

## An Exploratory Study on Impact of Different types of sales promotional tools on buying behavior of youngsters at Rajkot City

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### Abstract

The growth in the Indian economy has fostered the retail business in the country and the other factors like- young consumers segment, increasing disposable income, brand awareness, play an important role in corporatizing the retail industry. Promotional activities are playing major role to make huge change in sales figures. Promotional mix carrying 5 different tools to attract consumer but researcher believe sales promotional activities are directly make impact on consumer's purchase behavior. In order to attract more consumers, retailers apply different promotional tools and make the buyer realize about the concept of "best buy". Promotional tools include price discount, coupons, buy one get one etc. and each of these tools has a different level of acceptance and effectiveness. The objective of this paper is to analyze the impact of different promotional tools on the consumers' purchase decision in the developing market of Rajkot, Gujarat. This study based on literature review, conceptual framework and observations which open the door for future researchers to expand more in this field.

**KEYWORDS:** Sales promotions tools, Types of Sales Promotional tools, Consumer buying behaviour, Purchase decisions

### Introduction<sup>1</sup>:

"Sales promotion is a short-term incentive to initiate trial or purchase. **Sales promotion** is one of the elements of the promotional mix. The primary elements in the promotional mix are advertising, personal selling, direct marketing and publicity/public relations. Sales promotion uses both media and non-media marketing communications for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include contests, coupons, freebies, loss leaders, point of purchase displays, premiums, prizes, product samples, and rebates.

Sales promotions can be directed at the customer, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called **consumer sales promotions**. Sales promotions targeted at retailers and wholesale are called **trade sales promotions**. Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Examples of devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes.

Sales promotion represents a variety of techniques used to stimulate the purchase of a product or brand. Sales promotion has a tactical, rather than strategic role in

<sup>1</sup> Retrieved from [https://en.wikipedia.org/wiki/Sales\\_promotion](https://en.wikipedia.org/wiki/Sales_promotion) as on 11-02-2021

marketing communications and brand strategy, it is also a form of advertisement used within a short period of time. Researchers have reviewed the definitions of sales promotions in marketing texts and journals and identified a set of common characteristics of sales promotion, including:

- Short-term effects and duration;
  - Operates and influences only the last phase of the purchase process;
  - Exhibits a secondary role in relation to other forms of marketing communication;
  - Performs an accessory role regarding the products core benefits
  - Is not a single technique, rather it is a set of techniques used for a specific purpose
- Both manufacturers and retailers make extensive use of sales promotions. Retailer-sponsored sales promotions are directed at consumers. Manufacturers use two types of sales promotion, namely:

1. *Consumer sales promotions*: Sales promotions targeted at consumers or end-users and designed to stimulate the actual purchase
2. *Trade promotions*: Sales promotions targeted at trade, especially retailers, designed to increase sales to retailers, to carry the product or brand or to support the retailer in consumer-oriented promotions

### **Types of Sales Promotion:**

Consumer sales promotions are short-term techniques designed to achieve short-term objectives, such as to stimulate a purchase, encourage store traffic or simply to build excitement for a product or brand. Traditional sales promotions techniques include:

- Price deal: A temporary reduction in the price, such as 50% off.
- Loyal Reward Program: Consumers collect points, miles, or credits for purchases and redeem them for rewards.
- Cents-off deal: Offers a brand at a lower price. The price reduction may be a percentage marked on the package.
- Price-pack/Bonus packs deal: The packaging offers a consumer a certain percentage more of the product for the same price (for example, 25 percent extra). This is another type of deal “in which customers are offered more of the product for the same price”. For example, a sales company may offer their consumers a bonus pack in which they can receive two products for the price of one. In these scenarios, this bonus pack is framed as a gain because buyers believe that they are obtaining a free product. The purchase of a bonus pack, however, is not always beneficial for the consumer. Sometimes consumers will end up spending money on an item they would not normally buy had it not been in a bonus pack. As a result, items bought in a bonus pack are often wasted and is viewed as a “loss” for the consumer.
- Coupons: Coupons have become a standard mechanism for sales promotions.
- Loss leader: The price of a popular product is temporarily reduced below cost in order to stimulate other profitable sales
- Free-standing insert (FSI): A coupon booklet is inserted into the local newspaper for delivery.
- Checkout dispensers: On checkout, the customer is given a coupon based on products purchased.
- Mobile couponing: Coupons are available on a mobile phone. Consumers show the offer on a mobile phone to a salesperson for redemption.
- Online interactive promotion game: Consumers play an interactive game associated with the promoted product.
- Rebates: Consumers are offered a money-back if the receipt and barcode are mailed to the producer.

- Contests/sweepstakes/games: The consumer is automatically entered into the event by purchasing the product.
- Point-of-sale displays:
  - ✓ Aisle interrupter: A sign that juts into the aisle from the shelf.
  - ✓ Dangler: A sign that sways when a consumer walks by it.
  - ✓ Dump bin: A bin full of products dumped inside.
  - ✓ Bidding portals: Getting prospects
  - ✓ Glorifier: A small stage that elevates a product above other products.
  - ✓ Wobbler: A sign that jiggles.
  - ✓ Lipstick Board: A board on which messages are written in crayon.
  - ✓ Necker: A coupon placed on the 'neck' of a bottle.
  - ✓ YES unit: "Your extra salesperson" is a pull-out fact sheet.
  - ✓ Electroluminescent: Solar-powered, animated light in motion.
- Kids eat free specials: Offers a discount on the total dining bill by offering 1 free kids meal with each regular meal purchased.
- Sampling: Consumers get one sample for free, after their trial and then could decide whether to buy or not.

New technologies have provided a range of new opportunities for sales promotions. Loyalty cards, personal shopping assistants, electronic shelf labels, and electronic advertising displays allow for more personalized communications and more targeted information at the point of purchase. For example, shoppers may receive alerts for special offers when they approach a product in a specific aisle.”<sup>2</sup>

### **Literature Review:**

**Sales promotion** There is a great body of literature and previous studies which discussed the relationship between sales promotion and its impact on consumer buying decisions, especially coupons and price reduction, since they are most extensive used types (Krishnha and Zhang, 1999; Huff and Alden, 1998; Leone and Srinivasan, 1996; Bawa and Shoemaker, 1987, 1989 Gupta, 1988, 1993; Blattberg and Nelsin, 1991). **Samples Sampling** is a smart way to present fewer amounts of products to the customers with no cost, and it can be sent directly to the customer by mail or attach the sample to another type of products, so they can able to test or try the product rather than just hear about it, which it can affect their behaviour to purchase it in the near future (Kardes, 1999; Pramataris, 2001; Pride and Ferrel, 2008). According to Clow and Baack (2007) they defined the free sample method as a technique to induce customers to try new lunched products.

**Coupons** Coupons considered as one of the most used tools by marketers to stimulate consumers by giving them a voucher or certificate that save some money when they want to purchase any type of products later on or in the future, such as 25% reduction from the main price or a fixed discounted amount like 5\$ per piece (Fill, 2002; Harmon and Hill, 2003; Ndubisi and Chew, 2006). Coupons have been existed to produce product trial (Robinson and Carmack 1997). According to Cook (2003) customers can easily be convinced with the coupons technique since it is very useful tool for trial buying, and it considered as a good way to be used to induce customers brand switching. According to Gilbert and Jackaria's, (2002) they found that coupon promotions have no significant effect on volume of product purchased by a consumer. **Price discount** According to Fill (2002) price reduction is a valuation approach

<sup>2</sup> Retrieved from [https://en.wikipedia.org/wiki/Sales\\_promotion](https://en.wikipedia.org/wiki/Sales_promotion) as on 10-02-2021

where goods or products are offered in a good discounted buying price and it seems to be a reduced cost to the consumers, mostly applied in hypermarkets and point of purchase displays. Price discount is “reduce the price for a given quantity or increase the quantity available at the same price, thereby enhancing value and create an economic incentive to purchase” (Raghubir and Corfman, 1999). Other studies found that price discounts (cut off prices) playing an important role in stimulating new customers’ behaviors to try the offered products (Brandweek, 1994; Blackwell, Miniard and Engel, 2001; Fill, 2002; Shimp, 2003).

**Buy one get one free** According to Sinha & Smith (2000) Buy one get one free defined as one of the common used promotion tools of sales promotion, in a sense that if you buy one product, you get another one for no cost, by using this technique the customer can be easily attracted to buy the product because there is no additional cost and it should be more valued from the customer perspective, therefore customer can’t ignore such great deal. The bonus packages and extra products without cost inspire the customer buying behaviour to purchase the product; because customers are getting good feeling towards such offer especially if it is in large sizes packages and properly advertised. Moreover, such promotions increasing product trial and customers switching (Gardener and Trivedi, 1998; Percy, Rossiter, and Elliott, 2001). According to Li, Sun & Wang (2007) Buy one get one free type promotions is a very helpful tool especially to marketers and manufactures who want to clear their stock more quickly.

The relationship between sales promotions and consumer buying behavior According to Quelch (1989) promotional tools, materials and techniques have dramatically increased in the recent years by marketers. Then Blattberg and Neslin in (1990) admitted that sales promotion has an impact on consumer buying behavior by focusing on promoting occasion. Schneider and Currim (1991) argued that customer’s promotion acceptance is based on the out and in store sales promotion. Later on Schultz (1998) indicated that sales promotion has a direct effect on customers’ behaviors. Chandon, Wansink, and Laurent (2000) pointed that there are other factors can influence consumer buying behavior rather than reasons beyond price saving. Pramataris (2001) argued about sampling which is a good technique and it has less cost and an effective tool to attract customers.

Fill (2002) indicated that promotion tools has a huge impact on consumer buying behavior during any competition; therefore discounted price one of these tools which effect customers decisions. In regards to Pickton and Broderick research (2005) sales promotion can result in increasing sales volume with less profit. Others also agreed that sales promotions’ is aiming to influence consumer buying behavior by introducing new brand product which is going to be targeted the customers who have no previous experience with it (Solomon, Marshall and Stuart, 2008; Kotler and Armstrong, 2004). However, Esfahani and Jafarzadeh (2012) found that psychological variables have a significant relationship with sales promotion; therefore they concluded that there is no significant relationship between impulsive behaviour and sales promotion.

### **Research Methodology:**

The primary objective behind this study is to critically analyze an exploratory study on impact of different types of sales promotional tools on buying behaviour of youngsters at Rajkot city. Some of the other secondary objectives are to explore the various types of sales promotion tools and its impact on buying behaviour. To know the type of tool is most effective etc. For the purpose of preparing this paper

researcher use the exploratory research design where the focus is given to secondary data to get insight. Secondary data were collected from the different websites, newspapers, journals, and magazines.

### **Discussion:**

Different sales promotion tool type's impact the youths are as follow: 1. Tests: Tests are perhaps the main apparatuses of deals advancement. Tests are characterized as offers to buyers of a limited quantity of an item for preliminary. Free examples are given to shoppers to create their advantage in the item. Tests assist buyers with checking the nature of the item. Tests are conveyed at the entryways of buyers. They are additionally sent via mail or given to clients in the retail location itself. At times, tests are connected to another item.

2. Coupons: A coupon is a testament that brings purchasers a saving when they buy a predefined item. Coupons are for the most part given alongside the item. They qualifies the holder for either a predetermined saving money on an item or a money discount. Coupons are planned: to present another item, to advance the offer of a set up item, to sell an item in huge sizes, to animate clients to switch brands; and to energize rehash deals. Coupons are utilized for customer accommodation merchandise. They might be disseminated house to house, via mail or they might be embedded in bundles. At times, coupons might be important for magazine or paper notices.

3. Exhibit: Showing is required when items are unpredictable and of a specialized sort. Clients are taught concerning how to utilize the item. Show of items instigates clients to purchase. Showings are given liberated from cost.

4. Challenges: Challenges are the advancement occasions that allow customers to win something like money, outings or merchandise. Challenges are directed to draw in new clients. They present new item by requesting the possibilities to express the purposes behind the buy from the item. The purchaser buys the item and presents the proof of procurement with section structure for challenge. Passage structures are appropriately filled by the purchasers. A board of judges chooses the best and purchasers are given prizes.

5. Money discount offer: Money discount offers are refunds permitted from the cost of the item. It is a proposal to discount some portion of the price tag of an item to customers who send a proof of procurement to the maker. Additionally, if the buyer isn't happy with the item, the entire cost or some portion of it will be discounted. Money discounted offer is expressed on the bundle.

6. Premium: Premium alludes to merchandise offered either free or with ease as a motivation to purchase an item. A premium might be inside the bundle, outside it or got through mail. The reusable bundle itself fills in as a premium. Premium is for the most part offered for shopper merchandise like cleanser, toothpaste, and so forth Premium might be of a few sorts — direct top notch, reusable compartment free in mail exceptional, a self exchanging premium, exchanging stamps, and so on Direct premium can be inside the pack or outside it. A reusable compartment can be reused after the item is reused. Free in mail premium methods a superior thing will be sent via mail to customers who present verification of procurement to the maker. A self exchanging premium is the additional amount offered at the ordinary cost. Exchanging stamps are given by the merchant to customers. These are redeemable at the stamp reclamation focuses.

7. 'Cost off' offer: Merchandise are sold at marked down costs during droop season. Decrease in costs animates offer of merchandise.

8. Purchaser sweepstakes: A sweepstakes calls for buyers to present their names for a draw. Names of purchasers are remembered for a rundown of prize winning challenge. The parcels are drawn and the champs get prizes.

9. Repurchase remittances: Stipends are conceded to purchasers based on their past buys. At the end of the day, repurchase remittances are given for new buys, in light of the amount of products purchased beforehand.

### Conclusion:

By and large, deals advancement apparatuses are assuming a significant part to invigorate clients towards purchasing any advanced item, and that will expand sellers and retailers benefit and piece of the overall industry. In this examination it showed that customers' conduct can be decidedly actuated by utilizing different advancement devices, for example, value rebate, tests and get one get one free, then again, it found that advancement devices, for example, coupon have no effect on shopper purchasing practices.

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