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CONSUMER BEHAVIOUR: SALES PROMOTION TECHNIQUES

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ABSTRACT

In today's time, the business world is becoming more and more competitive. There is cut throat competition among various producers. The market is flooded with myriads of products which have the same utility but are available by different brand names. In order to survive in this phase of tough competition, sales promotional activities have almost become the backbone of a successful business. Sales promotion techniques provide incentives to the consumers to buy the product and thereby help to boost up the sales of the product.

This research intends to study the sales promotion techniques commonly used by producers and analyse their effects on the consumers' buying behaviour. In modern times, a large number of producers are employing sales promotion techniques as one of the major means to compete with other producers. Thus, it is important to examine whether these sales promotion techniques are actually serving the objective for which they are employed. This study uses both primary and secondary data. In this study, the research tools used are analysis of secondary data and survey method through structured questionnaires.

Keywords: *Consumer Behaviour, Sales Promotion Techniques, Price Discounts, Freebies, Extra Quantity*

1. INTRODUCTION

Sales promotion refers to the marketing strategy of providing short term incentives on the purchase of a product so as to boost its demand and increase its sales. It is a part of the promotional mix of a business. Sales promotion enables the business to capture the market and increase the sales volume and thus is like an investment for the business. Consumers today receive better education and have greater awareness about the business world, and

have therefore become more particular about the selection of products and less loyal to brands than in the past. In such a scenario, businesses can maintain their edge by employing various sales promotion techniques to lure customers. Some of the main and commonly used techniques are price reduction, offering extra quantity of the product at the same price, and freebies.

Price reduction or discount in price is a type of marketing technique where the producers mark down the price of the products to clear off old inventory and boost sales. This type of strategy commonly includes price-offs, for example 20% off on the price of a product.

Offering extra quantity of the product at the same price is another extensively used marketing strategy where the producers try to stimulate sales by adding extra quantity to the existing product, for example, 25% extra product at the same price.

Freebies are the free gifts offered by the producers on the purchase of the product as an incentive to the consumer. Sometimes another packet of the same product is given free along with the purchased product, for example, buy one toothpaste and get one free. Sometimes a different product is given free to the customer along with the purchased product, for example, a toy free with a packet of biscuits.

This study seeks to understand the effect of sales promotion techniques--price discounts, offering extra quantity of the product at the same price and freebies--on the customers. This study will help in better evaluation of these three techniques and will also help to determine which technique is more efficient. The research will provide new insights into consumer behaviour towards these techniques.

2. REVIEW OF LITERATURE

Many research papers and journals were studied before proceeding with the work on this research paper. Some important works are:

Subhojit Banerjee's research, "Effect of Product Category on promotional choice: Comparative study of discounts and freebies" (2009)- As far as freebies are concerned, consumers evaluate their purchase decisions based on two parameters- the value attached to the freebie and the utility of the freebie. Cash discounts and volume discounts are amongst the top preference for consumers in all categories of products because they lead to instant assessment and gratification. Through this research it can be assessed that consumers prefer discounts given by a retailer in

comparison to advertised discounts because it leads to a smart shopper feeling in consumers. Therefore retail discounts can increase store traffic but cannot lead to long term purchase loyalty.

Manish Mittal and Pooja Sethi's research "The Effectiveness of Sales Promotion Tools among Indian Consumers: An Empirical Study" (2011)- Premium offers are the most progressive sales promotion techniques in India. According to them bonus packs and price discounts occupy the second and third place in terms of the effectiveness of the sales promotion techniques. According to their study, premium offers lead to brand switching and new product trials, bonus packs help in purchase acceleration, and price discounts help to induce stockpiling and lead to a certain extent of category expansion.

According to the research titled "Consumer perceptions of bonus packs: An exploratory Analysis" by Beng Soo Ong, Foo Nin Ho and Carolyn Tripp (1997) , consumers do not give too much credence to bonus packs. According to this study the products which are given with a smaller percentage of extra quantity are likely to gain consumer's credibility than the products which are offered with a very large percentage of extra quantity. Another potential finding of this research is that some users who do not use a product regularly prefer to buy that product when it is being offered at a discounted price rather than at the original price.

According to the research, "The Impact of Promotional Tools on Consumer Buying Behavior in Retail Market" by Mohamed Dawood (2016), there is a significant relationship between price discounts and consumer buying behaviour during the period of sales promotion. Also, according to this research, consumer buying behaviour has a significant relationship with sales promotion techniques like "buy one get one free offers" and "free samples" . This research rejects the idea that there is any significant relationship between coupons and consumer buying behaviour.

According to the research, "Effects on consumer sales promotion: A major development in the FMCG sector" by C Muthukrishna and Dr P. Ravi (2013), sales promotion plays an effective role in influencing consumer buying behaviour. The top effective sales promotion strategies according to this research are quantity offers and price offers. However, consumers start doubting the quality of the product if the price discount is large or a high percentage of quantity of the product is being given for free.

According to the research: "Effect Of Sales Promotion On Consumer Behaviour" by Anuraj Nakarmi (2018), sales promotion plays a considerable role in affecting the consumer behaviour. According to this research the

sales promotion strategy that the consumers usually prefer is “buy one get one free”. The study also shows that the customers are sometimes doubtful of the quality of products which are on sale.

3. OBJECTIVES OF THE RESEARCH

- a. To understand some of the sales promotion techniques commonly used by producers for their products.
- b. To understand the impact of these strategies on the consumers.
- c. To find out what kind of sales promotion strategy is more efficient.

4. RESEARCH METHODOLOGY

The study used primary data as well as secondary data for analysis of the objective of the study. The research tools employed in the study were content analysis and survey method through structured questionnaires. The study primarily focuses on data collected by questionnaire using 05 pointlikert scale, a kind of psychometric response scale which indicates the respondents’ level of agreement with a statement in five points. The questionnaire was filled by 106 respondents of the age group of 15 years and 70 years. The method used for selection of the sample of respondents was a simple random sampling method. The questionnaire contained 18 questions of different yardsticks relevant to the study’s objective. The results of the survey were analysed to assess the influence of the chosen sales promotion techniques on consumer buying behaviour.

The secondary data was collected from various websites and research papers available online. Then, an analysis of the data collected was done to understand the role of sales promotion techniques in influencing consumer behaviour.

5. HYPOTHESIS

The study focuses on 03 important hypothesis:

- a. Ho: - Only a reduction in the price of goods leads to increase in sales.
H1: Only a reduction in the price of goods does not lead to increase in sales.
- b. Ho: Offering extra quantity of the product at the same price leads to increase in sales.
H1- Offering extra quantity of the product at the same price does not lead to increase in sales.
- c. Ho: Providing freebies along with the product leads to increase in sales.

H1- Providing freebies along with the product does not lead to increase in sales.

6. FINDINGS & ANALYSIS

By the means of a structured questionnaire (with the help of google forms), 106 samples were collected. A total number of 18 questions were asked in the questionnaire, out of which 6 questions pertained to the general socio-economic background of the respondents. The remaining twelve questions were completely about the topic under study.

65.1% of the respondents were females and 34.9% of the respondents were males. 28.3% of the respondents belonged to the age group of 15-25 years, 20.8% belonged to 36-45 years, 20.8% belonged to 46-55 years, 17.9% belonged to 26-35 years, 12.3% of the respondents belonged to the age group of 56 years and above.

The family's average monthly income was Rs 55,000 & above for 85.8% of the respondents, between Rs 45,000 and 55,000 for 5.7% of the respondents, between Rs 35,000 and 45,000 for 3.8% of the respondents, between Rs 25,000 and 35,000 for 2.8% of the respondents and less than Rs 25,000 for 1.9% of the respondents. It can be understood that majorly respondents were from Middle class background.

About 49.1% of the respondents were Post Graduates, 30.2% were graduates, 12.3% were in high school and 8.4% had other qualifications.

50% of the respondents were employed, 19.8% were students, 18.9% were housewives, 8.5% had their own business, 2.8% were unemployed.

For the next 12 questions, the respondents replied in the following manner:

- When asked whether it is well worth going shopping during the period of sales promotion, 53.8% of the respondents agreed, 15.1% strongly agreed, 5.7% disagreed, 0.9 % strongly disagreed and 24.5% of the respondents remained neutral in their opinion.
- When asked whether the respondents' purchasing decisions are influenced by promotional activities, 43.4% of the respondents agreed, 5.7% strongly agreed, 16% disagreed, 1.9 % strongly disagreed and 33% of the respondents remained neutral in their opinion.
- When asked if the respondents do not purchase any product other than that offered by their favourite brands even if the other brand's product is being offered at discounted rates, 49.1% of the respondents

disagreed, 3.8% strongly disagreed, 23.6% agreed, 4.7% strongly agreed and 18.9% of the respondents remained neutral in their opinion.

- When asked if the purchasing decisions of the respondents depend on the quality rather than the quantity of the product, 47.2% of the respondents strongly agreed, 41.5% agreed and 11.3% of the respondents remained neutral in their opinion.
- When asked if a brand offers a free gift then could that be a reason for the respondents to buy that product, 42.5% of the respondents disagreed, 8.5% strongly disagreed, 21.7% agreed and 27.4% of the respondents remained neutral in their opinion.
- When asked that when the respondents buy a brand that offers a free gift then do they feel they have made a good buy, 29.2% of the respondents agreed, 2.8% strongly agreed, 27.4% disagreed, 2.8% strongly disagreed and 37.7% of the respondents remained neutral in their opinion.
- When asked whether the respondents ever bought a product they didn't need just because a free gift was being offered along with it, 54.7% of the respondents disagreed, 28.3% strongly disagreed, 9.4% agreed, 4.7% strongly agreed and 7.5% of the respondents remained neutral in their opinion.
- When asked if a product is being sold at a discounted price, then could that be a good reason for the respondents to buy it, 52.8% of the respondents agreed, 2.8% strongly agreed, 15.1% disagreed, 1.9% strongly disagreed and 27.4% of the respondents remained neutral in their opinion.
- When asked whether the respondents buy a product only when it is being offered at a discounted price, 50% of the respondents disagreed, 6.6% strongly disagreed, 14.2% agreed, 3.8% strongly agreed and 25.5% of the respondents remained neutral in their opinion.
- When asked whether the respondents like brands which offer more quantity of the product at the same price, 34.9% of the respondents agreed, 3.8% strongly agreed, 30.2% disagreed, 3.8% strongly disagreed and 27.4% of the respondents remained neutral in their opinion.
- When asked that if the price is same, would the respondents always prefer a product of the brand which gives them extra quantity vs a product of another brand that gives them basic quantity, 45.3% of the respondents agreed, 7.5% strongly agreed, 23.6% disagreed, 3.8% strongly disagreed and 19.8% of the respondents remained neutral in their opinion.
- When the respondents were asked to consider 2 different brands (X and Y) which use different sales promotion techniques, 60.4% chose the option that if the quantities of both products remain same, they will buy the product X which is being offered at a discounted price, 28.3% chose the option that is the price of both the products is same, they will buy the product Z which is being offered at 10% extra

quantity, 11.3% chose the option that if price and quantity remain fixed and a free gift is being given with product X, they will buy product X.

7. CONCLUSION

After thorough analysis of data collected through questionnaire method and secondary report analysis, the following can be concluded.

1. The First hypothesis:

56% of the respondents agreed that it is a good time to shop when price discounts are given. However, they don't believe that one should shop only when price discounts are offered. This can be proved by stating that 56.6% of the respondents supported the second statement. Hence we can conclude that only a reduction in the price of a product does not lead to increase in sales. The findings of the research show that the consumers' buying behaviour is not guided solely by the discount factor.

Conclusion: Reject the Null Hypothesis and accept the alternative hypothesis.

2. The second hypothesis:

52.8% of the respondents agreed that they always prefer products which are offered in extra quantity at the same price as compared to products which are offered at the basic quantity. But when the respondents' general attitude towards this scheme was analysed, it showed that the respondents had an indifferent attitude towards this scheme as 38.7% of the respondents agreed, 34% disagreed and 27.4% remained neutral in their response towards whether they like brands which offer extra quantity of the product at the same price. This reveals that the scheme influences the purchase decisions of the consumers when several brands of products of the same utility are under consideration.

Conclusion: Accept the null hypothesis and reject the alternative hypothesis.

3. The third hypothesis:

51% of the respondents disagreed to the fact that the freebies given with the product could influence their decision to buy that product. 83% of the respondents disagreed to the fact that they were lured solely by the incentive of freebies into buying an unnecessary product. The respondents also showed an indifferent attitude

towards the fact that buying a product with a freebie offer is equivalent to a good buy. These results show that the buying behaviour of the respondents is not influenced by incentives of freebies.

Conclusion- Reject the null hypothesis and accept the alternative hypothesis.

The research study also concluded the following:

The sales promotion techniques certainly attract consumers as 68.9% of the respondents agreed that they feel it is worth shopping when sales promotion activities are going on. In fact, sales promotion activities seem to not only attract but also influence consumer buying behaviour as agreed by 49.1% of the respondents. The study also reveals that respondents are not completely loyal to specific brands and can switch to other brands if they believe that other brand is providing the same quality at a lesser price.

The findings of the study show that while sales promotion techniques may influence buying behaviour, they are not the sole factors that determine purchase decisions. 88.7% of the respondents believed that it is the quality and not the quantity of the product that mattered to them.

When the consumers were given scenarios of three different sales promotion techniques used with the same product, the majority of the respondents chose price discount strategy, followed by the offer of getting an extra quantity of the product at the same price, and finally followed by the scheme of getting a freebie with the product. Relative to other sales promotion techniques, price discounts turned out to be the best one, however, when this strategy was studied individually, it turned out that price discount is not the only factor that determines whether or not a consumer will be attracted to a product when there are so many other product choices also available.

8. SUGGESTIONS

1. This research suggests that producers should not compromise on the quality of the product while using various sales promotion techniques to boost the sales of that product since respondents value the quality of the product more than its quantity.
2. The study suggests that the strategy of offering an extra quantity of the product at the same price works efficiently to attract customers when several other brands' products are also available. So producers can consider this strategy to boost up their sales.

3. The study also suggests that price discounts are liked by customers. However, as they are not the only factors affecting the customers' buying choice, producers should also work upon the other aspects of the product such as quality while using this strategy if they wish to increase their sales.

9. LIMITATIONS

1. There was unequal participation of both the genders in the study.
2. The sample size was limited to 106 due to time constraint.
3. No open ended question was asked to the respondents.

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11. APPENDIX

1. Your Name:-----
2. Gender
 - Male
 - Female
 - Other

3. Your age group
 - 15-25 years
 - 26-35 years
 - 36-45 years
 - 46-55 years
 - Above 55 years
4. Family's average monthly income
 - Less than Rs 25000
 - Rs 25000-35000
 - Rs 35000-45000
 - Rs 45000-55000
 - Above Rs 55000
5. Education
 - High School
 - Diploma
 - Graduation
 - Post Graduation
 - Doctorate
 - Other
6. Employment
 - Student
 - Employed
 - Own Business
 - Housewife
 - Unemployed
7. It is well worth going shopping during the period of sales promotion.
 - Strongly agree
 - Agree
 - Neutral
 - Disagree
 - Strongly Disagree
8. My purchasing decisions are influenced by the promotional activities.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

9. I do not purchase any product other than that offered by my favourite brand even if the other brand's product is being offered at discounted rates.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

10. My purchasing decisions depend on quality rather than quantity of the product.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

11. If a brand offers a free gift then could that be a reason for me to buy that product.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

12. When I buy a brand that offers a free gift I feel I have made a good buy.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

13. I bought a product which I didn't need just because a free gift was being offered along with it.

- Strongly agree

- Agree
- Neutral
- Disagree
- Strongly Disagree

14. If a product is being sold at a discounted price, then that could be a good reason for me to buy it.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

15. I buy a product only when it is being offered at a discounted price.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

16. I like brands which offer more quantity of the product at the same price.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

17. Given that price is the same, I would always prefer a product of the brand which gives me extra quantity vs a product of another brand which gives me basic quantity.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

18. Consider there are 2 different brands and Y. The brands use different sales promotion techniques. In the given options, which suits you the best?

- If price and quantity remains fixed and a free gift is given with the product X I will buy the product X.
- If the price of both the products is the same, I will buy the product X which is being offered at 10% extra quantity.
- If the quantities of both the products remain the same, I will buy the product X which is being offered at a discounted price.

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