

CONSUMER SALES PROMOTIONS BY CELLULAR SERVICE PROVIDERS: A STUDY OF YOUTH PERCEPTIONS

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ABSTRACT

Initially this paper gives relevant literature in sales promotion area. An assessment of advertisements which are meant for announcing consumer promotional schemes explores the nature of consumer sales promotions offered across cellular service providers. With convenient sampling, the major consumers of the category-i.e. college youth is surveyed with structured questionnaire to study their perceptions about sales promotion. Findings indicate that Price Promotion is more adopted by cellular companies. Then follows the Multiple Promotion, Combination Promotion and Volume Promotion. Also perception study indicated the preferred type of promotions-Multiple Promotion and then Price Promotion. Statistical tests like, Chi square and t test are also used to analyse the collected information from youth. The study concludes with important guidelines like need of Consumer Franchise Building promotions, need to emphasize demographics and behavioral variables, value loyal customers, need to understand major information sources, recognize brand switchers and ensure control as the essence.

Keywords: Consumer Sales Promotions, Perceptions, Cellular Services

1. INTRODUCTION:

The telecom network in India is the fifth largest network in the world meeting up with global standards. Presently, the Indian telecom industry is slated to an estimated contribution of nearly 1% to India's GDP. The total number of phones has reached 125.8 million as on December 31, 2005 (Industry and Services: Infrastructure Telecommunications 2007). The rapid growth in the telecom sector can be attributed to the various proactive and positive policy measures taken by the government as well as the dynamic and entrepreneurial spirit of the various telecom service providers both in private and public sector.

Two striking features of this growth viz. increasing preference for mobile phones and higher contribution of private sector in the incremental growth have predominated the telecom sector. The share of mobile phones (including WLL mobile) has overtaken the share of landlines with 62% in the total number of phones (Industry and Services: Infrastructure Telecommunications 2007). Indian consumers prefer wireless services compared to wire-line services, which is evident from the fact that while the wireless subscriber base has increased at 75 percent CAGR from 2001 to 2006, the wire-line subscriber base growth rate is negligible during the same period. The main drivers for this trend are quick service delivery for mobile connections, affordable pricing plans in the form of pre-paid cards and increased purchasing power among the 18 to 40 years age group as well as sizeable middle class – a prime market for this service. The other impact is that while the operators have only limited options to generate additional revenues through value-added services from wire-line services, the mobile operators have numerous options to generate non-voice revenues from their customers. Some examples of value-added services are ring tones download, coloured ring back tones, talking SMS, mobisodes

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(a brief video programme episode designed for mobile phone viewing) etc. Moreover, there exists great opportunity for content developers to develop applications suitable for mobile users like mobile gaming, location based services etc. The revenue in cellular services have grown around 50% from 2001-02 Rs. 726 Mn to Rs. 1093 Mn in 2002-03(The Indian Telecom Industry n.d.).

There are three types of players in telecom services: (a) State owned companies (BSNL and MTNL) (b) Private Indian owned companies (Reliance Infocomm, Tata Teleservices,) (c) Foreign invested companies (Hutchison-Essar, Bharti Tele-Ventures, Escotel, Idea Cellular, BPL Mobile, Spice Communications)

The private sector's contribution is also increasing rapidly. Currently more than 30 lakh phones are being added each month.

In India Cellular Services category have witnessed an outburst of sales promotion activities in the post-liberalization era. Tougher market conditions and complexity of modern business have led managers to make frequent use of sales promotions. In India, the spending on sales promotion is estimated to have grown by 500 to 600 percent during the last few years (Jha Priya, Dang & Koshy Abraham 2004).

2. LITERATURE REVIEW:

Sales Promotion has been defined as “a direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the ultimate consumer with the primary objective of creating an immediate sale”. It is essentially an acceleration tool, designed to speed up the selling process and maximize sales volume(Scott A. Nielsen, John Quelch, & Caroline Henderson 1984). Other researchers define sales promotion as a key ingredient in marketing campaigns, consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or trade(Robert C. Blattberg & Scott A. Neslin 1990).

Sales promotions tools vary in their specific objectives. A free sample may stimulates consumer trail, whereas a free management-advisory service aims at cementing a long term relationship with a retailer. Ideally, promotions with consumers would have short run sales impact as well as long run brand equity effects (Kotler et al. 2007).

There have been very few discussions in sales promotion literature about how different types of promotions may be classified.

One dimension, which has been suggested to classify different promotions, is the price versus non-price nature of the promotion (Campbell, L. & Diamond, W. D. 1990). Price promotions are defined as 'promotions such as coupons, cents off, refunds and rebates.that temporarily reduce the cost of the goods or service'. These promotions focus on the reduced economic outlay required to obtain a good or service. Non price promotions are defined as 'promotions such as giveaways or contests in which value is temporarily added to the product at full price.'

Second dimension, which has been suggested to classify different promotions, is the Consumer Franchise-building (CFB) versus Consumer Non-franchise-building Sales Promotions. Sales Promotion activities that communicate distinctive brand attributes and contribute to the development and reinforcement of brand identity are consumer franchise-building (CFB) promotions. They are designed to build long term brand preference and help the company achieve the ultimate goal of full-price purchases that do not depend on a promotional offer (R.M. Prentice 1977). Examples include the frequency programs and contests (sweepstakes

and contests) that encourage repeat purchases and long term patronage. It is evident from one study that nearly 90% of senior marketing executives believe consumer promotions can help build brand equity (Betsy Spethman 1993). With sales promotion becoming an integral component of brand building strategy, innovative forms of sales promotions have also started emerging.

Contrasts to CFB Promotions, there are Nonfranchise-building (non-FB) promotions that are designed to accelerate the purchase decision process and generate an immediate increase in sales. Price-off deals, bonus packs, refunds are examples of non-franchise building sales promotion techniques (George E. Belch & Michael A. Belch 2005).

Here, an attempt has also been made to study perceptions of mobile service users about sales promotion activities done by mobile service providers. Perception is the process by which an individual receives, selects, organizes and interprets information to create a meaningful picture of the world. Perception is an individual process; it depends on internal factors such as a person's beliefs, experiences, moods, and expectations. The process of perception is also influenced by the characteristics of a stimulus and the context in which it is seen or heard (George E. Belch & Michael A. Belch 2005). Perhaps that's why, usually, when a brand is price promoted too often, the consumer begins to devalue (perceived devaluation) it and buy it mainly when it goes on sale. So there is risk in putting a well-known brand on promotion over 30 percent of the time as is evident from study done by Blattberg and Neslin (1990).

Another study done for Indian toilet soap category indicated that with respect to the nature of the schemes, premiums (free gifts) were found to be the most frequently used in both premium and popular category, followed by price offs. Retailers perceived price offs to have relatively greater impact compared to any other forms of sales promotion. In line with the retailers' perceptions, the findings of consumer perceptions indicated that price offs was the most preferred type of sales promotion (Kureshi Sonal & Vyas Preeta 2002).

Due to fierce competitive situation, all players are coming up with sales promotions schemes in order to survive in the market. A study indicated that most used type of sales promotions in telecom sector during 2006 are Combination Promotion (33%), Price Promotion (21%), Add on Promotion (18%) and Contest Promotion (11%). While reliance communications leads with 21% share of ad volumes in print in 2006, the Airtel leads in using innovative ad layouts in print in the year 2006. It is also found that cellular phone services is ranking eighth in top 10 categories using promotional print ads in first half of the year 2006 (**Trends in Telecom sector advertising in Print in 2006: AdEx study 2006**).

3. OBJECTIVES OF STUDY:

This exploratory study was planned with following objectives:

1. To assess the consumer sales promotion schemes in cellular services market.
2. To study perceptions of youth regarding sales promotions in cellular service category and responses toward them.
3. To develop broad guidelines that can be useful to various players who wish to successfully implement Sales Promotion Programmes.

4. RESEARCH METHODOLOGY:

Initially the study is exploratory in nature as it involves understanding use of consumer sales promotions and discovery of perceptual issues of consumer sales promotions done by chosen cellular service providers. Then it is descriptive in nature as it involves describing perceptions of youth about sales promotions done by chosen cellular service providers.

In order to examine first objective for the study, secondary data was the major source of information. Here all advertisements of leading cellular services players operating in Gujarat region (BSNL, Hutch, Airtel, Idea, Tata Indicom, Reliance) were downloaded from the India's leading advertising and marketing portal www.agencyfaqs.com. 31 usable advertisements (11 print plus 20 television) were assessed from around 100 downloaded print advertisements as well as storyboards of television advertisements. Primary data is collected to study perceptions of youth regarding sales promotion in cellular services. Based on reviewed literature, the main perceptual issues were decided and put in the form of 10 sentences to be rated on 5 point rating scale. Prepared instrument is pre-tested on 10 students and fine tuning has been done. Convenient Sampling method is employed in this study. Here researcher had surveyed 132 postgraduate students of MBA and MCA courses from a reputed college of south Gujarat region.

Out of 132 questionnaire responses, usable 130 responses were used for analysis. Data were analyzed using Statistical Tests like Chi Square Test of Association, One Sample t-Test and Independent Sample t-Test with the popular software package SPSS.

5. FINDINGS AND INFERENCES:

A. Assessment of Consumer Sales Promotion Schemes in Cellular Service Market:

It was found that the advertisements were approximately from July 2003 to Jan 2007 (Approximately for 3.5 years). The available offers in advertisements of each of the chosen service provider were studied and were put in one of the following classification as given by AdEx India (Advertising trend in Print medium in the 1st half of 2006 – Part 1 : AdEx study 2006):

1. Price Promotion: Offers price reduction on the offer.
2. Volume Promotion: Allows additional quantity of the same product free on its purchase
3. Contest Promotion: Purchase of product is necessary for taking part in contests that offer prizes.
4. Combination Promotion: Two or more products are offered at a discounted price or some incentive is offered on the combination pack.
5. Add on Promotion: Promotion offers a free add on product (same product or different product) on the purchase.
6. Multiple Promotion: Promotions which include two or more types of abovementioned promotions in a single offer.

From Table 1 and descriptions of various advertisements studied, mentioned below are some of the observations:

- **Price Promotion** was used mostly in Cellular Service market with Airtel as leader in its use followed by BSNL. These companies are found to be promoting the less price of their offers comparatively for a longer phone call. The objectives behind using this promotion may be to attract price sensitive switchers and increase the sales.
- **Volume Promotion** was used mainly by Tata Indicom followed by BSNL. These companies are found to be promoting the free incoming, outgoing or free/more talk time with their offers. The objective behind using this promotion may be to attract and retain the heavy users.
- **Contest promotion:** This method of sales promotion was used only by Airtel and Hutch. The schemes required to use respective mobile services for taking part in the contest to get prizes. The objective behind using this promotion may be to increase sale and to create good image in consumer's mind by associating them in popular contests.
- **Combination Promotion** was used mainly by Reliance Infocomm followed by BSNL, Airtel and Tata Indicom. These companies are found to be augmenting their offer by providing a mobile handset and good talk value at reasonable price. The objective behind using this promotion may be to realize cross sell of two or more offering from different or same companies.

- **Add on Promotion:** Only BSNL once offered one postpaid card free with purchase of the same card. The objective behind using this promotional scheme may be to increase usage (for same product free offer) and to cross sell (for different product free offer).
- **Multiple Promotion** was mainly used by BSNL followed by Tata Indicom. These companies are found to be utilizing two or more types of promotions in an offer. One example can be “Save Rs. 200 on cellone and get full talk time on excel prepaid”, wherein company run both Price Promotion and Volume Promotion together. The objective behind using this promotion may be to increase the sale by utilizing advantages of above mentioned promotions/schemes by using them jointly.

B. Perceptions of youth regarding sales promotions in the Cellular Service Category:

This section discusses about perceptions of youth regarding sales promotions in the Cellular Services Category. Based on usable 130 responses, following are findings and inferences.

- Most of the respondents (96.9%) were falling under the age category of 20-24 years. Approximately equal percentages (44%) of youth are falling in the category of 'below Rs. 100000 per yr' and 'Rs. 100001-200000 per yr' income category. Male respondents (93) are much more in number compared to female respondents (37). (See Table 2)
- 47.7% respondents are users of Hutch Cellular Services followed by Idea (17.7%). Airtel and BSNL users are approximately same (11%). It can also be found that few (6.1%) respondents also prefer to use 2 or 3 brands at the same time. (See Table 3)
- From Table 4, it can be found that most of the youth respondents have agreed for TV as the main information source through advertisements (54.6%) for sales promotions offers followed by information from friends and colleagues (20%). Next major source is Newspapers and Magazines through advertisements (13%).
- Upon asking reasons for switching the brand, 38.5% respondents ticked Sales Promotion. 30% respondents gave reason as features and novelty in cellular services, while 13.8% respondents have given price of the service as the reason. 10.8% respondents said they will not change the existing brand. (See Table 5)
- For the question of preferred type of sales promotion most of the respondents preferred Multiple Promotion (36.2%) followed by Price Promotion (33.8%). Volume Promotion was the next preferred type with 19.2% preference. (See Table 6)

B1. Chi-Square Test of Association:

Chi-square test is a non-parametric test of statistical significance for bivariate tabular analysis. Hypothesis tested with chi square is whether or not two samples are different enough in some characteristic or aspect of their behavior that we can generalize from our samples that the populations from which our samples are drawn are also different in the behavior or characteristic (**Pandya & Bulsari 2005**).

B11. Chi square Test was performed at 90% confidence level (at 0.10 significance level) to know the association between one demographic variable (here income and gender) of respondents and second variable is the reason that they gave for switching the brand. The hypothesis can be stated as follows:

Income and Reason for switching the brand:

Null Hypothesis (Ho): There is no significant association between two variables. In other words we can state that income of respondents and reason for switching the brand are two variables which are not associated.

Alternative Hypothesis (H1): There is significant association between two variables. In other words we can state that income of respondents and reason for switching the brand are two variables which are associated.

Now the Chi-square test of association results are said to be not valid if more than 25% cells have low expected count (less than 5) cells (Darren & Paul 2006). In this case 2 cells (20.0%) have expected count less than 5, which means that chi-square results are valid if we perform the same.

Next step require examining significance value associated with Pearson chi square value, which is 0.995 here. This value must be < significance level of 0.10 for the null hypothesis to be rejected. We find here that we fail to reject null hypothesis. Hence we can infer that there is no significant association between income and reason for switching the brand. Hence we cannot say that as income increases, the tendency to switch in response to service variety is more than switching due to sales promotion offers (See table 7).

Gender and Reason for switching the brand:

Null Hypothesis (Ho): There is no significant association between two variables. In other words we can state that gender of respondents and reason for switching the brand are two variables which are not associated.

Alternative Hypothesis (H1): There is significant association between two variables. In other words we can state that gender of respondents and reason for switching the brand are two variables which are associated.

In this case 2 cells (20.0%) have expected count less than 5, which means that chi-square results are valid if we perform the same according to rule discussed previously.

Next step require examining significance value associated with Pearson chi square value, which is 0.024 here. This value must be < significance level of 0.10 for the null hypothesis to be rejected. We reject null hypothesis here. Hence we can infer that there is significant association between gender and reason for switching the brand.

Now in order to understand the strength of this association, there is widely used contingency coefficient. First we will see significance of this contingency coefficient. We can find that this value is statistically significant as p value (0.024) is less than our significance level of 0.10. Next turn to the value of contingency coefficient which always remain between 0 and 1. Rule says that if contingency coefficient value is < 0.5, it means there is weak association between two variables and if contingency coefficient value is > 0.5, it means there is moderate to strong association between two variables. Here value of contingency coefficient is 0.282, which means that gender and reason for switching the brand are associated, but weakly, not strongly.

We can infer that male highly respond to sales promotion while female does not. But instead respond equally to sales promotion as well as service features and novelty. Study also found that more no. of females is not willing to change their existing cellular brand compared to male (See table 8).

B12. Chi square Test was performed at 90% confidence level (at 0.10 significance level) to know the association between one demographic variable (here income and gender) of respondents and second variable is the preferred sales promotion in cellular service category. The hypothesis can be stated as follows:

Income and Preferred type of sales promotion:

Null Hypothesis (Ho): There is no significant association between two variables. In other words we can state that income of respondents and preferred type of sales promotion are two variables which are not associated.

Alternative Hypothesis (H1): There is significant association between two variables. In other words we can state that income of respondents and preferred type of sales promotion are two

variables which are associated. In this case 4 cells (40.0%) have expected count less than 5, which means that chi-square results are not valid if we perform the same according to rule discussed previously.

Hence we need to stop doing this statistical test despite of getting results which indicate some association between two variables (See table 9). This is just for demonstrating through example, I have shown the table, but in actual practice no chi-square results are considered for analysis if more no of cells are found with less expected count as explained earlier. Solution can be to club two or more levels of a variable (If possible logically to do) so that expected frequencies can increase in next calculation. But this method again incorporates results which are more biased, hence not popular widely. Another solution can be to increase cell frequency by conducting survey again and collecting more responses wherein expected count are less.

Here we don't find any logical way to club two or more categories/levels and hence cease doing this analysis. Second solution is also infeasible at present to opt due to time paucity.

Gender and Preferred type of sales promotion:

Null Hypothesis (Ho): There is no significant association between two variables. In other words we can state that gender of respondents and preferred type of sales promotion are two variables which are not associated.

Alternative Hypothesis (H1): There is significant association between two variables. In other words we can state that gender of respondents and preferred type of sales promotion are two variables which are associated.

In this case 3 cells (30.0%) have expected count less than 5, which means that chi-square results are not valid if we perform the same according to rule discussed previously.

Hence we need to stop doing this statistical test(See table 9). This is just for demonstrating through example, I have shown the table, but in actual practice no chi-square results are considered for analysis if more no of cells are found with less expected count as explained earlier. Solution can be to club two or more levels of a variable (If possible logically to do) so that expected frequencies can increase in next calculation. But this method again incorporates results which are more biased, hence not popular widely. Another solution can be to increase cell frequency by conducting survey again and collecting more responses wherein expected count are less.

Here we don't find any logical way to club two or more categories/levels and hence cease doing this analysis. Second solution is also infeasible at present to opt due to time paucity.

B2. One Sample t-Test:

For knowing perceptions of youth about Cellular Service Category sales promotions, they were presented with ten different statements and were instructed to rate on a five point scale (Agree Strongly-1, Agree-2, Neither Agree nor Disagree (Neutral)-3, Disagree-4, Disagree Strongly-5) as to how much they agree or disagree with the statements.

One sample t-test is used to test the difference between the sample statistics and a hypothesized population parameter (**Pandya & Bulsari 2005**). Here the hypothesized population mean is

assumed to be 2 (i.e. agree). In other words, I hypothesize that youth in population are at agree state with respect to all perceptual statements. One sample t-test was performed at 90% confidence level (at 0.10 significance level) on these individual interval scaled variables. Hypothesis can be stated as follows:

Null Hypothesis (Ho): There is no significant difference in means of sample and hypothesized population means. In other words, youth population of Gujarat is at agree state with all perceptual statements.

Alternative Hypothesis (H1): There is significant difference in means of sample and hypothesized population means. In other words, youth population of Gujarat is at agree state with all perceptual statements.

Table 11 shows selected output results of one sample t-tests conducted with the popular software SPSS. If the values of p associated with the values of $t < \text{significance level}$ (0.10 in our case), then null hypothesis is rejected and if the values of p associated with the values of $t \geq \text{significance level}$ (0.10 in our case), then null hypothesis is accepted (or we fail to reject null hypothesis).

Using abovementioned procedure of hypothesis testing we can find that for responses of perceptual sentences no. 1, 8 and 10, we fail to reject null hypothesis because all p values are > 0.10 , while for rest of the sentences, null hypothesis is rejected. Let us understand with the help of an example of sentence 1. t value is 0.682 and associated p value is 0.497 which is more than significance level of 0.10. Hence null hypothesis is accepted and alternative hypothesis is rejected. In other words we can say that there is no significant difference between sample mean and hypothesized population mean. Meaning that whole Gujarati youth are agree to their willingness to buy cellular services if schemes/offers/discounts are offered. Same inferences can be generated for response towards other perceptual issues.

Using individual sample means, following are some of the observations:

- All youth respondents agree to their willingness to buy Cellular Services if Schemes / offers / discounts are offered.
- All youth respondents did not agree to continue using Cellular Services even after the promotional offer is withdrawn by the service provider. They are found to be in between agree and neutral state. The reason can be existence of some of the brand loyal customers, who do not wish to withdraw using services provided by their existing cellular brand.
- All youth respondents did not agree to believe that Cellular Service offering with schemes /offers/discounts are usually of lower quality than the original quality of the service. They are found to be between neutral and disagree state. The reason can be again existence of those loyal customers who perceive the quality of service to be good.
- All youth respondents did not agree to believe that retailers don't have sufficient knowledge about offers with sales promotions most of the time. They are found to be in neutral state. Reason can be existence of well informed retailers for cellular brands used by them.
- All youth respondents did not agree to believe that retailers don't pass all the sales promotion benefits to them most of the time. Rather they are found to be very near to neutral state. Reason can be some of them have witnessed passing the schemes to the users.
- All youth respondents did not agree to believe that with sales promotions, actual service offering differs with the one, which service provider claims through advertisements. They are found to be in between agree and neutral state. The reason can be again existence of service

providers who keeps their promise well.

- The last four statements were kept for knowing perceived objectives (of service providers according to brand users) with which service providers does sales promotional activities. By observing actual means of each objective statement we can infer that 1) All youth respondents more than agree to believe that sales promotions are used by Cellular Service Providers with the objective of increasing sales. 2) All youth respondents agree to believe that sales promotions are used by Cellular Service Providers with the objective to attract the switchers. 3) All youth respondents are less agree to believe that sales promotions are used by Cellular Service Providers with the objective to reinforce the company image and 4) All youth respondents are neutral to believe that Sales promotions are used by Cellular Service Providers with the objective of providing value to the customers.

B3. Independent Sample t-test:

The independent sample t-test is used to compare means of two independent groups. Here the test is performed to know whether there is significant difference between perceptions of two income categories ('Under Rs. 100000 per year' and 'Rs. 100001-200000 per year')? Independent sample t-test was performed at 90% confidence level (at 0.10 significance level) on individual interval scaled variables

Hypothesis can be stated as follows:

Null Hypothesis (Ho): There is no significant difference in means of two independent groups. In other words, we can say that perceptual states of 2 income categories ('Under Rs. 100000 per year' and 'Rs. 100001-200000 per year') are same.

Alternative Hypothesis (H1): There is significant difference in means of two independent groups. In other words, we can say that perceptual states of 2 income categories ('Under Rs. 100000 per year' and 'Rs. 100001-200000 per year') are not same.

Table 12 shows output results of independent sample t-test. This output contains two sets of analysis.

The first assumes equal variances and the second does not assume the same. Levene's Test of equality of variance gives us an indication about whether we should use results for 'Equal variance assumed' or 'Equal variance not assumed'. It tests the hypothesis that the variances of the two groups are equal. Here from table 12, we can find that F value is 1.883 and associated significance value is 0.173 which is more than our significance level of 0.10. Hence we fail to reject null hypothesis. That means that variances of two groups are equal. We will therefore consider t value corresponding to equal variances assumed (**Pandya & Bulsari 2005**).

Value of t is -2.481 and associated significance value is 0.015, we reject the null hypothesis. In other words we can say that there is significant difference between perceptions of two income groups in their willingness to buy cellular services, if schemes/offers/discounts are offered.

Likewise same procedure followed for rest of the perceptual statements' responses and selected output results are found in table 13.

Using sample means, following are some of the observations:

- Youth respondents under income Rs. 100000 per year are found to be more agree to their willingness to buy the cellular services if schemes/offers/discounts are offered. Contrast to that youth respondents between income Rs. 100001 and Rs.200000 are found to be less agree to their willingness to buy the cellular services if schemes/offers/discounts are offered.

- Both categories of youth respondents are near neutral state to continue using Cellular Services even after the promotional offer is withdrawn by the service provider.
- Youth respondents under income Rs. 100000 per year are found to be neutral to believe that cellular service offering with schemes/offers/discounts are usually of lower quality than the original quality of the service. Contrast to that youth respondents between income Rs. 100001 and Rs.200000 are found to be between neutral and disagree state to believe that cellular service offering with schemes/offers/discounts are usually of lower quality than the original quality of the service.
- Youth respondents under income Rs. 100000 per year are found to be near neutral to believe that retailers don't have sufficient knowledge about offers with sales promotions most of the time. Contrast to that youth respondents between income Rs. 100001 and Rs.200000 are found to be between neutral and disagree state to believe that retailers don't have sufficient knowledge about offers with sales promotions most of the time.
- Both categories of youth respondents are near neutral state to believe that retailers don't pass all the sales promotion benefits to them most of the time.
- Both categories of youth respondents are near neutral state to believe that with sales promotions, actual service offering differs with the one, which service provider claims through advertisements.
- The last four statements were kept for knowing perceived objectives (of service providers according to brand users) with which service providers does sales promotional activities. By observing actual means of each objective statement for both income category, we can infer that 1) Both category of youth respondents more than agree to believe that sales promotions are used by Cellular Service Providers with the objective of increasing sales. 2) Both category of youth respondents agree to believe that sales promotions are used by Cellular Service Providers with the objective to attract the switchers. 3) Both category of youth respondents are less agree to believe that sales promotions are used by Cellular Service Providers with the objective to reinforce the company image and 4) Both category of youth respondents are near neutral to believe that sales promotions are used by Cellular Service Providers with the objective of providing value to the customers.

6. BROAD GUIDELINES:

Based on the study, following are suggested guidelines that can be useful to cellular service players who wish to successfully implement sales promotions programmes:

- ***Movement is necessary from Consumer Non-Franchise Building sales promotions to Consumer Franchise Building sales promotions:*** Consumer Sales Promotions can also play a significant role in building brand equity. As discussed earlier, such Franchise Building sales promotions (like sweepstakes, frequency programs) ensure long term patronage contrast to the traditional and short term Non-Franchise Building Sales Promotions (like price offs, bonus packs). As it is evident from the study that most consumers perceive increasing sales as company's main objective of sales promotion activity, rather than providing value to the customers. Hence companies need to always assess the sales promotion activity in terms of how it can provide value to the customers.
- ***Need to emphasize on demographic and behavioral variables in sales promotion decisions:*** Although weak association found between demographic variable gender and reasons for brand switching, but cannot be neglected. While females are found to be less sales promotion sensitive than males. Offering's quality perceptions may vary income wise. Hence this is to suggest performing critical analysis of demographic and behavioral variables well before any sales promotional programme is implemented.

- **Don't forget loyal customers (i.e. the bonded customers):** Study has also indicated that few but non-negligible (10.8 %) respondents were not ready to switch their existing brand. Such customers although few, but are giving confidence to companies to be customers for a longer period of time. Now it becomes duty of the companies to maintain their loyalty by offering valued product with excellent services.
- **Need to understand Major Information Sources :** From the study of assessment of consumer sales promotion schemes and perception study, television found to be major source of providing information to youth about consumer sales promotional activities followed by information through colleagues/friends and newspapers/magazines. Appropriate mixture of media is necessary to reach to every category of youth.
- **Recognize Brand Switchers with reasons thereof:** Even after implementing any sales promotion programme, it is very essential for a company who wish to make a big in the market to recognize brand switchers with reasons of switching the brand. The study indicated that more no. of youth agreed to switch brand due to sales promotion offers. But there is also sizable amount of youth who switches the brand due to features/novelty or variety in the market offer which is to be considered seriously.
- **Control is the essence:** For any process to succeed, the need is to have appropriate control measures. Similarly sales promotion activity also demands deciding standards, measuring actual performance, comparing and identifying deviations and taking corrective actions at the right time at least cost. All associated parties need to be considered before applying appropriate control measures.

7. FURTHER SCOPE OF STUDY:

This study is limited to youth perceptions about sales promotions activities undertaken by cellular service providers in a small geographical area only. Same study can be conducted for larger geographical areas and perceptions can be compared and contrasted. Study can also incorporate perceptions of trade channels towards trade promotions. Likewise there is also good scope for conducting comparative perception study about various cellular service provider brands.

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9. APPENDIX:

Table 1 : LIST OF SALES PROMOTION OFFERS FOR CELLULAR SERVICES (July 2003-Jan 2007)

Sr. No.	Type of Promotion	Frequency	%Ge
1	Price Promotion	11	35.48%
	BSNL	3	
	Airtel	5	
	Hutch	2	
	Idea	1	
2	Volume Promotion	6	19.35%
	BSNL	2	
	Reliance Infocomm	1	
	Tata Indicom	3	
3	Contest Promotion	2	6.45%
	Airtel	1	
	Hutch	1	
4	Combination Promotion	6	19.35%
	BSNL	1	
	Airtel	1	
	Reliance Infocomm	3	
	Tata Indicom	1	
5	Multiple Promotion	6	19.35%
	BSNL	5	
	Tata Indicom	1	
6	Total	31	100.00%

Table 2: DEMOGRAPHICS OF RESPONDENT YOUTH

Gender	Frequency	Percent
Male	93	71.5
Female	37	28.5
Total	130	100.0
Age	Frequency	Percent
20-24 years	126	96.9
25-34 years	4	3.1
Total	130	100.0
Income	Frequency	Percent
Under Rs. 100000	57	43.8
Rs. 100001 - Rs. 200000	58	44.6
Rs. 200001 - Rs.300000	11	8.5
Rs. 300001 or more	4	3.1
Total	130	100.0

Table 3: FREQUENCY OF CELLULAR BRAND USERS

Brand	Frequency	Percent
BSNL	14	10.8
Hutch	62	47.7
Airtel	15	11.5
Idea	23	17.7
Tata Indicom	1	.8
Reliance Infocomm	6	4.6
None of these	1	.8
BSNL Hutch Idea (or) BSNL Airtel Idea	2	1.5
Hutch Airtel (or) Hutch Idea (or) BSNL Hutch (or) BSNL Reliance	6	4.6
Total	130	100.0

Table 4: INFORMATION SOURCES FOR SALES PROMOTION OFFERS IN CELLULAR SERVICE CATEGORY

Medium	Frequency	Percent
TV	71	54.6
Radio	1	.8
Newspapers and magazines	17	13.1
Direct mail	3	2.3
Local outlets	7	5.4
Friends and colleagues	26	20.0
Sales representatives	2	1.5
Any other source	3	2.3
Total	130	100.0

Table 5: REASON FOR BRAND SWITCHING

Reason	Frequency	Percent
Sales promotion	50	38.5
Features and novelty	39	30.0
Variety	7	5.4
Price	18	13.8
Will not change the brand	14	10.8
Any Other reason	2	1.5
Total	130	100.0

Table 6 : PREFERRED SALES PROMOTION IN CELLULAR SERVICES

Preferred Sales Promotion Type	Frequency	Percent
Price promotion	44	33.8
Add on promotion	6	4.6
Contest promotion	2	1.5
Volume promotion	25	19.2
Multiple promotion	47	36.2
Any other type of promotion	6	4.6
Total	130	100.0

Table 7: REASON FOR BRAND SWITCHING * INCOME OF RESPONDENT YOUTH CROSSTABULATION

REASONS FOR BRAND SWITCHING		INCOME OF RESPONDENT YOUTH		Total
		Under Rs. 100000	Rs. 100001 - Rs. 200000	
Sales promotion	Count	23	22	45
	Expected Count	22.3	22.7	45.0
	% within INCOME OF RESPONDENT YOUTH	40.4%	37.9%	39.1%
Features and novelty	Count	16	16	32
	Expected Count	15.9	16.1	32.0
	% within INCOME OF RESPONDENT YOUTH	28.1%	27.6%	27.8%
Variety	Count	3	4	7
	Expected Count	3.5	3.5	7.0
	% within INCOME OF RESPONDENT YOUTH	5.3%	6.9%	6.1%
Price	Count	8	9	17
	Expected Count	8.4	8.6	17.0
	% within INCOME OF RESPONDENT YOUTH	14.0%	15.5%	14.8%
Will not change the brand	Count	7	7	14
	Expected Count	6.9	7.1	14.0
	% within INCOME OF RESPONDENT YOUTH	12.3%	12.1%	12.2%
Total	Count	57	58	115
	Expected Count	57.0	58.0	115.0
	% within INCOME OF RESPONDENT YOUTH	100.0%	100.0%	100.0%

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.215(a)	4	.995

a 2 cells (20.0%) have expected count less than 5. The minimum expected count is 3.47.

Table 8: REASON FOR BRAND SWITCHING * GENDER OF RESPONDENT YOUTH CROSSTABULATION

REASONS FOR BRAND SWITCHING		GENDER OF RESPONDENT YOUTH		Total
		Male	Female	
Sales promotion	Count	41	10	51
	Expected Count	36.5	14.5	51.0
	% within GENDER OF RESPONDENT YOUTH	44.1%	27.0%	39.2%
Features and novelty	Count	30	10	40
	Expected Count	28.6	11.4	40.0
	% within GENDER OF RESPONDENT YOUTH	32.3%	27.0%	30.8%
Variety	Count	5	2	7
	Expected Count	5.0	2.0	7.0
	% within GENDER OF RESPONDENT YOUTH	5.4%	5.4%	5.4%
Price	Count	12	6	18
	Expected Count	12.9	5.1	18.0
	% within GENDER OF RESPONDENT YOUTH	12.9%	16.2%	13.8%
Will not change the brand	Count	5	9	14
	Expected Count	10.0	4.0	14.0
	% within GENDER OF RESPONDENT YOUTH	5.4%	24.3%	10.8%
Total	Count	93	37	130
	Expected Count	93.0	37.0	130.0
	% within GENDER OF RESPONDENT YOUTH	100.0%	100.0%	100.0%

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.233(a)	4	.024
Contingency Coefficient	.282	NA	.024

a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 1.99.

Table 9: PREFERRED SALES PROMOTION IN CELLULAR SERVICES * INCOME OF RESPONDENT YOUTH CROSSTABULATION

PREFERRED SALES PROMOTION IN CELLULAR SERVICES		INCOME OF RESPONDENT YOUTH		Total
		Under Rs. 100000	Rs. 100001 - Rs. 200000	
Price promotion	Count	25	16	41
	Expected Count	20.3	20.7	41.0
	% within INCOME OF RESPONDENT YOUTH	43.9%	27.6%	35.7%
Add on promotion	Count	5	2	7
	Expected Count	3.5	3.5	7.0
	% within INCOME OF RESPONDENT YOUTH	8.8%	3.4%	6.1%
Contest promotion	Count	1	1	2
	Expected Count	1.0	1.0	2.0
	% within INCOME OF RESPONDENT YOUTH	1.8%	1.7%	1.7%
Volume promotion	Count	13	11	24
	Expected Count	11.9	12.1	24.0
	% within INCOME OF RESPONDENT YOUTH	22.8%	19.0%	20.9%
Multiple promotion	Count	13	28	41
	Expected Count	20.3	20.7	41.0
	% within INCOME OF RESPONDENT YOUTH	22.8%	48.3%	35.7%
Total	Count	57	58	115
	Expected Count	57.0	58.0	115.0
	% within INCOME OF RESPONDENT YOUTH	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.908(a)	4	.063
Contingency Coefficient	.268	NA	.063

a 4 cells (40.0%) have expected count less than 5. The minimum expected count is .99.

**Table 10: PREFERRED SALES PROMOTION IN CELLULAR SERVICES *
GENDER OF RESPONDENT YOUTH CROSSTABULATION**

PREFERRED SALES PROMOTION IN CELLULAR SERVICES		GENDER OF RESPONDENT YOUTH		Total
		Male	Female	
Price promotion	Count	36	10	46
	Expected Count	32.9	13.1	46.0
	% within GENDER OF RESPONDENT YOUTH	38.7%	27.0%	35.4%
Add on promotion	Count	6	1	7
	Expected Count	5.0	2.0	7.0
	% within GENDER OF RESPONDENT YOUTH	6.5%	2.7%	5.4%
Contest promotion	Count	1	2	3
	Expected Count	2.1	.9	3.0
	% within GENDER OF RESPONDENT YOUTH	1.1%	5.4%	2.3%
Volume promotion	Count	18	8	26
	Expected Count	18.6	7.4	26.0
	% within GENDER OF RESPONDENT YOUTH	19.4%	21.6%	20.0%
Multiple promotion	Count	32	16	48
	Expected Count	34.3	13.7	48.0
	% within GENDER OF RESPONDENT YOUTH	34.4%	43.2%	36.9%
Total	Count	93	37	130
	Expected Count	93.0	37.0	130.0
	% within GENDER OF RESPONDENT YOUTH	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.490(a)	4	.344

a 3 cells (30.0%) have expected count less than 5. The minimum expected count is .85.

Table 11 : ONE SAMPLE t-TEST STATISTICS

Sr. No.	Sentences	Test Value	Actual Mean	t value	Sig. Value
1	I am willing to buy Cellular Services if Schemes / offers / discounts are offered.	2	2.05	0.682	0.497
2	I will continue using Cellular Services till the promotional offer is withdrawn by the service provider.	2	2.56	6.33	0.000
3	Cellular Service offering with schemes /offers/discounts are usually of lower quality than the original quality of the service.	2	3.2	12.230	0.000
4	Retailers don't have sufficient knowledge about offers with sales promotions most of the time.	2	2.89	8.70	0.000
5	Retailers don't pass all the sales promotion benefits to us most of the time.	2	2.65	6.173	0.000
6	With sales promotions, actual service offering differs with the one, which service provider claims through advertisements.	2	2.67	7.70	0.000
7	Sales promotions are used by Cellular Service Providers with the objective of increasing sales.	2	1.82	-2.72	0.007
8	Sales promotions are used by Cellular Service Providers with the objective of providing value to the customers.	2	2.54	0.440	0.661
9	Sales promotions are used by Cellular Service Providers with the objective to reinforce the company image.	2	2.17	2.42	0.017
10	Sales promotions are used by Cellular Service Providers with the objective to attract the switchers.	2	2.04	0.469	0.640

Table 12 : INDEPENDENT SAMPLE t-TEST STATISTICS - EXAMPLE

Group Statistics

	INCOME OF RESPONDENT YOUTH	N	Mean	Std. Deviation	Std. Error Mean
		Under Rs. 100000	57	1.86	.766
WILLINGNESS TO BUY SERVICES WITH SALES PROMOTIONS	Rs. 100001 - Rs. 200000	58	2.26	.947	.124

		Levene's Test for Equality of Variances		t-test for Equality of Means						
Willingness to buy services with sales promotions		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
	Equal variances assumed	1.88	.173	2.481	113	.015	-.399	.161	-.718	-.080
	Equal variances not assumed			-2.48	109.000	.014	-.399	.161	-.717	-.081