3.15pm |
| Place | Blanche Eatery, 13 Beadon Road, Hammersmith, London, W6 OEA |
| Limitations | The interviewee was able to shed light on 5 out of 6 problematic areas |

Iryna: Thank you, Lisa, for taking your time and agreeing to participate in my project. As you know from our email exchange, I'm an MBA student, carrying out a research into sales promotion strategies of London food service SMEs in the conditions of economic downturn as the final project for my dissertation. In your answers to my online survey, I've discovered some areas, which needed further clarification and understanding, to ensure that I provide a comprehensive and reliable view on the topic. First of all, Lisa, to the question asking about the beneficial nature of sales promotion in the conditions of economic downturn, you couldn't give a definite reply. Could you explain your reasons for this, please?

Lisa: Well, to start with we don't normally measure the success of our sales promotion tools and therefore, I don't have reliable data to answer that question. Another reason for my hesitation is that the fact that, yes, sales promotion does bring us more customers and we experience a considerable increase in sales volume when a promotion is on, but on the other hand, we fail to maintain the same level of demand in the after sales promotion stage. That only means that people are willing to come and spend money on our products when they are cheaper than normal, which entails lower profit margins for us.

Iryna: I understand... You mentioned that you don't measure the effectiveness of sales promotion tools. Does that mean that you have never been interested in what works best for you?

Lisa: You know, we are not a big company and every person working here tends to be multi-skilled and multifunctional, including me. We all have our working routine and our daily duties to fulfil. To be honest, marketing is not the company's priority at the moment. There is external marketing consultant we can turn to for help from time to time, but her services prove to be very costly for the company. So, we usually do, what we can and have time to do.

Iryna: So, to clarify, do you mostly fail to measure due to the time or skill constraints?

Lisa: I would say both. We have a minimum level of knowledge in this field, and it's just not the priority at the moment.

Iryna: I see. I'm looking at your survey now and see that you are currently not using any contests, prize draws and games in your company. Is that because of the same reasons?

Lisa: Yes. This type of promotion also seems to be more complicated to deliver and requires a certain level of commitment, though temporarily, but it does. We are planning to hire a marketing graduate to help us to improve current situation. So hopefully, we will try this instrument soon.

Iryna: Yes, you are strongly advised, since the results of my research into both academic literature and primary sources show that contests and games are very popular with the public and bring desirable results to companies which implement them.

Lisa: Really? Good to know, Iryna. Hopefully, soon...

Iryna: As I see from your responses, you are currently using both discounts and coupons in your company. What do you think you use more frequent?

Lisa: Definitely discounts. We use them daily and they are mostly made for people who are working locally. To establish good relationships with them, you know... Also for some really regular customers, whom we've known since the day we opened, for example.

Iryna: So your discounts are personalized, rather than being available for all the customers?

Lisa: Mostly. Occasionally we use 2 for 1 offers and discounts for large orders, but that's it.

Iryna: And coupons?

Lisa: Coupons are used from time to time, when there is a possibility to distribute them to the people we are interested in as our potential clients. For example, last time we did it was at the street party in Hammersmith on Jubilee weekend.

Iryna: So you make your own coupons and physically distribute them?

Lisa: Exactly.

Iryna: How about Internet-based coupons? There are so many websites that can spread the word about your company through the use of online coupons, such as Groupon or LivingSocial. Have you tried any of those?

Lisa: I know those websites, cos I'm a subscriber to Groupon actually myself. But no, we haven't tried them. Only our own printed coupons.

Iryna: And one more question, Lisa, please.

Lisa: Go ahead.

Iryna: In your answers you stated that target audience is important for your company when you are deciding which sales promotion tool to choose. But how do you know which technique to choose to target a specific customer group?

Lisa: That's a good question! We don't know what they really want and which tool would be particularly effective, we are just trying to guess, using common sense and thinking about the type of people we are dealing with.

Iryna: Ok, Lisa. Thank you very much for your time and desire to participate in my research. I hope I haven't distracted you too much from your work. Your contribution is very valuable.

Lisa: Don't worry, Iryna, you are welcome. And good luck with your project.

INTERVIEW SCRIPT 2

| | |
|----------------------|---|
| Interviewer | Iryna Shashko |
| Interviewee | Anonymous, owner of a small business |
| Company | N/A, 1 branch, more than 10 years in the market |
| Date and Time | 19/06/2012; 11.05am |
| Place | At the premises of the business |
| Limitations | The interviewee was able to clarify 4 out of 6 problematic issues |

Iryna: Thank you very much for taking your time and agreeing to have a quick discussion with me about sales promotion strategy in your company. As you know, I'm an MBA student and am currently carrying out the research on the topic. You participated in my online survey before and now I would like to clarify some of your answers. First of all, you stated that sales promotion was effective in the context of food service SMEs, didn't you?

Interviewee: Yes

Iryna: So why then did you have your doubts about its beneficial nature for businesses in the conditions of economic downturn?

Interviewee: It's only discounts that I use at the moment. On one hand, they work and bring me more customers, increasing sales or to be more correct sales volume, but on

the other hand, I lose money. I used to distribute flyers in the street to make people know about my shop, but they cost me money also. And at the end of the day, I don't know how much business they brought me. You see, in the current conditions, when my business is really struggling, I just don't have this extra cash to spare.

Iryna: So what you are saying is that if you know for sure, that a certain sales promotion tool will be profitable for you, you will still go for it, right?

Interviewee: Yes, but not for long. Maybe for one week, and then I will stop it for one month. Then another week of promotions and so on. So I will use it as a reminder about my business.

Iryna: So the main purpose for your sales promotion campaigns will be increasing the awareness about your company?

Interviewee: Yeah

Iryna: From your answers in my survey, I can see that you don't normally measure the effectiveness of your sales promotion tools, discounts in your case. What are the reasons for that? Why don't you want to know how successful they are for your firm?

Interviewee: It's easy to do it, if you have money for it, but I don't.

Iryna: And how would you do it then?

Interviewee: It's simple. I would buy an electronic till register and programme it in a way that will show me these data on a daily basis.

Iryna: So presumably you have this till, do you really think, that you would collect this information every day and then analyse it?

Interviewee: Probably, I would do it a couple of times, from the very beginning. Just to get an idea about the effects on my sales and profit. But I don't think that I will be able to maintain this, since I'm actively involved in the work upstairs [the floor of the shop, the interview is taking place downstairs in the office]. I have only one shop, and only one type of customers. So there is no need in wasting your time on analysing.

Iryna: I understand. I've seen that you have an outside sign for your products, as well as a nicely arranged display. But to one of the questions in my survey, you stated that you don't use any point of sales materials.

Interviewee: Oh... I actually didn't know that those are point of sales materials or how you call them... I'm just doing what I'm thinking is good for the business

Iryna: That's alright. Don't worry. That's why I'm doing this research, to discover issues like that and understand the situation better.

Interviewee: And you will help me with what?

Iryna: Well, I can provide you with the results of my research, so you can see what your peers are doing and how it works for them. Also, based on my knowledge there will be recommendations provided, which hopefully will be helpful for someone like you.

Interviewee: Thank you for that. And I hope that this information will be valuable.

Iryna: You stated while completing the survey that you didn't use any contests, prize draws and games in your company. Can I ask you why?

Interviewee: I don't think that a business like mine [a small sandwich shop] needs this. All what my customers want is cheap products. I don't think that they would want to participate in something like this. Definitely not.

Iryna: So you assume that you know what exactly your customers want and which sales promotion tool to use to target them?

Interviewee: Of course! I've managed to be in the business for more than 10 years now. That should mean something. That should mean that I know what I'm doing and my customers are happy with what I have to offer them.

Iryna: I see. Ok then. I would like to say thank you for the information provided, I know you are very busy, so I won't keep you longer. Your contribution to my research is valuable. Thank you for your time

Interviewee: You are welcome. Good luck in your project.

INTERVIEW SCRIPT 3

| | |
|----------------------|--|
| Interviewer | Iryna Shashko |
| Interviewee | Samy Nada, Operations Director |
| Company | Fait Maison, 6 branches, 9 years in the market |
| Date and Time | 19/06/2012; 3.30pm |
| Place | Fait Maison, 3 Stratford Road, W8 6RQ |
| Limitations | The interviewee was able to clarify all problematic issues |

Iryna: Hi, Samy. Thank you very much for agreeing to meet up with me for a quick interview. I promise I will not take much of your time. As you know, I'm an MBA student currently working on my dissertation project. My research area is sales promotion strategies of food service SMEs in the conditions of economic downturn. You filled out my online survey before and I would like to discuss some of your answers.

Samy: Yes, please.

Iryna: So you didn't agree with the opinion that sales promotion is beneficial in the conditions of economic downturn.

Samy: No, I did not. I think many businesses overdo this sales promotion stuff a bit and forget about their cost. Especially, now when the conditions are so tough, and every extra pound makes a difference. Sales promotions do work, driving customers into the restaurant, but most of deals are not good for us. It's our luck if we break our even with them. Because our margin is not that big. So extra work for nothing. Maybe less wastage is the only advantage.

Iryna: But your company is still engaged in sales promotion activities, isn't it?

Samy: Yes. Because everyone does it, nearby restaurants and cafes do it, so we kind of don't wanna stay behind. Otherwise, people might think that we are stingy (*laughing*).

Iryna: I see your point. And how do you choose your sales promotion tools? It says here that target audience is somewhat important for you. But how do you know what

they prefer and which technique would be the most effective for a particular customer group?

Samy: They want to save money! Everybody wants to save money! *(laughing)* Obviously. And how we offer those savings to them is our problem. It can be discounts in quite times, loyalty cards. We do them continuously. We can even offer them some products for free if they make a big purchase with us. All these little things make difference to them and make them feel special.

Iryna: And how do you measure the effectiveness of these tools? I'm looking now at your answers. You replied that you do measure them but not all the time.

Samy: Yes, we measure when we can and if we can. For example, every transaction with a customer who brings in a Tastecard, we are a member with them, is written down in a special book, stating the day, number of covers and total of the bill before and after the discount is applied. So afterwards we can go back to this information and see if it's worth for us.

Iryna: What about discounts? Do you measure them?

Samy: No. We have an electronic till, and I think we can somehow see this information, but honestly, I don't know how.

Iryna: Coupons? Do you measure their success?

Samy: That one is easy, just collect them from the customers who used them and that's it. We don't use coupons often though.

Iryna: Why?

Samy: I don't know... No specific reason. Maybe because we need to print them out, then go and distribute, then wait for people to come back to us. Too much hassle! *(laughing)*

Iryna: What about your loyalty scheme? You are using one, right? How do you measure it?

Samy: Yes, but this one is difficult to measure. Because it's on paper cards that we stamp for each purchased coffee or a meal. It's kind of impossible!

Iryna: I see. You said that you use contests but very rare. Are they effective for you?

Samy: As I answered in the survey, I'm not sure about their effectiveness. We organize raffles, not contests. Normally, during Easter. We usually have a huge chocolate egg as a prize. We sell tickets for £1 and collect some phone numbers which could be used later on for some promotions. How to look at this type of promotion, I don't know. We have 100 tickets to sell and we sell them and of course get contact details, in case a person wins something. So I suppose this technique is effective?

Iryna: Seems to be. People in general like to participate in this sort of things. And that is the fact proved in several researches.

Samy: Interesting. We should do it more often then.

Iryna: Yes. What about your POS materials, you said that you use them very rare.

Samy: Yes, only if we introduce a new product, for example, new tea, like recently. We use booklets to tell the customers more about it and make it successful.

Iryna: What about your beautiful display? I can see that you put a lot of effort in it.

Samy: Is that also point of sales material?

Iryna: Yes, of course!

Samy: Ah, ok. Wasn't aware of that.

Iryna: That's ok. Alright Samy. I think we are done. I appreciate that you have found time to speak with me and help me with my research. Thank you very much!

Samy: My pleasure!

INTERVIEW SCRIPT 4

| | |
|----------------------|---|
| Interviewer | Iryna Shashko |
| Interviewee | Anonymous, Restaurant Manager |
| Company | N/A, 2 branches, 6 years in the market |
| Date and Time | 20/06/2012; 10.40am |
| Place | At the premises of the business |
| Limitations | The interviewee was able to clarify 4 out of 6 problematic issues |

Iryna: Thank you very much for agreeing to see me for a quick interview. I appreciate your contribution to my research. As you know I'm an MBA student and currently conducting a research into sales promotion strategies currently implemented in food service SMEs. You filled out my online survey not so long time ago and now I would like to ask you a couple of questions in regards to some of your answers.

Interviewee: Yes, go ahead.

Iryna: Ok, so in the survey there was a question about the beneficial nature of sales promotion in the conditions of economic downturn. In other words, whether sales promotion is helpful for businesses in the current situation. You said that it is. Could you please, elaborate on this?

Interviewee: Yes. Of course, it's very helpful. It brings people in, make them spend their money which they are so careful about nowadays. We run promotions regularly and it really helps to control the demand. Obviously, we don't need them on weekends, for example.

Iryna: What about your profit? Does it suffer somehow?

Interviewee: Yes, it does. But what can we do? This is not the best time in our economy and we need to survive. Anyway we make some money, but not as much as desirable.

Iryna: So sales promotion as you stated here is an important tool on your strategy?

Interviewee: Yes.

Iryna: And how do you know what effects sales promotion has on your business. In other words, do you measure its performance somehow? In your answers you said that it's not happening all the time.

Interviewee: No, not all the time and mostly based on managers' observation. We just see the reactions of people, we see the increase in sales or the opposite, we see our restaurants busy or not. We don't need extra paperwork, we have enough. Maybe another person should deal with it but we don't have such a person, so...

Iryna: I see. How do you come up with ideas which promotions to run? Do you take target audience into consideration?

Interviewee: We mostly see what other businesses are doing and copy if we think it's worthwhile. Of course, we need to think about our customers. But all of them love promotions as long as they are generous enough.

Iryna: So all the customers are just looking for money saving opportunities? Will your regulars then still come to you in your promotion-free time? What do you think?

Interviewee: Yes, they do come but not so often. They are just happy, when there is a promotion and there is a chance that they might tell their neighbours about it. Well, that's what we are hoping for. Since our business depends on the locals. It's important to be popular in the neighbourhood.

Iryna: Ok, from your filled out survey I can see that you don't use contests or games in your company? Why not? I see that you are active online and participate in social networking. By the way, which website are you using for that?

Interviewee: Facebook, joined not so long time ago actually. What connection does it have with contests?

Iryna: Because they are so popular and easily implemented in social networking platforms. Plus they offer you a much wider audience.

Interviewee: As I said, we are more interested in the locals. Our target is not to be famous online, though some of our customers might be there. We don't use contests currently, but possibly will do in the future. We need to try new things.

Iryna: Of course, you should and are highly recommended. You miss out on some great opportunities!

Interviewee: Yeah, but the problem is that all these activities require additional budget, and I don't think that we can afford a lot, especially now. That's why our marketing activity is limited.

Iryna: You just need to be creative. Lots of things can be done with minimum spend.

Interviewee: We need to hire you after your graduation, so you could solve our problem (*laughing*).

Iryna: Sure! Why not? Alright then. I think that's all. I wouldn't take more of your precious time. You need to prepare your restaurant for lunch. So, thank you very much for your time and wish to participate in my research. Your contribution is very valuable. Thank you!

Interviewee: You are welcome, Iryna. And all the best! Don't forget to send me your results when they are ready!

Iryna: Ok, no problem. Thank you

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