IMPACT OF SALES PROMOTION: INITIATE EARLIER PURCHASE ON CONSUMER TOWARDS FMCG

B. KARTHIKEYAN

Assistant Professor, Dept. of Business Administration, Annamalai University, Annamalainagar

Dr. N. PANCHANATHAM

Professor of Business Administration, Annamalai University, Annamalainagar

Abstract

Sales promotion as a pivotal component of marketing mix has been heavily used as a major incentive tool to pull consumers to stores and increase short-run sales volumes. Since 1980s, researchers have constantly proposed a variety of concepts to illustrate how sales promotion might affect consumer purchase behavior via overcoming "consumer entropy" inviting consumers to engage in transactions heightening the psychological value associated with the transactions or by providing consumers with a script of purchase behaviour. Although sales promotion has become a ubiquitous element of consumer marketing, large portions of ineffective promotional activities indicate a great need of refining and redirecting the focus of the impact sources. Numerous studies have focused on consumer attitudinal and behavioral responses to price promotion and its utilitarian benefits. But this paper had dealt with initiate the earlier purchase behaviour of the consumers due to sales promotion based on PCP and FHBP products.

INTRODUCTION

Sales promotion is an initiative undertaken by organizations to promote and increase sales, usage or trial of a product or services (Aderemi, 2003). Sales promotion refers to the provision of incentives to customers or to the distribution channel to stimulate demand for a product. It is an important component of an organizations overall marketing strategy along with advertising, public relations and personal selling. Sales promotion acts as a competitive weapon by providing an extra incentive for the target audience to purchase or support one brand over the other. It is particularly effective in spurring product trials and unplanned purchases (Aderemi, 2003). Sales promotion is a marketing activity that adds to the basic value proposition behind a product (i.e. getting more for less) for a limited time in order to stimulate consumer purchasing, selling effectiveness or the effort of the sales force. This implies that, sales promotion may be directed either at end consumer or at selling intermediaries such as retailers or sales crews.

Sales Promotion is indeed an essential component of marketing mix. According to McCarthy (1960) and Borden (1964), marketing mix consists of four 'P's namely Product, Price, Place and Promotion. The Promotion itself is conceptualized as promotion mix consisting of elements like Advertisements, Direct Marketing, Publicity or Public Relations, Personal Selling and Sales Promotion (Kotler, 2003).

SALES PROMOTION CAPABILITIES

1. **Invigorate Sales of a Mature Brand:** Sales promotions cannot reverse the sales decline for an undesirable product or brand. However, sales promotions can invigorate sales of a mature product that requires a shot in the arm.

2. **Neutralize Competitive Advertising and Sales Promotions:** Sales promotions can be used to offset competitors' advertising and sales-promotion efforts.

3. **Obtain Trial Purchases from Consumers:** Marketers depend on free sample, coupons, and other sales promotions to encourage trial purchases of new products. Many consumers would never try new products or previously untried established brands without these promotional inducements.

4. **Hold Current Users by Encouraging Repeat Purchases:** Strategic use of certain forms of sales can encourage repetitive purchasing, helping reduce brand switching by consumers.

5. **Increase Product Usage by Loading Consumers:** Consumers tend to use more of certain products (e.g., snack foods and soft drinks) when they have more of them available in their homes.

6. **Preempt Competition by Loading Consumers:** When consumers are loaded with one company's brand, they are temporarily out of marketplace for competitive brands. Hence, one brand's sales promotion serves to preempt sales of competitive brands.

7. **Reinforce Advertising:** An advertising campaign can be strengthened greatly by a well coordinated sales promotion effort (Shimp, 1997).

INITIATED EARLIER PURCHASE

Purchase acceleration means that a consumer's purchase timing or purchase quantity is influenced by promotion activities. One possible consequence of purchase acceleration is that it shifts purchases forward that would have occurred anyway. Other effects can take place, however. Purchase time and/or quantity acceleration can prevent switching from the manufacturer's brand. Promotions can also lead to "decelerated" purchase timing, because consumers learn in advance or anticipate that a promotion will occur and wait for the event.

The economic theory as developed by Blattberg et al. (1981) provides one explanation for purchase acceleration and for differences between households. The consumer wants to minimize the costs of satisfying his or her household's demand for the product. By buying on deal at a lower price, the consumer can decrease household purchase costs but may incur a cost of carrying more inventory of the product than is needed to satisfy immediate consumption. Some households, perhaps those with minimal storage space, have high holding costs and will not respond to price deals. Other households have relatively low inventory holding costs and will potentially respond to deals.

There is a good deal of empirical support for the purchase acceleration effects of sales promotions. Several researchers (e.g., Wilson et al. 1979, Shoemaker 1979, Grover and Rao 1985, Neslin et al. 1985, Gupta 1988, Schneider and Currim 1991) have provided empirical evidence that promotions are associated with increased purchase quantity and adjusted interpurchase times. Based on research on two product categories (bathroom tissue and instant coffee) Neslin et al. (1985) concluded that increased purchase quantity is more likely to be exhibited than shortened interpurchase times, but the specific effects were found to depend on the type of promotion. Gupta (1988) estimated that 14 percent of the increase in sales due to promotion is accounted for by accelerated purchase timing, and that 2 percent is accounted for by quantity. Chintagunta estimated respectively 15 and 45 percent.

Bucklin et al. (1998) estimated that 20 percent of the increase in sales due to promotion is accounted for by accelerated purchase timing, and that 22 percent is accounted for by quantity. The empirical generalization offered by Bell et al. (1999) shows that purchase acceleration (timing and/or quantity) differs across households and product categories.

SAMPLES

Primary data was collected from a group of 579 respondents from in and around Chidambaram Town, Cuddalore District, Tamilnaud, India. The respondents were selected through the convenience sampling technique, since the procedure is less time consuming and more convenient.

INTERPRETATION

Table:1 Sales Promotional Impact (Earlier Purchase) based on Consumer Decision Making for Food and Health Beverage Products (FHBP)

ANOVA(b)					
	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Regression	166.578	6	27.763		
Residual	2724.582	572	4.763	5.829	.000(a)
Total	2891.161	578			

a) **Predictors: (**Constant), **Decision Making:** - Rationalization, Vigilance, Defensive Avoidance, Hyper-vigilance, Buck-passing, Procrastination

b) **Dependent Variable:** Initiate Earlier Purchase – Food and Health Beverage Products (FHBP)

The above table summarizes the results of the analysis of variance. Sum of squares, degrees of freedom, mean square are displayed for two sources of variations, regression and residual. The above output for regression displays information about the variations accounted for by the model. The output for a total (2891.161) is the sum of information for regression (166.578) and residual (2724.582). A model with the large regression sum of squares in comparison with residual sum of squares indicates that the model accounts for the most of the variation in the dependent variable. F statistics (5.829) are the regression mean square divided residual mean squared. Regression degree of freedom is the numerated degree of freedom and the residual degree of freedom is the denominator degree of freedom for the 'F' statistics. The total number degree of freedom is the number of cases minus 1. If the significance of 'F' statistics is small (0.05), then the independent variable does a good job in explaining the variation in the dependent variable.

According to the aforementioned studies, it can be said that a study of consumers' decision-making styles is very important to consider when attempting to identify and understand the consumers' shopping behavior and motivation, especially in the FMCG market.

Sl. No.	Decision Making Scale Dimensions {Food and Health Beverage Products}	Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	**Std. Error**	**B**		
	(Constant)	3.968	.733		5.412	.000
1.	Vigilance	-.037	.035	-.047	-1.044	.297
2.	Hyper-Vigilance	.126	.048	.119	2.635	.009**
3.	Defensive Avoidance	-.004	.051	-.004	-.083	.933
4.	Procrastination	-.066	.057	-.056	-1.170	.243
5.	Buck Passing	.232	.052	.211	4.447	.000**
6.	Rationalization	.025	.056	.021	.449	.654

Source: Computed Primary Data   * *Significant at 1 percent level

$$\hat{Y}=3.968+(-0.037)x_1+(0.126)x_2+(-0.004)x_3+(-0.066)x_4+(0.232)x_5+(.025)x_6$$

Where, ŷ is the estimated that sales promotional impact such as initiate the earlier purchase due to offer products from FHB category through decision making dimensions.

McDonald (1993) investigated the roles of shopper decision-making styles in predicting consumer catalogue loyalty and Salleh (2000) analyzed consumers' decision-making styles dimensions across different product classes followed by Bakewell and Mitchell (2003) examined the decision-making styles of adult female Generation consumers in the UK.The above previous studies reveals that the decision making style of consumers has play a important role in marketing research.

The above equation shows the impact of sales promotional such as initiate earlier purchase estimated on consumer's decision making dimensions such as Rationalization, Vigilance, Defensive Avoidance,

Hyper-vigilance, Buck-passing and Procrastination. The result of the t- test reveals that the calculated significance of the partial regression co-efficient -0.037 and .232 were valid at 1 percent level. The f test shows that the explained variation was highly significant at 1 percent level. From the above co-efficient table, it has been concluded that the variables of decision making dimensions namely vigilance and buck passing styles of decision making consumers had accepted the earlier purchase activity when the product available with the offer at present as well as in future.

Table: 2 Sales Promotional Impact (Earlier Purchase) based on Consumer Decision Making for Personal Care Products (PCP)

ANOVA(b)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	280.173	6	46.696	3.382	.003(a)
Residual	7898.707	572	13.809		
Total	8178.881	578			

a) Predictors: (Constant), Decision Making: - Rationalization, Vigilance, Defensive Avoidance, Hyper-vigilance, Buck-passing, Procrastination

b) Dependent Variable: Initiate Earlier Purchase –Personal Care Products

The above table summarizes the results of the analysis of variance. Sum of squares, degrees of freedom, mean square are displayed for two sources of variations, regression and residual. The above output for regression displays information about the variations accounted for by the model. The output for a total (8178.881) is the sum of information for regression (280.173) and residual (7898.707). A model with the large regression sum of squares in comparison with residual sum of squares indicates that the model accounts for the most of the variation in the dependent variable. F statistics (3.382) are the regression mean square divided residual mean squared. Regression degree of freedom is the numerated degree of freedom and the residual degree of freedom is the denominator degree of freedom for the 'F' statistics. The total number degree of freedom is the number of cases minus 1. If the significance of 'F' statistics is small (0.05), then the independent variable does a good job in explaining the variation in the dependent variable.

Consumers are frequently faced with judging the quality of various products, when determine what to buy, in what amount. It may, however, be difficult for consumers to assess the importance of various quality-aspects in relation to each other and in relation to requirements rooted in the intended use of the products (SOU, 1994).

Coefficients (a)

Sl. No.	Decision Making Scale Dimensions	Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	B		
	(Constant)	3.117	1.248		2.497	.013
1	Vigilance	-.055	.060	-.041	-.907	.365
2	Hyper-Vigilance	.214	.082	.120	2.621	.009**
3	Defensive Avoidance	-.009	.086	-.005	-.104	.917
4	Procrastination	-.097	.096	-.049	-1.007	.314
5	Buck passing	.263	.089	.143	2.971	.003**
6	Rationalization	.038	.095	.019	.400	.689

$$\hat{Y}=3.117+(-0.041)x_1+(0.120)x_2+(-0.005)x_3+(-0.049)x_4+(0.143)x_5+(.019)x_6$$

Where, $\hat{y}$ is the estimated that sales promotional impact such as initiate the earlier purchase due to offer products from PCP category through decision making dimensions.

Under the influences of different environmental characteristics, consumers' individual characteristics would vary and their perceptions of value and the significance of different product attributes may also be dissimilar. In the extant consumer decision-making literature, most researchers have suggested that several internal and external variables interact to affect consumers' purchase decisions. Product characteristics used by consumers in comparing merchandise are one of the influencing factors affecting consumer decision-making. Consumers' buying decisions are often affected by their perceptions of product attributes in terms of relative importance.

The above equation shows the impact of estimated that sales promotional impact such as initiate the earlier purchase due to offer products from FHB category through decision making dimensions such as Rationalization, Vigilance, Defensive Avoidance, Hyper-vigilance, Buck-passing and Procrastination. The result of the t- test reveals that the calculated significance of the partial regression co-efficient 0.214 and 0.263 were valid at 1 percent level. The f test shows that the explained variation was highly significant at 1 percent level. From the above co-efficient table, it has been concluded that hyper vigilance and buck passing styles of decision making consumers had ready to initiate the earlier purchase due to offer products from PCP category.

SUGGESTIONS

Initiate earlier purchase means one possible consequence of purchase acceleration is that it shifts purchases forward that would have occurred anyway. Other effects can take place, however. Purchase time and/or quantity acceleration can prevent switching from the manufacturer's brand. Promotions can also lead to "decelerated" purchase timing, because consumers learn in advance or anticipate that a promotion will occur and wait for the event. From this study the researcher had found that the variables of decision making dimensions namely vigilance and buck passing styles of decision making consumers had accepted the earlier purchase activity for food and health beverage products when the product available with the offer at present as well as in future but in case of personal care products hyper vigilance and same buck passing style of decision making consumers were accepted the initial purchase activities whether the offers may available on that products. Cost worth products or low cost products have made an involvement in initiate purchase whether it may available in offers.

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