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Communication and Promotion Decisions in Retailing: A Review and Directions for Future Research

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Abstract

Communication and promotion decisions are a fundamental part of retailer customer experience management strategy. In this review paper, we address two key questions from a retailer's perspective: (1) what have we learned from prior research about promotion, advertising, and other forms of communication and (2) what major issues should future research in this area address. In addressing these questions, we propose and follow a framework that captures the interrelationships among manufacturer and retailer communication and promotion decisions and retailer performance. We examine these questions under four major topics: determination and allocation of promotion budget, trade promotions, consumer promotions and communication and promotion through the new media. Our review offers several useful insights and identifies many fruitful topics and questions for future research.

Keywords: Communication; Promotion; Advertising; New media: Resource allocation; Trade promotion; Consumer promotion; Accounting; Legal issues

Introduction

Communication and promotion decisions are a critical element of retailer customer experience management strategy. There is an extensive literature on marketing communication and promotion, consisting of both analytical and empirical models. Several useful reviews summarize what we know about this very broad and important area, primarily from a manufacturer's standpoint (e.g., Neslin 2006; Stewart and Kamins 2002). Our objective in this article is to examine one slice of this large body of research as it relates to retailers. We address the following questions from a retailer's perspective: (1) what have we learned from the past decade of research about promotion, advertising, and other forms of communication and (2) what major issues should future research in this area address? Given the expertise of the authors and the context in which much of the research on this topic has been done, our primary focus is the consumer packaged goods (CPG) industry, although we include findings from other retail contexts, wherever relevant.

The conceptual framework that guides our discussion is provided in Figure 1. The main theme of the framework is that manufacturer decisions on communication and promotion influence retailer decisions and vice versa, and both sets of decisions determine retailer performance. Further, there is a feedback effect from retailer performance back to retailer and manufacturer decisions as both parties make their communication and promotion budget and allocation decisions based on the expected performance impact.

The left hand side of the framework depicts the key marketing communication variables under the control of the manufacturer and the retailer. Although the manufacturer's perspective is not the focus of our article, we include it to the extent that manufacturer decisions influence and are influenced by retailer decisions. Manufacturer decision variables can be categorized as *pull* or *push* (Olver and Farris 1989; Shankar 2008a). The brand manufacturer's *pull* decisions (e.g., advertising, coupons) can influence the retailer's decisions on the regular price, feature advertising, display, and price cut for the brand. The manufac-

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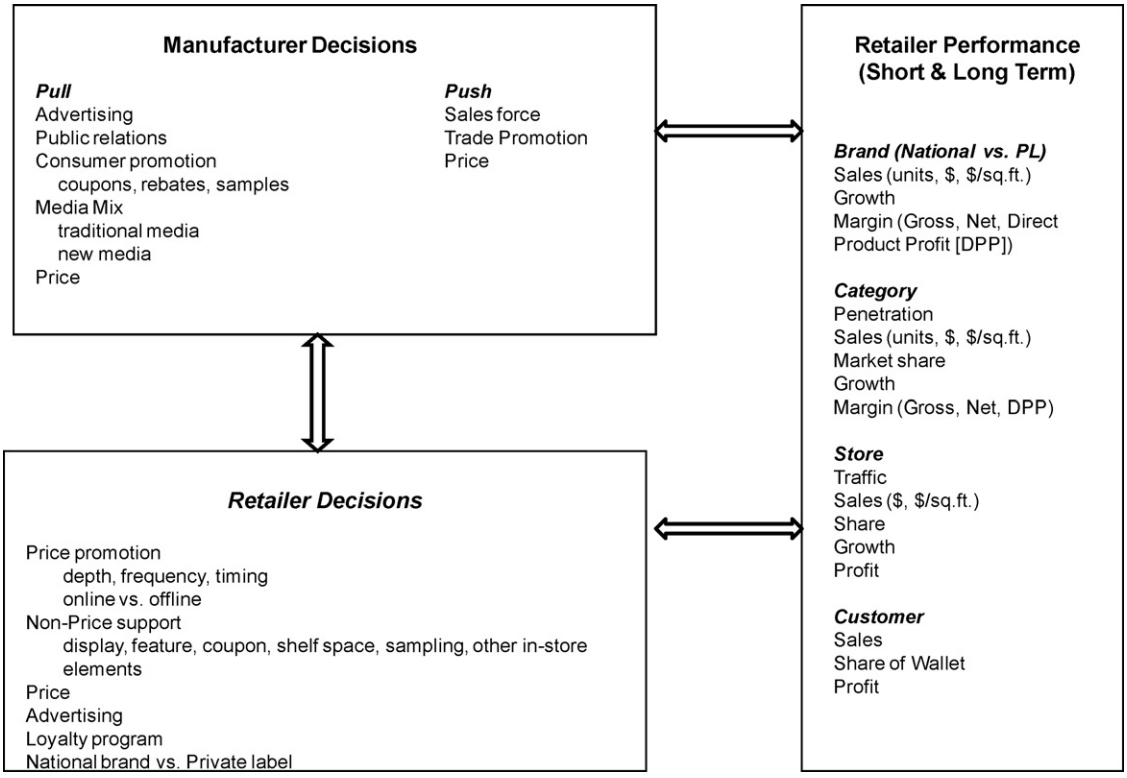

Figure 1. Conceptual framework.

turer's *push* decisions such as wholesale price, trade promotions, and sales force efforts also influence the retailer's decisions.

The retailer's decisions include those on price, price promotions, traditional non-price support like feature advertising and displays, and other in-store communications such as TVs, shelf talkers, and shopping cart advertising that are now commonly bundled under the phrase "shopper marketing" (Grocery Management Association 2007). Clearly, these decisions are influenced (and often funded) by manufacturer decisions, and they determine the retailer's performance. Although pricing *per se* is not within the scope of our review, we include it in our framework to reflect the fact that retailers (and manufacturers) do or at least should coordinate and jointly determine their regular price and price promotion decisions.

The right hand side of the framework summarizes key measures of performance that are relevant to a retailer (for more details, see the article on retailer metrics in this special issue). The metrics range from levels and growth rate of penetration, traffic, and sales to levels and growth rate of gross and net profit. Most of these can be measured at the brand, category, store, and customer levels. Typically, category and store level metrics have been most relevant to retailers. While manufacturers care most about their brand performance, retailers are interested in individual brands only to the extent that some brands offer higher margins than others (e.g., private label versus national brands, Ailawadi and Harlam 2004; Sethuraman 2006), have higher promotion lifts than others (e.g., high share or high equity brands, Ailawadi et al. 2006; Slotegraaf and Pauwels 2008), or are more effective at driving store performance (e.g., loss leaders, Gauri, Talukdar, and Ratchford 2008) and attracting and retaining high value customers (Chien, George, and McAlister 2001; Shankar and Krishnamurthi 2008). Increasingly, retailers are also finding it useful to focus attention on the value that individual customers or groups of customers bring to the retailer (Kumar, Shah, and Venkatesan 2006), and the impact that groups traditionally considered undesirable, such as extreme cherry pickers, have on the retailer's profit (Fox and Hoch 2005; Gauri, Sudhir, and Talukdar 2008). There is also an important distinction between short and long-term performance since communication variables can differ significantly in their short and long-term effectiveness (Mela, Gupta, and Lehmann 1997).

We use the above framework as a roadmap for our synthesis of literature and directions for further research with emphasis in the following areas: trade promotions, consumer promotions, communication and promotion through the new media, and budget determination and allocation. Before doing so, we want to reiterate the differences between manufacturer and retailer perspectives, which occur along three main dimensions: objectives, tools, and outcome measures. As shown in Table 1, the manufacturer's objectives are to maximize company, category and brand profits, while the retailer's objectives are to maximize chain, store, category, private label, and customer profits. Manufacturer tools include brand advertising, consumer and trade promotions, public relations and sales force, whereas retailer tools include store and private label advertising, feature advertising, store coupons, and loyalty program. A manufacturer is primarily interested in the performance of its brands, while the retailer is more interested in its performance at the category and the store levels (see van Heerde and Neslin 2008 for greater

Table 1
Differences between manufacturer and retailer perspectives on communication and promotion.

Dimension	Manufacturer	Retailer
Objective	Maximize company, category and brand profits	Maximize corporate, chain, store, category, private label, and customer profits
Tools	Brand advertising, consumer promotion, trade promotion, sales force, public relations	Store and private label advertising, feature advertising, store coupons, loyalty card, public relations
Outcome measures	Sales, market share, margin, profit, ROI, brand equity, shareholder value	Store traffic, sales/square foot, store share, profit, store satisfaction, share of wallet

details on manufacturer versus retailer perspectives in the context of promotion effects).

Trade promotions

In the U.S. CPG industry, trade promotions constitute approximately 60% of the total marketing budget (Trade Promotion Report 2005), and CPG companies spend more than $75 billion on trade promotions annually (Drèze and Bell 2003). The magnitude of this number becomes apparent when we compare it with the total money spent on advertising, which is around $37 billion (*Advertising Age* 2007). The amount of money spent on trade promotions demands that we understand the phenomenon of trade promotion and evaluate its effectiveness.

Several analytical models of trade promotions exist in the marketing literature, spanning more than two decades, that provide rich normative insights into why trade promotions exist, the impact of retailer forward buying, and the brand, retailer, and consumer factors that should influence retailer pass-through of trade promotions. Until recently, however, empirical work was limited to a small number of studies examining a small number of specific trade deals offered to a retailer (Armstrong 1991; Chevalier and Curhan 1976; Curhan and Kopp 1987; Walters 1989).

The reasons for the paucity of empirical work on trade promotions are twofold. First, trade promotions are often considered by managers as a "cost of doing business," (Kopp and Greyser 1987) which leads them to not consider it as worthy of investigation. Second, trade promotion data are notoriously hard to collect, as companies consider trade promotion strategies as trade secrets and therefore, are unwilling to share them with researchers. However, the last few years have seen an upsurge in empirical work on trade promotions and their pass-through and have provided some important lessons, which we summarize below.

Different types of trade promotion funds

Until the early nineties, trade promotion funds were largely in the form of off-invoice discounts for specific items in specific time periods. Since then, however, manufacturers have been moving towards "pay for performance" deals which include bill-backs and scan-backs but also lump sum cooperative advertising allowances and development funds (see Cannondale Associates 1996 versus 2000). This move was driven largely by the need to curb forward buying by retailers. Retailers are likely to prefer unconditional discounts (see Drèze and Bell 2003 for an analytical proof) while manufacturers prefer deals linked to performance (e.g., price reductions, non-price support, and sales volume). Gomez, Rao, and McLaughlin (2007) report that accruals, scan-backs, and bill-backs account for over 60% of the total trade promotion budget, while off-invoice allowances account for 25.9%. They also find that the relative market power of retailers versus manufacturers influences the size of the budget and the percentage allocated to pay-for-performance versus off-invoice deals. For instance, the manufacturer's total budget is lower when it has strong equity as measured by its price premium. In contrast, the total budget is higher and a greater portion of that budget is allocated to off-invoice deals for high sales retailers. The major implication of these different types of funds is that they are not tied to specific items and specific time periods, so both analytical and empirical models need to account for the fact that weekly changes in per unit wholesale versus retail prices of individual items or brands may no longer be the best way to represent pass-through.

Individual versus aggregate pass-through

Empirical research shows that the median pass-through rate for a manufacturer is less than 100%. There is convergent validity for a median rate of 65–75% across studies by Besanko, Dubé, and Gupta (2005), Pauwels (2007), and Ailawadi and Harlam (forthcoming). However, this rate does not necessarily mean that the retailer pockets the rest of the trade promotion funding. Ailawadi and Harlam (forthcoming) report that, in aggregate, promotion spending by the retailer in their study is more than 100% of the total trade promotion funding it receives. Indeed, the distribution of individual pass-through rates is positively skewed; most manufacturers receive pass-throughs well below 100%, but a small number enjoy pass-through rates much greater than 100% and some manufacturers even receive promotion spending without providing any funding.

Variations in pass-through across categories and manufacturers

Retailers pass through a larger percentage of trade promotion funds obtained from high share manufacturers. This result is supported by all three studies on pass-through. Higher priced manufacturers and larger categories also get higher pass-through (Ailawadi and Harlam forthcoming; Pauwels 2007). There is less convergence among the studies on whether retailer pass-through

for private labels is higher or lower than for national brands. Besanko, Dubé, and Gupta (2005) report that pass-through is lower for private label while Ailawadi and Harlam (forthcoming) find that it is higher. Pauwels' (2007) result is directionally consistent with Ailawadi and Harlam, but the effect falls short of significance.

Cross pass-through

Analytical models of retailer decisions that are based on category profit maximization suggest that cross pass-through should exist, that is, trade promotions from one manufacturer in a given period (often a week) should influence the extent to which the retailer promotes another manufacturer's brand in the same period (e.g., Moorthy 2005). Empirically, however, there is some controversy about the existence of this type of cross pass-through. Besanko, Dubé, and Gupta (2005) document both positive and negative cross pass-throughs, and Pauwels (2007) reports positive cross pass-through for large brands and negative cross pass-through for small brands. However, McAlister (2007) refutes the existence of cross pass-through, showing that the number of significant cross pass-through effects drops significantly when some pooling issues in the study by Besanko, Dubé, and Gupta (2005) are addressed. In a rejoinder, Dubé and Gupta (2008) agree but show that allowing for cross effects does improve overall fit in various model specifications and thus conclude that the phenomenon exists. Ailawadi and Harlam (forthcoming), who use actual funding and promotion spending data to compute pass-through instead of estimating it from wholesale and retail price changes, find strong evidence for cross-subsidization of promotions – funding received from manufacturers in a category is used to subsidize private label promotions as well as promotions in other, vastly different categories. However, they do not find a significant effect of funding from one manufacturer on pass-through for another manufacturer in the same period and the retailer decision making process they report supports McAlister's (2007) view that weekly cross-brand pass-through is not prevalent or practical.

Accounting and audit issues

Although academics assume that the amount of money spent by manufacturers on trade promotions and the amount passed through by retailers is clear-cut and unambiguous, this is often not the case in practice. An in-depth study of problems and best practices in trade promotion accounting (Parvatiyar et al. 2005) reveals that trade promotions are often negotiated verbally, particularly by smaller players, and record keeping of trade promotions is notoriously inadequate, leading to errors in reporting and accounting for trade promotions. Retailers often fail to claim the trade promotion funds they were offered; vendor invoices sometimes do not reflect the deals agreed up on; retailers may mistakenly claim a trade deal more than once. This has led to the development of a multibillion dollar post-auditing industry whose function is to discover and try to recover 'lost' money for retailers.

The process of discovering, investigating, confirming, and resolving a post-audit recovery claim involves not only the post-auditors, but the sales and marketing personnel as well as accounting departments at both the retailer and vendor firms. It often strains relationships between the vendor firm and the retail firm, as well as between the accounting and sales/marketing personnel within each firm. While the retail buyer and the vendor salesperson want to maintain a positive relationship, the post-audit activity and the process of verifying each other's claims strains their relationships. And, while accounting personnel look at post-audit activity as legitimate revenue generation activity, the marketing and sales personnel view it as a diversion from their main function. In summary, trade promotions lead to errors, errors lead to post-audit activity and post-audit activity strains relationships, especially when it takes place after a significant delay.

When a claim is resolved the vendor firm and the retail firm have to adjust their accounting books. Adjustments are now estimated to be about 1% of annual sales and may occur as late as 12–24 months after the transaction (Parvatiyar et al. 2005). This practice raises ethical and legal questions. The industry is worried that it may trigger a violation of the Sarbanes/Oxley act because accounting books need to be adjusted after they have been initially certified. While the retail industry is acutely aware of this situation, there is no academic research on these institutional accounting, auditing, and legal aspects of trade promotions.

Another important aspect of trade promotions has to do with how promotion spending is treated in financial statements. In late 2001, new rules developed by the Financial Accounting Standards Board (FASB) went into effect, whereby companies are required to deduct price discounts given to retailers and consumers from revenue rather than reporting them as marketing expenses (Schultz 2002). This was expected to reduce CPG companies' promotion spending in the form of price discounts (e.g., off-invoice and bill-back discounts to retailers, coupons to consumers). However, since the FASB rules make a distinction between pure price discounts and other promotion spending such as payments for co-op advertising and in-store events, it was also expected that CPG firms' would shift more spending towards "shopper marketing" (Neff 2002), a term that has been recently coined to represent marketing activities that can influence consumer behavior at the point of purchase in the store. These accounting rule changes have justifiably attracted plenty of attention in the business press, but academic research on its implications has been scarce.

Future research directions

The above review suggests several directions for further research. First, we need to account for different types of trade promotion funding in empirical analyses of trade promotion and study the allocation decisions, pass-through, and performance of these different types. Because the new FASB accounting rules for promotional spending are likely to have had an effect on not only the total trade promotion spending by CPG companies but

also on the mix of different types of funding, research is also warranted on their impact.

Second, it is important to study variations in budgeting and pass-through across manufacturers and across retailers given that the characteristics of both the parties determine these decisions. What manufacturer and retailer characteristics are more influential in determining pass-through rates? How can retailers better manage pass through rates? Retailers pass-through more of high share manufacturers' funding, but is this an optimal strategy? After all, high share products have higher baseline sales, which can make promotions less profitable for retailers (McAlister 1986; Tellis and Zufryden 1995; van Heerde and Neslin 2008).

Third, irrespective of whether retailers currently engage in cross pass-through or not, research is needed to determine whether it would be an optimal strategy, not just from a weekly category profit maximization viewpoint (e.g., Moorthy 2005), but also after accounting for its operational complexity and its potential negative impact on manufacturer–retailer relationships and future trade promotion funding.

Fourth, analytical and structural models of these decisions need to incorporate the changed institutional reality of how trade promotions are designed, negotiated, and passed through. They also need to formalize the role of the relative bargaining power of manufacturers and retailers, which appears to be a central factor in the amount and type of trade promotions funding as well as in the extent of pass-through.

Fifth, we need to distinguish between regular price changes and promotions in empirical and analytical models of pass-through because both consumer response and managerial decision-making are different for the two decisions (e.g., Dubé and Gupta 2008; McAlister 2008; Shankar and Krishnamurthi 1996). Sixth, the focus of empirical research has been on the retailer's pass-through in the form of price promotions. But, non-price merchandising support variables such as displays, shelf talkers, and extra shelf space are also important to manufacturers. Future research should study the impact of manufacturer funding on such non-price support activities of their brands by retailers.

Finally, there is a sore need for research on the impact of trade promotions negotiations and post-audit activity on the relationships between manufacturers and retailers. Justice theory and equity theory in an agency framework are potential avenues to investigate these issues. This area is also interesting as it involves cross functional relationships. The marketing, sales, purchase, accounting, and finance departments of vendor and retail organizations are involved in trade promotion activities, whereas research on trade promotions has largely ignored the involvement of finance and accounting functional areas.

Consumer promotions

Consumer promotions are an important element of competitive dynamics in retail markets with retailers using a myriad of promotion techniques to attract consumers. Some of the most commonly used techniques are the typical price promotions, "loss leader" promotions (deep discount deals), feature advertising (store flyers), and in-store displays. According to the *Promotion Marketing Association*, the total promotion spending across all product categories in the USA reached $429 billion (about 3.65% of the GDP) in 2004. Given the widespread use of retail promotions and the magnitude of the dollars spent on them, managers and academicians have a great interest in understanding how consumers react to such promotions and how that affects retailers' performance (Bodapati 1999; Raghubir, Inman, and Grande 2004). We summarize below some of the most recent empirical findings in the promotions area as they relate to retailer decision making and performance.

The sales promotion bump and its decomposition

The immediate increase in a promoted item's sales when it is put on promotion is substantial. Meta-analyses by Bijmolt, van Heerde, and Pieters (2005) and Pan and Shankar (2008) put the average short-term promotional price elasticity at −2.62 and −2.55, respectively. Of course, the entire promotional sales bump is not incremental either for the retailer or for the manufacturer whose product is being promoted. Beginning with Gupta (1988), much attention has been paid to decomposing this sales bump. Recent years have seen a renewed emphasis on this subject as researchers have moved from decomposition of promotion elasticity (e.g., Gupta 1988) to decomposition of unit sales (e.g., van Heerde, Gupta, and Wittink 2003). One major empirical finding from van Heerde and colleagues is that the brand switching fraction of the promotion is significantly smaller than previously thought. The estimates of brand switching component in studies published after 2002 are around 30–45% (e.g., Sun 2005; Sun, Neslin, and Narasimhan 2003; van Heerde, Gupta, and Wittink 2003; van Heerde, Leeflang, and Wittink 2004), versus earlier estimates of around 80% (e.g., Bell, Chiang and Padmanabhan 1999; Chiang 1991; Chintagunta 1993; Gupta 1988). van Heerde and Neslin 2008 provide a good discussion of the methodological reasons for this downward trend in estimates of the brand switching fraction.

Almost all of this research takes the manufacturer's perspective in decomposing the sales bump. However, as discussed by van Heerde and Gupta (2006), Ailawadi et al. (2006), and van Heerde and Neslin (2008), the components of the promotional bump that are incremental for the retailer and are quite different from the ones that are incremental for the manufacturer. In particular, while both parties benefit from promotion induced increases in consumption, manufacturers do not benefit from store-switching and retailers do not benefit from brand switching (unless, of course, there are margin differences). Using data from the U.S. drug store chain CVS, Ailawadi et al. (2006) estimate the promotion bump and decompose it from the retailer's perspective. They find that, on average, 45% of the bump is due to switching within the store, 10% is due to accelerating or "pulling forward" future purchases in the store, and 45% is incremental sales for the retailer.

"Halo" and store-traffic effects of promotion

A retailer hopes that promotions not only increase sales of the promoted items but also attract more consumers into the

store because, once consumers are in the store, they are likely to also buy products other than those on promotion. Ailawadi et al. (2006) provide some insights into the ability of promotions in one category to influence sales in other categories in the store. They find that, on average, there is a significant positive 'halo effect' of promotions – for every unit of gross promotion lift, 0.16 unit of some other product is purchased elsewhere in the store.

One particularly popular strategy used by retailers is the "loss leader" promotion strategy (Drèze 1995; Walters and MacKenzie 1988), which assumes that promotions on some products are particularly effective in driving store traffic. The loss leader strategy is distinct from other retailer price promotion strategies in that the prices for the selected loss leader items are set at or below retailers' respective marginal costs. Retailers consciously incur loss or earn no profit on these items, in the hope that deep discounts on the loss leaders will lead to increased store traffic, and, since there are economies of scale in shopping, once at the store, customers will buy other items in addition to the loss leaders. So, the expectation from theoretical models is that the negative contribution from the loss-leader items bought by the customers will be more than offset by the profit generated from the sale of non-loss-leader items to them (Bliss and Christopher 1988; Hess and Gerstner 1987; Lal and Matutes 1994; Rao and Syam 2001).

However, empirical evidence for the effectiveness of loss leader promotions is limited. Walters and Rinne (1986) showed that certain portfolios of products promoted as loss leaders have a greater impact on store traffic, store sales and deal sales than other product portfolios, with no significant impact on retailer profits. Walters and MacKenzie (1988) also found a significant impact of loss leaders on store traffic and store sales, but only two (out of eight) of their categories had significant effects on store profits – one positive and one negative. Both studies use fairly simple models with a dummy variable for loss leaders.

Gauri, Talukdar, and Ratchford (2008) conduct a more sophisticated econometric analysis that accounts for the breadth and depth of loss leader promotions, using scanner data from 24 stores. They find that loss leader promotions not only increase store traffic and average spending, but they also lead to higher net profit contribution for the promoting stores. In fact, they find that there are marked differences across product categories in their relative effectiveness as loss leaders in boosting store profit stores could generate more profits from if they chose loss leader categories optimally. In sum, the empirical evidence that exists does suggest that loss leader promotions are effective.

Consumer price search behavior

To evaluate the impact of price promotions on store performance and to determine whether or not the promotions are attracting profitable consumers, a retailer needs to understand how different consumers respond to price promotions. Consumers may search for deals along both the spatial (across stores) and temporal dimensions (across time). Several papers have studied spatial price search in grocery markets using either actual purchase or survey data (e.g., Carlson and Gieseke 1983; Fox and Hoch 2005; Putrevu and Ratchford 1997), and a parallel empirical literature has focused on the temporal dimension of search, investigating consumer response to promotions through stockpiling, purchase acceleration and purchase delays (e.g., Mela, Jedidi, and Bowman 1998; Neslin, Henderson, and Quelch 1985).

Gauri, Sudhir, and Talukdar (2008) consider the effect of both spatial and temporal dimensions of price search on the profitability of price promotions. Gauri and colleagues find that households that claim to search spatio-temporally avail about 75% of the available savings on average, while those that claim not to systematically search on either dimension avail about 50% of the available savings. This suggests that "cherry pickers" do not get much more in savings than non-cherry pickers. As far as the size and profit impact of the cherry-picking segment is concerned, Fox and Hoch (2005) characterize approximately 8% of the households in their sample as cherry pickers and show that these households selectively use secondary stores on cherry picking trips to disproportionately purchase promoted items. Talukdar, Gauri, and Grewal (2008) find that on an average only about 1.5% of households contribute a net negative profit to the store over a 1-year period and extreme cherry picking behavior gets manifested only with respect to the secondary stores of the consumers. They also find that an inverse-U relationship exists between consumers' opportunity cost of cross-store price search and their likelihood of exhibiting ECP behavior. In summary, it appears that neither the size of the cherry picking segment nor its negative impact on retailer profits is as high as is generally believed.

Short term and long-term impact of promotions

As noted earlier, Ailawadi et al. (2006) find that, on average 45% of the promotion bump is incremental for the retailer in their study. However, they also find that, once costs and reduced promotional margins are taken into account, over 50% of promotions are not profitable for the retailer. Across 460 product categories over a 4-year period, Nijs et al. (2001) find that in 58% of the cases there is a positive effect of promotions on category sales (increases in category sales should benefit both manufacturers and retailers). Srinivasan et al. (2004) also find that though promotions have a predominantly positive impact on manufacturer revenues, their impact on retailer revenue and margin is mixed, even after accounting for cross-category and store-traffic effects. In particular, they report that retailer revenue elasticities are higher for brands with frequent and shallow promotions, for impulse products, and in categories with a low degree of brand proliferation. And retailer margin elasticities are higher for promotions of small-share brands and for brands with infrequent and shallow promotions. Overall, therefore, not all promotions have a positive revenue impact for retailers, and the profit impact, in the few cases where it has been studied, is decidedly mixed.

As far as long-term effects of promotions are concerned, much of the work has been done from the manufacturer's perspective. Mela, Gupta, and Lehmann (1997) find that consumers become more price and promotion sensitive in their brand choice

decisions over time because of reduced advertising and increased promotions. Mela, Jedidi, and Bowman (1998) conclude that the increased long-term exposure of households to promotions has increased their tendency to "lie in wait" for especially good promotions. Kopalle, Mela, and Marsh (1999) find that increased promotions have three negative dynamic effects – reduce baseline sales, increase price sensitivity, and diminish the ability of the promoted brand to take share from competitors. Substantial evidence has been accumulated using time series VARX models that promotions have no "permanent" effects (e.g., Pauwels, Hanssens, and Siddarth 2002; Steenkamp et al. 2005).

There is less research on the long-term effects of promotions from the retailer's perspective, but the few studies on this issue show that they are not significant. For instance, Nijs et al. (2001) find that in 98% of the cases there is no permanent effect of promotions on category sales. Consistent with this result, Srinivasan et al. (2004) find that there are no permanent effects of promotion on either the revenue or margin of retailers.

Effects of different types of promotions

The vast majority of research on promotions involves price promotions with or without accompanying features or displays. We now have a fairly good understanding of the magnitude of price promotion elasticities, with and without features and displays (e.g., Bijmolt, van Heerde, and Pieters 2005; Narasimhan, Neslin, and Sen 1996; Pan and Shankar 2008). The consensus is that elasticities can increase several fold in the presence of features and/or displays.

There is some new work on the effectiveness of various design elements of retailers' weekly promotional flyers. Gijsbrechts, Campo, and Goossens (2003) examine how composition characteristics of the flyer affect store traffic and sales. Not surprisingly, they find that flyers featuring deeper discounts are more effective in driving traffic and sales. They also show that total flyer size does not seem to matter, but flyers featuring a larger proportion of food and private label promotions, and flyers featuring specialty categories like wines and delicatessen on the cover page are more effective in generating store traffic and store sales.

Pieters, Wedel, and Zhang (2007) use eye-tracking technology to understand how attention to the ads on a flyer page is affected by the surface size of five design elements – brand, text, pictorial, price, and promotion. They find that the total surface size of a feature ad has a strong effect on attention, the size of the pictorial element has the largest effect and the size of the text element has little to no effect. They also present a method for optimizing these design elements and find that the optimal layout differs for manufacturer brands, private label, and unbranded products. In particular, the pictorial, price, and brand elements should be most prominent for the first; price and brand elements should be most prominent for the second; and price and pictorial elements should be most prominent for the third. Thus, new research is providing some useful guidelines for how retailers should design their weekly store flyers.

There has also been some interesting work on the effectiveness of different types of promotions such as promotions with quantity limits, multiple unit promotions, and bonus packs. Inman, Peter, and Raghubir (1997) find that the presence of a restriction (e.g., purchase limit, purchase precondition, or time limit) serves to accentuate deal value and acts as a "promoter" of promotions. Across four studies, they demonstrate the robustness of a "restriction effect" whereby more stringent restrictions are effective at signaling value, thereby increasing the restricted brand's choice probability. Wansink, Hoch, and Kent (1998) examine quantity limits from a different perspective. They focus on consumers' purchase quantity decision and the psychological process underlying it. Across five studies, they find evidence of an anchoring and adjustment effect whereby average purchase quantity increases in the presence of a quantity limit. Manning and Sprott (2007) study the effect of multiple unit price promotions (e.g., 2 for $2; 8 for $8) on consumers' quantity purchase intentions. They find a positive effect only when the multiple quantity anchor specified is high (e.g., 8 or 20, not 2 or 4), suggesting that the anchoring works but only at high levels, and only for frequently consumed products.

In sum, there are important behavioral mechanisms at play in limit and multiple unit promotions, with contingency effects that need more study. Furthermore, these papers have, to some extent found evidence of opposing effects. On the one hand, Inman et al. (1997) suggest that *purchase incidence* declines as the quantity limit increases. On the other hand, Wansink et al. suggest that *average purchase quantity* increases with the limit. Because total sales equal the number of shoppers buying the brand times the average purchase quantity per shopper, further research is needed to determine the shape of the unit sales-quantity limit relationship.

Finally, Hardesty and Bearden (2003), using three experimental studies, investigate the effects of promotion price discounts relative to those of bonus packs across promotional benefit levels. Their results suggest that price discounts and bonus packs are valued similarly for both low and moderate promotional benefit levels, but price discounts are preferred to bonus packs when promotional benefit levels are high.

Promotion framing

A large body of behavioral research demonstrates that the manner in which a deal is framed influences consumer perception of the deal value, purchase intent, and search intent. Framing refers to how the deal price is communicated to the consumer, for example, whether an external reference price is provided, whether the deal is in dollar or percentage terms, and whether prices of competing products or other contextual information are provided. The major implication from this research stream for retailers is that deals should be carefully framed because small modifications in wording and the information provided can have a significant impact on the effectiveness and efficiency of the deal. While it is beyond the scope of this article to report on the findings of individual articles, we wish to highlight two meta-analyses on the subject. Compeau and Grewal's (1998) meta-analysis concludes that the mere presence of an advertised reference price increases the consumer's internal reference price and the perceived value of the deal and reduces their intentions to search for a better deal. They also find

that these effects are stronger for higher advertised reference prices.

Krishna et al.'s (2002) meta-analysis offers interesting insights into the impact of multiple factors on perceived deal savings. They find that among deal characteristics, (a) the deal percentage increases perceived savings over and above the dollar amount of the deal; (b) the more the savings on a bundle of items over and above savings on individual items, the higher the perceived savings; and (c) the more the number of items in the bundle, the smaller the perceived savings. Further, they find that among situational factors, perceived savings are higher when (a) the deal is included in an advertisement; (b) it is on a national brand relative to a private label or generic brand; and (c) when it is offered by a specialty store or supermarket relative to a discount or department store. Finally, they find that among price presentation factors, (a) small plausible deals increase perceived savings more than large, implausible deals; (b) using regular price as an external reference price increases perceived savings although the presence of an MSRP (manufacturer suggested retail price) does not; (c) objective deals (with specific savings) increase perceived savings more than tensile ones (savings of *x%* or more); and (d) a within-store frame (current price vs. regular price) is more effective than a between-store frame (own price vs. competing store's price).

Price promotion coordination

Pricing and promotion are often studied almost in isolation of each other. Indeed, pricing and promotion decisions are made by different managers in different departments in some retail chains. This practice increases the possibility of sub-optimal decisions on both fronts. Work by Bolton and Shankar (2003), Shankar and Bolton (2004) and Bolton, Montoya, and Shankar (2007) show the nature and extent of the relationships between retailer pricing and promotion decisions that have useful implications for retailer promotion strategy.

Bolton and Shankar (2003) show that retailers practice a number of price-promotional strategies beyond the commonly known Hi-Lo pricing and everyday low pricing (EDLP) strategies. A Hi-Lo (EDLP) pricing strategy is typically associated with a higher (lower) deal elasticity but a lower (higher) regular price elasticity (Shankar and Krishnamurthi 1996). Bolton and Shankar (2003) find that retailer pricing and promotion strategies are based on combinations of four underlying dimensions: relative price, price variation, deal intensity and deal support and that at the brand-store level, retailers practice five pricing strategies: exclusive, moderately promotional, Hi-Lo, EDLP, and aggressive pricing strategies. Their results also show that the most prevalent pricing strategy is characterized by average relative brand price, low price variation, medium promotion intensity, and medium deal support. Shankar and Bolton (2004) find that competitor factors such as frequency of promotions and price level, retail chain factors such as size and positioning and category factors such as storability and necessity explain most of the variance in retailers' price promotion coordination decisions. Among these, competitor factors explain the bulk (62%) of the variation in retailer price promotion coordination.

Bolton, Montoya, and Shankar (2007) argue that price promotion coordination is a key driver of retailer profitability. Retailers need to better coordinate the prices and promotions of brands not only within a category, but also across categories. Furthermore, retailers should coordinate prices and promotions across different shopping formats. For example, a retailer such as Wal-Mart may have regular Wal-Mart, Wal-Mart supercenter, and Neighborhood Markets stores not too far from one another. They can improve their corporate profits by planning and coordinating the prices and promotions across brands, categories and store formats. Gauri, Trivedi, and Grewal (2008) emphasize that the price promotion strategy (EDLP, HiLo and Hybrid) and format strategy (Supermarket, Supercenter and Limited Assortment) are two key elements of the overall retail strategy of the stores. They consider both these strategies in a single framework and find that consideration of any one strategy in isolation fails to depict a complete picture, and the strategic implications change significantly when both the price promotion and format strategies are studied in combination. Taken together, the studies on pricing and promotion suggest that retailers can improve the effectiveness of promotions by coordinating them with pricing decisions. They can use the knowledge and understanding of the determinants of price promotion strategy and coordination to improve their profitability.

National brand vs. private label promotions

National brands and private labels may differ in promotion effectiveness and the differences in their effectiveness have important implications for retailer promotion strategy. The effects of promotions of a national brand and private label/store brand on the sales of each other are asymmetric. When high-price tier brands promote, they draw more shoppers from users of low-price tier brands than vice versa (Blattberg and Wisneswki 1989). Extending this logic to national and store brands, which typically are in high-price tier and low-price tier, respectively, we can conclude that promotions of national brands are more effective than those of store brands.

Indeed, much analytical work suggests that private labels should not be promoted (see Sethuraman 2006), but empirical evidence suggests that retailers do promote private label (Shankar and Krishnamurthi 2008). The findings of Ailawadi et al. (2006) provide one explanation for this practice – even though the unit sales impact of promotion is smaller for private labels than for national brands, the profit impact may be higher for private labels due to the higher retail margins on private labels. Shankar and Krishnamurthi (2008) develop a model of optimal retailer decisions on regular price, deal depth, and frequency of deals for both national and store brands under the goal of category profit maximization based on store level data for stores with two different pricing policy/format positioning, EDLP and Hi-Lo. Their analytical and empirical results show that large national brands should be regular priced highest and promoted less often with shallow deal discounts relative to other brands within each EDLP and Hi-Lo store; small national brands should be regular priced at a moderate level and promoted at a moderate (high) frequency relative to other brands

with deeper discounts than large national brands within each EDLP (Hi-Lo) store; and store brands should be regular priced lowest and promoted at a low-moderate (high) frequency with deep (low-moderate) discounts within each EDLP (Hi-Lo) store.

Future research directions

As discussed earlier, much of the work on decomposing the sales bump takes the perspective of the manufacturer. More research is needed from the retailer's perspective. This work should be done for different retail formats and for different types of promotions.

Despite the importance of studying the profit impact of promotions, due to lack of publicly available cost data, most of the past empirical work has focused on the volume impact of promotions. The few recent studies that have considered the profit impact of promotions show that it can be quite different from sales impact, so more research is needed in this area.

The effectiveness of promotions of national brands has been extensively studied. More research, however, is needed to understand the motivations for private label promotions and their effectiveness. Promotional pass-through decisions for store brands is one topic on which not much is known. Furthermore, channel blurring—the phenomenon in which consumers are moving their purchases of a product category from channels traditionally associated with that category (e.g., grocery) to alternative channels (e.g., mass, club, extreme value/dollar) and in which retailers from one channel are selling items traditionally associated with other channels (Luchs, Inman, and Shankar 2007)—is reorienting the promotional landscape as store and channel switching are becoming important consequences of promotion.

Another area in which future research would be useful is the performance impact of loss leader promotions across categories, SKUs and brands. More research is needed to identify the most effective loss leader brands and categories from the point of view of driving not just store traffic and sales, but also store profit. It would also be interesting to explore the existence of possible asymmetric effects at various levels, for example, loss leader promotions on soda may affect chips sales more than the chips sales affect soda category (e.g., Bezawada et al. forthcoming).

More work is needed to identify win–win promotions for both manufacturers and retailers. The extent to which promotion increases category consumption is beneficial for both parties and we now have a good understanding of how to model the impact of promotion on consumption (e.g., Ailawadi and Neslin 1998) and also how this effect varies across categories (e.g., Bell, Chiang, Padmanabhan 1999; Nijs et al. 2001). However, we also need to bring together the divergent perspectives of the manufacturer and the retailer on the brand versus store issue. A promising area of work is the effort to link brand equity to store equity. Chien, George, and McAlister (2001) provide a useful conceptual framework and methodology for identifying brands that attract a retailer's most valuable customers, and McAlister, George, and Chien (2008) examine the profitability of consumers attracted to promotions of different brands. Not only does such research try to bring together manufacturer and retailer perspectives, it makes an important move from brand and category profit to store and customer profit.

More research is needed on the value of jointly coordinating price and promotion and on decision models which facilitate price promotion coordination, especially with the emergence of shopper marketing. Shopper marketing is getting significant attention in the business press as both manufacturers and retailers recognize the importance of influences during what senior marketers at P&G have called "the first moment of truth." As manufacturers work with retailers to influence the consumer's experience at the first moment of truth, they must develop win–win shopper marketing strategies with retailers. This is an opportune time for researchers to review the different shopper marketing strategies that are being tested and evaluate their effectiveness. New technologies such as RFIDs, cameras, and videos on shopping carts and in other locations in the store offer strong potential to study shopper marketing in great detail.

Shopper marketing includes activities such as in-store layout, aisle and display management strategies. These activities have important effects on the sales of items in a store. Bezawada et al. (forthcoming) show that the cross-category effects of aisle placement are asymmetric across categories. In an empirical analysis of aisle and display placements of beverages and salty snacks, they find that the salty snacks have a greater effect on the sales of carbonated beverages than vice versa. Research on shopper marketing is still in its infancy and more studies are needed to more accurately assess its impact on consumer purchases.

Additional research that directly connects consumer shopping, price search, and deal response behavior to the effectiveness of promotions for the retailer is needed. For example, the insights gained from analysis of cherry picking patterns across stores would be useful in developing a structural model of store competition that accounts for the fact that consumers choose stores on the basis of their baskets of purchases and can choose from either inter-temporal or cross-store cherry picking patterns. As another instance, researchers have studied how consumers respond to different types of promotions, the behavioral mechanisms that might underlie their response, and the contingencies under which some promotion designs are more effective than others. A review article that pulls together these consumer-level learnings and provides an integrative framework for conceptualizing different promotion types and their effects would be helpful to retailers and researchers alike.

Communication and promotion through the new media

New/unmeasured media such as the Web, email, blog, video, other social media, and mobile continue grow in usage and popularity, but not much is known about their effectiveness, making allocation to such media an important but challenging task (Shankar and Hollinger 2007). Although most CPG manufacturers still spend the vast majority of their marketing budgets on traditional media, their allocation to new media is steadily increasing. For example, Procter & Gamble, the leading consumer goods marketing spender, hiked its spending on unmeasured media in 2006 by roughly 15% over 2005 compared

to an increase of only 3.9% in measured media in the same period (*Advertising Age* 2007). The media mix for its major brands now includes greater allocation to in-store (shopper marketing), the Internet, and other unmeasured media (Tode 2007).

Retailer implications of new media

From a retailer standpoint, manufacturer reallocation toward new media has important implications. First, the money allocated to trade and consumer promotions may change from the past. Second, greater investments in shopper marketing means stronger retailer focus on in-store decisions. Third, many online retailers need to coordinate their new media promotion decisions with those of the relevant manufacturers.

Retailers themselves have started to use the new media in different ways. Many retailers use email extensively to alert shoppers about new products, promotions, and store openings. Some even offer coupons for downloading at their web sites. For example, Kroger allows a shopper to go to its Web site (http://shortcuts.com/?promo=kroger) and download manufacturer coupons onto her/his loyalty card, saving the need to identify and clip coupons. These coupons will be automatically redeemed when the shopper checks the relevant items out with her/his loyalty card at a Kroger store. Other retailers are using different forms of social media (Bustos 2008). American Eagle has Facebook applications, while retailers like Wal-Mart and Target have Facebook sponsored groups. Urban outfitters has MySpace pages, 1-800-Flowers has second life e-stores, Buy.com, Radioshack, and Overstock.com have Youtube/Video podcasts, and Officemax, Burger King and Taco Bell have viral micro sites.

A study of 300 Internet and multichannel retailers revealed that the growth in consumer usage of the new media witnessed a shift in allocation of efforts from the ubiquitous free shipping promotion to more personalized promotions and live chat (Webtrends 2006). Retailers surveyed by the study ranked e-mail marketing as the most important demand-generation activity for holiday success, followed by search engine marketing and search engine optimization.

Research on retailer efforts in the new media is limited, but substantial work has been done on consumer purchase behavior online versus offline. It shows that online shoppers are more convenience-conscious (Degeratu, Rangaswamy, and Wu 2000) and more brand loyal than offline shoppers (Danaher, Wilson, and Davis 2003; Shankar, Smith, and Rangaswamy 2003). They are more price sensitive when there is inadequate non-price information on the website (Degeratu et al. 2000). However, in the presence of non-price information, for example, on brand, quality, and product features, consumers are less price sensitive online than offline (Alba et al. 1997; Lynch and Ariely 2000; Shankar, Rangaswamy, and Pusateri 2001). These differences suggest that retailers should use different types of price promotions online versus offline. The online medium also offers greater potential for customized promotions targeted to individual consumers (Kannan and Kopalle 2001). Zhang and Krishnamurthi's (2004) decision-support model for customizing online promotions provides recommendations on when, how much, and to whom to promote and may significantly improve promotion effectiveness over current practice. Zhang and Wedel (forthcoming) show that the incremental pay-off to manufacturers from offering individual-level customized promotions relative to segment level or mass market level customized promotions is small, especially in offline stores. However, they do not consider the perspective of the retailer in their analysis, so we do not know whether personalized online promotions offer retailer benefits such as improved customer loyalty or greater store traffic.

Future research directions

Given the nascent and growing new media landscape, a number of research questions remain unanswered. First, how do the effects of communication and promotion differ between the traditional and the new media? Shankar and Hollinger (2007) suggest that traditional media communication is largely intrusive, whereas communication and promotion through the new media needs to be more non-intrusive or user-demanded. This argument suggests that promotion through the new media is likely to be more effective than that through the traditional media. However, several challenges, including measurement issues, audience reach, and content of promotion relating to the social media remain (Winer forthcoming).

Second, how should retailers formulate their Internet promotion strategy? Given that consumers increasingly use multiple channels (Kushwaha and Shankar 2008), how should retailers communicate and promote to consumers? Should a retailer feature the local weekly promotions on its Web site and proactively email its consumers in its opt-in email list? While this strategy may get the consumers to visit the store often, it might also highlight and offer more discounts to the loyal shoppers, who would have otherwise bought the items at regular prices. Careful empirical analysis is needed to answer these questions. The online medium also opens other promotional avenues for retailers such as electronic coupons and deal forums (Gopal et al. 2006). More research is needed to guide retailers on whether, when, and how to best exploit these opportunities.

Third, retailers and manufacturers need better models of relative allocation of marketing budget toward traditional and new media. Such models should incorporate interaction effects between the two types of media and the different media vehicles that constitute these media.

Fourth, how should retailers leverage the social media promotion efforts of brand manufacturers? Many brand manufacturers have their own social media that include community sites, corporate blogs and video sites. How can a retailer benefit from these efforts? An average retailer deals with hundreds of brand manufacturers or suppliers, so with which manufacturers should a retailers partner on its social media efforts? Research addressing these questions would be useful to academics and practitioners alike.

Fifth, should retailers set up their own social networks? If so, what should their strategy be and how should they coordinate or manage the network? How should they allocate their marketing efforts between their own network and the networks of their

partner vendors? Future research could address these questions as well.

Communication and promotion budget determination and allocation

Determining the communication and promotion budget and allocating that budget across different promotional tools are important marketing decisions, particularly for manufacturers, who spend considerable money on promoting their brands. From a retailer's viewpoint, manufacturer spending decisions on consumer and trade promotions are critical as they affect their pricing and promotional policies. We review these decisions briefly (for a detailed review of these decisions from a manufacturer standpoint, see Shankar 2008a).

Brand manufacturers set their communication and promotion budgets based on one or more the following methods: objective and task, competitive parity, percentage change from previous year, and percentage of sales methods (Kotler and Keller 2009). Once the budget is decided, a brand manger decides whether to pursue a predominantly pull or push strategy. The pull strategy is aimed at communicating directly to the end consumers to induce them to seek the brand at the retail store, while the push strategy is based on offering incentives to the channel intermediaries such as retailers to actively sell the brand to the end consumers (Kotler and Keller 2009). The pull strategy is built around promotional tools such as advertising and consumer promotions, whereas the push strategy is centered on tools such as trade promotions and sales force. When a brand follows a pull strategy, it spends the majority of its promotional budget on advertising and consumer promotions, but when it pursues a push strategy, it expends its promotional budget mostly on trade promotions and sales force (Shankar 2008b). The brand manager further allocates the brand's promotional budget within each promotional tool. For example, within advertising, the manufacturer allocates spending between traditional media (e.g., TV, print, radio) and new media (e.g., the Web, email, blog, social media, mobile media).

Manufacturers allocate marketing budgets to different promotional tools on the basis of relative competitive elasticities (Shankar 2008a). For most CPG firms, the bulk of the marketing budget goes to advertising and sales promotion (consumer and trade promotion). Over the past two decades, the allocation for CPG firms has shifted from advertising toward sales promotion due to three key reasons: increasing consumer decision-making at the point of purchase, the rise of retailer power, and the fragmentation of mass media communication vehicles (Shankar 2008a). Today, most CPG manufacturers spend approximately two-thirds to three-fourths of their overall marketing dollars on sales promotion. This shift is mainly because the ratio of sales promotion elasticity to advertising elasticity is high. Meta-analyses of advertising elasticities (Assmus, Farley, and Lehmann 1984) and promotional elasticities (Pan and Shankar 2008) suggest that the median short-term advertising, carryover advertising, and promotional elasticities are 0.22, 0.47, and 2.55, respectively. Furthermore, the median deal elasticity is 4.45 (Pan and Shankar 2008), underlying the growing allocation toward sales promotion. These elasticities, however, capture only the short-term effects and do not reflect the accepted notion that while advertising's positive effects are realized primarily over the long-term, promotions' positive effects are reflected predominantly in the short-term (Dekimpe and Hanssens 1999). Also, these advertising elasticities may underestimate advertising effectiveness because they do not capture second order effects whereby heavily advertised brands are more likely to get broader as well as deeper distribution (Farris and Reibstein 2000).

An understanding of advertising and promotion elasticities and how manufacturers allocate budgets to advertising and different promotions tools is important from a retailer's perspective for at least two reasons. First, since much if not all of a retailer's promotion spending comes directly from manufacturers' trade promotion funds, manufacturer budgets directly affect retailer budgets. Second, there is a strong conceptual argument that there is synergy between manufacturer advertising and retail promotion effectiveness (Farris, Olver, and de Kluyver 1989; Olver and Farris 1989). If so, retailers need to take these synergies into account in determining their own budgets.

Future research directions

Moving forward, we need research on several issues. First, we need more models of pull and push strategies that allow interaction or synergistic effects of pull and push elements (e.g., Naik, Raman, and Winer 2005). A methodological issue in developing such models is multicollinearity which occurs when elements of push and pull strategies are highly correlated, precluding the estimation of synergistic effects.

Second, more research is needed on the return on investment (ROI) of communication and promotional budgets and campaigns, especially for retailers. As we have noted above, work on budgeting and allocation has been done almost solely from the manufacturer's viewpoint. But many retailers also spend a significant portion of their marketing budget on advertising, apart from traditional promotion spending. We need descriptive research on how they make these budget decisions in practice as well as normative and optimization models to prescribe how they should make these decisions.

Third, empirical support for the synergy between manufacturer advertising and retail promotion effectiveness is limited and not particularly consistent. Sethuraman and Tellis (2002) find a positive relationship between category advertising and retail promotions but Mela, Gupta, and Lehmann (1997) and Nijs et al. (2001) find that advertising intensity reduces the effectiveness of price promotions. Resolution of this issue is important if retailers are to appropriately account for manufacturer advertising in their own promotion budgeting decisions. Similarly, the cross-effects of advertising and promotion of different brands on one another are important in determining retailers' optimal prices and promotions.

Other avenues for future research

There are several other important issues that need research attention. First, not much is known about differences in the effec-

tiveness of communication and promotion of the same product across multiple countries. More retailers are going global these days. Retailers such as Carrefour and Metro derive a majority of revenues and profits from outside the countries in which they are headquartered. Wal-Mart is increasingly looking for overseas expansion and growth. Because an effective communication and promotion strategy in one country may not always work in another country, cross-national research on promotion effectiveness is desirable.

Second, we need a deeper understanding of how the effectiveness of advertising and promotion differs across the different stages of the product life cycle. While prior research (e.g., Farris and Buzzell 1979; Shankar 2008b) suggests that manufacturers allocate more budget to the more elastic marketing instrument over the life cycle, not much is known from a retailer perspective. How should a retailer allocate resources toward store coupons, feature advertising, and other in-store efforts for products that are in different life cycle stages?

Third, manufacturers and retailers would be benefited by a better knowledge of the execution issues involving promotion. Manufacturers, retailers, and third party information vendors spend considerable amount of time measuring promotions and auditing in-store execution of promotions and related events. The timeliness of these activities is critically important to obtaining clean data and to ensuring that promotions are executed according to plan. Accuracy in three dimensions of execution is critical: delivery of required all commodity volume (ACV), execution of promotional activities according to the promotion calendar, and alignment of in-store placement of items with planograms. An in-depth analysis of these issues would offer useful execution guidelines to retailers, manufacturers and relevant third parties.

Conclusion

Communication and promotion decisions form the heart of retailer customer experience management strategy. In this review, we have addressed two key questions from a retailer's perspective: (1) what have we learned from prior research about promotion, advertising, and other forms of communication and (2) what major issues should future research in this area address. In addressing these questions, we followed a framework that captures the interrelationships among manufacturer and retailer communication and promotion decisions and retailer performance. We examined these questions under four major topics: determination and allocation of promotion budget, trade promotions, consumer promotions and communication and promotion through the new media. Our review reveals several useful insights from prior research and identifies many fruitful topics and questions for future research.

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