CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

1.1.1 Consumer behaviour and its perspective in the state of Kerala

The field of buying behaviour enjoys a significant position in the ‘concept of marketing’, the business concept evolved during 1950s, which have predecessors like production concept, the product concept and the selling concept. The term ‘consumer/ buyer behaviour’ can be explained as the behaviour that either buyers or users display while they involve in activities like searching, purchasing, using, evaluating, and disposing any good, either product or service that is expected to satisfy the human need. The key assumption underlying the marketing concept believes that ‘a firm can be successful if it is capable of determining the need and requirement of the target buyers’ and this has encouraged the development of ‘consumer/buyer research’ field, that describes the tools and techniques used to study purchase behaviour of purchasers.

‘Purchaser’ being the member of society, subject towards varying external influences, paves scope for qualitative and quantitative research approaches and hence encouraged many academicians as well as industrial personnel’s irrespective of the nature of economy including developed or developing nation. The same wave has received acceptance and priority in Kerala, the southernmost state in India.

Since 1991, the time when India witnessed LPG, Indian market is overloaded with goods from all over the world. The middle class, being
considerable group of Indian population is now enjoying increased disposable household income, which results in increased demand for consumer goods. Thus it can be commended that India has become one of the largest consumer market in the world and the Indian consumer market show variations in size as well as potential. This variation can be in terms of differences in external environmental variables like geographical environment (urban vs. rural) economic environment (income level), demographic factors (age, educational level, family size), socio cultural variables (linguistic and religion diversity, different festive seasons, food habits) and also due to psychographic variables. Kerala, being a part of this variations offer wide scope for researchers focusing on consumer as well as purchase behaviour.

The state is popular for its unique and successful model of development, which is well known as Kerala development and it is considered as an applicable pattern for other developing economies. The state enjoying hundred percent literacy rate, lower birth rate and death rate, lowest infant mortality rate, better or equal men and women ratio and relatively good living standard has idiosyncratic socioeconomic, cultural and demographic characteristics which is worthwhile comparable to developed nations. The consumption data reveals that the expenditure of Keralite’s is more than the Indian average with respect to food, non food and non essential products/services. The state is referred as the consumerist society in India as its people consider it as a pride to allocate a considerable part of their income for purchasing durable and non durable goods or luxuries. Though the state lag in its industrial and economic growth, people still have income or make use of their income so as to maintain high standard of living, which is at par with that of any developed society. The gulf boom witnessed from 1990s has encouraged more foreign remittance to the state and this act as the major reason for availability of higher expenditure by the people.
The preceding research’s support that the state has made tremendous progress in the areas of education, literacy, sanitation and also health. The life expectancy rate of Keralites is much higher than the Indian average. The state enjoys good standard in terms of internet connections, financial institution facilities, and consumer cooperatives stores, medical and recreational facilities. It also stands as forerunner in formulating and implementing societal security techniques including allowances for unemployed personals and pension for old aged, widows and also farmers.

Traditional society in Kerala was subjected to huge discrimination in terms of caste, creed and sex. The olden age witnessed much lower consumption rate for the society and the discrimination is cited as the major reason for reduced consumption. In earlier period, different sections of society represented varied life style and people belonging to lower caste were not expected to use the commodities used by or reserved for higher caste. This resulted in lower consumption rate even when compared with the Indian average and was prevailing till a period of 1960s. But the Y2K revolution also witnessed a high increase in the consumption rate of the state, and promoted Kerala to third position after Punjab and Haryana. In addition to the popular technological revolution of Y2K, many socio economic revolutions happened prior to the year 2000 also resulted in increasing the consumption. The political revolutions in Kerala diluted the closed society concept encouraging equality among various sections of society irrespective of gender, caste and creed. The higher literacy rate and migration rate of Keralites also offered an increase in per capita income, which in turn increased the level of family expenditure. The Keralites show more attraction to consumer durables and non durable categories, which in turn encourage and attract more marketers and firms to open a profitable market segment in the state.

The increase in percentage of Non resident Indians in Kerala due to their migration to foreign countries especially Middle East has assisted in
increasing the socio economic situation of the society and thereby increasing the average consumption rate. Statistical survey conducted by Kerala State Government’s Department of Non Resident Kerala Affairs/ NORKA during 2013 reveals that 1.6 million Keralites enjoy NRI status and their remittance stands to be in Crores and the major remittance coming from Middle East countries. Kerala accounts for 75% of Indian migrates in this region and the former research works suggest that the inflow from Gulf nations are mainly utilized for consumption purpose in the state rather than as an investment. Earlier studies also suggest that the manufacturing and production rate in the State of Kerala is far below the rate of consumption which strengthens the concept that daily consumption commodities including basic necessity, food are obtained from other parts of the country. Thus Kerala is considered as a potential market for durable as well as consumer goods by multinational as well as national enterprises functioning in and out of the country.

Kerala is witnessing a tremendous growth in usage of technological amenities, by which the people make use of it to access wide varieties of product and services available. This has also resulted in rapid urbanisation and reduction of urban-rural distinction in the state. This change in behaviour and perception of Keralites has forced the manufacturers to make use of modern e-commerce techniques in addition to the traditional tools used in promotional and marketing strategy.

Introduction of new advertisement techniques, attractive as well as intelligent promotional offerings and also availability of credit facilities and hire purchase schemes act as attractive factors for encouraging consumption. These factors encourage the purchase behaviour of those who would else have postponed or avoided purchasing of a particular product or brand by tempting them to purchase immediately. The manufacturers as well as financial institutions come up with these kinds of purchase assistance so as to avoid losing of consumers.
Though Kerala, the southernmost state in India witness poor economic growth, retardation in industrial growth and also low income when compared to many other states in India, it exhibits high physical quality of life, higher consumption level and also better standard of living. This shows that the state has many contradictions with reference to the socio economic environment but the increased rate of per capita consumption proves that it act as a good hunting ground for manufacturers as well as marketers irrespective of the type of goods and service.

1.1.2 Promotional Measures and Buyer’s Perception towards the Same in India

In spite of the developments made in Indian economy, India continues to perplex the world as scarcity and prosperity coexist with division of regional inequalities, gender, belief etc. India recognized as fruitful market, prompt the manufacturers with techniques that can stimulate the demand of household as well as industrial users. Sales promotion, being such a technique, enjoys a relevant position among the marketing mix elements, tempt the companies to make use of it even at the expenditure of brand advertising so as to persuade clientele.

Sales promotion is considered as the dynamic activity among marketing mix elements, as it combines strategy, personal touch, curiosity, anxiety, bonding etc. According to Sophie Joseph of ACNielson, until mid 90s, promotions included only ‘give away’ like measuring jar, recipe books etc, hence they were considered lower in their value in terms of consumer perception, but a change occurred in the nature of promotions since 1999, and the promotional measures started including contests, coupons, samples, and also attractive offers through internet.

The sales promotional schemes are capable of eliciting responses that can assist the manufacturers to gauge the turnover in sales. These schemes are
three pronged as it is targeted at three levels including the end users, traders and also sales force personnel’s.

Indian market witnesses a scenario where small players compete with global brands, ruthless sales target for firms, increased exposure given to customer especially in terms of information and product variety and these acts as driving forces for encouraging forceful promotional activities by the firms. These activities will be highly effective in attracting Indian customers, who generally have ‘value for their money’ and thereby achieving the aim of increased market shares as well as obtaining competitive advantage.

The sales promotion works with two end concept of push and pulls strategy as these value adding techniques not only attracts customers but also encourages traders and retailers to stock more of the product as they enjoy more store trafficking due to promotion and also can enjoy extra commission in the bargain. The aim of promotional activities focusing on end users is to excite them about the brand and the value that they obtain. Attractive promotional offer are capable of pulling Indian consumers to the respective brands and these includes price deals, premium offers, coupons, loyalty cards, contest/sweepstakes, refunds, speciality items, interactive promotions, continuity programmes etc.

The advent of promotional schemes and the benefit offered by them are not recent phenomenon, when considered in Indian context. The fact that same scheme employed in different places creates varied responses have always encouraged the attention of firms as well as market researchers. The best example for prior statement is the case of P&G where, Horlicks of P&G announced a ‘gold rush’ scheme for West Bengal in 1980’s and it brought a tremendous response among the Indian customers, resulting in a 20 percent increase of market share for the firm where as the scheme initiated in 1982 in Kerala market didn’t educe the likely response, declining the share by 5 %. This statement reveals that the type of promotion not only depend on its
amount of value addition but also on the nature and response of consumers towards the same.

1.1.3 Fast Moving Consumer Goods Industry in India

Philip Kotler defined the term ‘fast moving consumer goods’ as those products having low unit value, requiring frequent purchase and behaviour reflecting less loyalty, impulse buying and low involvement by consumer. Fast moving consumer goods popular as FMCG enjoy faster shelf turnover that too at relatively low cost. Time and energy invested for these purchase are quite less as the financial investment required is comparatively low for fast moving category items. This category includes broad range of frequently purchased products including personal care products, home care, fabric care, processed food items etc.

As FMCG require less investment and involvement by the purchaser, the risk involved in the purchase is very less and hence consumers always have chance of experimenting with different brands. The choice of brand as well as quantity of product to purchase depends on brand specific factors like promotional measures, price and also consumer specific factors like sensitivity towards price and promotion, consumption rate, consumer attitude towards brand and promotional offer.

The Indian FMCG sector is highly potential and attractive and is the fourth largest sector in the nation’s economy. Large and growing youth population, increasing disposable income, urbanization, growing awareness and easier access can be recognized as the key growth drivers for the FMCG sector. The report published by Indian Brand Equity foundation in August, 2016 reveals that the FMCG sector has generated revenue worth USD 47.3 billion in 2015 and it is expected that the sector can reap USD 51 billion from Indian economy by 2017. The study conducted by IBEF also reveals that the FMCG market size of Indian economy is about USD 49 billion for the financial year
2016 and is expected to reach 103.7 billion USD by 2020. The growth in India’s middle income can be considered as one of the key drivers for the increased market size and the middle income group is estimated to reach 287 million by 2018 from 160 million in 2011. This statement again acts as a boon for FMCG sector.

Overall FMCG market in India is expected to grow at a CAGR (Compound Annual Growth Rate) of 20.6 % to USD 103.7 billion during 2016 to 2020. By 2020 the total consumption expenditure of FMCG products is expected to reach 3600 billion USD from the earlier recorded amount of 1411 billion in 2014. The report published by IBEF in January, 2016 shows that 50% of FMCG sector growth is accounted from household and personal care, 32% by health care and 18% by food and beverages.

The government policies and/or initiatives by government at the central and state level and also the initiation of FDI in the Indian economy acted as a boon for the growth of FMCG sector in India. The liberalization-privatization and globalization initiative of Indian economy during 1991 welcomed multinational companies, irrespective of the sectors, to establish their deep roots in the country. In addition to this, the recent years witnessed lifting up of quantitative restriction, reduction of excise duties, and automatic foreign investment especially in the FMCG sector in India so as to attain international competitiveness. Recently the Indian government announced a cut of 4% in excise duty for FMCG products along with automatic investment approval up to 100% foreign equity and encouragement towards overseas corporate bodies’ investment so as to maintain continuous growth in net FDI inflow. In addition to these favourable monetary and fiscal policies initiated by Indian government, low operational cost, strong distribution network and also the growth in population acted as fertilizers for the establishment and growth of FMCG companies in Indian economy.
The positive environment in India though encouraged in development of fast moving consumer goods, also led to an increase in competition among multinational as well as national companies in this sector. The Indian market witness existence of numerous players in FMCG sector namely ITC, HUL, P&G, Godrej Consumer Product Ltd, Marico Ltd etc, among which ITC stands as the market leader for the year 2015-16 with revenue of 2127.3 USD million from India followed by HUL with USD 488.5 million.

The current market witness a huge change in consumer attitude as they have proved to be demanding and wish for customized and tailor made products that are capable of fitting with consumer’s individual taste, need and preferences. The consumers also started depending on internet, not only as a tool for making their own research on different kind of products or commodities but also as a tool with which they can make a purchase sitting at their home or office (online purchase). This has encouraged the current market players to be innovative and also to customize their existing product portfolios so as to widen their market share by attracting new customers. The companies have also stared to influence the market with attractive as well as intelligent promotional deals both for online as well as offline purchasers.

1.2 SIGNIFICANCE OF THE STUDY

The Indian society experienced liberalization, privatisation and globalisation as a part of economic reforms during 1991 and since then durable and non durable sectors are experiencing potential growth. Since 90s the FMCG market sector showed a growth at the rate of 15% per annum in terms of value. According to the report of FICCI (Federation of Indian Chambers of Commerce and Industry) published in March 2005, the year 2000, witnessed a decline in growth but later the sector regained its potential in 2003-04 by 4% growth and thereby increasing its value to INR 60,000 Crore.
Along with the economic reforms, the later years saw favourable policies and schemes initiated by the central government including lifting of quantitative restrictions, reduction of excise duties, and approval for FDI. Many multinational companies entered into durable and packaged product categories, since the above favourable policies along with increasing population rate, presence of cheap labour, increase in disposable income and also growing urbanisation started acting as attractive factors for these companies. These consequently led to increase in cutthroat competition in durable and FMCG category.

As absolute profit made on fast moving consumer goods are relatively small, the firms will try to sell the products in larger quantities so that cumulative profit can be made substantial. The companies have to come up with attractive and innovative marketing strategies including advertisements and sales promotional offerings. The condition prevails even today and can be supported by report published by Economic Times in January 2016 which point out that sales promotion expenditure by various marketing companies is estimated to be Rs 5000 Crore and emphasis on sales promotion activities by Indian industry has increased by 500 to 600% during the last 3 to 5 years.

Developing country like India popular for its diversified cultural heritage, now enjoys an emergence and change in economic situation, started inclination to westernized life style, enjoy an increase in disposable income in the recent years have paved way for growth of modern retailing, which in turn increase the number of multinational brands concentrating in FMCG sector, who not only compete with their product, but also compete to have attractive and unique retention strategies. The buyer’s response towards these strategies is highly differentiated as it is influenced by varied facts, perception and also cognition of purchaser and hence provides ample scope for researchers in marketing domain. The ‘facts’ includes evidence based variables and they can be categorized and also readily determined and cognition includes attitudes of
consumer to various variables. Facts are characterised by internal and external environmental variables like demographics, social class, geographic factors etc and cognition includes psychographic characteristics and personality traits.

The current study aims in analysing the influence of selected facts and cognitive factors on buyer’s behaviour towards promotional measures. It starts with analysing the influence of consumer directed promotional measures used by FMCG manufacturers concentrating on retail as well as online stores on buyers, continue by analysing how the internal and external variables assist in shaping their behaviour and whether the resultant behaviour is successful in creating an elevated mood state that in turn can result in positive outcome for the FMCG manufacturers. The study is based on the state of Kerala, the southernmost part of India, constituting of people who not only represent maximum literacy group but also show higher leniency towards standard of living and hence exhibiting higher consumption rate.

1.3 SCOPE OF THE STUDY

The study is designed so as to analyse the influence of facts and cognitive factors on buyer’s perception towards consumer directed sales promotional tools. Specifically it deals with examining the influence of gender, age, income, educational qualification, size of household (socio demographic factors), interest, opinion and open or close mindedness (psychographic factors and personality trait which form a part of cognitive variables) on various consumer directed promotional techniques. Though FMCG manufacturers and marketers make use of diversified types of promotional tools, the study is limited with consumer directed promotional measures including ‘price off’ and ‘buy and get free offer’.

The term ‘buyer’ in the study not only include the traditional buyers who buy from brick and mortar stalls but also embrace the online consumers who depend on e shopping. As the term ‘consumption’ include wide variety of
goods and services, the paper focus on fast moving consumer goods sector and is limited with skincare products, detergents and branded cereals which represents wide range of FMCG sector including personal care, household care, food and beverages. Geographically the study is limited with southernmost state of India, Kerala and hence aims in analysing whether the promotional measures are effective in creating an elevated mood state, stock piling of same items or other items that are covered under promotional offers or whether they create a negative perception like lesser probability of product availability for the promoted items.

1.4 REVIEW OF LITERATURE

Anderson, T Eric (2004) studied about the effect of price promotion on durable goods that were sold through a direct mail catalogue and analyzed its influence in future purchasing with respect to first time users and also established customers with respect to three supermarkets in Houston, US. The findings reveal different effect for first time and established customers. Deeper price discounts in the current period increased future purchases by the first time customers, which represents a positive long run effect but reduced future purchases by established customers, which represented a negative long run effect.

Dawes, John (2004) reported the result of his study on the effect of price promotion in a consumer good category. The study focused on analyze and determine whether this large price promotion had long term impact on brand value; short term impact on total category volume for retailer; short term effect on competing retailers; and long term effect on category sales for the retailer who runs the promotion and the study was limited to Texas. Results of the study showed that a very successful promotion did not have any long term positive or negative effect on the brand, but it didn’t expand the total category for retailer, though temporarily. Sales dropped slightly for one competing retailer at the time of promotion out of the three units studied. It was
observed that the promotion was followed by decline in the total category volume for the retailer, which suggested that price promotion created some degree of purchase acceleration or stockpiling by consumers.

Baohong et.al (2003) performed various studies relating to the impact of promotion on brand switching with respect to middle income group in UK market and used logit model for the same. According to these studies promotion has a strong effect on brand switching. The authors show that logit choice model can over estimate brand switching because they do not take in to account the rational adjustments of the customers which they make to take advantage of promotion. This models do not take into account stock piling and deceleration strategies. They use a dynamic rational model and compare it with logit model. The result was that logit models over estimate brand switching, and dynamic rational model provide the most accurate estimate of switching.

Wait, Joffre and Erden, Tulin (2010) focused on analyzing concepts like impact of store promotion on marketing mix elements, its influence on availability of product, on its shelf life, consumer’s choice and also their evaluation based on utilities with respect to packaged consumer goods and the study was limited to Chicago. The empirical results, based on the product, fabric softener panel data, indicate that measures like future insert and availability consistently increased systematic utility in a statistically significant way over and above the positive effects.

Soman, Dilip (2009) focused on promotional offer, price bundling and investigated how and why price bundling affect the consumption of services based product like sporting event or a theatre performance. The study was conducted among theatre viewers in Austria and the results of the study showed that chosen promotional offer, price bundling leads to a decoupling of the sunk cost and pending benefits of transaction there by reduced the likelihood of downstream consumption.
Smith, F Micheal and Sinh, Indrajit (2000) examined the relationship between different types of promotions like straight price promotion, extra product or volume and mixed promotion. The study was conducted across four supermarket in California and they focused whether the promotional measures created influence on factors like product stock up characteristics and price level. Results revealed that majority of consumer’s preferred mixed promotion and also the type of promotion influence store preference. In this study price and volume promotions showed the greatest influence. Price promotions were generally preferred for higher priced product categories whereas volume promotions were preferred for lower priced categories.

Feame, Andrew et.al (1999) analyzed the impact of promotion on the demand with respect to spirits category in the UK market and the research focused on an econometric analysis and also cluster analysis of selected consumer data. The results suggested that promotions have had a slight positive impact on the volume of sales, particularly during seasonal markets like Christmas Eve. Some promotions, especially multi-buys and rewarding loyal buyers, had little impact on either volume or even on monetary benefit for the spirit category. Whereas other promotional measures, such as price and gift offers, appeal more to consumers who do purchase spirit so frequently and where also useful in attracting people who are less brand and store loyal.

Ailwadi, L.Kusum (1998) was motivated by the existence of flexible consumption rate especially on the packaged goods products and hence focused on analyzing how this phenomenon could be mould so as to determine its importance in assessing the effectiveness of sales promotion. The study was conducted in the Asian market and the results of their study show that sales promotion increases consumption because it resulted in higher usage rate and also stockpiling.

Gould, W. Brian (1997) in his study, focused on the process consumer purchase behavior and examined the effect of coupon based price deals on the
purchase behavior. He used econometric models of duration and the product category was limited to cheese and the population chosen for study includes four municipalities in Florida. Results suggested that use of coupon results in reduced inter purchase time for all varieties of cheese products.

Sethuraman, Raj (1996) focused on the promotional offer, discounting among the consumers in Andra Pradesh and the empirical analysis developed a Model that separates the total discount effect of competing high priced brand on the sale of low priced brands so as to determine the influence of discount on the product. Findings show that the leading national brand can draw sales from competing brands without reducing its price below the price of other brands.

Jeffry, J. (1994) tested the hypothesis that coupon redemptions are higher during those periods immediately following the coupon drop and decline monotonically. The study conducted in UK rejected the hypothesis and it was proved that expiration dates induce a second mode in the redemption pattern just prior to the expiration dates.

Grover, Rajiv and Srinivasan, V.(1992) performed a research focusing on investigating the effect of retail promotion on brand loyal and brand switching segment of consumer in US. They found that the market can be segmented into brand loyal segments and switching segments; promotional variable have significant effects on segment market shares, and the effect on promotion is different across segments; store share is related significantly to promotional attractiveness of a store; the overall promotional attractiveness of the product category has significant current and lagged effect on category volume. The promotional offers resulted on consumer purchase acceleration and also stock piling and this effect lasted for longer duration with respect to brand loyal segments.
Kahn, E. Barbara (1990) focused on analyzing how in store price promotions affect market share that too after the promotion have been retracted and the study was performed among six supermarket dwellers in Georgia. They find that the effects of promotion are contingent on both the choice pattern of subjects- whether or not subjects switch among brands and the ubiquity of promotion in a product category. If only one brand is being promoted and subjects are generally loyal to the last brand purchased, brand choice probability declines from pre-promotion is withdrawn. However if subjects tend to switch among brands in the absence of promotion, or several brands are being promoted, this decline is mitigated and/or does not occur.

Guptha, Sunil (1988) explains how sales promotion affect consumer’s and analyzed whether these promotions are capable of creating sales bump/increase in sales due to brand switching, purchase time acceleration and stock piling. The researcher proposed a method to analyze consumer decisions-when, what and how much to buy especially during promotional offers. The impact of marketing variables on these three consumer decisions is captured by a multinomial logit model of brand choice and cumulative logit model of purchase quantity. The models are estimated with the help of data collected from consumers of regular ground coffee with respect to three municipalities in Florida and the result indicates that more than 80% increase in sales due to promotional offers comes from brand switching. But purchase acceleration sometimes accounts for less than 14% of the sales increase, where as stock piling due to promotion is a negligible phenomenon and account for less than 2% of the sales increase.

Kerin, A. Roger and Cron, L. William (1987) focused on impact of ‘trade shows’ and examined the selling and non selling role of trade shows with respect to Australian market. Researchers also identified marketing and trade show related variables that are capable of affecting performance. According to
them the current measures are inadequate for measuring the effectiveness of trade shows on selling and non selling dimensions.

1.4.1 Studies on Buyer’s Perception

‘How the buyer perceive the various aspect of sales promotion’ is very important for brand managers to plan, implement and properly evaluate their promotion schemes and buyers show different behaviour and perception to same kind of promotional strategy. Several studies were conducted on the perception of buyers regarding price, quality, value etc with respect to that of promotional offers attached with product/brand. A summary of available literatures are presented below.

Kumar, K.M Krishna (2010) focused on consumer’s perception about promotional strategies adopted by marketers with special reference to fast moving consumer goods in the state of Kerala. The study aimed in analyzing the level of awareness towards various sales promotion strategies and also its attractiveness to consumers of Kerala. The data were collected from consumer from different parts of the state and different mathematical and statistical tools including Chi-square test, t-test, ANOVA and Duncan test were used for analyzing the data. According to the findings of the study, consumers belonging to different categories are aware of the various sales promotional strategies adopted by marketers. Among the different tools of sales promotion, price-off and gifts and complements are most sought after promotional tools for consumers.

Alvarez, Begona, Rodolfo, (2008) examined the influence of sales promotion and its effect on brand choice behaviour with respect to Maryland. A regional consumer panel was selected for collecting necessary information for the study. The researchers are of the view that promotional measures are capable of assisting manufacturers and retailers in achievement of their objectives like trying the brand, helping to decide what brand to buy etc.
Immediate price reduction is the technique that can have maximum influence on the brand choice and selection. It is possible that the consumer perceives a promotion, for example coupons or rebates, but does not change their behavior. In this case, the promotional investment of manufacturers and retailers hasn’t created any fruitful effect on the consumer. The researchers are of the view that promotions based on price have the greatest effectiveness and influence.

Bailey, Anthony, Ainsworth (2007) conducted an experimental study that focused on analyzing the influence of gender and company reputation on consumer attitudes towards promotion and the study was restricted to UK market. The study also aimed in analyzing perceptions of companies involved in non fulfillment of promotions. The results indicated that companies are capable of influencing consumer’s perception about brands and hence companies are involved in various promotional deals. The results show that companies with positive reputations do not suffer as adversely as those with negative reputations. Similarly gender has a good impact on perception of credibility of companies involved in non fulfillment, but does not affect brand attitudes, patronage intentions or switching intentions. Among the different gender category, attitude of women were influenced by differential effects of company reputation as compared to the case with men, where the differential effects were not as great.

Peter, R. Darke and Cindy, MY.Chung (2007) studied about various consumer directed promotional schemes that where popular in US market and examined the extent to which different promotional frames increased perceptions of deal value. Results of the study showed that negative equity inference moderates discount framing effects and undermines deal value, particularly when no assurance of product quality was provided. Every –day-low- price offers were also vulnerable to negative quality inference, while free gifts frames maintained quality perceptions and increased deal value. Product trial acts to further magnify promotional framing effects.
Vyas, H. Preeta (2005) tried to study about preferences of consumer with respect to sales promotion in Fast moving consumer goods category in North Indian market. It was found that sales promotion with characteristics like uniqueness and which offers immediate incentives preferably of price cut nature is likely to appeal to all consumer segments.

Janiszwski, Chris (2004) conducted research to examine the argument that the impact of price discount on the perceived attractiveness towards product bundle depends on the type and category of product that is discounted and the study was limited to Lhasa. ie. The discounts are effective when they are assigned to the products that will receive the most weight in overall evaluation of the bundle. They conducted six studies and the results show that the perceived value of discount may also depend on referent specific to each product.

Soo-Jiuan, Tan and Seow, Hwang, Chua (2004) reported the impact of using of a vague scarcity restriction like ‘while the stocks last’ on consumer’s perception of promotional offers involving different claims formats (tensile price claim such as “save up to 60%” versus non tensile price claim such as “save 60%”) and different amounts of price discounts among consumers in Beijing. The findings show that the measures like framing of such vague scarcity restriction and using a tensile claims formats positively improve the consumer’s perceived informational value of the offer, only if exaggerated price discounts are involved.

Alain, d’Astous (2003) conducted an experimental study to analyze four characteristics of premium-based sales promotions in the context of a computer purchase with respect to US market. The characteristics include - the attractiveness of the premium, the extent to which it fits the product category, the reception delays of the premium and mention of its value. The study revealed that these factors had interactive effects on consumer perception. Although the attractiveness of the premium generally had a positive impact on
consumer appreciation towards the promotional offer, a promotion including an unattractive premium was nevertheless positively evaluated if the premium was a good fit to the product category. Sales promotions, including a premium that fits well to the product category, were less likely to be perceived as manipulative. However if the product premium fit was poor and the premium was not attractive, mentioning the value of premium helped to reduce the perceptions of manipulation intent.

Inman, J. Jeffrey and Marcel, Zeelenberg (2002) analysed the consequences of repeat purchasing (maintaining the status quo) versus switching in the context of information regarding the reasons for the decisions (eg. Prior consumption episode, brand history). They study conducted in South Asian market concluded that this effect depends on whether or not there is a justifiable basis for this decision. If there is sufficient motivation to warrant a switch, customer will feel less regret in the face of a subsequent negative outcome realized via a switch than in one realized via a repeat purchase. Results also suggest that feelings of regret are mitigated when the consumer reflects and concludes that the decision was appropriate under circumstances.

Srivastava, Joydeep and Nicholas, Lurie (2001) jointly conducted three researches that examined price matching refund policies from a consumer perspective with respect to UK market. The first study shows that consumer perceive price matching refund policies as signals of low store price search. Second and third studies show that when search costs are low, the number of stores searched increases in the presence versus absence of a price matching refund policy. When search costs are high, consumers appear to accept the price matching signals at face value and search less in the presence of a refund.

Vibhas, Madan and Rajesh, Suri (2001) analyzed about the price discounts and fixed price offers in terms of their comparative impact on consumer valuation regarding the products with respect to North India. They used a model of consumer valuation that explored the interaction between
negative quality effect and the positive monetary sacrifice effect associated with price discount. Their study suggested that immediate levels of price discounts are more desirable than a fixed price offer and they also concluded that a fixed price offer is more desirable than both high and low price discounts.

Jeanne, Lauren, Munger (2001) analyzed the effect of bundling formats like partially bundled attributes vs unbundled attributes and also framing of promotional discounts (like rebate, discount and free options) on factors like perceived quality, price acceptability, perceived value and subsequent purchase intentions with respect to Chicago market. Results of their study indicated that price reduction that are framed as providing “free” product options are more favorable to consumers than conventional discounts which, in turn are more favorable than rebates, holding the total amount of a price reduction constant. The results also suggested that unbundling of deals (segregation of gains) enhances these perceptions.

Pierre, Chandon et.al (2000) conducted research by which they tried to find out answers for a few questions like, are monetary savings the only explanation for consumers response to a sales promotion and if not, how the different consumers benefits of a sales promotion influence its effectiveness? The study conducted among four super market visitors in US analyzed two benefits- hedonic and utilitarian benefits and they found that monetary and non monetary promotions provide consumers with different levels of three hedonic benefits (opportunities for value expression, entertainment and exploration) and three utilitarian benefits (saving, higher product quality and improved shopping convenience). It is argued that effectiveness of sales promotions is determined by nature of the utilitarian and hedonic of benefits it offers. For high equity brands, monetary promotions are more effective for utilitarian products than for hedonic products.
Sanjay, Jain and Jayadeep, Srivasthava (2000) experimentally conducted a study that examined how consumers view and interpret price matching refund policies with respect to consumers in Delhi. They developed a model which suggests that under some conditions price matching policies lead to a more intense price competition. All firms may not find it profitable to offer refunds, and consistent with customer expectations the firm with lower price will offer refunds.

Priya, Raghbir and Kim, Corfamn (1999) analyzed whether the pre-trial brand evaluation of consumers can be influenced by price promotions and study was limited to Austria. They are of the opinion that price promotions affect pre-trial brand evaluations unfavorably in some specific conditions or situations like the brand has not been promoted earlier; when promotions are used as a source of information about the brand, when the evaluator is not an expert; and when promotion is uncommon in the industry.

Jane, W Licata et.al (1998) studied about the effect of plausible as well as implausible or exaggerated tensile discount on price perception, discounting behavior of consumer and behavioral intentions. They compared the effects across two consumer segments, elder and non elder, and also for a product category and a service category item in Aberdeen, Scotland. Findings suggest that the age of the consumer had a significant interaction with discount level for consumers discounting behavior regarding the product offer. The influence of implausible and high plausible discount on price perception was higher than that of low plausible discount. There were no significant differences between the implausible and high plausible discount level for price perception behavior or behavioral intentions.

Chung-Kue, Hsu (1998) analysed the role of mood in price promotions with respect to Japanese market and results of their study show that mood influences the effectiveness of price promotions especially the consumers perceived transaction value in a mood congruent direction. The
mood effects are asymmetric in positive and negative conditions and it was found that Consumers perceived quality is not influenced by pre-shopping mood of the consumer.

Kapil, Bawa, et.al (1997) suggested a framework for modeling coupon redemption that makes it possible to evaluate the relative merit of different coupon promotions and examined how consumer response to coupons varies by coupon characteristics with respect to US market. Empirical applications of the model showed that important insight into consumer response to coupon can be obtained and that consumer response can be predicted for nearly 90% of the samples.

Banwari, Mittal (1994) conducted an analysis that tried to identify a set of possible explanatory variables that can help in capturing the psychology of coupon use behavior and also to develop a theoretical model that can link these variables among themselves and also with that of coupon use with respect to Bristol, UK. The study also aimed in empirically testing the explanatory power of the model. The authors identified four classes of explanatory variables for consumer use coupons including cost-benefit perception, shopping related personal tracts, non demographic and also demographic characteristics of the consumers.

Yadav, S.Manjith (1994) conducted research on buyer’s evaluation about bundle offers with respect to Indian market. They developed and tested a model of bundle evaluation in which buyers anchored their evaluations on the item perceived as most important and then made adjustments on the basis of their evaluations on the remaining bundle items. The result of two computerized laboratory experiments suggest that people tend to examine bundle items in a decreasing order of perceived importance and make adjustments to form their overall evaluation of bundle.
Yadav, S.Manjith (1993) examined about buyer’s perception of overall savings when they evaluate a bundle offer. They tried to make a comparative evaluation of additional savings offered on bundle with respect to that on individual items with respect to Indian market and the results indicate that additional savings offered directly on the bundle have a greater relative impact on buyer’s perception of transaction value than savings offered on the bundle’s individual items.

Guptha, Sunil (1992) examined consumer’s perception towards price promotion offered by retailers with respect to Maharashtra. Their study shows that consumers normally ‘discount’ the price discounts. It also suggests that the discounting of discounts and changes in purchase intention depend on the discount level, store image whether the product advertised is a name brand or store brand. The study also aimed in analyzing the existence of promotion thresholds. They used experimental data and an econometric methodology to gather empirical evidence that consumers do not change their intention to buy unless the promotional discount is above a threshold level. This threshold level for a name brand is lower than that for store brand. In other words stores can attract consumers by offering a small discount while a large discount is needed for similar effects for store brand. The study also indicated the existence of promotion saturation point above which effect of discounting on changes in consumer purchase intention is minimal. These results confirm consumers S shaped response to promotions.

Manohar, S et.al (1992) conducted controlled experimental study that help in investigating the impact of a brand’s price promotions frequency and depth of promotional price discounts on the price consumer expect to pay for that brand. As per the study conducted in UK, both the promotion frequency and depth of price discounts have a significant impact on price expectations. There is a region of relative price insensitivity around the expected price such
that only a price change outside that region has a significant impact on consumer brand choice.

Scott, Davis, et.al (1992) re-examined the findings of earlier studies that a brand which is promoted would be evaluated lower and therefore have reduced repurchase probability with respect to North West England. They reject this theory and found that promotions do not have a negative impact on consumer repurchase and the overall evaluation of promoted brands remain unaffected.

Aradhana, Krishna, et.al (1991) conducted research to analyze several aspects of consumer perceptions regarding deal frequency and deal prices with respect to US market. Results indicate that most of the consumers are reasonably accurate about deal frequency and sale price. Consumers with large family size have higher recall on deal frequency and sale price than smaller family size and those who read weekly fliers for items on sale, devote a higher percentage of product class purchase to the brand, and purchase the package size more frequently and mean time it is lower for old buyers.

Inman, J.Jeffrey et.al (1990) analyzed about the popular belief that some customers react to the promotional signals without considering relative price information. Result of their study conducted in Middle East market show that low need for cognition individual reacts to the simple presence of a promotion signal whether or not the price of the promoted brand is reduced, but those high needs for cognition consumers react to the promotion signals only when it is accompanied by substantive price reduction.
1.4.2 Studies on Consumer Directed Promotional Offers

In addition to the impact of consumer sales promotion techniques and consumer’s perception of the same, various other dimensions have also been researched worldwide.

Priya, Raghubir (2009) conducted two researches with respect to UK market, to examine about consumers response to products that have been offered as a “free gift with purchase” of another product. Results of the first study showed that when an economically identical offer is framed as a joint bundle compared with when it is framed as “Buy one, Get one free” offer, consumers are willing to pay less for the product offered “free”. When a product is given away “free” then consumers are willing to pay less for it as a standalone or individual product, especially when the original promotion offer does not include the price of the gift, according to the result of the second only.

Somjit, Barat (2009) conducted a study to examine how intention to redeem coupon is affected by the face value of the coupon and the study was limited to common grocery item and limited to consumers in west Midlands, UK. The data was collected using a self administered questionnaire from a convenience sample of students and non students. Results of the study suggested that, for low face value of coupon, the intention remain more or less unchanged. The correlation between intention to redeem the coupon and perceived sticker price of the product is positive at the lower levels of coupon face value, but becomes negative for higher face value.

Preeta, Hemang, Vyas (2009) in her study, mainly examined the ratio of incentives and outlays when consumers buy fast moving consumer goods under various sales promotion offers with respect to Orissa. The major findings of the study is that variation exists in input/output ratio across product categories and non food category exhibits more variation that the food
category. It was also found that the level of incentives in the non food category is higher than that of the food category.

Heather, Honea (2008) aimed in analyzing whether the sales promotional offers are capable of creating the psychometric change in behavior of consumer with respect to UK market. They proposed and tested a 28-item scale instrument, the Promotion Affect Sales (PAS), which measures affective response to promotions. Results indicated that the 28-item PAS is a parsimonious and effective measurement tool of the affect produced by sales promotion.

Perer, H. Leeflang and Dick, R. Wittink (2004) proposed a store level regression model that decomposes the sales promotion bump in to three parts: cross brand effect (secondary demand), cross period effect (primary demand borrowed from other time periods) and category expansion effect (remaining primary demand). On the basis of data obtained from four stores in UK, they suggest that each of the three parts contribute about one-third on an average. A model is also proposed for separation of category expansion effect into cross-store and market expansion effect. Features supported price discounts are strongly associated with cross period effect while display only supported price discounts have especially strong category expansion effects. While the role of category expansion effect tends to increase with higher price discount the role of cross brand and cross period effects tend to decrease.

Jorge, M. Silva et.al (2007) conducted an analysis on promotional offer ‘couponing’ with respect to US market and developed a logit model to capture the effect of coupon activity on brand choice. They presented the empirical application of the model on two categories of scanner panel data, catsup and liquid laundry detergent. They found that price elasticity is higher for coupon users than non users.
Peter, Boatwright et.al (2006) studied the determinants that influences the promotional activities like temporary price reductions, displays and feature advertisement. The data was collected from US markets and all major retail grocery chains. They also investigated the role of retail competition, account retail strategy and demographics in determining promotional response. Results suggest that retail strategic variables such as price format are the most important determinants of promotional response, followed by demographic variables.

Sandrine, Mace and Scott, A. Nelsin (2004) empirically studied the relationship between pre and post promotion dips in weekly store data and Universal Product Code (UPC) category and store trading area customer characteristics with respect to South East England. The researchers reported that, on an average, pre and post promotion dips account for 33.3% of the current week promotion bump, with a range of 18.8% (hand detergent) to 68.4% (canned tuna).

Priya, Reghubir (2004) conducted three experiments that examined whether the economic value of a coupon is a source of information to infer the price of the product/ service and the quality of the product/ services, with resulting consequences for deal evaluation and purchase intentions. Results of this study conducted in UK market show that increasing the value of coupons does not always improve deal evaluations or purchase intentions. The presence of past price information about the brand, information about price of other brands offered by the company, information about competitive price moderate the impact of coupon value on brand related inferences.

Preeta, Vyas (2004) conducted a meta analysis regarding recent contributions in the area of sales promotion with respect to Illinois , classified them and reported the key findings. It is reported that majority of the articles addressed manufacture’s perspectives and almost all studies were done in developed countries. Though there are wide variety of promotional tools,
‘coupon as consumer promotion tool’ was widely researched; and more than half of the articles were addressing planning related issues.

Michel, Caroche et.al (2003) proposed a multi dimensional model, which is based on two different promotional tools- coupons and two-for-one promotions that are capable of triggering different response. On the basis of their study conducted in US market they highlighted commonalities and differentialities in the process of promotion use.

Richard, L. Oliver (2003) conducted an analysis on digital couponing and studied its influence on promoting the customers/ shopper’s perception and behavior such as shopping cart abandonment with respect to Scotland. Results showed that providing a code and its attendant price reduction had a positive effect on the perception and satisfaction of shoppers, when compared to traditional couponing.

Kureshi, Sonal (2003) conducted an analysis to understand the position of joint sales promotion in India. The scope also include analysing problems and prospects of this type of promotion. Content analysis done by the researchers revealed that target market commonality relationship is the prime reason for companies offering joint sales promotion. Further, joint sales promotion is most prevalent in durable category products than other category

Alain, d’Astous and Isabelle, Jacob (2002) jointly conducted three research programs whose main objective is to gain a better understanding of consumer reactions to premium based promotional offers with respect to Austria. The results reveal that consumer perception of premium based promotional offers is more positive and higher when the premium is direct than when it is delayed. The perception is also positive when there is a relatively lower quantity of product to purchase, when the value of the premium is mentioned, when brand attitude is positive, when interest in the premium is
great, and when consumers are characterized by deal proneness and compulsive buying tendencies.

Pierre, Chandon and Brian, Wansink (2002) developed a theoretical model regarding post purchase behavior of consumer, which they used to analyze when and how exogenous product stockpiling increases the short-term rate of consumption. Researchers performed a scanner study, a field study and two laboratory studies concerning 20 different products, which was limited to UK and they concluded that stock piling causes people to consume products at a faster rate, especially when the product is convenient to consume. This is because stock piling accelerates both consumption incidence and quality when the product requires preparation. In addition the authors show that stock piling triggers impulse consumption incidences because it raises the salience of these products at the point of consumption. When a product is being consumed and if it is perceived as relatively inexpensive to consume then stockpiling normally increases the quantity consumed.

Philip, J Trocchia, Swinder, (2002) conducted two studies in Hereford to examine why individuals purchase goods and services that they never fully consume or utilize later. The first study made use of qualitative techniques to analyze consumer motivations for purchasing unused products and their reasons for subsequent non consumption. The second study employed survey methodology to quantify results of the earlier study. Primary motivators included self presentation, self improvement, satisfaction, impulse purchase, salesperson influence, unintended purchase and acquiring competence and the reasons for non usage included self consciousness, results that are disappointing, lack of enthusiasm, difficulty to maintain, concern about injury and unmet expectations.

Gilbert, D.C (2002) conducted a study based on UK supermarkets and investigated consumers response to the four different promotional deals most commonly used in the selected supermarkets like coupons, price discounts,
samples and “buy-one-get-one-free”. The study made use of multi discriminate analysis to check whether there was an association between selected promotion strategies and consumer’s buying behavior. Findings indicated that only price discount promotion has proved to be statistically significant on consumer reported buying behavior. Price discount is successful in creating purchase acceleration and product trial. For “buy-one-get-one-free”, although the result is not significant, the two variables, brand switching and purchase acceleration were found statistically significant.

Roger, Marshall (2002) investigated consumer’s price thresholds and saturation points for price discounts with respect to Singapore. Results of their study showed that consumers have a habit of discounting the offered price discounts, ie. They lower the gain value. This discounting of discounts increases significantly with the increase in advertised discounts. Result is found to be same for products and services. They opined that frequent price promotions in Singapore might have lowered the product’s expected price and resulted in consumers to defer purchases when regular prices are offered.

Vincent, R. Nijis, et.al (2001) conducted research with respect to consumer product category and studied the category demand effect of price promotions with respect to Singapore. They made use of modern multi-variant time series analysis in order to disentangle short run and long run effects. Category demand was found to be predominantly stationary either around a fixed mean or a deterministic trend. Although the net short term effects of price promotions are generally strong, they really exhibit persistent effects.

Shun, Yin, Lam et.al (2001) studied about the influence of three categories of marketing objectives with respect to retailers including, attraction effect, that focuses on consumer’s store entry decisions, conversion effect, that relate to consumer’s decision about whether or not to make a purchase at a store they are visiting and spending effect, that represent both dollar value and composition of their ore transaction, on store performance, with respect to US
market. Results suggest the following: (a). Price promotion has little impact on front traffic, but positively influenced store entry and likelihood of consumers making purchase (b). The effect of price promotion on consumers spending nature in a store is significant, but varies with type of promotion employed (c). Greater promotional scope enhances store entry, but promotion with narrow scope seems to have narrow impact on store traffic (d). Clearance promotions have a weaker effect on store entry when compared to other multi category promotion, while new product promotions have positive impact on conversion. (e). Newspaper advertising, when compared to targeted coupons, has a stronger effect on store attraction but a weaker effect on spending.

Jan, Slater (2001) conducted a study based on Newyork so as to the effectiveness of coupon strategy in the light of Procter & Gamble’s zero-coupon test for a period of 18 months and also the introduction of every day lower price strategy (EDLP). The result of the experiment was that value could be delivered to the consumer without the cost and inconvenience to consumers.

Donald, R.Lichtensein, et.al (1997) analyzed the existence of consumer segments that have a propensity to be deal prone in general and segment that reflects a proneness to deal at some more specific levels such as a segment reflecting a propensity in their response to price promotions but not non price promotion with respect to South West England. They made use of multi item scales that helps in assessing consumer proneness to eight different types of sales promotion and the emotion indicated the existence of a consumer segment that reflects generalized deal proneness across deal types.

Kureshi, Sonal and Preeta, Vyas (1997) performed a theoretical analysis of the literatures in sales promotion published over a period of 25 years in order to gain knowledge about the trends in existence of a consumer segment that reflects a generalized deal proneness across deal types. It was found that a significant number of articles concentrate on the area of planning and evaluation of sales promotion schemes mainly targeted to consumers.
Researchers gave more priority to consumer non durable category and survey method was predominantly used.

Chakaravarthy, Narasimhan, et.al (1996) studied the relationship between product category characteristics and average brand promotional elasticity’s within the category with respect to US market. Results indicate that promotional elasticity’s are higher for categories with relatively fewer numbers of brands, higher category penetration, shorter inter purchase times and higher consumer propensity to stockpile.

Scott, A. Nelsin and Linda, G Schneider, Stone (1996) studied the case of post promotion dips in sales using simulation method based on real data collected from Leeds. Results show that given the degree to which inventory influences purchase decisions there would be no post promotion dips, even though promotion influences the purchase decision of consumers. However if the inventory had a greater influence on the purchase decisions, there would be post promotional dip in sales.

Francis, J. Mulhern and Daniel, T. Padgett (1995) made an analysis to examine whether the shoppers, who are attracted to the store because of price promotion buy regular merchandise and thus they tried to study the relationship between regular price and promotion purchasing with respect to Florida. Results of the study showed a significant positive relationship between the two variables. Among the shoppers who identify the promotion as one of the reasons for visiting the store, three-fourth of the consumers make regular purchases. On an average these shoppers spend more money on regular price merchandise.

Sanjay, K Dhar, et.al (1995) examined the comparative effectiveness of imprecisely stated discounts in brand promotions offered in the form of low-probability lottery and conventional promotions offering a precise discount on the entire stock. The researchers conducted two experimental studies with
respect to three supermarkets in London and the results suggested that imprecisely stated discounts in brand promotions offered in the form of low probability lottery could lead to an increased sales or purchase intentions and consequently profits than the equally costly conventional promotion offering a precise discount on the entire stock.

Robert, F Shoaf and Edward, L. Melnick (1994) analyzed whether the manufacturer sponsored cents-off promotional discount are passed on to the consumer by the distribution channel member especially the retailer with respect to China. Out of the total 3357 COP deals studied, in 81% the manufacturer’s intended discount was consistently passed on to the consumer by the retailer.

Aradhana, Krishna (1994) analyzed and constructed a purchase quantity model to contrast normative behavior of consumers who have knowledge of future price deals with that of those who do not. Research findings with respect to US market show that normative purchase behavior is very different between consumers with and without knowledge of future deals. The consumers with knowledge of future deals could be more likely to purchase on low value deals and deals on less preferred brands compared with consumers without knowledge of future deals.

Bagozz, et.al (1992) examined whether the individual difference variable of state action orientation moderates the pattern of relationships among constructs in the theory of reasoned actions with that of consumers in Japan. In this context, State orientation refers to a low capacity for the enactment of action related mental structure, where as action orientation refers a high capacity for this kind enactment. Researchers performed a field study to analyze consumer’s self reported usage of coupons for grocery shopping. According to the study the state versus action orientation moderates the relative importance of determinants of intentions, especially subjective norms become more important as consumers become more state oriented; where as the relative
importance of attitudes increases, as people become action oriented. In addition, the study showed that past behavior is determinant of intentions to use coupons.

Jamie, Howell (1991) analyzed the potential increase in oligopolistic manufacturer’s profits due to a policy of cents-off couponing with respect to US market. They also examined the resulting changes in consumer welfare and resource allocation and the results suggest that couponing policies of U.S manufacturers are motivated by their desire to increase profits through third degree price discrimination- a practice that results in welfare losses to consumers.

Gwen, Orlmeyer and Joel, Hurbur (1991) conducted a study to test the effect of brand experience in moderating the negative impact of promotions and the study was limited to US. According to them the negative impact of a discount on perception of quality and subsequent intent to purchase at full prices eliminated among those who tried the brand.

Donald, R.Lichtenstien, et.al (1990) is of the opinion that coupon proneness must be conceptualized and measured at a psychological level. It should be treated as the construct that affect responsive behavior rather than isomorphic with the behavior. Results of their research conducted in UK support the premise that coupon responsive behavior is a manifestation of both value consciousness as well as coupon proneness.

1.4.3 Studies Based on E- Promotion

Present scenario witnesses Online shopping as an important part of the world’s economy as it is adopted by both consumers and retailers due to its convenience and efficiency. The advent of digital technologies has encouraged organizations to redefine their promotional strategies, so that they can concentrate their resources on the optimal opportunities with goals of increasing sales and achieving a sustainable competitive advantage. This
redefined strategy mainly includes E promotional techniques, which can target company’s market more accurately and ensure better achieve. The growth of E Commerce and E promotion has encouraged researchers to concentrate on this field but most of the studies were limited to E Commerce or online marketing and those articles that have included E promotion as a variable is included here.

Arce-Urriza, Marta et al (2016) evaluated the differential effect of price promotion on brand choice across offline and those online channels. The researchers made use of scanner data to analyze purchasing behavior of orange juice of a large European grocery chain selling across online and offline stores. They found that promotions have a higher impact on offline than in online purchase. It was also concluded that frequent customers are more influenced by promotion than infrequent customers. This effect was clear in offline channel but was not found in online channel.

Kulyk, Piotr and Michalowika, Mariola (2016) conducted an empirical research to analyze the behavior of online shoppers with respect to Poland. The study reveals that income factors has a high influence on purchase behavior of E Shoppers. As the income increases, the tendency to make decision regarding online purchase also increases. Other factors which have positive influence on online purchase behavior includes level of service delivered by e-commerce firms/ E shops, promotional measures offered to Online consumers and the constraints identified include fear of lack of after sales service, lack of physical contact with product and inability to test the product.

Richard, Marie-Odile and Chebat, Jean-Charles (2016) developed and tested a model of online consumer behavior incorporating emotions, cognition, flow, entertainment, and online attitude and purchase intentions with respect to US online shoppers. Findings indicate that in context of online visiting, emotions precede cognition and the emotional process begins with message or trigger normally generated through surprising E Offers like discounts, buy & get free, huge reduction in sales price etc. According to authors, the online
shoppers preferred those websites that provide effective information, entertainment and huge E promotional offering

Ballester, Teresa, Maria et al (2016) presented a complete analysis of behavior of online shoppers, in terms of transaction, navigation and registration on cash back sites by using a large sample of E Shoppers of an European site. Analysis using partial least square structural equation modeling shows that cash back, as an E promotional tool act as a positive and relevant marketing strategy in electronic commerce and it increases the engagement of consumers, attract interest on the site regardless of category and also increases recommendation by E Shoppers to others.

Ansari, Ahmed, Zaid (2016) conducted a study that aims in analyzing the level of consumer awareness about online shopping and also online promotional offers provided by website with respect to online consumers in Saudi Arabia. The authors are of the view that people of Saudi Arabia, including Saudis and non Saudis are ware about concept of online shopping, but they are not aware about benefits mainly competitive prices, discounts and other E Promotional offers provided by E Shops. This lack of awareness result in lack of interest towards online shopping.

Richard, Odile, Marie (2016) made use of sample size of 1523 subjects from different cultural background and tried to measure the level of hedonism for 39 websites and also to analyze how hedonism moderates online consumer behavior. The findings support that consumer’s emotions felt after visiting a website positively influence their perception of website atmosphere. Hedonic benefit relates to experiential enjoyment and website characteristics like effectiveness of information content, dominance of shoppers ( in controlling and surfing site) and surprise promotional offers have positive influence on hedonic benefit felt by online consumers.
Gurbuz, Ahmet et al (2015) opinioned that tracking and researching about existing and potential customers has become very significant in the present globalized economy. Hence the study aim in revealing a scientific approach about purchase decision of e-commerce customers. In-depth interviews were conducted among female shoppers in Ankara, Turkey and Salzburg, Austria, so as to find similarities and differences between two countries. The countries exhibit differences in consumer purchase decision process with respect to accessibility, speed, convenience, range of product availability and promotional offers made by e-commerce firms.

Malik, Garima (2015) are of the opinion that online promotions are one of the least utilized showcasing instruments, not because they are insufficient, but since they are not well caught on. Study focus upon the factors affecting the behavior of consumers while shopping online due to different online promotion technique with respect to online users in Singapore and the study concluded that promotional email, promotional SMS, discounts, user-friendly interface, promotional pop up, convenience and sales promotion influences are the seven major factors which have impact on online consumer behavior.

Cummins, Shannon et al (2013) conducted an analysis whose purpose is to review the consumer behavior related to the online and e-commerce context. The authors draw a sample of 942 articles and concluded about eight categories of online consumer behavior research including cognitive issue, user generated context, internet demographics & segmentation, online usage, cross-cultural, online communities & networks, strategic use & outcomes and consumer internet search. The internet in general and online communities in particular, increases the power of consumer and potentially leads to market equalization. The authors also identifies strategic decision made by organization to improve their online presence like value given to customer data, managing online feedback forums, providing promotional measures/benefits, on-time delivery etc.
Wu, Jinan et al (2005) conducted study with respect to China and analyzed that internet firms frequently employ a two stage approach to promotional activities. In stage 1, they attract customers to their website by employing promotional techniques and in II stage, the firms try to generate sales transactions or sales leads through websites. Comprehensive assessment of promotional performance of online firms requires the study of both the stages jointly. The general findings include- promotional offers and website characteristics jointly influence sales leads either directly or indirectly. The assessment regarding promotional effectiveness in online environment doesn’t require costly survey instead the secondary data available from website log files may be used for such assessment.

Kumar, Nanda et al (2004) presented papers that explores search behavior of online shoppers with respect to Singapore. Study gives more differentiated account of the concept of search cost and suggests that the technology by itself does not significantly reduce search cost, but that technology in combination with behavioral factors does. The website adopt measures including fast information retrieval, wide choice of items and promotional measures to ensure user satisfaction.

Koufaris, Marios et al (2001) opinioned that electronic commerce challenges as well as forces companies to design electronic systems and interactions that are capable of retaining customers as well as increasing sales. This is an exploratory study conducted with respect to online users in US and try to examine the impact of consumer experience and attitude towards unplanned purchases online. It also examines how website factors like variety of products/ brands, promotional offers, offer of value added services influence repeat purchasing behavior. The research also report that customers with low need specificity (consumers who do not know what they are looking for), are more motivated by promotional offers, value added services etc. Finally neither
perceived control nor shopping enjoyment has any significant impact on unplanned purchase of online shoppers.

Miyazaki, D, Anthony and Fernandez, Ana (2001) explores the risk perception among consumers of varying levels of internet experience and how these perceptions relate to online shopping activity with respect to US market. According to authors the factors like privacy and security of online consumer information, genuineness regarding quality and availability of product, genuineness regarding promotional offers influences online consumer’s perceived risk and perception. Similarly the findings also provide evidence for the relationship existing among consumer’s level of internet experience, use of alternate remote purchasing methods, and perceived risk of online shopping and online purchase activity.

McGaughey, Ronald (1998) examined that internet have more potential as a marketing tool and have potential influence on buying behavior. Websites harbors great domestic and global marketing potential for opportunistic marketers and hence they make use of E promotional measures to create competitive advantage. The paper evaluates the ability of E marketing and E promotion in influencing consumer’s problem recognition phase, information search, evaluation of alternatives and purchase decision with respect to UK market.

1.5 OBJECTIVES OF THE STUDY

The broad objective of the study is to analyse buyer’s perception towards various consumer directed promotion techniques (both traditional and online strategies) with respect to FMCG sector in Kerala and the specific objectives are the following:

1. To analyse the influence of demographic, economic and cognitive factors on consumer perception towards traditional and online promotion
2. To determine the influence of demographic, economic and cognitive variables on consumer’s ability to recall promotional offer – both traditional and online offers

3. To determine whether consumer directed promotion- online or traditional, is capable of bringing expected behaviour like stockpiling or whether it will have negative outcome like lowering expectation of product availability for promoted items

4. To analyse whether traditional and modern promotional offers are capable of creating elevated mood state and stockpiling of
   i. Same item
   ii. Other product or items from same retail store or online site, that are combined with promotional offers

1.6 SAMPLE DESIGN

Multistage sampling technique can be employed to select the required number of samples from different parts of Kerala. Socio economic condition is uniform regarding people inhabiting different parts of the state. Kerala having 14 revenue districts with six corporations, 87 municipalities and 941 panchayat and can be divided into three equal parts namely the northern, central and southern part. From each, three districts can be randomly selected viz. Kozhikode from northern region, Ernakulum from central and Thiruvananthapuram from southern part of Kerala.

Equal consideration has been given to different nature of habitation like panchayat, municipality and corporation as this is based on regional and economic development, where panchayat represent transitional areas, municipality represent less urbanized area and corporation for more urbanized region. Similarly due account is also given to diversified groups of consumers and hence sample frame include the two gender categories, various age group and different income groups. Altogether there will be 610 respondents who
represent a cross section of consumers of fast moving consumer goods in Kerala

1.7 HYPOTHESIS FORMULATED

The research hypotheses formulated for the study includes:

H1: Consumer directed promotional offers are capable of creating elevated mood state among the buyers of FMCG category

H2: The likelihood of having a positive perception regarding consumer directed promotional offers (online & traditional offers like price off and buy & get free options) is higher for

a. Female purchasers/buyers than male counterpart
b. Those buyers having larger family size
c. Buyers in the younger age group than elder ones
d. Having lower income than the high income group
e. Buyer’s belonging to urban area rather than those inhabiting panchayat area
f. Buyers who show high interest towards gifts and offers
g. Those having positive opinion about price off and buy & get free options in online as well as traditional medium
h. Buyers who are open minded than the close minded counterparts

H3: There is a positive relationship between ability to recall the online and traditional promotional offers with that of buyer’s positive perception towards the promotional strategies and hence former will be higher for

a. Female buyer’s than male counterpart
b. Buyers with larger family size
c. Buyers with lower monthly income
d. Buyers belonging to lower age group
e. Buyer’s belonging to urban area than panchayat area
f. Buyers having interest and positive opinion to gifts and offers

g. Buyers who are open minded than close minded group

H₄: Elevated mood state created by traditional and online promotional offers are capable of encouraging stockpiling among the buyers

1.8 VARIABLES USED FOR STUDY

Table 1.1: Questionnaire development table

<table>
<thead>
<tr>
<th>Underlying factor</th>
<th>Variables Identified</th>
<th>Items for Each Variable&quot;</th>
<th>Source</th>
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<tr>
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<td>Age</td>
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<tr>
<td></td>
<td>Income</td>
<td>38</td>
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<tr>
<td></td>
<td>Size of Household</td>
<td>35 and 36</td>
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<td></td>
<td>Education</td>
<td>37</td>
<td></td>
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<tr>
<td></td>
<td>Domicile</td>
<td>33 and 34</td>
<td></td>
</tr>
<tr>
<td>Cognitive Factors</td>
<td>Interest</td>
<td>9,10, 11 and 12</td>
<td>Validity checked using Cronbach’s alpha method and value is .801</td>
</tr>
<tr>
<td></td>
<td>Open/close mindedness</td>
<td>24 and 25</td>
<td></td>
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<tr>
<td>Intermediate factors</td>
<td>Frequency of exposure</td>
<td>Ability to process information</td>
<td>Budgetary Constraint</td>
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<tr>
<td></td>
<td>1, 3, 4, and 6</td>
<td>19</td>
<td>42a and 42b</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>18, 42c and 42d</td>
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<table>
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<th>Dependent Factors</th>
<th>Buyer’s perception towards promotional offer</th>
<th>Stockpiling</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11, 12, 16, and 23</td>
<td>17, 29 and 30</td>
<td></td>
</tr>
</tbody>
</table>

Validity checked using Cronbach’s alpha and values are:

- Frequency of exposure: .809
- Ability to process information: .802
- Budgetary Constraint: .877
- Recalling: .810

Validity checked and value account to be .913

Urriza. A. M et.al have cited it in the paper titled “The effect of Price Promotion on Consumer Shopping Behavior Across Online & Offline Channels”

*: Represents the question numbers as given in the questionnaire
Table 1.2: Cognitive variables used in the study

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Number Of Questions Used</th>
<th>Number Of Variables In Each Question</th>
<th>Name Of Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest towards promotional offer</td>
<td>4</td>
<td>5</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Agree</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Neither Agree Nor</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Disagree</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>Opinion about the deal</td>
<td>3</td>
<td>5</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Agree</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Neither Agree Nor</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Disagree</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>Whether the buyers are open minded in</td>
<td>2</td>
<td>5</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>nature</td>
<td></td>
<td></td>
<td>Agree</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Neither Agree Nor</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Disagree</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Strongly Disagree</td>
</tr>
</tbody>
</table>
1.9 LIMITATION

As the study belongs to social science research category, it is subjected to some inherent limitations like

1. Most of products selected in order to study retail promotional offer belong to maturity stage where as products chosen for studying online promotional offers belong to growth stage as online marketing hasn’t reached its maturity. But product life cycle and stages of life cycle is not considered while studying about buyer’s perception towards promotional offers.

2. The duration of data collection extended to more than one year but adequate data was collected before present economic reform, demonetization and hence influence and effect of demonetization on purchase of FMCG and perception towards promotional schemes with respect to Keralite’s is not considered in the study

1.10 CHAPTERIZATION

The research thesis constitutes of different chapters including the following

1. Chapter 1 includes general introduction regarding the study along with its scope, significance, limitations, objectives for study and hypotheses. It also explains about the literatures reviewed so as to identify the research gap existing thereby get idea about research topic and also to develop various objectives.

2. Chapter 2 provides theoretical overview regarding FMCG industry, different promotional offers including online and traditional offer and its scenario with respect to India. An overview regarding the research model used for the current study is also provided in this section.
3. Chapter 3 deals with the research methodology used for the study and explains about research design, sample design, instrumentation used, and also the techniques used for analysing.

4. Chapter 4 deals with analysis part of the study and uses various analysing tools in SPSS like ANOVA, correlation, regression, Chi-Square etc so as to understand the influence of various facts and cognitive variable on buyer’s recalling ability and also perception towards promotional offer.

5. Chapter 5 give an account of findings and suggestions regarding the whole research work.