Impact of Sales Promotion Offers on Product Trials and Subsequent Repurchase Behaviour: With Special Reference to FMCG

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ABSTRACT

The research examined the impact of sales promotion offers viz a viz coupons, price discounts, free samples, bonus packs on product trial in FMCG products. The samples point was super markets in Lucknow. A structured questionnaire was administered to collect the responses. In all 171 responses were collected non-randomly, out of which 150 usable responses were acknowledged. The study aims to provide insights and usefulness of sales promotion offers in product trial and repurchase.

INTRODUCTION

Sales promotion offers are the short term incentives given to customers to increase the sale of the product. These are broadly categorized into two- price promotions and non-price promotions. Price promotions include- promotion packs, loyalty cards, coupons, rebates etc. whereas, non price promotions are further classified into two supportive sales promotion and true sales promotion which includes-promotional packaging, displays POS material and sampling premiums, sweepstakes/contest etc. respectively. Sales promotion offers attracts customers and stimulate sales. It also helps the marketer to target the new customers by invoking new product trail. It offers a risk premium to the customers. Now a day’s marketers even use this strategy at the time of product launch. They put two eye-catching ads promoting the same kind of product side by side, with one ad simply highlighting how great a product is and the other featuring a buy-one-take-one promo. I’d be willing to bet that more eyes will be drawn to the “Buy one, take one” sign. By nature, consumers are drawn to whatever they feel will give them the most savings. Because of this, they will always be tempted to take a peek at any sales promo they see, immediately helping a marketer out in terms of better conversions. But it has a flip side too; the impact of sales promotion is not same for all types of products. It varies from product to product. For low involvement product customers tend to show different behaviour as compared to the high involvement product. Many researches are done to examine the efficiency of sales promotion offers, but only limited studies exist which investigated the behavioural outcome towards promos. This study provides insights into the effects of sales promotion and its effect on trial and repurchases behavior or the consumers.

Literature Review

Balaghar, Majidazar, and Niromand (2012) identified sales promotion offers are the most effective tool of promotion after advertising. They found that sales promotion leads to sales maximization. Mittal and Sethi (2011), found that among all the promotion techniques price discounts have highest impact on stock piling and purchase acceleration whereas moderate impact on brand switching and product trial. Though the impact is quite significant, but not effective enough to encourage people to spend more on promo purchase. Farrag (2010), Identified that price Discount plays significant role in brand switching, purchase acceleration, stock piling, product trial and spending more in the store. According to Das and Kumar (2009), Retail sales promotion plays limited role on consumer buying behavior. According to Shimp (2003), sales promotion is any short term incentive
used by a marketer to invoke the trade (wholesalers, retailers, or other channel members) and/or consumers to buy a brand and to encourage the sales force to extensively sell it. Blattberg, Eppen and Lieberman (1981) described that sales promotion increases purchase acceleration in terms of quantity purchased. It also reduces the time between the frequencies of purchase.

Objectives
1. To ascertain the relationship between coupons and product trials.
2. To ascertain the relationship between free-samples and product trials.
3. To ascertain the relationship between bonus packs and product trials.
4. To ascertain the relationship between product trial and product repurchase.

Hypothesis
- \( H_0^1 \): There is no significant relationship between (a) coupons, (b) free-samples and (c) bonus packs on product trials.
- \( H_0^2 \): There is no significant relationship between product trial and product repurchase.

Research Methodology
A descriptive research was conducted to gain better insights of the relationship between the each above mentioned sales promotion offers and product trial and product repurchase. A structured questionnaire was administered to 171 respondents based on convenience sampling. The point of sample was the supermarkets in Lucknow, which were selected non-randomly based on convenience sampling. The responses were generated on 5 point Likert scale indicated as: 1- Strongly disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly agree. In all 171 questionnaires were circulated out of which 150 turn out to be usable. The data was analyzed on SPSS where the hierarchical regression was used to determine the \( R^2 \) for each predictor variable and unique variance.

Result and Discussion
Table I shows the demographic profile of the customers. Out of 150 usable responses 40.66% were male and 59.34% were female. Variation in income level was like: 23.33% respondents belong to the income group less than Rs20000, 33.35% belong to the income group Rs 20000-40000, 26.65% belong to the income group Rs40000-60000 and 16.67% belong to the income group above Rs 60000.

### Table I:

| Gender | No. | Percentage |
|--------|-----|------------|
| Male   | 61  | 40.66%     |
| Female | 89  | 59.34%     |

| Income Group | No. | Percentage |
|--------------|-----|------------|
| Below 20000  | 35  | 23.33%     |
| 20000-40000  | 50  | 33.35%     |
| 40000-60000  | 40  | 26.65%     |
| Above 60000  | 25  | 16.67%     |

| Age Group | No. | Percentage |
|-----------|-----|------------|
| Below 20  | 19  | 12.65%     |
| 20-40     | 94  | 62.75%     |
| 40-60     | 34  | 22.65%     |
| Above 60  | 3   | 2%         |

Table-II shows the descriptive and reliability analysis results. To ensure the reliability of the measures the value of cronbach alpha (\( \alpha \)) was determined. The results indicate the acceptable values: coupons (\( \alpha=0.81 \)), price discounts (\( \alpha=0.85 \)), free samples (\( \alpha=0.83 \)), bonus packs (\( \alpha=0.88 \)), product trial (\( \alpha=0.81 \)) and repurchase (\( \alpha=0.88 \)). Since all the value of cronbach alpha is close to 1 this indicates high reliability of measures. The mean score for all the dimensions are as follows: coupons (2.99), price discounts (3.89), free samples (3.08), bonus packs (3.28), product trial (4.22) and repurchase (3.22). From the result it is clear that mean value of product trial is quite high which indicates that sales promotion offers does lead to product trials. But among all the sales promotion offers coupons have the least mean, which connotes that coupon doesn’t influence product trial much.

### Table II:

| Variables   | No. of Items | Mean | Cronbach’s Alpha Co-efficient |
|-------------|--------------|------|------------------------------|
| Coupons     | 5            | 2.99 | 0.81                         |
| Price Discount | 5        | 3.89 | 0.85                         |
| Free Sample | 5            | 3.08 | 0.83                         |
| Bonus Pack  | 5            | 3.28 | 0.88                         |
| Product trial | 5           | 4.22 | 0.81                         |
| Re-purchase | 10           | 3.22 | 0.88                         |

Table-III shows the relationship between sales promotion offers and product trail. The result of the study indicates that price discount (\( t\text{-value}=2.334, p\text{-value}=0.020 \)) and free sample (\( t\text{-value}=3.403, p\text{-value}=0.001 \)) have
significant association with product trial at 5% significance level; hence $H_{01}$ is rejected for price discount and free sample. Bonus pack ($t$-value= 1.900, $p$-value= 0.058) is moderately associated with product trial, whereas no significant association was found between coupons and product trails ($t$-value=0.401, $p$-value=0.689) at 5% significance level, hence $H_{01}$ is accepted for coupons. Therefore, it can be inferred that coupon is not a strong determinant of product trial. This result may have been caused because of the unfamiliarity with the use of coupons.

**CONCLUSION**

This study feeds new sages in understanding the sales promotion strategies and their effect on consumer buying behaviour. It was concluded that customers tend to respond more towards price discounts and free sample. The respond towards bonus pack is moderate. It was also found that coupon is a weak sales promotion strategy as it doesn’t influence product trial and repurchase. The mediate effect of product trial was also found for price discount, free sample and bonus with repurchase but not for coupons. This might be because people are having infelicitous knowledge of coupons and they tend to consider coupons as forced purchase. This research would also be helpful to the marketers in understanding the influence of each sales promotion offer on buying behaviour. They further use this knowledge in selecting the best promotional technique in order to increase their sale.

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