Chapter 3

Literature Review

3.1  Introduction
3.2  Promotion Management: Parent Discipline
3.3  Sales Promotion : An Overview
3.4  Consumer Behavior Theories Applied to Sales Promotions
3.5  Consumer Characteristics and Their Influences on Consumer Responses towards Sales Promotions
3.6  Impact of Sales Promotion Schemes on Consumers Responses
3.7  Hypothesis Development
3.8  Conclusions
3.1 Introduction

This chapter aims to explore the literature related to sales promotions and demographic and psychographic factors explaining the impact of sales promotion schemes on consumer responses in purchasing products (i.e., readymade garments). The chapter is organized into eight sections. Section 3.2 discusses the promotion management as parent discipline and is followed by the overview of sales promotion and its tools in section 3.3. Consumer behavior theories explaining the impact of sales promotion schemes on consumer responses are discussed in section 3.4. Consumer demographic and psychographic factors explaining the impact of sales promotion schemes on consumer responses are reviewed in section 3.5. In section 3.6, various impacts of sales promotion schemes are discussed. Based on the discussion in section 3.5 and 3.6, hypotheses are developed and presented in section 3.7. Finally, conclusions are drawn in section 3.8.

3.2 Promotion Management: Parent Discipline

The objective of any marketing activities is to sell a product (Shah and D’Souza, 2009). For this, one must have the right product at the right price available at the right time and place through the right promotion, commonly understood as the 4 Ps of marketing mix. These four Ps are product, price, place and promotion. A marketer has to take various decisions regarding these four tools to pursue his marketing objectives. Promotion (also called as marketing communication) is an important P of marketing. Promotion refers to all activities concerned with informing consumers about an organization’s offering, persuading them to buy it and reminding them about it from time to time. Promotion is communication that builds and maintains favorable relationship by informing and persuading one or more audiences to view an organization more positively and to accept its products (Pride & Ferrell, 2005). Promotion is perhaps the most visible manifestation of marketing activities and the main purpose of promotional activities is to deliver messages that assist in promoting a firm’s product or the company as a whole, and persuading or influencing consumers’ and stakeholders’ attitudes as well as behaviors in a way that supports a company’s business (Pelsmacker, Geuens & Bergh, 2001). Many
organizations spend considerable resources on promotion to build and enhance relationships with current and potential customers.

The promotion mix is a blend of communications tools used by a firm to carry out the promotion process and to communicate directly with target markets. Fundamentally, promotional mix includes six key elements:

1. Advertising,
2. Sales promotion
3. Events and experience
4. Public relations and publicity
5. Direct marketing
6. Personal selling

Traditionally, these promotion tools have been termed as above the line and below the line. Above the line refers to advertising through the mass media of print, television, radio and outdoor. Below the lines refer to all other forms of communications such as sales promotion, direct marketing, public relations, event marketing, etc (Shah and D’Souza, 2009). Here six key promotional elements and the different roles that they play in assisting a company to achieve its communication objectives will be briefly reviewed in the following discussion.

3.2.1 Advertising

Advertising is generally best employed to create brand awareness, and to inform or remind consumers about products through paid media such as television, magazines, and billboards (Belch & Belch 2001; Pelsmacker et al. 2001). Advertising tends to be the most glamorous and elaborate of all the promotional tools. Advertising is defined as any paid form of non personnel presentation and promotion of ideas, goods, or services by an identified sponsor (Kotler, et al., 2006). It is the best known and most widely discussed form of promotion for many reasons. First, it can be very cost effective method for
communicating with large audience. Second, advertising also lets the source repeat the message several times. However, advertising has some limitations. For example, advertising is less likely to be used to create long-term goodwill or credibility of the company. In addition, advertising tends not to effectively attract particular groups of audience, such as stakeholders, opinion leaders, financial analysts, and investors, since these people are unlikely to be motivated by advertising messages (Pelsmacker et al. 2001).

Figure 3.1: Promotion Mix

![Promotion Mix Diagram](image)

**Source:** developed by researcher

### 3.2.2 Sales Promotion

Sales promotion is a variety of short term incentives to encourage trial or purchase of a product or service. There are three major types of sales promotions: consumer sales promotion, retailer sales promotion and trade sales promotions. Free samples, coupons,
premiums, sweepstakes and contests, rebates, and price discount are some of the primary methods of sales promotion in the consumer market. The business market relies more on trade shows, demonstrations, premiums, price or merchandise allowances, and sales force or dealer contests as sales promotion techniques. This thesis is focused on promotion offered to the consumers in readymade garment categories in shopping malls. The detail discussion about consumer sales promotion is done in Section 3.3.

3.2.3 Events and Experience (Sponsorship)

Sponsorship is similar to advertising in that both are used to communicate an organization’s message and image for a product, brand, or service to the target market. Company sponsored activities and programs designed to create daily or special brand related interactions. Meenaghan (1983) regarded sponsorship as “the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives”. Sponsoring events provides companies opportunities to obtain wider exposure to their brands and influences attitudes towards the brands (Kotler et al., 2006).

3.2.4. Public Relations and Publicity

Another major mass promotion tool is public relations – building good relation with the company’s various publics by obtaining favorable publicity, building up a good corporate image and handling or heading off unfavorable rumors, stories and events (Armstrong and Kotler, 2007). These publics include customers, suppliers, stockholders, employees, the government, the general public, and the society in which the organization operates. Public relations involve a variety of programs designed to promote or protect a company’s image or its individual products (Kotler et al., 2006). Public relations strategies are generally used to create a corporate image, goodwill, and credibility for companies and their brands, utilizing unpaid media, such as press conferences, and news releases.
Publicity is the marketing oriented aspect of public relations. It can be defined as nonpersonal stimulation of demand for a good, service, person, cause, or organization through unpaid placement of significance news about it in a published medium or through favourable presentation of it on the radio, television, or stage (Kurtz and Boone, 2006).

### 3.2.5 Direct Marketing

Direct marketing is an interactive system of marketing which uses one or more advertising media to affect a measurable responses and/or transaction at any location (O’Guinn et al., 2003). In direct marketing, organizations communicate directly with target customers to generate a response and/or transaction. Organizations use various media forms to communicate directly with or solicit response or dialogues from specific customers and prospects. These media forms includes direct mail, catalogs, telemarketing, email, broadcast channels (i.e., Home shopping channels, Infomercials, etc.), kiosks, etc.

### 3.2.6 Personal Selling

Personal selling involves a personal interface with the customer, usually in an oral presentation /conversation for the purpose of making sales. It is face-to-face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions, and procuring orders. Key advantages of a personal selling approach include the dynamic impact of personal contact with the customer, the focused approach to a specific target audience, the almost immediate feedback which it offers and the ability to evaluate the customer response and modify the promotional message or format accordingly. For industrial or business to business marketers, it can constitute the primary form of promotion to corporate customers. The prohibitive cost involved in using sales representatives and the commitment necessary to manage a sales force are two key drawbacks.
<table>
<thead>
<tr>
<th>Advertising</th>
<th>Sales Promotion</th>
<th>Events/Experiences</th>
<th>Public Relations</th>
<th>Personal Selling</th>
<th>Direct Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print and broadcast ads</td>
<td>Contests, games, sweepstakes, lotteries</td>
<td>Sports</td>
<td>Press kits</td>
<td>Sales presentations</td>
<td>Catalogs</td>
</tr>
<tr>
<td>Packaging – outer</td>
<td>Premiums and gifts</td>
<td>Entertainment</td>
<td>Speeches</td>
<td>Sales meetings</td>
<td>Mailings</td>
</tr>
<tr>
<td>Packaging inserts</td>
<td>Sampling</td>
<td>Festivals</td>
<td>Seminars</td>
<td>Incentives programs</td>
<td>Telemarketing</td>
</tr>
<tr>
<td>Motion pictures</td>
<td>Fairs and trade shows</td>
<td>Arts</td>
<td>Annual reports</td>
<td>Samples</td>
<td>Electronic shopping</td>
</tr>
<tr>
<td>Brochures and booklets</td>
<td>Exhibits</td>
<td>Causes</td>
<td>Charitable donations</td>
<td>Fairs and trade</td>
<td>TV shopping</td>
</tr>
<tr>
<td>Posters and leaflets</td>
<td>Demonstrations</td>
<td>Factory tours</td>
<td>Publications</td>
<td>Shows</td>
<td>Fax mail</td>
</tr>
<tr>
<td>Directories</td>
<td>Coupons</td>
<td>Company museums</td>
<td>Community relations</td>
<td></td>
<td>E-mail</td>
</tr>
<tr>
<td>Reprints of ads</td>
<td>Rebates</td>
<td>Street activities</td>
<td>Lobbying</td>
<td></td>
<td>Voice mail</td>
</tr>
<tr>
<td>Billboards</td>
<td>Low interest financing</td>
<td></td>
<td>Identity media</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Display signs</td>
<td>Entertainment</td>
<td></td>
<td>Company magazine</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Point of Purchase displays</td>
<td>Trade in allowances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audio visual material</td>
<td>Continuity programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Symbols and logos</td>
<td>Tie ins</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Videotapes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Kotler, Philip & Keller, Kevin Lane (2006), Marketing Management, Pearson Prentice Hall Publication, New Delhi.
3.3 Sales Promotion: An overview

Our world is today characterized by intensive promotion wars fought in the media and retail shelves. Trial coupons, discount coupons, contents, festival sales, etc, all try to grab the consumer’s mind, heart and wallet (Saxena, R., 2007). Historically, sales promotion has assumed a subordinate role and played second fiddle to advertising and personal selling in marketing communication mix. But today, sales promotion is a huge business in the western countries. As of 2005, the sales promotional industry in the US was over $500 billion, as opposed to $98 billion in 2001.\(^1\) Given this trend, India too seems to be following the hitherto western trend of opting for sales promotion in a big way. The importance of sales promotion in India is rapidly increasingly and it has grown substantially in recent years in India. Expenditure on sales promotion by various marketing companies in India is estimated to be Rs. 5000 crore and is growing at a robust pace every year.\(^2\) In the year 2001, there were as many as 2050 promotional schemes of all kinds in Rs. 80,000 crore FMCG Industry. In the year 2000, the number stood at 1954 schemes.\(^3\) In India, sales promotion doubled to Rs. 1000 crore in 2005 from the Rs. 500 crore in 2004.\(^4\)

There does not seem to be a single universally accepted definition of sales promotion. Different bodies and different authors proffer different definitions. For the purpose of this study, following definitions of sales promotion were kept in mind.

Kotler (1988) defines sales promotion as “a diverse collection of incentive tools, mostly, short-term, designed to stimulate quicker and/or greater purchase of particular products/services by consumers”.

Strang, Roger (1976) has given a more simplistic definition i.e. “sales promotions are short-term incentives to encourage purchase or sales of a product or service.”

---

\(^1\) Brand Equity, October 11, 2006.
\(^3\) Financial Express, 2000
\(^4\) Brand Equity, October 11, 2006.
Schultz and Robinson (1982) define sales promotion as a “direct inducement that offers an extra value or incentive for the product to the sales force, distributors or the ultimate consumer with the primary objective of creating an immediate sale”

Consumer promotions are aimed at creating a ‘pull’ for end customers as opposed to trade and retail promotions that are aimed at creating a ‘push’ through channel members. All the promotions aim at enhancing the sales of a brand or creating awareness about it in a given market (Saxena, R., 2007). Broad objective of any sales promotion programme is to induce trial and purchase of a product. Saxena (2007) conclude that their objectives are any one or all of the following.

1. Generate consumer interest, which should lead to trail.
2. Generate inquiries from the target consumer group.
3. Build customer traffic for a brand at the retail outlet thereby generating additional sales of the product.
4. Motivate customers to repeat their choice
5. Increase the rate of purchase.

### 3.3.1 Classification of Consumer Sales Promotion Schemes

There have been few empirical or theoretical treatments of how promotions may be classified. One dimension, which has been suggested to classify different promotions, is the price based versus non-price based nature of the promotion (Campbell and Diamond, 1992). Price based promotions are defined as ‘promotions such as coupons, cents off, refunds and rebates that temporarily reduce the cost of the goods or service’, and non price based promotions are defined as ‘promotions such as giveaways or contests in which value is added to the product at full price’ (Cooke, 1983). The specific detail about the different types of sales promotions tools are discussed in the following section.
3.3.1.1 Price deals

Price deals are probably the most commonly used promotional techniques. A consumer price deal saves the customer money when he or she purchases the product. The price deal is designed to encourage trial use of a new product or line extension, to induce new users to try a mature product, or to persuade existing customers to continue to purchase, increase their purchase, accelerate their use, or purchase multiple units of an existing brand (Burnett, 2002).

There are four principal types of consumer price deals: price discount, price pack deals, coupons and refunds (rebates).

- **Price Discount (Price deal off):** This type of price deal offers a consumer paisa or even rupees off merchandise at the point of purchase through specially marketed packages (O’Guinn et al., 2003). Consumers like price off deal because it is straightforward and automatically increases the value of a known brand.

- **Price Pack Deals:** Price packs are also called as value packs. These may take any of the two forms – bonus pack and banded-pack (Kazmi and Batra, 2004). In case of bonus pack offer, an additional quantity of the same product is offered free when the standard pack size of the product is purchased at the regular price. A variation of this offer, and more commonly observed, is when the marketers develop special packs of the product containing more quantity but the price is proportionately low. Price pack is termed as a banded-pack offer when two or more units of the products are sold at a reduced price as compared to the regular price (Kazmi and Batra, 2004, p.540). The products are generally banded together physically or put together in a blister pack or a smaller size of the same product may be attached to the regular size (Kazmi and Batra, 2004).
Another variation of this technique is “Buy-One-Take-One-Free” or similar offer (it could be ‘same for less’ or ‘more for the same’) (Kazmi and Batra, 2004). This is fairly popular technique in case of footwear, shirts, jeans or other garments.

- **Coupon Promotions:** It is the oldest, most widely used, and most effective sales promotion tool. Coupons are certificates that give buyers a saving when they purchase specified products (Armstrong and Kotler, 2007). A coupon is a ticket or document that can be exchanged for a financial discount or rebate when purchasing a product. Coupons offer discounts on the purchase price of the goods or services. A coupon entitles a buyer to a designated reduction in price for a product or service. In coupon promotions retailers maintain the original price of the original product and it is only coupon holders who are entitled to a discount (Gilbert and Jackaria, 2002). Consumers can redeem the coupons at the retail outlets, which receive the face value of the coupon plus a handling fee from the manufacturer.

- **Refunds or Rebates:** A promotion offering refund or rebate by a marketer is a promise to give back a certain amount of money after the purchase. (Kazmi and Batra, 2004). It offers cash back to consumers who send in proof of purchasing one or more products. It is a money back offer requiring a buyer to mail in a form requesting the money back from the manufacturer rather than the retailer (O’Guinn et al., 2003).

### 3.3.1.2 Consumer Sampling

Consumer samples are offers of a trial of product to consumer. Sampling involves a variety of procedures whereby consumers are given some quantity of a product for no charge to induce trial. Consumer will be able to compare the product with that of the competitors before taking a final decision to buy product.
As a sales promotion technique, sampling is often used to introduce a new product or brand to the market. Sampling generates much higher trial rates than advertising or other sales promotion techniques (Belch and Belch, 2001). But sampling is very expensive. Samples could be distributed by door-to-door, direct mail, newspapers, in-store, and on-packages approaches.

Indian consumer markets are dominated by non-price promotions, especially premium offers. Coupon offers are conspicuous by their absence. Consumer durables emerge as the most frequently promoted product segment accounting for 20% of the total number of promotions in the market (Jha-Dang, Koshy and Sharma, 2005)

### 3.3.1.3 Contents and Sweepstakes

According to American Association of Advertising Agencies (AAAA), “A contest is an event that invites the customers to apply skill to solve or complete a special problem.” The same agency says, “A sweepstakes does not call for the application of skill on the part of the consumer. Winners are determined by a drawing from all entry forms. In other words, prizes are awarded on the basis of chance.” (cf. Kazmi and Batra, 2004). In many occasions producers organize contest for the consumers giving them an opportunity to win any price. Contents require entrants to complete a task such as solving a puzzle or answering questions in a trivia quiz and they may also require proofs of the purchase (Kurtz and Boone, 2006). The sweepstake offer gives the consumer a chance to win large prizes through luck. It usually involves a lucky draw or scratch card based on which winners are decided. For this purpose different advertising media like newspapers, magazines, radios and TV are used to notify the contest program. The winners are offered with cash or company product or some time free ticket to visit historical places, etc.

### 3.3.1.4 Premium Offers

Premium is an offer of an item of merchandise or services either free or at a low price that is extra incentive for purchasers to purchase a particular product. In the other words,
premium is a merchantable product, which is offered as a prize or comparatively at a lesser price to the purchaser.

There are many varieties of the premiums which are sometimes referred to as direct premiums and mail premiums (Kazmi and Batra, 2004). Direct premiums are used to reward the customers immediately at the time of purchase and mail premiums are required the customers to take some action, such as mailing the proof of purchases to the marketers (Kazmi and Batra, 2004). Marketer mail the premium to the consumers after proof of purchase is verified (O’Guinn et al., 2003).

Kazmi and Batra (2004) has offered following classification of the premium offers:

- **In-pack premium**: The premium is enclosed inside the product pack. Such premiums are generally small and low priced. These in-pack premiums are often used by manufacturers of ready-to-eat cereals; health and beauty aid products, or incense packs, etc.

- **On-pack premiums**: The premium is attached to the outside of the product package or to the product itself if no outer package is used. The premium might be banded with a cello-tape, rubber band, or it could be a blister pack. It is also sometimes referred to as banded premium.

- **Near pack premium**: The premium is bulky in size and hence cannot be enclosed inside the pack or put on the pack. It is kept near the promoted product and the consumer takes one with the purchased product.

- **Container premium**: In this type of the premium, the product itself is packed inside the premium. That is, the product is packed inside a container and this container can be used for other purpose after the product has been consumed.
3.3.1.5 Exchange Offer

This type of promotion is seen mainly in the consumer durable product category. This promotion requires the consumer to exchange an old product for a new one and get some benefit, usually a price reduction. The purpose of the exchange schemes appears to the upgrade existing users of durable products to newer and larger sized models of a product (Jha-Dang, Koshy and Sharma, 2005).

3.3.1.6 Continuity Plans

Continuity programmes are seen in many different forms; however, all such progammes have the common objectives of encouraging repeat purchases or repeated visits to the particular retail shops, or continues patronization of some services (Kazmi and Batra, 2004). Some of the most common methods used for such sales promotion include collecting labels, bottles, caps, stamps, or specific proof-of-purchase that can be used to redeem the prizes or premiums.

3.4 Consumer Behavior Theories Applied to Sales Promotions

The study of consumer behavior is critical for managerial decision making. Marketing starts with the analysis of consumer behavior. The marketing process requires marketers to understand consumer needs and wants so that they can offer the types of products or services desired by potential consumers and develop promotional messages this audience will find appealing. The term consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs (Schiffman & Kanuk, 2004). It is very difficult to identify the causes of consumer behavior. People buy things for many reasons.

There are a number of consumer behavior theories that can assist researchers to understand and explain how consumers are likely to respond to sales promotions. In the
following section various consumer behavior theories and their implication to sales promotion is explained briefly. Table 3.2 briefly summarized the theories consumer behavior applied to sales promotion.

**Table 3.2: Theories of Consumer Behavior Applied to Sales Promotion**

<table>
<thead>
<tr>
<th>Group</th>
<th>Examples of Theory</th>
<th>Key Strength</th>
<th>Key Limitation</th>
</tr>
</thead>
</table>
| Behavioral Learning Theories | • Classical Conditioning  
• Operant condition  
• Hullian Model  
• Black box models | • Simple and easy to be used as a basis for analyzing consumer responses to sales promotion and developing marketing tools | • More related to the context of low involvement products where the internal cognitive process can be ignored.  
• Ignore factors in relation to internal cognitive process  
• Does not provide a clear explanation of the influence consumers’ internal factors have on consumer responses to sales promotions |
| Theories in relation to internal cognition  
Explain how consumer respond to environment based on internal cognitive factors, such as perceptions, and evolutions of a marketing message. Consumers will | Recognition, memory and recall theories  
Attribution and dissonance theories  
Person perception theory  
Object perception theory  
Self perception theory  
Dissonance theory | Focusing on internal factors (i.e., consumer perceptions and evaluations) assists the researcher in explaining the influence consumer internal factors have on consumer responses to sales promotions | Provide an incomplete understating about consumer responses to sales promotions due to an exclusion particular external factors (i.e. normative... |
favorably respond to a marketing message when perceiving net gain from that response.

<table>
<thead>
<tr>
<th>Price perception theories</th>
<th>products promoted through sales promotion</th>
<th>influencing factors, which are closely related to certain internal cognitive factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weber’s law</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adaptation level theory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assimilation contact theory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prospect theory and mental accounting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility theory</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Theoretical model depicting how to consumer perceptions translate into behavior responses | Theory of seasoned action Consumer decision making models | Consist of a variety of key constructs, such as perception, evaluation, attitude, normative influencing factors, behavioral intentions, and actual behavior | Behavioral intentions may not be used to fully predict actual behaviors due to some factors, i.e., intervening time, stability of intentions, unforeseen situation context |
| Models include consumer perceptions in their core, and also consider how perceptions translate into actual responses |


### 3.4.1 Economic Utility Theory

Economists were the first to propose a formal theory of consumer behavior. In the field of theoretical economics, which portraits a world of perfect competition, the consumer had often been characterized as making rational decisions. The economic model has led to the so-called vision of economic man, which basically builds on the following premises.

1. Consumers are rational in their behavior.
2. They attempt to maximize their satisfaction in exchanges using their limited resources.
3. They have complete information on alternatives to them in exchanges.
4. These exchanges are relatively free from external influences.
The relevance of the economic utility theory for the field of sales promotions is quite straightforward. Consumer response to a price promotion depends on the evaluation of the promotion in the light of the reception of benefit or utility associated with the purchase. Basically, consumers will compare what they would gain and what they would lose from purchasing a promoted product. The utility theory, proposed by Thaler (1985), focuses on how consumers evaluate the value of a purchase of promoted products. According to the theory, the total utility derived from a purchase comprised of acquisition utility and transaction utility (Thaler, 1985). In the same line, Chandon, Wansink and Laurent (2000) divided the utilities a consumer could gain from a purchase of products promoted through sales promotion into two categories, namely: utilitarian (extrinsic) and hedonic (intrinsic) benefits.

Acquisition utility is the expected benefit to be gained from acquiring the product (i.e. benefits of the product) compared to the net cost of paying for it (i.e. the price of the product) (Thaler, 1985). It can be thought of as the difference between the price one would pay for acquiring a product of this quality and the current price. It represents the economic gain or loss from a purchase transaction (Thaler, 1985). Sales promotion provides three types of utilitarian benefits to the consumers: monetary savings, quality and convenience (Chandon et al., 2000). It suggests that consumers are interested in price deals primarily because of the financial incentives involved. Sales promotion can provide perceptions of monetary savings by lowering the unit price of the promoted product, offering more of the same product free, or providing refunds or rebates on subsequent purchases of the same or other products (Chandon et al., 2000). By reducing the price of the product or by offering a larger package size, sales promotions can relax budget constraints and enable consumers to upgrade to a better product (Chandon et al., 2000). Sales promotion can improve shopping efficiency by reducing search costs. This is done by helping consumers find the product they want or by reminding them of a product they need to buy. This is done by providing consumers with an easy decision heuristics aids (Chandon et al., 2000; Wansink, Kent, and Hoch, 1998, Raghubir, et al., 2004).
Transaction utility comes from the feeling of having a good bargaining or deal, which is independent of quality consideration (Thaler, 1985). Buyers are thought to experience pleasure from the fact they buy the product at a price less than the regular price, and/or less than the price of other similar products in the store (or another store). It was the difference between the internal reference price and purchase price of the product. It derived from the feeling of psychological pleasure or satisfaction experienced on receiving a good bargain or deal. Consumers would feel pleasure (or displeasure) toward a particular sales promotion when a price paid for a product is below (or exceeds) the reference price (Thaler 1985). In evaluating a product’s price, consumers may be exposed to, and use, information containing multiple reference points from a variety of sources (Kahneman, 1992). A consumer’s reference price might be based on the internal reference price that is the previous prices paid for the product. On the other hand, a consumer might choose to use price information from external sources as a reference, such as the prices of all brands in the category at the point of purchase (Kumar and Karande 1998).

3.4.2 Behavior Learning Theory

Behavioral learning theories explain the influence that external or environmental factors have on consumer behavior, such as the influence of price, services, or promotions, on product choice, brand choice, or purchased product quantities. According to this theory, consumer’s purchase action directly results from external or environmental forces, such as sales promotion devices, cultural norms, the physical environment and economic pressures. Behavioral learning can be defined as a process in which experience with the environment leads to a relatively permanent change in behavior or to the potential for such a change (Mowen 1995). Behavior learning theory focus on how learning can be modified through incentives and offers, counteroffers, and other forms of rewards and punishments (Lindquist and Sirgy, 2003). Research applying these theories views marketing activities as the stimulus factors that may have a direct effect on consumer behaviors. Behavior learning occurs when response behavior precipitates the appearance of a stimulus.
In relation to sales promotions, this theory tends to view sales promotions as a reward (Rothschild & Gaidis, 1981) that might generate immediate consumer response (Mowen & Minor 1998). As sales promotions are an element of the environment of the consumers, these theories could be very useful in explaining how and why sales promotions affect consumer behavior. Promotions can serve as such a reward, thereby enhancing subsequent purchasing (Rothschild and Gaidis, 1981).

Researchers have identified three major approaches to behavioral learning: Classical Conditioning, Operant Conditioning, and Vicarious Learning (Mowen, 1995). In classical conditioning, behavior is influenced by stimulus that occurs prior to the behavior and elicits it in a manner that has appearance of being a reflex. In operant conditioning, behavior is influenced by the consequence of the behavior. Finally, in vicarious learning (also called observational or social learning) people observe the actions of others and model or imitate those actions. This type of learning may not be applicable to the field of sales promotions. Therefore vicarious learning will not be dealt with in detail. Classical and operant conditioning are dealt with more in-depth in the next two subsections.

3.4.2.1 Classical Conditioning Theory

Classical conditioning is based on the simple premise that learning results from a relationship between stimulus and response. It is a form of associative learning (or conditioning) which proposes that a response is learned as result of pairing two stimuli. This was first demonstrated by Russian physiologist, Ivan Pavlov and his famous salivating dogs. Pavlov presented an arbitrary stimulus (a metronome), called the conditioned stimulus or CS, to a hungry dog. The CS was followed by another stimulus, called the unconditioned stimulus or US (food). The US automatically evoked a response, called unconditioned response or UR (salivation). Through a repetition of this pairing, the CS came to elicit the unconditioned response even when presented alone. The response emitted to the CS was called the conditioned response or CR (salivation).
Many sales promotion techniques make use of this classical conditioning in practice. Price cuts, coupons, premiums, etc, can serve as unconditioned stimuli for consumers; it naturally elicits a response of excitement. By frequently coupling these promotion techniques with a particular brand, the brand itself eventually becomes a conditioned stimulus. For consumers, a brand frequently associated with premiums and contests may serve as the unconditional stimulus and the resulting response could be excitement in consumers and the development of favorable brand attitudes and hopefully, purchase behavior (Kazmi and Batra, 2004). Special displays or feature advertising, even if not accompanied by a price discount, can elicit strong sales effects. Since these activities are often associated with price discounts, which do naturally elicit a strong response, they become conditioned stimuli.

Often, a newly introduced brand is a neutral stimulus that does not produce any response. By associating the newly introduced brand with sales promotion schemes (unconditioned stimulus) that are known to produce positive reactions, i.e., purchase behavior (unconditioned response) from consumers, a marketer can turn the neutral stimulus of his brand to a conditioned stimulus that produces a conditioned response similar to the favorable unconditioned response (Shah and D’Souza, 2009).

3.4.2.2 Operant Conditioning Theory

In operant conditioning, current behavior is influenced by the consequences of previous behavior. The basic principle involved in this theory is best explained in one sentence, “Behavior is a function of its consequences” (Kazmi and Batra, 2004). According to this theory, learning occurs through trail-and-error process, with habits formed as a result of reward received for certain responses or behaviors. Favorable experience as the outcome becomes instrumental in encouraging the consumers to repeat the behavior in future.

In the context of retail price promotions, the relevance of operant conditioning is that price promotion can reward in the form of monetary savings and hence reinforce purchase behavior (Kumar & Pereira, 1995). For example, the coupon is the reward that
the consumer received. In this case the response of the consumer is the purchase of the product which occurs first and then is likely to be repeated (Kazmi and Batra, 2004).

Sales promotion tools can be very useful in shaping process – the reinforcement of small, successive acts that lead to the final desired response or behavior pattern (Rothschild and Gaidis, 1981). When a company launches a new product, it can shape people through rewards like free samples and discount coupons. Small incentives can be given till a person moves from being aware to becoming a regular user, by when the number and/or size of the promotional incentives can be brought down and incentives only in the form of product performance or benefit remain (Shah and D’Souza).

The difference between classical conditioning and operant conditioning approaches is that classical conditioning is based on stimulus-response (S-R) theory. The stimulus occurs first, and only as result of this stimulus response is elicited. The operant conditioning is based on response-reinforcement (R-R) theory. In this case the response is first elicited and then reinforced (Kazmi and Batra, 2004).

3.4.3 Trait Theory of Personality

Trait theory of personality represents a quantitative approach to the study of personality. The trait theory approach to personality classifies people according to their dominant characteristics or traits. A trait can be defined as “any distinguishing, relatively enduring way in which one individual differs from another.” (Schiffman & Kanuk, 2004). Table 3.3 highlights the general personality traits and their effects on consumer behavior. Previous researches found that personality traits such as innovativeness, gregariousness, venturesomeness, impulsiveness, need for variety, need for exploration has impact on sales promotion responses (Ailawadi, et al, 2001, Mittal, 1994).
### Table 3.3: General Personality Traits and Their Effects on Consumer Behavior

<table>
<thead>
<tr>
<th>Personality Traits</th>
<th>Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td>Reluctant to make decisions; preference for products designed to enhance social relationships.</td>
</tr>
<tr>
<td>Aggressiveness</td>
<td>Preference for products with high status and success image.</td>
</tr>
<tr>
<td>Detachment</td>
<td>Tendency to move away from stress; desire to be left alone.</td>
</tr>
<tr>
<td>High generalized self confidence</td>
<td>Early adopter or of new products; tendency against store loyalty.</td>
</tr>
<tr>
<td>Low generalized self confidence</td>
<td>Preference for brands from highly visible manufacturers, tendency towards store loyalty.</td>
</tr>
<tr>
<td>Self consciousness</td>
<td>Tendency to use product in a manner that conveys what they feel is an appropriate self image.</td>
</tr>
<tr>
<td>Self monitoring</td>
<td>Tendency to be influenced more by image advertising than by informational advertising</td>
</tr>
<tr>
<td>Dogmatism</td>
<td>Reluctance to accept new or unfamiliar product.</td>
</tr>
<tr>
<td>Rigidity</td>
<td>Unwillingness to risk the purchase of new products.</td>
</tr>
<tr>
<td>Intolerance of ambiguity</td>
<td>Reluctance to seek information about products; tendency to buy typical rather than atypical products.</td>
</tr>
<tr>
<td>Attention to social comparison</td>
<td>Tendency to choose brands preferred by others.</td>
</tr>
<tr>
<td>High optimum stimulation level</td>
<td>Tendency to respond cognitively to advertising; easily bored by repetitions advertising; tendency to seek more information about and variety in products; riskier decision maker</td>
</tr>
<tr>
<td>State versus action orientation</td>
<td>Action orientated; tendency to try new products or brands</td>
</tr>
<tr>
<td>Separateness</td>
<td>Tendency to react positively to ads reflecting independence and individualism</td>
</tr>
<tr>
<td>Connectedness</td>
<td>Tendency to react positively to ads reflecting relationship and,</td>
</tr>
<tr>
<td>Trait</td>
<td>Description</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Impulsiveness</td>
<td>Tendency to buy products and services driven by impulse.</td>
</tr>
<tr>
<td>Extraversion</td>
<td>Tendency to experience more positive than negative feelings in response to advertising</td>
</tr>
<tr>
<td>Neuroticism</td>
<td>Tendency to experience more negative than positive feelings in response to advertising</td>
</tr>
<tr>
<td>Need for power</td>
<td>Tendency to prefer products and services high on status and prestige</td>
</tr>
<tr>
<td>Need for affiliation</td>
<td>Tendency to prefer products and services that serve to bring people together and help with personal relationships</td>
</tr>
<tr>
<td>Need for achievement</td>
<td>Tendency to prefer products and services that serve to get the job done and achieve excellence in task achievement</td>
</tr>
<tr>
<td>High affect intensity</td>
<td>Tendency to overreact to emotional advertising</td>
</tr>
<tr>
<td>Low affect intensity</td>
<td>Tendency to underreact to emotional advertising</td>
</tr>
<tr>
<td>High need for cognition</td>
<td>Tendency to respond to advertising with quality argument</td>
</tr>
<tr>
<td>Low need for cognition</td>
<td>Tendency to respond to advertising featuring attractive endorses</td>
</tr>
</tbody>
</table>


### 3.4.4 Theory of Reference Price

There is abandon literature on price and pricing. In particular, several researchers have widely investigated the impact of different sales promotion on consumer’s price perception. The theory of reference prices has great theoretical appeal and considerable managerial significance. The notion of a reference price is grounded in considerations of the psychological dimensions of price perception. A reference price is an internal standard against which consumers compare observed prices. Consumers form an idea of
Chapter 3

the "right" price for a brand, based on their past observations of that brand's prices. For example, consumers who have purchased a product for a discounted price may develop a price expectation for the brand or the product based on the discounted price (Lattin & Bucklin, 1989). If so, then the discounted price may become the expected price. In other words, consumers use the price they expect to pay for a brand on a given occasion as reference in forming price judgment (Kalwani and Yim, 1992). For a current purchase, if the price is higher than the expected price, consumers may decide the merchandise costs more than it should. If it is lower than the expected price, consumers may perceive a good value (cf. Stanforth et al., 2001).

Winer (1986) suggests that consumers set reference prices for brands and that those prices are updated continuously as a function of advertising, coupons and other factors. Kalwani and Yim (1992) in their study showed that consumers tended to use the last few purchase prices as a reference, as well as readily available information from the environment. This information included circulars as well as other advertising information that can be considered as external sources of information. Researchers have proposed that consumers respond to a price promotion based on the comparison between the internal reference price and the promotional price (Lattin and Bucklin, 1989; Kalwani and Yim, 1992).

At least four different psychological theories substantiate this concept. These four theories are: (1) Threshold Theory (Weber’s law), (2) Adaptation-level Theory, (3) Assimilation-contract Theory, and (4) Prospect Theory. All these theories are briefly described below.

3.4.4.1 Weber’s Law

Weber’s law is concerned with the question of how much of a stimulus change is necessary in order for it to be noticed.
Weber’s Law can be expressed as

\[ \triangle \frac{S}{S} = K \]

Where

- \( S \) = the magnitude of the stimulus,
- \( \triangle S \) = the difference in \( S \) corresponding to a defined unitary change in a response, and
- \( K \) = a constant.

According to Weber’s law, the amount of difference between the list price and the promoted price should be sufficient enough to be noticeable. To state differently, the law states that the stronger the initial stimulus, (higher the list price of the promoted product), the greater the intensity needed (larger the size of the price cut) for the second stimulus to be perceived as different (Kazmi and Batra, 2004). If the size of the price cut is too small to be noticeable, then probably this will not be noticeable enough to attract the customers.

**3.4.4.2 Adaptation-level theory**

The adaptation level theory (Helson, 1964) was the first theory to propose that the perceived magnitude and effect of a stimulus at any given time depends on the relation of that stimulus to preceding stimuli. The prior stimuli create an adaptation level and subsequent stimuli are judged in relation to it. This theory argues that the consumers carry with them an adaptation level price or ‘internal reference price’ for a given product (Monroe, 1979) and compare prices, or any other attributes, to that adaptation level instead of valuing its absolute amount (Chandon, 1995). Thus, in studying the consumer's response to price, we ought to consider the relationship of the current price level to the adaptation level. This adaptation level is a standard against which market prices are compared and judged as high, low or medium. Consumers form "adaptation levels" through exposure to the stimuli. There are many controversies concerning the formation of reference price. There is a reason to believe that consumers form and use more than one reference price (Chandon, 1994). The reference price can be shaped by previous
prices paid/observed either for the same product or similar products (Kumar & Pereira, 1995).

3.4.4.3 Assimilation-Contract theory

Assimilation Contract Theory can be used to explain consumers’ reaction to prices. This theory examines how external reference prices influence consumers’ internal reference price and subsequent promotion evaluations. According to this theory, when encountering a new price, the new price will either be accepted and become part of latitude of price acceptance (assimilated) or rejected (contrasted). A consumer has certain range of acceptance for a price of a product. Prices inside this range are more likely to be considered acceptable while evaluating the product, while prices outside this range are not acceptable (Dastidar and Datta, 2008). An external reference price that is moderately higher than a consumer’s internal reference price is perceived as plausible and assimilated. However, if the external reference price vastly exceeds the highest expected regular price, it is likely to be perceived as unbelievable and hence contrasted with internal price standards. An external reference price may be introduced through a price advertisement or in-store communication that features both the lower promotional price and the higher regular price and, thus, documents the savings associated with the lower promotional price.

Blair and Landon (1979) found that promotional advertisements, which included the higher regular price along with the lower promotional price, produced larger perceptions of savings than advertisements that included only the lower promotional price. Results of the study conducted by Berkowitz and Walton (1980) showed that the presence of advertised reference prices generated higher perception of savings, perceived worth and willingness to buy. Bitta, Monroe and McGinnis (1981) investigated the effect of presenting different levels of regular price and promotional price on consumer evaluations. They found that higher price discounts provided greater perceptions of value, less intent to search and greater interest in product. Advertisements, which presented comparative price information, received better evaluations on willingness to purchase.
Urbany, Bearden and Weilbaker (1988) found that advertised reference prices positively impacted perceived offer value and the size of the effect increased as the advertised discount increased.

### 3.4.4.4 Prospect theory

Prospect theory was developed as an alternative to classical expected utility theory for the purpose of describing and predicting individual choice behavior under risk. This theory proposes that people perceive outcomes of a choice as perceived ‘losses’ and ‘gains’ relative to a subjective reference point. This theory states that consumer’s perception of promotion as a ‘loss’ or ‘gain’ is a function of the type of the promotion. Non price promotions such as premium offers which segregate the promotional gain from the purchase price will be viewed as gains. On the other hand, price promotions such as price off, which integrate the promotional gain with the purchase price will be viewed as reduced losses (cf. Jha-Dang, Koshy and Sharma, 2005).

Diamond and Campbell (1989) examined the impact of price versus non price promotions on a consumer’s reference price. Results of the study showed that price promotions led to a lower internal reference price while non price promotions did not affect internal reference price. Diamond and Sanyal (1990) found that price promotions would be viewed as reduced losses and chosen less often than non price promotion which would be viewed as gains (cf. Jha-Dang, Koshy and Sharma, 2005).

### 3.4.5 Theory of Reasoned Action

The best-known and widely supported attitudinal theory is the theory of reasoned action proposed by Fishbein and Ajzen (1975). It provides an explanation of how attitudes predict behaviors. It states that behavior is a direct result of intention. The entire model of the theory of reasoned action and relationships of its key constructs are illustrated in Figure 3.2.
This theory specifies the linkage between consumers’ beliefs or perceptions and their behaviors. It suggests that consumers’ actual behaviors depend on their behavioral intentions. Intentions to perform a specific behavior can be determined as the outcome of consumers’ attitudes toward performing that behavior and subjective norms concerning that behavior. In addition, consumers’ attitudes towards performing that behavior are developed based on their own perceptions regarding that behavior. Subjective norms concerning that behavior are developed based on two constructs namely: a consumer’s perceptions of what he/she thinks his/her normative influencers want him/her to do, such as reference groups, and; motivation to comply with the expectations of normative influencers (Fishbein & Ajzen 1975). According to this model, people tend to perform...
behaviors that are evaluated favorably, and are congruent with normative influencers (Schiffman et al., 2003).

Shimp and Kavas (1984) applied the theory of reasoned action to understand consumers’ decision to use coupons. As per the theory, behaviors towards the coupons would be influenced by consumers’ intentions to use the coupons. Consumers’ intention to use coupons would be determined by their attitudes and subjective norms (Dastidar and Datta, 2008). Consumers’ attitudes would be formed through their beliefs in the rewards and costs of using coupons while subjective norms would be formed through consumers’ perception of whether important others think they should expend the effort to clip, save and use coupons. Results of the study showed that beliefs in the rewards of using coupons had high positive correlation with attitude while inconveniences and encumbrances had weak negative correlation with attitude. The authors found that both attitudes and subjective norms exerted an important influence on intention to use coupons. The results showed a clear link between consumer’s intentions to use coupons and their self-reported behavior in actually doing so.

### 3.4.6 Elaboration Likelihood Model

The Elaboration Likelihood Model (ELM) of Petty and Cacioppo (1981) suggests that consumer process information through one of the two distinct routes to persuasion: the central route and the peripheral route. Which route is taken is determined by the extent of elaboration. The central route to persuasion states that individual taking this route is an active processor of information, who is highly involved in the message, can be comprehend it and is knowledgeable. Thus, he elaborates on message extensively by carefully reviewing its content and analyzing its arguments. When an individual takes the peripheral route to persuasion, he performs a low elaboration of the message, where he does not pay much attention to the merits of actual argument presented. Instead, he is swayed by environmental characteristics of the message, such as the credibility and attractiveness of the source, quality of the communication or creative elements such as the jingle or slogan (Shah and D’Souza, 2009, p.209).
Inman, McAlister and Hoyer (1990) used the Elaboration Likelihood Model (ELM) to provide a behavioral explanation for the effect of promotional signals and promotional price cuts on consumer brand choice. They proposed that a consumer traveling the ELM’s central route to persuasion would consider the promoted brand’s relative price and other information about the promoted brand before making a choice. On the other hand, a consumer traveling the ELM’s peripheral route would consider only the promotional signal and react to a promotion.

Many individual variables might be expected to moderate the cognitive route taken (e.g., need for cognition, involvement, time available). High need-for-cognition (NFC) individuals are intrinsically motivated to engage in cognitive endeavors. They are more likely to process additional issue-relevant information than are individuals who are low in NFC. Thus, high NFC individuals are more likely to take the central route and low NFC individuals are more likely to take the peripheral route. High-involvement consumers are active information seekers and processors, whereas low-involvement consumers rarely seek information, and process it passively when provided. High-involvement consumers evaluate brands in detail before purchasing and then assess their satisfaction with the product afterwards. Low-involvement consumers buy first and then may or may not evaluate the product after use.

3.4.7 Attribution Theory

Attribution theory describes how consumers explain the causes of events (Mizerski, et al., 1979). Attributions cause a change in attitude rather than a change in behavior. Attribution theory does not formally address the behavioral consequences of a consumer’s attributions. However, to the extent that attitudes are the antecedents of behavior, the theory is relevant. Suppose that brand X is promoted. Questions could be: ‘why is brand X being promoted?’ A possible attribution could be: ‘brand X is being promoted because they can’t sell it at its regular price.’ It’s probably a low-quality product’, or ‘brand X is being promoted because the store manager knows brand X is
very popular that it will bring in more customers into the store.’ This example illustrates that there can be more than one attribution associated with a certain event.

Different types of attribution can be distinguished based on the object about which attribution is being made. Two types of attribution theories can be distinguished that differ in the object of attribution: attributions made about the self (“why did I buy”) come under self-perception theory while attributions made about the object/brand (“why is brand X on promotion”) come under object-perception.

**3.4.7.1 Self Perception Theory**

Self perception theory states that purchase in the presence of a strong promotion is expected to lead the consumer to attribute purchase to an external cause (i.e. the promotion) rather than an internal cause (i.e. liking for the product). This will lead to discounting of a favorable brand attitude and repeat purchase probability will diminish. Basically, self perception theory suggests a negative long term effect of price promotions on consumer attitudes and behavior.

Scott et al. (1976) applied self-perception theory to predict repeat rates associated with dealing. Scott et al. (1976) concluded that trial per se did not enhance the likelihood of a repeat purchase, the results depending on the type and level of incentive. Moderate incentives gave the highest repeat purchase probabilities, providing only equivocal support for self perception theory.

**3.4.7.2 Object Perception Theory**

Object Perception theory states that the presence of a promotion will lead consumer to attribute lower quality to the brand owing to the fact that it is on promotion (Dastidar and Datta, 2008). Object- perception theory considers three factors that affect the attribution: (1) the distinctiveness of the event involving the object, (2) the consistency of that event
over time or situation, and (3) the way others react. Consider the case of judging the quality of a brand based on the event that it is being promoted. If only this brand or a small subset of brands promotes, this event is relatively distinct. If, in addition the promotion occurs often, and at all stores, it is consistent over time and situation. It thus becomes easier for the consumer to draw an attribution about the brand (“this brand must be low quality-they’re trying to give it away”). If a neighbor encounters the same events and begins to form the same opinion, the attribution becomes even more solid.

3.4.8 Theory of Cognitive Dissonance

The theory of cognitive dissonance (Festinger, 1957) is based on the assumption that humans strive to maintain some level of internal consistency among their opinions, attitudes, knowledge and values. Consumers feel dissonance or discomfort when they are exposed to information that conflicts with their original belief or attitude (Kazmi and Batra, 2004). Theory of cognitive dissonance provides a useful framework for evaluating those circumstances when consumers observe a price that is different from their reference price. Dissonance theory posits that individuals need to resolve inconsistencies they see or experience.

Cognitive dissonance theory has been used in consumer behavior for many years. It is posited that when consumer make a choice from alternatives, it is inevitable that there remain alternatives that are not chosen. Dobb et al (1969) apply dissonance theory to predict a negative effect for promotion. Their result suggest that consumers need not retain so high an evolution of brand selected with a promotional incentives because there is less dissonance to solve (cf. Davis, et al., 1992).

3.5 Consumer characteristics and their influences on consumer responses towards sales promotions

The previous section discussed key consumer behavior theories explaining how consumers are likely to respond to sales promotions. In this section researcher will
discuss consumer characteristics and their influences on consumer responses in purchasing products promoted through sales promotion.

There are number of factors that can influence consumer behavior. Those factors have been theoretically identified by many authors. The literature has identified a number of demographic and psychographic characteristics that have been shown to be influential in explaining consumer responses to sales promotions.

These factors and their influences are now reviewed in the following sections.

3.5.1 Impact of demographic factors on consumer responses towards sales promotions

Demographics were the first variables to identify the frequent users of sales promotion. Initial research on sales promotion paid more attention to demographic aspects of consumers. Demographics commonly investigated in previous empirical studies include income, employment status, family (household) size or presence of children, age, gender, and education. However, prior research has led to conflicting findings. Demographic factors found to be influential in some of these early studies were not found to be influential in others. For example, different studies have reported that younger, middle-aged or older consumers tend to be more deal prone and variables such as education that are significant in some studies are not significant in others (Lichtenstein et al., 1997). Age was not related to consumer responses to coupon redemption in some studies (Bawa and Shoemaker, 1987) but was found to influence coupon use behavior in studies conducted by Ailawadi et al. (2001) and Lichtenstein et al. (1997).

3.5.1.1 Income

Income is one of the most important demographic variables being considered as influential to consumer responses to sales promotions. Compared to those who have higher income, lower income consumers were less likely to perceive themselves to be
financially well off (Mittal, 1994), and were more likely to be financially constrained (Ailawadi et al., 2001). Consumers with lower income may have a greater interest in saving money (Blattberg, et al, 1978). Due to this perception, they are more likely to become price conscious and will search extensively for promotional information through a variety of media. Promotions provide a saving feeling and reduce the pain of paying. On the other hand, households with higher income are less restricted in their budget, which increases the probability of acting on impulse (Inman and Winer 1998), and therefore in-store promotion response.

Prior studies have come up with conflicting findings regarding the relationship between income and sales promotion response. Inman and Winner (1998), Bawa and Shoemaker (1987) and Bawa and Ghosh (1999) found positive relationship between income and sales promotion responses. On the other hand, Urbany et al. (1996), Ailawadi et al. (2000) and Ainslie and Rossi (1998) found negative relationship between income and sales promotion responses. Narasimhan (1984) found that middle income groups use coupon promotions the most. Webster (1965) and Blattberg et al. (1978) did not find a significant linear relationship between income and promotion response. Lichtenstein et al., (1997) in their study found no significant association between income and deal proneness. Teel et al. (1980) found that households intended to try a new product with a coupon tended to have higher income than non-users of coupons.

3.5.1.2 Age

Many authors tried to study the impact of age on sales promotion. But mixed bag of results found. Stockman (1957) and Webster (1965) both observed that the age of the consumer was related to the dealing activity, Stockman reported that the relationship was negative whereas Webster found that relationship to be positive (cf. Dodson, et al. 1978). Burton et al. (1999) also found a positive relationship between age and promotion response while Bawa and shoemaker (1987), Inman and Winer (1998), and Bell et al (1999) found negative relationships. Lichtenstein et al. (1997) in their study found that younger consumers were more likely to be deal prone. Webster (1965) found deal prone
housewives to be older. Teel et al. (1980) studies the households that intended to try a new product with a coupon and they found that these households tended to be younger. The psychological cost of thinking may increase as individual age, which suggests that older consumers may be less motivated to process in-store information than younger consumers (Inman and Winner, 1998).

3.5.1.3 Gender

"Gender" refers to an individual’s biological sex, whether one is a woman (female) or a man (male). Understanding how male and female customers respond to various promotional tools is important to marketing strategists, and researchers. On average, responsibility for shopping still falls upon the woman of the household. This role puts women in a better position than men to recognize household needs that might be fulfilled by a particular category purchase. Woman has more knowledge about the products, stores and sales promotion schemes. An early study investigating deal prone consumers suggested that female consumers might be more likely than males to evaluate their purchase based on promotions received, and became deal prone consumers. (Blattberg et al., 1978). Studies of male shopping behavior suggest that men, because they do little, if any, planning prior to shopping, will not respond to forms of promotion which require advance planning or activity. Several studies, for example, have concluded that male shoppers do not use coupons (Davies and Bell, 1991). Lichtenstein et al., (1997) in their study found no significant association between gender and deal proneness.

3.5.1.4 Education

Education links to thinking costs as well as search costs. General assumption is that educated people can think and evaluate the various sales promotion schemes. On the other hand educated people have greater capabilities to engage in search (Urbany, et al. 1996) and have more knowledge about the products and markets. Knowledgeable consumers search more in the market for specials (Urbany et al. 1996). Based on this argument, a positive relation between education and promotion response is expected.
Narasimhan (1984) found coupon usage to be higher for households with higher level of education. Bawa and Shoemaker (1984) found that coupon-prone households are more educated. On the other hand, Lichtenstein et al. (1997) in study also found that consumers with less education were more likely to be deal prone.

3.5.1.5 Household Size

Consistent results found in previous research between promotion response and household size (Mittal, 1994). The simple logic behind this is larger family has more needs than smaller family. Bawa and Gosh (1999) concluded that household grocery expenditures increased with family size. Larger families are more price-focused (Krishna et al. 1991). In the same line, Manchanda et al. (1999) found that large families are more price-sensitive. Household having presence of children (especially non-school age children) can not spare much time to search activities. Non school age children require special attention and a great deal of time that might otherwise be allocated to shopping activities (Urbany, et al. 1996). Blattberg et al. (1978) predicated that deal proneness would be lower for households with children under six.

3.5.2 Impact of psychographic factors on consumer responses towards sales promotions

As previously summarized in Table, a number of empirical studies have emerged exploring psychographic factors that have been shown to influence consumer responses to sales promotions.

3.5.2.1 Price Consciousness

The term price consciousness can be referred to the degree to which consumer focuses exclusively on paying low prices (Lichtenstein, Ridgway & Netemeyer, 1993). Monroe

“A buyer is characterized as price conscious to the degree he/she is unwilling to pay a higher price for a product, and if the price is greater than what is acceptable to pay, the buyer may refrain from buying. Moreover, the price conscious shopper will not be willing to pay for distinguishing features of a product if the price deference for these features is too large.”

Rational consumers always prefer lower prices over higher prices for any identical goods. Monetary savings are the appropriate utility for explaining the relationship between price consciousness and impact of sales promotion scheme. Perhaps the most apparent incentive for procuring price deal is the monetary saving. Monetary savings are a saving benefit that consumers may consider when buying a product promoted through sales promotions (Chandon et al. 2000). Promotions provide a saving feeling and reduce the pain of paying (Martinez and Montaner, 2005). Price savings are relevant to consumers who are price conscious and perceive themselves as having financial constraints (Ailawadi et al. 2001). Empirical research suggested that consumers who seek monetary savings were likely to be price conscious (Ailawadi et al. 2001; Mittal 1994). Sales promotion can provide perceptions of monetary savings by lowering the unit price of the promoted product, offering more of the same products for free, or providing refunds or rebates on subsequent purchase of the same or other products (Chandon, et al. 2000). Price conscious consumers will search extensively for promotional information through a variety of media. They are likely to have price knowledge, recognize the price advantage of the discounted brand (Lichtenstein and Ridgway 1993), and focus on the amount of money they could save from a purchase (Ailawadi et al. 2001; Lichtenstein and Ridgway 1993; and Mittal 1994).
3.5.2.2 Quality Consciousness

Quality is utilitarian benefit associated with the purchase of a product. Consumers may pay attention to the product quality, and therefore become quality conscious. How consumers respond to price promotions is partly explained by their perceptions of the product quality in relation to the price they pay for that product (Ailawadi et al. 2001; Lichtenstein & Ridgway, 1993). When consumers are unable to directly assess product quality, they may infer it from price. This belief, reflecting a “price-quality schema,” suggests that low prices are associated with low quality. Following this, quality conscious consumers are unlikely to respond favorably to price-discounted brands because the discounted brands offers consumers lower priced products, which in turn are perceived to be inferior in quality (Ailawadi et al. 2001; Cunningham, Hardy & Imperia 1982; Richardson et al. 1994). Promotional actions may produce negative effect on the perceived quality of products and considering that quality-conscious consumers attach little importance to price (Martinez & Montaner, 2005).

3.5.2.3 Value Consciousness

Perceived value of a product is a primary factor influencing purchase intention. In this study, we define value consciousness specifically as “the quality one gets for the price one pays” (Lichtenstein et al., 1990). It is a concern for paying low prices, subject to some quality constraint. It involves “the consumer’s overall assessment of the utility of a product based on what is received and what is given” (Green, 1996). They are likely to be concerned with the ratio of the quality received to the price paid in a purchase transaction and they also have a desire to maximize the quality received for the price paid for that product (Lichtenstein et al. 1990). If consumers see the price as a monetary sacrifice, they will be more conscious about value. Value-conscious consumers use shopping lists, compare unit prices, watch the checkout scanner, and check prices on items (Jin and Sternquist, 2003). A price promotion schemes leads value conscious consumers to perceived additional value for their money (i.e., higher ratio of quality received to price.
paid), but also enables these consumers to relax their budget constraints and to upgrade to a better product (Chandon et al., 2000).

3.5.2.4 Impulse Buying Behavior

Impulsiveness refers to the degree to which consumers buy a product on impulse or make an unplanned purchase when the urge strikes them (Ailawadi et al. 2001). Engel and Blackwell (1982) define an impulsive purchase as “a buying action undertaken without a problem previously having been consciously recognized or a buying intention formed prior to entering the store” (cf. Bayley, Geoff and Nancarrow, Clive, 1998). Beatty & Ferrell (1998) defined impulse buying as “a sudden and immediate purchase with no pre-shopping intentions either to buy the specific product category or to fulfill a specific buying task. The behavior occurs after experiencing an urge to buy and it tends to be spontaneous and without a lot of reflection (i.e., it is impulsive). It does not include the purchase of a simple reminder item, which is an item that is simply out-of-stock at home.”

Rook (1987) describes impulsive buying as exhibiting a number of characteristics:

- The feeling of an overwhelming force from the product;
- An intense feeling of having to buy the product immediately;
- Ignoring of any negative consequences from the purchase;
- Feelings of excitement, even euphoria;
- The conflict between control and indulgence.

Impulsive shopping is a common behavior at the store. Impulsive consumers tend to make a purchase decision quickly in-store with little decision-making effort. The increase of promotions at the point of sales drives consumers to make decisions there (Narasimhan et al., 1996). Positive relationships have been found between impulsiveness and in-store promotions. Impulsive consumers will use in-store promotions, but not out-of-store promotions, which require an additional effort prior to the purchase (Ailawadi et al., 2001). However, impulsive consumers have also been found to respond unfavorably to sales promotions that require preparation before the shopping trip (Ailawadi et al. 2001).
Applying this logic to the sales promotion context, these consumers are likely to easily, immediately, and strongly associate with sales promotions that require little decision effort from them. Lichtenstein et al (1997) found that deal proneness is positively correlated with impulsiveness.

**3.5.2.5 Variety Seeking Behavior**

Researchers such as Ansari, Bawa, and Ghosh (1995); Feinberg, Kahn, and McAlister (1992); Kahn and Louie (1990); and Kahn and Raju (1991) have studied the effects of variety seeking on purchase behavior in the presence of marketing mix variables such as promotions. (cf. Trivedi, 1999). The market also presents a segment of consumers who enjoy constantly trying out different brands, the so-called variety seekers. Variety seeking (intrinsic desire for variety) is recognized as an important trait that influences consumer choice behavior (e.g., McAlister and Pessemier 1982).

The influence of variety seeking on consumer responses to promotions can be explained by the concept of perceived exploration utility (Ailawadi et al. 2001). Variety seeking consumers are likely to try different products and/or brands. Thus consumers get the benefit of exploration by fulfilling their own intrinsic needs for information, variety or innovativeness. Consumers may frequently choose something different from what they normally choose in promotional environments. Thus we expect that variety seeking consumers respond favorably to sales promotion because sales promotions encourage them to try the promoted product (Ailawadi et al. 2001).

Variety seeking was found to be influential in explaining consumer responses to sales promotions (Ailawadi et al. 2001). The gains by major brands from promotion come mainly from variety seekers (Trivedi, 1999). When consumers seek variety, they should have a special inclination toward promotions that help them discover new products (Narasimhan, 1984). Some experimental work has shown that consumers may use price promotions to decide when to add variety to their purchase history (Kahn and Louie, 1990). In laboratory experiments, subjects who were experimentally motivated to seek
variety used the presence of promotions to determine when they would choose something different from their normal selection. The subjects sought variety in their brand choice when there was promotional activity and were loyal to their old favorites when the promotions were retracted (Kahn, 1995). Wakefield and Barnes (1996) also found positive influence of variety seeking tendency on promotion proneness for leisure services.

### 3.5.2.6 Need for Innovation

Innovativeness can be defined as the degree to which a person likes to try new things (Solomon, 2009). Innovative consumers are interested in new products, more socially mobile, and make extensive use of commercial media. Innovative people may show a favorable attitude to promotion since these actions encourage them to try new products (Dastidar & Datta, 2008). Consumers have a special inclination toward promotions that help them discover new products (Narasimhan, 1984). Narasimhan (1984) found a positive relationship between need for innovation and impact of sales promotion schemes.

### 3.5.2.7 Need for Cognition (NFC)

An individual’s need for cognition is the extent to which he engages in or enjoys cognitive activity in the form of thinking (Loudon and Bitta, 1993, p.306). It measures a person’s craving for or enjoyment of thinking (Schiffman and Kanuk, 2004, p. 131). Prior research has demonstrated that individuals differ in terms of their likelihood to engage in effortful, systematic thinking. Need for cognition is one of the determinants of the motivation to process information content. High need for cognition has been found to be associated with more extensive information processing in variety of contexts. Consumers with high NFC enjoy products with a heavy learning component, enjoy product search and react positively to technical product information (Arnould, Price & Zinkhan, 2002, p. 256). Thus, high need for cognition shoppers should be less influenced by mere exposure
to a product category or in-store display (Inman, McAlister and Hoyer 1990; Inman and McAlister 1993) than low need for cognition shoppers.

Consumers with high NFC have been shown to be less likely than those with lower NFC to buy products promoted through out-of-store promotion, such as coupon redemption (Ailawadi, et al. 2001). In addition, it has been shown that individuals low in NFC react to the simple presence of a price promotion signal whether or not the price of the promoted brand is reduced (Inman, McAlister and Hoyer, 1990). Consumers with high NFC are more likely to think extensively about products, attributes, and benefits, as well as to scrutinize message very carefully. On the other hand, consumers with lower need for cognition prefer to take short cuts or rely on their feelings and more positively react to a less complicated or short messages (Hoyer and MacInnis, 1997). The shopping malls do not advertise complicated promotional message for ready made garments. Therefore it is expected that consumers with a lower NFC will respond favorably to the sales promotion schemes than those with high NFC.

3.5.2.8 Market Mavenism

Market mavens present an important market target because they are likely to influence the buying decisions of a variety of people who seek and/or receive their advice. They has, and shares with other consumers, a wide range of information about a variety of products, stores and other market phenomena (Feick and Price, 1987). They both initiate discussion with other consumers and respond to requests for market information. Market mavens like to shop, and they also like to share their shopping expertise with others (Schiffman and Kanuk, 2004. p. 512). Mavens are prone to be product innovators, heavy information seekers and opinion leaders and they tend to be more interested in smart buying (Williams and Slama, 1995). In addition, mavens are heavier users of coupons, shopping list, grocery budget and grocery ads. Market mavens pay attention to the media as a base for knowledge and they are likely to read direct mail and local advertising.
Research has shown that market mavens are valuable in transmitting information about retailers. Mavens act as a source of information in relation to product, price, and place for other consumers to shop for the lowest prices (Lichtenstein and Ridgway 1993). They talk significantly more than other shoppers about the attributes of grocery stores, department stores and discount stores, with the attributes most often discussed including special sales, regular prices, product quality and product variety. The general influence character of market mavens makes them particularly attractive promotional targets for retailers who may carry many products and wish to convey information to the public about sales, low prices, product variety and other aspects of store operations in addition to information on specific products (Williams and Slama, 1995). Price mavens are heavier users of promotion schemes, specially coupons (Price et al. 1988). On the other hand, research conducted by Inman et al. (1997) shows that price mavens are less likely to rely on promotional information in evaluating alternative brands.

### 3.5.2.9 Shopping Enjoyment

Entertainment is important for people who enjoy shopping. The relationship between shopping enjoyment and the purchase intention variable can be explained based on the entertainment utility. Consumers who enjoy shopping, i.e., who are willing to spend time and efforts going from store to store, looking at window displays, examine brands, are likely to be more coupon prone than people who are not willing to spend much time and effort in shopping (Dastidar and Datta, 2008). People who enjoy shopping equally enjoy searching for information on available promotions (Beatty and Smith, 1997). Consumers who enjoys shopping have been found to be heavier users of feature advertising and coupons (Martinez and Montaner, 2006), perhaps because they enjoy making use of marketing information. Some consumers are likely to have fun or feel enjoyable when watching or participating in particular sales promotions, such as sweepstakes, contests, and free gifts (Ailawadi et al. 2001; Chandon et al. 2000).
3.5.2.10 Shopping Plan

Shopping plan is related to the utility in relation to improved convenience or search costs (Ailawadi et al. 2001). The search costs will vary according to the extent the consumer plans their shopping. Consumers who respond favorably to sales promotion are likely to perceive that sales promotional schemes can help them to reduce search costs by providing them with an easy decision heuristic for a product purchase (Ailawadi et al. 2001). Shopping plan has been found to have a positive relationship with in-store and out-of-store sales promotions (Ailawadi et al. 2001). Consumers who plan their shopping are likely to consider out-of-store promotions since these promotions encourage and help them to plan the shopping. For in-store promotions, consumers who plan their shopping can use promotion schedules to plan their purchases so they know how much to buy to last until the next promotion (Krishna, Currim and Shoemaker 1991).

3.5.2.11 Store Loyalty

Store loyalty has been suggested to be an influential factor explaining promotion responses by some studies (Ailawadi et al. 2001; and Mittal 1994). However, this variable was found to have a relationship with store switching behaviors only, not the brand switching behaviors. Store loyalty should be negatively related with out-of-store promotion response, because these promotions often require store switching (Bawa and Shoemaker 1987). The more the store loyalty, the higher the costs the consumers has to bear for store switching (Mittal, 1994). In addition, store loyalty and store switching behaviors are likely to be related to retail promotions (Ailawadi et al. 2001; Blattberg and Neslin 1990; Sirohi, et al. 1998), rather than brand promotions (Blattberg and Neslin 1990). Store loyal consumers are satisfied with the promotions offered by the store they are loyal to (Sirohi et al., 1998) and therefore, these consumers will respond to its promotions. Store loyalty thus does not seem to a condition for higher or lower proneness to any type of promotion (Dastidar and Datta, 2008). A study conducted by Bawa and Shoemaker (1987) found that coupon prone households were less store loyal when compared to those were non-coupon prone. Bucklin and Lattin (1991) and Kim et al.
found that store loyal people are less price sensitive. This is also indicating a negative relationship between store loyalty and promotion responses.

3.5.2.12 Brand Loyalty

Brand loyalty is one of the purchase characteristics that is often said to be related with promotion response. Loyalty typically implies a commitment to repeat purchases, based upon an ongoing positive evaluation or attitude toward the brand (Wakefield and Barnes, 1996). Brand loyal consumers tend to be consistent purchasers, holding strong perceptions in relation to the quality of the brand they buy (Hoyer and McInnis, 1997). Therefore, they are less likely to be involved in making a decision about which brand to buy because they already believe their brand is the best in the market (Hoyer and McInnis, 1997).

Researchers studying the brand choice decision have found promotions to be associated with cost of switching (Ailawadi, et al. 2001; Mittal, 1994). Deals induce consumers to switch brands. Costs of switching refer to the degree to which consumers feel risky when they purchase an untried brand. Brand loyal consumers are likely to feel a greater degree of switching costs (Ailawadi et al. 2001). Because they believe that they may risk a large loss in potential utility from having to substitute a less preferred brand for their favorite brand (Bawa and Shoemaker, 1987). According to utility theory, deals serve as economic incentives that enhance the utility of a brand, thus attracting former purchaser of other brands. Brand switching increased as the magnitude of the incentives associated with the deal increased. Deals having relatively high economic value are expected to have greater utility and induce more switching than ones having relatively low economic value (Dodson, et al. 1978). Webster found that deal prone housewives are more likely to switch brands. Montgomery (1971) reported that the promotion of purchase made on deal increased with the level of brand switching.

The literature suggests that dealing is related inversely brand loyalty (Webster1965; Montegomery, 1971; Massy, et al, 1965). Consumers who are loyal to brands present a
lower level of proneness to promotions since they attach more importance to the product than to the price, whereas non-loyal consumers are more prone to buy promoted products because they attached more importance to the price than to the products’ attributes. Montgomery (1971), Schneider and Currim (1990) and Webster (1965) found that promotion prone households were associated with lower levels of brand loyalty. Wakefield and Barnes (1996) also found the negative influence of loyalty to the service provider on promotion proneness. Bhattacharya et al. (1996) report that sales promotion does not affect loyalty, while Gedenk and Neslin (1999) find significant negative effect on loyalty. Bawa and Shoemaker (1987) found that coupon prone households are less brand loyal.

3.5.2.13 Motivation to Conform

Empirical research investigating the effect of self-expression, conformity, and social approval in consumer responses to promotions found a positive relationship between attitudes of reference groups and coupon uses and sweepstake participations (Huff and Alden, 1998). Ailawadi et al. (2001) found a negative relationship between ‘motivation to conform’, and consumers’ use of products promoted through out-of store promotions.

3.5.2.14 Time Pressure

Srinivasan and Ratchford (1991) describe time pressure as the degree to which consumers consider themselves busy. Some consumers should be expected to engage in more search than others, as consumers are not homogeneous in terms of their costs of search (Inman and Winner, 1998) Consumers under time pressure might respond favorably to sales promotions such as price reductions because they could use sales promotional messages to simplify their buying process (Ailawadi et al. 2001). Time pressure consumers do not respond to the sales promotion tools like coupon redemption because coupon redemptions require more time for clipping, organizing and redeeming coupons (Bawa and Shoemaker, 1987; Mittal, 1994). Narasimhan (1984) said that intensity of coupon usage is related inversely to a household’s opportunity cost of time.
3.5.2.15 Perceived Financial Constraints

Perhaps the most apparent incentive for procuring price deals is the monetary saving. Monetary savings are a saving benefit that consumers may consider when buying a product promoted through sales promotions (Chandon et al. 2000). Promotions provide a saving feeling and reduce the pain of paying (Martinez and Montaner, 2005). Price savings are relevant to consumers who perceive themselves as having financial constraints. (Ailawadi et al. 2001). Sales promotion can provide perceptions of monetary savings by lowering the unit price of the promoted product, offering more of the same products for free, or providing refunds or rebates on subsequent purchase of the same or other products (Chandon, et al. 2000).

3.5.2.16 Inventory Space

Ailawadi et al. (2001) explained the influence of perceived inventory space on sales promotions by the concepts of inventory holding cost. Inventory costs are related to the perceived availability for storage space. People with storage space constraints cannot stock upon many units of the promoted product (Blattberg et. al., 1978), whereas shoppers with more storage space will respond better to promotion (Ailawadi et al., 2001). Therefore it is expected that perceived inventory space will positively influence sales promotions.

3.6 Impact of Sales Promotion Schemes on Consumers Responses

As mentioned in the previous sections, several demographic and psychographic variables play an important role in explaining the impacts of sales promotions on consumer purchase behavior. It is interesting to explore how sales promotion affects consumers buying of readymade garments. There is a large body of literature which has examined consumer responses to sales promotion (Gilbert and Jackaria, 2002). Mostly it is thought that following basic mechanisms are involved:

1. Purchase Acceleration
• Timing acceleration
• Quantity acceleration (i.e. Stockpiling)

2. Brand Switching
3. Anticipatory Responses
4. Store switching
5. Deal to deal purchasing
6. Category Expansion

The phenomenon of purchase acceleration refers to consumers either buying more units of the promoted products than in the absence of deals or altering the timing of their purchase because of deal (Helsen and Schmittlein, 1992). Purchase acceleration explain two types of impact of sales promotion: timing acceleration and quality acceleration. Timing acceleration means purchasing sooner than otherwise while quality acceleration involves purchasing more than otherwise i.e. stockpiling. Brand switching means that a consumer is induced to purchase a brand other than the one that would have been purchased had the promotion not been available. From an economic perspective, (price) promotion induce a brand switch by increasing the utility of a brand that otherwise would not have been purchased. From a behavior perspective, transaction utility provides an added impetus for buying a brand that otherwise would have not been purchases. Anticipatory responses are caused by learning effect. Households learn that promotions occur from time to time, and they sometimes defer their purchase until the week in which an item is promoted. Store switching means the purchase of the promoted brand in a store different from the regular outlet. It means that a consumer is induced to shop at a different store due to availability of the sales promotion. Deal to deal purchasing can be understood as purchase of the brand only on deal. Category expansion means that a consumer’s total consumption of the product category is increased by a promotion. Promotions can stimulate primary demand by creating a new consumption occasion or by increasing the usage rate.

Following section discusses the past research explaining the impact of sales promotion on purchase behavior. In real-world marketplaces, it is likely that all the sales promotion
reaction mechanisms as described above occur simultaneously. Therefore, several researchers have tried to investigate the joint effects of some or all of these mechanisms.

Shoemaker (1979) was one of the first researchers to investigate the effects of sales promotions on purchase behavior. He empirically concluded that purchase acceleration was due to sales promotion. The stockpiling literature demonstrates that price changes affect stockpiling behavior. Researchers find that for stackable products consumers stockpile when products are on price discount (Neslin et al. 1985; Blattberg et al. 1981; Bell et al. 1999).

Blattberg et al. (1981) studied four product classes and found statically significant evidence of purchase acceleration in terms of both larger quantities and shorter inter-purchase times. Neslin et al (1984) developed an analytical framework for studying purchase acceleration. Their main findings concerns how coupons, temporary price cuts, and featured price cuts were all associated with higher purchase quantities. Findings from Bucklin et al. (1998) indicated that price discounts induced households to switch brands and buy earlier than planned but have little effects on stockpiling behavior.

The earlier evidence on promotion effectiveness suggested a strong brand switching effect (Dodson et al., 1978). Guadagni and Little (1983) and Gupta (1988) have found promotions to be associated with brand switching (cf. Currim and Schneider, 1991). Blatteberg and Neslin (1990) found that while 32 percent of coffee purchase occasions without promotions involved brand switches, the range was 40-66 percent when the purchase involved various types of promotion.

Gupta (1988) attributed 85 percent of the effect of promotion in the coffee category to brand switching, with the remaining 15 percent attributable to stockpiling. Gilbert and Jackaria (2002) studied the impact of four promotional tools (i.e coupon, discount, sample and buy-one-get-one-free) on buying behavior. They found that on average consumers were more positively influenced to use a coupon for product trial. When using discount on average consumers had a tendency to switch brand and try a new product.
Sample led to consumers to be positively influenced to brand switching and product trial. Finally for buy-one-get-one-free, consumers seemed to be influenced to switch and stockpile.

The results of the study conducted by Bucklin and Gupta (1992) suggested that many households that switch brands on the basis of price and promotion do not also accelerate their category purchases and that many households that accelerate their category purchases do not switch brands.

Gupta (1982) studied the scanner panel data of coffee and modeled brand choice, purchase time, and purchase quantity to decompose the promotional responses. He found that more than 84 percent of the total sales increase is accounted for by brand switching, 14 percent or less by purchase time acceleration, and less than 2 percent by stockpiling.

3.7 Hypothesis Development

Section 3.5 discussed the consumers’ demographic and psychographics factors explaining the impact of sales promotion schemes on consumer responses in purchasing readymade garments. Based on this discussion, hypotheses are developed to test in this study. These hypotheses are presented below:

3.7.1 Hypothesis Related to the Relationship of Socio-demographic Factors and Impact of Sales Promotion Schemes on Consumer Responses in Purchasing Readymade Garments

(1) Null Hypothesis $H_0$: There is no relationship between Income of consumer and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis $H_1$: There is a relationship between Income of consumer and impact of sales promotion schemes on consumer
responses in purchasing readymade garments.

(2) Null Hypothesis $H_0$: There is no relationship between age of the consumer and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis

$H_1$: There is a relationship between age of the consumer and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(3) Null Hypothesis $H_0$: There is no relationship between gender of the consumer and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis

$H_1$: There is a relationship between gender of the consumer and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(4) Null Hypothesis $H_0$: There is no relationship between education of the consumer and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis

$H_1$: There is a relationship between education of the consumer and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(5) Null Hypothesis $H_0$: There is no relationship between household size of the consumer and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis

$H_1$: There is a relationship between household size of the consumer and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(6) Null Hypothesis $H_0$: There is no relationship between household having the presence of non School age children and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis

$H_1$: There is a relationship between household having the presence of non School age children and impact of sales
promotion schemes on consumer responses in purchasing readymade garments.

3.7.2 Hypothesis Related to the Relationship of Psychographic Factors and Impact of Sales Promotion Schemes on Consumer Responses in Purchasing Readymade Garments

(1) Null Hypothesis $H_0$: There is no relationship between price consciousness and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis $H_1$: There is a relationship between price consciousness and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(2) Null Hypothesis $H_0$: There is no relationship between quality consciousness and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis $H_1$: There is a relationship between quality consciousness and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(3) Null Hypothesis $H_0$: There is no relationship between value consciousness and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis $H_1$: There is a relationship between value consciousness and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(4) Null Hypothesis $H_0$: There is no relationship between impulse buying behavior and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis $H_1$: There is a relationship between impulse buying behavior and impact of sales promotion schemes on consumer responses in purchasing readymade garments.
(5) Null Hypothesis $H_0$: There is no relationship between variety seeking behavior and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis

$H_1$: There is a relationship between variety seeking behavior and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(6) Null Hypothesis $H_0$: There is no relationship between need for innovation and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis

$H_1$: There is a relationship between need for innovation and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(7) Null Hypothesis $H_0$: There is no relationship between need for cognition and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis

$H_1$: There is a relationship between need for cognition and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(8) Null Hypothesis $H_0$: There is no relationship between market mavenism and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis

$H_1$: There is a relationship between market mavenism and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(9) Null Hypothesis $H_0$: There is no relationship between shopping enjoyment and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

Alternative Hypothesis

$H_1$: There is a relationship between shopping enjoyment and impact of sales promotion schemes on consumer responses in purchasing readymade garments.
(10) **Null Hypothesis** $H_0$: There is no relationship between shopping plan and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

**Alternative Hypothesis** $H_1$: There is a relationship between shopping plan and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(11) **Null Hypothesis** $H_0$: There is no relationship between store loyalty and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

**Alternative Hypothesis** $H_1$: There is a relationship between store loyalty and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(12) **Null Hypothesis** $H_0$: There is no relationship between brand loyalty and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

**Alternative Hypothesis** $H_1$: There is a relationship between brand loyalty and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(13) **Null Hypothesis** $H_0$: There is no relationship between motivation to confirm and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

**Alternative Hypothesis** $H_1$: There is a relationship between motivation to confirm and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(14) **Null Hypothesis** $H_0$: There is no relationship between time pressure and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

**Alternative Hypothesis** $H_1$: There is a relationship between time pressure and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

(15) **Null Hypothesis** $H_0$: There is no relationship between perceived financial
constraint and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

**Alternative Hypothesis**

H$_1$:
There is a relationship between perceived financial constraint and impact of sales promotion schemes on consumer responses in purchasing readymade garments.

### 3.8 Conclusion

In this chapter, various literatures are reviewed to understand the impact of sales promotion schemes on consumer responses in purchasing readymade garments. First, the promotion management is presented as parent discipline with the overview of sales promotion. Then various consumer behavior theories are reviewed to understand the impact of sales promotion. Then various studies are explored to identified the demographic and psychographic factors affecting impact of sales promotion schemes. The demographic factors include income, age, gender, education, household size, and number of school going children in the family. The psychographic factor include price consciousness, quality consciousness, value consciousness, impulsive buying behavior, variety seeking behavior, need for innovation, need for cognition, market mavenism, shopping enjoyment, shopping plan, store loyalty, brand loyalty, motivation to conform, time pressure, perceived financial constraints and inventory space. All of these factors are expected to have an influence on consumer responses in purchasing readymade garments offering some promotion schemes. At the end of chapter, based on the literature review, hypotheses are developed to test in this study.