

Consumer Promotions Influencing Buying Decision: A Study on Brown Goods

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A wide range of brown goods are bought by consumers to satisfy their diversified needs. According to an India Brand Equity Foundation (2013) report, consumer durables are classified broadly into brown goods and white goods. Brown goods include television sets, laptops, camcorders, CD and DVD players, electronic accessories, and other electronic appliances. White goods include air conditioners, refrigerators, washing machines, sewing machines, electric fans, cleaning equipments, microwave ovens and other domestic appliances. These goods generally have a time span of five years or more. Major companies making these goods include Sony, Samsung, LG, Lenovo, Toshiba, Godrej, Voltas, Hitachi, Videocon, Blue Star, Whirlpool, Carrier, and many more. Marketers consistently make efforts to stimulate consumer's decision towards purchase of brown goods through various promotional activities. These activities stimulate consumers buying response by adding value proportion to the product and increasing the selling efforts and intensity by dealers and sales personnel. Thus it supplement and coordinate the efforts of advertising and personnel. Manufacturers and retailers facilitate consumers with consumer

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promotional schemes such as, coupons, rebates, premiums, discounts, bonus packs, etc. These schemes help in generating quick and large purchase in a limited period of time.

The demand for brown goods has been consistently increasing thanks to organized retail, easy finance options, higher disposable incomes and energy-efficient and environmental friendly nature of products. As per the findings of the Electronic Industries Association of India, the brown goods market is projected to grow at a compound annual growth rate of 24.4 per cent during 2012-2020.

Sales promotion techniques stimulate consumers' buying by adding value proportion and communicating to customers about new and improvised products and added benefits and value associated with the product. It becomes significant for marketers to frame appropriate promotional schemes which will help consumers in making strategic decisions regarding purchase.

REVIEW OF LITERATURE

For the purpose of research previous studies related to sales promotion were reviewed. Luick and Zeigler (1968) and Brassington and Pettitt (2000) have described sales promotion as '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 programme. Sales promotion includes those activities which enhance and support mass selling and personal selling and which help compete and/or coordinate the entire promotional mix and make the marketing mix more effective.

Blattberg and Scott (1990) define sales promotion as follows: "Sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase of particular products/services by consumers or traders."

The American Marketing Association (AMA) has defined sales promotion as: "those sales activities that supplement both personal selling and advertising, and coordinate them and make them effective, such as displays, shows, demonstrations and other non-recurrent selling efforts not in the ordinary routine."

Delons has defined sales promotion as "steps that are taken for the purpose of obtaining or increasing sales."

Kitchen (1999) says that sales promotion are “short term incentives to encourage purchase of a good or service.”

Kotler and Armstrong (2008) categorized sales promotion into consumer, trade, and business promotion. Consumer promotion incorporates a variety of short-term promotional techniques designed to induce the value of a product either by reducing cost or adding benefits. Consumer promotion includes tools like sample, coupon, discount, cash refund, price pack, premium, point of purchase (display), contest, sweepstake, and games.

According to Blackwell, Miniard, and Engels (2001), consumer decision process (CDP) is a roadmap of consumer’s mind that marketers and managers can use for designing product mix and organizational strategies. They describe seven stages of consumer decision making; need recognition, search for information, pre-purchase evaluation of alternatives, purchase, consumption, post-purchase evaluation, and divestment. Blattberg and Scott (1990) found that various promotion tools have separate impact over consumers and at various stages of purchase. They found that sales promotion can result in increase in purchase of different durables. Allenby and Rossi (1991) state that price reductions in higher quality brands attract more consumers than do price reductions in lower quality brands.

Bettman, Luce, and Payne (1998) found that at various phases of consumer decision making sales strategies influence consumers if they are simple and reliable. Sivakumar, (1996) has stated that people mentally react differently to promotions of high and low-priced brands and either perceive a price promotion as a loss reduction or a gain increase, depending on whether the brand is seen as a high or low-priced brand.

Huff and Alden (1998) found that contest and premium add excitement, value to brands and encourage brand loyalty; thus, consumers make repeated purchase of a particular brand and outlet. Coupons, rebates, and price discounts increase sales and market share and entice trial.

Chandon, Wansink, and Laurent (2000) distinguish six different types of consumer benefits regarding sales promotion: monetary savings, quality, convenience, value expression, exploration, and entertainment.

Alvarez and Casielles (2005) found that consumer promotion has an impact on the acquiring behaviour of consumers for a particular product or brand that the consumer will not buy otherwise.

Vyas (2005) studied the effect of sales promotion schemes on consumers through conjoint design towards FMCG and found that schemes offer immediate incentives which are likely to appeal to all segments.

Pittalia and Sharma (2005) investigated the effectiveness of sales promotion techniques on buying decision and found that the impact of different sales promotion techniques varied across consumers and at different stages of decision making.

OBJECTIVES

This paper aims to analyse the impact of independent variables (consumer promotion tools like rebate(rbt), discount (disc), premium (prm), coupon (coup), contest (cont), display (disp) on the dependent variable (purchase decision) on buying goods. Among various promotional mix elements, sales promotion is an important variable for stimulating quick selling. There are various types of consumer promotion tools used by the marketer but how to decide stimulating schemes towards purchase of brown goods is difficult. This research shows what can be the best way to implement various tools of consumer promotion.

Hypotheses

Null Hypotheses	Statements
H ₀₁	Rebate has no significant influence on buying brown goods
H ₀₂	Contest has no significant influence on buying brown goods
H ₀₃	Discount has no significant influence on buying brown goods
H ₀₄	Display has no significant influence on buying brown goods
H ₀₅	Premium has no significant influence on buying brown goods
H ₀₆	Coupon has no significant influence on buying brown goods

H₀₁:Rebate has no significant influence on buying brown goods

Ratimosho or Rotimosho, (2003) found that refunds and rebates are generally viewed as a reward for purchase; they also appear to build brand loyalty. Tat and Schwegker (1998) and Lanctot (2002) explained that rebates are frequently used in the consumer goods sector and are the most common promotion tactic used in consumer electronics. Rebates are popular because they can be used to lower a product's price and increase sales while limiting the number of consumers that redeem the rebate to obtain the price discount.

H₀₂: Contest has no significant influence on buying brown goods

Raju and Kumar (2015) found that contests are a most frequently used strategy for promotion but many contests do not involve any purchase. They promote a brand and make the logo known to more consumers. Consumers would always like winning free prizes and pay more attention to the brand later on. Kotler and Armstrong (2008) found that contests were more commonly used as sales promotions, mostly due to legal restrictions on gambling that many marketers feared might apply to it.

H₀₃: Discount has no significant influence on buying brown goods

Blackwell, Miniard, and Engel (2001) found that price discounts played a significant role in influencing consumer product trial behaviour which indirectly attracts new consumers. Salvi (2013) found that discounts and price off scheme induce customers to visit store and influence their purchase decision.

H₀₄: Display has no significant influence on buying brown goods

Raju and Kumar (2015) found that point of purchase display provides a clear demarcation between various categories of products. Proper display influences the consumers as name of goods and their prices can be identified easily.

H₀₅: Premium has no significant influence on buying brown goods

D'Astous and Landreville (2003) found that premium is a product or service offered free, or at a relatively low price, in return for purchase of one or many products or services. Banerjee, Palazo'n, and Delgado (2009) found that gifts or premiums are becoming increasingly important promotional strategies as they stimulate sales and increase consumers response.

H₀₆: Coupon has no significant influence on buying brown goods

Some researchers have focused on the impact of coupons on brand or category sales and have examined the effect of package coupons, a type of surprise coupon that includes peel-off coupons and on-pack or in-pack coupons. Dhar, Morrison, and Raju (1996) focused on in-store promotions in general. Shoemaker and Neslin (1983); and Inman and Chiou (2008) have focused largely sales on brand or category levels. Their study found that coupons increase market basket sales. Ndubisi and Chew (2006) found that coupon promotions do not have significant effect on volume of purchase. Gilbert and Jackaria (2002) found that

coupon promotion was among the least used and unpopular promotional tools by consumers. Dotson (2001) found that women were more likely to use coupons than men.



Figure 1: Conceptual Model

METHODOLOGY

The research is organized through multiple regression analysis for a sample of 250 respondents. Responses of 241 were found to be accurate and thus considered for the study. There were 208 males (86.3 per cent) and 33 females (13.7 per cent). The questionnaire consisted of various sections concerning buying decision and variables of consumer promotion. Five point likert scale was used for measurement where, 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree were used for measurement. Descriptive research design has been used. The data has gone through factor analysis using principal component method in order to test the reliability of the instrument.

DATA ANALYSIS

Data reliability was tested through Cronbach's alpha which was found to be effective. Later, factor analysis through principal component method was applied to identify the loading and reloading of components. It was found that all the variables were loaded properly on the identified factors. Correlation analysis was conducted to measure the strength and linear relationship among the variables. Finally, linear regression analysis was done to determine how well the predictor predicted the outcome.

Respondents in the age group 26 to 40 years were 55.2 per cent. Male respondents were 86.3 per cent and 13.7 per cent as females. Respondents mainly belonged to service class 49.4 per cent. Income level of respondents was between Rs.1.5 lakh and 3.0 lakh (49.8 per cent).

Demographic Profile of Respondents

	Description	Frequency	Per Cent (%)
Age (in years)	Below 25	14	5.8
	26 to 40	133	55.2
	41 to 55	79	32.8
	55 and above	15	6.2
	Total	241	100.0
Gender	Male	208	86.3
	Female	33	13.7
	Total	241	100.0
Occupation	Business Man	79	32.8
	Service Class	119	49.4
	Professional	32	13.3
	Household	11	4.6
	Total	241	100.0
Annual Income (in Rs/Lakhs)	below 1.5	0	0.0
	1.5 to 3.0	120	49.8
	3.0 to 4.5	98	40.7
	4.5 and above	23	9.5
	Total	241	100.0

Tests for Reliability

Hair et al. (2010) has shown that Cronbach's alpha of 0.6 and above shows effective reliability for judging the scale. For the instrument employed in the present study, Cronbach's alpha coefficient have been calculated (Table 1), which demonstrates that the constructs of the research instrument are highly reliable. As the calculated values found to be reliable thus the final data was collected, and factor analysis was performed.

Table 1: Reliability Statistics

Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
Buying Decision	.962	.967
Rebate	.895	.896
Contest	.880	.883
Discount	.922	.924
Display	.892	.893
Premium	.948	.949
Coupon	.951	.955

CORRELATION ANALYSIS

Correlation analysis was conducted to check the association between factors of brand trust and online shopping. The result shows the positive significant relationship with each other.

Table 2: Correlations

		Buying Dec	Rbt	Cont	Disc	Disp	Prm	Coup
Pearson Correlation	Buying Dec	1						
	Rbt	.400**	1					
	Cont	.381**	.348**	1				
	Disc	.467**	.272**	.388**	1			
	Disp	.354**	.261**	.390**	.320**	1		
	Prm	.440**	.389**	.362**	.340**	.247**	1	
	Coup	.396**	.430**	.338**	.258**	.292**	.350**	1

** . Correlation is significant at the 0.01 level (2-tailed).

FACTOR ANALYSIS

Reliability and validity were tested through factor analysis using principal component method. The outcomes on the rotated component matrix show that all the components are valid, as they have been properly loaded on identified factors and thus, reflect that all the factors and their components are valid and can be tested further.

Table3: Factor Analysis

Statements	Factor Loadings
I Intend to buy brown goods	.393
I generally do shopping of brown goods	.799
Brown goods stimulates me to purchase	.744
I thought of rebate while buying	.747
Rebate always comes in my mind	.706
I more likely to buy with rebate	.747
I feel compelled to respond to contest	.549
I think that products with contest is a good deal	.502
I likely to buy when products are connected with contest	.757
Discount delights me to buy	.740
I consider discount while buying	.866
Discount attracts me to shop	.844
Display stimulates me to buy	.776
Attractive display enforces me to purchase	.734
I consider display of products	.638
Compared to others, I prefer to buy with premium	.748
I am more likely to buy products with premium	.821
Premium influenced me to buy	.652
Coupons force to me to buy	.700
I enjoy buying shopping with coupons	.823
Regardless of amount I save I prefer coupons	.778

Regression Analysis

This analysis was conducted stepwise to study the most contributory explanatory factor among the consumer decision that best predict consumer's buying decision. All the obtained models are statistically significant at 5 per cent level of significance, out of which the model containing the factors Rebate, Discount, Display, Premium, and Coupon is found to have the best fit (Table 6) in the study. All the factors successfully established statistical relationship with buying decision.

The model summary (Table 4) explains the coefficient of determination value ($RR = 0.384$) shows that the factors had a good fit for this model and around 39 per cent of variance can be explained by this relationship.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.619	.384	.371	.729	2.020
Predictors: (Constant), Disc, Prm, Coup, Rbt, Disp					
Dependent Variable: Buying Decision					

Durbin–Watson test (Table 4) was performed to check model autocorrelation. The value obtained ($d = 2.020$) suggests that there is no autocorrelation problem in the study model as the obtained value is nearly equal to the ideal value of 2 (Panda, 2015). The ANOVA for significance test (Table 5) displays the constructive implication of the model with the F-Statistics of 29.26.

Table 5: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	77.692	5	15.538	29.257	.000
	Residual	124.806	235	.531		
	Total	202.498	240			
Dependent Variable: Buying Decision						
Predictors: (Constant) Disc, Prm, Coup, Rbt, Disp						

Coefficients from linear regression analysis (Table 6) show that factors such as discount, premium, coupon, rebate, and display show positive relationship and thus, have significant association and impact on buying decision. Furthermore, the un-standardized and standardized coefficients show a direct relationship with the dependent variable. The factor viz. contest considered in the conceptual model for the current study (Table 7), was found to be unfit and revealed negative association with buying decision.

Table 6: Linear Regression Analysis

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.975	.263		3.708	.000
	Disc	.216	.044	.276	4.852	.000
	Prm	.185	.054	.203	3.448	.001
	Coup	.119	.046	.152	2.571	.011
	Rbt	.116	.048	.146	2.439	.015
	Disp	.127	.053	.133	2.373	.018
Dependent Variable: Buying Decision						

Table 7: Excluded Variable

Model		Beta In	T	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	Contest	0.066	1.084	0.28	0.071	0.698
Dependent Variable: Buying Decision						
Predictor in the Model: (Constant), Disc,Prm,Coup,Rbt,Disp						

FINDINGS

The study found that there is significant relationship between buying decision and schemes of consumer promotion. The relationship between predictor and criterion variables was tested with multiple regression analysis technique (SPSS Ver. 20). The statistical analysis resulted in the rejection of null hypotheses H_{01} , H_{03} , H_{04} , H_{05} , and H_{06} , and acceptance of H_{02} hypotheses.

Among the various schemes of consumer promotion, contest was identified as negatively associated while all the other factors (discount, rebate, display, premium and coupon) were positively associated. Thus, consumers highly consider all these variables of consumer promotion while buying.

Table 8: Hypotheses Testing

Null Hypotheses	Statements	Outcome
H ₀₁	Rebate has no significant influence on buying brown goods	Rejected
H ₀₂	Contest has no significant influence on buying brown goods	Accepted
H ₀₃	Discount has no significant influence on buying brown goods	Rejected
H ₀₄	Display has no significant influence on buying brown goods	Rejected
H ₀₅	Premium has no significant influence on buying brown goods	Rejected
H ₀₆	Coupon has no significant influence on buying brown goods	Rejected

DISCUSSION

This research has explored the effect of some specific variables of consumer promotion on buying decision for brown goods. The research can help entrepreneurs and other marketing personnel in framing strategies related to consumer promotion for enhancing sales of brown goods. It can form a base for further research on other brown goods.

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