

Responses to Consumer Sales Promotions: Consumer Self-Regulation as a Moderator

Nijo Varghese¹ and Kemthose P. Paul²

¹Research Scholar, ²Professor

¹Kerala University of Fisheries and Ocean Studies (KUFOS), Kerala, India

²Sree Narayana Gurukulam College of Engineering (SNGCE), Kerala, India

E-Mail: nijo1507@gmail.com

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Abstract - This conceptual paper talks about the different consumer sales promotion tools and its effect on the various consumer responses. The study points out the positive relationship between consumer sales promotions and consumer responses. Apart from that, the study focuses on the moderating influence of the consumer self-regulation on the relationship between consumer sales promotions and consumer responses. This paper explains how consumer sales promotions create varying relationship with consumer responses based on the self-regulating trait of the consumer. The review of the research includes classification of consumer sales promotions into monetary and non-monetary tools and also the responses such as purchase acceleration, approach/avoidance behaviours, repurchase intention and WOM intention.

Keywords: Consumer Sales Promotions, Consumer Self-Regulation, Consumer Responses

I. INTRODUCTION

Companies are forced to come up with innovative ideas and practices in marketing to attract and retain consumers due to increasing competition. The traditional or usual way of attracting consumers and boost sales is consumer sales promotions which are mostly short term in nature and a kind of incentive technique to induce the consumers to purchase companies' products/services (Blattberg & Neslin, 1990) research try to conceptualise whether the consumer sales promotions actually creates positive consumer behaviours. There are management professionals agree that these consumer sales promotions will fetch sales immediately and some do not believe so. Even though these experts have difference in their opinions almost all companies around the world recruit various consumer sales promotion techniques to increase their sales at least for a short period of time. If an organisation starts a particular consumer sales promotion tactic, then the competitors come up with similar or different consumer sales promotion tools. At last all these promotional expenses is levied on consumers unknowingly (Lamsal & Tamang, 2004). But all consumers are not attracted to all these promotions which may be because of their personality/ characteristics. Consumers are different in their behaviour, they do not behave in the similar manner. There are consumers who are regulated by themselves and they have the ability to control their behaviour to certain circumstances/environment. Hence this study tries to find out the importance consumer's self-regulatory behaviour on their responses to certain consumer sales promotions.

There are some studies on the effect of certain sales promotions on the customer responses but the researcher could not find any study on the effect of consumer sales promotions on the responses of consumers especially the moderating effect of consumer self-regulation. The present research tries to give a conceptual explanation to the moderating effect of consumer self-regulation on the relationship between consumer sales promotions and consumer responses.

II. HYPOTHESES

H_1 : Consumer sales promotions create positive impact on consumer responses.

H_2 : Consumer self-regulation moderates the relationship between consumer sales promotions and consumer responses.

III. OBJECTIVES OF THE STUDY

1. To know about various consumer sales promotions and consumer responses.
2. To know the relative importance of consumer sales promotions on consumer responses.
3. To study the moderating effect of consumer self-regulation on the consumer sales promotions and consumer responses relationship.

IV. PREVIOUS RESEARCHES

A. Consumer Sales Promotions

Sales promotion is one among the promotion mix (such as advertising, personal selling, direct marketing and publicity or public relations). Sales promotion operates through both media and non-media marketing communications for a fixed period of time to increase consumer demand, to revitalize market demand or to boost the availability of product. Sales promotions either intended for the customer, sales staff, or channel members (such as retailer/wholesaler). Sales promotions targeted at the customer are known as consumer sales promotions and those which targeted at retailers/wholesalers are known as trade sales promotions. Consumer sales promotion is one of the marketing technique that is used to attract customers to purchase a

product. These promotions usually for a particular time period and are used to gain set goals which can be introducing a new product to the market or to enhance market share. Consumer sales promotions unlike trade promotions are carrots directed to customers of an enterprise. Consumer sales promotions are designed for customer needs and wants.

B. Types of Consumer Sales Promotions

There are many types of consumer sales promotions to foster sales retain customers/bring customers back (Tanner & Dennis Pitta, 2009). He pointed out the consumer sales promotion tools as coupons, premiums, contests, sweepstakes, samples, continuity programs, point-of-purchase displays, and rebates. A free sample let consumers to try a small quantity of a product expecting that they will purchase it. This strategy helps trial and creates awareness. Coupons provide a sudden reduction in price for an item. Point-of-purchase displays positioned next to products in the stores, encourage the consumers to buy a product or brand instantly. Manufacturers expect an increase in sales, when a consumer sees a special display. Another common consumer sales promotion technique for consumers is premium. A premium is something the customer receives either for free or for a little shipping and handling charge. Suppose the customer purchase his/her favorite cereal because of the toy inside the box, then the toy is an example for premium. Contests or sweepstakes also bring a lot of people. Contests are sales promotions customers participate in to get a chance to win a prize.

Loyalty programs are consumer sales promotions planned to retain customers. Reliance One card is an example for the same. When a customer receive a rebate, he/she get refunded part (or all) of the purchase price of the product back after completing a form and sending it to the manufacturer with your proof of purchase. Consumer sales promotions are a variety of short-term promotional techniques made to influence the customers to respond in a certain manner. The most common consumer sales promotions are directly linked with product purchasing. These promotions are intended to enhance the value of a product purchase either by lowering the price of the product (i.e., get same product/brand for a less amount) or by adding more benefit to the regular purchase price (i.e., get more for the same amount). There are around 11 types of consumer sales promotions such as coupons, rebates, promotional pricing, trade-In, loyalty programs, samples and free trials, free product, premiums, contests and sweepstakes, demonstrations and personal appearances (Consumer Sales Promotions, 2018). The consumer sales promotions are classified into monetary and nonmonetary promotions (Campbell & Diamond, 1990). One of the classification of consumer sales promotion that derived from the observation that some promotions (such as free goods, premiums, bonus packs, and sweepstakes) add value to the product, while others (such as discounts) merely reduce the cost. The approach adopted by Campbell and Diamond, (1990) was a

method of predicting which promotions will be perceived as gains and which will be perceived as a reduced loss.

C. Consumer Responses

Bagozzi (1986) explains the consumer responses as the reactions (also include psychological reactions) or final action of consumers such as behavior and/or attitude reactions. Wundt (1905) classified behaviors into approach and avoidance due to the evaluation of the environment. There are several responses in the retail environment (Donovan and Rossiter 1982; Sherman and Smith 1986) such as number of items purchased, amount of time spent, actual amount of money spent and liking of the shopper about the store environment. Turley & Milliman (2000) defines approach behaviors as positive responses to an environment and avoidance behaviors as those reducing the time spent in the environment. The tendency to stay (approach) or leave (avoid); the tendency to explore more and interact (approach) or ignore (avoid); the tendency to communicate (approach) or stay alone (avoid); the feel of contentment (approach) or frustration (avoid) and combinations of these can be the approach and/or avoidance behaviours (Hoffman & Turley, 2002).

D. Consumer Promotions and Consumer Responses

Many researchers have studied the impact of sales promotions (especially price deals) on consumer responses (Chakraborty & Cole, 1991; Kalwani, Yim, Rinne, & Sugita, 1990; Krishna, Currim, & Shoemaker, 1991; Lattin & Bucklin, 1989). The researchers have already been verified the existence of purchase acceleration by comparing the promotional purchases and non-promotional purchases (Blattberg, Robert, Gary & Joshua Lieberman 1981; Shoemaker & Robert, 1979; Wilson, Newman and Hastak 1979). Scott, Caroline Henderson, & John Quelch (1985) studied the impact of consumer promotions on purchase acceleration (consumer responses) such as purchase quantity and inter purchase time. They found consumer promotions such as coupons, local retailer advertisings, price cuts and advertised price cuts can all increase purchase quantity (at the current purchase occasion) and advertised price cuts can accelerate the interpurchase time (elapsed time between the current purchase occasion and previous purchase occasion). Campbell and Diamond, (1990) conducted a controlled experimental study and found that monetary promotions need not be as huge as non-monetary promotions in order to noticed by the consumer. Also they found that buyer may be skeptical of the offer if it is large. Results also revealed that in order to make the customer suspicious, it requires a larger non-monetary promotion than monetary promotion. Hunt, Keaveney & Lee (1995) studied that consumers with high levels of purchasing and product involvement are more likely to have satisfaction in rebate shopping and, eventually, have intentions to involve in repeat purchase behavior and word-of-mouth communication. Price discounts exerted significant influence on perceived value

and perceived value in turn positively influenced purchased intentions (Grewal *et al.*, 1998). Gilbert and Jackaria, (2002) investigated the impact of four different promotional deals most commonly used in UK supermarkets such as coupons, price discounts, samples and “buy-one-get-one-free” (BOGO) on consumer responses. They found that only price discount promotions are statistically significant on consumer’s reported buying behaviour. Purchase acceleration and product trial are the two most influential variables related to a discount. For “buy-one-get-one-free”, even though the result is not significant, brand switching and purchase acceleration variables are statistically significant. Therefore, the proposed hypothesis:

H1: Consumer sales promotions lead to consumer responses.

E. Consumer Self-Regulation

Bitner (1992) explains the behavioral responses to a retail environment, proposes that personality characteristics may act as response moderators in such a way that consumer reactions will be different to the same physical environment. The individual’s characteristic difference decides their reactions to the environments (Kassarjin, 1971). Consumer’s self-regulatory tendency (Kuhl, 1992) is one of the personality characteristic that moderates the consumer reactions to the environment. Kuhl’s (1986) action-control theory focuses on this personality trait. The fundamental argument of the action-control theory is that current action depends upon building a single dominant action tendency from other competing action tendencies. Kuhl (1992) explained the two type of people, one who are “action” oriented and other who are “state” oriented. Action oriented individuals have greater justification of an action prior to its performance while state oriented individuals have a relatively low ability to regulate themselves (Kuhl, 1986). “Self-regulation means the ability to regulate thoughts, feelings, and behaviours such that the outcome is in line with a standard” (Vohs and Baumeister 2004; Vohs et al. 2008a, b)

F. Consumer Self-Regulation as Moderator on the Relationship between Consumer Sales Promotion and Consumer Responses

Studies have been reported that affects influenced by the environment differs consumers’ ability to regulate themselves (Bitner, 1992; Babin & William, 1995). Robert LaRose, Matthew S, & Eastin (2002) argue that “the unregulated buying behavior is caused by deficient self-regulation, defined as a state in which conscious self-control is diminished and it is manifested in the symptoms of impulsive, compulsive, and addictive buying, but those symptoms are interpreted as indicators of defective self-regulation rather than as a personality trait”. Personality factors may lead to unregulated buying. Individuals have the ability to moderate imprudent buying by bringing back

effective self-regulation. “Impulsive buying can be understood in terms of psychological functioning, in particular as a form of self-regulation and regulation against misleading practices that play on the vulnerabilities of impulsive buyers could be sharpened and that information provision to consumers and retailers aimed at strengthening consumers’ self-regulatory capacities may reduce adverse consequences of impulse buying” (Verplanken and Sato, 2011).

Hence, the proposed hypothesis:

H2: The relationship between consumer sales promotions and consumer responses is moderated by consumer self-regulation.

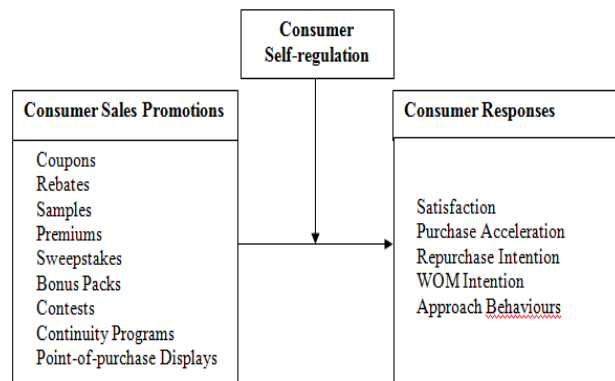


Fig. 1 Conceptual Framework: Consumer Promotions on Consumer Responses

V. CONCLUSION

Consumer response is an area where business organisations are observing seriously in order to attract and persuade consumers to buy their products. Competition is part and parcel of day to day business. Consumers have a lot of choices and they are considered to be the most valuable asset to every organisations. Therefore firms are continuously focusing on how consumers respond to the firm’s actions. Due to the heavy competition in the market the companies are forced to do sales promotions, especially consumer sales promotions such as coupons, premiums, rebates etc. Consumer sales promotions generally help the organisations to retain the consumers and to increase the sales for short term. Those consumers who are about to switch to other competitors will stay back to the current organisation if the consumer sales promotions are attractive. Also for a loyal consumer certain consumer oriented sales promotions will increase their loyalty to the organisations as they are getting some benefits of being a loyal consumer. Hence consumer sales promotions create some positive responses from the consumers towards the organisation and its products such as positive word of mouth intention, repurchase intention, purchase acceleration etc.

Though the consumers are responding positively towards the consumer sales promotions, the response level varies according to the personality traits of the consumers. Those consumers with high level of self-regulation may not

respond as the consumers with low level of self-regulation. Also if the consumer sales promotion is not so attractive the consumers with low loyalty level may switch to other firm's products/services. Therefore companies need have an eye on their consumers; also based on the market conditions they should frame consumer sales promotions. Hence to have an attractive consumer sales promotion strategy, companies need to understand the moderating effect of the consumer self-regulation on the relationship between the consumer sales promotions and consumer responses with reference to their products/services.

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