

Investigating Impact of Consumer Promotion towards Buying Decision: A Demographic Analysis

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ABSTRACT

In the emerging business scenario various promotional techniques are adopted by the marketer for influencing the buying decision of consumers. Consumer promotion, has been widely used to sustain competitive advantage, increase sales & stimulate consumer buying decision, is becoming a valuable tool for marketers. Through this study, an effort has been made to find out the various consumer promotion tools (discount, point of purchase (display), premium, rebate, coupon, contest etc) and its impact on consumer decision towards durable. For conducting the research, data collected through snowball sampling of 340 respondents through descriptive research technique which was further analyzed through multivariate technique using SPSS. The result reveals that all the considered consumer promotion schemes had significant impact on consumers. The study enlightens marketers in planning their marketing strategies and sustains confidence of consumers towards durable purchasing. The research can provide help to companies, the business precisions, entrepreneur and other related marketing personnel in designing new strategies for stimulating durable sales.

1. Introduction

India's consumer market is rising the crest of countries economic boom. With access to disposable income, easy finance option, study income gains the consumer purchase decision has been influenced significantly. The demand for durables has been increasing consistently due to presence of organized retail, expansion into new segments, and product affordability focus on energy-efficient and environment-friendly products. The electronic industry has high potential and wider prospects for both retailers and consumers in the market. There are various brands in the Indian market who are dealing with durable electronics like Godrej, Whirlpool, Samsung, LG, Bluestar, Videocon and Hitachi. The buying decision related to the goods depends on various factors like brand, quality, after sales services, warranty, advertising, rebates, offers, discount, mode of payment, display, sales person behavior, store location and many more. Efforts have to be made by the marketer to plan the optimum combination of the factors that can increase the sales of their products. Well designed strategies will thus, contribute for the above. The benefits & usage of the product has to be communicated to the customers. For this most effective tools is promotion & the complete marketing communication program is known as promotion mix. It includes advertising, sales promotion, personal selling, public relation & direct marketing. It helps in conveying message about the product offering to the customers, creating demand, market positioning, make a decision related to buy a product. Among the various promotional tools it has been found that consumer promotion is one which stimulates quick & large purchases in a limited period of time. It can be said that, it's a marketing activity that adds the value proposition related to a product (i.e., getting more for less) for a limited time in order to stimulate consumer purchasing, effective sales and the effort made by the sales force. At its core, it is a marketing activity that adds to the basic value proposition behind a product (i.e., getting more for less)

for a limited time in order to stimulate consumer purchasing, selling effectiveness, or the effort of the sales force. It includes price offs, free gifts, premium, contest, exchange offer, rebates, sweepstake; buy one get one free, discount, point of purchase etc. These schemes help in generating quick and large sales in a limited period of time.

2. Review of Literature

The concept of consumer behavior has been explained significantly by several researchers. The behavioral concept has been explained in different ways. Schiffman and Kanuk (2000) described the term consumer behavior as the study that focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items. It includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, and how often they use it. According to Engel, Blackwell and Miniard (2002) model on Consumer Decision Process (CDP), decision making is a roadmap of consumer's mind that marketers and managers can use for designing product mix and organizational strategies. The model describes schematic format of activities performed during the process of decision making. It includes seven stages of consumer decision making as; (1) Need Recognition (2) Search for Information (3) Pre-purchase Evaluation of Alternatives (4) Purchase (5) Consumption (6) Post-Purchase Evaluation (7) Divestment. They further identified from their study that sales strategies can influence consumer decision making. According to Totten and Block (1994) Sales promotion includes several types of selling incentives and methods which target the customers to harvest the immediate sales effects. These incentives and methods may be in the form of free samples, discount, rebate, price pack contest, premium, point of purchase (display), coupons, demo shows, sweepstake etc.

Lick and Zeigler and Brassington F. and Pettitt S.2000 explained sales promotion as a range of marketing techniques designed within a strategic marketing framework, to add extra value to a product or service over and above the normal offering in order to achieve specific sales and marketing objectives. This extra value may be a short term tactical nature or it may be part of a longer-term franchise building program. Lehman and Winer (2002) described sales promotion as special offers which essentially aim to stimulate demand for the products. Cuizon (2009) reported that sales promotion techniques used by the marketer are not only effective in attaining short-term sales but are also more cost effective than advertising. Kotler.P (2012) classified sales promotion into three broad categories as consumer, trade and business promotion. Consumer promotion incorporate a variety of short term promotional techniques design to induce the value of a product either by reducing cost or adding benefits. It includes tools like samples, coupons, discount, cash refund, price packs, premium, and point of purchase (display), contest, sweepstake and games.

3. Research Question

Do consumer promotion schemes have significant impact on buying decision towards durables?

Research Hypothesis

Blackwell, Miniard and Engel (2001) analyzed that price discounts played significant roles in influencing consumer product trial behavior which indirectly attract new consumer. Salvi. P. (2013) studied that the discount and price off scheme induce the customers to visit store and influence their purchase decision.

H1: Discount has a significant impact on buying durable

Huff and Alden (1998) found that price discounts increases sales and market share and entice trial. Raju.K.V. and Kumar.D.P. (2015) examined that point of purchase (Display) is clear assortment and demarcation between various categories of products proper display influences the consumers as name of goods and their prices can be identified easily.

H2: Point of purchase has a significant impact on buying durable

D'Astous and Landreville(2003) explained that premium is a product or service offered free, or at a relatively low price, in return for the purchase of one or many products or services. Banerjee, Palazo'n and Delgado (2009) found that gifts or premiums are becoming increasingly important promotional strategies as it stimulates sales thus increases consumers response.

H3: Premium has a significant impact on buying durable

Ratimosho (2003) described that refunds and rebates are generally viewed as a reward for purchase, they also appear to build brand loyalty rather than diminish it. Tat and Schwepker (1998) and Lanctot 2002) explained that rebates are frequently used in the consumer goods sector and are the most common promotion tactic used in consumer electronics. Rebates are popular because they can be used to lower a product's price

and increase sales while limiting the number of consumers that redeem the rebate to obtain the price discount.

H4: Rebate has a significant impact on buying durable

Some researches has focused on the impact of coupons on brand or category sales and have examined the effect of package coupons, a type of surprise coupon that includes peel-off coupons and on-pack or in-pack coupons. Dhar, Morrison, and Raju(1996) focused on in-store promotions in general. Blattberg and Neslin(1990); Inman and Chiou(1998) have focused largely on sales on the brand or category levels. They study unexpected in-store coupon and analyzed that these promotions increase market basket sales. Ndubisi and Chew (2006) examined that the statement coupon promotions do not have significant effect on volume of product purchase stated by consumer Gilbert and Jackaria (2002) also studied that coupon promotion was among the least used and unpopular promotional tools by consumers. Dotson (2001) research analyzed that women being more likely to use only coupons than men.

H5: Coupon has a significant impact on buying durable

Huff and Alden (1998) found that contest add excitement, value to brands and encouraging brand loyalty thus consumers make repeated purchase of a particular brand and outlet. Raju. K.V. and Kumar.D.P. (2015) found that contests is the most frequently used strategy for promotion but many contests won't involve any purchase, it promote the brand and make the logo known to more consumers and not to earn money from campaigning sales and they would always like winning free prizes and pay more attention to the brand later on Kotler.P (2008) found that contests were more commonly used as sales promotions, mostly due to legal restrictions on gambling that many marketers feared might apply to it.

H6: Contest has a significant impact on buying durable

4. Research Objectives

- To study various consumer promotion schemes for durables.
- To examine influence of consumer promotion schemes on buying durables.
- To analyze impact of consumer promotion on buying durables through demographic segmentation approach.

5. Research Methodology

The purpose of the study is to access the impact of consumer promotion on buying durables. The research framed to be organized through descriptive research design using multivariate analysis for which data has been collected through structured questionnaire from consumer of durables (consumer electronics). The data has been collected on 5-point Likert's Scale where, 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree was used for measurement. The data was collected through snowball sampling from 340 respondents out of which 307 were found to be valid for the study. The study has been conducted at Central India (at

Chhattisgarh State).The data of six determinants of consumer promotion i.e. price pack, point of purchase, premium, offer, discount and contest against six demographic group have been taken to evaluate their impact on buying decision. Principal Component Method of Factor Analysis has been used to test the loadings of the variables components. Later a Cluster Analysis with ANOVA has been organized to evaluate the best pull of the consumers. 5% level of significance has been considered for analysis using SPSS version 20.0

6. Data Analysis

The demographic profile describes that most of the respondents were of age group 26 to 40 years which measures to be 42%.The female respondents were 48.9% and 51.1% as males. The respondents were mainly belonging to service class contributing 35.5%. It was found that mostly there respondents were in the income range of above 3 lakhs to 6.0 lakhs which is contributing 38.1%.

Table: I Descriptive Statistics

		Frequency	Percent	Valid Percent	Cumulative Percent
Age	0-25	69	22.5	22.5	22.5
	26-40	129	42.0	42.0	64.5
	41-55	76	24.8	24.8	89.3
	Above 55	33	10.7	10.7	100.0
	Total	307	100.0	100.0	
Gender	Female	150	48.9	48.9	48.9
	Male	157	51.1	51.1	100.0
	Total	307	100.0	100.0	
Marital Status	Married	165	53.7	53.7	53.7
	Unmarried	142	46.3	46.3	100.0
	Total	307	100.0	100.0	
Education	Up to 12	60	19.5	19.5	19.5
	Graduate	142	46.3	46.3	65.8
	Post Graduate	91	29.6	29.6	95.4
	Others	14	4.6	4.6	100.0
	Total	307	100.0	100.0	
Occupation	Professional	53	17.3	17.3	17.3
	Service class	109	35.5	35.5	52.8
	Businessmen	91	29.6	29.6	82.4
	Household	54	17.6	17.6	100.0
	Total	307	100.0	100.0	
Annual Income	Up to 300000	57	18.6	18.6	18.6
	300001-600000	117	38.1	38.1	56.7
	600001-900000	90	29.3	29.3	86.0
	Above 900000	43	14.0	14.0	100.0
	Total	307	100.0	100.0	

7. Factor Analysis

The Reliability and validity is tested through Factor analysis using Principal Component Method. The outcomes on the rotated component matrix show that all the components are

valid, as they have been properly loaded on identified factors and thus, reflect that all the factors and their components are valid and can be tested further.

Table: II Rotated Component Matrix

	Component					
	1	2	3	4	5	6
X ₁₂	.867					
X ₁₁	.843					
X ₁₃	.832					
X ₆₃		.878				
X ₆₂		.860				
X ₆₁		.775				
X ₃₃			.834			
X ₃₂			.871			
X ₃₁			.863			
X ₅₂				.868		

X ₅₃				.855		
X ₅₁				.780		
X ₂₃					.844	
X ₂₂					.876	
X ₂₁					.828	
X ₄₂						.886
X ₄₃						.827
X ₄₁						.853
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.						
a. Rotation converged in 7 iterations.						

Hair et al. (2010) considered and sustained the fact given by Flynn et al. (1994) that the Chronbach's Alpha value of 0.6 and above shows effective reliability for judging the scale. For the instrument employed in present study, Chronbach's Alpha

Coefficient was found to be 0.886 (Table III), which demonstrates that the constructs of the research instrument are highly reliable.

Table: III

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.886	0.862	18

8. Cluster Analysis

Cluster analysis with ANOVA has been applied to analyze the influence of consumer promotion schemes with demographic variables on buying decision of the consumers for durables. The identified factors were important to analyze buying decision of consumers for identifying similar customer group and designing strategies and schemes which can be found to be more effective in stimulating buying. All the respondents were profiled into 4 clusters with the below demographics and exhibit the below mentioned response.

Cluster 1

It includes respondents who are of age 26-40 females (unmarried) service class; have an income range of Rs 6-9 lakhs; considers coupon, point of purchase, discount, rebate and contest schemes as important; and premium as less important while making a decision to buy durables.

Cluster 2

It includes respondents who are of age 26-40males (married) service class; have an income in the range of Rs 6-9 lakhs; consider point of purchase, premium, coupon and contest schemes as important; and discount & rebate as less important while making a decision to buy durables.

Cluster3

It includes respondents who are of age 26-40 females (married) service class; have an income in the range of Rs 3-6 lakhs; consider discount, rebate, point of purchase, premium, coupon, and contest all the schemes as important; while making a decision to buy durables.

Cluster4

It includes respondents who are of age 26-40 males (married) professionals; have an income in the range of Rs 3-6 lakhs; consider premium as important; and discount, point of purchase, coupon, contest schemes and rebate as less important while making a decision to buy durables.

Table: IV ANOVA

	Cluster		Error		F	Sig.
	Mean Square	Df	Mean Square	Df		
Age(Y1)	1.007	3	0.847	303	1.178	0.314
Gender(Y2)	0.19	3	0.251	303	0.735	0.52
Marital Status(Y3)	0.127	3	0.251	303	0.503	0.679
Education(Y4)	1.992	3	0.626	303	3.174	0.024
Occupation(Y5)	9.735	3	0.863	303	11.286	0

Annual Income(Y6)	10.866	3	0.793	303	13.715	0
Discount (X1)	32.648	3	0.918	303	35.561	0
Point of Purchase(X2)	59.716	3	0.666	303	89.601	0.02
Premium(X3)	47.459	3	0.931	303	50.959	0
Rebate(X4)	28.862	3	0.818	303	31.058	0.01
Coupon(X5)	30.592	3	0.816	303	37.124	0
Contest(X6)	4.019	3	1.041	303	3.813	0.01

The F-tests has been used only for descriptive purposes because the clusters have been chosen to maximize the differences among cases in different clusters. The observed significance levels are not corrected for this and thus cannot be interpreted as tests of the hypothesis that the cluster means are equal. The result shows that all the factors like discount (X1), point of purchase (X2), premium (X3), rebate (X4), coupon (X5),

contest (X6) were found to be significant factors (values < 0.05) influencing buying decision.

On the other hand, demographic groups Age, Gender & Marital Status were found to be insignificant while Education, Annual Income & Occupation is found to be significant while making buying decision for durables.

Table: V Number of Cases in each Cluster

Cluster	1	66
	2	80
	3	82
	4	79
Valid		307
Missing		0

Table: VI Final Cluster Centers

	Cluster			
	1	2	3	4
Age(Y1)	2	2	2	2
Gender(Y2)	2	1	1	2
Marital Status(Y3)	2	1	1	1
Education(Y4)	2	2	2	2
Occupation(Y5)	2	2	2	3
Annual Income(Y6)	3	3	2	2
Point of purchase(X1)	5	6	5	4
Premium(X2)	3	5	5	5
Contest(X3)	5	5	5	4
Discount(X4)	5	4	6	4
Rebate(X5)	5	4	6	4
Coupon(X6)	5	5	5	4

9. Findings

It was found that all the schemes of consumer promotion were found to be valid and properly loaded as specified from Factor Analysis (Table-II). From ANOVA test (Table-III) it was interpreted that all the consumer promotion schemes have significant impact on consumer buying decision for durables, at 5% level of significance. Thus it suggests that consumer considers all the schemes (Discount, point of purchase,

premium, rebate, coupon & contest) while purchasing durables. On the other hand, demographic factors like income, education and occupation are significant for buying decision. These demographic factors have to consider by marketers while designing strategies. Gender, age and marital status may not be considered as it were found to be insignificant. The consumer decision can be stimulated by the above considerations.

10. Managerial Implications & Future Research

The research helped to understand the buying decision of consumers to consumer promotion schemes. Considering the effect of consumer promotion on marketing variables can also be useful for conducting future research. An attempt has been made by the researcher to find the most effective consumer pull which can help marketer in redesigning effective strategies and plans. The study can help the retailers, entrepreneur, business analyst and related marketing personnel in getting deeper insights towards consumer buying. Higher consumption has

been noted and this paves the way for possible business opportunities for the retailers. The consumer can be assured to make available with better schemes of consumer promotion. The retailers may design strategies and policies based on the findings of the study for providing better assistance to the consumers. This will serve as a platform that will lead to sustain consumers with more favorable schemes of consumer promotion.

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