

SAJMMR

ISSN (online) : 2249-877X

South Asian Journal of Marketing & Management Research



Published by
South Asian Academic Research Journals
A Publication of CDL College of Education, Jagadhri
(Affiliated to Kurukshetra University, Kurukshetra, India)

SAJMMR

ISSN (online) : 2249 –877X

Editor-in-Chief : Dr. Dalbir Singh

Impact Factor : SJIF 2022 = 7.911

Frequency : Monthly

Country : India

Language : English

Start Year : 2011

Indexed/ Abstracted : Scientific Journal Impact Factor (SJIF 2022 - 7.911), Google Scholar, CNKI Scholar, EBSCO Discovery, Summon(ProQuest), ISC IRAN, Primo and Primo Central, I2OR, ESJI, IJIF, DRJI, Indian Science and ISRA-JIF.

E-mail id: saarjournal@gmail.com

VISION

The vision of the journals is to provide an academic platform to scholars all over the world to publish their novel, original, empirical and high quality research work. It propose to encourage research relating to latest trends and practices in international business, finance, banking, service marketing, human resource management, corporate governance, social responsibility and emerging paradigms in allied areas of management including social sciences , education and information & technology. It intends to reach the researcher's with plethora of knowledge to generate a pool of research content and propose problem solving models to address the current and emerging issues at the national and international level. Further, it aims to share and disseminate the empirical research findings with academia, industry, policy makers, and consultants with an approach to incorporate the research recommendations for the benefit of one and all.

SR. NO.	PARTICULAR	PAGE NO.	DOI NUMBER
1.	EVENT MARKETING: EMPIRICAL AND PRACTICAL REVIEW WITH A SPECIAL DISCUSSION ON THE SRI LANKAN CONTEXT Nisal Gunawardane, D.M.R.Dissanayake, M. Sumathy	1-8	10.5958/2249-877X.2022.00011.X
2.	MCDONALD'S PROMOTIONAL STRATEGIES AND IT'S IMPACT ON BRAND EQUITY Dr. Harsha Vardhan	9-14	10.5958/2249-877X.2022.00012.1

EVENT MARKETING: EMPIRICAL AND PRACTICAL REVIEW WITH A SPECIAL DISCUSSION ON THE SRI LANKAN CONTEXT

Nisal Gunawardane*; D.M.R.Dissanayake**; H.M.U.S. Hendeniya***

*Senior Lecturer,

University of Kelanya, SRI LANKA

Email id: nisalgunawardane@kln.ac.lk

**Professor,

University of Kelaniya, SRI LANKA

Email id: ravi@kln.ac.lk

***Lecturer,

University of Rajarata, SRI LANKA

Email id: udaraheendeniya@mgt.rjt.ac.lk

DOI: **10.5958/2249-877X.2022.00011.X**

ABSTRACT

Event marketing as a persuasive communication mechanism has attracted a great deal of attention among industrial practitioners, whilst scholars have been investigating it using many concepts and related cases with various scopes. The concept of event marketing has been investigated in empirical studies utilizing different theories, including the social exchange theory. Some studies primarily emphasize the link between event marketing and relationship management. The significance of event marketing to many industries over traditional modes of marketing communications is noteworthy. Therefore, there is evidence in the literature explaining how event marketing is being applied by marketers as an integrated marketing communication tool. It has most often been examined in different industries with related tools including sponsorship, activation and relationship management activities. Prior studies argue that event marketing results in brand-related behaviors and performances though comprehensive and extended studies in this area are scant. This paper focuses on the concepts related to event marketing in order to provide a comprehensive review on the relationships between event marketing and related variables as the main niche of the study. The paper uses the literature review as the main research instrument and presents insights into the issue using empirical evidence. The authors paid special attention to Sri Lankan event marketing practices in the industry and discussed the applications of event marketing to different industrial sectors. The paper ends with the conclusion followed by some brief directions for future research.

KEYWORDS: Event Marketing, Marketing Communication, Social Exchange Theory, Sri Lanka

INTRODUCTION

In the early 1980s, governments all over the world realized the positive impact of events and began to increase the potential for events, believing that they will ultimately result in developing cultural affinity, urban regeneration and ensuring the growth aspect of the tourism sector

(Altschwager, Conduit & Goodman, 2013; Bowdin, Allen, O'Toole & Harris, 2011). According to Dwyer, Mellor, Mistilis & Mules (2000), the impact of an event should not only be measured through the economic outcome of the activity but it should be gauged on the positive or negative socio-cultural and political impacts. Event management brings people together for a common purpose (Goldblatt, 2002). Event attendees participate in the event because of the social interaction aspect, where they socialize to become more familiar with each other. These events include entertainment as one of the main features of the event (Hixson, 2014).

The environment of events is a very dynamic one and audience moods and behaviors can change very quickly. Therefore, event managers need to design the activities of the event in accordance with attendees' profiles and personalities (Mackellar, 2013). Events as a mechanism can celebrate important milestones for people and business entities, and in these cases, the events can be used as economic and marketing stimuli as well (Mair & Whitford, 2013). However, the event industry has to deal with many challenges, namely, supply chain management issues, environmental issues, social regulations and industry-wise threshold completions (Musgrave, 2011).

Event marketing is viewed as "a persuasive communication tool whose purpose is to disseminate a company's marketing messages by involving the target groups in experiential activity" (Jackson, 2013; Tafesse, 2016 cited in Drenger et al., 2008, p. 138 ;). Event Marketing comes in various forms, including event sponsorships, trade shows, pop-up brand stores, product launches and street shows (Crowther & Donlan, 2011; Wood, 2009). Events are now growing in popularity as marketers continue to invest heavily in them. According to a recent industrial survey in the United States, spending on event marketing increased by 7.8% in 2012 from the previous year (Event Marketing Institute, 2012). This growth could be attributed to marketers' growing awareness of the effectiveness of event marketing in achieving brand, marketing, and corporate-level objectives (Tafesse, 2016 cited in Zarantonello & Schmitt, 2013).

1.1 Purpose of the Study

The field of event management is well established in the form of sports marketing, expositions and concrete production, but it is still new and immature as a research or academic domain (Mair & Whitford, 2013; Mackellar, 2013). Though the different practices of event marketing have been evolving for decades, it is argued that knowledge about event-related marketing and its outcome in the organizational context is scant and yet to be tested (Winkelmann, 2016). Therefore, there is an empirical gap in the field of event management, though, for the past decade, modern event marketing tools have emerged over traditional event marketing practices like festivals, exhibitions, business occasions and entertainment activities (Wood, 2009; Zarantonello & Schmitt, 2013). Modern event marketing practices are even found in the digital sphere though specific research methods are needed to examine the effectiveness of such practices. Therefore, empirical evidence in this area is scant as well.

Marketers apply event marketing in various forms to obtain more brand-related outcomes, including brand experience, for the target customers (Crowther & Donlan, 2011; Wood, 2009). In addition, there is an empirical gap related to confirming the scope of event marketing since previous studies have argued the importance of event marketing over consumer experience (Rinallo, Borghini, & Golfetto, 2010; Wood, 2009). Meanwhile, the notion of experience is considered to be crucial to event marketing and scholars claim that event marketing can be termed experiential marketing (Altschwager et al., 2013; Wood, 2009). Thus, the scope of event marketing has become the subject of much debate whilst many scholars argue that experiential

marketing and event marketing are almost indistinguishable. Additionally, examining the outcomes of event marketing in relation to corporate level objectives is challenging since marketing or brand related results should also be measured to gauge the effectiveness of event marketing (Zarantonello & Schmitt, 2013). Sri Lanka is also an emerging market where different marketing tactics for event marketing and brand activations are applied. Research gaps have been identified linked to brand related outcomes of those marketing practices like celebrity endorsements for activations, events and sponsorships (Dissanayake, Ismail & Pahlevan Sharif, 2017). Thus, the current researchers have attempted to focus on the Sri Lankan context in order to discuss event marketing in depth and identify the research avenues to be prioritized, particularly the managerial implications since this area has not been widely researched. In addition, the paper has identified different clusters of events and investigated how they can be managed with respect to the spectators of the event.

The paper is organized on the basis of previous literature reviews and case discussions on event marketing, and to this end, the core and related concepts have been reviewed. The main research tool was the literature review and peer reviewed journal articles were the main source of information. The discussion contains special reference to Sri Lankan industries and practices in order to review the application of event marketing and to propose research priorities in line with those applications.

2, LITERATURE REVIEW

2.1 Relationship Building

In the relationship marketing paradigm, relationship building and relationship maintenance have been discussed in the Social Exchange Theory (Cropanzano & Mitchell, 2005). Cropanzano & Mitchell (2005) have stated that a relationship evolves into one which is trusting and loyal and characterized by mutual commitments in the long term. According to social exchange theory, a relationship is an exchange of an activity which is tangible or intangible (Homans, 1961). Here, the main element of exchange and activity is non-contractual, which is critical to maintain the relationship (Lambe, Wittmann, & Spekman, 2001). It has also been mentioned that core relational governance for a relational exchange is interdependence among parties (Lambe, et.al. 2001).

Social exchange can be broadly categorized into three main rules, namely, reciprocity rules, negotiated rules and beyond reciprocity and negotiated rules (Cropanzano & Mitchell, 2005). Reciprocity rules refer to the fact that exchange partners have something of value to both parties and therefore, they need an interdependent relationship. The kind of reciprocity or repayment considered is probably the best-known exchange rule (Gouldner, 1960). Thus, reciprocity has three faces, namely, reciprocity as an independent exchange, reciprocity as a folk belief & reciprocity as an individual belief and norm (Cropanzano & Mitchell, 2005). When people are interdependent and engage in relational exchanges, it is considered to be a social exchange which comes under reciprocity as an independent exchange (Molm, 1994). Reciprocity as a cultural belief explains that people get what they deserve to have and people's belief in universal justice comes under this aspect (Gouldner, 1960). Furthermore, social exchange can be described as a negotiated rule, and here, the exchange happens in a very detailed manner where both parties understand the details of the exchange (Cropanzano & Mitchell, 2005).

Individuals are compelled to maintain a relationship when they think that the relationship maintained with another party could result in rewards, and thus, individuals tend to sacrifice

their individual gains and contribute them to other individuals with the expectation of gaining more benefits in the future.(Kinoti & Kibeh, 2015). The maintenance of the individual's relationship with the other party depends on comparisons among current relationship status, past experience with the relationship and potential alternatives for the relationship (Emerson, 1976). Further, Emerson states that Social Exchange Theory and relationship marketing indicate that the current behavior and social cues can help consumers to build trust by considering future rewards and showing trustworthiness and commitment to the social exchange. Thus, SET explains relationship marketing as a process that includes not just an exchange activity but rewarding principles and trust building mechanisms. The notion of event marketing for a brand or corporate is also connected to trust, image, relationships and experience as the outcomes of activities held with customers and stakeholders (Jackson,2013; Kotler & Keller,2012;Tafesse, 2016).

2.2 Overview on Event Marketing

In an emerging market in order to survive in the face of hyper competition, companies need to find and invest in new and innovative media. Here, Event Marketing emerges as a new mode of marketing communication which could grab the attention of existing and potential customers. However, companies are yet unclear about the concept of Event Marketing, and are not in a position to measure the effectiveness of an Event Marketing Program (Martensen, Gronholdt, Bendtsen, & Jensen, 2007). As Johnson (2008) points out, event marketing is best suited for products or services which cannot be experienced at any other point (Eg;Cell Phones& Automotive Brands).The Fast moving consumer goods (FMCG), Automobile, Credit Card and Mobile Device industries have been examined using the Event Marketing Perspective (Johnson, 2008), and these studies recommend that the above mentioned industries should practice Event Marketing in order to bring their core brand messages to their customer groups. Johnson (2008) specifically indicates that the Beverage Industry and the Pre-Cooked or Frozen Food Products industry should engage in Event Marketing plus sample distribution at Events in order to have an effective Event Marketing Execution that results in brand related outcomes.

Event marketing is fast emerging as a promotion catalyst when compared to traditional marketing communication tools. The increasing ineffectiveness of traditional media is due to intensive clutter, escalating costs and reduced efficiency, and this has created opportunities for Event Marketing (Gupta, 2003). Event marketing allows a company to break through the advertising clutter, and target an audience by enhancing or creating an image through an association with a particular event, while reinforcing the product or service to result in sales (Gupta, 2003). Event Marketing has also been defined as “ A communication tool whose purpose is to disseminate a company's marketing messages by involving with the target group via experiential activity (Drengner, Gaus, & Jahn, 2008).In the contemporary business atmosphere, marketing strategy and tactics have changed dramatically, where new platforms are increasingly being used in order to promote the brand and product offerings to customers,and Event Marketing is one of the new tools recognized as an effective mechanism (Kotler & Keller, 2012). Meanwhile, Jackson (2013) suggests that events are a tactical means of achieving relationship management. Jackson's research considers how discrete events can build relationships with stakeholders. Braggs (2006) mentions that marketers should use events as a means of enhancing their relationships with key audiences. According to Goldblatt (2002) , an event manager should use event marketing to build a solid relationship with the target audience

and use consumer loyalty and word of mouth endorsement to build a stronger customer relationship.

The primary characteristic of Event Marketing is the high involvement of consumers with the activity (Close, Krishen, & Latour, 2009). The main logic of event marketing is that it connects the brand or the product to the habitual territory of consumers where the latter have a chance to engage with the brand (Tafesse, 2016). Event marketing is also described as an approach that has experiential richness since experience is integral to event marketing. Thus, scholars often refer to event marketing as an experiential marketing activity (Altschwager, Conduit, & Goodman, 2013; Wood, 2009). Promotional events allow consumers to engage with the brand sensorially, emotionally and through embodied actions (Martensen et al., 2007; Rinallo et al., 2010; Tafesse, 2016; Zarantonello and Schmitt, 2013). Event marketing also happens in various forms and methods including event sponsorships, trade shows, pop-up brand stores, product launches, and street shows (Crowther & Donlan, 2011; Tafesse, 2016; Wood, 2009). In addition, the Event Marketing activity can be owned by a third party and could be endorsed by the company that sponsors the event (Kotler & Armstrong, 2009). Wood states that Event Marketing can be clearly differentiated from sponsorship activities (Wood, 2009). However, according to Close, Finney, Lacey & Sneath, (2006), event marketing and sponsorship fall into the same category, where event marketing is often involved with sponsorship. Event Marketing is capable of increasing the consumer's consumption rate through event activities, where it converts the consumer to a loyal consumer (Tinnish, & Mangal, 2012). Thus, events are the platforms which provide opportunities for brand activations in line with the events. Organizations do invest in events, yet few organizations really care about the output or the ROI of such events since they tend to gather future sales leads from such events but the effectiveness of those leads are questionable or are most often not followed up.

3. DISCUSSION OF THE EVENT INDUSTRY IN SRI LANKA

Sri Lanka has a service-based economy, and more than 50% of its GDP contribution is from service based businesses (Dissanayake & Ismail, 2015). The event industry in Sri Lanka is a promising industry which provides considerable job opportunities for the labor force. Fast Moving Consumer Goods (FMCG), Mobile Telecommunication, Banking and Financial industries are the biggest contributors to events at present in Sri Lanka, conducting many events compared to other industries. The role of relationship building through stakeholder events and related relationship management strategies is a notable practice in the pharmaceutical industry of Sri Lanka as well (Geethanga & Dissanayake, 2014). It is emphasized here that the pharmaceutical sector of Sri Lanka conducts events combined with corporate social responsibility (CSR) activities to build corporate brand image, stakeholder relationships and public relations. Sri Lankan mobile telecommunication players also invest resources in Event Marketing Programs in order to drive brand development programs (Airtel, 2015). Dialog Axiata alone has spent around 80 million rupees on its marketing, advertising and promotional activities per year (Axiata, 2015) and Etisalat Sri Lanka spends around 37.5 million rupees on Event Marketing per year (Etisalat, 2016). Event Marketing is often used to allow consumers to deal directly with the brand of a product or service that could form an intense, special relationship with consumers to make them become part of the brand itself.

With the COVID-19 outbreak, the event platform was severely damaged globally and locally. In particular, the MICE sector (Meetings, International Conferences & Exhibitions) in Sri Lanka faced the biggest threat as there were no other solutions for the execution of planned events

(Ranasinghe et al., 2020). However, event executors were smart enough to launch most of the planned events on digital platforms as virtual and hybrid events. Hybrid events are able to include a large no of remote attendees in the event, which could result in reducing the event execution cost and obtaining more leverage from the event itself.

COVID-19 made some event executions creative and novel. For the first time it was possible to conduct a “Drive in Concert” in Sri Lanka by Bathiya and Santhush (BNS) at Colombo Airport, Ratmalana. The event’s main sponsor was Dialog Axiata which is the market leader in mobile telecommunication services in Sri Lanka. That said, it should be noted that most pre-planned events in the event calendar of Sri Lanka are still languishing in a queue, and this may lead to negative repercussions on industrial stakeholders if external circumstances (such as COVID 19) do not allow these events to take place. The Event Management Association (EMA) is the official Association which represents the event industry in Sri Lanka, and it was established in 2019, though the history of the event industry of Sri Lanka goes back to the 1980’s (Uwin, 2020). The Sri Lankan event calendar comprises cultural & religious events, sports events, tour festivals and purely commercial events such as exhibitions and entertainment events. Events sometimes use celebrities and sports men and women (e.g. cricketers) to uplift the event image and events play the role of promotional activities for most brands in Sri Lanka (Branding Sri Lanka, 2013). Using celebrities in Sri Lanka has both positive and negative impacts, especially when multiple endorsements take place, and thus, integrated marketing communication events need to use celebrities carefully for activations, event marketing, sponsorships and advertising, particularly when celebrities are over-used to promote a number of different brands (Dissanayake, et.al.2017).

4. CONCLUSION AND FUTURE RESEARCH DIRECTIONS

Event marketing claims to be a customer experience creator which enhances trust (Drengner et. al., 2008). Moreover, event marketing is considered to be a relationship building mechanism and it acts as a creator of social exchange (Cropanzano & Mitchell, 2005). Thus, event attendees will have a long-term relationship with the event organizers and the event property itself. Empirical studies prove that event marketing relates to experience marketing and its integral components are intensively connected with different marketing communication aspects. Additionally, the researchers highlighted how the Sri Lankan event marketing industry is linked to specific industries and the important role it plays in the country’s economy. The connection between event marketing and activations, sponsorships and traditional marketing communication tools like advertising is also highlighted in this paper. There is a dearth of empirical studies or case studies that pay special attention to managerial challenges in the research domain of event marketing in Sri Lanka. Thus, the current researchers suggest that future studies focus on the impact of event marketing on brand related behaviors and revenue models of corporates. In addition, future research could examine the responses of stakeholders, including consumers, towards event marketing activities executed via the digital mode or via hybrid modes. This would prove a significant contribution to the limited body of knowledge in the event marketing domain in Sri Lanka.

REFERENCE

- Airtel. (2015). Bharthi Airtel Limited - Digital for All. Bharthi Airtel Pvt Ltd.
- Altschwager, T., Conduit, J., Godman S. (2013). Branded Marketing Events: Facilitating Customer Brand Engagement. Paper presented on 7th International Conference of the Academy of Wine Business Research.
- Axiata, D. (2015). Dialog Axiata PLC | Annual Report 2015. Dialog Axiata Pvt Ltd.
- Bowdin, G., Allen, J., O'Toole, W., Harris, R. and M. (2011). Events Management (3rd ed.). Oxford: Butterworth-Heinemann.
- Close, A. G., & Lacey, R. (2013). Fit Matters? Asymmetrical Impact of Effectiveness for Sponsors and Event Marketers. *Sport Marketing Quarterly*, 22(2), 71–82.
- Close, A., Krishen, A., & Latour, M. (2009). This event is me!, How consumer-event congruity leverages sponsorship. *Journal of Advertising Research*, 49(3), 271–284
- Cropanzano, R., & Mitchell, M. S. (2005). Social Exchange Theory : An Interdisciplinary Review. *Journal of Management*, 31(6), 874–900.
- Crowther, P., & Donlan, L. (2011). Value-creation space: The role of events in a service-dominant marketing paradigm. *Journal of Marketing Management*, 27(13–14), 1444–1463.
- Dissanayaka, R., & Ismail, N. (2015). Relationship between celebrity endorsement and brand attitude: With reference to financial services sector brands in Sri Lanka. Conference Proceeding of 6th International Conference on Business and Information 9 (ICBI), pp. 472-487.
- Dissanayake D. M. R, Ismail N. & Pahlevan Sharif, S. (2017). Influence of Celebrity Worship Motives on Perceived Brand Evaluation of Endorsed-Brand, Proceeding of the International Conference on Advanced Marketing, Vol. 1, 1-9, DOI: <https://doi.org/10.17501/icam.2017.1101>
- Drengner, J., Gaus, H., & Jahn, S. (2008). Does flow influence the brand image in event marketing? *Journal of Advertising Research*, 48(1), 138–147.
- Dwyer, L., Mellor, R., Mistilis, N., & Mules, T. (2000). Framework for assessing “tangible” and “intangible” impacts of events and conventions. *Event Management*, 6(3), 175–189.
- Etisalat. (2016). Trade Marketing Budget. Etisalat Sri Lanka Pvt Ltd.
- Emerson, M. R. (1976). Social Exchange Theory. *Annual Review of Sociology*, 2(1), 335–362.
- Garbarino, E., & Johnson, M. (1999). The different roles of satisfaction, trust, and commitment in customer relationships. *Journal of Marketing*, 65(2), 70–87.
- Geethanga, P.L.P. & Dissanayake, D.M.R. (2014). Effectiveness of Relationship Marketing Tools on Building Brand Perception: with reference to Surgery Transplant Products in the Sri Lankan Pharmaceutical Industry, Proceedings of International Conference on Business and Information (ICBI), University of Kelaniya, Sri Lanka. 181-196.
- Goldblatt, J. (2002). *Special Events* (3rd ed.). New York: John Wiley & Sons, Inc
- Gouldner, A. W. (1960). The norm of reciprocity: A preliminary statement. *American Sociological Review*, 25(2), 161–178.

Gupta, S. (2003, June). Event Marketing: Issues and Challenges. Ahmedabad: IIMB Management Review. 6, 43–60.

Hixson, E. (2014). Article information: International Journal of Event and Festival Management, 5(3), 198–218.

Jackson, N. (2013). Promoting and Marketing Events -Theory and practice. Taylor & Francis Group (1st ed). Abingdon: Routledge.

Kinoti, M. W., & Kibeh, A. W. (2015). Relationship Marketing and Customer Loyalty in Mobile Telecommunication Industry in Nairobi. African Management Review, 5(1), 1–12.

Lambe, J., Wittmann, M., & Spekman, R. (2001). Social Exchange Theory and Research on Business- to-Business Relational Exchange. Journal of Business-to-Business Marketing, 8(3), 1–36.

Mackellar, J. (2013). Participant observation at events : theory, practice and potential. International Journal of Event and Festival Management, 4(1), 56–65.

Mair, J., & Whitford, M. (2013). An exploration of events research : event topics, themes and emerging trends. International Journal of Event and Festival Management, 4(1), 6–30.

Martensen, A., Grønholdt, L., Bendtsen, L., & Jensen, M. J. (2007). Application of a model for the effectiveness of event marketing. Journal of Advertising Research, 47(3), 283–299.

Molm, L. D. (1994). Dependence and risk: Transforming the structure of social exchange. Social Psychology Quarterly, 57(1), 163–176.

Musgrave, J. (2011). Moving towards responsible events management. Worldwide Hospitality and Tourism Themes, 3(3), 258–274.

Ranasinghe, R., Karunaratne, C., Nawarathna, D., & Gamage, S. (2020). Tourism after corona: impacts of covid 19 pandemic and way forward for tourism, hotel and mice industry in Sri Lanka The 2020 pandemic and changing consumer habits in 4 countries: a cross-cultural study View project Residents' Need satisfaction and Support. 01(April), 1–19.

Rinallo, D., Borghini, S., & Golfetto, F. (2010). Exploring visitor experiences at trade shows. Journal of Business & Industrial Marketing, 25(4), 249–258

Tafesse, W. (2016). Conceptualization of Brand Experience in an Event Marketing Context. Journal of Promotion Management, 22(1), 34–48.

Uwin, L. (2020, April 30). Event industry resigned to sustained hardship before recovery. The Sunday Morning. Retrieved from <http://www.themorning.lk/event-industry-resigned-to-sustained-hardship-before-recovery>.

Winkelmann, S. (2016). Event sponsorship and event marketing: brand and performance-related outcomes and the moderating effects of brand orientation and organizational innovativeness. (Unpublished doctoral thesis) Loughborough University, United Kingdom

Wood, E. H. (2009). Evaluating Event Marketing: Experience or Outcome? Journal of Promotion Management, 15(2), 247–268.

Zarantonello, L., & Schmitt, B. H. (2013). The impact of event marketing on brand equity: The mediating roles of brand experience and brand attitude. *International Journal of Advertising*, 32(2), 255–280.

MCDONALD'S PROMOTIONAL STRATEGIES AND IT'S IMPACT ON BRAND EQUITY

Dr. Harsha Vardhan*

*Faculty,

University of Mysore, INDIA

Email id: harshavardhan1809@yahoo.com

DOI: 10.5958/2249-877X.2022.00012.1

ABSTRACT

This article is based on the deep insights of marketing and promotional strategies adopted by McDonald that have enhanced its brand equity in Indian market. The article stretches its understanding on how McDonald's promotional methods impact the target audience to buy its products. Hence, promotional activities that leads to develop a brand image in the minds of target audience. It focuses on the key elements of promotional mix: namely Advertising, Sales Promotion, Personal Selling and Word of Mouth which McDonald's uses to communicate with present and potential customers. Though McDonald's integrated marketing communication (IMC) involves several channels to convey the message, this study has indicated the most effective promotional component is Word of Mouth, through which the brand equity among customers is created at minimal cost. The main objective of this study is to examine the relationship between the promotional strategies and brand equity and find out to what extent the promotional strategy impacts on brand equity of McDonald's in Mysore district. Therefore, it explicates how McDonald's formulates promotional strategies with ongoing trends as it is essential to use the appropriate techniques that can help to stay connected with all kinds of customers in competitive markets.

KEYWORDS: *McDonald's, Promotional Strategies, Brand Equity.*

INTRODUCTION

The world is flooded with a variety of businesses. Businesses often have a notion that the growth and profit depends completely on the products and services that a company offers to its customers. But this is not the only factor that determines a company's success. It is the way that a company presents its product or services to the target audience by distinguishing itself from the competitors which can be done through creating brand equity. So when a company does an effective branding, a memorable impression will be developed among the customers that make them to know what to expect from the company. Simultaneously a suitable *promotional* technique can persuade customers to engage more with the *brand* so as to increase its sales and market share.

Promotion being an important element of marketing mix defines the tactics that companies use to communicate with customers through various channels. Among those, advertisement is one of the major promotional tactics which McDonald's uses as well to communicate with their customers by means of television, radio, print media and online media. Followed by sales promotions where McDonald's uses to draw more customers to its retail outlets through contests,

programmes and free coupons which help to attract more customers. McDonald's also uses its sales force to sell their product after meeting the customers face-to-face where they aim to inform and encourage the customer to try/buy various products available at outlets. On the other hand, by localising their menu list such as McAloo Tikki, Mc Veggie... McDonald's have developed an extraordinarily successful word of mouth strategy not only in the city but throughout India. Ultimately due to the immense competition in Indian fast food market, McDonald's is making the best possible way to combine and use the elements of promotional mix to reach out large volume of customers and to increase its brand equity in tier III cities in India.

Objectives:

1. To identify the impact of promotional strategy on brand.
2. To evaluate the relationship between the promotional strategies and brand equity.

Hypothesis:

H₀ - There is no mutual impact of promotional mix variables that enhances brand equity of McDonald's.

H₁ - There is mutual impact of promotional mix variables that enhances brand equity of McDonald's. (**Accepted as the Significance value is 0.00**).

Statement of Intended Contribution:

The proposed research paper is significant because understanding how specific promotional methods adopted by McDonald's will lead to brand building predominantly in Mysore city. It focuses on investigating the impact of promotion on customers that leads to brand equity and hence the analysis and interpretation is done on McDonald's promotional strategies by using suitable statistical tools. The study is conducted only in Mysore with a pre decided sample of respondents. As a result, the analysis is done on the basis of information provided by the sample respondents which may not be entirely faultless and generalizations drawn on the basis of the study may not be extended to the whole population of McDonald's.

Research Methodology:

An exploratory, analytical and descriptive study is carried out with a view to identify the promotional tools and techniques adopted by McDonald's in Mysore. The research methodology for the study is summarized as follows:

➤ Research Design:

Descriptive method is used for the purpose of conducting research. Data is gathered from customers in various McDonald's outlets located in the city of Mysore.

➤ Source of the Data:

The proposed study involves both primary and secondary data. Primary data on promotional strategies and branding is collected through the structured questionnaire. The primary data is collected from customers. The secondary data is extracted from among different published sources such as manuals and reports, magazines, voice and data magazine, research articles, books and selected websites.

Sampling Design:

300 sample respondents are selected from the population for the purpose of the study. The composition of the respondents includes fast food customers from select McDonald's drawn in Mysore.

Review of Literature:

Berkowitz et al (1997) defines promotion as a means of communication between the trading parties who are seller and buyer. A company can use one or more of the promotional alternatives that is personal selling, advertising, sales promotion and public relation to communicate with the customers. Further, Fische (1996) noted and argued that three of the promotional mix elements, which include advertising, sales promotion and public relation, are often used in mass selling because they are used with groups of potential buyers. Promotional mix is the important tool between the service providers and the customers in building up a good relationship among them. It is the stimuli factor to the service consumers (S.Sivesan 2013).

Keller (1993) defines that brand equity is the differential effect of brand recognition and identification on consumer response to the marketing of that brand. Farrquhar (1989) suggests brand equity is a power that a brand has achieves it in a market because of its name, sign and logo. Neal (2000) explained brand equity is the major weapon. It means building sustainable competitive advantage and creating a differential advantage. Fast food service chain restaurants are willing to build strong brand names because they are providing similar services and foods. Brand equity contributes to possibility of brand extension to other product categories. Successful brand extensions contribute to higher brand equity of the original brand and unsuccessful brand extensions reduce the brand equity of the parent brand (Aaker and Keller, 1990).

CONCLUSION:

The study was carried to find out the impact of McDonald's promotional mix on brand equity. The two major objectives of this study were to examine the relationship between the promotional strategies and brand equity and to evaluate the impact of promotional strategy on brand McDonald's. The result of Commuality Value shows that all the elements of promotional mix does a great impact on brand equity. McDonald's brand equity comprises of all the fundamentals of promotion that builds brand value and hence boosts the ability among customers to recall or recognize their products from competitors in the market. On the other hand, the marketing team must utilise the brand image of McDonald's and execute the right promotional strategies so that the products of McDonald's can be positioned stronger in the minds of customers.

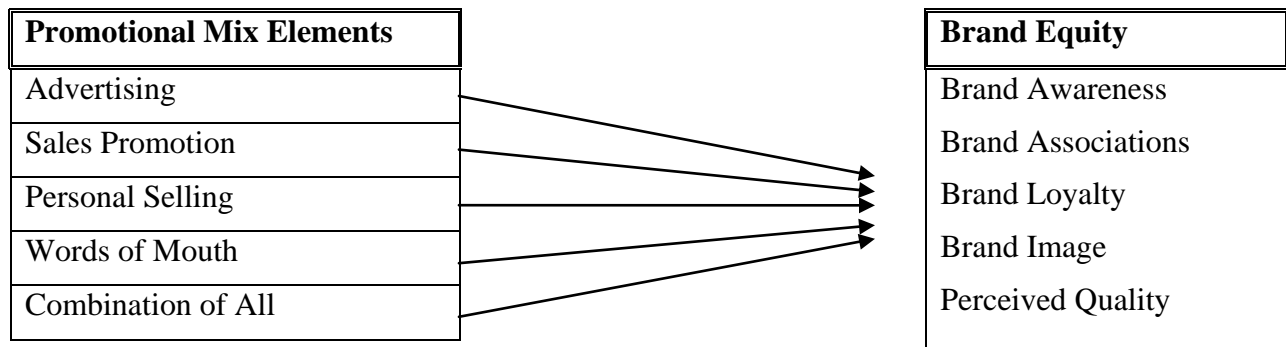
This study further shows that five elements of promotional mix in Component Matrix table i.e., advertising, sales promotion, personal selling, word of mouth and combination of all which is extracted through Principal Component Analysis proves that all the elements taken for the study plays a significant role in building the brand equity of McDonald's. Therefore, it is understandable from the study that there is a positive relationship between elements of promotional mix and brand equity. In practical terms, this means that improving and focusing on promotional strategies will increase the brand equity. Although promotional tactics of McDonald's will push its sales, it is all about the combination of required promotional methods that McDonald's uses to build brand equity seem to be counterintuitive in this competitive world. However, the results and recommendation of this study can be used for improving their

promotional strategies and subsequently improving the brand equity of McDonald's in Mysore district.

Limitations and Scope for Future Research:

The study was limited to Mysore district with just one fast food company i.e., McDonald's which was taken into consideration. It mainly focuses on promotional strategies with respect to brand equity and covers only the essential elements of promotional mix that impacts on McDonalds' brand equity. Future studies could focus on other fast food company's promotional strategies and brand equity in different geographical areas. Researchers can even focus on studying the other aspects of marketing strategies that is used by McDonald's and other major fast food players in the world which would provide them an opportunity to understand and study the innovative marketing strategies that global fast food chains adopt to survive and compete in the global market.

The figure below shows the conceptual model of this study. The study has selected five elements that effect brand equity of McDonald's: advertising, sales promotion, personal selling, word of mouth and combination of all to identify the impact towards brand equity.



Data Analysis and Interpretation:

The study brings out the opinions of customers surveyed from different McDonald's outlets located at Mysore district and a framework of statistical analysis to evaluate the relationship between the promotional strategies adopted by McDonald's that impacts on its brand equity.

Kaiser-Meyer-Olkin & Bartlett's Test on Elements of Promotional Mix		
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.477
Bartlett's Test of Sphericity	Approx. Chi-Square	31.656
	df	10
	Sig.	0.000

KMO is a numeral value that measures the proportion of variance in the variables that might be explained by primary factors. So its proportion value must be between 0 and 1, a value of 0.6 is a suggested minimum and closer to 1.0 is better. The Sampling Adequacy value in the study is **0.477** which is close of 0.5 and therefore can be barely accepted. This basically shows a lot about **47%** of variability in the promotional mix that can be explained by the underlying variables.

Bartlett's Test of Sphericity explicates about the null and alternative hypothesis. The null is basically where there will be no co-relation or relationship among the variables. In the above table, the probability significance value is less than 0.05 i.e., **0.000** which means that there is mutual impact of promotional mix variables that enhances brand equity of McDonald's in Mysore and thus, the Alternative Hypothesis is **Accepted**. Therefore the above test verifies the minimum standard for conducting factor analysis is being fulfilled.

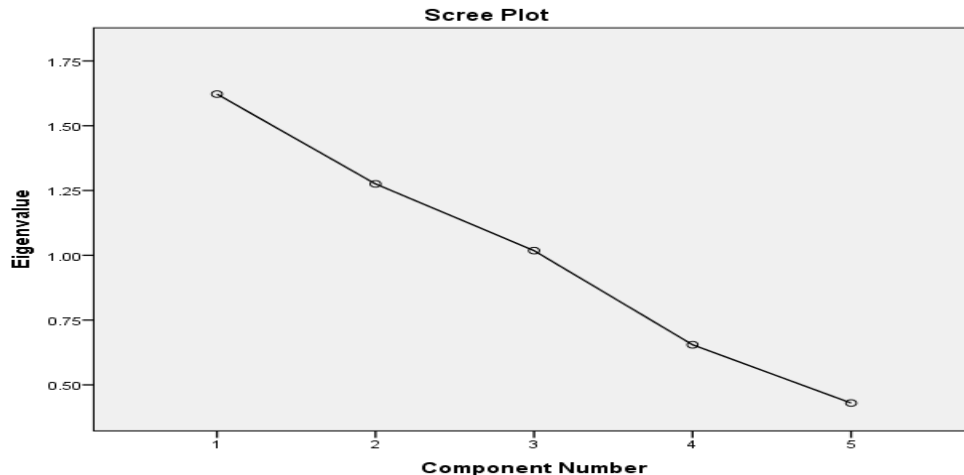
Communalities		
Variables	Initial	Extraction
Advertising	1.000	0.694
Sales Promotion	1.000	0.950
Personal Selling	1.000	0.775
Words of mouth	1.000	0.788
Combination of all	1.000	0.708

The above table of communalities which shows the degree of variance in the variables has been accounted by the extracted factors. The communality value of all variables is more than 0.5 and hence all the five elements are considered for further analysis.

Total Variance Explained^a						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	Variance %	Cumulative %	Total	Variance %	Cumulative %
1	1.622	32.443	32.443	1.622	32.443	32.443
2	1.275	25.508	57.951	1.275	25.508	57.951
3	1.018	20.361	78.312	1.018	20.361	78.312
4	.655	13.092	91.404			
5	.430	8.596	100.000			

a. Extraction Method: Principal Component Analysis.

In the above table, five components are extracted through principal component analysis as these were the variables considered for the study. The variables are standardized in the principal component analysis which is conducted on the correlation matrix, which means that each variable has a variance of 1 and the total variance is equal to the number of variables used in the analysis i.e., five components. Extraction Sums of Squared Loadings reproduces the number of values determined by the number of principal components whose Eigen value is 1 or greater. The first three components of cumulative percentage altogether account for 78.31% of the total variance and therefore, the study clearly proves that the first 3 components which have an Eigen value of more than 1 are assumed to illustrate the impact on brand equity of McDonald's.



The above Scree Plot graph of Eigenvalues against all the factors determines 3 factors to retain. The 4th and 5th factors have an Eigenvalue of less than 1, so the last two factors are confined and only the first three factors have been retained for the study.

Component Matrix^a			
Promotional Mix Variables	Component		
	1	2	3
Advertising	.426	-.655	-.290
Sales Promotion	.280	-.078	.930
Personal Selling	.794	.291	-.246
Words of mouth	.801	.381	.043
Combination of all	-.300	.782	-.080
Extraction Method: Principal Component Analysis.			
a. 3 components extracted.			

The above table shows the loadings of 5 variables that are extracted on 3 different component groups. In the first component group, word of mouth is the one with the highest factor; with a loading of .801 where as sales promotion has the lowest loading of .280. In the second component group it is the combination of all variables with a loading of .782 and finally sales promotion with a loading of .930 in the third component group.

REFERENCES:

- Aaker D.A. (1991). Managing brand equity. New York: Maxweel Macmillan-Canada.
- Aaker D.A. (1996). Measuring brand equity across products and markets. California Management Review, 38(3), 102-120.
- Keller K.L. (2003). Strategic brand management: Building, measuring, and managing brand equity. New Jersey.
- S.F.Fasana & A.G. Haseena (2017). Promotional Mix as the Strategic Tool for Improving Brand Equity (A Case in Franchise Fast Food Restaurants in Sri Lanka). International Journal of Engineering and Management Research.

Editorial Board

Dr. Dalbir Singh,

Editor in Chief
Associate Professor
Haryana School of Business,
G.J.U.S & T, Hisar, Haryana, INDIA
Email: dalbirhsb@gmail.com

Dr. Victor Sohmen

Professor
Department of Management and Leadership
Drexel University Philadelphia, Pennsylvania,
USA
Email: vsohmen@gmail.com

Dr. Anisul M. Islam

Professor
Department of Economics University of
Houston-Downtown, Davies College of Business
Shea Street Building Suite B-489
One Main Street, Houston, TX 77002, USA
Email: islama@uhd.edu

Dr. Maithili R.P. Singh

Professor
Deptt. of Management, Central University of
Rajasthan, Kishangarh, Ajmer, Rajasthan, India
Email: mrpcuraj@gmail.com

Dr. (Mrs.) K.T.Geetha

Professor
Department of Economics
Avinashilingam University Coimbatore,
Tamil Nadu, INDIA
Email: geetha_eco@avinuty.ac.in,

Dr. Secil Tastan

Faculty
Management and Organizational Behaviour,
Marmara University, TURKEY
Email: seciltastan@marmara.edu.tr

Dr. Emre Isci

Faculty
Management and Organizational Behaviour,
Marmara University, TURKEY
Email: emreisci@yahoo.com

Dr. Natalia I. Larionova

Faculty
Kazan Federal University, Kazan, RUSSIA
Email: Natalia55@ores.su

Dr. Eatzaz Ahmad

Professor
Department of Economics,
Quaid-i-Azam University Islamabad, PAKISTAN
Email: eatzazahmad@yahoo.com

Dr. Ajay Sharma

Associate Professor
Department of Commerce,
GGSD College, Chandigarh, INDIA
Email: commerceajay@gmail.com

Dr. B.C.M. Patnaik

Associate Professor
Accounts & Finance KSOM, KIIT University,
Bhubaneswar, Odisha, INDIA.
Email: bcmpatnaik@ksom.ac.in

Dr. Wali Rahman

Assistant Professor
Human Resource Development,
University of Malakand, PAKISTAN
Email: mayarwali@gmail.com

Dr. Sonia Sharma Uppal

Assistant professor,
P.G Department of Comm. & Mgt. Arya College,
Ludhiana, INDIA
Email: dr.soniasharmauppal@gmail.com

Dr. Liliana Faria

Faculty
Vocational Psychology,
ISLA Campus Lisboa - Laureate International
Universities, PORTUGAL.
Email: Liliana.Faria@universidadeeuropeia.pt

Mr. E. Ratnam

Head
Department of Marketing
Faculty of Management Studies and Commerce
University of Jaffna, SRI LANKA
Email: ratnammkg@yahoo.com

Poongothai Selvarajan

Lecturer
Department of Economics and Management,
Vavuniya Campus of the University of Jaffna,
Vavuniya, SRI LANKA

Saseela Sivasubramaniam

Lecturer
Department of Financial Management,
University of Jaffna, SRI LANKA
Email: saseelas@yahoo.com

Categories

- Management and Economics
- Financial Management and Accounting
- Industrial and Business Management
- Entrepreneurship Management
- Marketing Management
- Banking and Insurance Studies

Review Process

Each research paper/article submitted to the journal is subject to the following reviewing process:

1. Each research paper/article will be initially evaluated by the editor to check the quality of the research article for the journal. The editor may make use of iThenticate/Viper software to examine the originality of research articles received.
2. The articles passed through screening at this level will be forwarded to two referees for blind peer review.
3. At this stage, two referees will carefully review the research article, each of whom will make a recommendation to publish the article in its present form/modify/reject.
4. The review process may take three/four working days.
5. In case of acceptance of the article, journal reserves the right of making amendments in the final draft of the research paper to suit the journal's standard and requirement.

Published by

South Asian Academic Research Journals

A Publication of CDL College of Education, Jagadhri (Haryana)
(Affiliated to Kurukshetra University, Kurukshetra, India)

Our other publications :

Academicia - An International Multidisciplinary Research Journal

ISSN (online) : 2249-7137

SAARJ Journal on Banking & Insurance Research (SJBIR)

ISSN (online) : 2319-1422