

The Review of how Sales Promotion Change the Consumer's Perception and Their Purchasing Behavior of a Product

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Abstract

As the world market becomes increasingly competitive, a variety of sales promotion techniques need to be implemented by marketers in order to stand out among their competitors. Overtime, as consumers become increasingly sensitive towards the sales promotion strategies, marketers need to identify the most suitable sales promotion strategy to be implemented in their products (i.e.: monetary or non-monetary sales promotion strategies) in order to increase the number of consumers; purchasing behaviors and avoid any potential negative perception. This article has revealed that besides serving as a short-term profit marketing strategy, sales promotion has the potential in helping the marketers to achieve long-term profits through influencing the consumer's self-perception and self-satisfaction and in the development of loyal customers.

Index terms— sales, promotion, consumers, perception, purchasing, behavior, implication

1 I. Introduction

With the advancement of technology, a variety of new products are developed and innovated into the already present market to improve the quality life of society. One of the most effective and easiest ways to be outstanding among the competitive market world is to apply sales promotion. Promotion is classified as one of the backbones of marketing mix, which is used to increase the consumers' purchasing behavior. Research proposed that among the competitive businesses, promotion is an essential factor to a new product and present product to continue surviving in the market shelf (Abdalnaser Ahmad Salem Jaradat, Jaradat, & Fatima Lahcen Ait Yassine, 2011). Based on a marketer's perspective, sales promotion has acted as a vital tool to increase the sales profit within a short period of time. Meanwhile, as consumers, we are surrounded by promotion in our daily life without being noticed. Therefore, the implication and the effectiveness of sales promotion have received high attention and concern (Ndubisi & Chiew, 2005). This article has reviewed the types of sales promotion, which have played an important role in influencing the

2 Methodology

This study has reviewed primary and secondary data to study the consumer behaviors on sales promotion strategy. International journals reviewed in this paper are retrieved from several well-recognized databases such as Ebscohost, Emerald, Jstor and Proquest. This literature review has discussed the effects of monetary and non-monetary sales promotion on consumers' perception and purchasing behaviors. Also, the implication of sales promotion on consumers' purchasing behaviors and personal mental satisfaction are further discussed in the paper.

3 III. Sales Promotion Versus General Promotion

Promotion is a vital tool that helps the marketer to achievement their sales target and increase the company's profit (Alvarez & Casielles, 2005). Gherasim (2012) has argued that sales promotion and general promotion

are different marketing strategies that play different roles in market place. For instance, general promotion is described as the activity, which is aimed to communicate and improve the relationship between the product's brand, services and consumers (Blattberg & Neslin, 1990). Conversely, Kotler (1988) has defined sales promotion as "a diverse collection of incentive tool, mostly short-term, designed to stimulate quicker and greater purchase of particular products/services by consumers". In other words, sales promotion has emphasized on the short term, stronger stimuli and the motivational strategy to increase the purchasing behavior and to also encourage the consumer to switch from competing brands (Quelch, 1989; Shimp, 2003; van Heerde, Leeflang, & Wittink, 2004; Zeithaml, 1988).

IV. Types of Sales Promotion Jarvenpaa and Todd (1996) have indicated that the types of sales promotion have played an important role in influencing the purchasing behavior of potential consumers. Different types of sales promotion have different targeted potential consumers for different kinds of products. Four leading sales promotion techniques that have a significant positive impact on consumers' perception and purchasing behavior included coupons, samples, and retail shopper cards (i.e.: member card, VIP card) (Schultz & Block, 2014). Other than the different types of sales promotion techniques used by the marketers, Quelch (1989) has classified sales promotion into two major categories, monetary and nonmonetary promotion. Moreover, Chandon and colleagues (2000) have indicated that monetary and non-monetary sales promotion are both effective in influencing the consumers' cognitive structures which increase the purchasing behaviors.

4 a) Monetary Sales Promotion

Without a single hint of hesitation, as a consumer, most of us favor sales promotion, especially immediate price reduction (Huff & Alden, 1988). As a result, past research has proposed that monetary sales promotion is widely used in different types of goods and able to produce a significant increase in the company's profit (Hendel & Nevo, 2006). For consumers, the price and the quality of the products are the two main characteristics that determine our purchasing behavior. Due to the competitive market place, instead of spending money on advertisement, designed coupons or implemented point collection systems, most of the retailers have selected price reduction promotion to promote their products and compete against the rivalry brand. As a result, consumers have become very price sensitive (Mela et al., 1998). Due to this price sensitivity, the consumers are more likely pay more attention and increase their purchasing behavior when they notice there is a price reduction on the potential products they want to buy. Moreover, immediate price discount is an effective sales promotion strategy in influencing the purchasing behavior for both rational and non-rational consumers (Liao, Shen, & Chu, 2009). For example, both of the rational and non-rational consumers are more likely attracted to purchase the products at a low price during the limited period of time as they do not want to miss the chance and regret. In short summary, promotions based on price are claimed to be the most effective sales promotion strategy that can influence the brand choice and increase the quantity of goods purchased by the consumers (Alvarez & Casielles, 2005).

5 b) Non-monetary Sales Promotion

Apart from the monetary sales promotion, Montaner, Chernatony and Buil (2011) have indicated that gift promotion is more preferable by the consumers than price discount. For example, consumers prefer to receive gifts that have high equity as the products they have purchased than receiving a price discount. Added to that, past research has suggested that price reduction is more likely to negatively influence the consumers' purchasing intention (Kalaiselvan, 2013) as a monetary promotion is often perceived negatively by the consumers (Lichtenstein et al., 1993). For instance, consumers likely perceive the products have low quality when it is offered at a low price. In addition, some of the market professionals have claimed that a monetary promotion is a myopic marketing strategy (Buzzell, Quelch, & Salmon, 1990) in which the retailers have only emphasized on the quantity of the products sold instead of improving their marketing strategy.

6 V. Consumers' Perception on Sales Promotion

As mentioned earlier, due to the competitive market world, retailers have implemented a variety of sales promotion techniques and advertisements in order to stand out among their competitors. However, over time, consumers have started to become sensitive and skeptical towards the stimuli from sales promotion strategy (de Pechpeyrou & Odou, 2012). For instance, past research has indicated that the promotional products are perceived as low-equity brand by consumers (Mela, Gupta, & Lehmann, 1997). In addition, the consumers might associate a low price to low quality of goods. Added to that, Simonson, and colleagues (1994) have suggested that some consumers might feel embarrassed when purchasing a promotion product. In other words, inappropriate sales promotion may lead to the opposite desired outcome, such as a decrease in the purchasing behavior of the consumers. Therefore, besides only implementing sales promotion, the marketers should include product quality guarantee during the sales promotion as well.

On the other hand, past research has indicated that the brand with sales promotion is more likely to increase the consumers' preferences and purchasing behavior than the brand without sales promotion (Schultz & Block, 2014). Furthermore, a rational consumer is more likely to make a comparison between the price and the quality of the products before making the purchasing behavior (Raghubir & Corfman, 1995). Consequently, consumers are more likely to purchase the high-equity brand during sales promotion (Chandon et al., 2000). This is because

saving money has always been the crucial factor in attracting the consumer to purchase the product at the specific moment.

7 VI. Implication of Sales Promotion

The implications of sales promotion on the consumers' purchasing behavior and brand value have been an ongoing debate between the market researchers (Schultz & Peltier, 2013). This is because, other than increasing consumers' purchasing behavior, the firms' profits, the popularity of the brand, and sales promotion have also served to influence the cognitive thinking of consumers. Besides increasing the purchasing behavior, sales promotion is effective in affecting the brand switching behavior of the consumers (Chandon et al., 2000; Omotayo et al., 2011). For instance, Omotayo and colleagues (2011) have indicated that non-loyal customers are more likely to purchase products with low pricing during sales promotion without looking at the brand. However, Chandon and colleagues (2000) have suggested a different finding in which both loyal and non-loyal customers tend to switch to the competing brand during sales promotion. Moreover, Hartley and Cross (1988) have indicated that sales promotion is more likely to influence non-rational consumers as compared to rational consumers. In other words, the non-rational consumers tend to switch to another brand when the competing brand has offered a lower price, especially hedonic products.

Another significant implication of sales promotion is represented through the popularity of the brand and the positive in-store environment in which a positive consumers' crowd is created successfully (Blattberg et al., 1995; Keel & Padgett, 2015). An individual tends to purchase the products which have numerous positive feedback based on the quality and the price of the products. Moreover, when there is a positive consumers' crowd, other new potential consumers tend to follow the crowd and are curious about the product that present consumers have purchased. In other words, an individual is more likely to follow the conformity of the present consumers to purchase the new products during the sales promotion.

Interestingly, past studies have indicated that consumers' mental satisfaction tends to be increased through the purchasing behavior during sales promotion (Chandon et al., 2000). Sense of achievement and self-perception of the consumers have increased when the consumers purchased either utilitarian or hedonic products or services during the sales promotion (Darke & Freedman, 1995; Schindler, 1992). This is because the consumers tend to perceive themselves positively when they have fully utilized their finance during the sales promotion to purchase both functional products and entertainment products. Moreover, past studies have indicated that consumers' satisfaction plays a significant role in developing purchasing behavior in the long run (Jones & Suh, 2000). In other words, the satisfaction level tends to increase when the consumers have purchased the good quality products at a low price during the sales promotion period as compared to the satisfaction level when the consumers purchased the good quality product at the normal (higher) price. As a result, consumers are more likely to develop the repurchased intention in the future.

8 VII.

9 Discussion

Based on a marketer viewpoint, long-term profit is more likely served as the biggest achievement of the marketing strategy. With no doubts, sales promotion has focused on the short-term sales profit. As a result, some might claim that sales promotion is only responsible for the short-term profits. However, numerous past studies reviewed in this paper have discussed the close relationship between the sales promotion and the cognitive thinking of the consumers. When the cognitive thinking of the consumers is influenced during the sales promotion, the consumers are more likely personally attracted to the products and unconsciously become the loyal customers of the brand. For example, improvement in self-satisfaction level has played the major role in contributing to the repurchased intention of the consumers. When a consumer receives the pleasurable and satisfying feeling from a product, the consumer tends to recognize the product. Once the consumer recognizes the product, the consumer will look for the same product in the future in order to receive the same pleasurable and satisfying feeling. Added to that, the loyal consumers are more likely to introduce the satisfied products to their friends, which indirectly help the company to promote the brand and increase the sales profit of the company.

Apart from the implication on the consumers' cognitive thinking, this article has also discussed the different categories of sales promotions and their impacts on consumers' purchasing behavior. Both monetary and non-monetary sales promotions have the ability in influencing the consumers' purchasing behavior. The marketers need to identify which type of sales promotion is suitable for their products in order to achieve the greatest positive outcome. Moreover, the marketers need to ensure that the quality of their products have remained the same before and after the sales promotion to avoid any dissatisfaction from the consumers. In short, sales promotion is not limited to promoting short-term company profit as it is able to attract more customers that are loyal and contributes to the long-term profit.

Additionally, other than serving as the marketing strategy for the company, sales promotion has also reflected that the company has valued their customers. As mentioned earlier, both loyal and non-loyal consumers tend to switch brands when they realize other brand have offered a better benefit during sales promotion than their usual brand. Therefore, both the loyal and non-loyal consumers are more likely to switch brands when they have realized that their loyal brand company does not provide any benefits and putting enough effort in retaining their

consumers. In other words, when the company has offered benefits (e.g. cash rebate, gifts) for their consumers, it is more likely to attract new consumers and remain as their loyal consumers. Sales promotion is not limited to increasing the sales profit of the company effectively; it has also served to improve the environment of the retail shops by creating a positive crowd of customers. In other words, through the power of word of mouth, the marketers are more likely to achieve a higher ranking within the competitive market place.

VIII. Conclusion

After taking everything into account, sales promotion has benefited both the marketers and the consumers at the same time. This article has discussed about how sales promotion strategy changed consumers' cognitive thinking and purchasing behavior. Through the understanding of the relationship between sales promotion and the consumers' cognitive thinking and purchasing behaviors, the marketers are more likely to produce a more effective sales promotion strategy to increase their sales profit. Also, the marketers should work toward eliminating the negative perception of sales promotion, specifically price reduction, towards the consumers. In this, the marketers need to remember that the products have represented their brand. Thus, in order to survive and receive good reputation in the market place, the marketers need to maintain the good quality of their products while selling them at a lower price during sales promotion period or provide extra gifts for the consumers, especially loyal consumers.

Not only that, this research has helped the marketer to understand the potential effects of both monetary and non-monetary sales promotion strategy on consumers' purchasing behaviors. In other words, the marketers need to pay extra attention in choosing the most suitable sales promotion strategy for the specific products. For instance, monetary sales promotion strategy is more effective for entertainment products while non-monetary sales promotion strategy is more likely effective for functional products.

Last but not least, this article has also allowed the consumers to understand the relationship between their purchasing behavior during sales promotion and their personal mental satisfaction and self-perception. Most of the time consumers have perceived that sales promotion will only benefit consumers in terms of their finance.. However, through the research reviewed in this article, consumers' mental well-being is more likely being improved through sales promotion as well. Besides receiving financial benefits during sales promotion, consumers have also received personal mental well-being. Moreover, the consumers tend to feel safe to purchase the brand which receives good feedbacks from other consumers..Therefore, consumers have become wiser to purchasing more during sales promotion periods, which in turn assist the marketer to achieve the agenda of the sales promotion.



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