

# Sales Promotion Strategies and Customers Impulsive Buying Behavior: A Study of Indore City

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## ABSTRACT

*Sales promotion plays a significant role to create and attract new customers. Basically sales promotion carries out a change in the requirement pattern of products and services. It helps to introduce new products or services in souk. It supports marketers to encourage prospective audience to try new goods or services launched in the market. The purpose of this study to find out the impact of sales promotional strategies of price discount, coupons, Buy-one-Get-one free and free sample on customers impulsive buying behavior.*

*To measure the impact 300 customers have been selected through convenient sampling method from Indore city. A set of questionnaire given to the customers and their responses were recorded through five point Likert scale. The result of the study shows that price discount; Buy-one-get-one-free have a positive impact on customers' impulsive buying behavior. These three factors found statistically significant. The study proposes that price discount and buy-one-get-one-free plays a vital role to boost up sales and clearing the stock. Free sample give a chance to the customers to try new products which further lead customers' impulse buying for that product.*

**Key words:** Sales promotion, Price discount, Buy-one-get-one-free, coupon, free sample

## 1. INTRODUCTION

Impulse buying can be defined as an unplanned purchase or on the spot purchase triggered by the stimulus. Stimulus can be given by sensory promotional marketing and the facilities to touch the product through clear and visible information about special promotional offers and help the buyers to recall their requirements. Sales promotion is used to make aware the customers or the targeted audience or loyal customers about products or about the newly launched products. Its plays a significant role in the selling of the products. Marketers' and retailers' key intention is to increase their sales volume. They use different methods to increase their sales. Sales Promotion is an important tool accepted by the marketers and widely used to promote their merchandises. It is one of the imperative factors to achieve their goals.

The manufacturers are mainly paying attention on advertising to communicate their targeted group. Retailers recognize the importance of sales promotion since 1960's. It is essential for all the manufacturers that the customers should

be aware of the product's features and what they offer. Initially sales promotion was considered as a less important activity but gradually manufactures comprehend the significance of organized structure of sales promotion. Organizations can be ensured through sales promotions that customers aware of the goods what they are offered. Promotional messages are communicated through different kind of promotional channels.

Sales promotion when executed successfully usually consequences in an increase in sales volume. It has been considered as the most inspiring techniques of promotion to persuade the consumers' buying decisions. Researchers revealed that sales promotion techniques have a great impact on consumers' purchasing decision. It's encompasses the temporary period of enticements offered to the whole sellers, sales representatives, traders or the customers. In modern epoch the role of sales promotion has augmented enormously. Manufacturers squander millions of rupees to apprehend customers' attention towards goods and to provoke them on purchasing exercise. Studies exposed that in current marketing practices producers spend seventy per-cent of their promotional budget on sales promotion. Promotional activities entail an ample of promotional activities.

Sales promotional activities enhance the rivalry among the producers. Currently sales promotional exertion is carried out for various purposes. It's delights customers and enhances the satisfaction level. Sales promotion includes all those marketing activities except the channels of personal relation, publicity, personal selling and advertising. If comparing with the other techniques, sales promotion generally engrosses temporary period and non-routine incentives offered to the traders and the consumers. Various well-

liked techniques used by the marketers for sales promotion are free gifts, free trials, special prices, sampling, contest, exchange offers, seasonal discounts, trade show, exhibition, events, credit facilities etc.

## 2. MATERIAL AND METHODS

Sales promotion can be defined through the words of Boddewyn & Leardi (1989, p. 365): "Techniques and devices commonly used on a temporary basis, to make goods and services more attractive to distributors or final customers by providing them with some additional Benefit or inducement (incentive) or the expectations of such a benefit, whether in cash, in kind (nature) and/or services, whether immediately or at a later time, whether freely or conditionally." According to *William & Ferrell (1987)*, sales promotion is an activity that instigates, offering added value or incentive for a product to resellers, salesperson or customers. Marketers use sale promotion to improve the effectiveness of other promotion mix ingredients, especially advertisement and personal selling. Sales promotion method falls into one of two groups depending on the intended audiences and consumers.

### Price Discount

According to Yin and Huang (2014) price discount is a widespread marketing strategy to attract the consumers with an additional offer or incentives, which in turn encourages the consumers to purchase the products under promotional offers immediately. Chandon et al. (2000) discovers and declares in his research that price promotions can be more effectively utilized if the benefits of the promotions are perfectly fitting with the type of products (i.e., hedonic vs. utilitarian products). When the consumers purchase hedonic products, they prefer price

promotions that come with hedonic benefits to price promotions that come with utilitarian benefits. In the words of Kim and Frosythe (2007); Kim and Hong (2011) the influential effect of promotion is particularly important for hedonic products, that refers to the sense of contentedness correlated with the product (Kaul, 2007).

#### **Coupon**

Coupon is a kind of certificate that states to the customers, the percentage of savings on a particular product or products, through mailing or enclosed with another product or the same product or inserted in the newspapers or magazine as leaflet (Price, 1999). According to George Edward Belch, George Eugene Belch & Belch (1994) Coupon is one of the most venerable, most widely used worthwhile promotional tools to augment the volume of sales. Coupons generally yield an upfront discount on a service or on a product. Coupons are distributed separately from the service or the product itself. Their considerable usages in the marketing world give them the honor to form a subject in their own right. Coupons bearing the discount for next purchase of a service or a product are often found on consumers' goods brand (Cummins, 2008).

#### **Buy-One-Get-One-Free**

Buy one get one free is one of the most accepted promotional devices of sales promotion. "Buy one get one free" concept provides the customers the idea to pocket a product and a similar product with it completely free of cost. Most of the customer rushes to such a deal where he/she get two products investing the cost of a single unit. These free gifts instigate the customers to indulge in impulse buying behavior (Sinha & Smith; 2000). Furthermore, "buy one get one free"- up bring product trial and customers' brand switching very easily (Gardener and

Trivedi, 1998; Percy, Rossiter, and Elliott, 2001). According to Li, Sun & Wang (2007) if a manufacturer or a marketer wants to clear his stock swiftly and smoothly, then he must have to rely on this promotional tool, that is buy one and get another one completely for free of cost.

#### **Free Sample**

Kardes,( 1999); Pramataris, (2001); Pride and Ferrel,( 2008) are of the view that free sample is a modish way to encourage the customers in brand switching and impulse buying behavior. Manufacturers attach samples of small quantity with most popular products, or by mailing them directly to the customers. These samples are completely free of cost. So, the customers are able to use those free samples actually, rather than only hearing of it. If they like it, they will pursue for it in near future, for sure. This will in turn enhance the selling of the sample product. ). According to Blattberg & Neslin (1990) free sample is a way to offer a product or service to the customers without any cost. A free sample, though in small proportion, provides the customers the opportunity to use the product without wasting a single penny. If they like it then they would use the product later on in future.

#### **RESEARCH METHODS**

The study had been conducted in Indore city. 300 customers were selected by the convenient sampling method from the city. The selected customers were given a set of questionnaire containing questions related to selected variables of sales promotion variables. Respondents were asked to respond on the basis of Likert Scale – 5 points for strongly agree (SA), 4- points for agree (A),3 for neutral (N),2 for disagree (D) and 1 for strongly disagree (SD).

#### **OBJECTIVE OF THE STUDY**

To study the influence of sales promotions strategies (price discounts, coupons, buy one get one and free sample) affecting the customers impulsive buying behavior.

### HYPOTHESIS

H<sub>0</sub>: Price discount does not have a significant impact on customers' impulsive buying behavior.

H<sub>1</sub>: Price Discount has a significant impact on customers' impulsive buying behavior.

H<sub>0</sub>: Coupons do not have a significant impact on customers' impulsive buying behavior.

H<sub>1</sub>: coupons have a significant impact on customers' impulsive buying behavior.

H<sub>0</sub>: Buy-one-get-one-free does not have a significant impact on customers' impulsive buying behavior.

H<sub>1</sub>: Buy one get one free have a significant impact on customers' impulsive buying behavior.

H<sub>0</sub>: Free sample does not have a significant impact on customers' impulsive buying behavior.

H<sub>1</sub>: Free Sample has a significant impact on customers' impulsive buying behavior.

### RESEARCH TOOL:

To test the Hypothesis a linear multiple regression analysis test is conducted in SPSS to find out the influence of independent variables on dependent variable.

To test the hypothesis following formula has been used

$$Y_i = \beta_0 + \beta_1 X_{1(PD)} + \beta_2 X_{2(C)} + \beta_3 X_{3(BG)} + \beta_4 X_{4(FS)} + \mu_i$$

Where,

$Y_i$  = Tendency of impulsive buying.

$\beta_0$  = Intercept.

$\beta_1, \dots, \beta_4$  = Coefficient of variables.

$X_{1(PD)}$  = Price discount

$X_{2(C)}$  = coupon

$X_{3(BG)}$  = Buy-one Get- one free

$X_{4(FS)}$  = Free Sample

$\mu_i$  = Error Term

### 3. RESULTS AND DISCUSSIONS

On the basis of the customers reporting, the given information has been analyzed.

#### GENERAL PROFILE

A brief summary of customers' demographic profile given below-

**Table no-1**

DEMOGRAPHICS	DESCRIPTIVE STATISTICS	
PARTICULARS	FREQUENC Y	FREQUENCY %
<b>GENDER</b>		
MALE	128	42.67
FEMALE	172	57.33
<b>TOTAL</b>	300	100.00
<b>AGE</b>		
20-25	89	29.67
25-30	109	36.33
30+	102	34.00
<b>TOTAL</b>	300	100.00
<b>OCCUPATION</b>		
SALARIED	207	69.00
BUSINESS	93	31.00
<b>TOTAL</b>	300	100.00
<b>INCOME</b>		
20000-30000	100	33.33

30000-40000	136	45.33
40000-50000	45	15.00
50000 & above	19	6.33
<b>TOTAL</b>	300	100.00
<b>EDUCATION</b>		
UNDERGRADUATE	67	22.33
GRADUATE	120	40.00
POST GRADUATE	113	37.67
<b>TOTAL</b>	300	100.00
<b>MARITAL STATUS</b>		
MARRIED	157	52.33
UNMARRIED	143	47.67
<b>TOTAL</b>	300	100.00

According to the above table, 57 percent customers are female and 43 percent customers are male. 36 percent customers are in the age group of 25-30, 30 percent customers are in the age group of 20-25 and 34 percent customers are in the age group of 30+. 69 percent customers are salaried and 31 percent customers are business holders. Most of the customers (45%) having income 30000-40000, 33 percent customers are in between 20000-30000 income group. 15 percent customers are in between the income group of 40000-50000 and the rest of the customer's income is above 50 thousand. Education wise 22 percent customers are under-graduate, 40 percent customers are graduates and 38 percent customers are postgraduate. 52 percent customers are married and 48 percent customers are unmarried.

Now to measure the relationship between customers' impulsive buying behavior and the price discount, coupon, Buy-one and Get-one free, and free sampling the

regression analysis has been conducted and the following result has been derived from reported facts.

#### RESULT OF REGRESSION ANALYSIS OF SALES PROMOTION VARIABLES

Hypothesis	Independent Variables	Beta ( $\beta$ )	Std. Error	t	Sig (p)
H <sub>1</sub>	price discount	0.301	0.091	4.226	0.000*
H <sub>2</sub>	Coupons	0.006	0.064	0.101	0.919
H <sub>3</sub>	Buy one Get one free	0.193	0.076	2.937	0.004*
H <sub>4</sub>	Free sampling	0.193	0.062	3.201	0.001*

$R^2=0.76$

\*\* Statistically significant at 1 % level

#### Price Discount

In regression analysis (table no.2) p value is smaller than the alpha level ( $\alpha=1\%=0.01$  level of significance). So price discount significantly influence the customers' impulsive buying behavior. Hence Hypothesis (H<sub>1</sub>) is accepted. The result of the study is similar to the study of Bucklin (1998) and the study of Li et al (2007) which supports the study that price discount boost up unplanned buying and increase sales volume.

#### Coupons

In the regression analysis the p value is 0.919 which is greater than the alpha 0.05 (5% level of significance) level. So it was found in the study that coupons is not significantly influence the customers' impulsive buying behavior. Hence alternative hypothesis (H<sub>1</sub>) is rejected and null hypothesis (H<sub>0</sub>) is accepted. The result of the study is similar to the previous study of Muhammad Rizwan et al (2013) which supports the study that coupons have not significant influence on customers impulsive purchasing.

### **Buy-One-Get-One-Free**

In regression analysis the p value is 0.004 which is smaller than the alpha 0.01 level. So it is found in the studies that buy one Get one free significantly influence the customers' impulsive buying behavior. Hence it's influences customers' impulsive buying behavior and enhances impulse buying.

### **Free Sampling**

The result of the regression analysis expresses that free sample significantly influences impulsive buying. In regression analysis the p value is 0.001 which is smaller than the alpha 0.01 level. So the study concludes that free sampling significantly influences the customers' impulsive buying behavior.

## **4. CONCLUSION AND POLICY IMPLICATION**

The main purpose of this study is to find out the impact of four factors price discount, coupon, Buy-one-get-one-free and free sampling of Sales promotion on customers' impulsive buying behavior. Price discount is one of the important strategies for the retailers to promote impulsive buying. The result illustrate that its influences customers' impulsive buying behavior. When the customers get products on a discounted price they purchase more than they intended to buy. So price discount enhances unplanned purchasing and it also helps the retailers to clear the stock. When the customers are offered price discount, they also incline to purchase other brand products also. So it also helps in brand switching.

The study exemplifies that coupons does not have any significant relationship with impulsive buying. When the customers have been offered coupons they purchased products earlier than they had planned. Coupons bound customers to purchase

products of particular brand or from the specific store. It enhances repeat purchasing of store or repeat purchasing of particular brand. It supports the producers to keep brand loyalty of the customers. It is also found in the study that Coupons also provoke the customers to purchase other brand products which they do not buy regularly. So producers or retailers can use coupons as to increase sales of specific brands which have low sale flows in comparison to other brands. Hence, coupons have not any direct impact on impulse buying but when the customers come in the stores for purchasing with coupons they browse the products in the store which may have a probability to make impulsive buying.

There is a positive association between buy-one-Get-one free and impulse buying. When customers are offered Buy-one Get-one free they purchase more than they planned to buy. Customers feel a sense of excitement when they are offered Buy-one Get-one free offer. The internal excitement of the customers induced them to purchase products and resulted as in impulsive buying.

The result shows that free sample influences customers' impulsive buying behavior. It has been found in the study that customers prefer to purchase products' with fee sample. When customers are offered free sample with products, they have an intention to purchase products at least once to check the product, whether it fulfills their desired quality or not. The intention to explore new product encourages impulsive buying.

On the basis of the above result the following suggestion can be made for the effective sales promotion:-

Tombola, unlimited offer, price off, coupons, bonus offer, price discount should be offered time to time to attract

customers. During the festive seasons these tool can be used to attract customers. Price discount can be offered round the year. On the basis of segmentation of the society price of the commodities and discount offered may be given to raise the sales turnover.

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