

**AN ANALYTICAL STUDY OF BEHAVIOURAL
RESPONSE TO SALES PROMOTION OFFERS: WITH
SPECIAL REFERENCE TO APPARELS**

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Abstract

Now a day, sales promotion offers has become one of the most widely use method for inducing sale, particularly in apparel industry. Marketers use multifarious offers to promote different behavioural responses of customers. It is an evident that properly strategized promotional offers can generate remarkable profit to the marketer. There is a need to examine the impact of each sale promotion offers on consumer behaviour viz-a-viz purchase acceleration, brand switching, product trial, stock piling and spending more to the five different sales promotion- discounts, free gifts, coupons, loyalty cards and buy one get one free. 208 people were surveyed through close ended questionnaire. The data was collected on interval scale. Of the total responses received the data of 200 respondents was found to be usable, remaining 8 responses were either have missing data or unclear responses. The study aims to identify the effectiveness of each sales promotion offer on the above mentioned behaviour. Further the study also suggests the most effective promotional offer(s) for apparel industry.

Keywords:

Sales promotion offers, brand switching, purchase acceleration, stock piling, product trial and spending more, apparel

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1. Introduction

Market communication is the building block of delivering value. Marketers spend huge expenditure in communication process. Hence it is important that right communication must be chosen for right product at right time. Though there is an evident increase in the consumption power of Indian customers but the customer shops smartly, they plan their shopping trips in advance and often assess the value of the product. In response to this marketers introduce various sales promotion offers that not only attracts the customers but also increase the profitability and market share of the firm. Sales promotion has been defined as 'a direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the final consumer with the primary objective of creating an immediate sale' (Haugh 1983) The study reported in this paper examine the impact of different sales promotion offers on – discounts, free gifts, coupons, loyalty cards and buy one get one free on consumer behaviour- purchase acceleration, brand switching, product trial, stock piling and spending more.

2. Literature Review

Balaghar, Majidazar, and Niromand (2012) stated that the most effective promotion technique after advertising is sales promotion offers. It leads to sales maximization. Mittal and Sethi (2011), found that among all the promotion techniques price discounts have highest impact on stock piling and purchase acceleration whereas moderate impact on brand switching and product trial. Though the impact is quite significant, but not effective enough to encourage people to spend more on promo purchase.(Farrag, 2010). Identified that price Discount plays significant role in brand switching, purchase acceleration, stock piling, product trial and spending more in the store. According to Das and Kumar (2009), Retail sales promotion plays limited role on consumer buying behavior. According to Shimp (2003), sales promotion is any short term incentive used by a marketer to invoke the trade (wholesalers, retailers, or other channel members) and/or consumers to buy a brand and to encourage the sales force to extensively sell it. Blattberg, Eppen and Lieberman (1981) described that Sales promotion increases purchase acceleration in terms of quantity purchased. It also reduces the time between the frequencies of purchase.

3. Objective

Consumer tends to show different behavioural response to different sales promotion offers. Also it happens that one specific response is produce by one or more sales promotion offers. Hence it is significant to understand the consumer behaviour towards different promotional offers. The study aims to examine the linkage between different sales promotion offers and consumer behaviour towards apparels in India. The objective is to identify that which promotional tool among- discounts, free gifts, coupons, loyalty cards and buy one get one free are more effective in inducing consumer behaviour viz-a-viz purchase acceleration, brand switching, product trial, stock piling and spending more.

4. Research Method

A descriptive research type is used to study the behaviour of the respondents. Data was collected through survey. A structured close ended questionnaire was used to collect the data. Questionnaire was divided into two parts; the first part consists of the demographic profile of the respondents whereas the second part of the questionnaire contains the behavioural responses towards sales promotion offers. The data was collected through online survey and offline survey based on convenience sampling.

5. Results and Analysis

➤ Analysis Of Demographic

Of the total usable sample collected from 200 respondents, 55% (110) were female and 45% (90) were male. 60% were belonged to the age group 30-50, 24% belonged to the age group 20-30 and 16% belonged to above 50 age class. Regarding their occupation 25% were businessman, 18% were professionals, 18% were housewives. About 91% of the respondents have had at least secondary education. The family income statistics of the respondents were as follows- 10.5% belong to the income group of below Rs15000, 25% between Rs15000-30000, 19% belong to the income group Rs30000-45000, 13.5% between Rs45000-60000 and 32% of the respondents belong to Rs 60000 and above income group.

The frequency of purchase and spending was found as follows-

		Count	Percentage
Shopping Frequency	Once in a week	30	15
	Twice in a month	57	28.5
	Once in a month	86	43
	Once in 6 months	27	13.5
Average spending in each shopping (Rs)	>5000	91	45.5
	5000-9999	62	31
	10000-19999	36	18
	< 20000	6	3

Table-I

Table-I shows the shopping frequency and the average spending amount during each shopping of apparels. 15% of the total respondents purchase apparels once in a week. 28.5% of them shop twice in a month. 43% of them shop once in a week and 13.5% of the total respondents shop once in 6 months. 45.5% of the total respondents spend less than Rs5000 on each purchase of apparels. 31% of them spend Rs5000-9999 on each shopping. 18% spend Rs10000-19999 on apparel shopping each time and 3% of them spend more than Rs20000 in apparel shopping each time.

➤ Analysis of The Effectiveness Of Sales Promotion Tool

The analysis of sales promotion tools was analyzed by comparing the mean score of each promotional tool with the other and then ranks were assigned to each promotional offer

	Discount	Free Gift	Coupons	Loyalty Cards	Buy one get one
Brand switching	4.60 ^{2a}	2.36 ^{2b}	2.01 ^{1b}	1.99 ^{3c}	4.56 ^{1a}
Purchase acceleration	4.81 ^{1a}	3.02 ^{1a}	1.88 ^{2b}	3.26 ^{2a}	3.99 ^{2a}
Stockpiling	3.98 ^{1a}	2.68 ^{1b}	1.67 ^{3b}	3.68 ^{1a}	4.67 ^{2a}

Product trial	4.01 ^{2a}	1.66 ^{2c}	2.88 ^{1b}	3.50 ^{3b}	4.22 ^{1a}
Spending more	4.55 ^{1a}	2.78 ^{1b}	1.99 ^{2b}	3.68 ^{1a}	3.78 ^{2a}
Total	21.95	12.5	10.43	15.45	20.89
Average	4.39	2.50	2.08	3.09	4.17
Rank	1	4	5	3	2

- 1: strongly disagree, 5: Strongly agree
- Superscript indicates the ranking of the mean. Numeric superscript connotes the vertical comparison of buying behaviour caused by each sales promotion offer. 1 connotes the most effective. Same numeric superscript shows that no significant difference is found between the behaviour. Horizontal comparison of the sales promotion offer effectiveness causing particular behaviour is denoted by alphabetical superscript. 'a' connotes most the effective. Same alphabetical superscript refers that there is no significant difference between the promotional tools.

Table-II Mean behavioural response to the different sales promotion offers

Table-II shows the effectiveness of different sales promotion offers. Repeated measure ANOVA was conducted for drawing the comparison between different behaviour to each promotional tool. The wilk's lambda value indicates the significant difference among all the above mentioned buying behaviours.

It was found that five behaviours are caused discount. These five behaviours are segmented into two groups. The first group consist of purchase acceleration (mean=4.81), spending more (mean=4.55) and stockpiling (mean=3.98). The result of wilk's lambda (wilk's lambda = .660, $p < 0.05$) shows that the mean rating for this group significantly differs from the second group viz-a-viz brand switching (mean=4.60) and product trial (mean=4.01). This shows that discounts are more effective in causing the behaviour of first group.

For the promotional tool free gift behavioural responses were segmented into two groups. The first group includes purchase acceleration (mean=3.02), stockpiling (mean=2.68) and spending more (mean=2.78). The result of wilk's lambda (wilk's lambda = .780, $p < 0.05$) shows the mean

of first group was found to be significantly different from the mean of second group i.e. brand switching (mean=2.36) and product trial (mean=1.66).

The behavioural responses for the coupons were segmented into three groups. First group includes product trial (mean= 2.88) and brand switching (mean=2.01). The second group consist of purchase acceleration (mean=1.88) and spending more (mean=1.99) and third group consist of stockpiling (mean=1.67). The result of wilk's lambda (wilk's lambda = .80, $p < 0.05$) shows the mean rating of each group was found to be significantly different.

The behavioural response for loyalty cards were segmented into three groups. The first group includes stockpiling (mean=3.68) and spending more (mean=3.68), second group includes purchase acceleration (mean=3.26) and third group includes brand switching (mean=1.99) and product trial (mean=3.50). The result of wilk's lambda (wilk's lambda = .760, $p < 0.05$) shows the mean rating of all three groups found to be significantly different. This shows that customers seek loyalty cards as more effective in causing the behaviour of the first group.

The behavioural responses for buy one get one free were segmented into two groups. The first group consist of brand switching (mean=4.56) and product trial (mean=4.22), second group includes purchase acceleration (mean=3.99), stockpiling (mean=4.67) and spending more (mean=3.78). The result of wilk's lambda (wilk's lambda = .90, $p < 0.05$) shows the mean rating of both the group was found to be significantly different. This indicates that buy one get one free are more effective in inducing brand switching and product trial whereas relatively less effective in inducing purchase acceleration, stockpiling and spending more

➤ **Analysis of The Effectiveness Of Sales Promotion Offers In Causing Behaviour**

The same test was conducted to analyze the effectiveness of promotional offers in causing individual behaviour.

Repeated measure ANOVA was conducted to analyze the brand switching behaviour induced by different sales promotion offers. The result shows significant difference among the brand switching behaviour for the five sales promotion tools (Wilk's Lambda= .78, $p < 0.05$). The brand switching behavior can be segmented into three groups. The first group consist of discounts

(mean=4.60) and buy one get one free (mean=4.56), the second group consist of free gifts (mean=2.36) and coupon (mean=2.01) and the third group was loyalty card (mean=1.99). The mean score shows that the effect of discount and buy one get one is significantly more in inducing brand switching behaviour, whereas the coupons and free gifts were found to be ineffective in inducing the brand switching behaviour. Loyalty cards found to be most ineffective in inducing brand switching behavior.

Same test was applied to assess the significant difference among the purchase acceleration behaviour caused by the different sales promotion offers. The result shows significant difference among the brand switching behaviour for the five sales promotion tools (Wilk's Lambda= .67, $p < 0.05$). The purchase acceleration behavior can be segmented into two groups. The first group consist of discounts (mean=4.81), free gifts (mean=3.02), loyalty cards (mean=3.26) and buy one get one free (mean=3.99), the second group consist of coupons (mean=1.88). The mean score shows that the first group is effective in inducing purchase acceleration behaviour whereas, coupon was found to be ineffective in inducing purchase acceleration.

The shows significant difference was found among the stockpiling behaviour for the five sales promotion tools (Wilk's Lambda= .76, $p < 0.05$). The stockpiling behavior can be segmented into two groups. The first group consist of discounts (mean=3.98), loyalty cards (mean=3.68) and buy one get one free (mean=4.67), the second group consist of free gifts (mean=2.68) and coupons (mean=1.99). The mean score shows that the first group is effective in inducing stockpiling behaviour whereas, free gift and coupon were found to be ineffective in inducing stockpiling behaviour.

The significant difference was found among the product trial behaviour caused by the different sales promotion offers (Wilk's Lambda= .91, $p < 0.05$). The purchase acceleration behavior can be segmented into three groups. The first group includes discount (mean=4.01), and buy one get one free (mean=3.78), the second group consist of coupons (mean=2.88) and loyalty card (mean=3.50) and the third group includes free gift (mean=2.78). The mean score shows that only the first group is effective in inducing product trial. Second group is somewhat neutral whereas, the third group was found to be ineffective in inducing product trial.

The significant difference was found among the spending more behaviour caused by the different sales promotion offers (Wilk's Lambda= .67, $p < 0.05$). The purchase acceleration behavior can be segmented into two groups. The first group consist of discounts (mean=4.81), loyalty cards (mean=3.68) and buy one get one free (mean=3.78), the second group consist of free gift (mean=2.78) and coupons (mean=1.99). The mean score shows that the first group is effective in inducing spending more behaviour, whereas free gift and coupon were found to be ineffective in inducing spending more.

➤ **Analysis of Overall Effectiveness of Sales Promotion Offers**

The last row of the table-II indicates the overall effectiveness of five different sales promotion offers in inducing the different behavioural responses. Average mean score was calculated for each promotional offer and ranks were assigned on its basis. It is found that discounts are most effective (average mean=4.39) in inducing the behaviour like purchase acceleration, brand switching, spending more, product trial and stockpiling respectively. Second rank was assigned to buy one get one (average mean=4.17) also found effective in inducing the behaviour like: stockpiling, brand switching, product trial, purchase acceleration and spending more respectively. Loyalty card was found to be less effective (average mean=3.09). Loyalty card are least effective in inducing the behaviour brand switching. Free gift (average mean= 2.50) and coupon (average mean= 2.08) and are found to be least effective in inducing behaviour.

4. Findings and Suggestions

The research ascertained the effectiveness of sales promotion offers in inducing the behavioural response viz-a-viz brand switching, purchase acceleration, stockpiling, product trial and spending more.

- It was found that discount is the most effective in inducing the behaviour. Customers tend to purchase the apparels more frequently, in large quantity, spend more on each purchase, switch to new brands and try new product when offered with discounts.
- Customers also seek buy one get one offers effective in inducing the brand switching, stockpiling, product trial, purchase acceleration and spending more respectively.

- Free gift can may be effective in inducing purchase acceleration but not effective as discount and buy one get one can be. It is also ineffective in causing product trial behaviour.
- Coupon is ineffective in inducing any of the behavioural responses in apparel purchase.
- Loyalty card was found to be effective in spending more in purchase of apparels, purchasing apparels in large quantity, trying new products but relatively less effective in inducing purchase acceleration. Loyalty cards are also ineffective in inducing brand switching behaviour.

Based on the finding it can be extrapolated that different sales promotion offers induce different behaviour. Hence it is suggested that marketer first need to determine the objective of introducing sales promotion offers and identify the target group for whom the offer is introduce. They must analyze which behavioural response they want to induce, and based on their requisite the most effective promotional tool must be chosen. For instance, if marketer wants to maximize the sale they shall focus on inducing purchase acceleration and stockpiling behaviour of the customers, hence they can do so by introducing the promotional tools like- discount, buy one get one free and loyalty card. The study will help the marketer in identifying the effectiveness of each promotional tool in causing the desired customer behaviour and further helps in selecting the right promotional tool at right time.

Conclusion

Sales promotion offers are one of the most important elements of marketing communication. It helps the marketer in increasing the sales by inducing the behaviour like- brand switching, purchase acceleration, stockpiling and product trials. It also encourages customers to spend more. But all the promotion tools don't induce the same behavioural responses. The study focused on identifying the effectiveness of each promotional tool towards inducing behavioural responses when it comes to purchase of apparels. The study elucidated that in apparel purchase the most effective sales promotion offer is discount followed by buy one get one free and the most ineffective promotional offer in purchase of apparel is coupons. Loyalty card is found to be effective in inducing the stockpiling and spending more behaviour and ineffective in inducing brand switching behaviour. Free gift is found to be effective in causing purchase acceleration behaviour but less as compared to the other promotional tools. Hence, in order to induce the

desired behaviour it is suggested that marketer should assess the effectiveness of each offer and then select the best one depending on their requisite.

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