

Impact of Sale Promotion Techniques on Consumers' Impulse Buying Behaviour towards Apparels at Bangalore

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ABSTRACT

Sales promotion, which is one of the key elements of promotional mix, is being used widely by the marketers to compete and sustain the competitive advantage and in turn increase the sales by stimulating the consumers' purchase decision. This present research work has made an effort to identify the various sales promotion techniques and the order by which they influence the consumers' decision making towards apparels. Five important sales promotion techniques namely, Rebate & Discount offer, Coupon, Loyalty Programs, Price Packs and Contests are considered in this research. A self-administered questionnaire is prepared and total of 110 respondents are interviewed with it. Using the SPSS tool, the collected data is analyzed and it is found that Rebates & Discount offer and Loyalty programs have significant relationships towards the impulse buying behavior at Bangalore.

Keywords: Sales promotion, Impulse buying behavior, Rebates & discount offer, Loyalty programs

INTRODUCTION

In the present global business scenario, a business can survive when its productions are sold in the market. All merchandising activities are undertaken to encourage trial and usage of a product that increase sales. Srinivasan & Anderson (1998) stated that businesses are constantly looking for marketing tactics to increase effectiveness and efficiency of their tasks of business now-a-days. Once retailers procure right merchandise, they will communicate with the customers to make them aware of the product. This awareness is done with the marketing communication mix. Retailers spend a lot on publicizing and personal merchandising. The retailers' promotional program will inform, persuade and remind customers about the product offerings. These offerings need to be presented to attract customers to snip the product. It is found that sales promotion is an important technique to increase the sale of any product.

According to Totten & Block (1994), the term 'Sales promotion' denotes the 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 coupons, demo shows, sweepstake etc. There are different promotion strategies undertaken by retailers to intensify the sales. Hence retailers promote sales in the markets with promotion incentives such as "Winter sale", "Summer time sale", "Great Exchange offer", "Trade fairs", "Discount rate up to 70%" and other strategies and methods such as coupons, sweepstakes and store markdowns.

All these short term non-recurring measures motivate the customers which result in sales gain. These offers and schemes are available to the customers during festive seasons, end of the seasons, year ending and other junctures. Sales promotion techniques can be classified as price and non-price based on the nature of publicity. Few of the price based promotions are

Money off Coupons, Repayment, Rebate and Discount that temporarily reduce the cost of goods. Some of non-price based promotions are Freebies, Reward points or Contests by which value is temporarily added to the product. These techniques may instigate the consumers to make unplanned purchases.

Impulse buying is synonymous with the term unplanned buying. It refers to any purchase made by the buyer without a prior plan. Impulse buying is a phenomenon or attitude which is gradually increasing in the last decade by a variety of factors both tangible and intangible. Impulse buying is immense and the retailers have recognized the same. In the present study, the following sales promotion techniques are considered to find out its impact on consumers' impulse buying behavior.

Rebate & Discount Offer

A price reduction, which is received by a customer after the purchase has been made, is termed as rebate. Discount is the offer when products are sold at a price lower than the original price.

Coupon

Coupon is the voucher by which the holder of the voucher is entitled to a discount on a particular product for which retailers retain the original price.

Price Packs

Retailers provide consumers a reduced price scheme that is marked directly on the package of two or more products by the marketer. Here more number of products is bundled together at the price of one or at discounted rates such as 'Buy-Two-Get-One-Free', 'Buy two at 499 and Get the third at 199'.

Loyalty Program

An offer provided by a retailer to customers who frequently make purchases is called Loyalty Program. Such customers are given a unique identifier such as a numerical ID or membership card. By presenting the card on every purchase, the purchaser is typically entitled to either a discount on the current purchase or an allotment of points that can be used for future purchases.

Contests

Usually contests known as 'Lucky Draws' are conducted by marketers in connection with an incidental to the sale. This attracts traffic and people participate in these contests for various reasons such as the perceived value of the prize, or anticipated fun and interest.

LITERATURE REVIEW

Many researchers have exposed many sales promotion techniques. In this research, the sales promotion and its techniques such as Rebate & Discount offer, Coupon, Price Packs, Loyalty program and Contest are discussed below.

Sales Promotion

According to William & Ferrell (1987), sales promotion is an activity that acts as a direct inducement, offering added value or incentive for a product to resellers, salespersons or customers. Lehman & Winer (2002) defined sales promotion as special offers which essentially aim to stimulate demand for the products. Blattberg Robert & Scott Neslin (1990) have categorized the different types of consumer sales promotion techniques induced by the retailers to boost the sales and respond as Coupons, Rebates, Free trial premium, Contest,

Sweepstakes and Price packs. Such activities enhance the value of product either by reducing cost or adding benefits. 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. Nema et al (2012) categorized sales promotions as Consumer Sales promotion and Trade Sales promotion. According to their study, consumer sales promotion refers to any short term promotion techniques designed by retailers to enhance customer response to the products.

Sales Promotion on consumer buying behavior

According to Banks & Moorthy (1999), sales promotion led to sudden increase of sales experienced by retailers due to price-consciousness of consumers. Sinha & Smith (2000), opined that consumer would be easily swayed to buy products as there is no extra cost by consumers. Blackwell et al (2001) identified that price discounts play a significant role in influencing consumer product trial behavior which indirectly attracts new consumer. According to Shilpa Aggrawal & Amit Aggrawal (2012), pricing of product has an impact in deriving consumer perception and the extent to which perception is influenced, is derived from the nature of consumer behavior.

Rebate & Discount offer

Blackwell et al (2001) reported that price discounts influence the consumers to go for product trial by which retailers indirectly attract and gain new consumer. Janet Hoek & Leon Roelants (1991) concluded that, this small scale study raises the possibility that a product's susceptibility to stockpiling may affect the extent to which price discounting increases its sales, at least in the medium term. Priti Salvi (2013) said that the discount and price off scheme induced the customers to visit store and influenced their purchase decision. And also buy one get one free has been found effective in their purchase decision. Soni Neha et al (2013) found that the most popular sales promotion technique discount price offer plays significant role in consumer's purchase behavior.

Coupon

Few of the earlier studies like Gilbert & Jackaria (2002) have found that coupon promotions had no significant effect on volume of products purchased by the consumer, but a study conducted by Ndubisi & Chew (2006) at Malaysia has disproved this statement. Later Gilbert & Jackaria's (2002) and Syuhaily Osman et al (2011) in their study reported that coupon promotion was among the least used and ranked last promotional tools by consumers. However, the results in Dotson's (2001) in his research proved that women are likely to use coupons than men.

Loyalty Program

According to Arunmuhil & Arumugam (2013), consumers do not have a propensity to make more purchases from a particular store just because they possess loyalty card of the store. They also shop in stores that provide them with better discount options, whether they have loyalty card of the same or not.

Price Packs

Gopal Das (2011) in his study said that price promotions are increasing consumers buying behaviour. This paper highlighted sales promotion such as direct price discount, Buy-One-Get-One-Free, Buy-One-Get-Another-Product-Free, media advertisement, store publicities stimulate consumers buying decision. Muhammad Rizwan et al (2013) proved that price discount and Buy-One-Get-One-Free technique had a significant effect than other techniques

on consumer-buying behavior in their research. Priti Salvi (2013) said that the Buy-One-Get-One-Free scheme has been found effective on consumer purchase decision.

Contests

The sales promotion technique has a limited research attention, anyway sweepstakes and games are a very popular form of sales promotion in many places. Liao et al (2009) identified that sales promotional techniques of instant rewards like Buy-One-Get-One-Free, price off and free samples motivates the reminder impulse buying than the delayed rewards like sweepstakes, loyalty reward points and competitions.

STATEMENT OF THE PROBLEM

There are different types of sales promotion techniques used by the retailers to kick the sales. In this paper, an effort is made to know which technique has a momentous role in enhancing sales and inducing the customers to buy the apparels. The research aims to find out the impact of the various sales promotional techniques such as Rebates & Discount offer, Coupons, Loyalty programs, Price packs and Contests on consumers impulse buying behavior towards apparels. Here those five sales promotion techniques are independent variables and consumers' impulse buying behavior is treated as dependent variable.

OBJECTIVES OF THE STUDY

The objectives of the study are:

1. To identify the various sales promotion techniques those influence the customer impulse buying decision.
2. To study the impact of various sales promotion techniques towards customers apparel impulse buying behaviour.
3. To identify the most effective sales promotion technique that influences the customers' impulse purchase decision.

RESEARCH HYPOTHESIS

For this research, the following hypotheses are developed:

H₁: Rebates and Discount offer has a significant impact on consumers' impulse buying behavior towards apparel.

H₂: Coupons have a significant impact on consumers' impulse buying behavior towards apparel.

H₃: Loyalty program has a significant relationship on consumers' impulse buying behavior towards apparel.

H₄: Price packs have a significant impact on consumers' impulse buying behavior towards apparel.

H₅: Contests have a significant impact on consumers' impulse buying behavior towards apparel.

RESEARCH METHODOLOGY

This present study has been conducted to find out the perception, views and attitude of consumers towards various sales promotional activities. The primary data have been collected through questionnaire from the apparel shoppers in 5 different malls in Bangalore city. From

each of five malls, 25 responses were obtained, for a sample size of 125. The questionnaire consists of two parts. The first part consists of demographic data age, gender, income and occupation of respondents. The second part consists of questions related to the attitude towards the sales promotion techniques. To measure the buying behavior of the consumers towards unplanned purchase of apparels, 16 questions are asked. In this research, 5-point Likert scale, ranging from strongly disagree=1 to strongly agree=5, is used to measure each variable. Questionnaires are distributed to 125 respondents. A total of 110 fully filled questionnaires are taken for the research and rest of the questionnaire are not included due to incomplete response. After collecting the complete questionnaires, data are coded and then entered into SPSS tool for analysis.

From the demographic profiles of the respondents, it is understood that 35% of the respondents are in the age group of 25 to 30 years, 65% are above 30 years, 30% of the respondents are students, 40% of them are employees, 19% of them are business persons and 11% are homemakers. Majority of the respondents are female i.e., 65%. The monthly income of the 25% respondents is less than 15,000, 40% is in the range of 16,000 and 30,000 and the rest is getting above 30,000.

The reliability of the scale is assessed using Cronbach's Alpha. This is applied to calculate the internal coordination of the measurement instruments. The overall Cronbach's alpha is 0.815, which is more than the standard value 0.7. Using factor analysis, these data are classified into 5 factors which are named as Rebates & Discount offer, Coupon promotions, Loyalty Program, Price Packs and Contests.

FINDINGS AND DISCUSSION

The regression analysis technique is applied to measure the relationship between the sales promotional techniques and consumers' impulse buying behavior. The regression results are shown in Table 1. Among the five identified techniques, two techniques namely the Rebates & Discount offer and Loyalty Program showed a significant influence on the customer's impulse buying decision.

Table 1: Regression Results

<i>Hypothesis</i>	<i>Independent Variable</i>	β	<i>Std. Error</i>	<i>T</i>	<i>Sig (p)</i>	<i>Result</i>
H ₁	Rebates and Discount offer	.356	.087	4.077	.000	Accepted
H ₂	Coupons	.166	.087	1.897	.061	Rejected
H ₃	Loyalty program	.225	.087	2.569	.012	Accepted
H ₄	Price packs	.012	.087	0.133	.895	Rejected
H ₅	Contest	.019	.087	0.220	.826	Rejected

Based on the regression results shown in the table 1, the concept model was developed and shown in Figure 1. The model clearly shows the relationship between the five sales promotion techniques and the consumers' impulse buying behavior towards apparel purchase. The dotted line expresses the insignificance of the variable and the line denotes the significance of the variables. The beta value shows the weightage of the variables. Higher the beta value, the stronger the relationship between the independent variable and the dependent variable is.

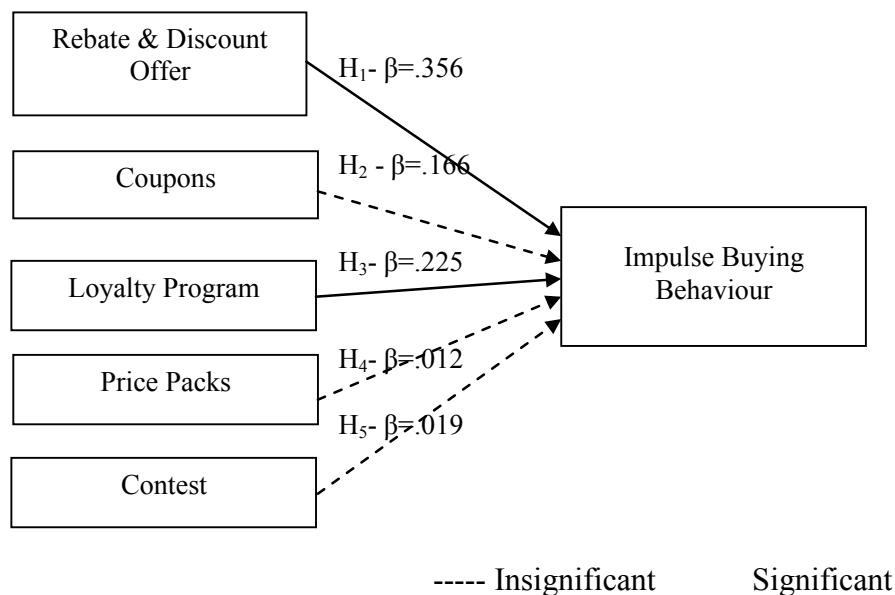


Figure 1: The Structural Model

The impact level of the different sales promotion techniques are discussed below.

Impact of Rebates & Discount Offers on Consumers' Impulse Buying Behavior

As shown in table 1, Rebate & Discount offer has a significance value (p) 0.000 which is less than 0.05. It denotes that this technique has a significant relationship with the impulse buying behavior. Having higher beta value i.e., 0.356, this offer is ranked as first among the other techniques. Hence H_1 is accepted. The results of this study reiterated finding of the previous study. Bucklin et al (1998) views that price discounts induced households to switch and buy earlier than planned. Li et al (2007) proved the same in their study and concluded that discount offer would speed up clearance sale.

Impact of Coupon on Consumers' Impulse Buying Behavior

The regression results of this research showed that there is no major association at 5% significance level between coupons and consumer impulse buying behavior as the p-value is greater than 0.05. Hence H_2 is rejected and concludes that there is no significant relationship between these variables. The result of this study is consistent with previous study by Gilbert & Jackaria (2002) who has reported that coupon ranked last as the sales promotional tool used by the consumers and Muhammad Rizwan et al (2013) has concluded that consumers attitude towards coupons has no significance relationship with buying behavior.

Impact of Loyalty Program on Consumers' Impulse Buying Behavior

According to the results, Loyalty program has a p-value 0.012 which denotes the significant impact on impulse buying behavior of consumer towards apparels buying at 5% significant level. Hence, the result of this research shows that the Loyalty Program has strong influences with the consumers' impulse purchase. Hence H_3 is accepted. As the beta value 0.225, this technique is considered as the second important sales promotion technique next to Rebates & Discount offer. This result did not restate the findings of Arunmuhil & Arumugam (2013) that consumers make purchases irrespective of the usage or availability of loyalty cards of the stores.

Impact of Price Packs on Consumers' Impulse Buying Behavior

The outcome of the regression analysis shows that the Price packs scored the p-value 0.895 which denotes that there is no significant relationship with impulse buying behavior as the $p > 0.05$. Hence the H_4 is rejected. Shi et al (2004) reported that "Buy-One-Get-One-Free" offers are most effective in inducing stockpiling and purchase acceleration, less effective in inducing additional spending, and less effective in promoting product trial and brand switching.

Impact of Contests on Consumers' Impulse Buying Behavior

The variable Contests scored p-value 0.826 results that there is no significant relationship with impulse buying behavior. Hence the H_5 is rejected.

CONCLUSION

This research reveals that sales promotion activities play an important role in the process of framing the marketing strategies by the retailers. Sales promotion techniques are used by the retailers and marketers to attract the customers and increase their sales by providing different deals and additional incentives to enhance their product purchase. On the basis of the above findings, the research work concludes that sales promotion techniques play a significant role in consumers' impulse buying decision. This study confirmed that consumers' impulse buying behavior is highly motivated by the Rebate & Discount offer among the five promotional techniques followed by the Loyalty Program. So the marketer should focus on the remaining sales promotion tools to make them a perfect promoting strategy to promote their products.

MANAGERIAL IMPLICATION

The present study showed that the two important sales promotional schemes namely Rebates & discount offer and the Loyalty programs of the retailers are more effective on impulse buying behavior of customers on apparels. The other three sales promotional schemes namely price packs, coupons and contests are less effective on consumers. This research can help the business societies, retailers and marketing personnel to frame strategies relevant their merchandise. Furthermore, as the present research is restricted to Bangalore city, the results of this may provide oxymoronic results in other metro cities of India, because other metro cities may possibly enjoy certain demographic peculiarities. The other schemes of sales promotion like the freebies, price off, store markdowns etc., can be taken up for further research. The research can be expanded to other merchandise other than apparel retail sector.

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