

The Impact of Promotions on Consumer Behavior

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ABSTRACT

In a high velocity environment retail market is growing all over the world. Retailers use all types of promotional activities in order to be differentiated in the market. As a result of population and economic growth, retailers started to widen the application of various marketing in order to influence consumers. Peattie and Peattie (1994) stated that marketing activities are usually specific to a time period, place or customer group, which encourage a direct response from consumers or marketing intermediaries, through the offer of additional benefits. One of these activities is to use promotions (such as: discounts, buy one get one free, coupons, rebates, contests, cash-back offers and loyalty programs) and they directly influence individual to give quick decision and to finalize purchasing process. Since promotions are one of the most noticed marketing activities, promotions can greatly impact any company's market share and sustainability. It is therefore important to understand which promotions consumers prefer and also the effect of promotions on customers and their behavior. (Peattie, 1994)

According to the American Marketing Association, as noted by Kotler and Keller, marketing can be defined as “an organizational function and a set of processes for creating, communicating, and delivering value to consumers, also for managing consumer relationships in ways that benefit the organization and its stakeholders”.

Product, price, place and promotion are the 4 Ps of marketing. All four of these elements are combined to make a successful marketing strategy. Promotion is used to communicate the

company's message across to the consumer. The four main tools of promotion are advertising, sales promotion, public relation and direct marketing (Juneja, 2018).

- Advertising is defined as promotion for product, service and idea and any form of paid communication. Advertisement is not only used by companies. In many cases it is used by museum, charitable organizations and government. However, the treatment of advertising varies from organization to organization.
- The process of persuading a potential customer to buy the product is known as sales promotion. It is designed to be used as a short-term tactic for boosting sales – it is rarely suitable as a method of building long-term customer loyalty.

Types of sales promotion:

- When consumers are provided a sample of a product for free it is referred as free samples. An organization may use this form of promotion as it can be effective in removing any monetary disincentive a consumer may have about purchasing and trying a new product (Fripp, 2018)
- Premium offer - refer to a bonus offered to a consumer for buying one product. This bonus is given to the consumer for free or at a substantial discount.
- When companies offer consumers some form of bonus or reward for spending money at a specific store, they use - loyalty programs. An organization uses this form of promotion in order to create consumer loyalty and also to drive consumers to make repeat purchases.
- When organizations held competitions associated with their products, they use - contests. They use this form of promotion to offer additional incentive for consumers to purchase their product over similar competitive products.
- Vouchers that allow consumers to purchase products at a discounted price are coupons. This form of promotion is used by organizations to advertise a new product.

- There are discounts when products are temporarily offered at a lower price. This form of promotion is used by organizations in order to increase sales and attract new customers.
- Systems that allow customers to obtain a refund of some of the purchase price is known as cash-back. When cash-back are offered immediately at the time of purchase, this is an instant rebate. An organization uses this form of promotion to capture consumers' attention and offer an incentive for purchasing their product over similar competing products.
- Companies need to have a constant interaction with customers, employees and different stakeholders, without it they cannot survive. The public relation office makes this relation. Its major function is to handle press releases, support product publicity, create and maintain the corporate image, handle matters with lawmakers, guide management with respect to public issues (Juneja, 2018).
- Communication established through a direct channel without using any intermediaries is referred to as direct marketing. It can be used to deliver message or service. In recent yers, direct marketing has shown tremendous growth. In this growth story the internet has played major part. Direct marketing saves time, makes an experience personal and also pleasant. Direct marketing reduces cost for companies. Face to face selling, direct mail, catalog marketing, telemarketing, TV and kiosks are media for direct marketing (Juneja, 2018)

The consumer buying process consists of several stages which are as following:

The first step is problem recognition. During this step, the consumer realizes that she has an unfulfilled want or need.

The next step is to gather information relevant to what you need for solving the problem.

After gathering information, it is evaluated against a consumer's wants, needs, preferences, and financial resources, which are available for purchase.

At the purchase stage, the consumer will make a purchasing decision. The ultimate decision may be based on factors such as availability or price.

At the post-purchase evaluation stage, the consumer will decide whether the purchase actually satisfies her needs and wants (Kotler, 2003)

The research, which is used in this study, is descriptive in its nature. It can be explained by particular situation, telling some sort of things or some sort of noticeable facts. Research that explains the present situation instead of interpreting and making judgments is descriptive research (Creswell, 1994). The core purpose of descriptive research is to establish the accurateness of developed hypothesis that reflect the present position. This kind of research gives knowledge about the current scenario and concentrate on past or present for an instance in a community quality of life or customer attitude toward any marketing activity (Kumar, 2005).

The research was conducted in Carrefour, with a Carrefour consumer. Various products are the core business of the supermarket Carrefour. Their product offer is based on a number of unchanging principles, which are a broad selection, the lowest prices, the highest quality and compliance with manufacturing conditions – and promotes responsible consumption. The aim of offers are as follows:

- Satisfy the needs of a majority of customers
- Ensure product quality
- ensure adequate supply to avoid product shortage
- ensure the best prices every day
- Encourage sales of local products

The questionnaire focusing mainly on demographics and purchasing behavior. For the best results personal interviews were conducted at Carrefour.

The results of the consumer demographic data was analyzed using descriptive statistics and the presented values showed the frequency and the percentages of people that fall in each subcategory for each characteristic. Demographic questions enabled to have better understanding of the target group and their attitude.

The respondents were asked their opinion on several statements regarding the idea that promotions affect the buying behavior. The results of the impact of promotions on consumer behavior was analyzed using descriptive statistics and the values presented show the mean and standard deviation.

Hypotheses:

$H_0: \mu_1 - \mu_2 = 0$ consumers act as what they say, about buying behavior

$H_1: \mu_1 - \mu_2 \neq 0$ consumers do not act as what they say, about buying behavior

$$t = \frac{(\bar{x}_1 - \bar{x}_2) - (\mu_1 - \mu_2)_0}{\sqrt{s_p^2 / n_1 + s_p^2 / n_2}}$$

We reject H_0 if $z < -1.96$ or $z > 1.96$

We cannot reject H_0 hypothesis by 95% confidence level for buy-one-get-one-free, price-off promotions and brochures.

By far, the most successful promotion affecting consumer behavior, by increasing the likelihood of a purchase is the “buy-one-get-one-free” (BOGOF) offer. Therefore, if the “buy-one-get-one-free” offer is still profitable, by increasing the volume of sales, profits may increase via this promotion.

Brochures positioned in front of supermarkets are also very likely to cause sales. This is due to the fact that consumers like to check which products are on promotion at the time of their visit to the supermarket. Although consumers may have an intended shopping list while visiting the supermarket, the discovery of product under promotion always pushes towards spending money on discounted items.

In case of promotion, which enable consumers to save money, they are always encouraged to buy products on sales for saving reasons. In this manner, price-off promotions can help to increase volume sales of a product.

Demonstrations don't affect consumer behavior. If consumers do not have an initial interest in a product, they are not likely to pay enough attention to a demonstration.

Free trials offer a free item with the purchase of a different item. The free item in most of the cases does not represent the desired item, although the notion of having a gift for free triggers positive attitude, it doesn't increase volume sales of a product.

Research sub-question:

How do certain promotions, having impact on consumer behavior, relate to the attitude Georgian consumers display towards those promotions?

In response to this question related to the response of consumers to promotions and its relation to attitude, the following has been revealed. For example, research results revealed that the most attractive promotion is BOGOF offer which result into significantly boosted sales.

Brochures are fairly successful in affecting consumer behavior and are more effective in influencing the purchasing behavior of those with lower education levels.

Buy-one-get-one-free promotions are the most successful of the promotions and the success of buy-one-get-one-free promotions is not linked to any of the demographic characteristics.

Price-off promotions are also decently successful in influencing consumer behavior with females and younger consumers being those most affected by price-off promotions.

Demonstrations are not very influential with regards to purchasing behavior but are more likely to succeed in influencing the behavior of consumers with lower education levels.

Free trial promotions are less successful in influencing consumer behavior and are more successful in influencing the purchasing behavior of consumers with lower salaries.

Sale promotion plays a vital role for the dealers and retailers in the marketing programs. It generates large revenues and by using promotions sales can be increased.

The overall conclusion of this study is that I found positive consumer attitudes toward various promotions that influence their behavior, specifically the purchase process. The study confirmed that consumers behavior can be motivated through various kinds of elements, including promotion techniques such as BOGOF, price-off promotions and brochures. Furthermore, the structure offers new visions to understand that how different consumers respond to numerous promotion tools offered by marketers and their impacts on consumers buying behavior, which may be vital for marketers in order to use perfect promoting strategies and promotional tools to promote products.

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