

A STUDY OF SALES PROMOTION

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Abstract

Promotion is one of the key factors in the marketing mix and has a key role in market success. Promotion is used to ensure that customers are aware of the products that the organization is offering. The promotional mix is the combination of the different channels that can be used to communicate the promotional message to the customers. The channels to be used are; advertising, direct marketing, public relations and publicity, personal selling, sponsorship and sales promotion. The importance of sales promotion has increased since the 1960^s and also the sophistication of methods used. Sales promotion is sometimes considered as an activity of less importance but companies increasingly realize the importance of having a well planned and structured program for sales promotion. All businesses need to communicate to the customer what they have to offer.

1. Introduction

1.1 Background

The Business customers are larger than individual customers; meaning that each business customer is more important to the economic situation of the business marketers company. There are also fewer business customers, so each business customer is also more important to the economical situation of the company; unhappy customers can affect the business marketers business in a noteworthy way. (Ibid) According to the B2B market for goods and services bought and sold is far larger than the consumer market. The business market includes many different types and sizes of organizations that cooperate and create relationships of different importance and duration.

1.2 Problem Discussion

According to Low & Mohr (2000) manufacturers continue to spend a large amount from their communication budget on sales promotion. They allocate around 75 percent of their marketing communication budgets to sales promotion.

Blattberg & Neslin (1990) states that sales promotion activities conducted by manufacturers and retailers can be divided into three categories:

- ✓ Consumer promotions
- ✓ Trade promotions
- ✓ Retailer promotions.

Consumer promotions (e.g. coupons, samples, contests, sweepstakes, and price packs) are typically directed by manufacturers to increase the incitement for purchases by consumers. Trade promotions, such as case allowances and bill-backs, are designed by manufacturers to inspire marketing intermediaries or channel members to stock and promote products. Retailer promotions (e.g. price cuts, store displays), are started by retailers to attract shoppers and in-store purchasing. (Ibid)

There are different types of sales promotional tools and they affect sales, profitability and value added to the brand in different ways. (Srinivasan & Anderson, 1998)

Therefore, it is appropriate to study sales promotion from a B2B perspective and further investigate the impact that different sales promotional tools have in an industrial market.

1.3 Purpose & Research Questions

The purpose of this study is to provide a better understanding on how sales promotion is used

in a B2B setting. Based on the problem discusson the following research questions are stated: RQ2. Which are the objectives of sales promotion in B2B settings? RQ1. Which sales promotional tools are commonly used in B2B settings?

2. Literature Review

The previous chapter introduced the area of B2B sales promotion as an essential part in B2B marketing, finally the chapter was finished by stating purpose and research questions. This chapter will review studies that are significant considering our research questions and purpose. The first section of this chapter will cover the different types of sales promotion within the limitation followed by sales promotional objectives.

2.1 Objectives of Sales Promotional Tools

Polonsky and Speed (2000) are saying that sponsorship can be used to; counter adverse publicity; increase company, product or brand awareness; reinforce or alter brand perceptions; identify the brand with a specific segment, and through these actions indirectly increase sales. According to Inman, McAlister and Hoyer (1998) customers are more prone to purchase a product with a lowered price. A promotion signal can be defined as a sign, marker or other indicator of a price promoted brand to attract the attention of the customer. Past research has shown that these kinds of promotions can generate a considerable increase in sales of the promoted brand. This increase in sales generally occurs because the customer evaluates the promoted brand favorable which alters their brand choice behavior. (Ibid)

According to Lal (1990) the most common held belief about price promotion is that it has a positive effect in the short term and possibly in the long term as well. Continuously it is said that there is no evidence showing that price promotion has a long-term positive effect, the market share may remain the same since the increase in amount purchased is offset in the period followed by the promotion. (Ibid)

3. Methodology

In this chapter the methodology used in the thesis will be presented. This chapter will present how we are going to gather data in order to find the answers to our stated research questions. First the research purpose of the study will be presented followed by the research approach. Secondly the research strategy will be examined followed by data collection and sample selection. Then the methods to increase validity and reliability are presented. A graphical illustration of the research methodology is presented below (see figure 3.1).

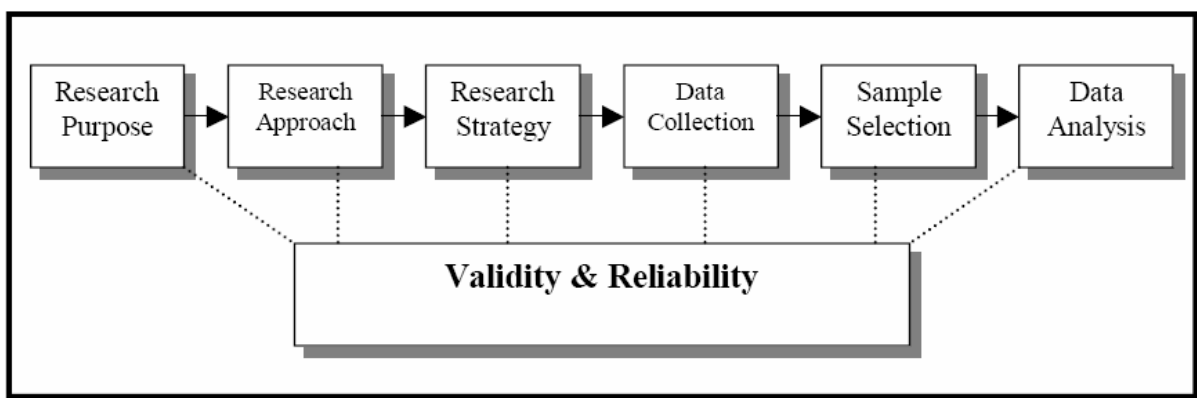


Figure 3. 1: Schematic Presentation of Chapter 3

Source: Adapted from foster (1998) p. 81

3.1 Research Purpose

We can conclude that our study is mainly descriptive. However the study will also include some exploratory and explanatory stages. According to our purpose that we base this study on the “purpose of this study is to provide a better understanding on how sales promotion is used in a B2B setting”.

There are several suggestions to use as research purposes, the most used are exploratory, descriptive and explanatory (Yin, 2003) .The purpose of the exploratory stage is to answer how and why questions “what can be learned from a study of an effective school?” This sort of questions is often used when researchers work with exploratory studies (ibid).

3.1.1 Descriptive Research

The objective of the descriptive stage is to describe features that were suspected during the exploratory stage .The idea is developing inter subjective descriptions. When this generalizations start to appear they become worth to explain, that could lead to theory improvement or development in the long run. Eriksson & Wiedersheim–Paul (2001) mention that descriptive research is most sufficient when the problem is well organized and structured and when researcher does not want to find any connections between causes and symptoms.

3.1.2 Explanatory Research

According to Reynolds (1971), the main purpose of the explanatory stage is to develop a precise theory that can be used to explain empirical generalizations that the researchers get from the descriptive stage.

3.2 Research Approach: Qualitative

Since the purpose with this study is to provide better knowledge and understanding in the specific area, the decision to approach the study with a qualitative research strategy seemed to be the best option. The research questions could also be approached with a quantitative strategy, but since the time set for this study is limited a qualitative study was the best option. The data planed to be collected consists of such as values and perceptions, and are there for not quantifiable, therefore a qualitative research strategy is the most valid option.

There are two terms used in social science to determine the approach from which direction researchers conduct their studies, these are; qualitative and quantitative research (Denscombe, 2000). The type to be used is determined by the type of information gathered. (Lundahl & Skärvad, 1992)

A qualitative research type is a small-scale study which aims to provide a better understanding of the studied area. (Holme & Solvang, 1991) Qualitative research contains data collected that heritages from non-quantifiable sources such as attitudes, values and perceptions. (Lundahl & Skärvad, 1992)

3.3 Research Strategy: Case Study

Case studies are only one alterative of three when one want to answer our research questions, but when considering criteria number two and three it become more clear that a case study is the most appropriate research strategy in our case. This since us as researchers did not have any control over the behavioural events because we were simply interviewers. The study also

focuses on a current issue and is conducted right now; therefore we see the study as contemporary.

According to (Saunders, et al. 2003) a research strategy is a general plan guiding the researcher to the answer of the research questions.

There are different criteria's when choosing research strategies, these are three criteria's

1. The type of research question posed:
2. The extent of control an investigator has over actual behavioural events
3. The degree of focus on contemporary as opposed to behavioural events

Eriksson and Wiedersheim-Paul (1997) mentions three research strategies that can be used in social science research: case studies, surveys and experiments.

3.4 Data Collection

Because we wanted the information gathered to be focused on our specific research questions we decided to conduct an interview. To be able to find sufficient and describing data we also had to use secondary data. The study will be based on both secondary data and primarily data.

When a report is written the research can be based on primary or secondary data or both of them. Primary data is, data collected for the first time and for a specific purpose. Secondary data is information taken from other researchers.

In this thesis an open ended interview has been used because of its ability to create discussions. Yin (1994) mention different types of interviews: open ended, structured and focused. The interview was conducted personally. During the interview we took notes and at the same time we were recording the interview with a tape recorder to more precisely record the data. The main issues that would be discussed during the interview were sent the day before to give the interviewee time to be prepared with accurately and well motivated answers. The interview took around 50 minutes, the interview were conducted in Swedish, the person interviewed were Swedish therefore we tried to conduct the interview in his mother tongue Swedish to get a relaxed atmosphere. We knew that he could speak English and that our paper would be written in English, we could have saved time if we interviewed him in English but maybe would not have got the same accurately and well motivated answers.

Many times secondary data can be easier or more practical to use because of the availability of already existing information. (Lundahl & Skärvad, 1992). We used secondary data such as company brochures.

According to Yin (2003) there is six different sources of information when conducting case studies; documentation, archival records, interviews, direct observations, participant observation and physical artefacts. According to Yin (1994) interviews are the most important way of collecting data when conducting case studies. An interview is an interaction between an interviewer and a respondent, the interview could be conducted though telephone or by person (Eriksson & Wiedersheim-Paul, 1997). When specific and in depth data is needed then interviews are the ultimate data collection method. In this study that kind of data is needed therefore an interview is appropriate for this study.

3.5 Sample Selection

As stated earlier in this chapter; the intention of this study is to provide better knowledge and understanding of the usage of sales promotional tools in a B2B setting. By having read previous studies connected to the thesis of this study, the consideration of suitable case study companies started. Since this study aims to look at the use of sales promotions in a B2B setting; finding an industrial company that conducts business with other companies was essential. After having looked into a number of different companies that could be considered to be appropriate for this study and willing to be interviewed, the decision to choose Minelco AB was made. The decision to interview Minelco was based on the facts that it is a company active in B2B, willing to be interviewed and also on the fact that the head quarter was accessibly located.

According to Holme & Solvang (1997) getting in contact with the right respondent is crucial for the research, if not it may turn out to be invalid or insignificant. To secure the validity of this study the the interview had to be done with an employee with the most accurate knowledge in the research area. When contacting the company, the first person spoken with; the sales manager of Minelco; Mr. Lars Vikström declared himself appropriate to answer to questions concerning the subject of this thesis. Due to this the interviewee was chosen to be Mr. Vikström.

3.6 Data Analysis

When the empirical data had been collected the process of data analyzing started. According to Miles & Huberman (1994) qualitative data analysis focus on data in forms of words, and that the analysis consists of three simultaneously different activities. This study focus on and implements number one and three of the three activities. This since the study only have two sources of information to compare, this reduces the purpose of data display.

1. Data reduction- The phase where data is focused, selected, abstracted, simplified and transformed. The purpose of this phase is to organize the data so conclusions can be verified and drawn. (Ibid)
2. Data display- The phase where the data is reduced and organized in a compressed way to make it easier to draw conclusions. (Ibid)
3. Conclusion drawing and verification- The phase where the researcher starts to make comments and explain what thing means. This is done by noting regulations, patterns, explanations, configurations, casual flows and propositions. The researcher shall although hold such comments and explanations lightly and make sure to maintain a sense of openness and degree skepticism. (Ibid)

Yin (1994) describes two techniques that can be implemented in the analysis of the collected data; within-case analysis where data is compared with theories used and; cross-case analysis where data from two cases are compared.

When analyzing the collected data the three activities described by Miles & Huberman (1994) were applied. The reduction was made through a comparison between the empirical data and the theories presented in the conceptualization which by Yin (1994) also is described as within-case analysis. To increase the validity of the study the empirical data were compared with theories from several sources. Finally, after having completed the within-case analysis,

conclusions are drawn and presented. Comparison and analysis of data was made with neutrality in consideration and different theories from different sources were used. This to make the analysis more valid. Based on the conclusions and verifications each research question are re-stated and answered.

3.7 Validity and reliability

According to Saunders et al. Validity and reliability are used by researchers when deciding on the quality of the research.

4. Data Analysis

In this chapter the empirical data will be compared with existing theories presented in the conceptualization. It will be investigated if some connections can be made between theories and empirical data. This will help to create a foundation for conclusions in the next chapter. An analysis of the first research question will first be presented, followed by an analysis of the second research question.

5.1 Data Analysis- Sales Promotional Objectives

When analysing and comparing data collected from previous studies with the empirical data gathered from the case study of Minelco, one can see that the within case study and the theories discussed by several researchers do to some parts fit with each other

5.1.1 Gift Giving

According to Kendrick (1998) gifts are used in order to increase sales, enhance brand, create awareness and increase the loyalty among customers. Mr. Vikström says that the few gifts that are given away are in the purpose of showing gratitude and maintain relationships. This statement can be connected to the mentioned theory about customer loyalty but also to increased sales since Mr. Vikström also says that a good relationship generate sales. Mr. Vikström is very clear about that no gifts are given in order to create some obligation of returning the favor. This speaks against the theory of Beltramini (2000), which says that this is an objective for gift giving.

Fan (2006) is stating that shortening of the purchase decision time is an incitement for gift giving. Mr. Vikström does not confirm this, but it improves the relationship which is the central part in doing business.

Mr. Vikström says that most activates have the objective to increase sales, either direct or indirect. Gifts could be an indirect action to generate sales, since it improves the relationship which leads to sales. This somewhat confirms the theory of Beltramini (2000), which describes gift giving to be used as a tool to tactfully stimulate the partner to conduct business continuously

5.1.2 Price Discounts

Schultz et al. (1998) are describing the need to clear the inventory from excess merchandise as an objective for discounts. According to Mr. Vikström industrial companies working with products without expire dates, clearing of the inventory is unnecessary. He does says that there can be certain times when room has to be made for newly developed product and in these certain occasions; discounts could be considered.

Schultz et al. (1998) and Inman et al. (1990) are in their studies saying that price discounts are used to get the attention of and attract new customers. According to Mr. Vikström this theory cannot be descriptive for the way Minelco works to attract new customers. Minelco do not use the price as an incitement to attract new customers. There are some price models used in order to close deals, but the price is never used to attract new customers, for that they use argument for high qualitative products. Mr. Vikström says when companies frequently use price discounts their customers get used to low prices and are not that prone to purchase a product to ordinary price. Customers will then instead wait for next discount period and then stockpile.

Inman et al. (1990) are stating that discount leads to increased sales. Mr. Vikström agrees to that volume discount increases sales since it create incitement to buy a larger volume or sign a long-term contract.

5.1.3 Events

As mentioned in the previous conceptualization Close et al. (2006) are describing events as a sales promotional activity performed to increase the awareness of the company brand, generate more sales and strengthen the image. They further continue by saying that events are an opportunity to engage the customer with the product so the customer can get a hand-on experience. The main objective for Minelco holding events are to further develop existing or potential relationships. Such events as field trips to the mines, visits at cultural areas such as the Ice Hotel are all connected with the maintenance and creation of relationship and in addition combining pleasure with business by holding some kind of business meeting or product introduction. These events could have influence on the areas Close et al. (2006) describes, but events seem mostly to be used for already existing business partners. This can be seen as an activity to simulate future purchases, and it probably does, but Mr. Vikström likes to express it as an activity that improves relationships, and that it is the relationship and not the event that increases the sales.

Behrer & Larson (1998) pointing out that events are an opportunity to share experiences and communicate messages. This theory can be more closely connected to which Mr. Vikström has pointed out the objectives to be. The business meetings and product introductions combined with social delighters could very closely be associated with the theory of sharing experiences and communicate messages. Another activity that matches the last mentioned theory is the conferences that are held. The presentations by the researchers where the customers get to gain more knowledge about Minelco's products can be seen as experience sharing and message communicating. The conferences can also be linked to Close et al. (2006) previous mentioned theory that declare objectives as higher brand awareness, increased sales and image enhancement.

It is not known to what extent the customers get the opportunity to have a physical contact in these certain contexts. But since the product is industrial minerals the importance lies in the performance. Thus, it can be assumed that the statements of researchers' weigh more than a hand-on experience by the customer. Which Close et al. (2006) described as an objective for events.

5.1.4 Free Trials

Kempf and Laczniak (2001) are saying that free trials can be used to strengthen attitudes and

believes towards the brand. According to Mr. Vikström it is important that customers get to test the product to verify that it performs well in their process. He continues by saying that free trials are necessary since the customer feels more confident in purchasing a product if getting to test it first. Kempf and Smith (1998) says that the trustworthiness of information gained by the customer during a trial period generally is high, this because of that the information is self gathered.

5.1.5 Education

The sales promotional tool; education is not covered in the conceptual framework, so no theories are available to be connected and compared with the empirical data found. But Mr. Vikström is stating that educational programs can be used as a sales generating instrument.

5.2 Data analysis- Sales Promotional Tools

5.2.1 Gift Giving

There are three common categories that cover most of the variety of reasons for giving gifts as a part of conducting business. First, gifts are used to show gratitude for such things as past relationships, placing a new order, referrals to other clients, etc. In some cases gifts are give with the intention to create a good first impression, which could help to establish a business relationship (Fan, 2006).

Minelco usually are very careful with gift giving, in Western Europe gift giving among companies are very restricted and can easily be seen as bribery. Because of the same reason Minelco is also careful with gifts giving in event contexts.

When Minelco give gifts they do no just send gifts randomly to customers, most times it is when they have invited a customer to their facilities, the gift is just a part of relationship creating activities, the others could be dinner and invitation to the ice hotel in Jukkasjärvi, in this context gifts can be given, often a simple and symbolical gift such as a photo book about Luleå or similar. According to Mr Vikström companies that often introduce new products often use gift giving.

The data we have gathered and the existing theory fits to some extent, when discussing gift giving. Both Mr Vikström at Minelco and Fan (2006) says that gifts are given to establish relationships. But Fan (2006) also further discusses gift giving as a tool to show gratitude for past business, or for customer to place a new order.

5.2.2 Price Discounts

Different researchers have mentioned price discount as a sale promotional tools in B2B settings, such researchers are Lal (1990) and Inman, McAlister & Hoyer (1990). According to Inman, McAlister & Hoyer (1990) price discounts are seen as an incitement for customers to purchase a product. They believe that these types of pricing activities can attract the attention of the customer. They also discusses that past research shown that these kinds of promotions can generate a considerable increase in sales of the promoted brand.

5.2.3 Events

According to Behrer & Larsson (1998) and Erickson & Kushner (1999) B2B companies use

different types of events. They mention own financed, sponsored and public events as commonly used events in B2B contexts. However Mr. Lars Vikström at Minelco had another view on this issue, from his and Minelco's perspective, he agreed that it is common with different types of events in the B2B world. But he said that Minelco do not see event as a crucial part of their sales promotional tools. However Minelco participates in relevant events but nowadays they have decreased the time and money spent on events. For instance they participate in some big trade fairs, directly relevant to the industrial Mineral market where Minelco are specialized.

According to Mr. Vikström; every single deal or business transaction includes an agreement, and the way of conducting this agreement can differ. There are a lot of different ways or methods to reach a business agreement, the most commonly used is volume incitement. That means that if you buy a larger volume the price will decrease therefore customers will consider buying more.

However Minelco do not adapt the price to the customer's potential to pay. They instead try to avoid doing business with customers in labile areas and that do not have the right buying power. The payment system they are using is called a secured paying system.

5.2.4 Free Trials

According to previous research conducted by Kempf and Smith (1998) free trials are used to provide the customer with a direct and sensory contact with the product. Kotler (2000) exemplifies free trials as free test driving automobiles or free test period of the company.

Mr Vikström discusses that customers get free trials of products to check the product quality and at the same time get a direct contact with the product. He also says in most B2B setting customers are provided with free trials when a deal is close. However most times the customers that order Minelco's products do know what they are ordering due to the fact that business customers are more updated and informed than the customers in the consumer market. The free trials could also be seen as cultural phenomena, when doing business with customers from different cultures they also have different expectations on the free trial offers they are given by Minelco.

5.2.5 Cause related sales promotion

Cause related sales promotion is a marketing strategy implemented by corporations to link their name to and get associated with a particular good cause, i.e. charitable or environmental organisations (Endacott, 2004). Cause related sales promotion could be exemplified as donations, and other contributions (Polonsky, 2000).

Minelco told us that they do not conduct any cause related sales promotion such as sponsoring charity or sports events on their own. That is because Minelco is a subsidiary to LKAB and the mother company is responsible for donations and sponsoring.

5. Findings and Conclusions

In the previous chapter we compared empirical data with theories from previous studies. This final chapter will present the findings and conclusions based on our two research questions in order to fulfill our purpose which was to provide a better understanding of sales promotions in a B2B setting.

6.1 Which are the objectives of sales promotion in a B2B setting?

During our research we found that the common objective for the sales promotional tools examined in this study is to add value to the company. Based on the findings of the research it is preferable to describe them as value adding activities since they do not simply add value in terms of increased sales. Although, the common effect of all sales promotional tools seems to be increased sales, each and every sales promotional tool has specific objectives.

The sampled company which operates within the B2B sector was to a big extent using sales promotional activities to maintain and improve relationships. A good relationship is the central part in the approach of conducting business in a B2B setting. Based on the information from our sampled company we can conclude that many sales promotional tools are used to indirectly generate sales by directly influence the relationship positively. Even though the central characteristic of B2B sales promotion is the relationship, there are some tools that aim to directly increase the volume of sold goods. This allows us to categorize the different tools by direct objective, regardless of the common indirect objective; to generate sales.

Among the tools we examined in this study; events are the one of the tools used to improve the relationship. Existing business partners and long contract are considered to be vital in B2B. To be able to keep these long contract customers the relationship has to be taken care of. This study found that events is an appropriate tool to use when maintaining and improving the relationship by giving the customer, positive experiences, product knowledge and social amusement. It was also found that events are a good context for securing continuous business relationships by negotiating and lengthen contracts.

This study showed gifts to be a tool used to maintain and improve relationships. The objectives of gift giving are to show gratitude and to keep a good atmosphere in the relationship. Based on the findings that good relationships generate sales; the gift giving tool can be described as an indirect sales increasing tool. It was also found that gifts can be used in order to create awareness among potential customers.

Discounts were found to primary influence the volume of purchased good but also to negotiate long-term contracts. Even though the tool was not used to attract customers it was found to be implemented to increase sales as a result larger quantities sold, more closed deals and long-term contracts. The study showed that other methods of attracting new customer can be preferable over discounts; such as product quality statements.

Free trials can according to the findings of the study be described as a tool to make the customer more confident in purchasing a product since a free trial increases the reliability to the product. A customer who feels confident in a purchase is probably more prone of repurchase the product or purchase a larger quantity. Free trial as a promotional tool is not only influencing the customer to purchase a product; it could also improve the relationship since it builds trust.

The following specific conclusions are made considering research question one:

- ✓ Sales promotional tools are not only used in order to directly generate sales, but also to improve relationships and through that increase sales.
- ✓ Since the industrial market consists of fewer but larger customers in comparison to the

consumer market; the loss of a customer has a greater impact on the business. This could be the reason why the focus of B2B companies is to stimulate the relationship of already existing customers by using sales promotion.

- ✓ Events could be a good opportunity to both negotiating business deals and socialize with business partners to maintain and improve the relationship between them.
- ✓ Gift giving is a suitable to use when trying to keep a positive atmosphere in the relationship, but it also works as a reminder to create awareness.
- ✓ Regular price discounts are not the most preferable tool to use in order to attract new customer, it can instead be used when securing a contract.
- ✓ Providing customers with free trial can be a good option when dealing with customers skeptical towards the product, the customer gets to evaluate the product through the free trial.

6.2 Which sales promotional tools are commonly used in B2B settings?

The different sales promotional tools used in B2B settings are events, price discounts, free trials, gift giving and cause related sales promotion. One important finding we have done is that all of the above mentioned sales promotional tools we found when doing our practical study, actually was used by a company in a B2B setting. The company within our case study also to some extent used all of the tools that we did a theory study on.

Some companies are very careful with gift giving and other to not have any restrictions they do not feel uncomfortable at all when giving gifts. Companies working mainly in Western Europe use to be careful with gift giving, because gifts can easily be seen as bribery in Western Europe.

We also found out that some companies give gifts only to establish relationships and others use gift giving as a tool to show gratitude for past business, or for customer to place a new order. We found out that this could depend on the geographical area where the company are conducting business, and to what extent companies are ready to compete for customers and be willing to take risks to be called "bribers".

Minelco told us that they do not conduct any cause related sales promotion such as sponsoring charity or sports events on their own. That is because Minelco is a subsidiary to LKAB and the mother company is responsible for donations and sponsoring

We discovered that volume discounts are used as an incitement for customers to purchase a product. We believe that these types of pricing activities can attract the attention of the customer. The attention of the customer will increase because the customer many times wants to buy as low priced items as possible in B2B markets in particular. Where there is no low status to buy cheap products. By providing volume incitements companies can also reach different types of business agreements. We also found out that in the past these kinds of promotions can generate a considerable increase in sales of the promoted brand. One other important conclusion that we could make were companies do not often adapt prices to customer's potential to pay. Because some industrial companies do not want to use price discrimination, unsatisfied discriminated customers could lead a bad business climate.

We found that events are used in different types of ways and that there are different types of

events. Many companies rely on traditional trade fairs events but our case study proved that other events such as dinners, visits to mines and conferences also are commonly used events. We also found out that events have to be adapted to particular situations when increasing customer satisfaction.

Events is crucial part of Minelco's sales promotion, that is because of the alternative sales promotional tools that could use instead, such as price discounts free trials etc. We also found that they could combine events with other sales promotional tools. Minelco did not use events as much as they did few years ago; we conclude that that is because of the high price, compared to the output in form of profit that they got. They also preferred to combine events with other sales promotional tools.

During our research we found out that customers get free trials of products to check the product quality and at the same time get a direct contact with the product. We also learned that in B2B contexts it is common that companies provide free trials when a deal is close. One can conclude that because when the customer shows interest and the deal is becoming closer it is more economically affordable to send free trials to a customer who really shows interest. However because B2B customers are more informed about the company's products than customer on the consumer markets, companies do not necessarily always need to give customer free trials.

The following specific conclusions are made considering research question two:

- ✓ Gift giving could be inappropriate in western business context and should be carefully considered before given.
- ✓ Price discrimination is not appropriate to use in B2B settings since it could hurt business relationships.
- ✓ Traditional events such as trade fairs are not the only type of event used in today's dynamic business world.
- ✓ B2B companies in the same industry are familiar with each other's products and do not always need free trials in the same extent as customers on the consumer market

6.3 Implications

In this section the implications for this thesis will be presented. The implication section includes; Implications for Theory, Management, and Future Research.

6.3.1 Implications of Theory

The purpose of this study is to provide a better understanding on how sales promotion is used in B2B settings. Through comparing theories brought up in the conceptual framework to the empirical data; we have been able to answer the two research questions. The findings and conclusions concerning the two research questions of sales promotional tools used and the objectives of them contributes to existing theories by more thoroughly describe the implementation in B2B settings.

6.3.2 Implications for Practitioners

This research has shown that sales promotion is not only important for creating short term increased sales. It is also an important tool for creating and maintaining B2B relationships.

Therefore it is very important for the manager to not only use sale promotion as a buying incitement for the customer, he should also use it for relationship creating and maintaining.

- ✓ Managers should not only rely on traditional trade fairs when having events, they should consider different types of events such as dinners, trips and conferences.
- ✓ Managers should not price discriminate, and give price discounts based on the customers buying power. Because customers who do not get price discriminated will feel mistreated and that can lead to worse relationship between parties.
- ✓ Managers can provide customers with free trials when deal is close.
- ✓ Other tools managers can use to increase sales and improve relationships are gift giving, however they should be careful when giving gifts to companies in western countries. Because the risk that gifts easily can be seen as bribery.

6.3.3 Implications for Future Research

While writing this thesis several issues connected to this research purpose has been encountered. Since they have been beyond this study and would have had a negative broadening effect they have been ignored until this chapter where a proposal of the different issues as future research areas is presented.

- ✓ As stated earlier in this study theories suggesting that there are no favorable long-term effects of sales promotion. After analyzing the empirical data it was found that a lot of sales promotional activities were done in order to improve relationships to create a successful long-term relationship. This could speak for that sales promotional activities leads to favorable effects in the long-term, and is a possible area for further research.
- ✓ Another issue that came across when studying the area of sales promotion in a B2B setting was the lack of information on how B2B sales promotion differs from consumer sales promotion. Since there is a limited amount of studies conducted in B2B sales promotion a comparison could contribute to a deeper understanding in the area.
- ✓ Look into how sales promotional tools used in consumers markets can be put into practice in B2B settings.
- ✓ Conduct a cross-case analysis where the implementation of sales promotional tools used are compared between a company within the consumer market and a B2B company.
- ✓ How can the drawbacks of sales promotion in B2B settings be further described?
- ✓ Examine whether a larger sample of cases would give the same findings and conclusions.
- ✓ Investigate the relationship created by sales promotional tools in a B2B setting.

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