

NATIONAL COLLEGE OF IRELAND

# An Investigation into the Long Term Impact of Sales Promotions on a High Fashion Retailer's Brand Equity?

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An exploratory examination of Tommy  
Hilfiger sales promotional strategy in Ireland

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## **Abstract**

Sales promotions act as an acceleration tool, designed to speed up the selling process and to maximise sales volume. The competitive nature of the retail sector has amplified the use of sales promotional tools. It is well documented that excessive use of sales promotions, particularly price promotions, can damage brand equity.

## **Purpose:**

The purpose of this thesis is to ascertain if Tommy Hilfiger's existing sales promotional strategy is having a long term effect on consumer based brand equity. The present research will be designed to compare the dimensions of the CBBE model with monetary and non-monetary promotions.

## **Literature Review:**

The literature review examines the growing use of sales promotions in retail, the effects it has on purchasing behaviour and consumer brand attitudes. The dimensions of consumer based brand equity (awareness, associations, loyalty and quality) is also explored whilst the influence of sales promotions on these variables will be investigated.

## **Method:**

Two focus groups were carried out as part of the qualitative research. Participants were selected through non-probability sampling based on convenience selection and demographic fit. All participants were considered part of the Tommy Hilfiger target demographic, i.e. fashion conscious people aged between twenty-five and forty-five years of age.

## **Conclusions:**

It was discovered that the existing price promotional strategy in Tommy Hilfiger has widened the target consumer demographic allowing the brand to be more accessible to the value sensitive consumer. This has somewhat weakened the brands luxury image and arguably desensitised consumers to brands hedonic benefits and may have resulted in loss of brand loyalty. It was also uncovered that existing sales promotion tactics had no direct impact in damaging consumer's internal reference price or general price expectations. This also contributed to the brand maintaining its perceived high quality image throughout.

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## Chapter 1 – Introduction

Globally, marketers spend over \$350 billion on customer related sales promotion, which is an increase of \$294 billion since 1991 (Promo, 2009). The use of customer orientated sales promotions to stimulate brand performance is increasing worldwide. Not only are marketers spending more on this performance related activity, but the percentage of the overall marketing budget allocated to customer orientated sales promotion has also increased. Therefore, a large amount of the budget that would've been spent on brand building advertising activities is now being offset to short-term sales promotion incentives (Belch and Belch, 2009, p.518).

As a tool, sales promotions, such as price and non-price promotions, are a short term sales tactical instrument for boosting short term profitability. It works by incentivising the customer to buy now rather than later. This influences purchasing behaviour during periods of lull demand and accelerates the sale process by shortening the customer buying cycle (Nielsen et al., 1984). Although, a very successful tool in boosting demand for a brand, prolonged use of this tactic can potentially damage a brand's reputation.

High fashion brands are known as possessing a strong quality image, conveying the sense of social status and exclusivity (Wiedmann et al., 2009). The strength of image can be the key motivator for a consumers purchase making decisions in a shopping environment.

However, Christina Currie (2010) believes that we are seeing the rise of the 'strategic customer' who are much savvier in their research leading to purchase. This is encouraging retailers to be more competitive in their pricing regardless of the strength of their brand image. Betts (1996) maintains that the vast majority of consumers have become price conscious because of the changing nature of the retail industry and there is an expectation for retailers to use price promotions in traditional and seasonal periods.

It is well documented that excessive use of sales promotions, particularly price promotions, can damage brand equity. For well established brands, excessive use of price promotions can devalue a brand and increase customer price sensitivity (Mela et al., 1997; Narasimhan, 1984; Lattin and Bucklin, 1989; Blattberg et al, 1995). Others argue that price promotions have the ability to damage a brands quality image and discourage brand loyalty by merely enhancing the brands utilitarian benefits and diverting attention away from product/ brand quality and image (Aaker, 1996; Manaled et al, 2007; Ehrenberg et al., 1994).

Globally, the retail sector has been trading in a progressively competitive environment over the last few decades. Increased in-store reductions and extended promotional periods across the country are a testament to their bid to boost demand (Irishexaminer.com, 2011).

Retailors are now forced to consider the possible ramifications of the increase in short term sales promotions over a long term competitive strategy as they could be instigating long term irreversible damage to their brand equity.

This poses a dilemma for retailers. To drive sales retailers feel that they must incentivise the increasingly marketing savvy customer to spend, however discounting prices could detach consumers from the overall brand quality image. The study aims to understand the long term impact, if any, existing sales promotion strategies are having on high fashion retail brands. Using Tommy Hilfiger as a case study, the researcher will investigate their promotional strategy, and uncover consumer perspectives and purchasing behaviour in general.

Two focus groups will be used as a foundation of understanding perceptions of consumers to sales promotions and their purchasing behaviour in the retail environment. The research will be confined to the Republic of Ireland due to resource and time limitations which will not allow for research to be carried out beyond the wider geographical area.



## Chapter 2 - Sales Promotion

Sales promotion, one of the five components that make up the promotional mix, is a widely used tactic in the Irish retail industry sector for countering poor sales performance. Kotler (2012) describes price promotions as “incentives and rewards to get customers to buy now rather than later” (Marsdd.com, 2014) with its primary objective to create an immediate sale (Haugh, 1983).

Most companies will engage in sales promotion activities, whether it be adjusting their price list and giving discounts, or engaging in a number of incentives for the customer to buy in a period of generally low projected sales intake (Kotler, 2012). Essentially sales promotions act as an acceleration tool, designed to speed up the selling process and to maximise sales volume (Nielsen et al., 1984). The extra incentive to buy within a timed promotional period not only encourages the customers to take immediate action, but can also motivate consumers to purchase a larger quantity of the brand.

Sales promotion is not just limited to traditional price deductions. Belch and Belch (2009) identify nine consumer-orientated sales promotion techniques which can be used to incentivise the consumer; sampling, couponing, premiums, contests and sweepstakes, refunds and rebates, bonus packs, price-offs, frequency/ loyalty programs and event marketing. These are described in detail in *Appendix 13.1*.

Consumer based sales promotion can be sub-divided into two forms, monetary and non-monetary (Belch and Belch, 2012). Both deliver hedonic and utilitarian benefits for the consumer. Hedonic benefits refer to value expression, entertainment, exploration, self-esteem and intrinsic stimulation (Chandon, Wansink and Laurent, 2000). Utilitarian benefits on the other hand refer to benefits such as quality, convenience in shopping, costs and time saving (Luk and Yip, 2008). Luk and Yip (2008) argue that monetary promotions (e.g. 50% off) give predominantly utilitarian benefits to customers as they provide immediate reward and the obvious sense of value for money to consumers. Non-monetary promotions however (e.g. free gifts, loyalty programs), provide stronger hedonic benefits to utilitarian benefits, as consumers are intrinsically rewarding and relating to experiential emotions, self-esteem and pleasure (Kwok and Uncles, 2005).

Sales promotion is a fundamental part in accelerating brand demand and driving sales for a firm. A variety of sales promotion methods are used as part of a marketing strategy to stimulate demand and influence purchasing behaviours (Belch and Belch, 2012). The use of media support is often needed to reinforce sales promotion objectives. By using advertising in a sales promotion strategy, marketers boost customer awareness of the brand and its benefits and increase promotion responsiveness (Belch and Belch p.559, 2012).

## 2.1 - Trend in Sales Promotion

Since the mid-80's it is understood that there has been a growing trend in short term sales promotions activity globally. Although allocation to customer orientated promotions vary from industry to industry, it can be estimated that marketers spend 60 and 75 percent of promotional budgets on sales promotions, with the remainder being allocated to media advertising (Promo, 2009). In addition to this a significant amount of media advertising is allocated to delivering their sales promotions (Promo, 2001). Most companies will engage in sales promotion activities, whether adjusting their price list and giving discounts, or engaging in a number of incentives for the customer to buy in a period of generally low projected sales intake (Kotler, 2012).

The subsequent trend of sales promotion is owed mainly to the maturing of the marketing industry globally over the past several decades and the competitive nature of 21<sup>st</sup> century commerce.

### *External environmental pressure*

More than ever, consumers are purchasing on the basis of price, value and convenience as opposed to the strength their relationship to a brand (Belch and Belch, 2012). This is particularly evident in the Generation Y consumer group where continued repeat purchase of a brand is often difficult to secure (Sebor, 2006, Wood, 2004). Although some consumers are willing to buy their preferred brand at full price, promotional sensitive consumer groups are ever increasing in the market today. With an increasingly competitive retail environment, consumers can afford to be choosy when deciding to purchase a brand. Therefore there is a reliance on promotions to maintain and gain competitive advantage in an increasingly competitive retail environment (Lodish and Mela, 2007). In addition to this, customer attention in mass media advertising is in decline and thus marketers are siding with running sales promotions to boost profitability rather than allocating large amounts of the promotional budget towards advertising spend (Keller, 2012).

### *Internal environmental pressure*

Brand managers are using sales promotions in order to meet quarterly or yearly sales and market share goals (Lodish and Mela, 2007). Marketers are being held accountable to produce results, with many companies demanding to know what they are getting for their promotional expenditures. Many believe that the increase in sales promotions is motivated by marketing plans and reward systems geared towards short term sales goals. Longer run advertisement campaigns should show some impact in revenue but are often

difficult to measure. Unlike advertising, results from sales promotions are much more easily quantified (Belch and Belch, 2012).

Belch and Belch (2009) identify a number of factors that have led to the increased focus on sales promotions amongst marketers today; declining brand loyalty, growing power of retailers, brand proliferation, increased promotional sensitivity, fragmentation of the consumer market, increased accountability, competition and clutter.

However, many marketers and academics are concerned with the industries overreliance of sales promotion as a brand builder. Failure of brands to conduct valuable sales promotional strategies will lead to lower profit margins and erosion of a brand over time (Marn and Rosiello, 1992). Marketers and advertisers are concerned about the growing use of sales promotions as a way of promoting, rather than using traditional advertising brand building to build brand equity. Critics are arguing that sales promotions which increase over time are having a negative impact on the brand image and that “every dollar that goes into promotion rather than advertising devalues the brand” (Lodish and Mela, 2007). Research into temporary the effects of sales promotion use indicates that it weakens brand loyalty, undermines brand quality image and helps stimulate a short term management orientation. (Strang, 1976; Quelch et al., 1987; Dodson et al., 1978; Davis et al., 1992).

However others argue that sales promotion is a unique brand building tool through the “information conveyed or actual product experience that helps to create strong, favourable and unique associations” with the brand (Keller, Apéria and Georgson, p.280, 2008).

## **2.2 - Effects of sales promotion on branding**

Sales promotion is a contentious issue in marketing today. Sales promotional tools are widely accepted as a tactic for short term profitability (Wilkinson et al., 1982; Blattberg and Neslin, 1989), yet they are being used as part of a strategy for building long term brand equity. Effective sales promotion instruments can motivate trial of a product and stimulate brand awareness as they generally operate in a specific time frame, encouraging consumers to act while the promotion is still available (Low and Mohr, 2000). They also aid in a brand's attempt to expand the target market (McInroy and Barnett, 2000) and help a brand achieve a competitive advantage (Mela et al., 1997).

However, over the long term, academic evidence supports the causation of sales promotions having a negative impact on building brand equity, particularly in relation to advertising. Ehrenberg et al. (1994) argues that sales promotion has little to no impact on brand building and could lead to weakening of the brand equity, particularly well-established ones. They maintain that promotions, particularly price related promotions, other than in some rare exceptions only, influence existing customers to buy the product, which they were likely to do in the first place rather than expand a target market. The small quantity of new customers attracted by the price promotion were discovered to have a low propensity to re-buy (Pauwels et al., 2002). This is particularly evident during the post-promotion phase where there was found to be an intense switching behaviour which cancelling out extra sales obtained during the promotion (Zeelenberg and Putten, 2005).

Long term sales promotion, particularly the extended or repeated use of price promotions, attributes to an increase in customers price sensitivity for both loyal and non-loyal customers (Mela et al., 1997). They argue that the exposure to long term price promotion leads to customers focusing on the price rather than the brand characteristics. In essence devaluating the brand image and thus increasing the price sensitivity (Mela et al., 1997; Narasimhan, 1984; Lattin and Bucklin, 1989; Blattberg et al, 1995). This is concerning for companies aiming to expand their reach to a new target consumer by using price promotions as their prime promotional tool.

Winer (1986) identified that extended use of price promotions did affect consumers internal reference price, or general price expectations, for a brand. Problems are realised when the promotion is discontinued and the traditional price is valued as being too high. This results in consumers becoming reluctant to pay for the brand at higher-than-deal-prices (Lattin and Bucklin, 1989). Rajendran and Tellis (1994) support this hypothesis, insisting that past prices do affect consumer's internal reference price standards. On the other hand, Ehrenberg and England (1990) found that past prices did not appear to affect the relationship between price and demand for consumer goods in their extensive study. In addition to this Dickson and Sawyer (1990) maintain in their study that customers have poor recall of prices of products, even shortly after the purchase was made. Leading us to assume that in price promotions that reference price will therefore be unaffected.



## **Chapter 3 – Consumer Based Brand Equity**

### **3.1 - Branding**

The brand is the most important and likely the most valuable asset a company possesses. Aaker (1996) assumes the position that a brand is the most “valuable real-estate in the world, a corner stone in the mind of the customer”. It encompasses every aspect of how a person feels or relates to the brand. The American marketing association (2014) defines brand as a name, symbol, logo, design, any image or any combination of these intended to distinguish one sellers (or groups of sellers) products or services from another. At a functional level, branding is a tool used to differentiate a product or service in the market place, indicating to the consumer the performance quality of the product or service. They provide a shorthand device or means of simplification for consumer product decisions (Jacoby, Olson and Haddock, 1971).

The meaning attached to a brand can be profound. The role of branding is understood to evoke a deep rooted emotional response in the minds of the customer. Levy (2006) contends that brands are a “complex symbolic entity existing in people’s minds.” Indicating that the benefits which a brand brings are not purely functional in nature. Since the 1980’s, branding has become a particular focus for marketing practitioners and academics alike. Brands are known for their value creation and their ability to build an emotional tie with consumers. A strong brand will evoke feelings of belonging, foraging deep lasting relationships, which can be viewed as a holistic, emotional or intangible experiences (Kotler, 2012). Ongoing research has identified brand’s ability to evoke emotional responses, such as aesthetic beauty, excitement, or sensory pleasure (De Torres 2011).

High fashion brands are also synonymous with bestowing consumers with deep rooted feeling and emotions. Wiedmann et al.(2009) remark that high fashion brands may instigate a sense of luxury, satisfying functional, financial, social and individual needs. They generally convey the sense of exclusivity, higher levels of taste, quality and aspirations (Silverstein and Fiske, 2003, p. 3). Its core competency will be that the product will have a high functional performance, alluding to high quality. The dimension of social value relies mainly on prestige, distinguishing the brand consumer from other individuals in society whereas the individual value of high fashion brands relates to hedonic consumption (Wiedmann et al., 2009). In other words, high fashion brands relate to valuable, high quality, expensive, unique and status attributes in the mind of consumers.

### 3.2 - Consumer-Based Brand Equity

Brand equity is considered to be one of the most important marketing concepts to arise in the 1980's (Keller, Apéria and Georgson, 2008, P42). The strength of the brand equity is a major contributing factor in a customer's overall perceived benefits during brand consumption. How customers act, think and feel about a brand can be reflected in brand equity (Keller, Apéria and Georgson, 2012). In other words, the power of the brand resides in the mind of the consumer.

Yoo et al, (2000) defined brand equity as “the difference in consumer choice between the focal branded product and the unbranded product, given the same level of product features”. Keller (1993) similarly defines consumer based brand equity as the “differential effect of brand knowledge and consumer response to the marketing of the brand.” It is a critical factor for understanding the value of a brand, and in turn it is important for a company's ability to forecast its profitability. Having strong brand equity is attractive for an organisation. It allows for an organisation to command premium pricing, attract investors, ward off competition, sustain product life spans, support product extensions, and capture and maintain market share (keller 1993).

Aaker (1991) postulates that the strength of a company's brand equity could be assessed through five components; awareness, associations, perceived quality, loyalty and unique proprietary assets (e.g. patent / trademarks). Here he asks the marketer to measure brand equity from both the consumer and company's perspective.

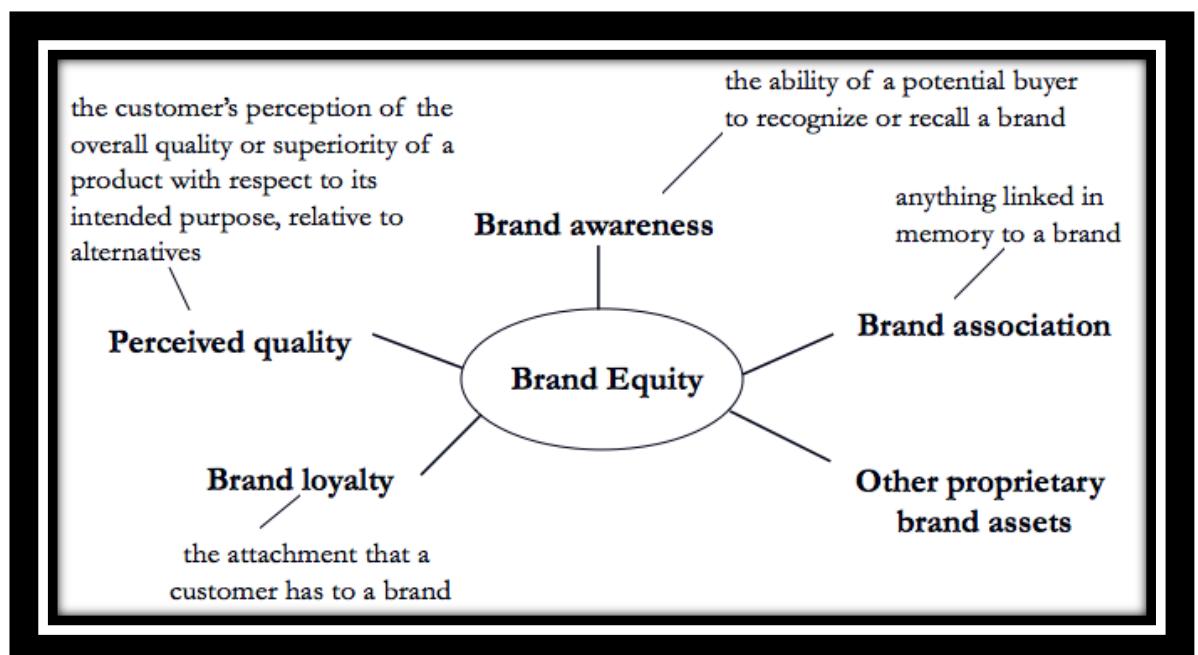


Figure 1 - Aaker's Brand Equity Model (1991)

Keller (1993) argues that the strength of a brand's equity lies solely in the consumer's mind and contends that marketers attempting to value this will have to measure a consumer's brand knowledge, the components of which are awareness and brand associations (i.e. image, beliefs, attitudes, attributes).

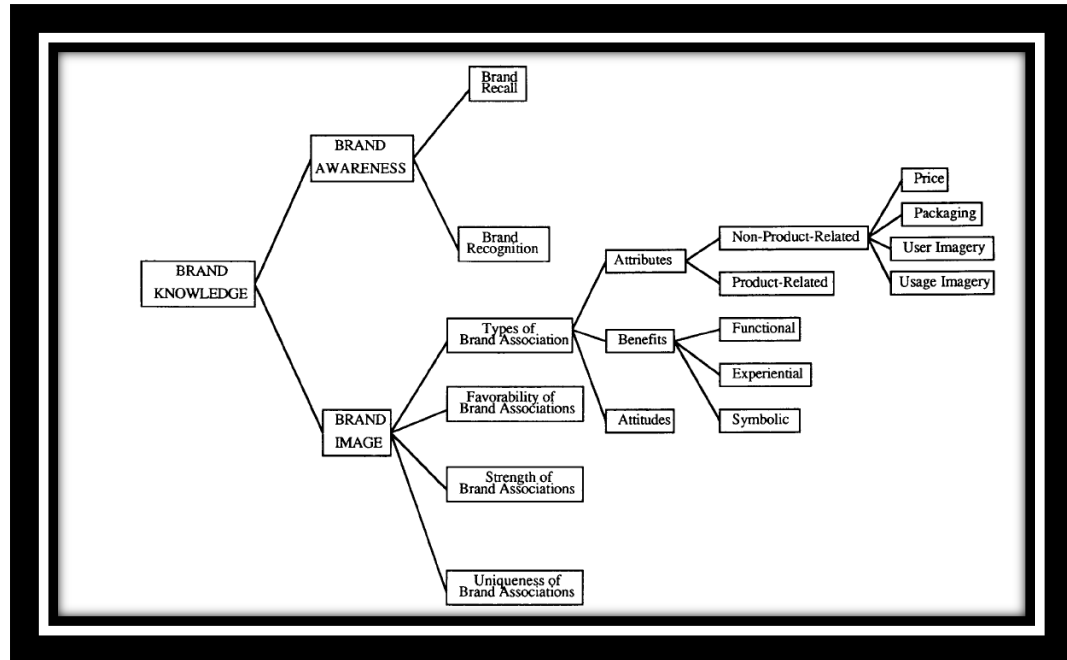


Figure 2 - Keller's Consumer Based Brand Equity Model (1993)

Aaker (1991) and Keller (1993) present two varied brand equity concepts which adopt the perceptual approach to brand equity. Keller's (1993) method differs slightly from Aaker's (1991). He introduces the CBBE (Consumer-Based Brand Equity) model in which brand equity is measured exclusively from the perspective of the consumer (Keller, 2012). Keller considers that the power of the brand lies solely in the mind of the consumer. This is built on what they've learned and experienced about the brand over time.

In his approach, Keller leans on the network model which is based on the theory of semantic memory. This is the links of memory connected by nodes and connections between nodes. Nodes refer to the information stored in the brain. They vary in strength and are connected by links. When activated, the strength of these nodes or links (which stores information and carries memory in the mind of the consumer) is relevant to the strength in which brand knowledge and associations have in the consumer. Thus, brand awareness, and brand image, "that part of the brand that can be vocalised" (Kotler, 1991) can be measured. The extent of brand equity is thus measured from both of these components.

Aaker (1991) mainly approaches brand equity from a managerial and corporate strategy perspective. This is however underpinned with the consumer perspective approach. He uses five key asset dimensions to underlie his brand equity approach (brand loyalty, brand awareness, perceived quality, brand associations and other



proprietary brand assets). The model implies that brand equity provides value to both the firm as well as the consumer and therefore it is assessed through both of these dimensions.

However despite the differences in both Aaker's and Keller's models, both share much in common with each other. Both fundamentally acknowledge that brand equity represents added value for a product as a result of it being part of a brand. Both adopt the perceptual approach which principally relies on the network model of memory to interpret consumer based brand equity. It also appears that brand awareness and brand associations are fundamentally accepted in both studies as core concerns when explaining CBBE perspectives.

Academics critically evaluating Aaker (1991) and Keller's (1993) study have agreed to a large extent that brand equity should be taken purely from a consumer based perspective. They have proposed that brand equity could be measured using just four dimensions (brand awareness, brand associations, perceived quality and brand loyalty) (Cobb-Walgren et al., 1995; Yoo and Donthu, 2001, 2002; Yoo et al., 2000). All have considered that from the consumer perspective, these were regarded as the most important dimensions of consumer based brand equity. For the purpose of this study, these four dimensions will be adopted for measuring the long term impact of sales promotion on consumer based brand equity in the high fashion retail industry.

### **3.3 - Elements of Consumer-Based Brand Equity**

#### **3.3.1 - Brand Awareness**

Rossiter and Percy (1987) define brand awareness as the strength of the memory reflected by the consumer in their ability to identify the brand under different conditions. Although Rossiter and Percy only identify brand recognition as a dimension of awareness, Keller (1993) conceptualised brand awareness should be assessed by both recognition of the brand and brand recall. Recall, according to Keller (1993) refers to the consumers' ability to recover the brand from memory. He considers brand recall a minimum level of awareness. The dimensions of the brand's awareness strength is assessed by the consumers' ability to think of the brand when they think about the product category.

Keller (2012) considers three main reasons why brand awareness is an important factor in consumer decision making.

1. Learning advantages: once the brand is formed in the mind of the consumer, it is easier for different kinds of information to become attached to the brand in memory as brand associations.
2. Consideration advantages: Increases the likelihood that the brand will become a member of the consideration set, i.e. this refers to a handful of brands that the consumer will seriously consider for purchase (Keller 2012)
3. Choice advantages: When considering choosing brands in the consideration set, brand awareness can effect choice behaviour (Keller 2012).

#### **3.3.2 - Brand Associations**

A brand association are the deep seated feelings or images of the brand in the mind of the consumer (Keller, 1993). They consist of all "brand related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes" that become linked to the brand node (Kotler et al., 2012.). Although brand associations derive from a range of sources, Aaker (1993) considers brand personality and value perspective to be the two most significant types of brand associations which influence consumer based brand equity perspectives. Brand personality accepted as the various characteristics or traits the brand can assume from the consumers perspective (Aaker, 1991; Keller, 1993). This is based on the brand-as-person perspective. The other is the value proposition, which comes from the brand-as-product perspective. This involves the functional benefits of the products and the consumer's perspective of its value in relation to its product utilitarian and hedonic benefits.

Keller (1993) conveys 3 types of dimensions for the study of brand association; brand attributes, beliefs about the brand and attitudes towards the brand. Attributes refer to the descriptive features that characterise the product, it is essentially what the customer thinks the product or service is. Beliefs attached to the product or service

refers to what consumers think the product or service can do for them, i.e. functional, experiential and symbolic benefits. Finally, brand attitudes explain the overall evaluations of a brand such as whether a brand answers a consumer's needs (Wilkie, 1986).

### **3.3.3 - Brand Quality**

Perceived quality is defined as a consumer's subjective evaluation of the quality of the product (Zeithaml, 1988, P3). This is sometimes confused with the actual quality of the product itself, rather, it is the dimension of consumers assessment of a product's quality. This is cognitively realised through consumers evaluating the superiority of a product or service relative to another, with reference to the products purpose (Keller 2012 P.208). Perceived quality, according to Aaker (1996), is an essential part of evaluating consumer-based brand equity, as it is a key influencing factor in determining a consumer choice.

Marketing mix elements; price (Scitovszky, 1945), place (Yoo et al., 2000) or promotion (Rao and Ruekert, 1999) may provide cues to the consumer of the quality of branded products.

Finn (2004) indicates seven dimensions (*Performance, Features, Conformance Quality, Reliability, Durability, Serviceability, Style and Design*) in which a consumer evaluates the quality of a product. This in turn influences their attitudes towards a brand (Zeithaml, 1988).

### **3.3.4 - Brand Loyalty**

Aaker defines brand loyalty as "the attachment a customer has to a brand" (Aaker, 1991). Oliver (1997, p.329) suggests that brand loyalty is a behavioural response, a deeply held commitment, that influences a consumer to continue to purchase the brand over time despite situational influences and/or other marketing efforts attempt to get the consumer to engage in switching behaviour. It symbolizes a constructive mind-set towards a brand, the result of which leads to consistent purchasing of the brand over time (Aaker, 1991).

There are two approaches used in marketing literature to understand brand loyalty according to Assail (1992, p.87-89) and Samuelsen and Sanvik (1997, p.1123-1128). The first approach, as outlined earlier, is the behavioural approach where brand loyalty is relative to consumers purchasing constantly over time. The second approach is the cognitive approach in which constant purchasing is not the sole indicator of brand loyalty, rather a favourable attitude towards the brand. Yoo and Donthu (2001, p.3) elaborates on this indicating that the intention of the consumer to buy the brand as a primary choice is an attitudinal perspective to brand loyalty.

Brand loyalty is the desired effect of marketing managers as it is much more cost effective for a company to retain customers than to win new ones (Rust and Zahorick, 1993)

## **Chapter 4 – The Influence of Sales Promotions on Brand Equity**

### **4.1 - Brand awareness and Sales promotion**

Blattberg and Neslin (1990) indicate that sales promotion is a tool used, not only to increase sales, but to increase brand awareness. It causes a customer to notice and pay attention to the brand, (Kotler, 2012). Several academics argue that some sales promotion techniques are more valuable than others in creating awareness. Coupons for example were identified as an effective tool in building awareness about a brand (Gardener and Trivedi, 1998) as they encourage the consumer to engage in a product trial. On the other hand, packs with “buy one get one free” may not be as effective in a brands attempt to increase brand awareness as a customer may only come across the product once in a store (Gilbert and Jackaria, 2002).

Shimp, (1997) maintains that sale promotions alone are not enough for building brand awareness, that the tool needs to be used as part of an integrated communications strategy to enable the promotion to be effective. Belch and Belch (2012) also agree that by using advertising along with their sales promotion strategy, marketers boost customer awareness of the brand and its benefits and increase promotion responsiveness (Belch and Belch p.559, 2012)

### **4.2 - Brand associations and sales promotion**

Sales promotions effect brand associations in various ways. Non-price promotions are typically associated with improving brand image as they have the ability to meet longer term objectives, i.e. encouraging brand loyalty (Aaker, 1991, Conlon 1980, Shea, 1996). On the other hand price promotions, particularly over an extended period of time attributes to the increase in consumers price sensitivity (Mela et al., 1997). Particularly for luxury brands it is argued that consumers exposed to excessive price promotions learn to focus on the price rather than the brands intrinsic characteristics.

For high fashion brands, customers are willing to purchase the brand for image or social status and value expression (Wilcox et al., 2009) and are prepared to spend great amounts of money to demonstrate this. For this reason extended price promotions tend to decrease the exclusivity which in turn lowers the attractiveness of high-priced brands (Grewal et al 1998).

Rothschild & Gaidis (1981) argue that price promotions are not an effective tool for building brand associations as price becomes the primary indicator of value, not the value of brand images the brand wishes to represent in their overall marketing strategy. Yoo et al (2000) emphasises in his research that consumers become detached from the brand’s hedonic benefits, this encourages consumers to purchase the brand on the deal given and shopping convenience, not the brand image. Non-

monetary promotions however can evoke more association's related to the brand personality such as experience, feelings and emotions. Nunes and Park (2003) argue in favour of this, as price promotions places greater emphasis on the price as an intrinsic indicator of value. Thus, claim that non-price promotions, i.e. premiums, can take the focus away from price which in turn permits the consumer to place greater emphasis on the benefits associated with the brand, particularly hedonic benefits rather than utilitarian benefits that price promotions may provide.

#### **4.3 - Brand quality and sales promotions**

Price signalling theory proposes that consumers believe there is a direct correlation between price and quality (Scitovszky, 1945). If a consumer is exposed to quite a high price relative to a competing branded product, they automatically assume that the brand is of high quality.

Blair and Lando, (1981) agree with this theory in the retail environment. Evidence from their findings suggests that customers will infer higher value from a discounted price to the original or previous higher price. But these perceptions may be adjusted over time or through further reductions of a product. For example, further price reductions could lead to the consumer perceiving that the product may be faulty or unappealing if there is a large quantity displayed together on the shelf.

Monroe (1973) maintains that over time, sales promotion, particularly price promotions, can risk damaging a brands quality image. This is especially true when referring to the positive association between price and quality. Belch and Belch (2012) agree with this notion that price promotional strategies do not contribute to a positive image of the brand. It undermines the power of the brand which thus lowers consumers brand quality perceptions (Scott, 1976, Dodson et al., 1978).

As outlined earlier, repeated purchase of a product or brand at a promotional price could adjust a customer's internal reference price lower than the optimum/original price a brand wishes to value itself at (Winer, 1986). Problems occur when the promotion period is finished as the consumer may interpret the original price as being too high. As with Scitovsky's (1945) price signalling theory, if there is a close relationship between price and perceived quality, then monetary promotions can adversely affect the brands quality image by lowering the reference price (Zeelenberg and van Putten, 2005). However Kalwani and Yim (1992) and Sinha and Smith (2000) stress that this is limited to brands which engage in prolonged and repeated use of the price promotion tool. Consequently, internal reference prices will not be affected with one-time price discounts.

Campbell & Diamond (1990) maintain that prolonged non-price promotions do not lead to modification of consumers internal reference price. Sinha & Smith's (2000) research concludes that customers will tend to perceive non-monetary promotions separately from price information which is encoded as gains. The result of which will not affect consumers internal reference price standards and therefore should not undermine the brands quality image.

#### **4.4 - Brand loyalty and sales promotion**

Agrawal (1996) proposes that advertising can be seen as a strategy to build brand loyalty for retaining loyal customers. Sales promotions on the other hand function more as an offensive strategy, to encourage customers to engage in brand switching from a group of rival brands to the promoted brand. He suggests that advertising creates brand loyalty while sales promotion creates brand switching.

Studies show that some sales promotions, although a useful tactic for encouraging brand switching and persuading consumers to sample or try a product, may also result in consumer price sensitivity (Alvarez and Casielles, 2005). Mela et al, (1997) suggests that sales promotions lead to a larger number of consumers becoming value sensitive or deal seekers over the long term rather than appreciating the hedonic qualities the brand offers.

For example a customer accustomed to a 2 for 1 promotion on coffee will inherently feel that the coffee is more expensive when the promotion ceases to continue. However, Dawes (2004) implies that for the customers to become price sensitive, the sales promotion would have to be used frequently in order for the customer to remember the price.

Monetary sales promotions are known to lead to a negative brand trust and preference. Monetary promotions tend to divert attention towards financial incentives which encourage price sensitivity and divert attention away from product/brand quality and image (Aaker, 1996; Manaled et al, 2007). McElnea and Exner (1986) also agree stating that product benefits only "desensitize consumers to product benefits resulting in a loss of brand loyalty."

To contrast this however, non-price promotions can be an effective tool to encourage consumer loyalty. Premium brands often use sales promotions to encourage long term loyalty and brand image. Retailers are renowned for using loyalty programs to discourage store or brand switching. This has also been a successful strategy for collecting customer data (Fill, 2005) and improving sales (McIlroy and Barnett, 2000).

## Chapter 5 – Literature Review Summary

Sales promotion is a way of increasing direct sales through promotional techniques, incentivising the customer to buy now rather than later.

With the changing nature in shopping habits (Kim and Martinez, 2012), an arguable decline in brand loyalty (Bush et al., 2004), a more competitive retailing industry (Belch and Belch, 2012) and increased accountability for marketers to make a return on promotion investments (Lodish and Mela, 2007) it therefore seems necessary for retailers to use sales promotions to maintain competitive advantage and to target new customers. Some believe though that sales promotions have no impact on brand building as it risks devaluing the brand, particularly on established brands (Ehrenberg et al., 1994; Lodish and Mela, 2007), whilst other academics argue the contrary (Keller, Apéria and Georgson, p.280, 2008).

What is known is that over promoting, particularly extended use of price promotions, impacts consumer price sensitivity (Mela et al., 1997). This educates consumers to focus on the price of the brand rather than brand characteristics which leads to consumers being reluctant to pay full price for the brand in the future. In addition to this, over use of price promotions also weakens the perceived value of the brand (Winer, 1986) which has a knock on effect for damaging a brands quality image.

There is an evident growth in the use sales promotional tactics in the retail environment. It is identified that promotions are being used much more frequently to drive sales, this is slowly replacing the more traditional branding and advertisement focused marketing communications strategy (belch and belch, 2009).

Although, overuse of sales promotions is well documented, the literature fails to determine what level of exposure to sales promotions, or period of time a brand engages in sales promotional, will determine the expression “overuse”. In essence, are retailers overusing sales promotions tactics in apparel retailing industry? In addition to this, what is the long term impact this style of promotion is having on image centric brands? These are the brands that fall into the high fashion category, where their brand relies on prestige and exclusivity to satisfy functional, financial, social and individual needs.

The researcher wishes to examine the impact of an existing sales promotions strategy on a high fashion brand, investigating consumer perceptions, to see if a retailers existing sales promotional model has had any long term impact on the components of consumer based brand equity (loyalty, associations and quality) perceptions.

The investigator proposes to examine this question on a perceived high fashion retailer, Tommy Hilfiger, questioning is long term brand equity effected over time with continuous sales promotions?



## Chapter 6 – Tommy Hilfiger Sales Strategy



TOMMY  HILFIGER

### 6.1 - Introduction

Tommy Hilfiger, under the ownership of PVH Corp. since 2010, can be interpreted as one of the world's leading designer lifestyle brands. Distributed in more than 1200 stores in 90 countries, Tommy Hilfiger produces a wide array of preppy, all American designs under the “classic American cool” brand philosophy (Global.tommy.com, 2014).

Since its establishment in 1985, the company has become a \$6.0 billion apparel and retail business, delivering “superior styling, quality and value” to a worldwide market (Pvh.com, 2014).

In 1997, Tommy Hilfiger launched its first store. This has grown to over 300 anchor stores worldwide, with over a 1000 franchise stores in various locations globally. A third of their stores are managed by franchise partners who provide retail knowhow with a strong knowledge of local markets (Global.tommy.com, 2014). This partnership merges global brand management with local retail expertise.

As a result of its strong brand awareness worldwide and its aggressive global strategy, the brand is uniquely positioned as a premium brand, offering quality apparel, accessories and lifestyle products. In 2012, the global retail sales sold under the brand amounted to approximately \$7.6 billion. This amounted to a 13% compound annual growth in retail earnings since 2005 through the brands focused expansion in Asia Pacific and Europe (Pvh.com, 2014). PVH predicts planned growth in revenue of 8-10% in the next 3 years, capitalising in their investments in new and existing product categories and global distribution channels.

The Hilfiger brand is aiming to achieve sustainable growth in their existing markets by improving their sales margin and strengthening their brand position to increase sales revenue. They aim to capitalize on this by focusing efforts to improve on brand loyalty and building direct relationships with their customers (Gelsumino, 2014).

Throughout Tommy Hilfiger's 25 years in existence, the company has built a loyal customer base. On average 35% of Tommy Hilfiger's customers have been buying the brand consistently for five years or more which is consistent across segments (Gelsumino, 2014). In 2012 the brand launched its loyalty program in the direct sales channel aptly named "The Hilfiger Club". This offering provides members with additional value such as exclusive promotions, gifts and event invitations (Eu.tommy.com, 2014). The aim of which is to increase customer profitability by strengthening brand loyalty, increasing the customer lifetime value and improving margins by steering customers towards the direct distribution channels (Gelsumino, 2014). Although the Hilfiger club is still in the initial stages, over time the program wishes to improve their segmentation driven CRM strategy, offering targeted information tailored to specific segment values and needs.

## **6.2 - The brands**

Tommy Hilfiger has three labels under its brand portfolio; Tommy Hilfiger, Hilfiger denim and Tommy Girl (Global.tommy.com, 2014). Across three labels, each brand offers the Tommy Hilfiger lifestyle, relevant to its individual core demographic in terms of style, category offerings and channels of distribution. The Tommy Hilfiger collection comprises of casual sportswear and accessories for both women and men, reflecting the classic American cool brand mission.

**TOMMY  HILFIGER**

Tommy Hilfiger – Focusing on the 25 – 45 year old customer, the brand convey the preppy with a twist image, embodying the classic tommy look.

**HILFIGER  
 DENIM**

Hilfiger Denim – Targeting a younger demographic, 25 – 30 year olds, the fashion line is a much more progressive label than its Tommy Hilfiger counterpart. The label takes inspiration from the American denim classics, but instils a modern edge.

# TOMMY GIRL

Tommy Girl – The key demographic of this label is 12 – 18 year olds, the brand offers youthful, energetic apparel to its target audience.

### **6.3 - Tommy Hilfiger in Ireland**

Tommy Hilfiger has ten stores located around Ireland, all of which are operated under the direction of PVH. The Flagship store in Grafton Street was launched in 2008 with 12 subsequent franchise stores opening in Dublin, Cork, Galway, Limerick and regional towns such as Drogheda, Mallow and Newbridge (Tommyhilfiger.ie, 2014).

Tommy Hilfiger uses a variety of indirect and direct distribution channels in Ireland. Its business model is primarily based on indirect selling through wholesale and direct selling through e-commerce and retail. Aside from their flagship stores, Tommy Hilfiger sells through outlets, department stores, indigenous retailers and online (Tommyhilfiger.ie, 2014). Although the current recession has had a significant impact on consumer spending in Ireland, with the retail sector declining by 30% since its peak in 2008 (Ibec, 2014), latest figures from the CSO are showing that sales in the retail sector are beginning to recover after years of decline. PVH are maintaining a “nurture” strategy in Ireland, whereby they wish to sustain their existing business and grow their presence over the medium to long term (Pvh.com, 2014). In the short term, a key focus in Ireland will be on improving productivity through their direct channels and strengthening consumer brand loyalty.

### **6.4 - Sale promotion strategy – Ireland**

The brand coordinates a focused strategy through their direct channels of distribution. Their strategy is devised three times annually, usually at start of season periods, i.e. February, June and October. Strategies are developed from the head of concession and marketing in the Ireland / UK and are implemented through their outlets, flagship stores and franchises across the country.

#### **6.4.1 - Outlet promotions:**

Outlet promotions use year round price-off strategies. Although they have yearlong promotions on out of season stock, they entice customers to buy more by prompting a “two units for €X” promotion year round. Their strategy encourages customers to buy more of that one unit by the extra incentive of a further reduction.

#### **6.4.2 - The Hilfiger Club:**

The Hilfiger Club is the brands loyalty program where members of the group can obtain a variety of benefits both online and in selected stores. Members are notified of upcoming benefits and promotions in their area which only they as members can enjoy. The club boasts exclusivity with members getting first preference to sales,

invited to events hosted by the company and can acquire gifts with selected purchases.

#### **6.4.3 - Price promotions:**

Price promotions are sporadic and are generally in mid-season and end of season periods. They offer 20% reductions on selected items, with subsequent further reductions on extended fashion items including their core fashion pieces as their sale period continues. Their greatest reductions are given to their seasonal fashion lines, with the core items, i.e. year round core fashion pieces, undergo a more conservative reduction.

Promotional period's durations are not consistent year round. They tend to be a weekend, a week, two weeks or a full month of price promotional discounting. During longer promotional periods, the prices will be continually reduced, starting from 20% and further reducing to a discount which amounts to 70% off. This is particularly evident at end of season periods.

#### **6.4.4 - Bounce back rebates**

Bounce back rebates are allocated twice a year at the beginning of season periods. The rebates offer €25 back on every €100 euro purchase. This coincides with the launch of Tommy Hilfiger's new season which lasts for four weeks.

Similar to the outlet stores, Tommy Hilfiger offers a two for €X promotion on selected stock. Selected stock is promoted, where there is an extra incentive for the customer to buy purchase two of the same items and get €X refunded back.

#### **6.4.5 - Premiums**

Free gifts are offered in selected stores once the customer spends a certain amount of money with the brand. Gifts offered range from umbrella's, passport holders, Hilfiger FM radios, etc. and are targeted to the Hilfiger brand demographic in which they are promoting to.

## **Chapter 7 - Research Questions and Objectives**

The competitive nature of the retail sector has amplified the use of sales promotional tools and to remain competitive retailers feel compelled to use these tools as a way of remaining profitable.

With the obvious rise in sales promotional tactics across the retail sector, this research aims to explore if these tools are having a long term negative or positive impact on Tommy Hilfigers consumer based brand equity.

After reviewing the current literature in the area of consumer based brand equity, sales promotions and examining Tommy Hilfiger's sales strategy, this investigation wishes to explore the impact, if any, Tommy Hilfigers sales strategy is having on consumer perceptions of the brand.

The aim of this study is to assess the long term effect of sales promotions use on consumer based brand equity for a high fashion retail brand, Tommy Hilfiger. Consumer based brand equity is assessed through four dimensions (brand awareness, brand associations, perceived quality, brand loyalty). The measure of these dimensions will be ascertained through their strength of consumer's cognitive relationship with each variable. The present research will be designed to compare the dimensions of the CBBE model with monetary and non-monetary promotions.

To achieve this aim, a number of objectives must be taken into consideration. The author will investigate the buying behaviour of the targeted demographic in an attempt to understand the purchasing patterns of that group. The author will also measure CBBE of the Hilfiger brand as it stands and investigate the group's opinion on sales promotions in general.

The objective will employ a number of research techniques, outlined in the research methodology section. The author selected a qualitative method of research to ascertain a deeper understanding of the research topic. Once the results are collated, the final objective will be to formulate the data and draw conclusions in relation to the research question. Although Tommy Hilfiger is a global brand, the study is confined to the Republic of Ireland. This is largely due to the time and resource restrictions of the author. The research will thus be limited to the thoughts and opinions of the Irish consumer market.

### **7.1. Research objectives**

1. Explore consumer choice behaviour for high fashion brands and the influence of sales promotions in this behaviour.
2. What is the long term impact of sales promotions on loyal behaviour in Tommy Hilfiger?
3. What is the long term impact of sales promotions on the quality of the brand at present?
4. What is the long term impact of sales promotions on the image of the tommy Hilfiger?

## Chapter 8 – Research Methodology

### 8.1 - Research methodology, philosophical paradigms and perspectives:

The research methodology is an investigation into the research subject in order to ascertain rationale, principles, processes and theories through methods applied in a field of study. It is the theory on how research should be undertaken (Saunders et al., 2007), and the systematic effort to gain new knowledge (Redmen and Mory, 2009)

Successful completion of the research will depend largely on the research methodology (Davis and Elder, 2006). This is how the researcher is going to go about their research (Lee and Lings, 2008).

In order to ascertain the method to best answer the research question, the researcher must investigate the various research measuring approaches whether it be qualitative or quantitative, or a combination of the two. Saunders et al., (2009) maintains that no research strategy is superior or inferior to another, however, an investigation into the appropriate research methods must be assessed in order to best investigate the research question.

Saunders (2007) portrays the various layers of the research process using the silhouette of an onion, which he refers to as the “research onion”. The outer layer is the first port of call when approaching the research question. Layers of the onion are subsequently “peeled away” and assumptions are made at each individual stage or layer. Eventually the researcher will assess the issues which underlie the choice of data collection technique and analysis procedure. Over the course of the research methodology investigation the researcher must examine approaches, strategies, choices, time horizons and finally, techniques and procedures to conducting the research.

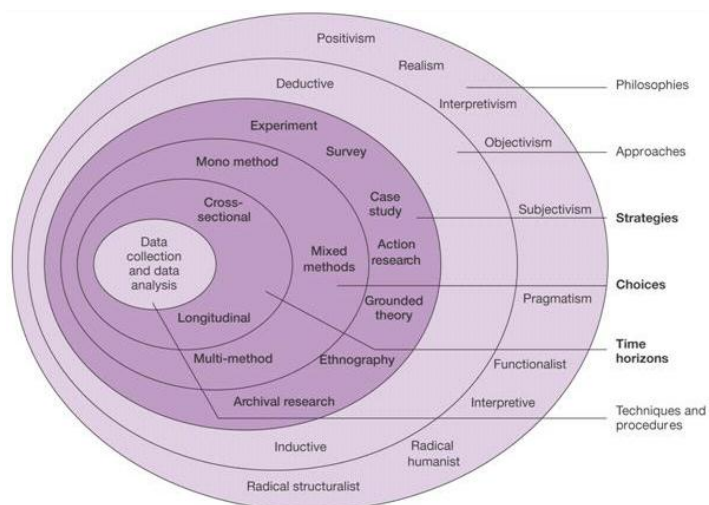


Figure 3 - Saunders Research Onion (2007)



## **8.2 - Research philosophy**

Research philosophy is the first layer of the research onion. Saunders et al., (2009) defines this term as the development of knowledge and the nature of that knowledge. However, to put it simply, it can be defined as the development of the research background, research knowledge and its nature (Saunders and Thornhill, 2007). There are ten individual philosophies that make up the first layer of Saunders et al's (2007) research onion, however for the purpose of this study the researcher has identified the following four philosophies to be evaluated; Pragmatism, Positivism, Realism and Interpretivism.

### *8.2.1 - Pragmatism*

The pragmatism approach avoids getting absorbed in the philosophical debates about which is the best approach, i.e. ontology, epistemology or axiology, but instead uses a method which best suits the research question itself. This enables the researcher the freedom to use any method, technique or procedure associated with qualitative or quantitative research methodology. Tashakkori and Teddlie (2003) argue that pragmatism is appealing for researchers as it avoids the researcher engaging in what they consider rather pointless debates about such concepts of truth and reality. Being able to mix qualitative or quantitative approaches has an advantage of enabling triangulation. Triangulation refers to the use of mixed data collection techniques to ensure that what the researcher interprets from one study is backed up by a similar study using a different technique (Saunders et al., 2009).

### *8.2.2 - Positivism*

Known as the oldest and most widely used philosophy in research papers (MacKenzie and Knipe, 2006), positivism is a scientific method based on rationale and empiric of the research (Burke, 2007). The researcher will work with an observable social reality, rationale and experiences, producing law-like generalisations, similar to those produced in a physical or natural sciences (Gill and Johnson, 2002). The research is undertaken, as far as possible, in a value-free way. Data collected is highly structured, using large samples, measurement and principally quantitative based studies, however in rare cases, qualitative studies can be employed.

### *8.2.3 - Realism*

This is another scientific approach to research which concentrates on the reality and beliefs that already exist in the environment. The essence of Realism is that objects have an existence independent of the human mind and therefore reality is independent of the human mind (Saunders et al., 2009). There are two main approaches to realism, direct and critical realism (McMurray, Pace and Scott, 2004). Direct reality infers to what an individual sees, hears, feels, etc. Alternatively, with

critical realism, individuals argue about their experiences for a particular situation and point out that our senses are likely to deceive them (Sekaran and Bougie 2010). Methods for research are subject to the research question and may be qualitative or quantitate.

#### *8.2.4 - Interpretivism*

Referred to as the Social Constructionism in the field of research, for this philosophy approach it is necessary for the researcher to understand differences between humans in our role as social actors (Saunders et al., 2009). In this approach, research gives importance to the actor's beliefs and values to justify the research problem. Researchers using the Interpretivism philosophy will tend to conduct qualitative research techniques using small samples, and in-depth investigations to understand the views of the wider demographic.

#### *8.2.5 - Chosen approach for this research*

The researcher will be adopting the Interpretivism philosophical approach for this study. The bases of the study will be to investigate subjective thoughts and feelings towards brand equity and the sales promotion phenomena. The knowledge generated from this discipline is perceived through socially constructed and subjective interpretations which will be ideal for conducting research on this subject. (Carson et al, 2001)

Positivism tradition was ruled out as the social world of consumer behaviour was far too complex to lend itself to definite laws similar to physical sciences. Although Realism was considered, the researcher felt that the scientific bases of the discipline would lead to a too narrow a reading of the subjective consumer based brand equity perceptions. Therefore interpretivism was selected.

### **8.3 - Research approach**

There are two approaches a researcher will need to investigate based on the research question and the level of theory around the subject. They are deductive reasoning and inductive reasoning. Both methods involve interplay of observation and logic, as they both routes to the construction of social theories (Babbie, 1992)

#### *8.3.1 - Deductive approach.*

A deductive approach is subject to a rigorous test where laws present the basis of explanation allowing for anticipation of the phenomena being tested (Collis and Hussey, 2003). This approach is concerned with developing a hypothesis based on existing theory and designing a strategy to test this research question. Monette et al (2005) indicates that deduction will start with an expected pattern developed from theory that is tested against observations. Through relevant methodology, the result of the research will either confirm or reject the hypothesis (Snieder and Larnar, 2009).

#### *8.3.2 - Inductive approach*

The Inductive approach on the other hand reverses the process found in deductive research. The process begins with the observations and strives to find patterns within them, therefore formulating the theory on the result of the research (Goddard and Melville, 2004). Beginning with a topic, the researcher observes the nature of that topic under certain social conditions, moving towards abstract generalisations around that topic. As a result of this research, theories subsequently evolve from the study.

#### *8.3.3 - Chosen research approach*

The researcher has considered both and has chosen to instigate an inductive approach for the study. This leaves room for the researcher to interpret, understand and categorise the data rather than following a rigorous methodology which may not permit for a broad study of the reality of the phenomena. As the data is not limited by a highly structured design, the researcher finds this approach to be more appropriate.

## 8.4 Research Methodology

The study will be analysing perspectives and brand interpretations, measuring them against the result of long term sales promotional use. The researcher will need to make sense of the subjective and socially constructed meanings expressed about the phenomenon being studied through a qualitative research design.

The research question aims to investigate consumer brand views, choice behaviour and opinions on sales promotion which are in turn subjective. Although many leading academics have agreed that brand equity can be measured using a quantitative Likert-style scale rating approach (Aaker, 1991, 1996; Yoo and Donthu, 2000), the researcher is instead adopting a qualitative method. Principally, the reason to adopt this approach is to get a deeper understanding of the consumer mind-set and their subjective opinions of sales promotions on their choice of brand and shopping habits. What must be understood and articulated through this investigation is whether consumer based brand equity, which in itself is from a purely subjective point of view, is altered or changed through long term use of sales promotions by the Tommy Hilfiger brand.

### 8.4.1 - Qualitative approach.

A qualitative approach to research refers to the collection of data, or data analysis procedure, that generalises or use non-numerical data (saunders et al., 2009). Usually conducted through a series of interviews or focus groups it can elicit more information from its respondents, allowing the researcher to delve deeper into the research study than its quantitative counterpart (Frankel and Devers, 2000). The qualitative research is associated with the interpretive philosophy (Denzin and Lincoln, 2005), where data collection is non-standardised, which allows for a greater investigation into meanings and relationships between the variables studied. There are two platforms with which to measure qualitative data; group interviews or one-to-one interviews.

A focus group (a group interview) is conducted with two or more people. Although the topic is clearly defined, focusing on a particular issue/ topic, the platform should enable interactive discussion between participants (Carson et al., 2001). The benefits of a focus group are that they gain multiple perspectives in an interactive setting. It encourages the participants to engage and to discuss their points of view without the pressure of coming to a consensus (Krueger and Casey, 2000).

One-to-one interviews on the other hand, refer to the collection of data through structured / non- structured interviews, whereby the researcher engages with the interviewee on a one to one basis, either by phone, face-to face or through electronic interviews (i.e. internet). They allow for the researcher to establish a rapport with the participant. This encourages the interviewee to open up and trust the interviewer,

breaking away from peer or group influence. This may allow the interviewer to have more time to acquire detailed information (Brannick and Roche, 1997).

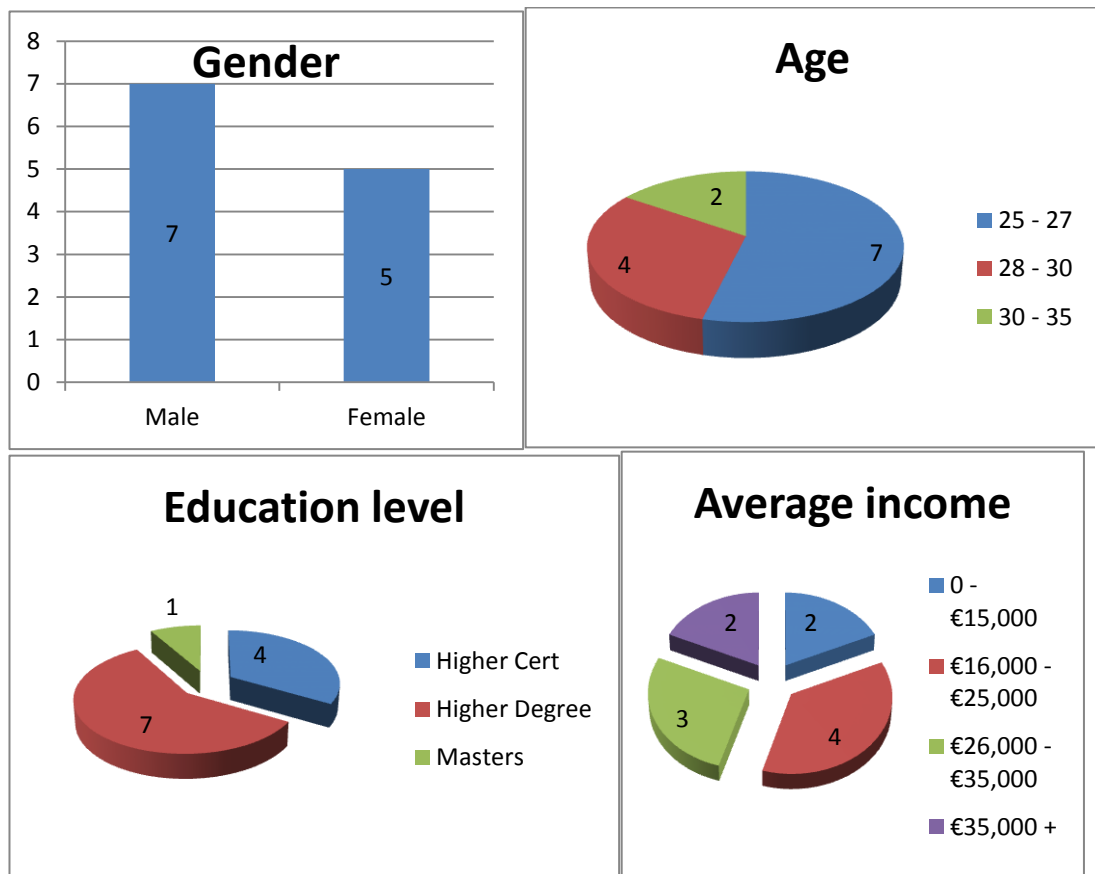
The focus group was ultimately used as it was the most appropriate approach for collecting this data. The group study will allow indebt interpretations of the effect of sales promotions in relation to Tommy Hilfigers consumer based brand equity. This type of study allows researchers to explore, perspectives, feelings and experiences in depth, it generally requires for a small sample size which would be suitable for gathering information on this subject.

## 8.5 - Research Design

### Focus Group.

A focus group was used to extract respondents' views on the chosen topic. The discussions were conducted with two groups over two days. Participants were selected through non-probability sampling based on convenience selection and demographic fit. All participants were considered part of the Tommy Hilfiger target demographic, i.e. fashion conscious people aged between twenty-five and forty-five years of age.

The sample is illustrated below:



An interview guide was constructed and then tested through a pilot interview on a small sample size in the respondents home. The questions were evaluated by the pilot respondents, reviewing the clarity and structure of the interview questions. Once some minor adjustments were made, the interview was then executed on Group 1 of the study. An interview guide is found in the appendix **13.2 – Table 2**.

The discussions both lasted approximately one hour each and were conducted in the researchers home and a respondent's home. The focus of the study was to get the

group to engage with their thoughts and feelings on their own shopping experiences and brand choices. The questions in the interviews were grounded from the theoretical framework in the literature review.

Questions asked were regarding; brands, buying behaviour, their thoughts on sale promotions, their perceptions on the Tommy Hilfiger brand and finally their perception of the Hilfiger promotional strategy. Every question targeted a specific theoretical area in which the researcher wished to explore. The interviews were audio recorded and then later transcribed thematically.

### **Data analysis**

Audio data was analysed and transcribed to a spreadsheet format, compiling their responses thematically almost immediately after the group discussion was done. The responses were collated using a data reduction method, whereby meaningful data was highlighted and transcribed while non-relevant data was not recorded. This was achieved by transforming the meaningful data to the context of the research objectives, by recording what the researcher felt was usable and relevant data.

The Audio was listened to once again to ensure that no relevant data was missed. Once the audio was transcribed it was then compiled into themes using thematic analysis. Thematic analysis refers to grouping data into themes that will best help answer the research question (Taylor-Powell and Renner, 2003). All items were reviewed and compared before being itemised into the appropriate category. This aided in reducing the overall number of quotes. The researcher then reviewed the categories to ensure no information overlapped. The categories will be discussed in the next section.

## **Chapter 9 – Research Findings**

In this section, the findings from the Focus Group will be produced below with the aim of engaging in a discussion around the research question and forming a conclusive understanding to research answer.

### **Analysis of the Focus Groups**

The researcher used a thematic analysis of the interviews. The audio recordings were analysed and transcribed. The headings are based on the themes that emerged in the study.

### **Part i – Respondents Shopping behaviour**

Shopping behaviour differed extensively among the group. In the opening question, the respondents were asked how regularly they shop for fashion items each year. There was a grave disparity between the female and male respondents. Females were noted as the most active shoppers, most often “twice a week” whereas males shopped a lot less often “once a month,” “a few times a year” or they buy out of necessity. “I buy out of necessity. If I need something I’ll shop for that specific thing, I wouldn’t shop for just the purpose of getting more clothes.”

Both groups predominantly do their shopping in local retail stores. They majority don’t engage in online purchasing.

The reasons for which people shop were explored in relation to brands they purchased and their overall shopping behaviours. There were various types of shoppers readily identifiable, four of each respondents fit into each group.

### **Category A**

First the price-bargain-cost conscious shoppers were recognized. They concentrated on the “value for money” aspect of their purchase. Four of the male participants were identified to be in this group. The group perused value for money and were essentially concerned with buying products at the lowest price or getting the best value for the money they spent. Their shopping habits revolved around attempting to maximize value by choosing name-brand, high-quality items that offer the lowest cost over time. “If there were certain promotions, I’d be more inclined to get the deal. If there was a higher quality brand where I thought I was getting good value for money I’d go for that”. This shopping group largely bought in shops like Ralph



Loren, J Crew and Tommy Hilfiger, but more often purchased a brand during a price promotional period.

The respondents were not loyal to any one particular brand, however they were selective on what they considered “quality” brands, and therefore shopped with a particular group of brands in mind. They were loyal towards select group of brands, although their purchasing behaviour for their preferred brands was based on the deal offered.

Location, convenience and effort was also identified here as an influencing feature in their shopping behaviour. They were asked if they would shop in outlets to purchase the clothes for less, they responded no. They felt that closest outlet, Kildare village, was too far away. If the outlets were closer this group of respondents would shop there.

## **Category B**

This group shopped more frequently than their Category A counterparts. Category B was comprised of three females and one male. They mostly enjoyed the process of shopping, viewing it as a “pastime” rather than a functional activity. They were identified as the most fashion conscious group of shoppers and often bought cheap alternatives to high fashion brands, yet were noted as being very keen to purchase high fashion brands also. The respondents in category B would shop frequently, often once or twice a week. Although they were less concerned about location, time and effort when shopping, they largely used shopping as a leisure activity.

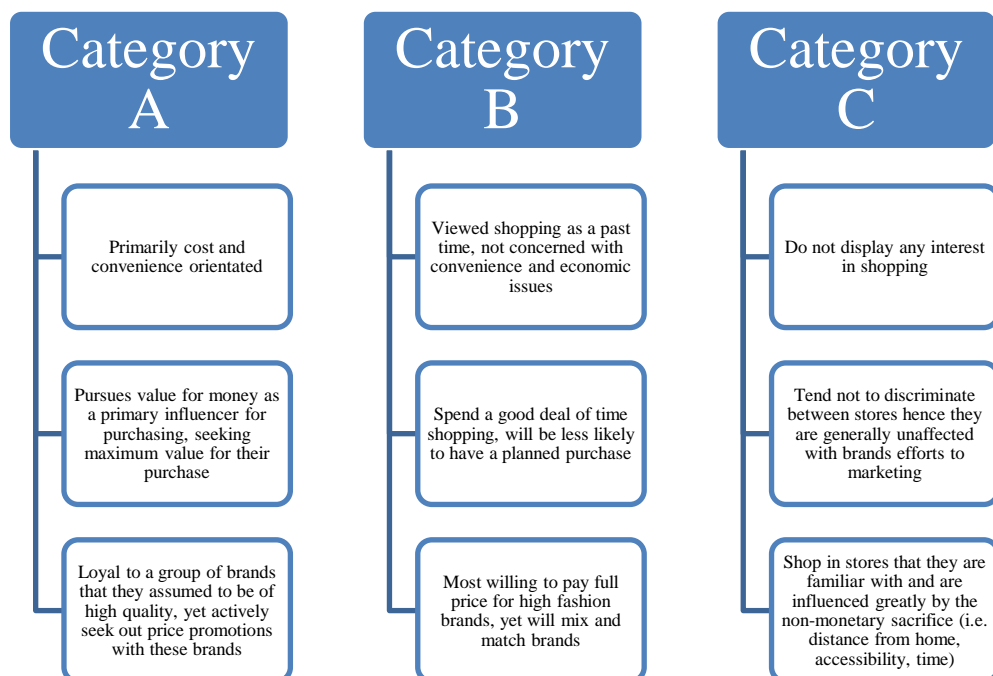
The group’s relationship with brands was stronger than those within Category A. They appear to be the most impulsive shoppers out all if the respondents. They mix and match brands, and are not as concerned with the label, but rather style conscious. “I’m a big impulse buyer, if I saw something in Vero Moda and I thought it was good value, I’ll buy that, especially if it was in a sale.”

Although this group impulse buys quite frequently, they are likely to shop in quality stores also. Similar to the Category A shopper, they have a tendency to buying when a sale is on, however they are more likely to spend full price on the goods than the previous group. They are also generally loyal to particular brands which they deem as good quality and which encompass strong hedonic benefits. “My brand is Oasis, if I’m buying something nice, that’s where I’d go. I shop there maybe once or twice a month and I would buy something once I’m there. If they’ve a sale rail I’ll flick through that to see if there was anything nice, but I usually buy the full price seasonal goods.” They appear to enjoy the activity of shopping much more than the previous group and they don’t seem to be as concerned about the how much they spend, so long as they consider the purchase a good deal.

## Category C

The final group are made up of predominantly the anti-shopping or convenience shopping segment. This group was split evenly between two males and two females. They conveyed the least interest in shopping as a whole and shopped purely out of necessity rather than recreational or self-esteem purposes. The group were the most brand fickle out of all the respondents. They tend not to buy for brands rather they shop purely for economic reasons. “If I find something in Tommy Hilfiger for €60 – €100 and I see the same top in Pull and Bear for €20 I’d buy the top in Pull and Bear. Even though it’s not Tommy Hilfiger, that wouldn’t bother me in the slightest, brands don’t matter a damn to me.” “I’d buy a shirt because it looks nice on me, not because it’s fashionable.” “I’m not just going to buy it because it has a logo and because everyone’s wearing it.” They are also conscious about the time they spend shopping, and aim to “get the job done quickly”. Like economic shoppers, distance to the retail stores is important. They generally shopped in places convenient to them. “I wouldn’t go to outlets, they’re too far away, I’d just go into town and get it done pretty quickly.” They appear the most time conscious, deal prone shoppers and are less likely to seek out alternatives, but rather act on impulse if the clothes fit the way they like. It was observed that this group was predominantly the lowest income group of shoppers, hence their universal cost conscious trait above anything else.

**Table 1- Summary of Shopping Groups**



## **Part ii - Choice behaviour in High fashion brands**

The interviewer investigated the respondents purchasing behaviour for high fashion brands and the factors influencing their choice of brand.

### *Brand Price*

Price's play a significant role in choice behaviour in high fashion brands. They considered brands that were relatively highly priced to have a much stronger image, or personality, than those that didn't. Brands such as Ralph Lauren was easily identified as conveying a certain brand message or image in their clothing and stores. Its price, as it appeared to the respondents, was rarely discounted. This they felt played an important role in ensuring exclusivity and social status. The respondents were also able to indicate a relationship between price and quality (Scitovszky, 1945). They specify that high fashion brands the respondents engaged with were generally high in price and were considered to be premium quality.

### *Store image*

The respondents indicated that store quality and atmosphere influenced their perceptions of brand quality image and their purchasing behaviour. For example, A&F was identified as a brand that made a huge impression on its customers just from the experience it created in its stores. Creating an atmosphere in store enabled the customer to make presumptions about the brand. For example, in A&F their "shop layout, the smell in the stores, the people that work there, music and the queue to get in portray a strong personality for the store. They have a defined demographic because of it." This suggests that store image and atmosphere is related closely to brand quality perceptions. Respondents who shopped in high fashion apparel retailers specify that store image is a factor to their choice of brands.

### *Store location*

In reference to this, store location was also mentioned. People expected that high fashion brands should be located in places that conveyed the high end brand persona. One commentator suggests "there's a big difference buying Hilfiger in Drogheda than in the Hamptons." He suggests that the preppy brand image is not as strong from the Drogheda store due to its location.

### *Outlets*

To contrast this, the interviewer asked the respondents what they thought of the image of high fashion brands being sold in outlets. Interestingly, they suggested their perceived brand image of high fashion brands remained unaltered in outlets as they understood that outlets sell past season stock at

discount prices. The outlet does not alter their overall perceptions of the brand as they understand that it is selling end-of-line goods at the low prices rather than new fashionable seasonal goods. The respondents which have purchased high-fashion brands in outlets still maintain that the brand upheld its quality image even at highly discounted prices. Hence their perception of the brands overall quality image remained unaltered.

### *Brand users*

Respondent's considered the relationship between the demographic that were considered "the brand users" and their influence on the brand's brand image. Brands such as Burberry and Lacoste were discussed as companies whose brand was hijacked because of the cliental who began wearing it. For respondents who choose to purchase high fashion brands, they feel that exclusivity is important, and the more available or synonymous the brand becomes with a lower socio-economic groups, the less attractive the brand is and the weaker the image (keller, 1993). Therefore brand image, for them, is largely influenced by the societal social group that adopt the brand.

Although brand image was discussed at great length, opinions divided extensively on the motivations to buy high fashion brands amongst the respondents. Some bought purely for the utilitarian benefits i.e. quality, fit and function of the brand, while others sided with hedonic benefits as being a primary factor for buying a brands, i.e. self-expression and its aesthetics. One respondent states "I would not feel any different shopping in Pennies or Topshop, the only reason I'd trade up is because of the quality." In fact, lower quality, imitation brands gave enough hedonic benefits to the majority of respondents that they only "traded up" for the brands perceived quality characteristics. Others traded up because of what the high fashion brand represented such as the emotional or intangible benefits of the brand image.

As discussed before, there were no signs of any strong relationship or of the respondents being loyal to any one particular brand, rather most were loyal to a group of brands in which they deemed to carry the perceived high quality image. Most stated that they engaged in repeat purchasing the same group of brands, although those in Category C were the most fickle with brands due to their lack of interest in branding in general. For most however, the utilitarian benefits of the brand such as quality, was considered to be the principle brand characteristic to incite loyal behaviour. The Category B shoppers remarked that they could get "the same stuff cheaper" and were prepared to sacrifice quality and fit for a cheaper version of the brands. Nevertheless, once they made the decision to purchase a high equity brand, they usually traded up because of quality and brand image. The Category B group were the most loyal to their chosen group of brands and were the ones who chose their brands because of both the hedonic and utilitarian benefits it brings to them.

### **Part iii - Sales promotions**

#### **Price promotions**

All respondents that were studied in the focus groups were very much aware of the increasing presence of sales promotions, particularly price promotions in the fashion retail sector. Most responded favourably to sales promotions and agreed that their purchasing behaviour was greatly influenced during a promotion, particularly price promotions. They comment on the frequency of the sales, “There’s always a sale on, its way more frequent than what it was. It used to be January and another during the year, now it’s all year.” “Clothes have got cheaper” because of it.

Most respondents realise that it is a necessity for brands to engage in sales promotions in order to drive demand to their stores, particularly due to the downturn in the economy and the competitive nature of the retail industry at present. “January sales were a stroke of genius to boost sales using promotions during a slump period – otherwise customers wouldn’t spend during that period.” Others refer to the sale as a way of clear out end of season goods in preparation for the new season stock. Some comment on sales being an excellent way for businesses to get new customers by encouraging them to switch brands by enticing them to buy when otherwise they wouldn’t.

#### *Category A shoppers*

The Category A group seem to be the most prevalent sale shoppers in the January sales. “It’s a tradition” to shop in the January sales. Although they often complained about the amount of effort it took to shop during a sale, they predominantly bought during sale periods with a select group of brands they wished to purchase in mind. They generally use the sale to trade up to a higher quality brand during the promotion. This enables them to purchase a brand at a more reasonable price for them than what is offered in the full price periods.

#### *Category B shoppers*

Category B group, were identified as the most enthusiastic about shopping. They were also highly motivated to shop in the sales periods. They are the most enthusiastic shopping group and are willing to spend a lot of time searching through sale rails to find the best bargains for brands. They also understood that prices get continually discounted during a sales period. Despite this however they will impulse purchase if they felt that the price reasonable, instead of waiting for the price to further reduce the following week.

#### *Category C shoppers*

Category C generally stayed clear of sales promotional periods completely. They don't tend to be motivated by the sales, however one comments "if I happen to be there I grab it if I feel the price is right, I never go back to see if the price is gone down again, or wait for it to come down a bit further." Others feel that the sales periods, particularly the January sales are too much effort and they dislike trawling through sale merchandise to find what they're looking for. They tend to avoid a busy sales period and opt for simply buying in a store or time which is more convenient for them.

Across all three groups, the remerchandising of stock for price promotions was received negatively. Most respondents complained about the effort it took to shop in a sale period. Finding sizes and the general image of a store in a sales period was undesirable. Others argue that when the sale stock is hung on a hanger in the sale rails the products look worn and untidy. They maintain that the merchandising of the products actually physically reduce the overall perceived quality of the products. They contend that if the products were displayed neatly, similar to that at full price, the clothes would look more attractive and may encourage them to buy more. However, they do acknowledge that they understand why the shop is merchandised that way, on account of the fact that the stock has to be cleared out to make way for new stock.

Some of the respondents are annoyed at the constant sale rails in shops. Shops advertise themselves as being on sale when in reality they may only have a small portion of the shop devoted to sales. Some of the group find this ultimately misleading, reducing the validity of the store which downgrades their overall shopping experience with the brand.

The percentage off in a sale is also perceptually accredited to the quality of the stock on display. Some argue that if an item is discounted to what they feel is an excessive amount, they would then question the quality of the product. However, they would ultimately trust their own judgement when judging the quality of the stock itself.

## **Non-Price Promotions**

The interviewer asked them to evaluate their interpretations of non-priced sales promotions in relation to their purchasing habits. Both groups were able to identify three or four non-priced sales promotions that brands used in high fashion retail stores.

For most, non-price related strategies used by high fashion brands do not appear to offer the same sense of instant value as the price promotions in general. All feel that they are less incentivised to purchase the brand with the coupon, free premium or the entry to a competition than with the straight up price reduction.

### *Premiums*

Referring to the free gift, one respondent argues that the gift never really offers real value. It's generally something pretty useless and won't be used.

### *Coupons*

The most common non-price promotional tool the respondents engaged with were coupons. Usually coupons were given to customers after an initial purchase, offering a percentage off the next purchase. Similar to sales promotions, the percentage off the next purchase was the main motivator for redeeming the coupon. However some respondents were disgruntled by the allotted time and the amount they had to spend in order to redeem the coupon. It is noted that less than a third of the overall respondents actually used a coupon in a fashion retail store. Most just discard them or forget to use them on time.

### *Loyalty Programs*

Loyalty programs were also discussed. Only one member of the groups was, or has been a part of a loyalty scheme with an apparel retailer. When asked why others haven't signed up with their favourite brands, they maintain that a large boundary for them to sign up would be the handing over of details to a brand. Respondents also feel that it is hard to leave a loyalty scheme once they've signed up. They also fear that their personal details will be passed on to other groups and they will receive unwanted information from other companies. Only one person actually felt that loyalty schemes was a better form of promotion than price promotions as he felt that it reduces the anxiety of missing out on the bargains offered in the sales. He also stated that it was a better and more engaging form of promotion for the company. However, when asked why he never signed up for a loyalty program, he stated he hadn't for the same reasons as the other respondents. This reluctance to give their details was also the main reason why most were reluctant to enter in-store competitions.

## **Part iv - Tommy Hilfiger (brand equity)**

In this section the variables of brand were discussed.

### **Brand Awareness**

Brand awareness, according to Keller (1993), is measured by the respondent's ability to recognise and recall the brand from memory. Aaker (1996) agrees with this theory but furthers it by introducing brand knowledge and brand opinion as components test the depth of awareness of the consumer.

The vast majority of the respondents had a deep level of awareness of the brand. All were able to recall the brand logo from memory and were able to openly discuss other brands in its product class. More than half were able to identify the brand as being an "American lifestyle apparel brand," whilst also identifying the clothing range it was famous for such as the v-neck sweaters, premium quality jeans and polo shirts.

As the respondents were all acquainted with the interviewer who himself worked in Tommy Hilfiger, it must be noted that their strong depth of awareness may have been influenced by this factor and not from societal and marketing information.

### **Brand Associations**

Aaker (1991) argues that brand associations are to be measured using two components from the consumer perspective; value and brand personality. Keller (1993) furthers this by stating that in addition to this, beliefs about the brands and attitudes towards the brand must also be mentioned.

#### *Brand personality*

The respondents were asked to describe what customer they associated the Tommy Hilfiger brand with. Their answers varied significantly. One stated that it was mainly bought by preppy private schooled individuals. A couple stated that it is targeted at an older generation of people in their mid-life or retiring age. Another stated that it was aimed at fashionable thirty year olds, while others said it was quite unfashionable and dated, for people who like a more reserved look and weren't so fashion conscious. A few people claim that they associate the brand with builders wearing it onsite and blue collar middle aged men wearing the brand as work clothes.

They mention that the advertisements they see in store and the very few they've noticed in magazines all show a wide, multi-cultural demographic aged between 25 and 70 wearing the brand. They state that advertisements convey a premium fashion



forward American lifestyle image. However, the clothes are usually adopted by such a wide range of people using it that a definitive brand identity is difficult to make out.

Earlier, both focus groups indicated that the strength of the image of the brand was synonymous with who they referred to were the key brand purchasing group. As such, they draw attention to the wide demographic adopting the brand in Ireland. This is an indication that the groups fundamental impression of the brand personality were mixed and confused and not as clear as the A&F or Ralph Lauren brands which they mentioned earlier as having a very specific brand image and a defined target demographic.

One respondent mentions that their clothes are quite diverse. "I've bought very casual t-shirts from Tommy Hilfiger and yet I have sharp tailored shirts and slacks which are very dressy for a night out. It's as if they can't make up their minds who they are as a brand." Not one respondent realised that there were three labels under the Hilfiger brand umbrella, i.e. Tommy Hilfiger, Hilfiger Denim and Tommy Girl.

### *Brand Value*

Their beliefs about the brand leaned more towards the functional benefits, such as the quality and longevity of the products, rather than the symbolic or extrinsic benefits of the brand itself, such as exclusivity or fashion-ability of the brand. Only one respondent had a strong relationship to the hedonic benefits of the brand itself, where the brand badge related to their self-concept of image. He specifically bought for the prestige label, which conveyed to others that he was wearing a high fashion brand. For the rest however, the brand mainly conveyed the sense of quality and the brand was chosen because of that functional benefit.

The experiential benefits of the brand, i.e. the sensory pleasure and cognitive stimulation of the brand, were not that strong amongst quite a lot of the users of the brand. "One thing they're not doing, which A&F are doing is that they're not offering an experience when you go to the stores. You leave A&F not really talking about the clothes, but what you experienced in the shop." This may lend to the respondents weak hedonic associations to the brand and its poor status as being a high fashion label. The value of the brand is in the functional benefits rather than its fashion forward benefits and the symbolic meaning that the brand carries for its users.

### **Quality**

According to the majority of respondents, quality is the most important aspect when deciding to buy a high equity brand. As stated by Aaker (1996), quality is an association that is usually central to brand equity. When discussing perceived quality of the Tommy Hilfiger brand, which is ultimately subjective to individual responses

(Aaker, 1991), it is usually measured against other brands of the same market positioning.

The author identified that the perceived quality of the brand was high in terms of performance, reliability and durability. Likewise, the quality of the style, design and features were not indicated as being as important to the respondents as the importance of the functional quality of the Hilfiger brand.

The perception of quality came from both a range of sources, from past experiences with the brand, through word of mouth and through marketing related cues. One respondent claims that “it’s the quality that sets it apart from other high end brands.”

“They’re established at this stage, they’re known for their longevity, it’s been established through the generations.” Another comments “the jeans are premium quality, I’ve jeans from 5 years ago and I still wear them”. It is noted by four respondents the differences in the way the brand is used by its consumers. They state because of the longevity of the clothing, the Hilfiger clothes live two distinct lives. One being; wearing the brand as a fashion piece within the first few years of its life, when the clothes get old, a second life begins where the clothes are worn for comfort, usually to do DIY or work.

One respondent states that she doesn’t really know much about the brand other than what she’s heard through other people about its intrinsic quality traits. Another agrees, although she has no relationship with the brand, she knows of the Tommy Hilfiger brand because of the quality values.

Price may also have an impact on what the group considers good quality. (Scitovszky, 1945), maintains that the price of a brand, relative to the industry it is in, may provide cues to the consumer of the quality of the brand. A high number of respondents referred to the price of jeans specifically, as this was perceived as being the highest affordable quality good in which the brand had to offer. One respondent states that “if you’re going to pay €90 to €100 for a pair of jeans, they’re going to last you a long time.”

More than half of the respondents were introduced to Tommy Hilfiger by their parents as a premium quality brand, meaning that when they were young, they remember that their parents bought them Hilfiger branded clothes as their “good wear”. It can be argued that a large portion of the reasoning of the brand being of premium quality was largely influenced by the strength of their parents association with good quality and their purchasing behaviour. This was reinforced through marketing efforts of the brand, i.e. keeping the brand a certain price.

## Loyalty

Brand loyalty, referring to an attachment to the brand (Aaker, 1991), can be understood through behavioural response (Oliver, 1997), i.e. continued purchase of the brand, or through a cognitive approach (Yoo and Donthu, 2001), i.e. attitudes towards the brand as a primary indicator of loyalty.

Aaker (1996) measures loyalty in two ways. First, quantify how much they are willing to pay for the brand and secondly, to measure overall customer satisfaction of the brand.

As discussed in the shopping behaviour segment, no respondents indicated to being loyal to one brand itself, although most have indicated that they are loyal to a group of brands. Further to that, respondents who grouped Tommy Hilfiger as part of their choice of brands, indicated in doing so for more functional reasons, such as quality, fit and longevity, rather than symbolic attributes of the brand.

### *Price premium*

Interestingly, because the image or social status does not appear to resonate highly with the respondents, large portions of the group who have bought Hilfiger maintain that they buy the brand on a discount basis only. Although the functional nature of the product is important in the case of Tommy Hilfiger, for the respondents to pay full price for their goods, the symbolic nature or intangible utility of the brand needs to resonate stronger with the consumer and thus impacting their unwillingness to pay full price. This may also be synonymous with the respondents' reluctance to pay full price in general for any premium priced clothing brand, particularly the more sale savvy respondents in Category A.

### *Satisfaction*

In terms of satisfaction being an indicator of loyalty, the respondents were asked how content they were with their purchases with Tommy Hilfiger. Everyone seemed satisfied with the brand, with no one person able to indicate any dissatisfaction with their experience with previous purchases. In fact when asked would they recommend the brand, everyone agreed. "In my opinion if I bought Tommy Hilfiger my jeans would last longer. I would recommend the brand. It's got a reserved elegance, small logo, good brand, worn as good wear."

## Tommy Hilfiger Brand Equity Summary

<i>Awareness</i>	Brand recognition	All were able to recognise the brand
	Brand recall	All were able to recall the brand logo from memory
	Brand Knowledge	All had an understanding of the brand's product class, its competitors and were able to identify various products the brand sold.
	Brand opinion	More than half had formed an opinion of the brand, being able to incite positive or negative feelings of the brand.
<i>Associations</i>	Brand personality	Brand personality was considered weak. The respondents felt that there was no clear picture of whom the brand was targeting.
	Brand value	Half of the respondents felt that the brand was good value for money in light of the functional benefits of the brand rather than its hedonic associations.
<i>Quality</i>	Perceived quality	The perceived quality of the brand was high in terms of performance, reliability and durability.
	Leadership	The brand was considered a leader against the quality of its competitors.
<i>Loyalty</i>	Price premium	Most of the group who bought from the brand bought in price promotional periods rather than full price periods. Most of the group did not consider the brand to be worth the full price.
	Satisfied	All respondents who have bought from Hilfiger in the past were entirely satisfied with the level of service and the purchases made.

## Chapter 10 – Discussion

### 10.1 - Research Objective 1:

*Explore consumer shopping behaviour for high fashion brands and the influence of sales promotions in this behaviour.*

What is apparent to all three groups were that they all were well informed marketing savvy consumers. Although the Category A and Category B groups reacted more positively to marketing messages, all groups were aware of promotions, promotional periods and were educated on why business used sales promotions as a retail tactics (Tsui and Hughes, 2001). They were also aware of misleading promotions such as shops using promotional statements such as sale must end soon, closing down sale.

#### *Price promotions*

Price promotions were the greatest influencers for purchasing behaviour for the Category A and Category B shoppers, whereas non-price promotions did not have as strong an impact on purchasing behaviour across all three groups. All three groups were predominantly deal-orientated and most of them would shop around to source what they considered to be the best deal. Although most were disgruntled to shop when brands went into sale, many did indeed purchase if they felt like they were getting good value for money. Most were also unhappy with the layout of the merchandise, but particularly the Category C shoppers felt the effort, i.e. the non-monetary sacrifice, to shop in the store vastly outweighed the monetary benefits of the deal. However, most shopped during a sale, or would actively seek out sales promotions to get added value on their high fashion apparel.

#### *Non-price promotions*

Non-price promotions had some effect on purchasing behaviour for the groups, yet they were vastly inferior at motivating the respondents to purchase when compared to price promotional methods.

Coupons were the most widely used non-price related promotion and probably the most successful for encouraging purchasing behaviour in high fashion brands. However it was noted that some respondents were disgruntled about the allotted time restrictions and the amount they had to spend in order to redeem the value of the coupons. Loyalty schemes were noted as being an ineffective promotional tool used in high fashion branding. Very little, if any, used them in high fashion retailers and they were often reluctant to sign up to the schemes. They indicated trust issues, with their details either being passed onto a third party, that they'll be bombarded with marketing information or that it will be difficult to leave the group. They also

felt that there wasn't enough value offered in the loyalty scheme to influence them to sign up in the first place.

## **10.2 – Research Objective 2:**

*Do sales promotions instigate any long term impact on the image of the Tommy Hilfiger?*

Keller (1993) refers to brand association as being the deep seated feeling or image of the brand in the mind of the consumer. The brand resonated a strong quality image with all of the respondents studied. However, the Tommy Hilfiger brand did not seem to satisfy the respondent's unique individual or social needs (Wiedmann et al., 2009) that are akin with other high fashion brands such as A&F and Ralph Lauren. Rather it predominantly conveyed the symbol of quality and reliability, referred to in Keller's (1993) article as functional brand attributes. This was mainly expressed through past relationships with the brand, whether it be from previous purchases or through word of mouth sources, or through marketing messages such as price cues. The overall evaluation of the brand was positive, with the functional benefits of the brand retaining the strongest sets of associations with consumers.

All respondents who have purchased the brand did so predominantly in price promotional periods, however there were some cases where the brand was purchased at full price. The availability of Hilfiger in outlets, department and franchise stores at a discount price could be attracting the brand's wide consumer demographic. Grewal et al., (1998) considers that long term price promotion of a brand may encourage price sensitivity, lowering the exclusivity and attractiveness of paying for the brand at full price. This along with the low advertising presence of the Hilfiger brand in Ireland, the strength of association with a brand can be heavily influenced by who the consumer considers users of the brand to be (Keller, 1993). The researcher postulates that this is one of the components that has encouraged consumers to become detached from the brand's hedonic benefits, fostering a large portion of consumers to purchase during a deal rather than for its symbolic social and exclusive brand image. This supports Luk and Yip (2008) and Lodish and Mela (2007) viewpoint from the literature review.

Nines and Park (2003) maintain that non-price promotions place better emphasis on the hedonic benefits of the brand, building a favourable overall brand image in the mind of the consumer. Considering that very few respondents engaged with non-price promotion with the Hilfiger brand, it is unclear if the non-price promotions strategy will have the same effect on the brand. Customers using non-price promotions in other high fashion brands, coupons in particular, continually bought in full price and discount periods. It is evident that their reference price was not affected though it was unclear if the promotions had a positive influence on the hedonic benefits of the brand.

### **10.3 - Research Objective 3:**

*Do Sales promotions instigate any long term impact on the quality of the brand at present?*

According to Scitovszky's (1945) price signalling theory, the consumers responded well to the relationship between price and quality in Tommy Hilfiger. The price promotional strategy that Tommy Hilfiger has engaged with is not seemingly affecting quality perceptions of the brand as consumers deem the brand as being of premium quality. Although consumers value the brand quality quite highly, there is a strong reluctance to pay full price, with most indicating that they would rather purchase the brand during a promotional period. Although Monroe (1973) and Belch and Belch (1995) maintain that sales promotion over time can risk damaging a brand's quality image, there was no evidence to support this from the completed study.

What is clear is that the brand's reference price had not altered on account of the sales promotional strategy, with many of the respondents being able to relay the price of the full priced items, such as jeans and v-neck sweaters. Rather, the respondents were deal prone when it came to purchasing high quality brands such as Tommy Hilfiger.

Referring to non-price promotions, this had no impact on their perception to brand quality on any coupon, premium or competition based promotions that they engaged with on any other high fashion brand. This shows that price promotions did not damage nor enhance a high fashion brand's quality image which supports Sinha and Smiths (2000) article on consumer attitudes to promotional framing of price.

### **10.4 - Research Objective 4**

*Do sales promotions instigate any long term impact on loyal behaviour in Tommy Hilfiger?*

The overall findings suggest that the majority of the group engaged in brand switching behaviour in high fashion brands. More so, the respondents have a group of preference brands with which they shop with.

Shopping behaviour for both least loyal shopping segments, Categories A and C, was generally influenced by non-monetary effort, (distance to the shop, time, etc) and monetary sacrifice, (price promotions). Therefore continual repurchasing of a high fashion brand was influenced by these factors rather than the strength of their associations with the brand. This is in line with Aaker's (1996), and Manaled et, al.'s (2007) commentary on price promotions which they maintain divert attention away from the brand image, whilst redirecting attention towards the financial incentive. The effect of price promotions may have helped extend the reach of the brand to this target market (McIlroy and Barnett, 2000). However, to continue to sell to this

market with the existing advertising strategy, sustained price promotional strategies will need to be maintained.

The loyal shoppers in Category B on the other hand, displayed a higher tendency to engage with the brands hedonic and utilitarian benefits when shopping for high fashion goods. These were the shoppers who were happier to pay full price for their high fashion goods.

Group loyalty to the Hilfiger brand was relatively weak from the interviewed consumers, although their repurchasing behaviour in non-discount periods was influenced partly by the company's quality image. The respondents who were customers were fully satisfied with their purchases and would recommend the brand to their peers. The price promotions were generally maintaining a price/ promotional sensitive group to repurchase. This could be partly due to the lack of advertisement as a way building the brand benefits and associations in the mind of the consumer (Agrawal, 1996). Although loyalty programs were discussed, no one had a strong enough symbolic connection to the brand, nor with any other high fashion brand to engage with this or any other loyalty program. Coupons worked best for those who engaged in repeat purchases using non-price promotions.



## **Chapter 11 - Summary and Conclusions**

### **11.1 - Conclusion**

The subsequent investigation from this study indicates that the respondents recognise the Tommy Hilfiger brand as encompassing a premium quality image. However their reluctance to pay full price for Tommy Hilfiger goods should be somewhat concerning for the brand. It is apparent that the existing sales promotion strategy is functioning correctly in capturing a relatively brand fickle market. In addition to this the sale promotion strategy does not seemingly affect the brands overall quality image which is synonymous with overuse of price promotions. However what is stressed in the respondent's commentaries is that there is no real sense of brand personality, or perhaps, lack of engagement with the brands hedonic qualities. It is suggested that a low advertisement presence in Ireland and dependency on sales promotions as a key promotional driving tool may have abetted this.

The target market in which the company wishes to target, i.e. 25-45 year old preppy image consumers, are for the most part marketing savvy and are difficult to capture and retain as loyal customers (Bush et al., 2004). Although these consumers have high awareness of the Tommy Hilfiger brand and have an exceptionally strong perception of the brand's quality image, there needs to be a stronger connection for the consumer to the brands personality and preppy image rather than merely the functional properties of the brand itself if it's going to capture new loyal customers.

It is also noted that sales promotions have opened up the brand to a relatively wide demographic. This has been rather positive for the brand maintaining competitive over a difficult retailing period since 2008 recession. The broad demographic has however led to confusion of the brands target audience. As imagery is largely influenced by the wider community to whom they consider the brand users to be (Keller, 1993), there has been a clear dilution of the brand association.

A heavier advertisement presence, a more segmented specific targeted marketing strategy and an enhanced store experience may reinforce more positive brand associations and a defined brand image. This in turn will help to stimulate greater brand loyalty (Shrimp, 1997). It is noted that the brand is making an effort to do this through the Hilfiger Club, Tommy Hilfigers loyalty program, by implementing a segmentation driven CRM strategy, with more tailored communication to meet the needs of the consumer (Gelsumino, 2014).

Although price promotions have encouraged consumers to buy the brand, they have had no fundamental impact on building the individual, social and value expression traits which are synonymous with high fashion brands expression (Wilcox et al., 2009). The lack of advertisement and the shift to promoting their brand using sales promotions may have encouraged this. The long term effect of sales promotions for the high fashion brand, Tommy Hilfiger, has weakened brand hedonic experiences

with its consumers, yet because the overall functional performance of the brand is well received, it is clear that sales promotions has a strong connection with encouraging the younger consumer group to purchase the brand.

Non-price promotions were conveyed by the respondents to have some impact with building relationship with other brands, but to what extent it is unclear. What is understood is that the consumers interviewed are reluctant to engage with any loyalty schemes that high fashion brands promote. This creates a boundary for the company to strengthen consumer brand engagement and to increase the customer lifetime value.

In summary, from this study, the long term impact of sales promotions on high fashion brands tended to weaken the brands luxury image over time, one in which is synonymous with a sense of social status and exclusivity. This widens the consumer target demographic to a more price sensitive consumer base. The price sensitive consumers tend not to be brand loyal, but loyal to the value created by the price promotions and will have a low propensity to re-buy at full price (Pauwels et al., 2002). It also tends to encourage regular high fashion brand customer to take advantage of the price promotions when they were likely to have paid at full price anyway. Although price promotions are deemed to be more frequently used not than in previous decades, it is clear that they are having little to no affect on consumer's internal reference price or general price expectations for the brand. This has also not appeared to have contributed to a weakening of the overall brand quality image, although it may have weakened the brand's intrinsic characteristics.

To conclude, it is safe to assume that sales promotions in general is having a positive impact in stimulating demand and encouraging new customers to purchase, facilitating a new value sensitive consumer demographic at sales promotional periods. It is apparent that continuous price promotions is not an effective tool for building brand associations, yet reinforcement of sales promotion tactics with advertising may boost customer awareness of the brand benefits and encourage a more loyal consumer base.

## **11.2 - Critical evaluation of the findings and areas for further research**

This study is limited to investigating only one brand and in one country of study. Consequently, confirmation or disconfirmation of findings with other high fashion brands in other countries is recommended. This would enrich the outcome of the research findings and help cross cultural validity.

In addition to this, a further study could be conducted to investigate the impact of individual sales promotional strategies on long term consumer purchasing behaviour by monitoring a consumer group's shopping habits over time to understand if various promotional strategies are actually having a direct effect on the components of consumer based brand equity.

## Chapter 12 - References

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## Chapter 13 - Appendix

### 13.1 - Table 2 - Sales Promotion Techniques

Sales promotion techniques	Description	Example
Sampling:	This is a promotional activity which induces free trial of the product. Often used as a tactic to introduce consumers to a product, it is considered a risk free way for the consumer to sample a quantity of produce in which is being promoted. Sampling generates a higher trial rate than any other sales promotional or advertising technique and is considered an excellent method of engaging the customers with the hedonic benefits of the brand (Belch and Belch, 2012).	<ul style="list-style-type: none"> <li>• <i>In-store sampling</i></li> <li>• <i>Door-to-door sampling</i></li> <li>• <i>On-package sampling</i></li> <li>• <i>Sampling through the main</i></li> </ul>
Couponing:	Considered the most oldest and most effective use of sales promotion (Belch and Belch 2012, P532) it offers price reductions to predominantly price sensitive consumers. Much like sampling this promotion technique induces trial and encourages repurchase after initial trial. However its difficulty for the marketer to confidentially estimate the quantity of customers that will redeem the coupon and the time frame in which they'll use the coupon can pose a problem (McAlister and Inman, 1994). It is also difficult to target new customers, as it is difficult to prevent existing users, who already use the brand, from redeeming the coupon.	<ul style="list-style-type: none"> <li>• <i>Instant coupon (redeem immediately at the time of purchase)</i></li> <li>• <i>Bounce back coupon (redeemable at next purchase)</i></li> <li>• <i>Cross-ruff coupon (redeemable upon purchase of another product)</i></li> <li>• <i>In-store coupon</i></li> </ul>
Premiums:	These are promotional items, such as; toys, collectables or souvenirs, linked to a product or service which often requires box tops, tokens or proof of purchase to acquire (Lamb, Hair and McDaniel, 2008, pp. 540). They do not require any additional payment and are available with the packaged product or with the retailer at the time of purchase. Belch and Belch (2012, pp.538) identify two types of premiums; Free Premiums	<ul style="list-style-type: none"> <li>• <i>Free premiums (free gifts with purchase)</i></li> <li>• <i>Self-liquidating premiums (Cost off premium with each purchase)</i></li> </ul>

	<p>and Self-Liquidating Premiums. Free Premiums are usually gifts, such as toys with a particular meal in a fast-food outlet, or free products for a frequent flyer on an airline. Self-Liquidating Premiums however require the customer to pay some or all of the cost for the premium. Considering the value added to the product, it is an extra incentive for the consumer to buy. However, it may be financially costly to the business to find a suitable premium that will attract the buyer. Also redemption rates, particularly for mail-in premiums are usually low (McClellan, 2005) and the marketer is usually left with an oversupply of premiums once the campaign is finished.</p>	
Contests and Sweepstakes:	<p>Contests incentivise consumers to compete for prizes or money on the basis of skill or ability. Sweepstakes however, winners are selected purely by chance and the condition of entry does not require proof of purchase. Both tools benefit the marketer as a way of generating attention, attracting interest among a large number of consumers and its ability to collect new consumer data. This type of promotion helps consumers engage with brand, particularly internet based contests/sweepstakes as it requires the customer to interact with fun, experiential-based promotion. Some critics argue that this type of promotion does very little to aid consumer franchise building and may even detach the consumer away from the product or service as the sweepstake becomes the dominant focus rather than the brand (Belch and Belch, 2012).</p>	<ul style="list-style-type: none"> <li>• <i>Contests (skilled games - crosswords)</i></li> <li>• <i>Sweepstakes (no skill involved – scratch cards)</i></li> </ul>
Refunds and rebates:	<p>These offers encourage the consumer to return a portion of the product purchase prize back to the manufacturer once the consumer has provided a proof of purchase. Often a very responsive promotional tool, it encourages consumers to switch brands and induce a trial of the product. Some refund</p>	<ul style="list-style-type: none"> <li>• <i>The amount paid by way of reduction, return or refund on what has already been paid or contributed.</i></li> </ul>

	<p>offers encourage repeat purchasing as offers may require the consumer to purchase the product multiple times to redeem the refund. However some customers may not see the added value to the rebate offer it requires consumer effort or may be too complicated to redeem the incentive (ESA, 2010). For marketers, some have found this strategy to be too costly to administer for any real added value to the company (Grow and Chhatwal, 2005)</p>	
Bonus packs:	<p>This extra value incentive for the consumer offers them more product at the regular price of a standard branded product. This indicates that bonus packs have a lower cost per unit value for the consumer. This incentive is easily realised by the consumer unlike the potentially complicated rebate of coupon offers, and generally will have a strong impact on purchasing decision at the time of purchase. However, some marketers recognise that this form of promotion may only incentivise the existing users to purchase the product rather than incentivising new users to engage in a product trial (Belch and Belch 2012).</p>	<ul style="list-style-type: none"> <li>• <i>50% extra free</i></li> </ul>
Price-off Deals:	<p>A price-off deal is a direct reduction of the price of the brand. Similar to bonus packs, the added value for the consumer is easily communicated and is readily apparent to the shopper of the value added deal (Blair and Landon Jr, 1981), thus making the promotion a strong incentive for the consumer to purchase. However, similar to bonus packs, this type of promotion often attracts existing users and overuse of this promotion may lower consumer reference pricing and damage brand equity.</p>	<ul style="list-style-type: none"> <li>• <i>50% off recommended retail price</i></li> </ul>
Loyalty Programs:	<p>This promotion rewards customers for continual purchase of a brand and therefore rewards them for their loyalty (Sharp et. al., 1997). This is one of the fastest growing sales promotional</p>	<ul style="list-style-type: none"> <li>• <i>Frequent flyer miles</i></li> <li>• <i>Grocery shoppers redeeming shopping loyalty</i></li> </ul>

	activities across the world today. Most companies understand the advantages of retaining and building relationships with their consumer base as a way of gaining market share. Marketers are using loyalty programs as a way of engaging and encouraging customers to purchase their products on a continued basis (PROMO, 2007). Marketers are often challenged by consumers to make the loyalty program rewarding for their customers as many consumers drop out of loyalty programs once they feel that the programs take too long to accumulate reward points (Joyce, 2004)	<i>points</i>
Event marketing:	This is the process of developing a display or themed exhibit to promote a product or service through leveraging in-person engagement. The concept is that they should create experiences for the consumer, leaving a lasting brand focused impression on the group that were gathered for the event. It has become quite popular as a way of getting the consumer to engage with their brand with certain lifestyles, interests and activities.	<ul style="list-style-type: none"> <li>• <i>RedBull founding partner of the Red bull cliff diving world series to promote its extreme sports non-conforming lifestyle image</i></li> </ul>

### 13.2 - Table 3 - Focus Group Interview Guide

Guideline	Questions
<p>Preparations</p> <ul style="list-style-type: none"> <li>- <b>Thank you</b></li> <li>- <b>Purpose</b></li> <li>- <b>Confidentiality</b></li> <li>- <b>Duration</b></li> <li>- <b>Opportunity for questions</b></li> </ul>	<p>Hello everyone, and thank you for being here tonight. I know you are all very busy and I want you to know how much I appreciate your taking this time out of your schedules this evening to talk with me and help us better understand sales promotions in the retail industry a bit better.</p> <p>This interview is an important part of my master's thesis. The result of which I will use to form an understanding of the drivers of consumer based brand equity, and the impact, if any, sales promotions are having on the brand Tommy Hilfiger.</p> <p>Tonight I will be asking for your opinions and experiences with sales promotions with retailers. Your feedback will be very helpful in guiding my thesis discussions so please voice your opinions. This whole process should take in total of 45 minutes to one hour to get through.</p> <p>To keep a record of your comments, I will be recording the group on this phone and will also be taking some notes. Again, no one but me and my college lecturer will be able to hear the raw records. I am providing this as proof that the focus group took place. If you do not want me to tape the session please inform me now. Are there any questions?</p>
<p>Questions</p> <p>Part 1- <b>Shopping behaviour</b></p>	<ol style="list-style-type: none"> <li>1. How often do each of you buy clothes for yourself?</li> <li>2. Do you shop online / retail stores preferably</li> <li>3. What brands do you support? Why?</li> <li>4. What do you like about that brand?</li> <li>5. Why would you choose that brand than other brands similar to that?</li> <li>6. Are you loyal to them, do you shop in them often?</li> <li>7. If that brand was a person, who would it be?</li> <li>8. What makes that brand special in your mind?</li> <li>9. Do you shop for quality? Image?</li> <li>10. What encourages you to buy or shop? Do you shop for impulse or out of necessity?</li> </ol>
<p>Questions</p> <p>Part 2 – <b>Sales promotions</b></p>	<ol style="list-style-type: none"> <li>1. Does anyone know, other than price reductions, what other promotions apparel retailers use?</li> <li>2. Why do shops have sales promotions?</li> <li>3. Do you think it's necessary?</li> <li>4. When are the sales periods, are they often, sporadic or non-existent in your opinion?</li> </ol>

	<ol style="list-style-type: none"> <li>Are you noticing any sales trends in retail?</li> <li>Anyone shop in the January sales last year? Tell me about the reason you shopped in the sale?</li> <li>Why do you think every retailer in Ireland has a January sale?</li> <li>What is your impression of brands going into sale or of sale shops?</li> <li>Would you specifically shop in a store if you noticed a sale? Why?</li> </ol>
<p>Questions</p> <p>Part 3 - Tommy Hilfiger</p> <p>Brand Equity</p>	<ol style="list-style-type: none"> <li>What comes to mind when you think of Tommy Hilfiger?</li> <li>If the brand was a person how would you describe them?</li> <li><i>("If the brand were to come alive as a person, what would it be like, what would it do, where would it live, what would it wear, who would it talk to if it went to a party (and what would it talk about).")</i></li> <li>What do you find unique about the brand? How is it different / same as other brands?</li> <li>Who/ what type of person uses the brand in your opinion?</li> <li>What is your belief about the quality of the product?</li> <li>In comparison to other brands, this brand             <ol style="list-style-type: none"> <li>has: high quality vs. average quality vs. inferior quality</li> <li>is: the best vs. one of the best vs. one of the worst vs. the worst</li> <li>has: consistent quality vs. inconsistent quality</li> </ol> </li> <li>How much are the average pair of jeans in Tommy Hilfiger?</li> <li>For a Jack and Jones Jeans you would expect to pay €60 for their premium edition, how much extra would you expect to pay for a Hilfiger jean?</li> <li>If you were looking for a casual shirt and you found one in Hilfiger €70 and one in Hollister €50 which would you prefer?</li> <li>Would you recommend Tommy Hilfiger to others?</li> </ol>
<p>Questions</p> <p>Part 4 – Tommy Hilfiger</p> <p>Sales promotion Strategy</p>	<ol style="list-style-type: none"> <li>Are price deals frequently offered in Tommy Hilfiger in your opinion? Are they offered frequently or not?</li> <li>Do they seem to offer reasonable value in</li> </ol>

	<p>their discounts?</p> <p>3. Are you aware of Tommy Hilfiger offering any other promotions other than the price deals?</p> <p>4. Do you think they could do more in the way of offering more value on both price and non-price promotions?</p>
<p><b>Ending</b></p> <ul style="list-style-type: none"> <li>- <b>Opportunity for questions</b></li> <li>- <b>Thank you</b></li> </ul>	<p>If you have any further questions, feel free to ask.</p> <p>Once again, thank you for participating in this study.</p>



**13.3 - Table 4 - Qualitative Focus Group Transcription**

Time	Group	Topic	Quote
1.00	1	Shopping habits	Shop for clothes on average once or twice a month
1.10	1		I buy for quality
1.50	2		Buy for value
5.00	1	Outlets	“We wouldn’t go into outlets all the time. They’re too far away but if they were closer we would shop there.”
9.00	1		Buying clothes in an outlet doesn’t make me feel any different than buying in a retail store
51.40	2		I understand that what I buy in an outlet is not the same as in full price stores, outlets sell old season goods, while full price stores sell new and to date merchandise.
51.50	2		People go to America to buy TH just in the outlets for the value of the produce
53.30	2		I shop in both the outlet and the full price store. Even though the TH stuff is sold for very little in an outlet I still feel that the quality image sticks with me
1.30	1	Image (general)	Ralph L. has a high image – id get a lot of wear out of it, it lasts a long time.
	1		Ralph L. middle class golfers, to casual wear for middle to upper class people, bright colours,
10.00	1		Image stays the same until other clientele starts buying it and image becomes synonymous with them
	1		Everyone likes a deal, breaking point is where cheapness becomes the norm – reduces image.
14.30	1		A&F have sales but really strong image. Queue into the shop
16.20			Their quality is unbelievable
17.20			They have targeted demographic, I started to wear it because others were wearing it when I was younger
			If it hasn’t got the logo, even if it were cheaper it wouldn’t bother me in the slightest, brands don’t matter. I’ll buy it if it looks nice.
1.40	2		Pennies – I consider it to be a cheap and cheerful brand. It copy’s other brands but sells them for much cheaper. Its disposable clothes. I just wear it for one night out.
5.00	2		If I’m shopping for a night out and I’m looking for good quality I’ll be loyal to oasis.
5.50			They have a strong brand image – professional, Indi pop star, a good all-rounder
10.40	2		Ralph L. If I see RL – buy one get one half price - it would damage my opinion on their brand image, it would appear that it was in trouble financially selling

			to a wider demographic
13.17	2		A&F – image – strong statements by the CEO, shop layout/ smell / people that work there / music / que to get in. They have a solid image. They have a defined demographic
14.20	2		They don't care what people think, they will say anything which defines their brand The image has changed somewhat, it's become too available in Ireland, people used to go to America to buy it, people wearing it change the image of the brand.
15.15	2		Burbory – different demographic started wearing it, cheapened the image
16.05	2		I feel if to stop lower demographic from getting it you have to stop the flash sales and make it more expensive
16.50			I don't think there's anything a company can do, people will still buy it regardless. In Luxembourg, chavs (drug dealers ) buy Gucci.
18.00	2		Wealth is worn, and gangsters use high priced goods to show off wealth or their new found status.
1.30	1		I shop more out of necessity, if I need something I'll shop for that specific thing, I wouldn't shop for just the purpose of getting more clothes. I have a mosey first and if there was a promotion on I'd be more inclined to try and get the deal. I wouldn't want to buy something too cheap. If there was a higher brand and I thought I was getting good value for it, I usually go for the price promotion, it must have a strong link with quality.
18.20	1		Sales promotions are way more frequent than it was. There's always a sale. Clothes are becoming cheaper because of it.
20.10	1		Everyone shops in the January sale. It's a tradition
20.40	1		Seasonal sales. These clothes companies need to sell their out of season stock, and it might drag people into the shop to also purchase some of their new stock too.
21.50	1		Sales, customers expect the sale because the retailer has conditioned us for it. However we also agree that the retailer needs to give sales because people demand extra value and it may encourage new customers
21.50	1		In a sale you buy random brands – you don't care what it is. It makes you less loyal to brands – it invites you to switch brands
23.00	1		I'd have an allocated amount of money which I'll use for my clothes shopping. I'd usually trade up on my brands if the price deal brought the price down to the price I want.
23.20	1		Annoyed with sales – Every clothes shop seems to
		Sale behaviour	

		have a sale on all the time, it reduces the validity of the actual statement when you go in and there's just one rack of clothes on sale, you end up cluttering through that which reduces my shopping experience
<b>23.30</b>	1	I feel like a peasant going through a sale rack
<b>24.05</b>	1	Display is important for a sale – I shopped in a sale in Zara, however it was all displayed nicely and folded, that I felt was important for the image
<b>24.20</b>	1	I don't like the shopping experience shopping in a sale store.
<b>35.52</b>	1	I hate shopping – if im there I grab it if I feel the price is right, I never go back to see if the price is gone down again, or wait for it to come down a bit further.
<b>36.16</b>	1	I'm the opposite, I wouldn't be able to sleep if the thing was gone when I get back, I buy it then if it's in sale
<b>36.46</b>	1	I'm programmed to expect a sale in the future, and if I don't get it at a discount I get annoyed, if I hadn't have seen all the good bargains previously it wouldn't have annoyed me so much.
<b>37.37</b>	1	I'm influenced a lot by the sales person during a sale. Usually they'd use sales tactics like, "sale won't last forever," that will make me buy it now rather than later.
<b>18.00</b>	2	The reason why shops have sales (high end brands) is to clear out seasonal goods, get new customers and give value to people who buy clothes
<b>19.20</b>	2	Sales seem to be ongoing all year round – never seen that before – everyone's doing it – even pennies has a sale on.
<b>20.50</b>	2	I'm fed up with January sales – I won't shop in it, I don't have patience for it.
	2	Buy all my clothes in the Jan sale
	2	My stuff is affordable anyway so I don't need the sale. If I see something on a sale rail, it's been sitting in the shop for 5/6 months, it's got tatty and damaged looking
<b>22.00</b>	2	We're conditioned to the sale, people demand value for money. People haggle the retailers anyway, retail is a very competitive industry
<b>23.50</b>	2	I don't like the sale because of the way it's merchandised. It's too much effort to go through the rails. I'm more attracted to full price products. You could be looking all day for your size. Also it's on the back end of a trend and I don't want it because it's already unfashionable.
<b>25.00</b>	2	When it's on a sale its thrown on a hanger it looks worn and untidy, it looks like a retailer don't care about the product on the rail

			If it is folded neatly (like it is on full price) it would look more attractive
<b>27.00</b>	2		Doesn't matter how much they've reduced a product to be, (90% - 20%) my image of the product would not change – I'll just check the product first.
<b>44.00</b>	2		Never bought a loyalty card with any clothes retailer
<b>45.40</b>	2		Loyalty schemes work more in FMCG
	2		I feel that they don't offer any real value for me to get into a loyalty scheme
<b>46.50</b>	2		A free gift wouldn't really bother me – I'd get more value out of the price promotion
<b>47.00</b>	2		There's not enough value out of non-price promotions
<b>48.20</b>	2		People are reluctant to give their details for loyalty schemes. They hound you. Supervalu – customer details were let out. I don't trust companies with my details
<b>49.10</b>	2		I feel that sales promotions are the best for offering value
<b>26.40</b>	1		A lot of lads wear the TH jeans, but my mother also wears the brand
<b>27.00</b>	1		I often see lads going to work in their TH gear – construction Image is now as clear cut as A&F Quality is the fundamental brand image Lasts a long time
<b>27.50</b>	1		Confused about their brand, they do a range of different things, I'd have a t-shirt that's completely wouldn't be what I'd think of as being the TH style, where id also have a crisp white shirt and jeans which is more classic Hilfiger.
<b>28.58</b>	1		Image is not clear I wouldn't have known that TH has 3 different labels under the one brand
<b>31.00</b>	1		In my opinion if I bought TH my jeans last longer. I would recommend the brand. It's got a reserved elegance, small logo, good brand, worn as good wear.
<b>28.00</b>	2		My image of TH – older brand – something my mother would wear Mammy's buy sons and daughters TH - Preppy image – brand grows with people throughout their life (teen to older adult)
<b>29.30</b>	2	TH - Image	I think its targeted at the mid-twenties to late sixties demographic There are lots of older people wearing it, including people in their thirties
<b>32.00</b>	2		My dad wears it I showed up to a party in this shirt and my friends dad was had it on too.
<b>35.00</b>	2		I feel that it is a real dated brand - reals 90's brand

37.00	2		I think that TH have become complacent lately, people know it and what it's about - the customer has come with them through the decades.
38.40	2		It's not consistent as a brand image, don't know if that's their buyers or what it is, it doesn't stay at a level – however its consistently good quality and that's why they come back to it.
39.40	2		They don't offer the same experience in their stores like what A&F do. You leave those shops talking about the shop rather than what you bought. (I've shopped in England I think they put more effort in terms of brand experience in their stores rather than here I always heard throughout the year that they sell preppy clothes
40.20	2		I started with TH because I heard their Jeans were good quality - everyone knows that, I've stuck with them since.
41.10	2		It's not something that you'd wear on a night out, it's very expensive stuff to wear every day, I wouldn't tell my best friend to go out and buy it for a night out, it wouldn't be dressy enough, but its amazing quality, and yes you can wear it around every day, but its not high fashion in a sense but I can wear it at a party, Its more functional clothes. For people who are going to lectures and business meetings.
27.00	1	TH - Quality	Quality is fundamental to the TH brand image
31.00	1	TH – Loyalty	None seems loyal. If I see something nice / good value I'll buy tommy hilfier. In my opinion if I bought TH my jeans last longer. I would recommend the brand. Its got a reserved elegance, small logo, good brand, worn as good wear.
33.40	1	TH – Marketing strategy	(TH sales promotions) – It's sporadic but often, more promotions than most high brands. There's not too many sales – TH is a high priced band. When I think of sales I think of Zara or H&M who make clothes for fun.TH focuses more on the brand.
			They don't advertise that much, I don't really see their advertisements anywhere, other than in magazines.
32.40			TH Never really advertise their brands other than through their stores – I think it's how shops are laid out is how they advertise. Maybe we see some advertisements in magazines, only preppy magazines.
46.50			They give some free gifts sometimes. It would really bother me, I'd get more value out of a price promotion

<b>47.00</b>			There's not enough value out of the non-price promotion
<b>48.20</b>			I feel that the sales promotion is the best instrument for offering value
<b>49.40</b>			Where I buy my brand says a lot about their image – there's a big difference buying Hilfiger in Drogheda than in the Hamptons
<b>51.40</b>			I understand what I buy in outlets is not the same as in full price stores as they sell old season stock not new season
<b>51.50</b>			People go to buy in the outlets in America for the extra value
<b>52.20</b>			I shop in both outlet and full price stores
<b>53.30</b>			Even though the stuff is sold for very cheap in outlets I still feel that the quality image still sticks with me.
<b>40.00</b>	1	Loyalty schemes	I think loyalty schemes are a lot better than sales promotions throughout the year – feel the bargain and reduces the anxiety of missing out on the sale. I don't think it's good to have people angry with the brand Won't sign up to loyalty scheme – don't trust the, with my info - they'd only just email / text me all the time.
<b>44.00</b>	2		Never bought a loyalty card with any retailer other than oasis.  Loyalty schemes work more with FMCG I don't feel that they offer enough value for me to get a card
<b>48.20</b>	2		People are reluctant to give their details for loyalty schemes – they hound you – Supervalu – details of the customers were let out. I don't trust them

## 13.4 – Tommy Hilfiger Sales promotion strategy 2013

### 13.4.1 Outlet promotions

February	March	April	May	June	July
<b>Just Arrived</b> Showcards/ Emailer / Gift card <i>1.Feb – 6.March</i>	<b>Sweater Promotion</b> Buy 2 shirts and get 20% OFF <i>7.March – 21.March</i>	<b>Jeans Promotion</b> Two denim Trousers for X <i>28.March – 10.April</i>	<b>Polo PROMO</b> Two polos for X <i>9.May – 22.April</i>	<b>Swim Shirts Promotion</b> Two Swim shorts for X <i>6.June – 19.June</i>	<b>Long Sleeve Tees</b> Buy two and get 20% OFF <i>21.June – 14.July</i>
		<b>Woven Shirts</b> Buy two shirts and get 20% OFF <i>18.April – 1.May</i>			

August	September	October	November	December	January
<b>Just Arrived</b> Showcards/ Emailer / Gift card <i>1.August – 6.September</i>	<b>Short Sleeve Tees</b> Buy two and get 20% OFF <i>7.Sept – 30.Sept</i>	<b>Jeans Promotion</b> Two denim Trousers for X <i>8.October – 22.October</i>	<b>Sweater Promotion</b> Buy 2 shirts and get 20% OFF <i>28.Oct – 21.Nov</i>	<b>Long Sleeve Polo</b> Two polos for X <i>5.Dec – 22.Dec</i>	<b>Clearout Sale</b> Further reductions on X - TBA. <i>26.Dec – 31.Jan</i>
			<b>Scarfs Promotion</b> Buy Scarf and get gloves 50% OFF <i>16.Nov – 3. Dec</i>		

## 14.4.2 - Retail Marketing Promotional Calendar

	February	March	April	May	June	July
<b>The Hilfiger Club</b>	Spend €300 and get €50 OFF 3 <sup>rd</sup> February – 3 <sup>rd</sup> March	Gift with purchase Promotion – iPad Case (DNM) / Hammock (SPW) 3 <sup>rd</sup> March – 7 <sup>th</sup> April	Gift with purchase Promotion – iPad Case (SPW) / Beach Towel (DNM) 7 <sup>th</sup> April – 28 <sup>th</sup> April	Pre-Sale 19 <sup>th</sup> May – 17 <sup>th</sup> June		
<b>Sale Promotions</b>		Mother's Day Gift suggestions 3 <sup>rd</sup> March – 17 <sup>th</sup> March	20% off Easter Weekend Promotion 29 <sup>th</sup> March – 1 <sup>st</sup> April		Mid-Season Sale 17 <sup>th</sup> June – 1 <sup>st</sup> July	
<b>Sale Promotions</b>		Cork Shopping event Thursday 28 <sup>th</sup> March 2013		Grafton Street Shopping event 20 <sup>th</sup> May		Father's Day Gift suggestions 13 <sup>th</sup> July – 21 <sup>st</sup> July
<b>Sale Promotions</b>		CSW Easter Surprise event 30 <sup>th</sup> March				

	August	September	October	November	December	January
<b>The Hilfiger Club</b>	Spend €300 and get €50 OFF 3 <sup>rd</sup> August – 5 <sup>th</sup> September		Gift with purchase Promotion – Cufflinks (SPW) / Laptop Bag (DNM) 3 <sup>rd</sup> October – 7 <sup>th</sup> November	Gift with purchase Promotion – Laptop Bag (SPW) / Radio (DNM) 8 <sup>th</sup> November – 28 <sup>th</sup> November	Pre-Sale 15 <sup>th</sup> December – 24 <sup>th</sup> December	
<b>Sale Promotions</b>		End of season sale 1 <sup>st</sup> September – 15 <sup>th</sup> September	Cork Shopping event Thursday 30 <sup>th</sup> October 2013			January Sales 26.Dec – 31.Jan
<b>Sale Promotions</b>			CSW Halloween event 31 <sup>st</sup> October			



### 14.4.3 - Concession marketing Promotional Calender

	February	March	April	May	June	July
<b>Menswear</b>	New Season Bounceback (selected stores) Bounceback Giftcard (spend €100 and get €25 back) 14 <sup>th</sup> Feb (approx) – 3 <sup>rd</sup> March			Spring Passport holder GWP Free Leather Passport Holder with €150 spend Dates TBC		Menswear Promotion TBC “Get Shirty” Buy 2 shirts and get €25 off 3 <sup>rd</sup> – 31 <sup>st</sup> July Showcards/Swingtags
<b>Womens Wear</b>	New Season Bounceback (selected stores) Bounceback Giftcard (spend €100 and get €25 back) 14 <sup>th</sup> Feb (approx) – 3 <sup>rd</sup> March	Arnots Event: “one place, three ways” Saturday 2 <sup>nd</sup> March Candle GWP (selected stores) 1 <sup>st</sup> March – 10 <sup>th</sup> March Showcard	Womenswear Promotion TBC “Get Shirty” Buy 2 shirts and get €25 off 3 <sup>rd</sup> – 31 <sup>st</sup> April Showcards/Swingtags	Spring Passport holder GWP Free Leather Passport Holder with €150 spend Dates TBC		Womenswear Promotion TBC Buy 2 Tees and get €10 off 3 <sup>rd</sup> – 31 <sup>st</sup> July Showcards/Swingtags
<b>Mens Denim</b>	New Season Bounceback (selected stores) Bounceback Giftcard (spend €100 and get €25 back) 14 <sup>th</sup> Feb (approx) – 3 <sup>rd</sup> March			Denim Jeans Promo Pre-marketing, POS, Local Marketing	Menswear Promotion TBC Buy 2 Jeans and get €25 off 1 <sup>st</sup> – 20 <sup>th</sup> June Showcards/Swingtags	
<b>Girls Denim</b>	New Season Bounceback (selected stores) Bounceback Giftcard (spend €100 and get €25 back) 14 <sup>th</sup> Feb (approx) – 3 <sup>rd</sup> March			Denim Jeans Promo Pre-marketing, POS, Local Marketing	Womenswear Promotion TBC Buy 2 Jeans and get €25 off 1 <sup>st</sup> – 20 <sup>th</sup> June Showcards/Swingtags	
<b>Childrenswea r</b>		Mothers day WKD/ CSW Facepainting (Arnotts)	Childrenswea r GWP Spend €100 get free umbrella/			Fathers day WKD Facepainting (Arnotts) 21 <sup>st</sup> July

		9 <sup>th</sup> March Facepainting / gift/ €10 voucher	Headphones Dates TBC			Facepainting/ gift/ €10 voucher
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	August	September	October	November	December	January
<b>Menswear</b>		<b>New Season Bounceback (selected stores)</b> Bounceback Giftcard (spend €100 and get €25 back) 14 <sup>th</sup> Feb (approx) – 3 <sup>rd</sup> March		<b>Menswear Promotion TBC</b> Buy 2 sweats and get €25 off 3 <sup>rd</sup> – 31 <sup>st</sup> April Showcards/ Swingtags	<b>Winter umbrella GWP</b> Free Tommy Umbrella with €150 spend Dates TBC	
<b>Women's-Wear</b>	<b>Candle GWP (selected stores)</b> 1st March – 10th March Showcard	<b>New Season Bounceback (selected stores)</b> Bounceback Giftcard (spend €100 and get €25 back) 14 <sup>th</sup> Feb (approx) – 3 <sup>rd</sup> March		<b>Womenswear Promotion TBC</b> Buy 2 sweats and get €25 off 3 <sup>rd</sup> – 31 <sup>st</sup> April Showcards/ Swingtags	<b>Winter umbrella GWP</b> Free Tommy Umbrella with €150 spend Dates TBC	
<b>Men's Denim</b>		<b>New Season Bounceback (selected stores)</b> Bounceback Giftcard (spend €100 and get €25 back) 14 <sup>th</sup> Feb (approx) – 3 <sup>rd</sup> March			<b>Denim Jeans Promo</b> Pre-marketing, POS, Local Marketing	
<b>Girls Denim</b>		<b>New Season Bounceback (selected stores)</b> Bounceback Giftcard (spend €100 and get €25 back) 14 <sup>th</sup> Feb (approx) – 3 <sup>rd</sup> March			<b>Denim Jeans Promo</b> Pre-marketing, POS, Local Marketing	
<b>Childrens-wear</b>			<b>Halloween WKD/ CSW Facepainting (Arnotts)</b> 9 <sup>th</sup> March Facepainting/ gift/ €10 voucher	<b>Childrenswear GWP</b> Spend €100 get free umbrella/ Headphones Dates TBC		