**Methodology**

This research reports the key findings of the four price promotion strategies offered by Carman’s kitchen to customers in four stores of one big Australian supermarket chain based on their contribution to profits and long term impact on category sales and brand market share. The main aim of this report is to evaluate the strategies and recommend the best promotion strategy for Carman’s. This report provides a detailed analysis of all the four promotional strategies in the subsequent sections.

The four strategies identified by Carman’s are:

* Strategy 1: 10% price reduction
* Strategy 2: 20% price reduction
* Strategy 3: 10% price reduction with end of aisle display (weekly retailer cost per store $500)
* Strategy 4: 20% price reduction with feature in weekly catalogue (weekly retailer cost per store $1200)

For measuring the effectiveness of these strategies Carman’s sales, contribution to profits and market share was observed for 26 weeks which was divided into four time periods:

* Pre-promotional period: 10 weeks
* Promotional period: 4 weeks
* Immediate post promotional period: 2 weeks
* Long run post promotional period: 10 weeks

The calculation of all the metrics are done through spread sheet software Microsoft Excel with all the metrics compared across strategies based on various time periods. The Excel file consists of the analysis of the strategies and visualizations of brand sales and brand market share during all four time periods.

In the following section, the analysis and interpretation of the findings is reported. This is followed by my personal recommendation for Carman’s as to which promotion strategy should be selected.

**Interpretation/Analysis**

It appears that all four strategies result in an increase in promotional sales. However, strategy 2 and strategy 4 results in the highest increase in promotional sales for Carman’s with sales going up to 1911.99 (increment of about 780 units) and 2379.31 (increment of about 1184 units)respectively. Strategies 1 and 3 also increased the sales during promotion but not quite as strategy 2 and strategy 4. Strategy 4 results in a 99% lift in promotional sales which is the highest whereas strategy 1 has the lowest lift of 22%

There is a potential for foregone contribution for all four strategies. The contribution foregone from baseline sale during promotion and immediate after promotion is highest for strategy 2 and 4. It is important to consider the potential for foregone contribution when evaluating the effectiveness of a marketing strategy. A strategy that results in a significant dip in post-promotional sales may not be as effective in the long run, even if it has a high increase in promotional sales.

The weekly retailer cost per store is $0.00 for strategies 1 and 2, $500.00 for strategy 3, and $1,200.00 for strategy 4. These costs can be significant and should be considered when evaluating the effectiveness of a marketing strategy. For example, the high weekly retailer cost for strategy 4 may make it less effective, even though it has a high increase in promotional sales and a high long-term gain in brand profit. In contrast, the low weekly retailer cost for strategies 1 and 2 may make them more effective, even though their promotional sales and long-term gains are lower.

In terms of net contribution to profits, strategy 2 appears to be the most successful, with a net contribution of $1,348.85. In contrast, strategy 4 results in a net loss of -$145.92. Strategy 1 also incur loss of $414.64, however strategy 3 results in net contribution of $521.47.

In the long term, strategy 4 appears to be the most successful in terms of gaining brand profit, with a gain of $14,344.72. However, it is important to consider the cost of implementing the strategy and whether the long-term benefits outweigh the initial costs. Strategy 1 and 3 have a lower gain in brand profit compared to strategies 2 and 4. Strategy 1 has a gain of $143.50, while strategy 3 has a gain of $2,664.41 and strategy 2 has a gain of$7350.49.

Overall, we can see that all four strategies have a positive impact on brand market share during the promotional campaign, with the largest increases in market share for Strategy 2 (from 10.04% to 15.01%) and Strategy 4 (from 9.96% to 15.97%). It is also important to consider the potential for a dip in post-promotional sales, as this can have a negative impact on market share. The immediate post-promotion brand market share decreases for all strategies, with the largest decreases of 5.56% and 7.97% for Strategy 2 and Strategy 4 respectively. In the long-run, the brand market share increases for all strategies, with the largest increases for Strategy 2 and Strategy 4 with the market share of 11.78% and 11.92% respectively.

**Recommendation**

Based on the analysis, Strategy 2 and Strategy 4 are the most effective at increasing sales and brand market share in the short and long term. Both strategies show a significant lift from promotion and a significant long-term gain in brand profit. However, there are some key differences between the two strategies that need to be considered.

First, Strategy 2 has higher average weekly promotional sales than Strategy 4, but lower average weekly post-promotional sales. This means the promotional campaign is more effective at driving sales in the short term for strategy 2, but the sales drop off more significantly after the promotion ends.

Second, Strategy 4 has a higher average selling price per unit and a higher contribution per unit, both during and after the promotion. This means even though Strategy 2 has higher overall sales, Strategy 4 is likely to generate more revenue and profit per unit sold.

Thirdly, Strategy 4 has a higher net contribution to profit during the promotion and lower net post-promotion loss. This means Strategy 4 is likely to be more profitable overall, despite the high retailer cost per store of $1200 per week.

It is difficult to determine which strategy would be the most optimal for Carman’s without factoring in other information. Factors such as company size, resources, and market they operate in and the goal of the company needs to be considered for the final decision. From the limited information available, Carman’s being a small firm, it is assumed that the resource to finance the campaign is limited. Also, the meaning of ‘growth’ in Carman’s aggressive growth strategy is ambiguous. Another assumption that has been made is that growth refers to growth in market share and not necessarily in profits.

Now, considering the assumptions, it is recommended that Carman’s should go ahead with **Strategy 2**. This is because as a small firm, it is hard to spend $1200 every week to cover the retailer cost per store. Considering that growth means increase in market share, the brand market share during promotion and in the long run are similar for Strategy 2 and Strategy 4. Hence, to achieve a higher market share for the brand, it is economical for Carman’s to promote Strategy 2 (11.78% market share) and achieve similar market share as Strategy 4 (11.92% market share).

**Limitations**

This analysis is limited by several factors, including a small dataset, missing information about competitors, and a lack of information about certain variables. Additionally, it is based on certain assumptions which may not hold true in all situations. Therefore, the recommendations made in this analysis should be considered with caution.