

The effect of sales promotion tools on behavioral responses

Mohamad Yaman Obeid

Marketing and International Trade Department Higher Institute of Business Administration Syria –Damascus
Ymano9@yahoo.com

ABSTRACT: *The role of sales promotion devices and need to be able to assess the effectiveness of these tools. Consumer response (brand switching, purchase acceleration, , spending more) to Four different sales promotion tools(price discounts, Free gift, games, and extra free product get one free') was investigated through a survey of 400 student on Higher institute of business administration on Syria. Price discounts and extra free product were felt by the consumers to be the most effective promotional tools for inducing purchase responses. Sweepstakes and games, in contrast, were felt to be relatively ineffective in terms of generating all types of consumer response.*

KEY WORDS: *Sales promotion, Purchase intentions*

I. INTRODUCTION:

Sales promotions are a key marketing tool in communication programs. According to the Chartered Institute of Marketing's (2009) Marketing Trends Survey, sales promotion accounts for at least 13 per cent of UK marketing budgets. Similarly, the 2008 and 2009 PROMO Industry Trends Reports (Penton Media, 2008, 2009) show that despite sales promotions having experienced a decelerating growth due to the economic conditions, they are recovering faster from the recession compared to traditional media (e.g. advertising, mass media). Sales promotion comprises a wide variety of promotional tools designed to achieve short-term objectives (Huff et al., 1999). Monetary promotions, such as price discounts and coupons, are the most common form of sales promotions used by organizations. However, non-monetary promotions, such as free gifts, free samples, sweepstakes and contests, are gaining popularity given the negative effects of frequent discounts.

II. LITERATURE REVIEW:

Promotion is one of the techniques to attract consumers to purchase more or try a product or service. Severe outcomes of promotion included sales increased, quantify of stock used and attract new consumers. For example, price promotion refers to temporary price reduction which offers to consumers. The characteristic is the retailer would label a specific percentage or cash saving for the products or services. Previous studies indicated that a sudden increase of sales would experience by retailers because of price-conscious of consumers (Banks & Moorthy, 1999; Kopalle & Mela, 1999; Smith & Sinha, 2000; Gilbert & Jackaria, 2002). According to (Blackwell, Miniard and Engel, 2001), price discounts played significant roles in influencing consumer product trial behavior by which indirectly attract new consumer.

Promotion technique of "buy-one-get-one-free" is one of the types of bonus packs in which the consumers are offered the additional product at the ordinary price but are in an enhanced package. Consumer would be easily persuaded to buy products as there is no extra cost need and more valuable perceived by consumers (Sinha & Smith, 2000). Besides, this promotion technique would beneficial to retailers in speed up the stock clearance compared to price promotions (Li, Sun & Wang, 2007).

Games such as sweepstakes (known locally as 'lucky draws') are used by supermarkets to attract traffic. People participate in these games for reasons such as the perceived value of the prize, or perceived fun and interest (Ward & Hill 1991). This particular sales promotion tool has received rather limited research attention, but so-called sweepstakes and games are a very popular form of sales promotion in Hong Kong. Sweepstakes and lucky draws permeate not only shopping life in Hong Kong, but also social life, with lucky draws being held at most social gatherings. Of the non-monetary promotional tools, gifts or premiums are becoming increasingly important in promotional strategies (Raghubir, 2005; Banerjee, 2009; Palazo'n and Delgado, 2009). A gift or 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 (d'Astous and Landreville, 2003). Surprisingly, while gift promotions are widely used in marketing, academic research into this subject is limited (d'Astous and Landreville, 2003; Bodur and Grohmann, 2005; Prendergast et al., 2008). As such, manufacturers tend to make decisions about gift promotions on the basis of experience and intuition (Hiam, 2000; d'Astous and Landreville, 2003).

Consequently, gift promotions do not always achieve their objectives, such as significantly increasing sales (Gedenk et al., 2004). (Beerli and Martin Santana, 1999) have suggested that the best way to evaluate individual responses to advertising/promotion is based on the three dimensions (stages) of cognition, affection and conation. The hierarchy of effects model proposed by (Lavidge and Steiner, 1961) uses the same three dimensions to form its underlying mechanism. The hierarchy of effects model, or variants of it, has dominated the advertising literature since the 1960s (Vakratsas & Ambler 1999), and even then the emphasis has traditionally been on purchasing behavior measures such as sales, market share, loyalty and brand choice. Many marketing researchers in fact have treated conation as the consumer's behavioral response (Schiffman & Kanuk, 2000). Intention to buy is one of the most widely used measures for the conative stage (Beerli & Martin Santana 1999). Despite the hierarchy in recent years being criticized because the effects may not necessarily follow a temporal sequence (Vakratsas & Ambler 1999), it continues to be applied either wholesale or in part, not only in advertising, but in sales promotion too.

For instance, (Laroche et al., 2003) explained sales promotion in the context of a cognitive-affective-behavioral model and suggested that relative to other tools in the marketing mix, sales promotion has the strongest effect on the last stage. Since, traditionally, sales promotion has had a sales objective, studies of sales promotion have tended to focus on the conative/behavioral stage. This is hardly surprising, especially given the growing emphasis on 'marketing productivity' (Rust et al., 2004). Previous research has shown that sales promotion can encourage behavioral responses such as brand switching, stockpiling, purchase acceleration, product trial and spending larger amounts. Looking first at brand switching, from an economic perspective (price) promotions induce a brand switch by increasing the utility of a brand that otherwise would not have been purchased. From a behavioral perspective, transaction utility.

III. RESEARCH QUESTION:

ONE SPECIFIC FORM OF BEHAVIORAL response may be induced by more than one promotional tool. For instance, new product trial may result from a price discount, a coupon specific to the product or an in-store demonstration. Similarly, one specific sales promotion tool may induce more than one type of consumer response. This research was designed to examine the linkages between different sales promotion tools and the responses of consumers in Syria. The following research question is proposed:

RQ: Which sales promotion techniques (among price discounts, sweepstakes, and extra free product, and free gift) are most effective in inducing consumer responses (of brand switching, purchase acceleration, spending more) in Syria?

IV. METHODOLOGY:

In this study 2 promotion types (price discount, premium, Games, extra free product) between-subjects experimental design was employed. The data for the empirical study were obtained from a controlled experiment involving undergraduate and post graduate students.

V. SAMPLE AND PROCEDURE:

Data were collected from a 400-student sample at Higher Institute of Business Administration (Syria). The students were distributed in four similar size groups which were actually practice groups of a subject. The information to contrast hypotheses was obtained by means of a survey adapted to the experimental conditions of each group. At the beginning of the session each participant was given a questionnaire with two differentiated parts and they were asked to complete the first part. After this, a PowerPoint presentation which simulated the purchase conditions of the product and brand corresponding to each group was performed in the classroom. At the end of the practical session, the participants had to answer the second part of the survey.

VI. MEASURES:

The dependent variables used to evaluate promotional effectiveness are perceived value, buying intention, and search intention. All of them were evaluated on a 5-point Likert scale, anchored by "Disagree Strongly" and "Agree Strongly." Perceived value was measured with seven items based on (Chandon, Wansink, and Laurent, 2000) and (d'Astous and Jacob, 2002). The items were as follows: (1) I like this type of promotion; (2) I wish there were more promotions like this; (3) This promotion offer incites me to buy the product; (4) This promotion offer is of great value; (5) This promotion offer is original; (6) This promotion offer pleases me; and (7) This promotion offer interests me.

The two-item buying intention measure (anchored by "Very Low" and "Very High") is based on (Grewal, Monroe, and Krishnan, 1998).

The items were as follows: (1) The probability that I would consider buying this product is; (2) The likelihood that I would purchase this product is. The three item behavioral responses (anchored by “Disagree Strongly” and “Agree Strongly”) is based on (Zhengshi. et al,2005). The items were as follows: (1) This promotion has led me to buy another brand which I do not regularly buy, (2) This promotion has led me to buy the product earlier than planned, (3) this promotion has led me to buy more quantities of the same product.

VII. FINDINGS:

The effectiveness of the promotional tools used by Syrian customers supermarkets was analyzed by comparing the three different buying behaviors induced by individual promotional tools. Through this comparison, the five behaviors in response to each of the Three tools were ranked, and thus the effectiveness of each specific tool in inducing each of the five behaviors was identified as Table 1 shows:

Table(1): Mean behavioral response to the five sales promotion tools:

	Price Discount	Free gift	Extra free product	games	Sig
Brand switching	3.92	3.71	3.89	2.67	0.00
purchase acceleration	4.04	3.61	3.86	2.95	0.00
Spending more	3.99	3.68	3.58	3.06	0.00

- **Price discount:**

One way Anova was carried out to compare the five different buying behaviors in response to price discounts. The results indicate significant differences among the three buying behaviors. From Table (1) We see that price discounts are more effective in inducing the behaviors.

- **Free gift :**

The same tests were conducted for the second promotion tool (free gift) The results were again statistically significant, free gift were described as relatively more effective in inducing three buying behaviors from games and less effective from price discount and extra free product.

- **Extra free product:**

The same tests were conducted for the third promotion tool (extra free product) The results were again statistically significant, extra free product were described as relatively more effective in inducing three buying behaviors from games and free gift and less effective from price discount

- **Games:**

The same tests were conducted for the fourth promotion tool (games) The results were again statistically significant, games were described as relatively the less effective in inducing three buying behaviors from another sales promotion tools.

VIII. CONCLUSION:

This research has helped to elucidate the response of consumers to the sales promotion activities most commonly used by Syrian market. Specifically, the study has generated a comparison of the different buying behaviors induced by one particular promotional tool and a comparison of the effectiveness of the different promotional tools in inducing one particular buying behavior. This latter comparison in particular should help marketers appreciate which tool is relatively more effective in obtaining a given promotional outcome. Price discounts, extra free product offers were found to be the most effective for encouraging brand switching, purchase acceleration and additional spending. On the other hand, sweepstakes and games were found to be relatively less effective in inducing the three behaviors investigated. Finally, this research was conducted in Syria only. Future research therefore needs to examine if the results found in Syria are similar to those found in other countries where consumers have different cultural perceptions (e.g. perceptions of luck) and different living environments (e.g. storage space in the home, retailer concentrations).

REFERENCES:

- [1]. Banks, J., and Moorthy, S. (1999). A Model of Price Promotion. *International Journal of Industrial Organization*, 17, 371-98.
- [2]. Beerli, A. & Martin Santana, J. (1999) Design and validation of an instrument for measuring advertising effectiveness in the printed media. *Journal of Current Issues and Research in Advertising*, 21(2), pp. 11-30.
- [3]. Bodur, H.O. and Grohmann, B. (2005), “Consumer responses to gift receipt in business-to-business consumer contexts”, *Psychology and Marketing*, Vol. 22 No. 5, pp. 441-56.
- [4]. Blackwell, R. D. Miniard, P. W., and Engel, J. F. (2001). *Consumer Behavior*. Forth Worth, TX: Harcourt College Publisher.

- [5]. Chartered Institute of Marketing (2009), Marketing Trends Survey Spring 2009, Chartered Institute of Marketing, Maidenhead.
- [6]. Gedenk, K., Lutzky, C., Schultze, T. and Teichmann, M.H. (2004), "Premium promotions-drivers of their success", Proceedings of the 33rd EMAC Conference, Murcia, Spain.
- [7]. Gilbert, D. C. and Jackaria, N. (2002). The Efficacy of Sales Promotions hi UK Supermarkets: A Consumer View.
- [8]. International Journal of Retail and Distribution Management, 30(6), 315-322.
- [8]. d'Astous, A. and Jacob, I. (2002), "Understanding consumer reactions to premium-based promotional offers", European Journal of Marketing, Vol. 36 Nos 11/12, pp. 1270-86.
- [9]. Hiam, A. (2000), "Match premiums to marketing strategies", Marketing News, Vol. 34, p. 12.
- [10]. Huff, L.C., Alden, D.L. and Tietje, B.C. (1999), "Managing the sales promotion mix: brand managers' response to sales promotions", Journal of Promotion Management, Vol. 5 No. 1, pp. 77-89.
- [11]. Kopalle, P. K., and Mela, C. F. (1999). The Dynamic Effect of Discounting of Sales: Empirical Analysis and Normative Pricing Implication. Marketing Science, 18 (13), 317-32.
- [12]. Laroche, M., Pons, E, Zgolli, N., Cervellon, M. & Kim, C. (2003) A model of consumer response to two retail promotion techniques. Journal of Business Research 56, July, pp. 513-522.
- [13]. Li, S., Sun, Y., and Wang, Y. (2007). 50% Off or Buy One Get One Free? Frame Preference as a Function of Consumable Nature in Dairy Products. The Journal of Social Psychology, 147(4), 413-421.
- [14]. Palazo'n, M. and Delgado, E. (2009a), "Effectiveness of price discounts and premium promotions", Psychology and Marketing, Vol. 26 No. 12, pp. 1108-29.
- [15]. Prendergast, G.P., Poon, D.T.Y., Tsang, A.S.L. and Fan, T.Y. (2008), "Predicting premium proneness", Journal of Advertising Research, Vol. 48 No. 2, pp. 287-96.
- [16]. Penton Media (2009), PROMO Industry Trends Report, Penton Media, New York, NY.
- [17]. Raghurir, P. (2004), "Free gift with purchase: promoting or discounting the brand?", Journal of Consumer Psychology, Vol. 14, pp. 181-5.
- [18]. Rust, R.T., Ambler, T, Carpenter, G., Kumar, V. & Srivastava, R.K. (2004) Measuring marketing productivity: current knowledge and future directions. *Journal of Marketing*, October, pp. 76-89.
- [19]. Smith, M., and Sinha, I. (2000). The Impact of Price and Extra Product Promotions on Store Preference. International Journal of Retail and Distribution Management, 28(2/3), 83-92.
- [20]. Vakratsas, D. & Ambler, T. (1999) How advertising works: what do we really know? *Journal of Marketing*, 63(1), pp. 26-44.
- [21]. Ward, J.C. & Hill, R.P. (1991) Designing effective promotional games: opportunities and problems. *Journal of Advertising*, 20(3), pp. 69-81.