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The Impact of Monetary and Non-Monetary Promotions on the Brand Equity of New and Mature Products

Ana Luísa Martins Vasconcelos Senra

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Prof. Paulo Romeiro and Prof. Wilson Bastos

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“A great brand is a promise, a compact with a customer about quality, reliability, innovation, and even community. And while the concept of brand is intangible, brand equity is far from it.”

- Stephen B. Shepard

ABSTRACT

Title: The Impact of Monetary and Non-Monetary Promotions on the Brand Equity of New and Mature Products

Author: Ana Luísa Martins Vasconcelos Senra

Promotions can be a very important tool for retailers and manufacturers to become competitive, when used in the correct way. Particularly when introducing a new brand in the market it is crucial to be aware of which methods have a higher impact on brand equity. This dissertation aims to explain how different promotion types - monetary and non-monetary - impact the brand equity of new and mature products. The brand equity definition adopted for the study was the one outlined by Keller and Lehmann, consisting in the following dimensions: awareness, attitude, associations, attachment and activity.

Quantitative data was collected through questionnaires, each portraying a control scenario (product without promotion) followed by the same product under one of the promotion scenarios. This was tested for two different product categories, breakfast cereal and soda, using two brands already established in the market against two fictitious brands. Respondents were asked to rate seventeen statements regarding brand equity for each of these scenarios, followed by analysing the generated data by using t-tests.

Contrarily to what was suggested by literature, overall monetary promotions were found to result in higher brand equity than non-monetary promotions. This was verified for both new and mature products. Nevertheless, both types of promotions are beneficial when contrasted with the situation of no promotion in contrast to having no promotion. Furthermore, new brands seem to be the ones whose brand equity most benefits from both monetary and non-monetary promotions.

SUMÁRIO

Título: The Impact of Monetary and Non-Monetary Promotions on the Brand Equity of New and Mature Products

Autora: Ana Luísa Martins Vasconcelos Senra

As promoções podem ser uma importante ferramenta para retalhistas e fabricantes se tornarem mais competitivos, quando utilizadas da maneira correta. Particularmente quando se introduz uma nova marca no mercado é crucial estar consciente de quais dos métodos promocionais têm um maior impacto na *brand equity*. Esta dissertação tem como objetivo explicar como diferentes tipos de promoção – monetária e não-monetária – impactam a *brand equity* de produtos novos e maduros. A definição de *brand equity* adotada para o estudo foi a delineada por Keller e Lehmann, que consiste nas seguintes dimensões: consciência, atitude, associações, conexão e atividade.

Dados quantitativos foram recolhidos através de inquéritos, cada um apresentando um cenário de controlo (produto sem promoção) seguido do mesmo produto sob um dos cenários de promoção. Isto foi testado para duas diferentes categorias de produto, cereais de pequeno-almoço e refrigerantes, utilizando duas marcas já estabelecidas no mercado contra duas marcas fictícias. Aos inquiridos foi pedido que classificassem dezassete afirmações relativas a *brand equity* para cada um destes cenários e os dados foram consequentemente analisados através de *t tests*.

Contrariamente ao que é sugerido pela literatura, de um modo geral concluiu-se que as promoções monetárias beneficiam mais a *brand equity* do que as promoções não-monetárias. Isto verifica-se tanto para produtos novos como para produtos maduros. Não obstante, ambos os tipos de promoção são benéficos quando comparados com a situação sem promoção. Para além disso, novas marcas parecem ser aquelas cuja *brand equity* mais beneficia com promoções, tanto monetárias como não-monetárias.

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CHAPTER 1: INTRODUCTION

1.1 Background and problem statement

Brand Equity is an important indicator of a brand's performance and is defined by Keller and Lehmann (2006) as the value created from the impact of a brand on three main dimensions: customer market, product market and financial market. The customer perspective goes beyond the simple product attributes, and incorporates subjective factors such as attraction as well as repulse, which can be shaped by advertising and experiences with the brand over time (Keller and Lehmann 2006) but also relates to personality, emotions, and status (Lu and Moorthy 2009). More concretely, from the customer's point of view, brand equity can be measured essentially through the use of five sub-dimensions: awareness, associations, attitude, attachment and activity (Keller and Lehmann 2006).

Sales promotions are recognized as having direct effects towards the consumers' perspective on the attractiveness of a brand and often having a negative impact on dimensions that directly impact brand equity (Valette-Florence, Guizani, and Merunka 2011). Nonetheless, Huang and Sarigöllü (2012) proofed that there is a positive correlation between promotions and brand awareness – one of the components of brand equity – in consumer packaged goods.

In fact these effects may vary depending on the type of promotional tool used. While price discounts tend to negatively impact the perceived quality of the brand, non-monetary promotions can actually have a positive outcome concerning the perceived quality and associations of a brand (Buil, Chernatony, and Martínez 2013). Specifically regarding attitude, non-monetary promotions seem to generally elicit a more positive brand attitude than monetary promotions (Yi and Yoo 2011).

The problem this dissertation strives to understand is the effect of different types of promotions (monetary or non-monetary) on the brand equity of newly launched products compared to mature products.

1.2 Problem Statement

In order to narrow the topic, we will focus our research in customer-based brand equity, the concept that according to Keller and Lehmann (2006) reflects what customers think and feel about a brand. Keller (1993) illustrates positive customer-based brand equity with a situation where a

consumer holds a more favourable opinion towards a certain marketing mix element of a brand compared to a fictitious or unknown brand of the same product or service.

The following research questions will guide this research.

RQ1: What are the differences between monetary and non-monetary promotions?

In order to get relevant insights into the proposed problem statement it is important to start by clarifying through existent literature the differences between the two types of promotions studied. This is going to be crucial particularly in terms of developing a correct methodology. This research question can be divided in the following sub-questions:

RQ1a: What is a monetary promotion?

RQ1b: What is a non-monetary promotion?

RQ1c: What are the most widely used monetary and non-monetary promotions for consumer packaged goods?

RQ1d: Which benefits do monetary and non-monetary promotions bring to consumers?

RQ2: Do promotions affect new and mature consumer packaged goods' brand equity differently?

The aim of this research question is to understand if the customer-based brand equity is different according to the type of product considered (new or mature) and to quantify that difference. It is important to note that new products have no equity, and therefore this will be measured in terms of incremental equity.

Furthermore, in case a difference is indeed verified we also aim to understand how different types of promotion – monetary and non-monetary – affect the brand equity of consumer packaged goods. For this purpose we will consider the aggregate dimensions which compose brand equity. Brand equity, from the customer perspective, can be measured effectively through five main components: awareness, associations, attitude, attachment and activity (Keller and Lehmann 2006). Therefore, the following sub-questions will guide this research:

RQ2a: What is the effect of monetary promotions on the brand equity of consumer packaged goods?

RQ2b: What is the effect of non-monetary promotions on the brand equity of consumer packaged goods?

RQ2c: Are the effects of non-monetary promotions and monetary promotions different depending on the type of consumer good (new or mature) considered?

RQ3: What is the optimal type of promotion for new and mature consumer packaged goods, respectively?

With this research question we aim to understand which scenario positively affects the brand equity of each type of product the most: having no promotion, a monetary promotion or a non-monetary promotion.

This research will focus on consumer food products. For the mature products we will use two popular (and mature) products in the Portuguese market, taken from the following categories: breakfast cereal and soda drinks. For the new products, a fictitious brand of breakfast cereal and soda drinks will be created.

1.3 Relevance

Different components of brand equity, in particular brand awareness and brand attitude, were already widely researched in terms of promotions impact. However, brand equity is a complex concept whose several dimensions are intrinsically connected and should be measured as a whole. Thus, we believe that this research topic will be able to bring new contributions to academic research in Marketing, and principally in the Brand Equity and promotions fields.

From a managerial point of view, the development of this topic is expected to bring contributions to the Consumer Packaged Goods industry, particularly in terms of New Product Development (NPD) but principally to retailers (i.e.: Retailers will be aware of the effects of a price promotion on new products versus mature products and will have new insights regarding the type of promotion that should be used for each product in order to maximize brand equity).

1.4 Research methods

In order to obtain the data that enables us to respond to the research questions a descriptive approach will be adopted, following the prior formulation of specific hypotheses. More specifically, a structured way of data collection, in the form of a survey method, will be developed, to be distributed online. Therefore, this research will rely mainly on primary data and that data will be treated quantitatively, as this allows us to generalize the results from the sample (Malhotra 2010).

According to Malhotra (2010) this is the most widely used method in marketing research, which can be justified by its many advantages: it is simple to administer, the data collected is reliable, the variability in responses is reduced and the analysis of the data is simpler than in most other methods. Nevertheless, the author points out this method's disadvantages, which include the difficulty inherent to the wording of the questions and reduced validity for questions that, for example, cover beliefs or feelings.

The survey in the basis of this study will present six different scenarios, repeated across two different product categories (breakfast cereal and soda). For the mature products, popular brands in the Portuguese market will be portrayed for each category, whereas for the new products fictitious brand were created. The scenarios can be summarized as follows:

- 1) New products, no promotion (control group)
- 2) New products, monetary promotion
- 3) New products, non-monetary promotion
- 4) Mature products, no price promotion (control group)
- 5) Mature products, monetary promotion
- 6) Mature products, non-monetary promotion

Each respondent will be randomly exposed to a new or mature product, relatively to which he will be shown the "no promotion" situation, followed by one of the promotion types (monetary or non-monetary). For example, a respondent could answer to scenarios 1 and 2, whereas another participant could be randomly assigned to scenarios 4 and 5.

Within each scenario respondents have to express their opinion towards a set of statements using a Likert-scale, which constitutes our measurement of brand equity. The brand's equity will be

measured and compared across different scenarios through parametric tests (Paired Sample T-Tests). The quantitative analysis was followed by a qualitative analysis, based on an expert interview conducted with the collaboration of a Kellogg's manager, responsible for the Portuguese market.

1.5 Dissertation outline

This dissertation is organized in five principal chapters. After this chapter we have the literature review, where theoretical lessons about the main issues raised from the research questions will be covered and hypotheses will be developed. The third chapter will cover the methodology used throughout this project, allowing us to respond to the research questions and to verify the hypothesis. In the following chapter we will analyse the data obtained and present the major results. Finally, in the last chapter we will be able to outline the main conclusions of this study, as well as the recommendations for future research conducted within this area.

CHAPTER 2: LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

The present chapter aims to provide a solid theoretical background that will contribute to the analysis of the problem statement. In order to study the different topics present in this section, previous studies from prestigious academic journals were used as a source. The first part of this literature review will focus on brand equity and the dimensions that constitute it. Afterwards, promotions will be discussed, with an emphasis on monetary and non-monetary types. These topics will be followed by a comparative analysis of new and mature products concerning brand equity and sales promotions. Finally, we will conclude by defining the hypothesis that will further guide this research.

2.1 Brand Equity

Building and maintaining brand equity is not a fast and superficial process; it generally requires time and financial resources (Lu and Moorthy 2009). Besides, brand equity can be an ambiguous concept. While some authors define it as the outcome of a brand's impact on the customer, product and financial levels (Keller and Lehmann 2006), others argue that this concept is closely tied to brand value and to what the brand does for the consumer (Lu and Moorthy 2009). On the other hand, Yoo and Donthu (2001) define it as the consumer's different response when exposed to a focal brand or an unbranded product, under the same marketing and stimuli conditions. Furthermore, Aaker (1996) theorizes about the measurement of brand equity as a function of five variables: loyalty, perceived quality, associations, awareness, and market behaviour.

Despite the existence of different levels of brand equity, customer-based equity seems to be particularly popular among researchers (Keller and Lehmann 2006; Netemeyer et al. 2004; Park and Srinivasan 1994; Yoo and Donthu 2001) This concept was first introduced by Keller (1993), who stated:

“Customer-based brand equity is defined as the differential effect of brand knowledge on consumer response to the marketing of the brand. (...) Customer-based brand equity occurs when the consumer is familiar with the brand and holds some favourable, strong and unique brand associations in memory”

Keller and Lehmann (2006) developed a model which argues that company actions have an impact on what customers feel and think about a brand. Consequently, this defines whether they

will purchase a given product or not, which results in financial impact. These authors define “what customers think and feel” as the customer-based equity and divide it into five variables: awareness, associations, attitude, attachment and activity. This dissertation will consider these five dimensions as the components in which brand equity is subdivided, as the model proposed by Keller and Lehman incorporates several studies on brand equity into a unique and simple yet complete model.

2.1.1 Awareness

Brand awareness is the extent to which a consumer recalls and recognizes (Keller 1993) a brand when a particular category is named (Keller 1993; Netemeyer et al. 2004), which positively impacts brand equity (Huang and Sarigöllü 2012). It can drive perceptions, attitudes, brand choice and loyalty (Keller 1993). In addition, it can also affect perceived quality, brand associations and consequently brand loyalty (Huang and Sarigöllü 2012).

Contrarily to what is suggested by Keller (1993), recent studies have found that awareness does not always precede the purchase and, in fact, brand awareness is often raised with experience (Huang and Sarigöllü 2012). Furthermore, price promotions have a particular important role in building awareness, as they increase the consumer's exposure to the brand and enhance the usage experience.

2.1.2 Associations

Brand associations tend to be related to the consumer's attitude towards a given product or service (Keller 1993; Park and Srinivasan 1994). Park and Srinivasan (1994) propose that brand associations can impact brand equity either as an attribute-based or non-attribute-based component. While the first one refers to tangible characteristics of the brand, the second one refers to non-tangible components, as for example the luxury connotation that is attributed to a Ferrari.

The impact of brand associations on overall brand equity will be influenced by the favourability, strength and uniqueness of brand associations (Keller 1993): Favourability of brand associations will depend on the importance with which a consumer recognizes the brand attributes; a product attribute considered irrelevant will not have an impact on the brand equity of that product. The strength of the associations is a result of the quantity of associations the consumer makes and the quality of those; the more time and effort the consumer spends elaborating in a given product's information, the stronger the associations that are created. Uniqueness of a brand exists when the associations connected to it are not shared with other brands.

2.1.3 Attitude

According to the model proposed by Keller (1993) attitudes are a type of brand association, which will impact the brand's image and consequently the consumer's brand knowledge. The attitude of a consumer towards a brand measures the brand's mind share and it is often related to his/her attachment to the brand (Whan Park et al. 2010).

Previous research on monetary and non-monetary promotions found out that consumers' attitude towards a brand is increased more significantly using non-monetary promotions rather than monetary promotions (Yi and Yoo 2011) in the long term, as constant monetary promotions decrease the reference price for consumers. The same study concludes that in the short term, brand attitude might even be damaged by monetary promotions, whereas non-monetary promotions have a positive effect.

Furthermore, when the consumers' attitude towards a brand is already high, they will evaluate non-monetary promotions more positively (Buil, De Chernatony, and Montaner 2013).

2.1.4 Attachment

Consumers' attachment to a product or service is often strongly correlated to his/her brand attitude and can range from positive to negative (Whan Park et al. 2010) or even from loyalty to addiction (Keller and Lehmann 2006).

Brand attachment is constituted of three main elements: affection, connection and passion (Brakus, Schmitt, and Zarantonello 2009) and can be enhanced by matching the brand's personality with the consumer's personality (Malär et al. 2011).

While attitude might be constructed in the short term, attachment usually takes longer to develop. Furthermore, brand attachment is able to capture not only the brand's mind share, as attitude does, but also the heart share, while it provides a better indicator of actual future behaviours (Whan Park et al. 2010).

2.1.5 Activity

The last dimension of brand equity considered by Keller and Lehmann (2006) – activity – is described by the authors as “including purchase and consumption frequency and involvement with the marketing program, other customers through word of mouth, etc., or the company”.

Brand activity can impact not only the brand equity of the product it refers to, but also the brand equity of the whole product category. Therefore, if the brand equity of a certain product decreases, this might have an impact on the whole product category, resulting in, for example, a lower purchasing frequency (Lu and Moorthy 2009).

The analysis of each of these five components will be extremely useful in order to develop a methodology that allows us to efficiently and accurately measure brand equity.

2.2 Promotions

Raju (1995) defined sales promotions as “*temporary incentives offered by marketers to consumers or intermediaries.*” In previous research, consumer promotions have been frequently subdivided into two distinct categories: monetary promotions and non-monetary promotions (Buil, Chernatony, et al. 2013; Mela, Gupta, and Lehmann 1997). Buil and colleagues (2013) exemplify monetary promotions as price discounts, whereas gifts represent a non-monetary type of promotion.

These promotions also differentiate themselves by the different levels of hedonic (eg.: opportunities for value expression) and utilitarian (eg.: savings) benefits that they bring to consumers (Chandon, Wansink, and Laurent 2000). Despite the relevance of this, the purpose of this dissertation does not contemplate these levels as moderators and therefore the hedonic and utilitarian value definitions will be exclusively relevant to determine the promotion type to be considered for this research.

For the purpose of this dissertation we are going to analyse monetary and non-monetary promotions separately. We will not consider the situation of having both promotion types simultaneously, since this is not captivating from a managerial point of view, as we believe this has the potential to strongly harm the profit margins of retailers. Moreover, Nunes and Park (2003) argue that joint promotions can be perceived as incremental gains and make the actual benefit look smaller than when promotions are separate.

2.2.1 Monetary Promotions

Price discounts are the most common form of sales promotions used by marketers (Darke and Chung 2005; Nunes and Park 2003), as the majority of retailers runs such promotions every week (Bogomolova, Szabo, and Kennedy 2017). Furthermore, sales promotions and in particular monetary promotions can be presented in other forms such as coupons, cents-off deals, refunds,

rebates or an extra free amount of the same product (Delgado-Ballester and Palazon 2009; Yi and Yoo 2011; Yoo, Donthu, and Lee 2000). However, the reasoning behind its wide use is most often not sufficiently informed. A very recent study conducted by Bogomolova, Szabo, and Kennedy (2017) asserts that retailers and manufacturers tend to base their price promotion decisions primarily on their own intuition and unconfirmed assumptions, often lacking the skills to pursue a decision that incorporates empirical evidence or academic knowledge.

Many authors in academic literature have studied the impact of this type of promotions on brand equity. Delgado-Ballester and Palazon (2009) found out that price discounts can decrease consumers' reference price for a product and that consequently may harm brand equity. In fact, frequent promotions alter the way the consumer thinks of the product: instead of considering the product attributes, the consumer will become more price-sensitive and will focus on acquiring the best deals, thus brand associations will be weaker, reducing brand equity in the long term (Mela et al. 1997; Yoo et al. 2000). Moreover, consumers tend to perceive monetary promotions in a way that negatively influences perceived quality of the brand (Buil, Chernatony, et al. 2013; Darke and Chung 2005). In addition, Yoo and colleagues (2000) concluded that when consumers presuppose a strong connection between price and product quality, a monetary promotion might be understood as a cut of costs or other action that implies a decrease in the product's quality, which negatively impacts brand equity and image.

Through an experiment using coupons as a promotional vehicle Papatla and Krishnamurthy (1996) contend the existence of both positive and negative effects resulting from monetary promotions. Besides making the consumer more price sensitive, this promotion type also has a negative effect on consumer loyalty and therefore it decreases his or her level of brand attachment. However, the effects of features and displays when choosing a brand can be enhanced if the consumer had previously purchased that feature or display, respectively.

Nevertheless, some authors argue that price promotions can also have a positive outcome for retailers. When big price discounts are offered, Hardesty and Bearden (2003) conclude that retailers might benefit more from a price promotion than they would benefit from a non-monetary promotion such as a bonus pack. However, the authors did not consider the effect on brand equity.

Overall, monetary promotions seem to have a more positive response when used in utilitarian products rather than hedonic (Chandon et al. 2000). The authors found coupons, rebates and price discounts to be associated to low hedonic but high utilitarian benefits. Nonetheless, free product offers are able to convey both hedonic and utilitarian benefits to the consumer.

For the purpose of this dissertation we will consider a price discount as representative of monetary promotions. This choice is mainly justified by the fact this promotion type is the most commonly used and therefore the outcome of this research will have higher managerial relevance. In fact, in 2016 seven out of ten purchases of Portuguese consumers included at least one product with a price discount (Cristósono 2016) and two in every five consumers went to the store to look for promotions and just then deciding on the brand to purchase (Silva 2016).

In order to have a more thorough understanding of these promotions we will use both immediate price discounts and delayed price discounts. For the first case the discount is included on the price whereas in the second case a discount is given to the consumer in his next purchase by presenting the receipt of the first purchase.

2.2.2 Non-Monetary Promotions

Promotions no longer simply mean price discounts. Non-price promotions are a recurrent pricing strategy and include premiums, contests, sweepstakes and samples (Delgado-Ballester and Palazon 2009; Hardesty and Bearden 2003; Yoo et al. 2000) with premiums being the most frequently used type (Nunes and Park 2003). As opposed to monetary promotions, which imply monetary value and are equivalent to a free product or part of it, this promotion type refers to a free gift (Delgado-Ballester and Palazon 2009), which hedonic benefits tend to surpass its utilitarian benefits (Chandon et al. 2000). However, this is not unanimous, as some authors argue that gift promotions lead to positive results for both hedonic and utilitarian products (Buil, De Chernatony, and Montaner 2013).

Contrarily to what is suggested for monetary promotions, several studies argue non-price promotions can enhance brand equity. Through an experiment that compared promotions using gifts with price discounts, Buil and colleagues (2013) concluded that non-monetary promotions positively influence brand associations, which reflects in brand equity. Furthermore, they also enhance the consumer's perception of quality of the product. The effect of non-monetary promotions on brand equity is moderated, however, by the consumer's degree of loyalty (Mela et al. 1997). While loyal customers' price sensitivity decreases with the use of non-monetary promotions, similarly to what would result from advertisement exposure, non-loyal customers' price sensitivity increases significantly with these promotions. Additionally, a brand with a high equity will experience a better outcome in terms of consumers' purchasing intentions than a medium or low equity brand (Montaner, Chernatony, and Buil 2011).

Nonetheless, Nunes and Park (2003) found consumers' valuations of a premium to be often arbitrary and influenced by several factors external to the brand. In order to avoid this ambiguity the authors recommend sellers to use a premium that is likely to be considered similar in terms of value for the target group. According to their research, consumers tend not to convert the value of the premium into a monetary value, particularly when it is economically complex to measure.

As non-monetary promotions do not affect consumers' reference prices for a product and are valued similarly to price promotions, retailers can benefit from the usage of these promotions for low and medium benefits (Hardesty and Bearden 2003).

For our research a free gift whose nature fits the main product will be considered, as this is generally more effective in terms of generating purchase intentions (Montaner et al. 2011). Such choice is motivated by the fact that this type of non-price promotion can be perceived as both hedonic, as it is an offer, and utilitarian, as it is still related to the product nature. The use of a purely hedonic or utilitarian promotion could potentially affect the results. Similarly to what was defined for monetary promotions, we will use two different types of gift promotions: immediate and delayed. To illustrate the immediate non-monetary promotion we will use a gift that is offered to the consumer alongside with the purchased product, whereas for the delayed gift case we will use a point system, where when reaching a certain amount of points the consumer is able to exchange those for a pre-announced gift.

2.3 Consumer Packaged Goods: New vs Mature products

When a new product of a new brand is launched in the market it has no equity. Consumers are not aware of a product they never heard about and consequently have no associations with it. They cannot have a loyal attitude or be attached to a product they do not know. In addition, they are not involved with its brand activity. Contrarily, established products are likely to have developed brand equity throughout the years.

Therefore, this research will examine new products of new brands, and not new products of existent brands, as studied by Pauwels and colleagues (2004), as for this case the equity of the main brands would also have to be taken into account.

Previous studies assert that for products with high equity – products that have been established in the market for years can potentially have developed a high equity – monetary

promotions seem to be very effective for utilitarian products while non-monetary promotions have a much more desirable outcome for hedonic products (Chandon et al. 2000). However, for low equity brands – a newly introduced product has a minimal level of equity – the authors found out the effects of monetary and non-monetary promotions are very similar, with monetary promotions being slightly more effective for both utilitarian and hedonic products.

Raju, Srinivasan, and Lal (1990) studied how loyalty affects the way promotions are perceived and found out that brand with low loyalty levels benefit more from price promotion than brands with high loyalty. They theorize that in a context where all brand in the market have high levels of loyalty none of them would benefit from price promotions. This is consistent with the findings of Lowe and Barnes (2012) who conclude that price promotions yield better results for new products, particularly when they are innovative, rather than existing products, which benefit more from non-monetary promotions.

In fact, Lowe and Barnes (2012) have already studied the impact of monetary and non-monetary promotions on new and existing products – however, these authors consider as the final outcome purchase intentions instead of brand equity. Therefore, our study aims to bring a different and more extensive perspective on the impact of such promotions on consumer packaged goods' brands.

2.4 Conclusion, Conceptual Model and Hypothesis Formulation

Despite the extensive literature focused on brand equity, promotions and the relation between the two there is little to no research on promotions impact on brand equity of new products. In other words, marketers who are planning to introduce a new brand in the market lack the necessary knowledge to take well-grounded decisions regarding promotional activities on their brands. This research aims to fulfil that gap both by contributing to the brand equity and sales promotion literature and by providing marketers with relevant managerial insights.

Nonetheless, the literature review allows us to answer the first research question (RQ1). In summary, monetary promotions are the ones that have a price value implicit to them, whereas non-monetary have a gift associated with them. Both types of promotions can include a special offer for a given product. However, in the case of a price promotion, this offer would constitute an extra package of the given product (e.g. pay three, take four), whereas an offer for a different product or service tied to the given product (e.g. a coupon for getting 25 percent off a service not related to the

product) can be considered a non-monetary promotion (RQ1a and RQ1b). Following this, monetary promotions are more associated with utilitarian benefits (i.e: saving), whereas non-monetary are associated to hedonic benefits (i.e.: receiving an enjoyable gift) (RQ1d). Furthermore, literature highlights price discounts as the most common form of monetary promotions used in retail whereas premiums (or free gifts) seem to be the favoured option regarding non-monetary promotions (RQ1c).

To conclude, the precedent literature evaluates non-monetary promotions frequently as more positively related to brand equity than monetary promotions, often benefiting consumers' attachment, associations and attitude towards a brand. Given this, one could assume that, overall, consumer packaged goods' brand equity would benefit from non-monetary promotions, whereas monetary promotion would damage brand equity. While this literature review seems to fully support that for the case of non-monetary promotions, for monetary promotions the effect on new and mature products seems to be divergent. The authors that analysed brands with low equity or low loyalty levels – new brands have none or residual equity and loyalty – concluded that monetary promotions can actually have a better outcome than non-monetary for these. Following this, we developed the following hypothesis, that aim to answer to the second research question (RQ2):

H1a: Monetary promotions have a positive effect on the brand equity of new consumer packaged goods.

H1b: Monetary promotions have a negative effect on the brand equity of mature consumer packaged goods.

H1c: Non-Monetary promotions have a positive effect on the brand equity of new consumer packaged goods.

H1d: Non-Monetary promotions have a positive effect on the brand equity of mature consumer packaged goods.

We hypothesize that both new and mature products react positively to non-monetary promotions; nevertheless, literature leads us to believe that the strength of the promotion impact differs. Some authors found that higher loyalty levels, associated with higher equity brands, are often correlated with better effects of non-monetary promotions. Therefore, we assume that the impact of such promotions will be higher for mature products.

H2a: The impact of non-monetary promotions on brand equity is more positive for mature consumer packaged goods than for new consumer packaged goods.

H2b: The impact of monetary promotions on the brand equity of mature consumer packaged goods is inverse to the impact on new consumer packaged goods.

Lastly, and considering the managerial application of this research, the following hypothesis were developed. As we hypothesized that new products can benefit from both monetary and non-monetary promotions, in these hypothesis we had to consider the promotion type that is likely to have a stronger effect on brand equity. Literature suggests that non-monetary promotions are particularly beneficial for high equity brands and their effect is lower for low equity brands; on the other hand, monetary promotions seem to be particularly successful in terms of raising awareness, one of the brand equity components. Therefore, we assume that for new products (no-equity brands) non-monetary promotions will have a lower incremental effect on their brand equity than monetary promotions. Accordingly, the following hypothesis were developed, in order to answer the last research question (RQ3):

H3a: For new consumer packaged goods monetary promotions generate a higher incremental brand equity.

H3b: For mature consumer packaged goods non-monetary promotions generate a higher incremental brand equity.

Overall, Figure 1 summarizes the conceptual model that serves as basis to this research.

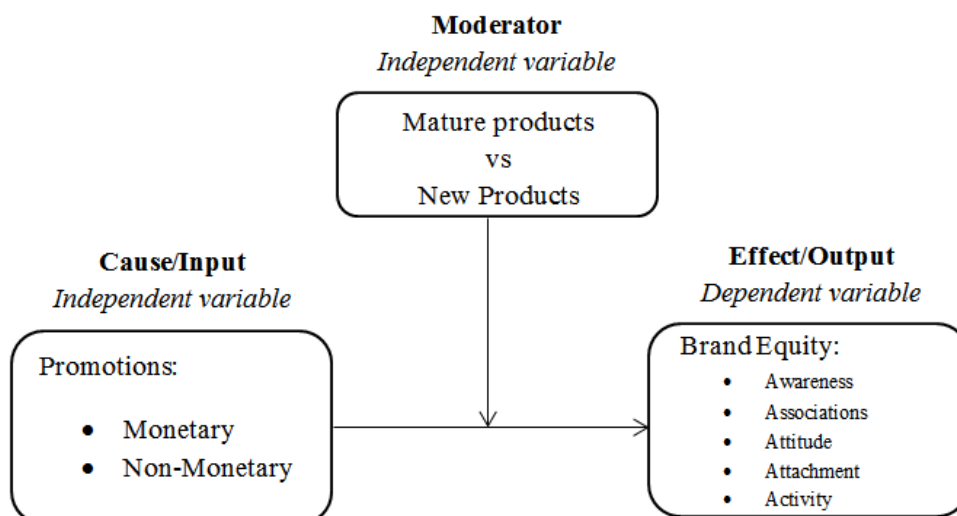


Figure 1: Conceptual Model

CHAPTER 3: METHODOLOGY

The purpose of this study is to examine the difference in the consumer-based brand equity of consumer packaged goods when subject to different types of promotions. Subsequently, we will compare those results for new and mature products in order to detect possible differences. Therefore, the objectives of this chapter are (1) to describe the employed methodology in this study, (2) to present the questionnaire design and (3) to describe the procedures and measures used.

3.1 Research Approach

Malhotra (2010) defines marketing research as an objective and impartial procedure that leads to accurate and supported results, through the use of scientific methods. The author divides this concept into problem-identification research and problem-solving research. This research method employed in this dissertation falls into the second category, in which research identifies the problem first, in order to arrive at a solution.

On the other hand, Creswell (2003) theorizes about the existence of three different types of research: mixed, qualitative, quantitative. In order to achieve the proposed objectives and reach conclusions that allow us to confirm or reject the hypotheses, a descriptive approach, based on quantitative methods, was used. Quantitative approaches are commonly applied when it is intended to investigate specific hypotheses of a research problem. Furthermore, simply adopting a qualitative approach would not allow us to generalize the results (Creswell 2003; Malhotra 2010).

Despite the frequent use of other forms of research, such as exploratory and causal, descriptive research is the most appropriate type of research to analyse the given research problem. A descriptive approach is generally used to describe certain market characteristics or functions and it is marked by the formulation of hypotheses beforehand. Contrarily, exploratory research is the most adequate method when the research problem needs further definition or there is the need to gain insights on the matter before proceeding to a more complete approach. Ultimately, causal research should be conducted where there is the intent to detect a cause and effect thinking (Malhotra 2010).

A descriptive method can be applied through several different forms, quantitative analysis of secondary data or the collection and analysis of primary data in the form of surveys or actual observation of market behaviour (Malhotra 2010).

3.2 Secondary Data

Secondary data was used in the previous chapter, in the form of a Literature Review, through the research conducted over several renewed journals and publications. This was fundamental to gain the necessary insights to conduct this research. In particular, when constructing a survey that is able to effectively measure brand equity and therefore allows us to give precise answers to the research questions, a thorough literature review is paramount.

3.3 Primary Data

For the purpose of this dissertation primary data – specific data originated by the researcher to solve the research problem (Malhotra 2010) – was collected and analysed.

3.3.1 Data Collection

Considering that this dissertation's ultimate objective is to understand differences in customer-based equity, it is crucial that our research method allows us to reach the final customers (or consumers) directly. An online survey, distributed mainly through social media and a Portuguese University internal email system, was conducted for that purpose. The survey used a convenience sampling technique, as this is the most inexpensive and fastest method of sampling according to Malhotra (2010). Concretely, this method allows us to reach a large number of respondents with a diverse demographic profile in an efficient way as well as to collect the data in an organized manner (Malhotra 2010). It also permits us to expose respondents inexpensively to different scenarios which they should rate according to their preferences and perceptions. Furthermore, a survey with a representative sample allows us to generalize the results (Creswell 2003), which enhances its expected academic and managerial relevance.

The Portuguese market was the basis for our target population, which was narrowed down to the population that consumes and/or purchases cereal and/or soda, since other consumers might not have an equity perception of the products portrayed. Such segmentation was achieved through an initial question of the survey, which asked respondents if they consume or purchase such goods. According to Marktest (2015) in 2014 more than four million Portuguese had consumed breakfast cereal in the previous twelve months and according to the same source about 3,7 million Portuguese had consumed soda in the previous twelve months, as of 2012 (Marktest 2012). Regardless of the fact that these may partially overlap, 384 respondents of the specified target population are

necessary so the sample can be considered representative of the population for a 95% confidence interval.

Furthermore, the quantitative analysis was followed by a qualitative approach, resulting from an expert interview conducted through a Skype call with Kellogg's Portugal country manager, one of the brands portrayed in the survey. The objective of using this direct qualitative method (Malhotra 2010) was to collect further insights on the results obtained and consequently understand their managerial implications.

3.3.2 Research Design

In order to study the impact of a promotion on brand equity of new and mature products, we designed a three (promotion type: no promotion, monetary promotion, non-monetary promotion) times two (product type: new vs. mature) mixed model design experiment and tested it in two product categories, breakfast cereal and soft drinks, using the brands Kellogg's Special K and Coca-Cola as representatives of mature products of these categories, respectively. By presenting popular categories and market leader brands in the Portuguese market (Euromonitor 2016; MarketLine 2013), consumers are more likely to effectively recognize the “mature product” portrayed in the survey as an established product in the market, as intended.

Therefore, four different products were presented in this survey: Kellogg's Special K, a fictitious cereal brand, Coca-Cola and a fictitious soft drink brand. Since Coca-Cola is a dominant market leader of soft drinks, a lemon drink was used as a fictitious brand and not another cola drink.

Respondents who claimed to consume or purchase just one of the product categories answered the questionnaire relative to that category; respondents who claimed to consume or purchase the two types of goods were asked to answer to both product categories. When starting the survey respondents were randomly assigned to one of four question groups (defined as A, B, C and D in Figure 2) for each of the categories they claimed to purchase or consume.

Within each question group the respondents were firstly asked about their willingness to pay for the product, as we did not intend to have the price conditioning their evaluation of the brand equity, but strictly the promotion.

Furthermore, within each type of promotion (monetary and non-monetary) two different promotions were shown: immediate and delayed promotions. This allows us to further generalize our results, by not focusing exclusively on a specific promotion technique. Due to the different

nature behind the value of each promotion type (hedonic vs utilitarian benefits) it is complex to assure that the promotions have the same value for the consumer (Chandon et al. 2000). Instead, and similarly to previous studies (Yi and Yoo 2011), the price discount and the premium definition, defined already in the literature review, were chosen based on current market practices.

Overall, each respondent was exposed to two or four scenarios, depending whether they consume just one or both categories, from a total of twelve scenarios. Figure 2 shows the survey design.

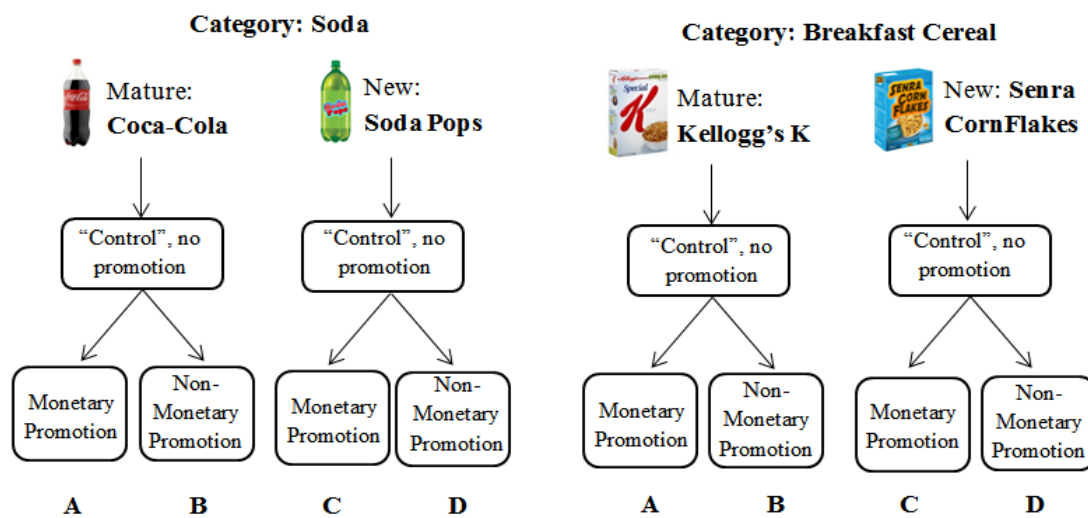


Figure 2: Survey Design

Each scenario, represented by the text boxes in Figure 2, portrays one or two independent variables; control scenarios portray one independent variable (new or mature), whereas the other scenarios also portray the type of promotion. The dependent variable is defined by the brand equity measured in each scenario and will be the core of the data analysis.

The exact scenarios included in the survey can be found in the Appendixes 1 and 2.

3.3.3 Measurement

With the intent of measuring the customer-based brand equity for each of the above mentioned scenarios, participants were asked to rate seventeen statements regarding brand equity after each scenario they were shown. Specifically, they were asked “To what extent do you [they] agree with the following statements?” to which they had to answer using a seven-item scale.

In order to have a balanced measurement of brand equity according to the definition adopted and explored in the Literature Review section, the concept was divided in the five main dimensions

considered (awareness, associations, attitude, attachment and activity). Several statements, taken from a set of academic articles from top journals which have previously studied brand equity related problems, were used to illustrate these dimensions. These can be seen in detail in Table 2.

Brand Equity				
Using a scale from 1-7, 1= strongly disagree and 7= strongly agree, please consider the following statements and provide your opinion:				
Awareness	Associations	Attitude	Attachment	Activity
1. X is of high quality. 2. The likely quality of X is extremely high. 3. The likelihood that X would be functional is very high. 4. The likelihood that X is reliable is very high. 5. X must be of very good quality. 6. X appears to be of very poor quality. (reversed) (Yoo et al. 2000)		7. I consider myself to be loyal to X. 8. X would be my first choice. 9. I will not buy other brands if X is available at the store. (Yoo et al. 2000)	10. My feelings toward the brand can be characterized by affection 11. My feelings toward the brand can be characterized by love 12. My feelings toward the brand can be characterized by connection (Brakus et al. 2009)	13. For my next purchase of (product category), I intend to buy a (brand name) brand. (Netemeyer et al. 2004)
Brand Equity, overall (Yoo et al. 2000):				
14. It makes sense to buy X instead of any other brand, even if they are the same. 15. Even if another brand has same features as X, I would prefer to buy X. 16. If there is another brand as good as X, I prefer to buy X. 17. If another brand is not different from X in any way, it seems smarter to purchase X.				

Table 1: Brand equity measurement

Since for this research problem products with low or no equity (new products) are being compared to products with equity (mature products), it is important to consider the incremental equity that results from each promotion technique. For that purpose respondents were requested to answer to the same statements, even for the “control” scenarios where there is no promotion, for the exact same products. That will allow us to quantify the impact of each promotion type for each type of product. Without measuring the equity of a situation where there is no influence of promotions we would not be able to answer to our research question accurately, as it is expected that naturally a more mature product has a higher brand equity than a new one.

Lastly, the respondents were also asked to rate the four different promotion scenarios of each product category (A, B, C and D, in Figure 2) according to their overall attractiveness.

3.3.4 Data Analysis

Quantitative data resulting from the survey was subsequently analysed through the program IBM SPSS – Statistical Package for Social Sciences 21, as this program allows us to accurately quantify and compare the brand equity values that resulted from the survey, thus it is possible to address the research problem.

In order to characterize the sample, descriptive statistics analysis concerning demographics and the overall brand equity means of each scenario was performed. Moreover, the Cronbach's alpha was analysed, in order to confirm the constructs reliability, since it constitutes an internal consistency reliability test (Malhotra 2010) and the most commonly used measure on scale reliability (Peterson 1994).

Parametric tests were chosen for the analysis, as these are the appropriate tests when variables are measured in an interval scale, specifically *t* tests. The *t* test is a statistical test, which is used to compare the means of two samples (Malhotra 2010); in our research each type of promotion (monetary or non-monetary) and its combination with the product type (new or mature) represents a sample. According to Malhotra (2010), *t* tests require the existence of a metric dependent variable, which in this study is represented by the measured brand equity, and a categorical independent variable, represented by the promotion type (no promotion, monetary promotion or non-monetary promotion).

The incremental brand equity and the comparison of means between different scenarios constitutes the focal point of this research, and for that reason Paired-samples *t* tests were chosen to analyse the statistical difference between the samples. The Paired-samples *t* test is the appropriate method to compare the means of two different but related conditions; in the case of our research, the promotion scenarios with the control (no promotion) scenarios. This statistical test was conducted initially considering the promotion stimuli, regardless of the type of product, and subsequently considering the differences for each product type as well. This allows us to test Hypothesis 1 and 2. Hypothesis 3 was inferred from the Paired-samples *t* test results along with the descriptive analysis of the responses to the ranking questions of the survey.

In addition, Analysis of Variance (ANOVA) tests were conducted to discover potential demographic moderators of the results.

For the conducted tests a confidence interval of 95% was adopted. Therefore, hypotheses were rejected for a p-value lower than 0.05.

CHAPTER 4: RESULTS

This chapter aims to present the data collected in form of surveys using the methodology determined in the previous section, thus it allows us to reach relevant conclusions regarding the proposed research questions.

4.1 Sample Characterization

A total of 1354 Portuguese respondents concluded the survey. However, 325 respondents claimed to not consume any of the presented categories and therefore the valid survey answers for this research were 1029. Moreover, 532 respondents answered the questionnaire regarding both categories of products, whereas the other respondents answered to only one of the categories. In total, 869 respondents answered to the questionnaire regarding the breakfast cereal category and 691 respondents regarding the soda category. Figure 3 effectively summarizes the responses collected for each scenario.

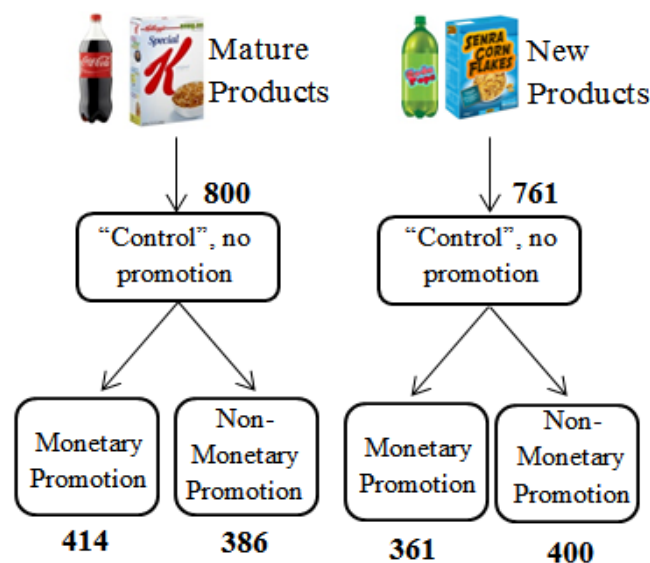


Figure 3: Survey Respondents per scenario

By conducting descriptive analysis on SPSS we verified that 75% of the respondents were women, mostly within the age range 18 to 35 (92%) and from the North region of Portugal (88%). Furthermore, 41% stated they have concluded only high school studies, 42% claimed to hold a Bachelor degree and 16% to hold a Master's degree. The majority of respondents (66%) asserted to have a monthly household gross income that ranges between 500€ and 2000€. Moreover, most of

the respondents who consume or purchase cereals claimed to consume it at least once a week (82%), whereas for the soda case 66% consume it at least once a week. Further information regarding the sample demographics can be found in the Appendix 3.

Thus, despite the large number of respondents, the sample cannot be considered representative of the Portuguese population which consumes cereal and soda, as quotas for gender, age intervals and geography are not balanced. This is due to the employment of convenience sampling.

4.2 Reliability of Constructs

Before proceeding to the actual analysis of the hypothesis based on the data collected, a reliability test was conducted, in order to verify the constructs' validity. The test was conducted for each of the constructs with two or more items and for each of the twelve scenarios where the constructs were shown. Furthermore, the test implied to recode the reverse questions presented in the questionnaire before the test. The Cronbach's Alpha resultant from these tests was collected and aggregated in Table 2.

Product category	Product type	Promotion type	Awareness/ Associations (6 items)	Attitude (3 items)	Attachment (3 items)	Overall Brand Equity (4 items)	TOTAL (17 items)
Cereal	Mature	Control	0,927	0,861	0,896	0,928	0,931
		Non-Monetary	0,915	0,898	0,936	0,970	0,932
		Monetary	0,915	0,893	0,940	0,956	0,930
	New	Control	0,886	0,858	0,901	0,912	0,917
		Non-Monetary	0,867	0,882	0,944	0,953	0,935
		Monetary	0,858	0,889	0,956	0,965	0,939
Soda	Mature	Control	0,927	0,917	0,933	0,951	0,955
		Non-Monetary	0,917	0,940	0,943	0,963	0,959
		Monetary	0,926	0,923	0,920	0,972	0,950
	New	Control	0,871	0,914	0,969	0,966	0,944
		Non-Monetary	0,895	0,945	0,962	0,968	0,956
		Monetary	0,885	0,869	0,961	0,960	0,922

Table 2: Cronbach's Alpha

The results of the reliability tests indicate that all the constructs are valid, as all the coefficient alpha values exceed the value of 0.6, defined as the threshold of a satisfactory measure

(Malhotra 2010). In fact, the high values obtained, ranging from 0.858 and 0.972 reveal a very high internal consistency. More importantly, the total values, included in the last column, resulted in a Cronbach's Alpha superior to 0,9 for every scenario. Since the analysis is based on the brand equity concept as a whole, the total consistency of the constructs is of extreme importance.

Therefore, we are able to proceed to the analysis with all the constructs initially included in the questionnaire.

4.3 Results from the Hypothesis Test

The principal outcome of the questionnaire is the brand equity measurement of each portrayed scenario; by measuring different scenarios against the same constructs we are able to compare the different mean values obtained for brand equity and to infer conclusions regarding our research questions.

Therefore, it is essential to start by conducting a descriptive analysis, which is able to summarize those means. The means for each scenario (corresponding to a 1 to 7 Likert-scale), at this stage, are still separated by two different product categories, which can be seen in Table 3 and 4. Moreover, they represent the average punctuation respondents attributed for each scenario.

Product Type	Promotion Type	N	Mean (Brand Equity)	Std. Deviation
Mature	Control	434	3,48102	1,00893
	Non Monetary Promotion	226	3,48230	1,09888
	Monetary Promotion	208	3,58117	1,06272
New	Control	436	3,31004	,88392
	Non Monetary Promotion	225	3,47338	1,01075
	Monetary Promotion	211	4,25441	1,02446

Table 3: Descriptive statistics for Cereal

Product Type	Promotion Type	N	Mean (Brand Equity)	Std. Deviation
Mature	Control	366	4,2295	1,45242
	Non Monetary Promotion	160	4,2544	1,53621
	Monetary Promotion	206	4,3655	1,39305
New	Control	324	2,7101	,96662
	Non Monetary Promotion	175	2,8642	1,13766
	Monetary Promotion	150	2,8898	1,03714

Table 4: Descriptive statistics for Soda

Overall it is noticeable that for all the cases, which were exposed to promotion, regardless of the type and of the product, results yielded an increased brand equity mean. Hence, we can conclude that brand equity is not harmed by monetary or non-monetary promotions. However, the benefit level clearly varies with the promotion type, which can be clarified through paired-samples *t* tests.

It is worth analysing the impact of the independent variable promotion type on its own, regardless of the product type. A paired-samples *t* test permits us to understand the incremental impact on brand equity of each type of promotion compared to the situation without promotion. The results can be found in Tables 5 and 6 and the complete test in the Appendix 4.

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Monetary	4,4541	631	2,13575	,08502
	Control	4,2882	631	2,08242	,08290
Pair 2	Non-Monetary	4,2415	651	2,04656	,08021
	Control	4,1078	651	1,93062	,07567

Table 5: Paired Samples Statistics for Promotions incrementality on Brand Equity

		Paired Differences			t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Monetary - Control	,16594	,58920	,02346	7,074	630	,000
Pair 2	Non-Monetary - Control	,13373	,64308	,02520	5,306	650	,000

Table 6: Paired Samples T-Test for Promotions incrementality on Brand Equity

The two pairs analysed presented a Sig (2-Tailed) value lower than 0,05; thus we are able to state that there is a statistically significant difference between the mean of each promotion scenario and the respective control scenario.

Therefore, there was a significant difference in the scores for the monetary promotion scenarios (M=4,4541, SD=2,13575) and the control situation (M=4,2882, SD=2,08242) conditions; $t(630)=7,074$, $p =0,000$. Regarding the second pair, there was a significant difference in the scores for the non-monetary promotion scenarios (M=4,2415, SD=2,04656) and the control situation (M=4,1078, SD=1,93062) conditions; $t(650)=5,306$, $p =0,000$.

Given the mean values shown in Table 6 we can conclude that monetary promotions overall, not considering the product type, resulted in a superior impact on the consumers' brand equity evaluation than non-monetary promotions.

4.3.1 Paired Samples T-test – Hypothesis 1 and 2

Do promotions affect new and mature consumer packaged goods' brand equity differently?

To respond to the hypotheses it was necessary to merge the responses of both product categories, by computing new variables. The paired-samples *t* test then compared each scenario of promotion against its control scenario (without promotion), separating between new and mature goods and allowing us to obtain the incremental brand equity derived from the promotion stimuli. In Table 7 the means of each computed variables can be found, previously to the test, whereas in Table 8 the result of the T-test is presented. The complete test can be seen in the Appendix 5.

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	New, Monetary	3,4641	336	1,31833	,07192
	New, Control	3,2574	336	1,20503	,06574
Pair 2	New Non-Monetary	3,5150	368	1,55398	,08101
	New, Control	3,3336	368	1,33539	,06961
Pair 3	Mature Monetary	4,4923	366	1,94016	,10141
	Mature, Control	4,4026	366	1,95385	,10213
Pair 4	Mature, Non-Monetary	4,0883	359	1,85118	,09770
	Mature, Control	3,4641	336	1,31833	,07192

Table 7: Paired Samples Statistics for Promotion and Product type incrementality on Brand Equity

		Paired Differences			t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	New, Monetary - New, Control	,20676	,55836	,03046	6,788	335	,000
Pair 2	New, Non-Monetary - New, Control	,18143	,71473	,03726	4,869	367	,000
Pair 3	Mature, Monetary - Mature, Control	,08968	,53243	,02783	3,222	365	,001
Pair 4	Mature, Non-Monetary - Mature, Control	,05653	,47314	,02497	2,264	358	,024

Table 8: Paired Samples T-test for Promotion and Product type incrementality on Brand Equity

For all the four pairs the value of Sig (2-Tailed) is lower than 0,05. This shows that there is a statistically significant difference between the mean of every promotion scenario and the respective control scenario.

Since our Paired Samples Statistics table revealed that the mean Brand Equity of any scenario under promotion was greater than the Mean Brand Equity for the control scenario, we can conclude that both monetary and non-monetary promotions had a positive impact on brand equity. This also goes along with the mean values observed in the Tables 3, 4, 5 and 6.

Particularly, there was a significant difference in the scores for the new product monetary promotion scenario (M=3,4641, SD=1,31833) and the new product control variable (M=3,2574, SD=1,20503) conditions; $t(335)=6,788$, $p=0,000$. This validates Hypothesis H1a. (*H1a: Monetary promotions have a positive effect on the brand equity of new consumer packaged goods.*) .

There was also a significant difference in the scores for the new product non-monetary promotion scenario (M=3,5150, SD=1,55398) and the new product control variable (M=3,3336, SD=1,33539) conditions; $t(367)=7,888$, $p=0,000$. This allows us to reject Hypothesis H1b. (*H1b: Monetary promotions have a negative effect on the brand equity of mature consumer packaged goods.*)

Besides, there was a significant difference in the scores for the mature product monetary promotion scenario (M=4,4923, SD=1,94016) and the mature product control variable (M=4,4026, SD=1,95385) conditions; $t(365)=3,222$, $p=0,001$. Therefore, we can validate H1c. (*H1c: Non-Monetary promotions have a positive effect on the brand equity of new consumer packaged goods.*)

Finally, there was a significant difference in the scores for the mature product non-monetary promotion scenario (M=4,0883, SD=1,85118) and the mature product control variable (M=3,4641, SD=1,31833) conditions; $t(358)=2,264$, $p=0,024$. Hence, we can validate H1d. (*H1d: Non-Monetary promotions have a positive effect on the brand equity of mature consumer packaged goods.*)

Particularly regarding non-monetary promotions we verify that the incremental brand equity on new products was of 0,18143 points (in a 7-point scale) which represented a superior increase compared to the one verified for mature products, 0,05653. This allows us to reject Hypothesis H2a. (*H2a: The impact of non-monetary promotions on brand equity is more positive for mature consumer packaged goods than for new consumer packaged goods.*)

On the other hand, monetary promotions resulted in an incremental brand equity of 0,20676 points on new products, against 0,08968 on mature products. This, along with what was verified above for rejecting the first hypothesis allows us to reject our hypothesis H2b. (*H2b: The impact of monetary promotions on the brand equity of mature consumer packaged goods is inverse to the impact on new consumer packaged goods.*)

Despite the fact that all promotion scenarios seem to bring benefits to the brands regarding its equity the benefits were superior in both scenarios of monetary promotions.

4.3.2 Paired Samples T-test and Descriptives – Hypothesis 3

What is the optimal type of promotion for new and mature consumer packaged goods?

The same Paired-Samples test also allows us to infer conclusions regarding Hypothesis 3. Table 8 shows us that for new consumer packaged goods the monetary promotion resulted in a higher incremental brand equity measurement than the non-monetary promotion (an incremental brand equity of 0,20676 and 0,08968, respectively). As the monetary promotion resulted in a more positive outcome than non-monetary we can validate the Hypothesis H3a. (*H3a: For new consumer packaged goods monetary promotions generate a higher incremental brand equity.*)

On the other hand, table 8 reveals an identical outcome for mature consumer packaged goods. While the monetary promotion resulted in an incremental brand equity of 0,08968 points, the non-monetary promotion resulted in an increase of 0,05653. Despite the small difference, the level of significance ($p < 0,05$) allows us to reject the Hypothesis H3b. (*H3b: For mature consumer packaged goods non-monetary promotions generate a higher incremental brand equity.*)

Further to the classification of a set of statements measuring brand equity, respondents were asked directly about their overall preference for the different promotion scenarios. The descriptive statistics of the responses collected can be seen in Tables 9 and 10.

<i>BREAKFAST CEREAL</i>	N	Mean	Std. Deviation
Mature, Monetary	869	1,87	,964
Mature, Non-Monetary	869	2,17	1,048
New, Monetary	869	2,87	1,037
New, Non-Monetary	869	3,08	,965

Table 9: Descriptive Statistics of the Scenarios Ranking (Breakfast Cereal)

<i>SODA</i>	N	Mean	Std. Deviation
Mature, Monetary	691	1,40	,712
Mature, Non-Monetary	691	2,16	,828
New, Monetary	691	2,93	,865
New, Non-Monetary	691	3,51	,725

Table 10: Descriptive Statistics of the Scenarios Ranking (Soda)

The mean values result from the ranking from 1 to 4 (being 1 the most preferred and 4 the least preferred) of the scenarios. For both product categories (cereal and soda) and for both product

types (new and mature) the results revealed a clearly higher preference for the monetary promotions displayed. This is aligned with the results of the Paired-Samples *t* test.

Moreover, Analysis of Variance tests using each of the demographic traits as Independent Variables (gender, age range, household income and education level) were not statistically significant. Therefore, no moderators were found. The ANOVA tables can be found in the Appendix 6.

4.4 Results from the Expert Interview

Despite several attempts to contact marketing managers from both companies whose brands were represented in the survey (Kellogg's and Coca-Cola) we were only able to get in touch and consequently interview the Portugal Market Development Manager from Kellogg's, Marlene Azevedo, who has been working in the company since 2012. The interview, including the full transcript, can be found in the Appendix 7. The interview focus was on understanding the quantitative results of the study by analysing actual market behaviours that are experienced by Kellogg's, in particular the Special K brand.

The main points resulting from the interview, and the most relevant to understand and derive conclusions regarding our research questions are the following: (1) Manufacturers do not always have the freedom to decide pricing strategies in Portugal, as the two main retailers – Jerónimo Martins and Sonae – represent more than 50% of the market and the strategy has to be adapted to theirs. Moreover, these retailers tended to adopt more price promotion strategies in the last years, particularly loyalty cards and price discounts. (2) For brands as Special K there is almost no loyalty for the product in the Portuguese market. In fact, about 60% of sales of the company are made under a price promotion, and specifically for Special K this value goes up to around 80%. (3) In Europe, the UK and the Portuguese markets are the most promotion-driven markets for Kellogg's products. (4) For brands as Special K, non-monetary promotions tend to be used often, however these are mostly complemented with a monetary promotion, which is the one that drives sales. (5) Penetration price strategies are often used when launching a new brand, as they lead to positive results in the short-term and facilitate putting the product into the consumers' house. (6) Until 2012 Kellogg's was not doing price promotions often; in that year the company changed its strategy and the same budget started generating a higher value in sales. (7) The quantitative results are limited by the non-representative sample and the focus on the retailers could complement this study.

CHAPTER 5: CONCLUSIONS AND LIMITATIONS

In the fast-paced and competitive industry of consumer packaged goods it is increasingly important for both retailers and manufacturers to be aware of the impact promotions have on their brands and how to maximize that impact. The objective of this dissertation was to provide valuable insights for this industry, particularly regarding the Portuguese market. Therefore, in this chapter we summarize the principal findings, their academic relevance and lastly the limitations of this study as well as potential topics for further research.

5.1 Main Findings & Conclusions

However, in case of an extra package of the same product, a price promotion is achieved, whereas the offer of a different product or service can be considered a non-monetary promotion. Regarding the benefits of these promotions Chandon and colleagues (2000) claim that monetary promotions are more associated with utilitarian benefits, such as saving money, while in contrast non-monetary promotions tend to be associated with hedonic benefits, such as receiving an enjoyable gift. Nunes and Park (2003) added that price discounts are the most common form of monetary promotions used in retail, whereas free gifts are the most common concerning non-monetary promotions. Such findings allowed us to develop our methodology; for example, we were able to choose a promotion type based on having acknowledged the most frequent forms used in retail beforehand.

Similarly, brand equity is a very ambiguous concept, with divergent definitions in the most renewed academic papers. Therefore, opting for the consumer based brand equity type and specifically the definition developed by Keller and Lehmann (2006), which narrows down brand equity to five main variables (awareness, associations, attitude, attachment and activity), was fundamental to define the measurement methodology to be used.

However, our results were not always consensual with what can be found in literature. Overall the idea that monetary promotions harm brand equity, whereas non-monetary promotions have a much more positive effect, seems to be supported by many authors. Nevertheless, the results of our research revealed the exact opposite relation.

Since previous studies were mostly referring to brands holding already a certain degree of brand equity the process of defining hypotheses towards the specific case of new consumer

packaged goods was not so straightforward. There seems to be a consensus that non-monetary promotions are beneficial regardless of the product type. However, the findings of authors such as Lowe and Barnes (2012) indicate that monetary promotions could also have a positive impact on new products.

In fact, in our research the two promotion types (monetary and non-monetary) proved to be beneficial for the two product types (new and mature), which refutes the idea that monetary promotions could harm the brand equity of mature brands. This could be concluded as in our experiment the control scenarios (without promotion) revealed a lower mean classification of brand equity than the scenarios with promotion. Surprisingly, the type of products that revealed a more positive impact when subject to both non-monetary and monetary promotions were new products. This allows us to clarify our second research question (RQ2). We believe this might be explained by the fact that promotions, regardless of its type, are important brand activators. A new brand holds no brand equity when introduced in the market and therefore any type of promotional activity is expected to bring some attention of the consumers to the brand. When a new product is introduced without a promotion, it might be less noticed by consumers, who will not create any associations to the brand, express an attitude, or even be aware of it. Moreover, one of the insights from the expert interview concerns the fact that penetration pricing is crucial to make people buy the product for the first time. On the other hand, mature brands already hold a certain level of brand equity and the effect of a single promotional action might not be sufficient to have such a high impact on its brand equity as for the case of new brands.

Furthermore, despite the positive impact of both promotions in brand equity, it became clear that monetary promotions result in a more positive outcome in the Portuguese market than non-monetary promotions. Such an effect was verified for both, new and mature, products. These results provide us with an answer to the last research question (RQ3). The explanation for such preference may lie on the economic context of the country. Euromonitor International's (2017) report about soft drinks consumption in Portugal mentions that despite the signs of economic recovery observed recently, consumers have become used to price promotions on these goods since the manufacturers started to use them massively during the crisis period to become more competitive. Their report about cereal consumption in Portugal (Euromonitor International 2017) reinforces the same idea: price is a very important element to keep competitiveness. As this dissertation's literature review and consequently the hypothesis formulation was mainly based on academic papers, whose studies were mostly (if not all) conducted in other countries, it did not totally reflect the market reality of Portugal. The expert interview with a Kellogg's manager revolved around the same idea that

Portugal is a very promotion-driven market, with low loyalty levels for products and promotions being able to drive up to 80% of sales for some products. This is principally driven by the strong promotional strategies adopted by the main retailers, which detain a large amount of power in the Portuguese market.

5.2 Managerial/Academic Implications

In the current academic studies there are still very few references to the impact of promotions on newly introduced brands. Therefore, this research contributes greatly to understanding this impact, in an academic and managerial sense. On the one hand, it enriches the promotions academic research by clarifying concepts and conducting an experience with unforeseen results; on the other hand, its results can be read as recommendations to retailers and manufacturers, regarding which promotion type should be used to maximize the impact on brand equity.

In terms of managerial implications, retailers and manufacturers acting in the Portuguese market can find support in this dissertation, stemming from the fact that monetary promotions are more efficient than non-monetary in terms of increasing brand equity. Moreover, new products benefit more from promotions than mature products but, nevertheless, none of the two promotion types harms the brand's consumer based equity.

5.3 Limitations and Further Research

Further research should be able to complement this topic and, more importantly, to overcome some of the limitations present in this dissertation.

Firstly, the sample gathered for the survey cannot be considered representative of the Portuguese market, as the convenience sampling method employed resulted in unbalanced quotas for gender, income, age and region of the respondents. As this sample comprised mostly respondents with ages ranging from 18 to 25 and 75% were female it would be very important for further research to concentrate its efforts in collecting new results from a sample including more men and older respondents. Besides, there was a number of respondents who started the survey and did not conclude it, constituting invalid answers and therefore creating a non-random sample.

Secondly, and as mentioned before, Portugal seems to be a very price-sensitive market mainly due to the adverse economic context, which invalidated part of the literature assumptions. For further research it would be interesting to have the perspective of different countries, to understand to what extent the economic power of a country can shape the results.

Thirdly, brand equity generally takes time to build, and therefore can be perceived as a long term conception. This study only measured the impact of a single promotional moment on brand equity and not the repeated effect of it or the long term impact. In fact, Papatla and Krishnamurthy (1996) asserted that in the long-term, monetary promotions can decrease consumers' levels of loyalty and attachment towards a brand. Experiments considering the long-term effect of these promotions would potentially reveal different results.

Fourthly, brand equity is a diverse concept. For this research a specific definition was adopted; however, it would be interesting for further research to apply the same methodology to a different brand equity definition, and therefore a different measurement. This would contribute to the brand equity academic research and clarify which attributes of brand equity are more affected by promotions.

Lastly, the impact of monetary and non-monetary promotions on other dependent variables, besides brand equity, could serve as a topic for further research.

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APPENDICES

Appendix 1: Survey (Original version, Portuguese)

Caro/a participante,

Uma vez que a sua opinião é única e de grande relevância, gostaria de o/a convidar a responder a este questionário. Os dados recolhidos serão utilizados no âmbito de uma tese de mestrado da Universidade Católica Portuguesa, que tem como principal objetivo compreender as motivações dos consumidores perante diferentes tipos de promoções. Todos os dados recolhidos serão anónimos e confidenciais, sendo apenas utilizados no âmbito desta investigação académica. O presente questionário foi submetido a um pré-teste antes do seu lançamento e demora cerca de 3 a 5 minutos a ser preenchido. Caso tenha alguma observação relativamente a este estudo pode contactar-me através do email: analuisasenra@hotmail.com

Muito obrigada pela sua colaboração!

1. Consume ou compra cereais de pequeno almoço?

- Sim (1)
- Não (2)

Display This Question If Consume ou compra cereais de pequeno almoço? Sim Is Selected

2. Com que frequência consome cereais de pequeno almoço?

- Diariamente (1)
- 2-5 vezes por semana (2)
- Uma vez por semana (3)
- Uma vez a cada duas semanas (4)
- Cerca de uma vez por mês (5)
- Menos de uma vez por mês (6)

Display This Question If Consume ou compra cereais de pequeno almoço? Sim Is Selected

3. Atente na figura abaixo e imagine que encontraria este produto na sua próxima ida ao supermercado. Quanto estaria disposto a pagar por uma unidade (em €)?



(one of the cereal brands was shown, randomly)

_____ Quanto estaria disposto a pagar por uma unidade de Special K/Senra CornFlakes, em €? (1)
(bar to drag, ranging from 0 to 10€)

Display This Question: If Consume ou compra cereais de pequeno almoço? Sim Is Selected

4. Atente na figura abaixo e imagine que encontraria este produto na sua próxima ida ao supermercado com o preço que indicou na pergunta anterior. Classifique as seguintes afirmações de acordo com o seu nível de concordância.



The diagram illustrates two promotional offers. The top offer is for Kellogg's Special K, showing a box of cereal, a red circle with '25% DE DESCONTO NO PREÇO ORIGINAL!', and a bowl. The bottom offer is for Senra Corn Flakes, showing a box of cereal, a red circle with '25% DE DESCONTO NO PREÇO ORIGINAL!', and a bowl. Both offers include the text 'OFERTA Na compra de uma embalagem de Special K recebe uma taça de cereais!' and 'OFERTA Na compra de uma embalagem de Senra CornFlakes recebe uma taça de cereais!'.

(1 – Discordo totalmente, 2 – Discordo, 3 – Discordo parcialmente, 4 – Não concordo nem discordo, 5 – Concordo parcialmente, 6 – Concordo, 7 – Concordo totalmente)

1. Kellogg's K/Senra CornFlakes é de grande qualidade. (1)
2. A qualidade provável de Kellogg's K/Senra CornFlakes é extremamente alta. (2)
3. A probabilidade de Kellogg's K/Senra CornFlakes ser funcional é muito alta. (3)
4. A probabilidade de Kellogg's K /Senra CornFlakes ser confiável é muito alta. (4)
5. Kellogg's K/Senra CornFlakes deve ser de muito boa qualidade. (5)
6. Kellogg's K/Senra CornFlakes parece ser de muito baixa qualidade. (6)
7. Considero-me leal à marca Kellogg's K/Senra CornFlakes (7)
8. Kellogg's K/Senra CornFlakes seria a minha primeira escolha. (8)
9. Não vou comprar outras marcas se Kellogg's K/Senra CornFlakes estiver disponível na loja. (9)
10. Os meus sentimentos em relação à marca Kellogg's K/Senra CornFlakes podem ser caracterizados por afeto. (10)

11. Os meus sentimentos em relação à marca Kellogg's K/Senra CornFlakes podem ser caracterizados por amor. (11)
12. Os meus sentimentos em relação à marca Kellogg's K/Senra CornFlakes podem ser caracterizados por conexão. (12)
13. Para a minha próxima compra de cereais de pequeno almoço pretendo comprar a marca Kellogg's K/Senra CornFlakes (13)
14. Faz sentido comprar Kellogg's K/Senra CornFlakes em vez de qualquer outra marca, mesmo que sejam iguais. (14)
15. Mesmo que outra marca tenha as mesmas características que Kellogg's K/Senra CornFlakes, eu preferiria comprar Kellogg's K/Senra CornFlakes. (15)
16. Se houver outra marca tão boa quanto Kellogg's K/Senra CornFlakes, eu prefiro comprar Kellogg's K/Senra CornFlakes. (16)
17. Se outra marca não é diferente de Kellogg's K/Senra CornFlakes de qualquer forma, parece mais inteligente comprar Kellogg's K/Senra CornFlakes. (17)

Display This Question: *If Consume ou compra cereais de pequeno almoço? Sim Is Selected*
 Analise atentamente as quatro promoções mostradas abaixo. De seguida arraste os cenários e ordene-os de acordo com o que considera mais apelativo. (1- Mais apelativo, 4-Menos apelativo)



OFERTA

Na compra de uma embalagem de Special K recebe uma taça de cereais!



OFERTA

Na compra de uma embalagem de Senra CornFlakes recebe uma taça de cereais!

**Questions 1 to 4 were repeated for the soda category. The following images correspond to the promotions shown to the respondents.*

	<p>Guarde o talão de compra da sua Coca-Cola e receba</p> <p>50% DE DESCONTO</p> <p>noutra unidade na sua próxima compra!</p>		<p>OFERTA</p> <p>Junte os pontos na tampa da sua Coca-Cola e ganhe uma bola de futebol!</p> <p>+</p> 
	<p>Guarde o talão de compra da sua SodaPops e receba</p> <p>50% DE DESCONTO</p> <p>noutra unidade na sua próxima compra!</p>		<p>OFERTA</p> <p>Junte os pontos na tampa da sua SodaPops e ganhe uma bola de futebol!</p> <p>+</p> 

Está quase a terminar!Gostaríamos apenas de saber um pouco sobre si.

Qual o seu género?

- Feminino (1)
- Masculino (2)
- Outro (3)

Que idade tem?

- Menos de 18 anos (1)
- 18-25 anos (2)
- 26-35 anos (3)
- 36-45 anos (4)
- 46-55 anos (5)
- 56-65 anos (6)
- Mais de 65 anos (7)

Quais as suas habilitações académicas?

- Ensino básico (menos que 9º ano) (1)
- Ensino secundário (2)
- Licenciatura (3)
- Mestrado (4)
- Doutoramento (5)
- Outro (6)

Qual o rendimento mensal bruto (antes de impostos) do seu agregado familiar?

- Menos de 500€ (1)
- 500€-1000€ (2)
- 1001€-2000€ (3)
- 2001€-3000€ (4)
- 3001€-4000€ (5)
- 4001€-5000€ (6)
- Mais de 5000€ (7)

Em que zona do país reside?

- Norte (1)
- Centro (excluindo Grande Lisboa) (2)
- Grande Lisboa (3)
- Sul (4)
- Madeira/Açores (5)

Appendix 2: Survey (English version)

Dear Participant,

Since your opinion is unique and of great relevance, I would like to invite you to answer this questionnaire. The data collected will be used for a Master Thesis of Universidade Católica Portuguesa, whose main goal is to understand the consumers' motivations when facing different types of promotions. All the data will be kept confidential and anonymous and will be uniquely used for the scope of this academic dissertation. The questionnaire was submitted to a pre-test before being launched and it takes between 3 and 5 minutes to be filled. In case of doubts or any observation please contact me through the following email: analuisasenra@hotmail.com. Thank you very much for your collaboration!

1. Do you consume or purchase breakfast cereals?

- Yes (1)
- No(2)

Display This Question If Do you consume or purchase breakfast cereals? Yes Is Selected

2. How frequently do you eat breakfast cereal?

- Daily (1)
- 2-5 times per week (2)
- Once a week (3)
- Once every two weeks (4)
- About once a month (5)
- Less than once a month (6)

Display This Question If Do you consume or purchase breakfast cereals? Yes Is Selected

3. Take a look at the picture below and imagine you find this product in your next trip to the supermarket. How much would you be willing to pay for one unit (in €)?



(one of the cereal brands was shown, randomly)

_____ How much would you be willing to pay for a unit of Special K/Senra CornFlakes, in €? (1)
(bar to drag, ranging from 0 to 10€)

Display This Question If Do you consume or purchase breakfast cereals? Yes Is Selected

4. Take a look at the picture below and imagine you find this product in your next trip to the supermarket with the price you indicated in the previous question. Please classify the following sentences according to your level of agreement.

		<p>or</p>		<p>+</p>		<p>OFERTA Na compra de uma embalagem de Special K recebe uma taça de cereais!</p>
<p>or</p>						
		<p>or</p>		<p>+</p>		<p>OFERTA Na compra de uma embalagem de Senra CornFlakes recebe uma taça de cereais!</p>

(1 – Completely disagree, 2 – Disagree, 3 – Somehow disagree, 4 – Neither agree nor disagree, 5 – Somehow agree, 6 – Agree, 7 – Completely agree)

1. Kellogg's K/SenraCornFlakes is of high quality.
2. The likely quality of Kellogg's K/SenraCornFlakes is extremely high.
3. The likelihood that Kellogg's K/SenraCornFlakes would be functional is very high.
4. The likelihood that Kellogg's K/SenraCornFlakes is reliable is very high.
5. Kellogg's K/SenraCornFlakes must be of very good quality.
6. Kellogg's K/SenraCornFlakes appears to be of very poor quality.
7. I consider myself to be loyal to Kellogg's K/SenraCornFlakes.
8. Kellogg's K/SenraCornFlakes would be my first choice.
9. I will not buy other brands if Kellogg's K/SenraCornFlakes is available at the store.
10. My feelings toward Kellogg's K/SenraCornFlakes can be characterized by affection
11. My feelings toward Kellogg's K/SenraCornFlakes can be characterized by love
12. My feelings toward Kellogg's K/SenraCornFlakes can be characterized by connection

13. For my next purchase of breakfast cereal, I intend to buy a Kellogg's K/SenraCornFlakes brand.
14. It makes sense to buy Kellogg's K/SenraCornFlakes instead of any other brand, even if they are the same.
15. Even if another brand has same features as Kellogg's K/SenraCornFlakes, I would prefer to buy Kellogg's K/SenraCornFlakes.
16. If there is another brand as good as Kellogg's K/SenraCornFlakes, I prefer to buy Kellogg's K/SenraCornFlakes.
17. If another brand is not different from Kellogg's K/SenraCornFlakes in any way, it seems smarter to purchase Kellogg's K/SenraCornFlakes.

Display This Question If Do you consume or purchase breakfast cereals? Yes Is Selected

Please take a look at the four promotions displayed below. Then drag the scenarios and order them according what you consider most appealing (1-Most appealing, 4-Least appealing)



OFERTA
Na compra de uma embalagem de Special K recebe uma taça de cereais!



OFERTA
Na compra de uma embalagem de Senra CornFlakes recebe uma taça de cereais!



**Questions 1 to 4 were repeated for the soda category. The following images correspond to the promotions shown to the respondents.*

	<p>Guarde o talão de compra da sua Coca-Cola e receba</p> <p>50% DE DESCONTO</p> <p>noutra unidade na sua próxima compra!</p>		<p>OFERTA</p> <p>Junte os pontos na tampa da sua Coca-Cola e ganhe uma bola de futebol!</p> <p>+</p> 
	<p>Guarde o talão de compra da sua SodaPops e receba</p> <p>50% DE DESCONTO</p> <p>noutra unidade na sua próxima compra!</p>		<p>OFERTA</p> <p>Junte os pontos na tampa da sua SodaPops e ganhe uma bola de futebol!</p> <p>+</p> 

Almost done! We would now like to know a bit more about you.

What is your gender?

- Female (1)
- Male (2)
- Other (3)

How old are you?

- Less than 18 (1)
- 18-25 (2)
- 26-35 (3)
- 36-45 (4)
- 46-55 (5)
- 56-65 (6)
- More than 65 (7)

What is your highest education level?

- 9th grade or less (1)
- Highschool (2)
- Bachelor (3)
- Master (4)
- PhD (5)
- Other (6)

What is the gross monthly income (before taxes) of your household?

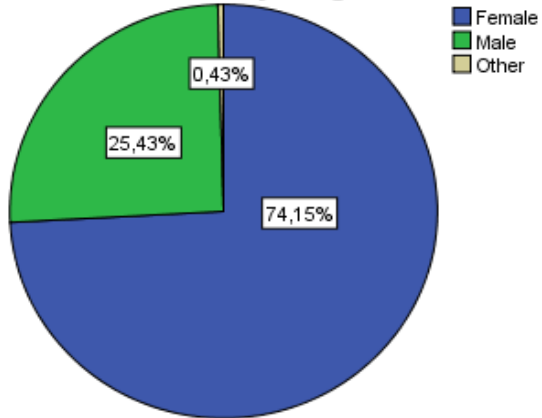
- Less than 500€ (1)
- 500€-1000€ (2)
- 1001€-2000€ (3)
- 2001€-3000€ (4)
- 3001€-4000€ (5)
- 4001€-5000€ (6)
- More than 5000€ (7)

In which region of Portugal do you live?

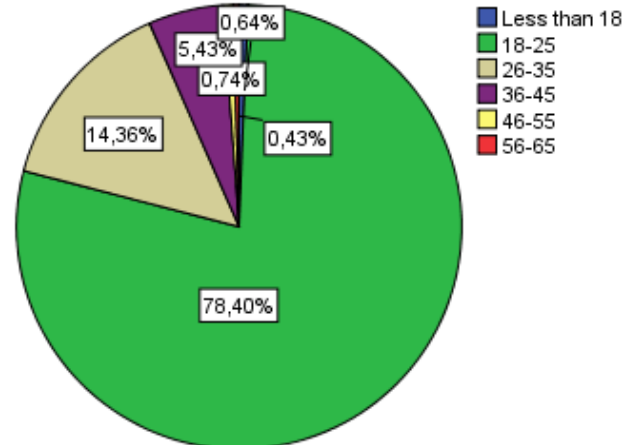
- North (1)
- Centre (excluding Greater Lisbon) (2)
- Greater Lisbon (3)
- South (4)
- Madeira/Açores (5)

Appendix 3: Demographics descriptive analysis

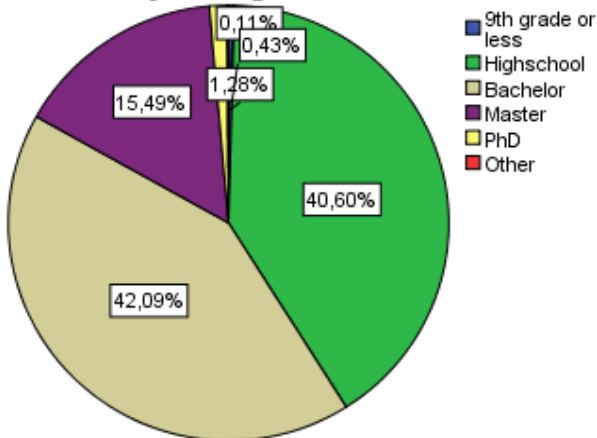
What is your gender?



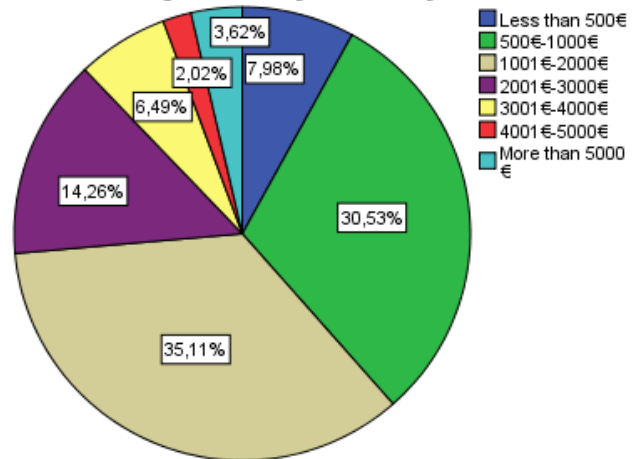
How old are you?



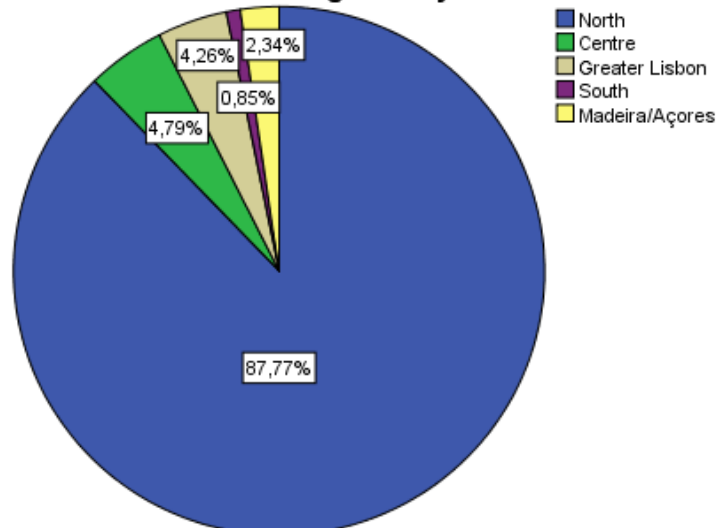
What is your highest education level?



What is the gross monthly income of your household?



In which region do you live?



Appendix 4: Paired-samples T-test (Promotions differences)

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Monetary	4,4541	631	2,13575	,08502
	Control	4,2882	631	2,08242	,08290
Pair 2	Non-Monetary	4,2415	651	2,04656	,08021
	Control	4,1078	651	1,93062	,07567

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Monetary & Control	631	,961	,000
Pair 2	Non-Monetary & Control	651	,949	,000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Monetary - Control	,16594	,58920	,02346	,11988	,21200	7,074	630	,000
Pair 2	Non-Monetary - Control	,13373	,64308	,02520	,08424	,18322	5,306	650	,000

Appendix 5: Paired-Samples t-test (Hypothesis 1 and 2)

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	New, Monetary	3,4641	336	1,31833	,07192
	New, Control	3,2574	336	1,20503	,06574
Pair 2	New Non-Monetary	3,5150	368	1,55398	,08101
	New, Control	3,3336	368	1,33539	,06961
Pair 3	Mature Monetary	4,4923	366	1,94016	,10141
	Mature, Control	4,4026	366	1,95385	,10213
Pair 4	Mature, Non-Monetary	4,0883	359	1,85118	,09770
	Mature, Control	3,4641	336	1,31833	,07192

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	New, Monetary & New, Control	336	,906	,000
Pair 2	New, Non-Monetary & New, Control	368	,888	,000
Pair 3	Mature, Monetary & Mature, Control	366	,963	,000
Pair 4	New, Non-Monetary & New, Control	359	,967	,000

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	New, Monetary - New, Control	,20676	,55836	,03046	,14684	,26668	6,788	335	,000
Pair 2	New, Non-Monetary - New, Control	,18143	,71473	,03726	,10816	,25469	4,869	367	,000
Pair 3	Mature, Monetary - Mature, Control	,08968	,53243	,02783	,03495	,14441	3,222	365	,001
Pair 4	New, Non-Monetary - New, Control	,05653	,47314	,02497	,00742	,10564	2,264	358	,024

Appendix 6: ANOVA tests – Demographics as moderators

Appendix 6.1 Gender as moderator – Not significant

		Sum of Squares	df	Mean Square	F	Sig.
Mature Control	Between Groups	,941	2	,471	,137	,872
	Within Groups	1144,596	332	3,448		
	Total	1145,537	334			
Mature Monetary	Between Groups	7,471	2	3,735	,969	,380
	Within Groups	1348,579	350	3,853		
	Total	1356,050	352			
Mature Non-Monetary	Between Groups	1,004	2	,502	,141	,869
	Within Groups	1184,892	332	3,569		
	Total	1185,896	334			
New Control	Between Groups	6,479	2	3,239	1,749	,175
	Within Groups	629,545	340	1,852		
	Total	636,023	342			
New Monetary	Between Groups	2,022	2	1,011	,553	,576
	Within Groups	561,641	307	1,829		
	Total	563,663	309			
New Non-Monetary	Between Groups	6,057	2	3,029	1,209	,300
	Within Groups	851,449	340	2,504		
	Total	857,506	342			

Appendix 6.2 Age as moderator – Not significant

		Sum of Squares	df	Mean Square	F	Sig.
Mature Control	Between Groups	17,078	4	4,270	1,249	,290
	Within Groups	1128,459	330	3,420		
	Total	1145,537	334			
Mature Monetary	Between Groups	27,819	5	5,564	1,454	,205
	Within Groups	1328,232	347	3,828		
	Total	1356,050	352			
Mature Non-Monetary	Between Groups	23,421	4	5,855	1,662	,158
	Within Groups	1162,475	330	3,523		
	Total	1185,896	334			
New Control	Between Groups	3,870	5	,774	,413	,840
	Within Groups	632,154	337	1,876		
	Total	636,023	342			
New Monetary	Between Groups	7,143	4	1,786	,979	,419
	Within Groups	556,520	305	1,825		
	Total	563,663	309			
New Non-Monetary	Between Groups	2,431	5	,486	,192	,966
	Within Groups	855,075	337	2,537		
	Total	857,506	342			

Appendix 6.3 Income as moderator – Not significant

		Sum of Squares	df	Mean Square	F	Sig.
Mature Control	Between Groups	22,787	6	3,798	1,110	,356
	Within Groups	1122,750	328	3,423		
	Total	1145,537	334			
Mature Monetary	Between Groups	41,976	6	6,996	1,842	,090
	Within Groups	1314,074	346	3,798		
	Total	1356,050	352			
Mature Non-Monetary	Between Groups	21,567	6	3,595	1,013	,417
	Within Groups	1164,329	328	3,550		
	Total	1185,896	334			
New Control	Between Groups	7,503	6	1,250	,669	,675
	Within Groups	628,520	336	1,871		
	Total	636,023	342			
New Monetary	Between Groups	2,807	6	,468	,253	,958
	Within Groups	560,856	303	1,851		
	Total	563,663	309			

New Non-Monetary	Between Groups	8,222	6	1,370	,542	,776
	Within Groups	851,449	340	2,504		
	Total	857,506	342			

Appendix 6.4 Education as moderator – Not significant

		Sum of Squares	df	Mean Square	F	Sig.
Mature Control	Between Groups	1,336	4	,334	,101	,982
	Within Groups	1081,448	328	3,297		
	Total	1082,784	332			
Mature Monetary	Between Groups	19,933	5	3,987	1,032	,398
	Within Groups	1336,054	346	3,861		
	Total	1355,988	351			
Mature Non-Monetary	Between Groups	8,239	4	2,060	,620	,649
	Within Groups	1089,764	328	3,322		
	Total	1098,004	332			
New Control	Between Groups	8,746	4	2,186	1,175	,322
	Within Groups	627,016	337	1,861		
	Total	635,762	341			
New Monetary	Between Groups	15,123	3	5,041	2,801	,040
	Within Groups	547,124	304	1,800		
	Total	562,248	307			
New Non-Monetary	Between Groups	14,885	4	3,721	1,489	,205
	Within Groups	842,505	337	2,500		
	Total	857,390	341			

Appendix 7: Expert Interview

Interviewee: Marlene Azevedo - Portugal Market Development Manager at Kellogg's

This interview was conducted through Skype on the 23rd of May 2017, and had the duration of 30 minutes. Before the interview, the interviewee had access to the full document of the dissertation, completed until the results analysis chapter. The interviewee read the document beforehand and had a printed copy during the interview to follow the course of the questions.

Self-presentation, presentation of the purpose of this dissertation, and permission for recording.

1. Tell me a bit about your role in Kellogg's. How long have you been working for the company? What is your position? What kind of responsibilities do you have in the company?

Marlene Azevedo: I am Marlene, I am responsible for the Portuguese market and I work in Kellogg's since 2012. Kellogg's in Portugal had always worked with a distributor, Jerónimo Martins, since 1978. From 2010 on we decided to take over the business and control all the operations from here, Spain [Madrid]. Basically I am the only Portuguese person in the office. We work in a multifunctional team. In Europe we are divided in clusters, and we are now in the Southern Europe cluster, which includes Italy, Portugal and Spain. This is something quite new. My job is a multifunctional job that is mainly commercial strategy, because at the end most of the marketing is very centralized in our business units. We do not do much marketing locally anymore. What we do is adapt the European strategy to the market. So for that we need the collaboration of all the departments in the company, in order to coordinate then with the distributors. I am the bridge between the internal and the external customers, let's put it this way. This is something quite centralized, but in the end I work with the Southern Europe team and with the distributors. Within the commercial strategy we can decide for each country what should apply, with the distributor from the existing and new brands in the pipeline, what we should launch in order to meet our commercial strategy for this market. At the end we are defining and aligning internally and externally what we want to do for this market: what are the priorities, which investments to do, what is the promotional plan to adopt.

Summary of the dissertation and main findings: brief summary of objectives, literature assumptions, methods used and main results of the survey.

2. Which types of Promotions are most used by Kellogg's in Portugal? With what objectives?

Can you give me examples?

MA: We have a lot of brands in the Portuguese Market and of course for each brand we have a different brand strategy. Each year we have some priorities and of course Special K is our first priority in the Portuguese market but we also have other priorities. So, what we have done until 2012 is quite different from what we are doing now, because we are really influenced in Portugal by the two main retailers [Jerónimo Martins and Sonae] and we have to adapt to their own strategy. You know that in Portugal there is Continente, which is really big and has a loyalty card to attract and get more consumers' loyalty; and we have Pingo Doce that had a different strategy until 2012, but in that year they decided they needed to change it because Sonae was really the big winner in the market with their loyalty card and discounts. When you have two players that represent more than 50% of the market you need to adapt to this reality. For Special K, of course we need to drive brand awareness and work on these things, but we also know, as I have seen in your study, that there are a lot of people who go to the store and only when they are in front of the promotion decide what to buy. We do not have loyalty for the brand; we can say we have loyalty for the [price] promotion. The Portuguese Market is like the UK market, and it is very different from Spain or Italy. We normally sell more than 60% in [price] promotion, while for Special K we probably sell more. In the UK it is at levels of 80% of sales in [price] promotion. This means if you are in [price] promotion you sell, if you are not you do not sell. This is very specific for the UK and Portuguese market. In this sense I can tell that your study is definitely going in this direction. Your arguments that the main authors say that “this is best, this is not so good”, in Portugal we have to be careful about, since it is really a different market and the applicability can be different – and this is what your study is showing us.

Nevertheless, your sample is quite small and the profile of the people is mainly from one region of the country [North]. At the end the North is not as wealthy as the South, so it is more prone to promotion. You also have lots of women; you should look for a more transversal profile. However, from my experience and intuition I do not think the conclusions would be so different.

For our main brands, as Special K, for sure we have both promotions [non-monetary and monetary]. If you go to the supermarket you will see that all packs normally have a non-monetary promotion.

And for kids we always try to do cross-brand promotions with the offer of an item, depending on the brand. But there's the need to complement this with a monetary promotion, otherwise you won't get the results you are looking for. So for the major brands in the market you have both monetary and non-monetary promotions. If you do not have monetary promotions you will not be in the market for a long time, because 70% of the sales are made in promotion. Also, when you launch a new brand, if you want to drive a penetration strategy, the fastest way to do it is also with a promotion, in this case a 50% promotion. People go and they buy if it is in promotion; afterwards if they like it they will stay, if they do not they will not stay. The first step is to get into the consumers' house. For the new products in order to generate penetration we usually do something like this [50% promotion].

3. Well, you basically answered to all my questions already, which is great. Can you tell me a bit more about the differences in the consumers' preferences for certain types of promotions in the last few years?

MA: In 2012, when I arrived, we were not doing any types of price promotions. Just brand and non-monetary promotions, and we decided to shift it and this was the tipping point of the change to stabilize the business as we wanted to. With the same money we generated more sales, just by changing the promotional strategy and adjusting this to the promotional strategy also of the trade.

4. You mentioned this as well, but can you please summarize how do Portuguese promotion's preferences compare to other countries?

MA: As mentioned already, the Portuguese market is like the UK market, very sensitive to price promotions. From the Southern European cluster, Portugal is definitely the most promotion-driven market.

5. From your experience, how do new brands entering the market adjust their promotion strategy to face the competition?

MA: We know that we have to put the products in consumers' houses. The best way to do it is penetration strategy: to put it in promotion from the beginning. It is a tactical short term approach, and then afterwards we should try to build the brand in another way. But in the short-term this is the

most important thing, because at the end we are always looking for short-term results. We first need to build the short-term and just then the long-term.

If you are launching a new brand the retailers won't wait for three years for you to build the brand. That is easier to measure for products which are in the market for a long time. Whether you give results in the short-term or in a year they will take you out. Yes, you need to take care of brand equity, but new brands have an additional pressure because it is the trade that decides if they put this brand or another, therefore you have to influence them in the short term.

6. Do you have any further comments?

MA: We have someone in between [retailers] in order to reach the consumer, so we need to take care of them and be aligned with the retailers. And the perspective of the retailers in Portugal is quite specific, very promotion-oriented. Approaching this perspective could complement the study.

As mentioned, the sample should be wider and more diverse, but overall it is a good job. I was impressed with the results because they are pretty much in line with what we expected.

Wrap-up and thank you.