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Impact of sales promotional tools on the consumers buying behaviour: Study related with apparel retailing business

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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. Apparel retail business has penetrated in the consumers' market successfully and rapidly expanded from metros to tier-II cities with the objective to cater to more consumers. Introduction of global brands, style & fashion to the young consumers at an affordable price is the strategic step followed by the modern apparel retailers. 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 Rae Bareilly, Uttar Pradesh.

Keywords: Retail market, apparel retailing, promotional offers, impact on consumers

1. Introduction

The retail sector in India has witnessed a boom in the recent years and in 2017 it has become US\$ 672 billion markets. Economic growth in India boosted the growth of Indian retail market and it has embellished world's fifth attractive market for retail business after United States, United Kingdom, China & Japan (IBEF, Deloitte, 2018) ^[12]. Increase in the number of supermarkets in tier-1 & 2 cities, the participation of foreign companies and private player work as a catalyst in the rapid development of Indian retail market (IBEF, 2018) ^[12]. Retail business is categories in different sub-section like FMCG & grocery, fashion & apparel, hardiness and leisure goods and diversified. Among these sub-categories fashion & apparel retail business has gained revenue of US\$ 10,055 million globally in the FY2016 (Deloitte, 2018) ^[13]. In the year 2017, Indian apparel market size was US\$ 51 billion and growing at a faster rate compared to the other top four markets (PWC, 2018) ^[14]. According to 2011 census data, in the country, the population under 25 years is 500 million who spend a significant amount of money on mobile, fashion and apparel and luxury goods. Also, India has 300 million individual belongs to the middle class and the disposable income of this section has improved in the recent years (KPMG, 2014) ^[15]. This signifies a big opportunity for apparel retailing business in the Indian market.

Promotional offers are one of the strategic moves in the retail business to increase the footfall and sales. Promotional offers could be active or passive. Coupons are counted under the active promotional offers whereas buy one get one is considered as passive promotional offers (Schneider and Currim, 1991) ^[16]. Active shoppers will be attracted with coupon offers but buy one get one or price discount triggers to impulse purchase; researchers described it as display prone purchase (Blattberg and Nelson, 1990) ^[17]. Promotional offers influence consumers for brand switching, purchase earlier, stockpiling and spending more. A particular offer will be acceptable and applicable for a specific segment of the customers and the nature of the promotional offers depends upon the companies' objectives and market (Mittal, Sethi, 2011) ^[18].

2. Literature review

Sales promotion is an essential column in the marketing communication mix which is a process to inform, persuade and remind consumer directly or indirectly about the product and service. Sales promotion is a short-term initiative to attract customers with the help of monetary and non-monetary incentives. This promotional strategy is effective where high market similarity exists and it helps in brand switching. Also, sales promotion influence consumer for stockpiling because offers motivate customers to buy extras (Kotler, Keller, 2017) ^[1]. So consumers' buying decision is affected by an external stimulus. Marketing researchers try to find out these external factors that are related to consumers' buying process. A study made by Schiffman & Kanuk identifies four factors that influence the consumers' buying decision. Factor one, "economic view" which points out consumers have sound knowledge about market competition and they perceived positive and negative view about product & services. From the perception, they made the purchase. The second factor is the "passive view" that is different from the previous one as this view explains that consumers do impulsive purchase being influenced by the sellers' promotion offerings. The third one is "emotional view" which describes that buyers make a decision based on the emotion-related to the brand. The last one is "cognitive view" that states that consumers seek information about the product and opt for maximum benefits (Shallu, Gupta, 2013) ^[3]. D.C. Gilbert in his study argued that consumers make three major decision while buying in the supermarket- which category to buy? What brand to buy? & the quantity to buy. The promotional offers have the impact on these three decisions. Different types of promotional offers have a separate degree of impact on the consumers' buying decision (Gilbert, *et al.* 2002) ^[4]. There are different forms of sales promotions, but complexity arises while measuring the degree of impact of the different promotional offers on the customers (Shrestha, 2015) ^[5]. The sales promotions that we are going to focus:

1. Buy-one-get-one: Buy one get one is kind of promotional offer where consumers are offered an extra product at the price paid for one. As there is no extra cost so consumers easily attract towards the product and this promotional offer has a major impact on the repurchase (Mughal, Mehmood, *et al.* 2014) ^[6].
2. Coupons: It is a certificate that avail customers a saving on the purchase of a particular product and this certificate is distributed either online or in printed form (Kotler, Keller, 2017) ^[1]. But there is a very low significant relationship between coupons and consumer buying. Because coupons sometimes allow the buyer to make a purchase of the product which he does not desire to (Shamout, 2016) ^[7].
3. Price discount: Price discount offers monetary benefits to the customers during the purchase. The price discount has two types of effect on the consumers' behaviour. When a brand promotes offers more than others, it is perceived as low in quality and on the other hand the brand offers less discount is assumed high in quality. Also, consumer assumes that high-quality brands offer fewer promotions (Raghubir, Corfman, 1995) ^[8]. Short term promotion influences the customers to buy a new brand rather the regular brand. But long-term promotion has a negative impact on the

consumers' perception and make them less sensitive towards promotion (Jedidi, Mela *et al.* 1998) ^[9].

The consumers' behaviour will be measured by two parameters-brand loyalty and brand switching. The objective of the promotional offers is to encourage consumers to frequently purchase or purchase in a large quantity. For retailers' perspective, promotional offers help to introduce new products and off-season sells and establish competitive advantage (Kotler, Keller, 2017) ^[1]. Fill argued that promotions have a greater impact on the customers while there exists a high competition (Fill, 2002) ^[10].

3. Background study

The project objective is to study how the customer behaves and purchases when they are exposed to different promotional schemes floated by the apparel retail stores. The rationale behind promotional offers is to increase sales, attract new customers, and keep old customers. To carry out the project we surveyed at two retail stores, located at Rae Bareli City, Uttar Pradesh.

4. Problem definition

The objective of the project is to examine the impacts of the promotional offers (buy one get one, coupons, price discount) on the consumers' behavior related to apparel buying. Also, the project will try to identify if gender plays any specific role in the buying process related to promotional offerings.

5. Research questionnaire

In order to successful analysis of the research, a set of questionnaire was prepared and asked to the customers of the shopping mall. The consumers were asked whether their purchase decisions are influenced by the promotional offers like-price discount, buy one get one (B1G1) and coupon and promotional offers motivate them to buy another brand rather than regular brand. Respondents were asked to evaluate in five-point scale where "5" denotes strongly agree and "1" denotes strongly disagree.

6. Theoretical model

A theoretical model has been structured to review the relationship between the promotional offers and apparel buying decision. Also the objective was to examine which promotional offer (price discount, B1G1, coupon) has the most significant effect and differ in terms of impact of the promotional offers on different groups (gender & profession).

H1: Category means are different in the population ($\mu_1 \neq \mu_2 \neq \mu_3$).

H2: Impact of price discount is different for male & female ($\mu_1 \neq \mu_2$).

H3: Impact of B1G1 is different for male & female ($\mu_1 \neq \mu_2$).

H4: Impact of coupon is different for male & female ($\mu_1 \neq \mu_2$).

H5: Impact of price discount is different for different professions. ($\mu_1 \neq \mu_2$).

H6: Impact of price B1G1 is different for different professions. ($\mu_1 \neq \mu_2$).

H7: Impact of price B1G1 is different for different professions. ($\mu_1 \neq \mu_2$).

7. Research finding & discussion

A total 85 people were surveyed and chosen randomly. The surveyed people belonged to different gender, age group, profession and resident of Rae Bareli, Uttar Pradesh. The research was conducted in two apparel shopping malls located at Rae Bareli.

Demographic variable

Table 1: frequency distribution of gender

Gender	Number	%
Male	52	61.18
Female	33	38.82

Table 2: age group distribution

Age group	Number	%
>20	20	23.5
21-30	48	56.5
31-40	13	15.3
41-50	3	3.5
51-60	1	1.2
>60	-	-

Table 4: frequency distribution of statements related with price discount

Statement	5 (%)	4 (%)	3 (%)	2 (%)	1 (%)
If a brand offers price discount that could be a reason for buy it	36.5	32.9	18.8	10.6	1.2
A price discount has influenced me to buy another brand other than my regularly buy	27.9	29.1	22.1	12.8	8.1
A price discount has influenced me to buy more quantities of the same product	33.7	24.4	17.4	17.4	7
When I buy a brand that offers price discount, I consider it as a good buy	26.7	32.6	23.3	16.3	1.2

Attitude towards coupon

Responses collected for coupon indicates that the percentage frequency distribution of the first statement of table 5, is like 26.7% agree, 23.3% neutral and 23.3% disagree. The responses of the second statement are 27.9% neutral, 19.8%

disagree, 19.8% strongly disagree and 20.9% agree. The frequency distribution of the third statement is 33.7% disagree and for fourth statement 26.7% are both disagree and neutral.

Table 5: frequency distribution of statements related with coupon

Statement	5 (%)	4 (%)	3 (%)	2 (%)	1 (%)
If a brand offers coupon that could be a reason for buy it	10.5	26.7	23.3	23.3	16.3
A coupon has influenced me to buy another brand other than my regularly buy	11.6	20.9	27.9	19.8	19.8
A coupon has influenced me to buy more quantities of the same product	10.5	20.9	22.1	33.7	12.8
When I buy a brand that offers coupon, I consider it as a good buy	10.5	22.1	26.7	26.7	14

Attitude towards B1G1

Frequency distributions of the statements related with B1G1 are described below in the table 6.

Table 6: frequency distribution of statements related with B1G1.

Statement	5 (%)	4 (%)	3 (%)	2 (%)	1 (%)
If a brand offers B1G1 that could be a reason for buy it	18.8	32.9	24.7	10.6	12.9
A B1G1 has influenced me to buy another brand other than my regularly buy	23.3	29.1	19.8	18.6	9.3
A B1G1 has influenced me to buy more quantities of the same product	27.9	33.7	15.1	18.6	4.7
When I buy a brand that offers B1G1, I consider it as a good buy	43	24.4	18.6	9.3	4.7

Discussion

The interpretation of the above tables are

- Jedidi and Mela argued that price discount influence customers to buy other brand apart from the regular brand and the frequency distribution of the second statement of the table 4 supports it (Jedidi, Mela *et al.* 1998) [9]. Also, price discount motivates customers to buy a product and makes them feel satisfied in terms of utilization of the monetary value.
- The frequency distribution of the attitude towards coupon reflects that customers are not so impacted with

Attitude towards price discount

Respondents were asked “If a brand offers price discount that could be a reason for buy it” and 36.5% are strongly agreed & 32.9% are agree with the statement. For the second statement “A price discount has influenced me to buy another brand other than my regularly buy” 27.9% & 29.1% are strongly agree & agree respectively. But at the same time 22.1% are neutral towards the statement. Responses recorded for the third statement “A price discount has influenced me to buy more quantities of the same product” are like 33.7% strongly agree and 24.4% agree. For the last statement “When I buy a brand that offers price discount, I consider it as a good buy” responses are like 26.7% strongly agree and 32.6% agree.

the coupon. They feel no need to switch brand despite of having coupons. So coupon has low level of influence in case of brand switching. The study made by Shamout in his “The Impact of Promotional Tools on Consumer Buying Behavior in Retail Market” paper support the outcome of the result (Shamout, 2016) [7].

- Shamout argued that the B1G1 has a significant relationship with consumer buying behavior. Smith and Sinha explained that the B1G1 offer allows customer to own a product at no cost and this impacts the buying behavior (Sinha & Smith, 2000) [11]. The statement four

states the fact that people feel pleasure after shopping utilizing BIG1 offer and the result supports Sinha and Smith’s study.

The relationship between categories

The result of one way ANOVA test projects the value of F test is greater than critical F value at confidence level of 95% and significance level is 0.000. This implies that null hypothesis is rejected or we can say categories have different mean for the population.

Table 7: one way ANOVA test.

response	ANOVA				
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	36.855	2	18.427	22.022	0.000
Within Groups	210.871	252	0.837		
Total	247.725	254			

Table 8: descriptive statistics for mean distribution

Descriptives								
Response								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
promotional offers	85	3.84	0.843	0.091	3.65	4.02	2	5
coupon	85	2.98	0.951	0.103	2.77	3.18	1	5
BIG1	85	3.72	0.946	0.103	3.51	3.92	1	5
Total	255	3.51	0.988	0.062	3.39	3.63	1	5

From the table 8, the fact can be observed that promotional offers has more impact towards the purchase decision. Also, the BIG1 has higher impact on the customers’ purchase decision. On the other hand coupon has no significant effect on the buying decision.

Impact of promotional offers on different population group

The population is classified into two group “male”& “female “and use T-test to analyse if there is different perceptions or same. The equality of variance for each promotional offer is examined by Levene’s test and from that result the mean value is analyzed. Significance level for both Levene’s test & T-test is 5%. Null hypothesis for

Levene’s test is that there is equal variance between two groups.

In the table 9, Levene’s test shows that for BIG1 null hypothesis is rejected, so equal variance is not assumed for BIG1 and for the rest two null hypothesis is accepted; there exists equal variances. In the table 10, for the price discount “equal variances assumed” is considered and corresponding T-test result signifies that difference in impact is present for these two groups. Male believes price discount impacts purchase decision more strongly compare to female. For the coupon discount “equal variance assumed” is considered and correspond T-test results reflects that male & female has different perception. Here male believes coupons are impactful for influencing purchase decision where female group has neutral perception.

Table 9: Independent T-test result for two group-“male” & “female”.

Independent Samples Test										
		Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Interval of the	
									Lower	Upper
pricediscount	Equal variances assumed	3.842	0.053	2.034	83	0.045	0.375	0.184	0.008	0.741
	Equal variances not assumed			1.939	57.764	0.057	0.375	0.193	-0.012	0.761
coupon	Equal variances assumed	0.991	0.322	2.993	83	0.004	0.605	0.202	0.203	1.008
	Equal variances not assumed			2.964	66.003	0.004	0.605	0.204	0.198	1.013
BIG1	Equal variances assumed	8.856	0.004	2.863	83	0.005	0.579	0.202	0.177	0.981
	Equal variances not assumed			2.630	50.558	0.011	0.579	0.220	0.137	1.020

Table 10: Mean distribution of two group –“male” & “female”.

Group Statistics					
	Gen	N	Mean	Std. Deviation	Std. Error Mean
pricediscount	male	52	3.98	.754	.105
	female	33	3.61	.933	.162
coupon	male	52	3.21	.893	.124
	female	33	2.61	.933	.162
B1G1	male	52	3.94	.752	.104
	female	33	3.36	1.113	.194

For B1G1 “equal variance not assumed” and corresponding T-test shows that male & female has different mean. Here, also, male believes strongly that B1G1 has a positive impact of buying decision.

For 10% significance level different variance will exist for price discount and T-test result will explain the same that there is difference in mean for these two group.

Another T-test is conducted for another two groups-working

Class & students and significance level is 5%. For levene’s test hypothesis is same as previous T-test. From the table 11, it is visible that price discount, coupon and B1G1 has the same variance and only for price discount there exists different perception between students and working class. Working class believes price discount is more impactful compared to the students. The result of the T-test is demonstrated in the table 12.

Table 11: Independent T-test result for two group-“students” & “working class”.

		Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Interval of the	
									Lower	Upper
pricediscount	Equal variances assumed	2.467	0.120	-2.451	83	0.016	-0.436	0.178	-0.789	-0.082
	Equal variances not assumed			-2.442	80.505	0.017	-0.436	0.178	-0.791	-0.081
coupon	Equal variances assumed	0.020	0.889	-0.462	83	0.645	-0.096	0.207	-0.508	0.317
	Equal variances not assumed			-0.462	82.490	0.645	-0.096	0.207	-0.509	0.317
B1G1	Equal variances assumed	3.882	0.052	-1.248	83	0.215	-0.256	0.205	-0.663	0.152
	Equal variances not assumed			-1.238	76.369	0.219	-0.256	0.206	-0.667	0.155

Table 12: Mean distribution of two group –“students” & “working class”

Group Statistics					
	Profession	N	Mean	Std. Deviation	Std. Error Mean
price discount	students	41	3.61	.862	.135
	working class	44	4.05	.776	.117
coupon	students	41	2.93	.959	.150
	working class	44	3.02	.952	.144
B1G1	students	41	3.59	1.048	.164
	working class	44	3.84	.834	.126

For 10% significance level B1G1, will have different variance for two groups but there will different mean.

Recommendation and conclusion

From the above discussion and interpretation it can be concluded that hypothesis six & seven are rejected and rests are accepted.

Table 13: Hypotheses testing results.

Hypothesis	Statement	Status
H1	Category means are different in the population ($\mu_1 \neq \mu_2 \neq \mu_3$).	Accepted
H2	Impact of price discount is different for male & female ($\mu_1 \neq \mu_2$).	Accepted
H3	Impact of B1G1 is different for male & female ($\mu_1 \neq \mu_2$).	Accepted

H4	Impact of coupon is different for male & female (u1! = u2).	Accepted
H5	Impact of price discount is different for different professions. (u1! = u2).	Accepted
H6	Impact of price B1G1 is different for different professions. (u1! = u2).	Rejected
H7	Impact of price B1G1 is different for different professions. (u1! = u2).	Rejected

Analysing the collected sample and interpreting the results of SPSS, the following points are highlighted:

- Price discount and B1G1 have the more impact on the purchase decision, so retailers should focus on this option. Also, during the sample collection process, few customers are interviewed and they suggested that quality is another factor that influences them in case of apparel buying. So these two modes of promotional offers will be profitable if applied on branded products.
- Introduction of private label brand with promotional offers (price discount & B1G1) will be profitable for the retailer.
- Working class people believe that price discount in the more suitable offer, so in the case of formal apparels price discount scheme could be applied.
- Students group could be motivated by introducing special discount offer only for students. Coupons will be a valid option for this segment of the population. There are two national institutes in the tertiary trading area (TTA) and this symbolizes an existing customer base. Coupons could be distributed in these institutes and influence them for unplanned purchase.
- In the market context of Rae Bareilly, the male population is the “buyer” and females & kids are the “consumers”, so promotional offers should be exhibited according to the price sensitivity factor.
- Coupons have no significant effect on the apparel buying decision, so this segments could be improved by introducing a loyalty programme. Loyal customers are availed with monthly discount coupons and motivate them to the revisit. More specifically instead of direct coupons, “point rewarding” system could have more effectiveness.

Limitations

Distribution of the male & female is not equal; male sample is greater than female sample. This cause a biased towards the mean value. Second, average expenditure on apparel purchase of individual customer is not calculated. So there is scope of future study that is application of promotional offers depending upon average spending of apparel purchase.

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