Analyzing the Influence of Sales Promotion on Customer Purchasing Behavior

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Abstract

The promotion mix is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. The purpose of promotion is to reach the targeted consumers and persuade them to buy. Promotion has been defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea. Sales promotion is vital element of promotional mix.

The purpose of this study is to investigate the effects of sales promotion on buyer decision making process. In other words, the general objective of this study was to find out the effectiveness of some elements on the buying behaviors of customers. Marketing activities related to the promotion of sales increased consumer purchases and indirectly to get more profit for the company.

So, the purpose of sales promotion is to reach the targeted consumers and persuade them to buy. Sales promotion has become a vital tool for marketing and its importance has been increasing significantly over the years. One of the purposes of a sales promotion is to elicit a direct impact on the purchase behavior of the firm’s consumers. Firms have to rethink the relationship between attitude and behavior of their consumers. In this study, we will discuss the impact of sales promotion on consumer purchasing behavior.

Keywords: Promotion mix; Sales promotion; Buyer decision making

Introduction

Modern marketing is more than just producing good products, suitable pricing and easy access to them [1]. Today, attracting new customers has become so important in modern retailing in addition to loyal to them and efforts have been paying in that perspective as known, the cost of keeping consumers present is less than the cost of gaining new customers. World of today’s world is a benefit-cost. Firms have to rethink the relationship between attitude and behavior of their consumers. All businesses need to communicate to the consumer what they have to offer [2]. Promotion refers to the motivational methods of getting the consumer to purchase the product. Promotion is referred to as “any communication used to inform, persuade, and/or remind people about an organization’s or individual’s goods, Services, image, ideas, community involvement, or impact on society” [3]. Promotion (also referred to as Integrated Marketing Communication (IMC)) mainly consists of messages and related media that are used to communicate with the market. IMC is defined as “a marketing communications strategy which requires that a company adopts strategies that coordinate different promotional elements and that these promotional activities are integrated with other marketing activities that communicate with customers” [4]. The basics of promotional strategy involve delivering the communicational message from the producer to the consumer. The object of the message is to persuade the audience to purchase the product or service. Therefore the consumer needs to be receptive to the message and to be able to interpret it in such a way the intent to purchase is established [5]. Companies must communicate with their present and potential customers, as well as internally, and therefore makes it very important in the marketing process. A modern company manages a complex marketing communication system.

The promotion mix includes the tools like Advertising, Public Relations, Sales Promotion, Direct marketing and Personal Selling [6]. These elements are included in the integrated marketing communications mix (Figure 1). Before companies can begin the communicational process towards the consumer, they need to define the promotional objectives. These are the objectives “which determine a firm’s promotional strategy, for example, increasing sales of improving brand recognition may require a different promotional mix” [4].

Sales promotion consists of a variety of incentive tools, mostly short term, that are used to stimulate consumers and/or dealers to accelerate the purchasing process or to increase quantities of sales [7]. Sales promotion is certainly one of the critical elements in marketing mix and toolkit for the marketers. Statistics for packaging companies show that sales promotion comprises nearly 75% of the marketing budget [8]. Marketing research, both theoretical and empirical, focuses on how sales promotion impacts the behavior of consumers, particularly their purchasing decisions [8-10].

Shultz, et al. [11] says that sales promotion generally works on a direct behavioral basis rather than affecting awareness or attitude. One of the purposes of a sales promotion is to elicit a direct impact on the purchase behavior of the firm’s consumers. It is continuously said that most types of sales promotions affect the decision-making and purchasing stages of the buying process directly that is affective in the long-run since it leads to increased sales and profit [12]. A sales promotion stimulates customer purchases and the efficiency of distributors through marketing activities excluding advertising, public relations and so on. In other words, a sales promotion provides the incentive for consumers to purchase some specific products, and this incentive is different from the incentive provided by advertising with respect to the reasons to purchase those specific products. The purpose of a sales promotion is to attract new customers, maintain existing customers who are contemplating switching brands and give incentives to customers who are about to use competing products. Sales promotions vary depending on the situation and need, and they have an immediate effect on product purchases.

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According to Low and Mohr [13] manufacturers continue to spend large amounts from their communication budget on sales promotion. They allocate around 75 percent of their marketing communication budgets to sales promotion [14]. Similarly, we can see that companies spend a large portion of their budgets for sale promotion. The goal is to offer the merchandise more attractive and valuable. Buy and test consumer products direct specific goals that can be achieved through efforts to boost sales in the short term, the implementation of consumers in stores, and get to the point of retail sale displays, and encouraging stores to store products and sales support for the efforts of staff [15]. This information allows us to conclude that the institutions seek to manipulate the buying activities of consumers, and so begin a strong promotional campaigns or changes in pricing policies, with other measures. Event shows that a few consumer stand easily when they see the words of sales promotion. But price reduction, coupon or discount given by the retailer and other promotional equipment like free sample, bonus pack and “buy one get one free” were found to be encourage customer buy extra than they think [16].

The main objective of this research is to study the effect of different tools to promote sales on the buying behavior of consumers. Therefore, research on the promotional tools is actually important to understand most of the tools that affect the competition with its competitors, so they can use the most effective techniques to promote the right and attract customers. Typical tools include of free samples, price reduction, Giving advertising gifts, and Offering coupon, Offer member card, Able to pay by installments, Extend warranty period, and so on. Sampling is the process by sending the actual product or trial-sized customers. Is provided free samples of the merchandise to clients so that customers have the opportunity to try and use the products. Price promotion refers to reduction in price for a limited time, which offered to customers. Price promotion also be defined in a few words with “mutually satisfying exchange relationships” [4]. The marketing mix is defined as “the specific combination of marketing elements used to achieve objectives and satisfy the target market. It encompasses decisions regarding four major variables: product, distribution, promotion, and price” [3]. The whole marketing mix is defined as “the set of controllable of controllable tactical marketing tools – product, price, place, and promotion – that the firm blends to produce the response it wants in the target market” [20].

**Production and selling concept**

The production concept is based on the fact that customers prefer products that are available and affordable. This means that production managers focus on the superiority of products as well as constant product development. The selling concept is based on the drive of the marketing, in other words that the customer will not buy enough of a single product unless it is constantly promoted [20]. The selling concept holds that consumers will not buy enough of the company’s products unless they are stimulated through heavy selling and promotion [1].

**Promotional mix**

As one of the marketing mix elements, promotion includes all the activities directed to the targeted consumers, that lead to facilitate the process of contacting with them for the purpose of formatting a sense of the importance of the commodity in achieving a high degree of consumers satisfaction of their wishes and needs comparing with the competitors commodities (Mahmud I. Nour et al. [21]).

Promotion is one of the key factors in the marketing mix and has a key role in market success. Promotion is used to ensure that consumers are aware of the products that the organization is offering. The promotional mix is the combination of the different channels that can be used to communicate the promotional message to the consumers [22]. The channels to be used are: advertising, direct marketing, public relations and publicity, personal selling, sponsorship and sales promotion [23]. One of most important of channels is sales promotion.

**Sales promotion**

Defining the term sales promotion is rather difficult for the presence of multiple relating techniques and tactics and that sales promotion is a tool to achieve company’s marketing communication objectives and an essential element in planning marketing [24]. Sales promotion is a short term strategy to derive demand and also special marketing offer which provides more profit than what consumers receive from the sale position of a product and also has sharper influence on sales [25].

A sales promotion consists of techniques that are aimed at increasing sales in the short run, meaning that they are mostly used for...
a short period of time. It offers control, and the costs can be much lower than of advertising. The main characteristics of sales promotions are that they offer better value for money and they try to cause responses immediately [26]. This tool has the ability to attract and keep loyal customers and is an excellent what to persuade them build viable link with the organization and involves all motifs applied by the producer to persuade trade with members of a channel [27]. Sales promotion has a strong ability to add value and to bring forward future sales. For sales personnel promotional tools are used primarily for motivating staff or supporting them in their selling roles. Brassington and Pettitt [28] provide a revised definition for sales promotions: “... a range of marketing techniques designed within a strategic marketing framework to add extra value to a product or service over and above the ‘normal’ offering in order to achieve specific sales and marketing objectives. This extra value may be a short-term tactical nature or it may be part of a longer-term franchise-building program.”

**Factor influencing consumer behavior**

Consumer behavior is the process; thoughts, feelings and actions related to consumption process, this behavior is the dynamic interaction of the individual thoughts, feelings, actions and behavior in the environment by which the human being conducts exchange aspect of their lives. The environment refers to the external factors that influence the human being, these factors such as cultural and social forces in the society and in personal lives as well as physical and situational forces relates to the actual shopping experiences. The behavior is a dynamic interaction and communication between consumers and the marketers doing exchanges [29].

There are four main factors influencing consumer behavior each of these factors can influence a consumer action in different ways, a combination of these factors affect the decision making process differently, these factors are cultural, social and religious, personal and psychological.

Culture is an important combination of character, behavior and a self-identification of human being, these characteristics help an individual to create his or her own buying behavior, and however, isolating culture as a variable that can be studied and readily implanted is very difficult, taking into consideration that the buying behaviors of human beings consist of three phases which are the individual, societal and situational. Culture affects all these phases but the extent of the effect depends on the individual person and the circumstance [30].

Culture consists of beliefs, values and customs that serve to direct consumer behavior differently amongst the members of a particular group or society Values and beliefs are guides to behavior in such that they form and affect attitude on how to behave on certain situations, on the other hand customs are modes of behavior that constitute an acceptable way to behavior in a particular culture.

Social factors are very influential in the decision making process of the consumer, this can affect the decision making process in a positive or negative way. It may also consist of one person or few people such as spouses or someone you have never met but idealizes them, the influences of this reference or social group can be very strong in a way that a customer can change the behavior to meet the standards pushed by the reference group [31].

Gender roles have a significant effect on consumer behavior it defines what is appropriate for each gender in the form of behavior, attitude and appearance. And they are deeply integrated into the society and the people’s mind, for example Male customers are interested in the café department where they meet other male friends to watch live sports or play games. And the female customers are interested in fashion, these different lifestyles help to determine consumer pattern of living which affects their purchasing behavior, if the company has an idea of the life style of its customers or a certain segments they can develop their marketing strategies to target these group of customers because consumer always chooses goods and services associated with their lifestyles. Age also plays an important role in the decision making process of a consumer for example children come and buy candy, soft drinks while adults specifically women buy fashion products, cosmetics, households keepings and food stuff [31]. Religion is a symbol which acts to establish a powerful, pervasive and long-lasting modes and motivation. It is achieved by formulating conception of a general order of existence and further, by clothing this conception with such an aural of factuality that the mood and motivation seems uniquely realistic [32].

Religion affects attitude and behaviors both directly and indirectly through religious code of conducts and value formation from birth. Religion as a culture can influence consumer’s behavior by motivating them via their various interactive and related social and cultural variables. As purchasing behavior is been influenced by cognitive actions, effect and behavior, the importance of this element must be taking into consideration in explaining the differences in religious belief system [33].

Information processing is a process where a stimulus such as marketing information is received, interpreted, stored in the memory and later retrieved thus linking marketing and other external influences with the consumer’s decision-making process [2,34]. It is very important to communicate as clearly as possible in order to avoid selective distortion in which the consumer misunderstands the message if it is not in accord with their beliefs and attitudes. These are important needs for sustaining the human life. Food, water, warm shelter, sleep, medicine and education are the basic physiological needs, which fall in the primary list of need satisfaction. Maslow was of the opinion that until these needs was satisfied to a degree to maintain life; no other motivating factors can work. Briefly, the first level of needs is physiologic (e.g., the need for food, air, and water). The second level encompasses safety needs. These include security, stability, protection; freedom from fear, anxiety, and chaos. The third level of need is belonging and love. These needs involve the “... - giving and receiving affection. When they are unsatisfied, a person will feel keenly the absence of friends, mate, or children.” The fourth level is the need for esteem, which is fulfilled by mastery of the environment and the prestige that comes from societal recognition. The fifth level, the need for self-actualization, entails maximizing one’s unique potential in life (Figure 2). As each of these needs substantially satisfied, the next need becomes dominant. So if you want to motivate someone, you need to understand what level of the hierarchy that person is on and focus on satisfying those needs or needs above that level [35]. Sometimes beliefs and attitude plays an important role in the decision-making process as they strongly affect the evaluation process of the alternatives. Beliefs are thoughts about the product or some of its qualities whereas attitude is overall favorable or unfavorable feeling against the purchase [2]. Attitudes are affected by three components: affect (emotional response to the product), cognition (the beliefs and knowledge of the product), the behavior (consumer’s intention to purchase or use the product) Barnes et al. [31].
Buyer decision-making process

Research shows that customers go through a five-stage decision-making process in any purchases made. It is a process by which a consumer makes a decision on what to buy, what quantity to buy, at what price with respect to the factors affecting consumer’s attitude during the procedure. The individual stages are summarized in the diagram below followed by brief explanations.

This model is very paramount for everyone who makes marketing decisions. The model shows that customers go through five essential stages in every purchase. However, in more frequent purchases, customers sometimes skip some of the stages. For example, someone who is buying a favorite drink would recognize the need for thirst and go straight to the purchase decision, skipping information search and evaluation. However, the model is very important when it comes to understanding any purchase involving some detail considerations [2].

The buying process begins with need recognition or problem awareness. At this stage, the customer, firstly, recognizes a problem or need (example, I am thirsty, I need a new Clothe, I need a house) or attracted to an advertisement (example, you seeing a billboard Showing a chilled ice cream on scorching sunny day). After the buyer has recognized the need for something or an existing problem, the customer then moves on to the next stage; searching for information. If the need or the problem is so pressing and there is a product or service close at hand that meets the need or solves the problem, then a purchase decision is made immediately. If not, then the process of searching for information begins. There are several sources that a customer can obtain information. For example: Personal sources (family, friends, neighbors), Commercial sources (advertising, salespeople, retailers, dealers, packaging, point of sale Displays), Public sources (newspapers, radio, television, consumer organizations, specialist Magazines), Experiential sources (handling, examining, using the product). The usefulness and influence of these sources of information will vary by product and by customer. Research suggests that customer’s value and respect personal sources (the influence of “word of mouth”) more than commercial sources.

The next stage in the model is the evaluation stage, where the customer chooses between the alternative brands, products and services. He/she then begins to consider the alternative or substitute available in the market. The important factor which influences the extent of evaluation is whether the customer feels involved in the purchasing of the product. Involvement here means the degree of perceived relevance and personal importance that goes with the choice of a particular brand. After gathering all the necessary information about a product the next step is to make a decision on whether to purchase the product. There are three sub steps in this stage, first choosing the preferred product as previously described in the evaluation of alternative stage, then the customer decides to purchase the product that is, purchase intent and finally the implementation stage to conclude the purchase which consists of the terms of transaction payment and receiving the product. Sometimes the consumer makes the purchase intent, but never actually concludes it, or takes the implementation step and sometimes substituting product is chosen based on new information in-store, preferred product is out of stock, buyer cannot afford the product or no suitable financing terms are found.

Conclusion

Understanding the variables that affect consumer behavior and the decision-making process is not just the work of big corporations [35], but also of professionals seeking to find the key areas of marketing studies. According to [24] Sales promotion has direct impact on the consumers buying behavior, which is an action focus-promoting occasion.

According to Ghafran Ashraf [15], their study confirmed that consumers buying behavior and sales promotion can be motivated through various kinds of elements, including promotion techniques such as free samples, price discounts, social surroundings and physical surrounding.

In addition, according to Jin-Woo Park et al. [36], their study has empirically verified the relationship between sales promotions, customer satisfaction, customer value and behavioral intention, legitimizing the growth of sales promotions within the duty-free shop.
sector. Their results indicate that there were significant relationships between cutting price, cents off, customer satisfaction, customer value, image and behavioral intentions. From their research, they found that Duty-free shops should realize that attractive sales promotion strategies should enhance customer repurchase intention and recommendations to other customers because they raise the level of customer satisfaction, value perception and duty-free shop image formation.

According to Giuliani Isabella et al. [37], among the variables that affect the consumer's purchase decision is the price, which has a significant influence on communication factors concerning the advantages of purchasing a product or hiring a service. Price can be accompanied by a “discount,” which increases the perceived value of the product for the purchaser. The value is based on the consumer’s perception of the benefits of the product. Furthermore, according to price discount is well-known tool for offering a good discount in buying price, which is openly mentioned on the merchandise or point of purchase display. Ndubisi and Chiew [27] said that merchandise test can be increased through offering great price cut. According to Ehrenberg et al. [38], the short-term rises in sales were due principally to purchases made by irregular users of a brand, though they further warned that these irregular users, after taking benefit of the price discount, would most likely go back to their beloved brands in their portfolio rather than purchase the promoted brand at full price. Moore and Carpenter [39], found that price perception affects the patronage behavior. Smith and Sinha [40] determined that price level has a considerable effect on store choice. In another study, Gilbert and Jackaria [16] found that discounts significantly affect customers’ purchase behaviors.

According to Ben Amor’s researches [41], during the last ten years, significance of free sample as tools of promotion in the field of cosmetics has been on the rise. According to the investigation done by Denly a marketing company, 75% of the companies use free samples to improve their products, whereas 52% of the companies don’t advertise their new products. Although representing this method is a powerful promotion tools, it requires high costs for the organizations.

According to [42] Sampling is the technique of presenting less numbers of goods to the customers without any cost, so that they can try it and buy the product in near future. According to Shimp [43], free sample of product effect the clients buying behavior but Jackaria and Gilbert [16] have not agree with this declaration. According to Lammers a free sample had positive relation to immediate sales of that product. Free sample had a sizeable link with product test behaviour of customer [27].

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Special discounts and promotions increase customers’ interest toward the store [44]. Through these results, one of the major implications of this research is that firms can increase sales by offering the right promotional tools to attract trial customers. Therefore organizations should carefully plan their promotional strategies, and allocate promotional budget over the different promotion tools, giving preference to the more effective tools.

References


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