

Role of Promotional Tools on Consumer Behavior in Retail Market

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ABSTRACT

The purpose of this research paper is to analyze the promotional tools used in marketing which are affecting consumer behavior in retail market. To determine the significance of variables secondary data collected through literature review and primary data collected through questionnaire paper and interview. Pakistan textile retail market is one of the rapidly growing industry for the last decade. To stay in such extensive competitive market, companies are using different promotional tools and marketing strategies to stimulate customer buying behavior towards product. The study determines that variables like pricing strategies, discount offer, advertisement on TV, display, store promotion and product display have significant effect on consumer behavior in textile market. While it is also found that for building strong and long term relationship for future sales purpose, marketer needs to use all these tool effectively and efficiently.

Keywords: *Promotional tool, Price, Discount offer, Advertisement on TV, Store promotion, and Product display*

1 INTRODUCTION

Promotion are the combine efforts of advertising, personal selling, relationship with customer, direct marketing and sales promotion. Borden (1984) stated that promotion is the way of conveying messages by the marketer to the current and potential stakeholders and general public (Tom, 2007).

Promotion face issues like developing an effective communication tools to get a message of

product to its customer (Hakansson, H., & Waluszewski, A., 2005). Retail markets have been one of the most rapid growing markets in the world for the last decade; to stay competitive, retailers use effective sales promotions tools and that become a vital technique for marketers to stimulate consumer buying behavior towards purchasing any product. The aim of this study is to determine the effect of the most used tools of sales promotion in retail sector such as pricing Strategies, discount offers, advertisement on TV, store promotion and product display on consumer buying behavior. This study based on literature review, conceptual framework and hypothesis which open the door for future researchers to expand more in this field.

1.1 Research Aim

The purpose of this paper is to explore the impact of sales promotion tools specifically on customer behavior towards market retailers. Therefore, the following research objectives can be stated

1.2 Research Objectives

- To analyze the significance of the promotional tools and their impact on motivating consumer buying behavior and purchase decision of consumers
- To analyze the significance of promotional tools on Sapphire Textile's consumer

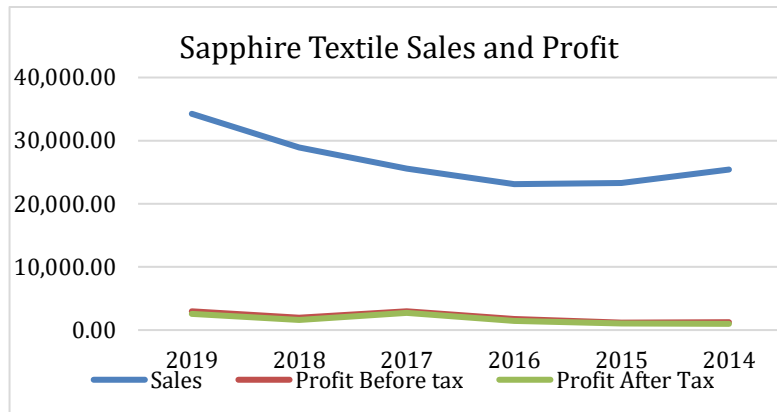
2 LITERATURE REVIEW

The textile industry of Pakistan is the world largest manufacturing industry being 8th largest producer of textile product in Asia. The sector is contributing 8.5% in GDP, providing 38 % employment, fourth largest cotton producer and sixth largest cotton importer in Pakistan. Industry is considered as a backbone of the economy. The industry is ranked top in the world (Munawar, S., 2015).

In this research paper Sapphire Textile Mills Limited taken as case study to understand the behavior of customer towards promotional tool. Company incorporated on March 11, 1969 registered under Companies Act, 1913 in Pakistan. Sapphire moved into retail in 2014, and compete in this market remarkably and become shining brand in textile industry. Its revenue hit greater than \$800 million in textile, power generation, retail clothing and dairy industry. As per below financial performance chart, Sapphire is performing well in term of sales and profit margin which is increasing per year. It is just because the company is spending more on promotional activities and other expenditure (Sapphire, 2019).

	2019	2018	2017	2016	2015	2014
Sales	34,252.75	28,896.33	25,583.98	23,110.56	23,315.33	25,411.30
Profit Before tax	2,946.01	1,948.74	2,975.36	1,736.72	1,178.39	1,270.21
Profit After Tax	2,559.44	1,595.06	2,721.75	1,448.21	1,034.15	983.4

Source: Annual Report of Sapphire Textile 2018-19



Promotion is a tool though which marketers use to influence customer to purchase more. As a result, sales promotion is a tactic to produce lots of new customer and boost up sales. Marketing

activities are related efforts with sales promotion to gain extra sales and improvement in healthy relationship with retailer's collaboration and competence (Wilkie, W.L., Moore, E.S., 2007).

Sales promotion is basically involved in huge number of activities to influence customers to get desired outcome (Gilbert, D. & Jackaria, N., 2002). Sales promotion impacts on customers psychologically, so that they think to purchase opportunities by evaluating brand. For this purpose, marketers use multiple tactics and strategies of promotion tools to get the exact customer preference data and apply it accordingly to boost their sales. Consumers react positively towards sale promotion. Price reduction, offering coupons or refund by the retailers and other tools like free sample and buy one get one free were found to have great impact on consumers buying behavior, discount offers force customers to buy extra than they expect. Seller attracts customer with handsome promotion tactics like creative messages spread through advertising and presentation on pricing inspire consumer perception about price and purchase behavior (PR, D., 1992). Price is quantity of payment and compensation paid by one party to another in order to get one unit of good and service in return. Pricing decision is very crucial for firm, because it deals with consumer reaction towards buying and its competitive response implemented quickly in market (Perner, L., 2006).

Advertising is also a marketing tool used to influence on consumer buying behavior. Earlier marketers used different logo, mark, character and symbol to advertise their product. In this era of advance technology, advertisement nature has been converted toward print and electronic media. Varieties of promotional tools implemented in marketing for creating awareness of product among consumers. Most common technique which is using widely globally is to gain attention of consumer with association of popular celebrity with brand. Advertisement on TV trend has been popular and much likely to enhance satisfaction level of buyer toward brand (Bishnoi, V.K.,

&Sharma, R., 2009). Advertising play a major role in modern era, as it creates the behavior of society towards particular brand. Ads not only source of information but also provide entertainment to people and help in buying decision making. Variable like people attitude, emotional attachment, psychological impact and behavioral aspects involve in buying decision (Jakstiene, S., Susnien, D., &Narbutas, V., 2008). Study suggest there is a substantial progressive relationship exist between TV ads and consumer buying behavior. Canned food example can be taken, due to TV ads demand and price has been increase for canned food (Share, F., &Salaimeh, M.A., 2010).

In recent era, the concept of shopping center is widely spreading among public. These shopping center has different kinds of stores and display sales and other promotional advertisement from time to time. Sale advertisement and other promotional activities urge retailer to bring changes in physical surrounding frequently with various type of decoration items like music, banners, balloons, display card, flowers etc. This friendly, lively and attractive environment motivate and influence on customer buying behavior. Now shopping malls frequently decorated amazingly, as displayed and physical surrounding appeal to customer to enter in shopping mall and stores create sense of value and attraction, this attitude of patronizing superiority encouraging consumer store to adopt such activities (Sit et al., 2003). This approach is quite useful and valuable for retail stores. Physical surrounding elements like interior decoration and design, lights and music, fragrance and fragrance environment. During festival period like Christmas stores and sales person appear accordingly. There are lots of other studies that shows positive relationship of physical surroundings and purchasing pattern, which emphasis on such requirement (Kim, Y., 2002). Every time customers try to evaluate physical environments and service of the past mall and store, such experiences inspire customers' hopes regarding quality (Baker, J., 1987). Research shows that

store promotion through decoration and display have very positive impact on buying behavior of consumers. Shoppers were observed the phenomena how nicely décor shops with music, brightness, shopping in large malls related to customer interest and temptation. Customers enjoy shopping in lively environment having music as well as bright lights.

Music effect on the mood of listeners so do on consumer behavior. The neat and capacious atmosphere shows level of intension to time and money of serviceable shoppers and effected greatly (Mughal, A., Mehmood, A., Deen, A.M., &Ahmad, B., 2014).

3 RESEARCH METHODOLOGY

Research methodology describes the research problem is explored and analyzed. This research paper studies used mix method for data collection. Primary data has been collected through questionnaire paper and interview whereas, secondary data has been collected through literature review, articles and journals. The sample size of 300 people was selected, out of which 288 questionnaire filled out by consumers of sapphire textile. For analysis of data, analysis percentage method is used.

3.1 Research Hypothesis

Hypothesis is testable statement, driven out from research and shows the relationship among variables. In my research, hypothesis is below:

H1: Promotional tools have significant role on consumer behavior and effecting sapphire's textile mills.

4 RESULT

For this purpose, sample size of 300 was selected, out of which 288 respondent filled questionnaire paper. For analysis of each variable, significance hypothesis are generated below.

H1a: Pricing strategies are significantly effecting on consumer buying behavior in textile industry of Pakistan.

H1b: Discount Offers are significantly effecting on consumer buying behavior in textile industry of Pakistan.

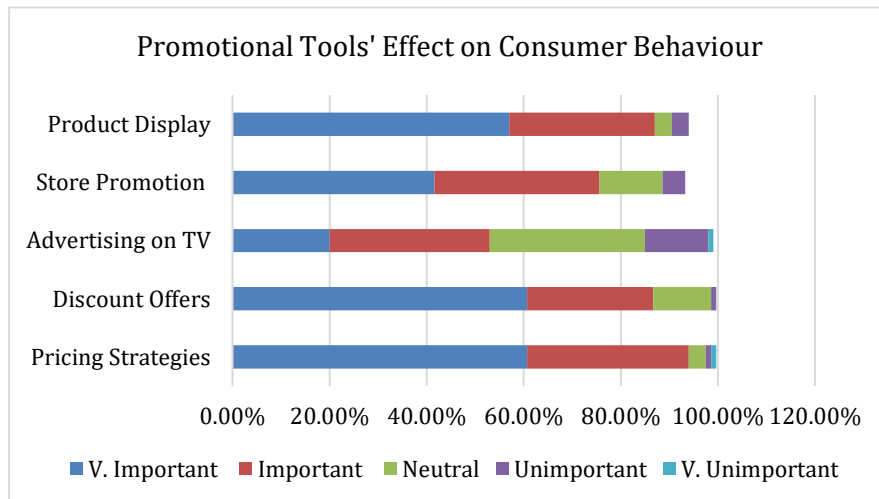
H1c: Advertising on TV is significantly effecting on consumer buying behavior in textile industry of Pakistan.

H1d: Store Promotion is significantly effecting on consumer buying behavior in textile industry of Pakistan

H1e: Product display is significantly effecting on consumer buying behavior in textile industry of Pakistan.

Table 1

Variables	V. Important	Important	Neutral	Unimportant	V. Unimportant
Pricing Strategies	60.70%	33.30%	3.50%	1.10%	1.10%
Discount Offers	60.70%	26%	11.90%	1.10%	0%
Advertising on TV	20.00%	33.00%	32.00%	13.00%	1.10%
Store Promotion	41.6%	34.0%	13.0%	4.7%	0.0%
Product Display	57%	30.0%	3.5%	3.5%	0.0%



As per Table 1 and graphical presentation shows, there is a positive relationship between dependent variable that is consumer buying behavior and independent variables Pricing Strategies, discount offers, advertisement on TV, store promotion and product display. As majority of people scored these variables as very important. On the basis of this analysis, the main hypothesis is accepted

H1: Promotional tools have significant role on consumer behavior and effecting sapphire's textile mills.

4.1 INTERVIEW SUMMARY

Mr. Nabeel Abdullah is the director of Sapphire retail head, member of the family has majority of shares, and running business successfully. For the research paper, I conducted an interview with Mr. Nabeel Abdullah regarding, how promotion tools are effecting on consumer behavior in retail market.

Mr. Nabeel Abdullah said, huge investment has been made by the company for getting location for outlet in newest high end mall. This heavy expansion required heavy capital from our parent company. Currently we are not focusing on growth but our main objective is to gain efficiency and consolidation and to increase margin. At the moment we are facing challenges in dealing with the expenses going up. We want to increase more margin without passing it on to the consumer. As per him consumers have less desire to satisfy the need towards product, and we observed large purchase on sales offers. This is unfavorable situation for the company, we may reduce price, which decrease company margin or have to deal with slower run of cash flow and growth. We are not able to sell our all units at full price due to slow economy condition. In the end of each month, clearness sales concept increases and people wait for those discount offers for purchasing which

hit all of us. It is a kind of trick, setting a high price while display it and then reduce price on sale to cover the margin. Sapphire is currently expanding business by securing outlet of highest shopping mall, full decorated, provide need and sophisticated environment, attractive display may require huge capital. Price Strategies, working on advertisement for brand awareness is the key point for marketing our product to increase our margin and get efficiency which are the main objective of company to achieve.

5 CONCLUSION

Promotional tools plays a very significant and vital role on the consumer buying behavior for the retailers or dealers in the marketing program. Usually different market gimmick and strategies are used to enhance the sale and revenue, different and unique incentives offer to customers to purchase the product using promotion means. Pricing strategies and offering discount in textile industry in term of monthly and annual sales trend is hugely increased due to customer influence and interest. Advertisement makes confirmatory impact on brand commitment; it affects directly the perception of customer purchasing decision. Further store promotion and product display tactics are widely used in current era for attracting customers; and company is making huge investment. Thus, studies indicate the positive relationship of all variables that is price, discount offer, advertisement, store promotion and product display on consumer buying behavior and therefore all main and sub hypothesis accepted.

Research also found that, Sapphire textile sales and profit is growing per year, as sapphire is continuously working on its marketing and promotional activities. Company marketing department is consisting of very skilled and qualified people. Sapphire is currently focusing on its spinning and weaving units, trying to purchase high quality cotton to maintain finished goods quality by keeping pricing of product low, further as target market of textile unit consist of women,

so that focusing on brand image and outlet and other promotional activities like 50% sales off to attract customers and increase market share.

6 SIGNIFICANCE AND RECOMMENDATION

The description of the promotional tools and their impact on motivating consumer buying behavior will help top management of textile industries to understand the efficacy of bundling and buy one get one free offers in retail marketing. It will allow them to use promotional tools wisely and aid in the promotional decisions. It also increase cost efficiency of advertising and promotion. The results developed will be generalizable to textile industries around Pakistan and directs to the agility factors that are not only effective for the companies benefit but also helpful for shared textile market improvement. The study also directs future research for exploring the other agility factors that can have a mediating or direct effect on companies' profitability.

7 LIMITATION OF STUDY

Extensive measures have been taken in collecting primary and secondary data and result analysis on the basis on that data. However, result may vary in other region and sample size characteristic. Promotional tool in marketing is vast subject to study, new variables may be identified and current variable impact may decrease over the time. Future studies are required to understand the behavior of variable with the time. Fewer data and time consumed during research due to current COVID-19 pandemic situation in Pakistan and all over the world.

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