

Chapter 20

Sales Promotional Strategies and Buying Behavior in an Emerging Market at the Post Recession Period

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ABSTRACT

The aim of this study is to investigate the influence of sales promotional tools on consumer buying behavior in an emerging market at the post-recession period. This study assesses consumers' proneness to sales promotions and examines the effectiveness of four promotional tools that are premium offers, coupons, buy and get promotions, and price discounts on buying behavior in terms of brand switching, stockpiling, purchase acceleration, and product trial. The findings reveal that consumers are more prone to price discount and buy and get promotions, respectively. Among the four promotional tools, price discount is the most effective to influence product acceleration, brand switching, stockpiling, and product trial behavior respectively. However, there is no statistically significance difference between the effectiveness of premium offer and buy and get deals with regard to brand switching behavior, product acceleration, and product trail responses. In contrast, coupons are the least ineffective promotional tool in terms of generating all types of consumer response.

INTRODUCTION

The recession in 2008 has influenced shopping behavior and it continues to put stress on consumers. In response to the recession, consumers are changing their definition of value and purchasing patterns. Nielsen report indicates that with the recession, consumers are trying to rebalance their family budget, becoming more value conscious, showing a new norm of purchasing behavior, and they are using promo-

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tional offers to their advantage (Nielsen, 2012). Even in a tough economy, consumers around the world favor value over price when choosing where to shop. The key findings of Nielsen's 2011 Global Online Survey of more than 25,000 Internet respondents across 51 countries show that consumers around the world continue to spend a lot of efforts to save money when shopping for consumer-packaged goods. 61% of global online consumers rated "getting a good value for the money" over "low price" (58%) as the most influential reason to choose where to shop. Since offering great sales and promotions (55%) is also among the highly influential factors that influence the global online consumers' decision to shop, retailers who offer good values through sales promotions or via larger-sized economy packaging stand to gain the most from consumers in a tough economy (Nielsen, 2011).

According to the key findings of Acosta (2012) research consumers are clearly looking for ways to save on their everyday groceries and 59% of consumers indicate that over half of their shopping basket is filled with items that are on deal (Acosta, 2012). As manufacturers and retailers increase promotional levels in recent years, consumers have become accustomed to buying products on promotion. Consumers know that if a product is not on promotion this week, it likely will be next week and 65% of shoppers indicate that they "expect certain products to be on sale and, if they are not, they will wait until they are on sale to purchase" (Acosta, 2012). Given the recent economic realities, the "value-conscious" shopper becomes more visible trend than ever before and this trend is expected to continue. To increase the value of the offering, either the retailer may provide more benefits or reduced the costs of the offering. Reducing the cost of the customer to purchase a product involves activities such as lowering the actual price, increasing the convenience of the purchase etc. (Ravald & Grönroos, 1996). On the other hand, increasing the benefits of the offering involves adding something to the core product that the consumer perceives important, beneficial and unique. Sales promotions play an important role in creating value for consumers. For instance, premiums and loyalty programs can be used to increase the value of the offering through providing more benefits; whereas price packs, coupons, and discounts can be used to reduce the cost of acquiring the offering. Thus, retailers need to adopt new strategies to cope with the new "value-conscious" shopping behavior.

In today's business world, companies need to communicate the value of their offer in order to maintain sustainable and profitable sales. As Laroche et al. (2003) indicates that sales promotion is usually designed with the purpose of achieving immediate increase in product sales and sales promotion is one of the most effective tool to influence short-term consumption behaviour in marketing mix. Companies use sales promotional strategies to attract customers by influencing their buying behavior. Sales promotional strategies do not allow just companies to increase their sales but also help companies in developing brand loyalty, encouraging repeat purchase, motivating customers to try the product or service, destocking, gaining market share from competitors, and defending market share in the context of heavy competition (Sunday & Bayode, 2011). Statista statistics investigate the brand-customer relationship building measures that are important for consumers in 2014. The findings of this statistics reveal that 72% of US, 65% of UK, 92% of Brazilian, and 71% of Chinese consumers expected to receive rewards from brands in order to build their relationship with the brand and become loyal to the brand (Statista, 2014). Since the cost of sales promotion is relatively lower than advertising, companies prefer to offer more sales promotion activities in order to achieve their marketing goals as well as boost short term sales with lower costs (Cuizon, 2009). Due to the benefits of sales promotional strategies, companies allocate significant budget for the sales promotion activities in order to offer consumers more attractive and valuable offerings.

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