A Study on Customer Perception about Sales Promotion

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ABSTRACT

The American Marketing Association (AMA) defines sales promotion as "media and non-media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand, or improve product availability. Sales promotions are useful in two ways. One to gather information about the type of customers you draw in anywhere they are and the other to jumpstart sales. Sales promotions include things like contests a games, sweepstakes, product give ways, samples coupons, loyalty programs, and discounts. The ultimate goal of sales promotion is to stimulate potential customers to action. The concept of sales promotion can be defined as an initiative undertaken by an organization to promote an increase in sale, usage or trial of a product or service. It includes offering incentives and creating interest in the customers which are generally short-term marketing events with a view to stimulate, motivate and influence the purchase and other desired behavioural responses of the firm's customers. In the broadest sense, it is everything in the marketing mix. The main characteristics of sales promotion are: It is the short-term effect of the marketing team to increase the sales and profits by using different methods for different products and targets. The efforts are aimed to induce the target group to motivate for sales and the impact of sales promotional a method is immediate and for a short period.
Keywords: Customer perception, Marketing, Sales Promotion.

INTRODUCTION

Sales Promotion is one of the promotional mixes other than advertising, public relation and personal selling. Here effort is made to increase the sale by motivating everyone who is involved in the sales of the product. Major part of it normally revolves around salesmen, dealers and customers. The efforts can be targeted to any of the three mentioned above to increase the sale in the short term. Moreover it can be customer oriented, trader oriented and sales force oriented.

The sales party needs to be motivated as they serve a proper link between the company and the traders, and the customers and the company. The dealers are also to be motivated when the products are sold through them. All these parties are needed to give their full effort to get a better output. There are many sales promotional tools which are unique in its own meaning. These sales promotional methods may be aimed at increasing the sales of current, obsolete, slow moving, or seasonal products so that the profitability can be increased. The decision for adopting any particular method of sales promotion is taken by the marketing team after considering many variables.

NEED FOR THE STUDY

Presently vendors influence the markets. The number of vendor is increasing day by day in proportion to the increase in population. Therefore, the vendors focus more on advertising and sales promotions with a view to bringing an increase in the sales. But, only a few companies succeed in influencing the customers with their advertising or sales promotion techniques. The study was conduct to find out there is an increase in the sales and the

growth. The need for the study is to find out if the customers have really awareness about the sales promotions techniques of various types, which in turn influences the customers in buying the product.

OBJECTIVES OF THE STUDY

- To study the demographic profile of the customers of CAFÉ COFFEE DAY.
- To analyse the customer perception about the factors of sales promotion techniques of CAFÉ COFFEE DAY.
- To estimate the impact of sales promotion on customers purchase decision.

SCOPE OF THE STUDY

This study is designed to examine the effect of sales promotion on the behaviour of consumers of café coffee day at the time of purchase and consumption. Specifically it deals with the level of awareness, attraction and usage of the various sales promotion schemes and its impact on post purchase behaviour. That sales promotions directed at traders and sales force are beyond the scope of the present study.

REVIEW OF LITERATURE

Review of literature is an essential part of a research and is a careful examination of a body of literatures pointing toward the answers to the current research questions. This not only explains the need for the proposed study, it also appraises the shortcomings and gaps in the previous studies. Review makes the researcher aware of the current progress made in the area and provides the needed insight into the problem statement. All of us are consumers. We consume things for daily use; we also consume and buy these products according to our needs, preferences and buying power. These can be consumable goods, durable goods, specialty goods or, industrial goods. What we buy, how we buy, where and when we buy, in how much quantity we buy depends on our perception, self- concept, social and cultural background and our age and family cycle, our attitudes, beliefs values, motivation, personality, social class and many other factors that are both internal and external to us.

Kim T. Huynh (2016) attempted to explore the congruence frame-work by analyzing how culture at demographic group level impacts sales promotion. It also tried to investigate whether cultural differences at this level would have an impact at the effectiveness of sales promotion. The findings contributed to the of products and promotion tiles in the Vietnam retailers and would also help manufacturing companies focus better on their strategies for marketing their products to Vietnamese consumers.

Mohamed Dawood Shamout (2016) aimed to determine the impact of most used tools of sales promotion in retail sector. **Marife Mendez et al (2015)** investigated into establish the impact of different types of monetary and non-monetary promotions on brand loyalty and its relationship to product involvement. Sales promotions have become one of the preferred methods of marketing communication. The findings were made for both high and low

involvement products and the results showed that both monetary and non-monetary promotions can enhance brand loyalty.

Kotler and Keller (2011) demonstrated that sales promotion is defined as a direct inducement that offers extra value or incentive for the product to the sales force, distributors and the ultimate consumer with the primary objective of creating immediate sales. It is a key ingredient in marketing campaigns, consisting of a collection of mostly short-term incentive tools aimed to stimulate quicker purchase of particular products or service by the consumers or the trade.

Pick and Broderick (2011) highlighted that the importance of sales promotion to encourage the trade and consumers, but excluded reference of huge amounts of sales promotion conducted by sales promotion. Sales promotion is defined as a highly elastic term embracing a host of marketing tactics. There was a fundamental distinction between economic – incentive sales promotion and communication initiative sales promotion. Crosier and Bureau definition hinged on the economic incentive element of sales promotion.

Aham (2011) suggested that sales promotion hinged on the market tactics to find a short-term solution to the problems of surplus stock of goods. It could be presented in variables manufacturer's store rooms but not needed by customers and business.

Hackeley (2010) pointed that sales promotion as a vast range of novelty items that can carry promotional messages or visual representation of the brand. Sales promotion also referred to in-store promotions such as 10% discount, redeemable coupons, money- back offer and self-liquidating premium. Sales promotion can persuade people to try the brand.

Grewal and Levy (2010) concluded that brand sponsored competitions required some sort of skills. A sweepstake is a form of sales promotion that offers prizes based on a chance drawing on entrance name and they encouraged consumers to consume more if the sweepstake was placed inside a product.

Palazon and Delgado-Ballester (2009) this study investigated the interaction of promotion attractiveness between monitory and non-monitory campaigns and the results demonstrated that attractive discount promotion influenced purchase intent positively. On the contrary, low attractiveness was less effective in this behaviour. Moreover, discount attractiveness interferes positively in suggested relationships. These also include relationship between perceived risks and purchase intend.

Brassington and Pettitt (2009) they gave a revised definition for sales promotions. Sales promotion refers to a range of marketing techniques; it is designed with a strategic marketing framework to add extra value to the

product or service in order to achieve specific sales objectives. This extra value can be of a short-term nattier or a long term franchise building programme.

Kotler and Keller (2009) they have investigated the effects of sales promotions as a sales tool in a highly competitive market. Sales promotional includes communication activities providing extra value to the customers wholesaler and retailers. Sales promotions stimulate sales product trial and tend to work best when applied to those items whose features can be judged at the point of purchase. When the objective is to convince retailers to influence consumers to select it over competitors, sales promotion serves as an effective tool.

Schultz et al (2008) this study found that sales promotion alter the price are value relationship that the product offer the buyer. It has an instant result implying that the consumer gets a better deal and so a good reason to purchases the product. Sales promotions also have a residual market value which h may have a long tern effect on the brand franchisee after the promotion is over. These effects are negative as some researcher's believe that too much promotion detracts consumers from the long term value of the brands.

Kotler (2006) reviewed that sales promotion was short time incentive to encourage purchase or sales of a product of service. Sales promotions fall into two categories value increasing and value adding. Sales promotions are categorizes as consumer promotion, business promotion, trade promotion, and sales force promotion. Value increasing promotion aim to increase the perceived value of a product offering. But value added promotion offer the customer, something extra. While value increasing promotions manipulate the quantity and price equation, value adding promotions manipulate the price and the core product. Sales promotion is the most important tool that organisation use in retail business to compete with the competitors and stimulate sales.

Low and Mohr (2006) Studies have shown that sales promotions impacted significantly on consumers purchase decision by increasing the promoted brand sales during the period of promotions. This also includes sales change after the promotions has finished due to brand switching. Manufacturer spends a large amount from their budget on sales promotions and it is estimated that seventy five percent of the marketing communications budget are spent on this head.

Scott (2013) advertising is promotional strategy to generate response from the target customers. It helps to create awareness about product and services. A verity of advertisement such as radio and TV print advertisement, direct mail advertisements, and outdoor advertisements can be used.

Mohammed Bin Afif (2012) that communication was an effective tool in marketing. There are many mediums through which advertising can be passed on to the consumers. It is the duties of the marketing manager to utilize all the mediums in order to determine the right mix of mediums to use so that the message can be best conveyed to the selected target market.

Jobber (2012) examined that advertising is a form of non-personal communication or ideas or products using prime media like press, radio, TV and posters. The response for advertising is unique as each person has his own personal relationship with a brand. The effects of advertising happen concurrently and interactively.

Taylor, Strutton and Thompson (2012) this study found that social media users message sharing behaviour attributed to the need for self enhancement consumers perceived online advertisement with their identity. In such cases they are likely to share the message with others as it was representative of who they are and what they like. It was so suggested that advertisers should consider the self-expressions properties of their online advertisement and try to match them to targeted consumers' self-concepts.

RESEARCH METHODOLOGY

A quantitative research approach is generally characterized by a small amount of studied variables on a larger scale of respondents. This approach typically means that a population is examined by investigating a sample of that population. The findings gained from that sample represent the entire population and the findings of the sample can thus be generalized across this population. To enable a generalization across the population it is important that the research is carried out in a standardized and structured way and also in measureable terms. In order to present the findings in a formalized manner the findings need to be measurable and presentable in statistics. (Bryman & Bell, 2011).

RESEARCH DESIGN:

Research design outlines the procedures for obtaining the information needed to structure or solve business research problems. It gives a framework or blueprint for the study, suggesting the type of data to get or observations to make, how to analyse them, and the possible conclusions that can be drawn from the analysis.

This present study aims to explain comprehensively the perception of sales promotion practices of café coffee day products in FMCG industry. Demographics were the first variables employed to identify the effectiveness of sales promotions (Blattberg and Neslin 1990). The present study has collected relevant demographic data from the respondents such as gender, age, income, educational qualifications, marital status, family type, and family size to examine the effectiveness of different sales promotion techniques according to the demographics of respondents.

RESEARCH HYPOTHESES:

The current study model has three parts: (1) demographic Variables (2) perception of Sales promotion (3) Preference of Sales promotion with respect to selected consumer durable products. The hypotheses of the present study naturally flow from the review of literature and the research objectives framed. Based on the extensive literature review, the following hypotheses are formulated to be tested in the study.

SAMPLING

A convenience sample of 300-foot walk in customers to the selected retail outlets in Coimbatore city is used in the present study, because it is the best sampling method while dealing with large sample sizes and infinite population. In addition, most of the earlier research studies also adopted the convenience sampling method. Since, customers are dispersed over wide geographical area; the sample is taken from the prominent retail outlets. A total of 172 filled-in questionnaires were collected, 32 questionnaires were half-filled, which were removed from the sample for further analysis, leaving finally 140 valid, usable questionnaires.

DATA COLLECTION

One of the cardinal principles of data collection is to exhaust all secondary data sources before collecting primary data. Data sources of any scientific research include both primary and secondary. To collect secondary data, at first, the researcher reviewed articles related to research objectives that appeared in the scholarly literature. Published journals and proceedings of national and international conferences were systematically scanned for articles or studies related to the present topic of study and collected for review.

Further, Data was collected from primary sources i.e. from retail walk-in customers during the on-going of sales promotion schemes. The questionnaire survey was made, when all the selected retail outlets have announced sales promotion schemes.

DATA ANALYSIS TOOLS USED

Univariate, bi-variate, and multivariate statistical tools have been applied to analyze the data.

- T –test
- ANOVA
- Multiple Regression
- Factor Analysis

DATA ANALYSIS AND INTERPRETATION
DESCRIPTIVE STATISTICS

Descriptive statistics aims to summarize the data set quantitatively without applying any statistical formulation. It helps in framing out the possible analytical methods that are applicable based on the distribution of the sample data. Descriptive statistics provide simple summaries along with graphical analysis. Descriptive statistics form the basement for further quantitative analysis. It provides a snap shot of the situation under study.

ANALYSIS FOR FIRST OBJECTIVE:
Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	79	52.6	52.6	52.6
Female	61	47.4	47.4	100
Total	140	100	100	

Of the total 140 respondents taken for study from the outlet, 79 were male and 61 female. This amounts to 52.6% male and 47.4% female respondents.

Age of the Respondent

Age of the respondents	Frequency	Percent	Valid Percent
<20	7	5	5
21-30	75	53	53
31-40	34	24	24
41-50	18	12	12
>51	6	4	4
Total	140	100.0	100.0

Marital Status

	Frequency	Percent	Valid Percent
Unmarried	84	64.1	64.1
Married	56	35.9	35.9
Total	140	100	100

Of the total 140 respondents taken for study from the outlet, 84 were unmarried and 56 were married. This amounts to 52.6% unmarried and 47.4% married respondents.

Educational Qualification

Educational qualification	Frequency	Percent	Valid Percent
schooling	17	12	12
under graduate	69	49	49
post graduate	27	19	19

Professionals	21	15	15
others	6	4	4
Total	140	100.0	100.0

Reliability Analysis

Reliability is the trustworthiness of an instrument used for data collection. In this study, consistency of scales used in initial questionnaire was tested by using Cronbach's alpha scores based on the pilot study responses. When the scales are used in the study, their reliability needs to be tested. Reliability testing is concerned with the scale's internal consistency, which refers to the degree to which the items that makeup the scale 'hang together' (Pallant, 2001). One of the most commonly used internal consistency indicators is Cronbach's alpha coefficient. Ideally, the Cronbach alpha coefficients should be above 0.7 (Briggs and Cheek, 1986).

The Cronbach's alpha values of all the variable combined is also greater than the threshold value of 0.7.

Table 4.1. Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
.848	35

ANALYSIS FOR SECOND OBJECTIVE

Multivariate data analysis

Factor analysis is a type of multivariate data analysis technique specially used when the number of variables in consideration increases and there is a need for increased knowledge of the structure and the relationships of the variables taken for the study. The primary purpose of factor analysis is to "define the underlying structure among variables in the analysis" (Hair, J. F., Tatham, R. L., Anderson, R. E., & Black, W., 2006).

The table 4.2 shows the Kaiser-Meyer-Olkin measure (KMO) value for sampling adequacy and significance level for Bartlett's Test of Spericity. The KMO value is more than .7 suggesting that there is considerable amount of inter correlations among the variables and it is appropriate to run a factor analysis.

Table 4.2. KMO and Bartlett's Test.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.719
Bartlett's Test of Sphericity	Approx. Chi-Square	3125.656
	df	351
	Sig.	.000

The significance level of Bartlett's Test of Sphericity is .000 which indicates that there is underlying common variance among the variables and factors can be extracted based on their proximity. The above tests are used to find out the appropriateness of factor analysis. The communalities give an idea of how much variation each variable is accountable for. Variables with values higher than .5 account for more than 50 percent variance in the factor solution. Here all the communalities are greater than .5 stating that all the 27 variables explains at least 50 percent of the variation in the final factor solution.

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.648	32.029	32.029	8.310	30.778	30.778	4.095	31.464	31.464
2	2.755	10.204	42.233	4.371	16.844	47.622	3.955	20.546	52.011
3	2.535	9.389	51.622	2.831	10.543	58.166	2.042	6.155	58.165
4	2.149	7.960	59.582						
5	1.509	5.588	65.170						
6	1.226	4.541	69.711						
7	.814	3.016	72.726						
8	.800	2.963	75.689						
9	.754	2.792	78.481						
10	.710	2.628	81.109						
11	.634	2.347	83.456						
12	.498	1.843	85.299						
13	.482	1.783	87.083						
14	.463	1.713	88.796						
15	.405	1.500	90.296						
16	.363	1.344	91.640						
17	.323	1.197	92.837						

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18	.309	1.145	93.982					
19	.276	1.022	95.005					
20	.241	.892	95.896					
21	.214	.791	96.688					
22	.197	.728	97.416					
23	.183	.677	98.093					
24	.170	.631	98.723					
25	.128	.474	99.197					
26	.125	.462	99.659					
27	.092	.341	100.000					

Source: Primary data

With the help of exploratory Factor Analysis (EFA) the 27 psychometric variables were grouped into three factors. All the variables had high factor loadings (>.05) and the cross-loadings on more than one factor were less than .3.

ANALYSIS FOR THIRD OBJECTIVE

Multiple regression

Multiple regression analysis is a multivariate technique which is used to analyze the relationship between single dependent variable and a group of independent variables. The aim of multiple regression is to measure the impact of all the independent variables on the dependent variable taken for the study. Regression analysis requires both the dependent and the independent variables to be metric or suitably transformed (Dummy variables). Each independent variable carries some weight referred as regression variate. The regression variate provides the amount of variance that is explained by the independent variable on the dependent variable.

Table: 4.3: Table indicating multiple regression output

Model		Standardized Coefficients Beta (β)	R Square	Anova Sig	t test Sig.
1	(Constant)	1.844		.000	.000
	Sale Promotion awareness	.241	.740	.000	.026
	Sales promotion association	.145		.000	.008

The table 4.3 shows the results of multiple regression. Here the post purchase behaviour was taken as the dependent variable and two sales promotion factors were taken as independent variables. The R square value, which indicates the amount of variance in the dependent variable which is explained by all the independent variables, is .740. This indicates that 74% of the variation in post purchase behaviour was explained by sales promotion factors. The Anova significance level is .000 indicating that the overall model is fit. The standardized coefficients (β) of the individual independent variable shows the level of impact an independent variable has on the dependent variable. The t test significance value shows the significant contribution of each independent variable towards the regression model. In this model, the sales promotion factors have significant contribution towards post purchase behaviour. Hence only these two were taken for the final regression model. The table 4.4 denotes the multi collinearity that exists between the independent variables. The Tolerance values and the Variance Inflation Factor (VIF) values suggest the level of multicollinearity that exists among the independent variables. The cut off value to prove that there is low incidence of multicollinearity among the independent variables are

Table 4.4. Collinearity Statistics

Collinearity Statistics	
Tolerance	**VIF**
.921	1.086
.951	1.051
.960	1.042

Post purchase behavior = .241 Sale Promotion awareness + .145 Sale Promotion association

Post purchase behavior is a function of Reliability, Responsiveness, and Sale Promotion awareness and Sale Promotion association.

FINDINGS AND DISCUSSION:

- The respondent ratio (52:41) was more skewed towards male. 79 % respondents were male in collected samples

- The age wise split up showed that majority (more than 53%) were between 20 years to 30 years of age.

- With respect to educational qualification, majority of the respondents had finished their UG (49%), around 20% of the respondents completed their PG and around 17 % of the respondents are pursuing school education.

- The descriptive statistics of the number of marital status shows more than 60% respondents were unmarried.

- The reliability statistics showed that all the 35 psychometric variables taken for the study have Cronbach's alpha values greater than 0.80.

- The factor analysis which was performed to factorize the 35 psychometric variables showed clear convergence of all variables, 27 variables were retained for further analysis based on factor loading.

- All 27 variables were converged into three factors namely sales promotion perception, sales promotion association, and post purchase behaviour.

CONCLUSION

Based on the above findings the researcher has arrived at the following conclusions. In the level of awareness and attractiveness Price-Off offers is far ahead of other tools of sales promotion. Consumer's repurchase possibility of the products purchased under sales promotion offers is very limited. Premium schemes create maximum repurchase incidences. Sales promotion clutter has resulted in low-level usage of sales promotion tools by consumers of café coffee day. Consumers prefer Bonus Packs to Free Gifts, Bundled Products and self-liquidating offers. Consumer's repurchase possibility of the products purchased under sales promotion offers is very limited. Possibility of trial purchase, brand switching, stockpiling and consumption acceleration of FMCGs due to sales promotions are not very encouraging to marketers. Premium schemes create maximum repurchase incidences. Sales promotion does not lead to building brand loyalty, yet it does lead to make the customer to purchase again.

SUGGESTIONS

Based on the findings of the study and the observations of the researcher, the following suggestions are made for optimizing the effectiveness of sales promotion.

- The level of awareness about various sales promotion tools is very low except in the case of Price-Off and Premium schemes. It is suggested that sales promotion schemes should be sufficiently backed and supported by print and electronic media advertising.

- The long-term effectiveness of sales promotion is very limited. Sales promotion does not lead to repeat buying or create brand loyalty in a satisfactory manner. It may be used as a short-term measure to reduce inventory or ward off competition.

- Point-of-purchase displays and feature advertisements attract larger number of women than men. As the women shoppers are on the increase counter and window displays and feature advertisements may be increasingly used.

- Consumers may consider the real benefits they get and the cost they pay while deciding to avail a promotion offer since price promotions involve more out lay than they normally spend.

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