

THE IMPACT OF SEASONAL PROMOTIONAL TOOLS ON CONSUMER PURCHASE DECISION TOWARD APPLIANCE INDUSTRY HATTON AREA, NUWARA ELIYA DISTRICT

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Abstract

Promotion used to be one of the most effective marketing tools for reaching out to potential customers and influencing their purchasing decisions. Over the years, consumer marketing has relied heavily on sales promotion. The purpose of this research is to investigate the impact of seasonal promotional tools on consumer purchase decision. The research evaluates the impact of promotional tools mainly Price discount, Coupon, Premium, and Point of sales display on consumer purchase decision. The sample points for the research were customers in Hatton area. Quantitative research method was used and data was collected through survey research method by using structured questionnaire. A total of 300 customers were surveyed using structured questionnaires, out of which 247 useable responses were received. The collected data has been analyzed by using descriptive statistics, correlation analysis and simple linear regression analysis. Results show that the instrument is reliable to measure the constructs. Correlation analysis shows a positive relationship between independent and dependent variable. Regression analysis showed that price discount and coupon are responsible for significant change in consumer purchase decision whereas premium and point of sales display are not responsible for major changes in consumer purchase decision.

Keywords: Sales promotion, price discount, coupon, premium, point of sales display, consumer purchase decision.

Introduction

With the increase in global market rivalry, various organizations are in a battle for survival, and as a result, they have a substantial edge in the current market opportunities. Companies attempt to reach clients rapidly by employing a variety of inventive marketing strategies (Powrani, K. and Kennedy, F.B., 2018). Fill stated that when there is a lot of competition, promotions have a bigger impact on customers (Fill, 2002). When the goal is to persuade merchants to carry a new product or persuade consumers to choose it over competitors in a highly competitive market, sales promotion can be a successful tactic. More importantly, sales promotions work best when they are used on things whose qualities can be appraised at the moment of purchase, rather than more sophisticated, pricey ones that may require

hands-on demonstration (Kotler, P. and Keller, K.L., 2006). The goal of promotional offers is to encourage customers to buy more frequently or in large quantities. Promotional offers let retailers promote new items and off-season sales while also establishing a competitive advantage (Kotler, P. and Keller, K.L., 2017).

Moreover sales promotion, a critical component of the promotional mix that has long been utilized to preserve competitive advantage, increase sales, and inspire consumer purchase decisions, is rapidly gaining popularity as a powerful tool for marketers to influence purchase decisions. According to the research, customers make three key purchasing decisions (Gilbert, 2002). 1. Which item should I purchase? 2. What should my budget be? 3.

What brand should I purchase? A sales offer could sway any of these purchase decisions. Obtaining new clients from competitors in order to persuade them to switch brands or just encouraging existing customers to buy more are both attractive benefits of sales promotions (Mittal M. and Sethi P, , 2011).

Sales promotion has a direct impact on consumer behavior and speeds the selling process by persuading customers to make a quick purchase, according to studies in behavioral and economic theory. Customers' consumption behavior responds to sales promotions, according to (Wansink B and Deshpande R, 1994).

Statement of Problem

Appliance sector is considered to be one of the fastest growing sector in Sri Lanka. Since there are many competitors available in the industry and rivalry among them are very high. In Sri Lankan context April and December are the main seasons which appliance marketers are implement sales promotions. There are various types of sale promotion tools used by the appliance marketers, they should know what can be best way to use the various tools of sales promotion, and also there are only few researchers has identified the seasonal promotion practices especially on appliance industry in Sri Lanka. Therefore in order to address this problem currently specified focus how the seasonal promotional tools impact on consumer purchase decision towards appliance industry in Hatton area, Nuwara Eliya District.

As a result of this the following research problem has been formulated.

“Whether the seasonal promotional tools impact on consumer purchase decision toward appliance industry in Hatton?”

Research Objectives

Major objective of conducting this research is to, Identify the Impact of Seasonal Promotional Tools on Consumer Purchase Decision towards Appliance Industry in Hatton area, Nuwara Eliya District.

In order to reach the above said major objective, the following sub objectives are specifically considered.

1. To identify the nature of sales promotional tools and consumer purchase decision in appliance industry in Hatton.
2. To identify the relationship between sales promotion tools and consumer purchase decision towards appliance.
3. To determine whether sales promotional tools impact on consumer purchase decision towards appliance.

Literature Review

Sales Promotion Tools

Several previous studies have been evaluated for the sake of this study. Companies must convey the value propositions of their products to customers in order to promote them, and all of their communication must be properly planned and blended into integrated marketing communications strategies (Kotler, P., Armstrong, G., Agnihotri, P. and Haque, E., 2010). Sales promotion has long been regarded as one of the most enticing methods of influencing purchasing decisions. Manufacturers and retailers alike will benefit from it (Neha and Manoj, 2013). Sales Promotion, according to (Huang & Gartner, 2012), is a direct stimulation to increase the value of a product or an incentive to end users, salespeople, or distributors. Sales Promotion, according to (Khajvand, M. and Tarokh, M.J., , 2011), is made up of a variety of transitory incentives aimed at incentivizing consumers or dealers to buy particular products ahead of time or in larger quantities. According to (Sutisna, 2003), the following techniques or tools are used in sales promotion: Coupons, price-off discounts, premium and advertising specialties, contests and sweepstakes, sampling and trial offers, brand placement, rebates, and frequency programs and Sponsorship for an event.

Price reduction has a considerable beneficial effect on the consumers' purchase intention, according to a study that intends to evaluate the influence of sales promotions and physical surroundings, which is a situational component on consumer buying behavior (M., Rizwan et al., 2013). Reduced product prices are important factors in enticing customers to try new products, and new customers might be drawn as a result (Blackwell, R.D., Miniard, P.W. and Engel, J.F., , 2001).

The term coupon advertising refers to clients who have received vouchers and are entitled to a discount on products that are normally sold at full price (Ndubisi, N. O., and Chew, T. M., 2006). Consumers' brand categorization, decision-making processes, and attitudes and intents toward the brand can all be influenced by promotional tool coupons (Laroche, M., Kalamas, M., & Huang, Q., 2005). Premium marketing is one of the most important variables in client purchasing decisions, according to (Neha, S. and Manoj, V., , 2013). This means that free gifts or premium promotions distinguish a promotional benefit in the form of a tangible, independent product that is frequently provided as a complementary product to clients. Free gifts and premiums are often attractive to customers since they enhance their experience and encourage them to purchase a product.

Promotion at the point-of-sale Display shelves, counter areas, store promotions, and self-cartons are all used to boost traffic, showcase a product, or make transactions easier (Ferrell, O.C. and Hartline, M.D., , 2008). According to (Dewas, 2004), price promotions announced in point of sale or advertisements result in enhanced volume benefits.

Consumer Purchase Decision

Consumer behavior, according to (Belch, M.A. and Belch, G.E., , 2013), is the process and actions people engage in when looking for, selecting, acquiring, using, assessing, and disposing of items and services in order to meet their needs and desires. Consumer behavior refers to the steps a consumer takes to make a purchase, as well as how they use and dispose of the items or services they have acquired; it also involves product purchase decision and use. A buying decision is a set of actions taken by customers when they decide to buy something. The purchasing decision, according to (Armstrong and Kotler, 2014), is the process of choosing from the many options available to acquire things that meet the needs and wants of consumers.

The Research Design

Theoretical Framework and Operationalization

In this study independent variable is Sales promotional tools. It can be categorized into following four dimensions: 1. Price discount, 2. Coupon, 3. Premium and 4. Point of sales display (Shrestha A, 2015). Also, the dependent variable is Consumer's purchase decision. It is measured by (Hanaysha, J.R., , 2018).

Based on that, the conceptual framework for the study formulated as shown in the Figure 1:

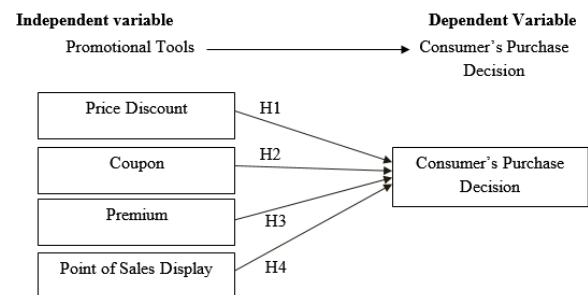


Figure 1: Research Model

Development of Hypothesis

Following are hypotheses made after examining the above literature:

- H1:** There is positive relationship between price discount and consumer purchase decision.
- H2:** There is positive relationship between coupon and consumer purchase decision.
- H3:** There is positive relationship between premium and consumer purchase decision.
- H4:** There is positive relationship between Point-of-sale display and consumer purchase decision.

Methodology

Sample Size and Sampling Technique

Convenience sampling is generally influenced by the researcher's convenience, which may include simple accessibility, geographic closeness, existing contacts, ready acceptance for the study, or being a member of the group (Kumar, 2014). The convenience sampling approach is used in this study. The questionnaires were distributed to randomly selected customers from Hatton, because of the

convenience and feasibility. The sample size was 300, which was higher than the survey's minimal range in order to generalize the results. For analysis, 247 surveys were entered into SPSS software.

Data Collection Methods

Primary and secondary sources were used to gather data. Primary data was gathered via structured questionnaires, whereas secondary data was gleaned from earlier research studies. The survey-based research method is a systematic, unbiased, representative, theory-based, quantitative, self-monitoring, current, and repeatable approach to data collection (Fellegi I, 2012).

Research Instrument

The data was collected through handing out printed copies of the questionnaires to the respondents. There are 32 statements in the questionnaire.

- **Part 1: Personal information regarding customers.** (A total of 8) questions

- **Part 2: Promotional Tools and Consumer Purchase Decision Questions** (A total of 24 questions.)

The questionnaire uses a five-point likert scale to quantify variables, with 1 equaling "strongly agree" (5 points) and 5 equaling "strongly disagree" (1 point).

Results and Discussion

The analyses are Univariate and Bivariate. The purpose of Univariate analysis is to find out the nature of variables. The link between the variables is investigated using Bi-variate analysis. To determine the impact of each promotion tools, a simple regression analysis is used.

Descriptive Statistics

The sample space, range, minimum values, maximum values, mean values, and standard deviation values of demographic data are all showed using descriptive statistics.

Table 1: Descriptive Analysis

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
Name of the store	247	2	1	3	1.95	.785	.616
Gender	247	1	1	2	1.71	.453	.206
Age	247	4	1	5	2.74	1.269	1.609
Occupation	247	3	1	4	2.33	.972	.945
Salary	247	4	1	5	2.78	1.109	1.231
Criteria of Choice	247	5	1	6	3.60	1.532	2.346
Brand	247	5	1	6	2.84	1.686	2.844
Average money Spending	247	3	1	4	1.95	.946	.896
Valid N (Listwise)	247						

Table 2: Overall Values of Sales Promotional Tools and Consumer Purchase Decision

Variables and Dimensions	Mean	Standard Deviation	Decision Attribute
Price discount	3.590	0.767	High Level
Coupon	3.517	0.692	High Level
Premium	3.464	0.966	Moderate Level
POS display	3.601	0.762	High Level
Consumer purchase decision	3.527	0.802	High Level

(Source: Survey Data)

Correlations

As a result of below table 3, At the 0.01 significance level (2-tailed), the correlation

coefficient (r) between price discount and consumer purchase decision is 0.798. At the 0.01 significance level (2-tailed), the correlation coefficient (r) between coupon and

consumer purchase decision is 0.740. At the 0.01 significance level (2-tailed), the correlation coefficient (r) between premium and customer purchasing choice is 0.176. At

the 0.01 significance level (2-tailed), the correlation coefficient (r) between point of sale display and consumer purchase decision is 0.423.

Table 3: Correlation

		Price discount	Coupon	Premium	POD	Purchase decision
Price discount	Pearson Correlation	1	.471**	.150*	.515**	.798**
	Sig. (2-tailed)		.000	.019	.000	.000
	N	247	247	247	247	247
Coupon	Pearson Correlation	.471**	1	.217**	.228**	.740**
	Sig. (2-tailed)	.000		.001	.000	.000
	N	247	247	247	247	247
Premium	Pearson Correlation	.150*	.217**	1	.135*	.176**
	Sig. (2-tailed)	.019	.001		.033	.005
	N	247	247	247	247	247
POD	Pearson Correlation	.515**	.228**	.135*	1	.423**
	Sig. (2-tailed)	.000	.000	.033		.000
	N	247	247	247	247	247
Purchase decision	Pearson Correlation	.798**	.740**	.176**	.423**	1
	Sig. (2-tailed)	.000	.000	.005	.000	
	N	247	247	247	247	247
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

The table values show that there is positive and significant relation between Independent and Dependent variables. Therefore based on the correlations all hypotheses H1, H2, H3, and H4 were accepted.

Simple Linear Regression

Table 4: Model Summary for Price Discount and Consumer Purchase Decision

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	Sig. F Change
0.798 ^a	0.637	0.635	0.484	0.637	429.439	0.000
a. Predictors: (Constant), Price Discount b. Dependent Variable: Purchase decision						

The value of Adjusted R Square showed the ratio of interdependence. The value of adjusted R square is 0.635 of independent variables which are multiply by 100. That means 63.5% of the variance in the dependent variable can be predicted from independent variable.

From the below table following equation can be formulated.

$$Y = a + bx + \epsilon$$

$$\text{Consumer Purchase Decision} = 0.535 + 0.833(\text{price discount}) + \epsilon$$

Table 5: Coefficient for Price Discount and Consumer Purchase Decision

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	0.535	0.148		3.621	0.000
Price Discount	0.833	0.040	0.798	20.723	0.000
a. Dependent Variable: purchase decision					

Table 6: Model Summary for Coupon and Consumer Purchase Decision

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	Sig. F Change
0.740 ^a	0.548	0.546	0.540	0.548	296.990	0.000

a. Predictors: (Constant), Coupon
b. Dependent Variable: Purchase decision

The value of adjusted R square is 0. 546 of independent variables which are multiply by 100. That means 54.6% of the variance in the consumer purchase decision can be predicted from coupon.

From the below table following equation can be formulated.

$$Y=a+bx+ \varepsilon$$

$$\text{Consumer Purchase Decision} = 0.512 + 0.857 (\text{coupon}) + \varepsilon$$

Table 7: Coefficient for Coupon and Consumer Purchase Decision

Model	Un standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	0.512	0.178		2.870	0.004
Coupon	0.857	0.050	0.740	17.233	0.000

a. Dependent Variable: purchase decision

Table 8: Model Summary for Premium and Consumer Purchase Decision

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	Sig. F Change
0.176 ^a	0.031	0.027	0.791	0.031	7.856	0.005

a. Predictors: (Constant), Premium
b. Dependent Variable: Purchase decision

The value of adjusted R square is 0. 027 of independent variables which are multiply by 100. That means 2.7% of the variance in the consumer purchase decision can be explain by premium.

Table 9: Coefficient for Premium and Consumer Purchase Decision

Model	Un standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	3.020	0.188		16.095	0.000
Premium	0.146	0.052	0.176	2.803	0.005

a. Dependent Variable: purchase decision

From the above table following equation can be formulated.

$$Y=a+bx+ \varepsilon$$

$$\text{Consumer Purchase Decision} = 3.020 + 0.146 (\text{Premium}) + \varepsilon$$

Table 10: Model Summary for Point of Sales Display and Consumer Purchase Decision

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	Sig. F Change
0.423 ^a	0.179	0.176	0.728	0.179	53.514	0.000

a. Predictors: (Constant), Point of Sales Display
b. Dependent Variable: Purchase decision

The value of adjusted R square is 0. 176 of independent variables which are multiply by 100. That means 17.6% of the variance in the consumer purchase decision can be explain by point of sales display.

Table 11: Coefficient for Point of Sales Display and Consumer Purchase Decision

Model	Un standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	1.923	0.224		8.584	0.000
Point of Sales Display	0.445	0.061	0.423	7.315	0.000

a. Dependent Variable: purchase decision

From the above table following equation can be formulated.

$$Y=a+bx+ \varepsilon$$

$$\text{Consumer Purchase Decision} = 1.923 + 0.445 (\text{point of sales display}) + \varepsilon$$

Summary and Conclusion

According to the descriptive analysis results, the level of price discount, coupon, and point of sales display, purchase decision are high and the level of premium is moderate.

We conclude that there is a strong positive correlation between price discount and consumer purchase decision, as well as a strong positive correlation between coupon and consumer purchase decision, a weak positive correlation between premium and consumer purchase decision, and a moderate positive correlation between point of sale display and consumer purchase decision, based on the second objective.

Based on the third objective, it can be concluded that sales promotional tools such as price discounts, coupons, premium and point of sales display has significant impact on consumer purchase decision. Furthermore, (Ali,

M.M., Ahmed, S. and Al Karim, R., , 2017) found that in the case of superstores, sales promotion strategies have a significant impact on consumer purchase decisions. This study also shows that a variety of sales promotion tactics, such as price reduction, coupon reduction, in-store display, and BIGIF, influence consumers' purchasing decisions. However, on-store display, when compared to other promotional methods, has a significant beneficial impact on consumer purchase decisions. Consumer buying decisions are influenced more by product price discounts and buy-one-get-one-free offers than by coupon discounts. According to the findings of (Bhatti, A., , 2018), a study aimed at determining the impact of sales promotions, price discounts, and social media on consumers' purchase intentions, sales promotions had a large and favorable impact on consumers' purchase intentions.

Recommendations

In this research findings indicate that coupon, price discount, premium and point of sales display are significantly influence on consumer purchase decision towards appliance. Sales promotion has short term effect, as a result appliance marketers need to do a continuous follow up to establish long term relationship with new customers acquired during sales promotion period. Raise the value of the coupons and price discount and give it more attention because it is closely linked to the consumer purchasing decision. Premium also should be carefully applied in the sales promotion as it has impact on consumer purchasing decision. Marketers should pay great attention to point of sales display of outlets that more attractive to prospects, which contributes to encourage them to take a purchasing decision.

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