

**EFFECTIVENESS OF PREMIUM PROMOTION FOR DRINKS FROM
DRINK DISPENSER AT 7-ELEVEN**



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entitled
**EFFECTIVENESS OF PREMIUM PROMOTION FOR DRINKS FROM
DRINK DISPENSER AT 7-ELEVEN**

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EFFECTIVENESS OF PREMIUM PROMOTION FOR DRINKS FROM DRINK DISPENSER AT 7-ELEVEN

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ABSTRACT

Different promotional tools are being used by both manufacturers and retailers in order to attract buyers to select their brands, and promotions that they use are mainly divided into two types, which are price and non-price promotions. Price promotions usually generate instant outcome of high sales. However, the objective of this paper will focus on premium promotion, one of the effective non-price promotions.

Premiums are the things that sellers give away for free or at a low price when a buyer purchases their products. It is quite interesting of how many people are trapped by those charming premiums. Some of them buy a product because of a premium that comes along with the product, not the product itself. Therefore, interviews, focus group, and observations were conducted to test the effectiveness of premium promotion, and special tumblers from 7-Eleven were selected.

The finding turned out that not every premium is successful. Well-known brand usually attract buyers more than unknown brand one. Consequently, giving away things for free or at cheap price does not guarantee the success of promotion, but it depends on value of the premium in consumers' mind also.

KEY WORDS: Premium Promotion/ Premiums/ 7-Eleven/ Sales and Promotion

32 pages

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CHAPTER I

INTRODUCTION

Promotions are crucial for retailers in order to pull in customers to purchase at their stores since most retailers are selling similar or even the same products. Moreover, within a store, each brand needs to find their selling points to make customers to select their brand, and this also happens with Fresh Cooler, a brand of drinks from a jet spray machine at 7-Eleven. Apart from competing with other drinks in the drink corner at 7-Eleven like Gulp (a soft drink), and Slurpee, Fresh Cooler has to compete with many ready to drink or RTD drinks in the cold vault, or refrigerator also.

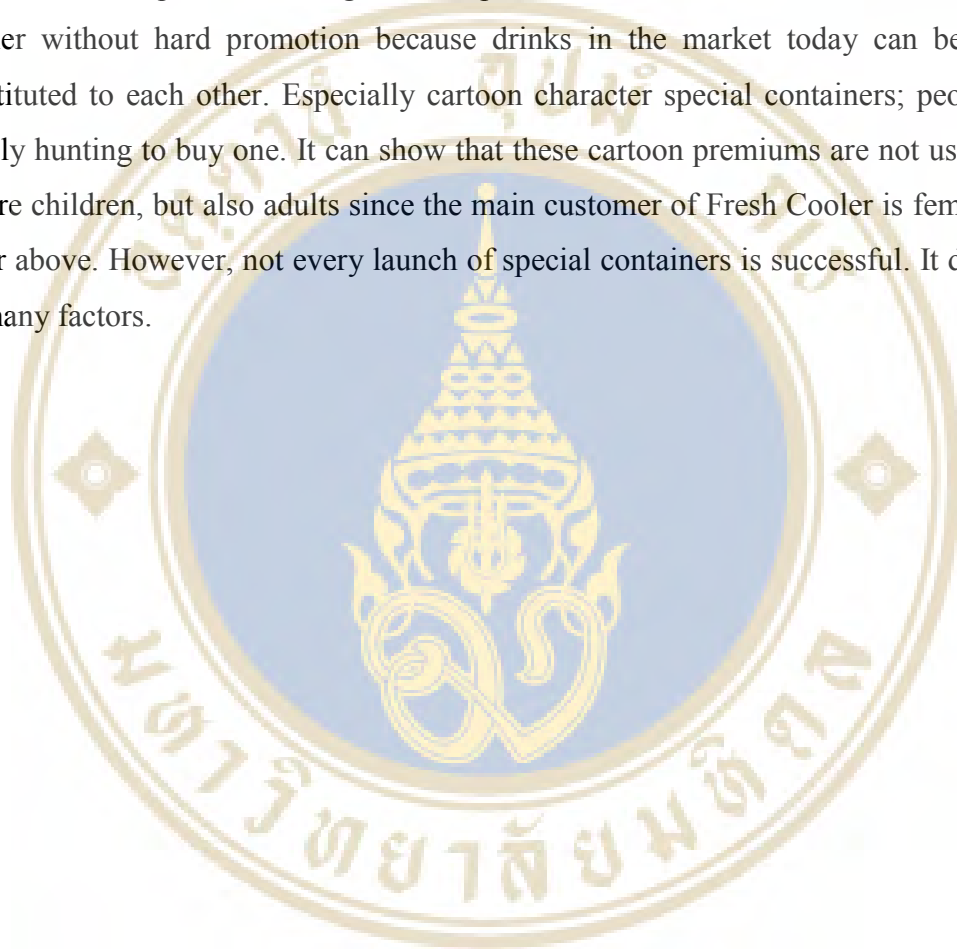
Fresh Cooler is a 7-Eleven private brand that sells cold drinks in the jet spray machine. “There are normally 4 bowls in each store, but will be up to 6 to 8 bowls for renovated and new stores”, a senior merchandiser of Fresh Cooler said. Each bowl will be filled with different flavors that developed by 7-Eleven research and development team along with merchandisers and purchase department. While there are some flavors like Nestea Lemon that are also placed in other trades, but the special ingredients will need to be exclusively sell only at 7-Eleven. Even though Fresh Cooler is trying to differentiate itself by do everything to be the “only at”, customers still have lots of alternative drinks to choose. Therefore, promotions are very necessary to draw current customers to buy more and new customers to at least try the drink.

Promotions at 7-Eleven are mainly divided into 2 types, which are corporate promotions such as Stamps, redemption and another type is all other promotions that are not related with corporate theme like price off. For Fresh Cooler, it normally joins with corporate promotions. For example, if you buy a 22 ounces cup of Latte flavor, you get 6 stamps. However, although these promotions could booth sales up, it is still as not fast as using “premium promotion”

Premiums for Fresh Cooler are special containers, which are classified into two type, tumbler and bucket. Tumblers are more frequent chosen by the Mam Heart

and Fresh Cooler teams because they are more functional than carry a big bucket. Mam Heart Co., LTD is a subsidiary company of CPALL who is responsible for all marketing activities of 7-Eleven, and this also includes Fresh Cooler. Each launch of special container, Fresh Cooler merchandiser team will consult with Mam Heart team to come with theme first, then a drink sale promotion from Mam Heart will be the one who sort everything out such as license and suppliers.

It is quite interesting of how special containers could drive sales for Fresh Cooler without hard promotion because drinks in the market today can be easily substituted to each other. Especially cartoon character special containers; people are crazily hunting to buy one. It can show that these cartoon premiums are not used only to lure children, but also adults since the main customer of Fresh Cooler is female age 35 or above. However, not every launch of special containers is successful. It depends on many factors.



CHAPTER II

LITERATURE REVIEW

2.1 Sale and promotional tools for retailers

Promotions are the crucial instruments for retailers to stimulate their sales or to steal shares from the competitors, but these tools would not last for long. It would happen only just temporary result. According to figure 2.1, Gedenk K, et al, (2006) have categorized promotions into two main types, which are price promotions, and non-price promotions. Price promotions are generally price reductions that are in different forms such as price off, coupons, loyalty discounts, and etc. However, the scope of this paper will be more on non-price promotions where “premiums” from Fresh Cooler is focused as an example of product that use premium promotion. In contrast with price promotions, non-price promotions are not directly involved with price reduction or monetary value. It is divided into two kinds, which are true and supportive non-price promotions.



Figure 2.1 Promotional tools for retailers (Sales promotion, 2006)

Different promotions are used for different purposes depending on products and time as they create different results, which is either short or long term

effects, and each promotion can affect store choice (retailers fight), brand choice, category choice, consumption rate, stockpiling, and new product trial (Gedenk, el al, 2006)



Figure 2.2 Effects of retailers' promotions (Effects of promotions, 2006)

From the figure 2.2, it shows the possible effects of the promotions. As mentioned before, different promotions give different results; therefore, to select and launch any promotions, both retailers and manufacturers need to think carefully of the consequences carefully.

2.2 Consumer characteristics that affect premiums-based promotion

Although price discount promotion is found to be the most common type of sales promotion, the popularity of using premiums as an alternative tool is increasing lately since price off is quite costly to both retailers and manufacturers (Palazon, M., el al, 2009). Nevertheless, before deciding to do premiums-based promotion, retailers should understand natures of their targets first and there are 4 main characteristics of consumers, which are deal proneness, compulsive buying tendency, time pressure, and variety-seeking tendency (Prendergast, G, el al, 2008). For those who are the deal proneness, products that come along with premiums are perceived of having greater value than products without premiums. They do not have a direct intention to those extra gifts, but will feel better if they receive it. Second,

compulsive buying tendency customers are people who buy without meditation. The purpose of a purchase from this group is to relieve their negative emotions of anxiety, stress, and low self-esteem. The study said that these people tend to make decision at point of sales, and the promotion would be more effective if the marketer places the premium at the eye catching level in a store. Third characteristic of consumer is time pressure. As time is very important to these people, they will try to minimize their effort in searching as much as possible. However, According to the study, time pressure did not significantly affect premium proneness. Point of sales premiums fastens the decision process and it will be more attractive if the marketer is able to highlighting the unique differences in their offering with other brands. The last characteristic of consumers is variety seeker. Even though uniqueness of premium can draw interest from this type of consumer, they are still willing to switch from brand to another in order to fulfill their enjoyment, and to capitalize on difference that each premium offers.

2.3 Relationship between brand loyalty and sales promotions

Brand loyalty is what every company is aiming for from their target customers, which we can see in many forms such as member card. Yet, brand loyalty is again divided into two main types, which are behavioral and attitudinal loyalty. Behavioral loyalty can be defined as a repeated patronage (Hawkins and Vel, 2013). People are encouraged to purchase for reasons of convenience, better service, same service or high switching costs, and not necessarily have emotional attachment with the brand. On the other hand, attitudinal loyalty is a deep desire to maintain a relationship with the brand as a function of psychological process. It could be because customers' perception of a brand is better than others, but they do not necessarily buy the product of the brand due to many reasons like high switching cost or the place of living.

However, the scope of this study would not emphasize deeply on brand loyalty, and would rely on the study of "evaluating the effect of consumer sales promotions on brand loyal and brand switching segments" because it focuses on FMCG products, which is shampoo and washing powder. It has defined people who

purchase 50% of one brand in a category is a brand loyalty. If lower than this, they would become non-loyal customers (Nagar, K., 2009). It is quite interesting that non-loyal customers are expected to switch brands when good deals are offering, but the results are against the hypothesis, it shows that loyal and non-loyal consumers do not have significant in brand switching in response to sales promotion. Uncertainty in quality is one of the reasons of not buying. They are quite unsure if products are really good. If those consumers buy the products to use by themselves, promotions are not the main influencer to stimulate them to buy. This can be explained by the fact that consumers these days are more and more conscious of the benefits from the products more than just paying a little less.

2.4 The targets of cartoon character premiums

“Tapping the three kids’ markets,” mentioned that children are the group that most recognized by the food, beverage, and restaurant industries because of their purchasing influence. They are the major reason of adult purchase for children due to their request. The study shown that children under age 14 bought 24 billion US dollars in products and influence about 190 billion US dollars in family purchase each year and those sellers use the benefits from the phenomenon of popular celebrity and cartoon spokespeople to sell fast food or other high-calorie and poor nutrient beverage to children (McNeal J.1998). The repeated use of promoted premiums is assumed to build fast food brand and category loyalties among children (Commonwealth 2009)

On the other hand, some recent studies argue that different demographic backgrounds show no significant in buying cartoon character-based premiums. Adults also do buy these premiums from fast food restaurants to fulfill their own enjoyment, not only children (Claire and Richard, 2003). Moreover, “Purchase of fast food cartoon character toy premium targeted to young children”, an Australian research also supported that there is no significant difference in buying behavior between children and adults. In the research, Snoopy collection premium from a famous fast food restaurant in a Western Australia (population 1,800,000) metropolitan area was used to prove the previous studies of how these premiums are used to lure children to purchase more frequent of fast food products.



Figure 2.3 Snoopy Collection in 2001 (Source: www.gumtree.com.au)

The following hypothesizes were set:

H1: The purchase of a cartoon toy premium will be positively associated with a child accompanying the meal buyer.

H2: Meal buyers with children accompanying them will report buying more cartoon toy premiums over time, then meal buyers without children with them.

H3: Meal buyers that purchase a cartoon toy premium will tend to report a higher value for the premium than meal buyers that did not purchase the premium.

H4: Meal buyers that purchase the premium and switched from competitor will tend to report a higher value from premium.

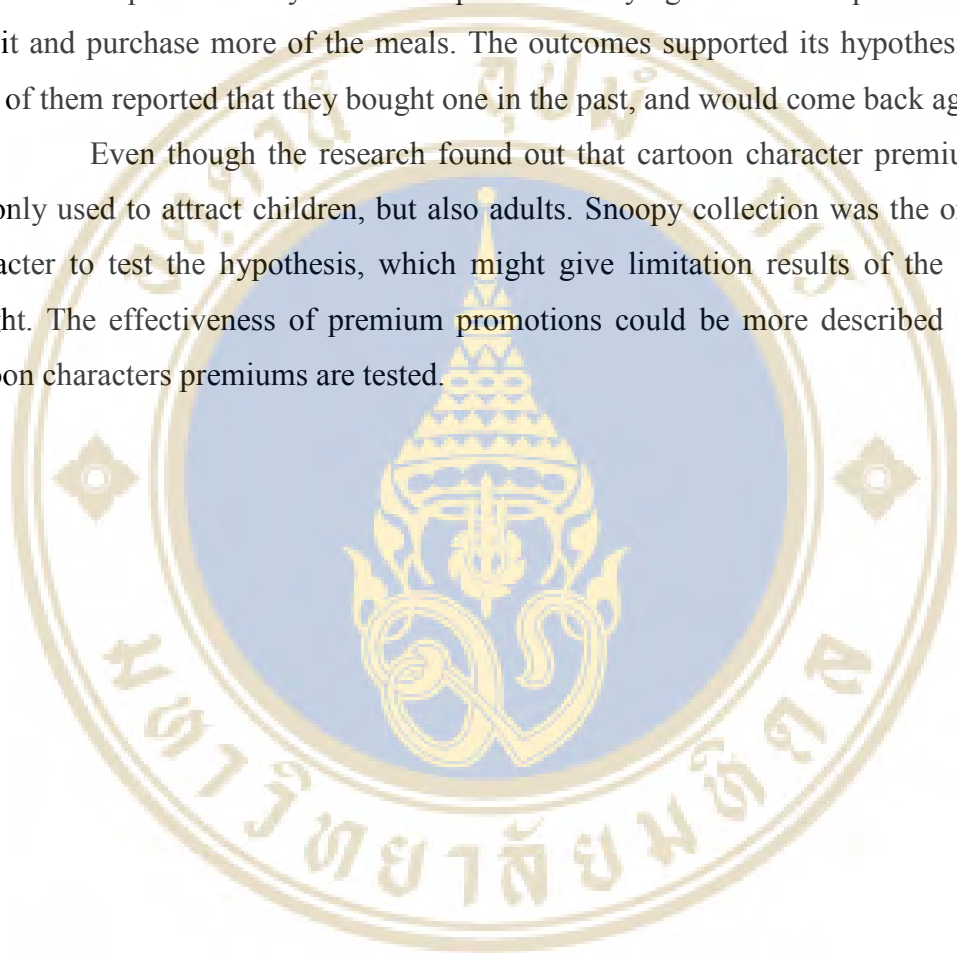
H5: Cartoon toy premium buyers will report more frequent purchase of the brand offering the premium, than non-buyers of the premium.

H6: Buyers of the cartoon toy premium will report more frequent previous purchase of a premium from that campaign than non-buyers of the premium.

48.5% of the Snoopy premium buyers were accompanying by children, and 51.5% of the Snoopy toy purchases were when no child was present. Therefore, it shows no significant effect of having children accompanying with them when they made a purchase of the premium. Furthermore, Snoopy buyers that had children with them bought the premium at the average of 1.68 pieces in the previous 7 days, while buyers without children purchased at the average of 1.27 pieces at the same period, which can conclude that children were not the main influencers in stimulating meal buyers to purchase more. For the third hypothesis, after the interview, it shows that the

meal buyers who purchased Snoopy premiums valued it at the average of \$5.56AUD, while non-buyers of premiums gave the average value of \$4.88AUD. So, the result supported its hypothesis that meal buyers give higher value for the premium than those non-buyers. In addition, the result of the fourth hypothesis shown that those who switched brands from competitor did not value Snoopy premiums higher than current consumers as the premium came with the meal. Lastly, the fifth and sixth hypothesis proposed that premium buyers have experienced buying ones in the past and would revisit and purchase more of the meals. The outcomes supported its hypothesis since 57% of them reported that they bought one in the past, and would come back again.

Even though the research found out that cartoon character premiums are not only used to attract children, but also adults. Snoopy collection was the only one character to test the hypothesis, which might give limitation results of the buyers' insight. The effectiveness of premium promotions could be more described if more cartoon characters premiums are tested.



CHAPTER III

RESEARCH METHODOLOGY

Since this paper is focusing on how premiums or “special containers” drive sales at drink dispenser at 7-Eleven in Thailand, the data is somehow very specific. Therefore, in order to get into inside of how “CPALL Public Company Limited” works, and how consumers of drink dispensers really think toward to products, interviews, a focus group, and observations are used for the data collections for this paper.

There are eight people were interviewed about Fresh Cooler special containers. The first person is a senior merchandiser of Fresh Cooler, who has been working here at this section for nine years. She is a person who decides on flavors, budget planning, POP display, special container, and everything about Fresh Cooler. Next person is currently working as a Drink Sale Promotion at Mam Heart Co., LTD, one of the subsidiary companies of CPALL that provides marketing consulting services. As mentioned before, promotion at 7-Eleven is mainly divided into two parts, which are corporate, and any other promotions. The “Drink sale promotion” is responsible for corporate promotions for all drinks at drink corner in 7-Eleven, which including Fresh Cooler also. Successful and failure cases of special containers were gathered from him. And then a drink senior purchaser of CPALL who explained the inventory flow of special containers. Moreover, three cashiers of 7-Eleven were interviewed about the behavior of customers who purchased the special container of how they normally buy, with drink or without drink from jet spray machine. Lastly, two customers were interviewed. One is a cartoon character premium lover, who always loves to buy and collect cute premiums, and special containers from Fresh Cooler are one of her favorites. Another respondent was chosen, as she is a frequent buyer of Fresh Cooler.

Second method of data collection is doing a focus group. It was conducted on 18th November 2013 at Intage (Thailand) Company Limited, a research company,

which took place at Crown Hotel Silom road. This focus group was set up by TAC Consumer Company, one of the Fresh Cooler suppliers. The purpose of this focus group was to understand the insight of Fresh Cooler consumers more so that both TAC and CPALL could co-develop the right drinks. The Intage team chose eight respondents who they called “super consumer” as these respondents are the real users of 7-Eleven, who normally buy drinks from Fresh Cooler at least 3-4 times a week. The reason of choosing super consumer was that these people have experienced in other brands of convenience stores, and also 7-Eleven in other countries. Thus, 7-Eleven and TAC teams could explore their ideas more of how these people want or expect to see from Fresh Cooler. There were about 20 people attended this focus group from both CPALL and TAC teams. Most of them are the Vice Presidents from each department. The limitation of this method in data collection is the focus group was conducted only one group with super customers, which might not be able to represent all of the Fresh Cooler customers in the country. However, it could tell us of how they think of overall of Fresh Cooler and which direction the teams should go.

Observation is the last data collection method that is used to collect information for this paper. Since at time of conducting this paper, on December 2013, the new cartoon character special tumblers were now just released, so the researcher had a chance to do observation and follow up the sales and trend of these “Doraemon” special tumblers. This cartoon character premium was produced by AB Food & Beverages (Thailand) LTD, who is a supplier of Ovaltine. The observations were divided again into two ways, which are at the stores, and from the Internet. On 26th-29th November 2013, the researcher was assigned to do stores visit in the north of Thailand (Chiang Mai and Lampang) with one supplier. Hence, in store observations could explain a little bit deeper of how these special tumblers were sold. Another observation is from Internet. There was a Fanpage on Facebook of Doraemon lover called “Beloved Doraemon”. The findings are quite interesting of how people purchased these containers.

CHAPTER IV FINDINGS

4.1 Characteristics of Fresh Cooler Consumers

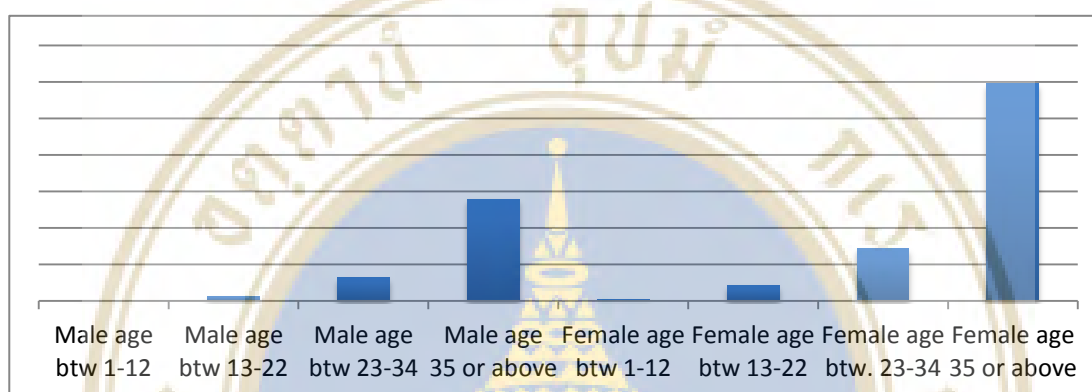


Figure 4.1 Fresh Cooler customers' profiles by sex and age
(Source: CPALL Public Company Limited, 2013)

According to the interview with a senior merchandiser of Fresh Cooler, both female and male at age of 35 and above are the main customers of Fresh Cooler, but female tends to be lots higher from the above figure 4.1

The senior merchandiser also said that this is just a rough overview of Fresh Cooler customers' profiles since store cashiers had to record it while billing, and the button of female at the age 35 or above is the nearest to "Enter" button; therefore, mistyping might possible happened in this case. But she said that it is reliable enough because from many surveys that her suppliers conducted, she found that female at the aged 35 are confirmed to be the main customers of Fresh Cooler. However, the main data are confidential and were not shared with the researcher.

4.2 Effectiveness of each promotion under Fresh Cooler

After questioning a drink sale promotion and the senior merchandiser of Fresh Cooler, the researcher found out that Fresh Cooler is participating most of the promotions throughout the year, both corporate promotions until pairing combo set with specific brand of cookie. Therefore, this paper would focus only 5 main promotions that Fresh Cooler normally joins, which stamp, price off, combo set, right to buy, and 7-card.



Figure 4.2 Fresh Cooler with Stamp promotion



Figure 4.3 Fresh Cooler with Combo Set promotion



Figure 4.4 Fresh Cooler with 7-Card promotion



Figure 4.5 Fresh Cooler with Right to buy promotion
(Source: <https://www.facebook.com/7ElevenThailand>)

The most popular promotion for other products in 7-Eleven and Fresh Cooler is **stamp**. The drink sale promotion said that Stamp is one of the corporate promotions that is usually launch during the low season of the year because it could gain lots of attention. They are addicting in collecting stamps in order to exchange for

some premiums. Some people buy because they could receive tons of stamps, not because of consuming purpose. Fresh Cooler also participated in this promotion because Ready-to-Drink products are competing hard also. The Fresh Cooler merchandiser mentioned that she usually give away 6 stamps because the mechanic would not be too low to attract customers, and not too high to burden itself.

Next is **price off**. “Price off tends to be a very effective promotion comparing to others because customers can receive the real discount”, the senior merchandise said. But it doesn’t last for long. Sales would go up just for a certain period of promotion, especially for the specific size that joined the discount. Sometimes cannibalization happened between sizes because for example, customers pay a little bit higher for large size instead of medium.

Combo set is also another promotion that customers prefer. Regarding to the focus group at Intage (Thailand) Company Limited on 18th November 2013, six of respondents liked that there are combo sets for them to choose so that they don’t have to spend time looking for promotions or think what to eat because normally combo sets pairing foods with drink that can go together already. But the limitation for merchandiser for doing this promotion is that she cannot choose which food she wants to pair with Fresh Cooler. It depends on food merchandiser pick out. Again, Fresh Cooler has to compete with other drinks.

Right to buy is normally not that effective because the transaction would happen mostly when the cashiers plus sales by telling customers that they have a right to purchase Fresh Cooler at special price when their total bill reach 40 baht.

Last is **7-card** promotion. The mechanic of this promotion is only for a group of customers who have “Smart Purse”. Smart purse is similar to a debit card that can be used instead of money. It was operated under Thai Smart Card Company Limited by CPALL. Customers who pay by this card at 7-Eleven would be able to collect points (Cash Card. n.d). For Fresh Cooler, it will join 7-card promotion during high or hot season since during that time; it doesn’t necessary to do hard promotion to burden itself, Fresh Cooler merchandiser mentioned.

4.3 How consumers think toward Fresh Cooler

As the researcher had a chance to be part of the 7-Eleven team to do a focus group on 18th November 2013 at Intage (Thailand) Company Limited at Crown Hotel, Bangkok, deep exploration of one and a half hours were extracted from real consumers of Fresh Cooler. Even though these eight respondents were not 100% loyal to Fresh Cooler brand, they normally purchase drinks from Fresh Cooler about 3-4 times a week. Therefore, they could somehow represent most of Fresh Cooler consumers.

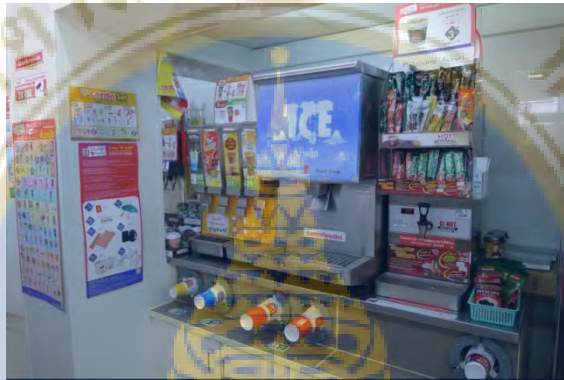


Figure 4.6 Fresh Cooler at drink corner in 7-Eleven stores



Figure 4.7 Medias of Fresh Cooler on bowl sticker

(Source: from store visits in the North East of Thailand during 15th-18th October 2013)

However, it was quite surprising when a facilitator asked those respondents of how do they call drinks from the jet spray machines to test the brand awareness of Fresh Cooler, and the answer was the same from everyone, which is drinks from “push push” machines at the 7-Eleven. They could not even name the brand name when comparing to other drinks in the drink corner in 7-Eleven. For example, they know that soft drinks like Coke or Spike from BIB or bag in box machine called “Gulp”. They also know “Slurpee” since it somehow represents 7-Eleven signature products, but they do not know Fresh Cooler even though they have experiences buying ones. All of them buy Fresh Cooler drinks mainly because it is very convenient with reasonable price. They said Fresh Cooler drink is even cheaper than street coffee (non-fresh coffee) because they can choose how much ice they want to fill in the cup unlike street coffee that the sellers try to put ices as much as they can in order to fill in less coffee. Additionally, they are able to customize drinks for their own preferences. For example, they can put half of Latte and half of Ovaltine to make a customized Mocca flavor. A facilitator also asked whether they buy fresh coffee or not as it is now booming in Thailand. Four of them replied that they prefer fresh coffee, but they don’t want to buy it every day since it is more expensive. And three of those who like fresh coffee treat Fresh Cooler as alternative of fresh coffee when there is a long queue at fresh coffee shop. The facilitator kept asking deeper why Fresh Cooler is not their number one choice of drink if it is cheaper and able to customize drink. Five of them said they cannot see how drinks are put in the drink dispenser machine and not sure whether the stores clean the machine or not because 7-Eleven runs for 24 hours, so the stores might not care enough to clean the machine every day. Nonetheless, it is still acceptable for them since they judge by its looking and the taste of the drink; therefore, if they have a better choice apart from Fresh Cooler, Fresh Cooler would not be their number one choice. Furthermore, the respondents were asked to compare the taste of drinks from dispensers at 7-Eleven with other convenience stores. They all know that some flavors of Fresh Cooler cannot be found in other modern trades, only 7-Eleven because when they go to Tesco Lotus express or Jiffy, they will see only Nestea brands. Thus, if they have to choose where to buy drinks from dispensers, they prefer 7-Eleven for the reason of taste and convenience. Fresh Cooler to them is concerned as a “one time” drink, not able to store if they

cannot finish it because drinks must be consumed with ice; consequently, they sometimes end up buying RTD or ready-to-drink drinks from cold vault. It would be much easier for them to switch if there is a higher promotion for those RTD drinks.

4.4 “Premium” or “Special container” at Fresh Cooler

Special container of Fresh Cooler can be mainly classified into 2 types, which are tumbler and bucket, but according to the interview with the drink sale promotion, tumbler is more popular and often selected than bucket ones. Still, the bucket designs are used sometimes in order to excite the customers of something new.

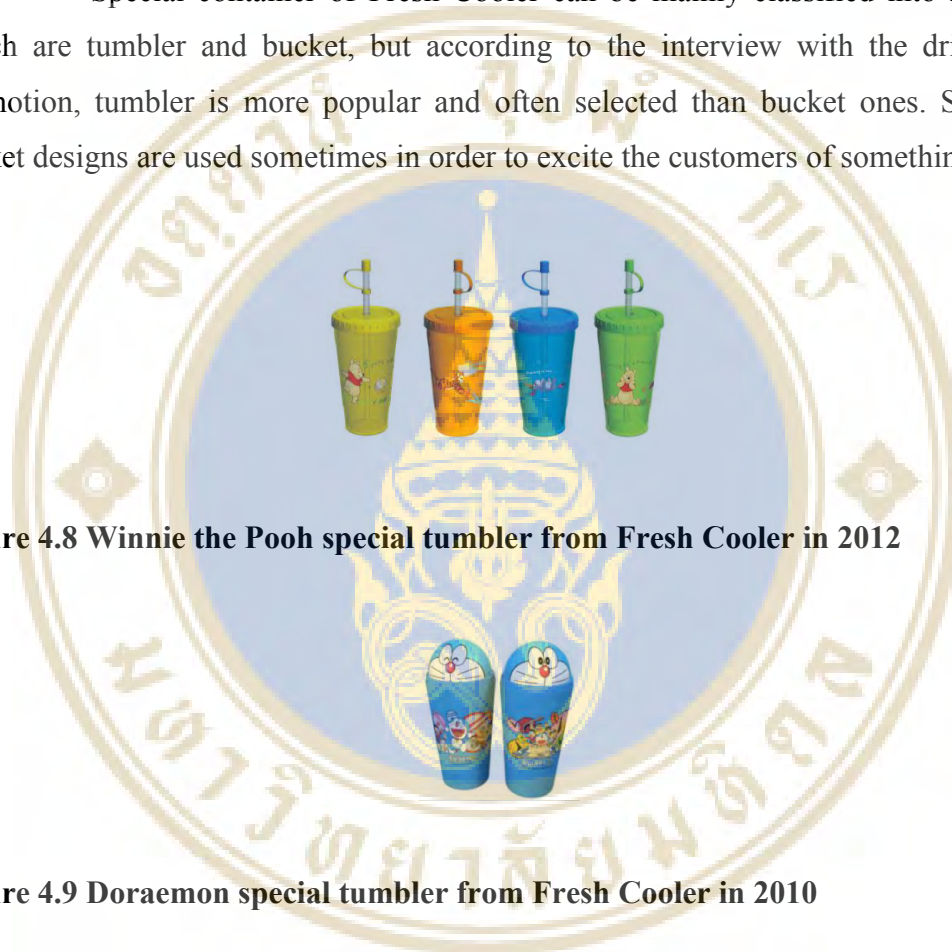


Figure 4.8 Winnie the Pooh special tumbler from Fresh Cooler in 2012

Figure 4.9 Doraemon special tumbler from Fresh Cooler in 2010



Figure 4.10 Mickey and Donald Duck special bucket from Fresh Cooler in 2013

(Source: Mam Heart Co., LTD, 2013)

The CPALL drink sale promotion told that special container of Fresh Cooler is normally planned to release 3 times a year and the character or theme of each one will be depend on what is most talked about at that time in order to push more sales from the current fever. Promotion team from Mam Heart Company will be the one who decide which character should go for along with the merchandiser. Yet, Fresh Cooler suppliers can also offer 7-Eleven to produce the premium. For example, currently (as of December 2013), 150,000 pieces of Doraemon tumblers were produced by Ovaltine to sell during December until January. In this case, Ovaltine has to burden all the costs, including licensing for a specific period of time, but what Ovaltine will get is that customers who buy this Doraemon tumbler, they are allowed to fill only Ovaltine flavor. Similarly with tumbler, coupon can be used for discount only with Ovaltine flavor. As stated by the Fresh Cooler merchandiser from the interview that premium or special container promotion is very effective to push sale comparing to other promotions because customers can buy a legal licensed tumbler in a very cheap price. More importantly, it is sold only at 7-Eleven, as she does not need to fight with other trades by selling the same products. Plus, it is not necessary to do hard promotions in order to make customers switch from RTD drink to Fresh Cooler since those drinks in cold vault can substitute her products easily. She mentioned that other convenience store brands are now turning to premium promotion such as Doraemon glasses from Tesco Lotus Express, and Kitty premiums from Family Marts. The effect of not doing premium promotion can be seen from one quarter during this year (2013) the senior merchandiser said, Mam Heart team could not deal with licensing on time so the launch date of special tumbler is postponed, and it caused sales to drop a lot although there are other factors that causes sales declined as well such ass NPD, weather, and equipment break down.

4.5 Successful VS failure cases of Fresh Cooler Container

A drink sale promotion mentioned that although special containers contribute huge sales to Fresh Cooler, not all themes are concerned to be successful.

Disney character is one of the successful special containers of Fresh Cooler that launched for a limited of time during 5th December 2012 to 25th February

2013. There are four different Disney characters tumblers to choose, which were Mickey Mouse, Minnie Mouse, Donald Duck, and Daisy Duck.



Figure 4.11 Disney special tumblers from Fresh Cooler in 2012



Figure 4.12 Coupons that attached along with Disney tumblers from Fresh Cooler in 2012



Figure 4.13 Poster of Disney special tumbler



Figure 4.14 Hanging display of Disney special tumbler used in 7-Eleven stores
(Source: Mam Heart Co., LTD, 2013)

The mechanic was buying 22 ounces of Disney tumbler for 59 baht; a customer can fill any drink for free in the first time, plus receive 10 coupons. Each coupon would give discount to the buyers 7 baht for the next 10 times if they refill drinks from Fresh Cooler by these containers. They pay only 15 baht from 24 baht. Hence, the total coupon would worth 70 baht in total. At first, Mam Heart and Fresh Cooler merchandise teams together concluded to produce these tumblers at 400,000 units, but only a month had passed, the stock was running out, and many store managers were calling for more. As a result, Mam Heart and merchandise teams decided to produce another 200,000 pieces, and extended the period for another month. As the total of tumblers produced was 600,000 pieces, the total coupon were 6,000,000 units. 94.2% of total coupon was sold, but the redemption occurred only 16.83%.

Another successful special tumbler is a **Doraemon and Doraemi tumbler** that are produced by a supplier, Ovaltine. According to the interview with the senior merchandiser of Fresh Cooler, it was a supplier request that they wanted to buy license of Doraemon characters and do special tumbler for Fresh Cooler only because they wanted to steal number of cups sold from other suppliers of Fresh Cooler as people are forced to fill only Ovaltine flavor in order to get discount from coupons. The agreement number of tumbler at first was 150,000 units for selling only 1 month, and the starting date was 26th November 2013. After just a week has passed, the Doraemon character tumblers were ordered from stores and out of stock at every DC or distribution center, a senior purchaser of beverage said. To ensure the popularity of

this tumbler, the researcher interviewed 3 cashiers at 7-Eleven stores in the Chiang Mai and Lumpang during the store visits on 26th to 29th November 2013 when the Doraemon tumblers just newly launch



Figure 4.15 Doraemon tumblers stocks during the first week of launch

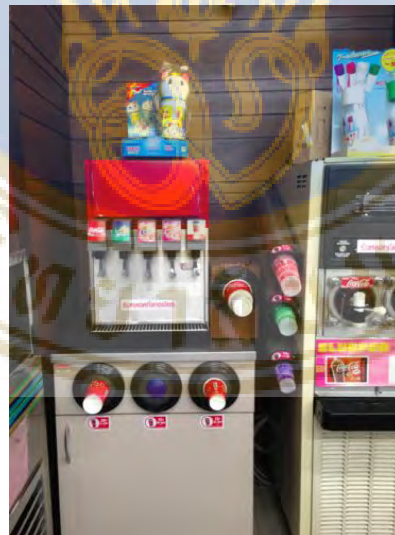


Figure 4.16 Doraemon tumblers stocks during the first week of launch
(Source: from store visits in the North of Thailand during 26th to 29th November 2013)

Figure 4.15 and 4.16 are taken from the front stores by the researcher. By the time that researcher was observing, there were 2 ladies came to the drink corner and talked to each other that Doraemon tumblers are sold out in this branch, and they just walked out of the store after they did not find what they were looking for. Then the researcher interviewed the cashier when was the last Doraemon purchased. The lady answered that they were all gone in just two days because her store receive only 12 pieces from the DC. She was trying to order 60 units more but there was no stock at DC. She said it such a shame because many customers were looking for those tumblers. Some customers told her that they saw it Doraemon Fanpage on Facebook website that it is now available here so they came to buy Doraemon and Doraemi.

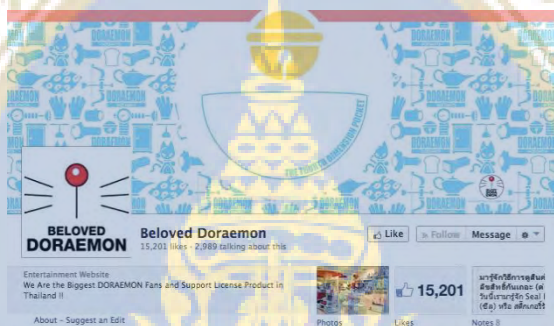


Figure 4.17 Doraemon premiums lovers Fanpage on Facebook



Figure 4.18 Doraemon premiums lovers' updated Doraemon tumbler for Fans



Figure 4.19 One of Doraemon premiums lovers showed that her purchase
(Source: <https://www.facebook.com/Beloved.Doraemon>)

From the figure 4.17-4.19, it shows the fan club of Doraemon, but this Fanpage is created only for those people who collected Doraemon premiums. Web administrator also promoted Doraemon and Doraemi special tumblers from Fresh Cooler so that the followers would be able to go and grab fast. Figure 4.5.9 can represent a group of people who buy because of premiums toward their favorite cartoon characters, not buying because preferences in drinks from Fresh Cooler.

On the other hand, during third quarter in 2013, the theme of special container was set differently as Mam Heart team were asked from the CEO to create more brand awareness of 7-Eleven, so it could go along with Stamp promotion theme in order to help each other push sales. Consequently, the theme of special container was set to be **7-Eleven**, a senior merchandiser told. Nonetheless, the good point of this was lower cost per unit since there was no license fee.



Figure 4.20 7-Eleven special tumblers from Fresh Cooler in 2012



Figure 4.21 Coupons that attached along with 7-Eleven tumblers from Fresh Cooler in 2012



Figure 4.22 Hanging display of 7-Eleven special tumbler used in 7-Eleven stores

Figure 4.23 “I Love Thailand” Stamp Promotion in 2012
(Source: Mam Heart Co., LTD, 2013)

As Mam Heart and Fresh Cooler teams predicted that this launch of special containers might as not popular as other licensing character ones, the total unit

produced were only 300,000 units; half for Gulp and Slurpee, and another half for Fresh Cooler. They came in four colors to choose, which were purple, pink, white, and green. The difference point of 7-Eleven tumblers with other special containers is the capacity. 7-Eleven special tumblers could contain 19 ounces while most of other special containers are 22 ounces. This is because it could be used with Gulp, Slurpee, and Fresh Cooler together without losing margin since each of them has different costs. In consequence, the mechanic also a little bit differed from previous ones. Customers could purchase this 19 ounces tumbler at 55 baht instead of 59 baht, plus 6 stamps that worth 6 baht if spend in 7-Eleven stores. Again, they would receive 10 coupons to refill 15 baht for 10 times. For this reason, 1,500,000 coupons were produced to support the number of 7-Eleven special tumblers. The senior merchandiser said the sales were not good as she expected, but surprisingly, the coupon redemption rate is better than cartoon character special containers with 20.1%. Another reason to support low sales was from Fresh Cooler senior purchaser. She said that the products recall from stores is much higher than those cartoon character ones due to the lower quality of plastic used. She said the quality of licensed containers is much better since 7-Eleven Thailand is required to send the design and product specifications for an approval. But since 7-Eleven special tumblers production was not controlled, the material used is limited due to budget used.

CHAPTER VII

DISCUSSION

The main purpose of this research is to see how special containers affect sales of Fresh Cooler, drinks from dispensers at drink corner in 7-Eleven, or in other words of how effective of premium promotion has on sales in FMCG or fast moving consumer goods because there are lots of players in the market and products can be easily substituted. Subsequently, lots of promotion activities are used to compete with each other among the products in each category, also between retailers.

Behavioral loyalty seems to be best defined for most of Fresh Cooler customers because they tends to consume the products for the reason of convenience the most, not the brand preference since they don't even know that the drinks they buy every week called Fresh Cooler. People often called drinks from "push push" machine. If comparing to Gulp (soft drinks), and Slurpee, people tend to remember and correctly name it. People do know that if they buy drink from gulp, they would get Coke brand. In contrast, they will not be able to recall the brand of Fresh Cooler. However, as Fresh Cooler is a core product, which means every store in Thailand is forced to sell. Therefore, if they feel thirsty and go to 7-Eleven, they would find Fresh Cooler for sure. Unlike some of fresh coffee brands, that can be found only in some places. According to some respondents in focus group, they can easily switch fresh coffee to Fresh Cooler if there is a long queue in coffee shop. Thus, it can conclude that convenience is an important factor that can make people becoming loyal to Fresh Cooler. Moreover, due to higher switching cost, most of fresh cooler targets cannot afford fresh coffee to consume every day.

7-Eleven is a convenience store that selling convenience to consumers, but what 7-Eleven claims itself at the moment is "Convenience Foods Store", not just a normal convenience store (Convenience food store, 2013). As they are now trying to push food and beverage products to 75% out of the total from currently at 70%, Fresh Cooler team is more worried because the competition is getting more violently.

Effective promotions are crucial in order to survive. Fresh Cooler currently use both price and non-price promotions. Price off, stamp, combo set, right to buy, and 7-card are the Fresh Cooler current promotions that directly playing with discount. Some of them are concerned to be effective, and could generate lots of sale, but it tends to be only during the period of promotion without something new that could attract people to choose its brand. Additionally, these promotions also used by other substitute products, so if the competitors play harder promotions such as giving more stamps, Fresh Cooler can be easily replaced. For non-price promotional tools that Fresh Cooler used is premium. Premium promotion in Fresh Cooler means selling special containers. Special container is a true non-promotional type. Supportive non-promotions are also used in order to support its premiums. For example, from figure 4.5.4, it shows that display hanging was created in order to create more awareness of Disney special tumblers to customers. Besides, in order to ensure that each special container was going to capture both customers who were looking for worthiness and those who buy special container as a collection, coupons are sold along with the containers. Therefore, it shows that although premium promotion is used, Fresh Cooler team still need discount promotion to support its premium.

Even though special container is a must promotion for Fresh Cooler as it is concerned to be very successful, not all themes are sold well. Cartoon character-containers seem to be a lot more successful comparing to non-story one such as 7-Eleven. As mentioned before, people seems to be behavioral loyalty to 7-Eleven brand more than attitudinal loyalty because the number of stores of other convenience stores brand are still far behind 7-Eleven. Hence, what 7-Eleven offered better is convenience, and it makes people familiar more with the brand due to consistency in awareness. But it does not mean that 7-Eleven is what they prefer. Cartoon characters that are chosen for special containers all have story, and are liked by consumer souls, not forced to like. So it could be much more relevant that people buy cartoon character-containers because of its character, not buying because they are more concerned in value of money. Special container customer can be divided into two main types. First are people who buy because of characters on special container. Another type is customer who buys because of worthiness. It can be supported by the redemption rate of coupon of each one. People who bought Disney special tumbler

came back and used coupon only 16.83% while 20.1% of those who bought 7-Eleven tumbler came back and redeemed coupon.

The data can also represent characteristics of premium buyers of Fresh Cooler. According to the research “predicting premium proneness” from the literature review, Fresh Cooler customers are mainly described as a deal proneness, time pressure, and variety seeking. For those who think Fresh Cooler prices are reasonable already, they would even feel it is worth their money if they buy special container and able to refill drinks for a cheaper price next time, plus they also receive a tumbler for other use purpose. Next type is for those people who are under time pressure as it is normal to find these types of customers in convenience store. Last one is a customer who is seeking for variety and uniqueness of the products. This also includes those cartoon character lovers, and those who like because of its uniqueness.



CHAPTER VI

CONCLUSION

The results obtained in this study have important implications for both managers and researcher of which marketing tools need to be chosen in order to attract customers effectively, especially focus on premium promotion.

Premium promotion is concerned to be a non-price promotional tool that is used in the purpose of indirect discounting. Same as Fresh Cooler, brand of drinks from dispenser machine in 7-Eleven Thailand, its managers are trying to use variety of promotions in order to keep its customer-based buying consistency, or remain its market share, as there are lots of players in the beverage market today. However, discounting its retail prices does not guarantee the loyalty. Therefore, premium promotion is used to create more awareness to Fresh Cooler brand. But according to the findings, people still don't recall the brand name, even its regular customers.

Consequently, the most important thing for Fresh Cooler team is now creating brand awareness by increasing POP display in the stores, or even on the packaging itself. Premium promotion should still be used as one of the tools, but the teams need to make sure the each special container theme is interesting or attractive enough to gain attention from customers. As cartoon characters containers used to be very successful in sales, the teams should take this learning for the next launch. The future character special containers also should be concerned along with its main characteristics of Fresh Cooler customers in order to capture main target effectively.

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