CHAPTER 3
CHAPTER 3

RESEARCH METHODOLOGY AND MOTIVATION FOR THE STUDY

A system of models, procedures and techniques used to find the results of a research problem is called a research methodology\(^1\). Research Methodology provides a framework and direction to the study. A well-planned research methodology helps to carry forward the study in a logical step to come to the conclusion on the research problem. The technique of the collection of data and the methodology of their analysis has a great bearing on the reliability of the results arrived at\(^2\).

3.1 Introduction and Motivation for the Study

Product proliferation has resulted into ever-increasing competition in the market. Companies are fighting tooth to nail to clutch a small share of market. Decreasing discrepancies in the quality offered by various brands and cut-throat competition in price has made it difficult for the companies to sell their products using the conventional marketing tools. The use of sales promotion has been greatly increased by the companies to give reasons to customers to pick their brand. Companies have been shifting its promotional budget from advertising to sales promotion. This is proved to be one of the most successful promotional tools in many of the product categories. It is effective in various market situations like increasing trial at the time of product launch, attracting customers of rival brands etc. Companies are using variety of sales promotion schemes to either lure consumer, convince them, or face competition in the market. The effectiveness of the schemes varies from product to product and also on the stage of life cycle of product through which it passes. At the same time, the ability of the sales promotion to make customers to switch brand has put a question mark on the long term effect of sales promotion, as customers are gradually becoming deal loyal.
rather then brand loyal. Thus its impact on the health of a brand is doubtful. This situation where is has become necessary for the marketers to use sales promotion frequently and the behavior of customer which does not assure long term result has motivated to take up the research to study the impact of sales promotion on brand choice.

3.2 Nature and Scope of the Study

Various sales promotion schemes (incentives), designed and utilized by marketers, do not have equal impact on the customers of different demographic characteristic and different product categories. An attempt has been made to assess the popularity and effectiveness of following selected sales promotion schemes:

1. Price-off
2. Quantity discount
3. Gifts
4. Cross promotion
5. Prizes
6. Free samples
7. Scratch Cards

The level of loyalty of customer toward a brand may vary from product to product. A customer may be very loyal to a particular brand of one product and may be brand switcher in other product category. It results into different impact of a sales promotion on different product categories. As the objective was to see the impact of sales promotion on any house hold, it was decided to select the products which are generally purchased by majority of house holds irrespective of the social status. Thus, to see the difference in the impact of above sales promotion schemes/ tools/ techniques on various products, following four broad product categories were selected for study and within each category following two to four products were selected looking at their consumption and usage:
1. Personal care products
   A. Hair oil/Shampoo
   B. Tooth paste
   C. Toilet soap
   D. Talcum powder

2. Food products
   A. Tea
   B. Energy Drink
   C. Biscuit

3. Consumer durables
   A. Television
   B. Refrigerator

4. Personal Products
   A. Shoe
   B. Clothing
   C. Watch

As customers from different places have different buying behaviour and therefore different level of loyalty for the brand, they react differently to different sales promotion schemes. In the present study, an attempt was made to check the difference in the response to different sales promotion schemes by the residents of different places. Being a well to do state, and one of the preferred markets place for the companies to sell their products Gujarat states was selected for the study. For the purpose of the study the state of Gujarat was geographically divided into two regions Gujarat region and Saurashtra region. The two regions were divided broadly due to difference in cultural, climatic, and economic growth conditions. To get a proper coverage of the state and to compare the regional differences in buying habit under the influence of sales promotion, following cities were selected for the purpose of the study from two regions: Ahmedabad, Vadodara, Surat, Bhavnagar, Jamnagar, Rajkot. Gujarat region; as the state
people understand includes eastern part of the Gujarat State and Saurashtra is western part of the state except Kutchch area. Please refer to map of Gujarat.

Data was collected between the periods January 2003 to February 2005.

Figure 3.1

Source: www.mapsindia.com
3.3 Objectives of the Study

Sales promotion is increasingly becoming popular among the marketers. Companies are reducing the advertising expenditure and increasing the budget for sales promotions. Companies from almost all the industrial sectors are increasingly making use of it. As sales promotion gives direct benefits to consumers, it is expected that it increases the demand of the products tagged with such incentives. In recent times the frequency of offering such promotional sales incentives has increased tremendously. This increased frequency combined with the large number of brands with such incentives increases the choice available to the end consumer. As the consumer has wider choice, a company may not get expected benefits. Also the extent of benefit to companies from such strategies based on sales promotions will differ based on the product and thus may not be same for all types of goods. Keeping the above potential research areas in mind, the aim of the present work was to study the degree of influence of various sales promotion schemes on the choice of some household products- both durable as well as non-durables.

Major objectives of the proposed study were as follows:

1. To assess the impact of sales promotion on different product categories:

One of the major objectives of the sales promotions is to attract customers of other brands. The sales promotion scheme gives maximum benefit to marketers if it succeeds in attracting other brand users. Applying Pareto analysis (80:20) principle, products can be classified among three type, namely (a) convenient, (b) shopping, and (c) specialty goods, depending upon various factors such as the importance of that product to the user, price of the product, durable or non durable nature of the product, its impact on the health or personality of the product etc. Under various conditions customer does not like to divert from the brand he likes the most or has faith upon, even when offered more benefit by other brand. Thus the same product may be convenient good for one, where customer
does not mind changing brands and shopping, or specialty good for other, where a customer selects brand very carefully and is loyal to that brand.

The very first objective of the study was to measure the level of impact of sales promotion on various product categories.

2. To find out whether sales promotion schemes are gender biased:

The social conditions especially in a country like India have strong influences on the shopping behavior of males and females. This difference in the shopping behavior may be ascribed to various reasons like the social custom, work related obligations, family reasons etc. For example, in many houses females visit shop more often than their male counterparts. Though the economic prosperity has certainly led to a shift where the difference in social status of males and females has blurred because of higher participation of females in various walks of life, the phenomenon is still limited to metropolitan areas. Thus majority of market will be still get the customers whose shopping behavior will reflect the ‘gender difference’. This difference may also affect response to different sales promotion strategies. For example, while a product coming with a free shaving cream will attract a male customer, the same may be not so attractive to a female shopper who may find a free washing bar or cosmetic more useful.

In addition to the inherent gender related tendency of customer, there may be other reasons that may make the customers of different sex behave differently. For example, a male doing a job will get less time to get exposed to the advertisements and market place. Due to this he generally does not bother to search for brand with sales promotion offers. Whereas female get enough time to evaluate various brands and the sales promotion offers and thus are likely to be more responsive to the sales promotion schemes.
Another reason is the ‘love-for-shopping’ and ‘variety-seeking’ nature of the females which also diverts their attention to sales promotion offers. Difference in the inclination towards shopping in male and female and difference in the time available to spend in selecting the brand results in the difference in level of response to the sales promotion schemes.

3. To find influence of sales promotion on different age groups:

Younger people are more adaptable to new things. At teen and young age, people generally start shopping most of the products for themselves and the family. At this age they generally get exposed to brands of various product and therefore brand loyalty is low. The experimental nature of this age group makes them more deal prone. However, with passing age the tendency to experiment with new products and brand goes down and also customers develop brand loyalty over a period of time. This restricts the people to divert from their favorite brand, even when offered sales promotion incentive by other brands.

Thus, the objective was to determine the difference in the response to sales promotion strategies by customers of different age group.

As the above mentioned behavior of people from different age group may not be correct for all the type of products, another objective of this study was to check the level of difference in response of customer of different age group to sales promotion on various product categories.

Also the type of sales promotion schemes influences people of different age group differently. For example while kids may get tempted by tattoos given free along with chocolates, the same may have little impact on the purchase decision of a teen age or elderly customers who are more keen on purchasing products with financial benefits. Thus attempt was also made to study the effect of same promotional strategies on customers of different age groups.
4. To assess regional differences in the preference for sales promotion schemes in different product categories:

Regional differences result into differences in income, life style, tradition, nature of employment etc. Such differences in turn result into differences in product usages, shopping behaviours, expenditure pattern. Like in urban areas, the consciousness for quality and brand identity is more as compared to the semi urban or rural areas. Also, in urban areas, different brands of personal care products are purchased for/by different members of family depending upon their preferences whereas in small town generally same brand is purchased for the entire family. The presence of large number of super market and organized retail chain stores in big cities gives better shopping experience and discount to the customers. This has attracted the customers of big cities to make their purchasing from super markets rather then normal grocery stores. Due to better display in such stores, customers get exposed to various schemes offered by the marketers at the point of purchase whereas such exposure is not met in the retail outlet of small cities. The customers of big cities can evaluate various brands and their offers at the point of purchase whereas in case of small cities the customers are more prone to the liaison between the shopkeeper and the marketers. This also results in more impulse buying. Such factors result into difference in the response to the sales promotion schemes by the customers of different region. The present work also intends to determine the impact of regional differences on the response of customers to different sales promotion offers.

5. To identify the role of sales promotion schemes in motivating the customers in brand switching.

Sales promotion schemes are used by marketers to fulfill following objectives:

1. Increasing the market share,
2. Attracting the brand switchers,
3. Introducing new product,
4. Entering into new market,
5. Attracting customers from aspirant group,
6. Offsetting competitors' activities,
7. Maintaining the sales figures of seasonal products during off season etc.

The major objective among them is to attract the new customers or customers of other brand. Many customers are loyal to specific brands in different product categories. Moreover, the frequency of offering incentives to customers has significantly increased by many brands, especially for products where the possibility of brand switching is high. Thus, customers get enough opportunity to buy brand of their choice under the benefit of sales promotion. This leaves a little scope for marketers to attract customers of other brand by offering incentive. Thus the reason behind increase in sales during sales promotion offer is mainly due to forward purchase (i.e. large amount of purchase for current as well as future use) by the customers, at the cost of future sales. The customers of other brands, who purchase under the influence of incentives, are more likely to be variety seekers. Such customers are more loyal to the deal/offer than to the brand. Thus such customers either shift back to their previous brand or to other brand once the offer closes unless there is a significant benefit associated with the promoted product. Thus, the ability of the sales promotion to attract the customers of other brands permanently for long term is highly questionable in the present market conditions when the incentives are available with many brand of high quality image at the same point of time. Thus looking at the above described situation of market, one of the objectives of the study was to see the influence of sales promotion in making the customers to switch the brand in different product categories.
3.4 Hypotheses

In congruence with the above objectives, an attempt was made to test following hypotheses:

1. Different sales promotion schemes are preferred in different product categories by customers.
2. Women are more responsive to sales promotion schemes.
3. People respond more positively to sales promotion schemes in case of non durables as compared to durable goods
4. People respond more to monitory promotions than non-monitory promotions.

3.5 Research Methodology

3.5.1 Research Design

Research design is a logical and systematic plan prepared for directing a research study. It specifies the objectives of the study, the methodology and techniques to be adopted for achieving the objectives. Research can be divided broadly into exploratory and conclusive research.

Exploratory research is an initial research which analyzes the data and explores the possibility of obtaining many relationships as possible between different variables without knowing their end-application. It is done to determine significant variables of the study and the relationship between them and thus to formulate the hypothesis.

Conclusive research is used to test the hypothesis and draw definite conclusion(s) for implementation. It is classified into: descriptive research and experimental research. Descriptive research tries to describe the characteristics of the respondents in relation to a particular product or a practice/culture of importance. A descriptive study is a fact-finding investigation on a particular aspect of the problem studied. An experimental research is used to study the effect of a set of factors on the response variables of a system of study.
As the purpose of research was to know the impact of sales promotion scheme on the brand choice and the differences, if any, due to consumers’ characteristics such as age, gender, region etc., descriptive study was best suited for this type of study. Though the result required (i.e. impact of sales promotion on brand loyalty and the impact of demographic factors on attracting towards sales promotion) can also be obtained through causal (experimental) design but as the study covers different product categories and different sales promotion schemes in selected cities of state, it was not possible to use experimental design due to monitory and time constraints. Thus descriptive study was used.

3.5.2 Sources of Data

As the decision maker for different products differ from family to family, it was decided to consider houses hold as the sample unit rather then any individual customer to study the response to various sales promotion tools on the products under the study. Data was collected mainly from primary sources i.e. from household customers. Secondary data regarding sales promotion was collected from secondary sources like magazines, journals, and newspapers. Primary data are one which are collected for the first time and are thus original in character, whereas secondary data are those which have already been collected by some other persons and which have passed through the statistical machine at least once.

3.5.3 Instrument

Some of the commonly used instruments that are used to collect primary data are observation method, interview, and questionnaire. In case of observation, investigator personally remains present on the spot for enquiry. In case of interview method respondents are personally interviewed to enquire on the issue of the study. In questionnaire method list of questions are prepared and printed which is then given to respondents to get their responses to the questions. Questionnaire that are administered personally are known as schedules. Since questionnaire is an easy method of collecting information, it gives flexibility to the respondents to take sufficient time to fill the questionnaire. Moreover the
responses can be recorded more systematically as compared to other method when the sample size is large. Looking at the various benefits of questionnaire method and the nature of data to be collected, it was decide to use Questionnaire as an instrument for collecting primary data. Looking at the nature of the study, the questionnaire designed was structured, non-disguised and mainly consisted of closed ended questions.

The data was collected to gather the information on the source of information about sales promotion, decision maker in a family for the brand to be purchased for various product, age group of the decision maker, shift in brand due to any sales promotion schemes in selected products, type of sales promotion schemes that have greater influence in attracting customers in different product categories. The questionnaire was pre-tested among some selected households and a few professionals in marketing field to check its workability for the purpose of the study and convenience of the respondents to fill in the schedule. It was modified appropriately before final use.

3.5.4 Population

A population is the set of all the elements of interest in a study. For the purpose of this study, all those who (individuals or households) used the above selected products and resided in the selected cities of Gujarat constituted the population.

3.5.5 Sample Units

An individual in a family may not be the sole buyer or purchaser of all the products under the study, as different members of a family decide upon the brand on different product. Thus instead of considering individuals as the sample unit, it was decided to consider households who use the above selected products as sample unit. This has also given an added advantage of studying consumer behaviour of all the members of a family.
3.5.6 Elements

All those who made purchase decision or responded to our query were our element of study.

3.5.7 Sampling Method and Sample Size

Sample is a subset of the population drawn to collect data, whereas sampling is the process of drawing a sample from population. R.A Fisher has summed up the advantages of sampling technique in four words: Speed, Economy, Adaptability, and Scientific Approach.\(^9\)

Sampling can be broadly divided into:\(^10\):

1. Non-probability
2. Probability sampling
3. Mixed sampling

Some of the commonly used non-probability sampling methods are purposive sampling, subjective/judgmental sampling and convenient sampling method.

Probability sampling methods are of following types.

1. Simple random sampling
2. Stratified random sampling
3. Systematic sampling
4. Multi-stage sampling
5. Quasi-random sampling
6. Simple cluster sampling
7. Multi-stage cluster sampling
8. Quota sampling.

To ensure proper coverage of entire city, it was decided to draw sample from all the major localities of the selected cities. Hence multistage cluster sampling method was used to draw samples. In case of cluster sampling, population is divided into various clusters and then some clusters are selected. After choosing a cluster at random if we sample every item or person in that cluster, than the method would be single-stage cluster. If we choose a cluster at
random and select item or people at random within the chosen clusters, then that is two stage cluster sampling. If the procedure continues down to the more stages then it is multi-stage cluster sampling.

In the present study, at first stage, a state was selected and in second stage six cities were selected from the state selected in first stage. Under both these stages judgmentental method was used. In third stage sampling units were selected from the selected cities. Convenient sampling method was used in third stage. While drawing the sample, proper care was taken to have fair representation of the population by covering households of all the major localities of selected cities. The study was conducted in major cities of Gujarat state. Looking at the size of the city, about 50 to 60 respondents (households) were selected from each city. Although the sample size of 50-60 is small considering the population of the city, but as the sample unit was households instead of individuals, attitude towards sales promotion of approximately 200-250 individuals of different age group and gender were recorded from one city, considering four to five members in each house.

The details of the actual number of household of different income group covered from the selected cities are given in the table no 3.1:

**Table 3.1 Number of Respondents**

<table>
<thead>
<tr>
<th>Region →</th>
<th>Gujarati Region</th>
<th>Saurashtra Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>City →</td>
<td>Ahmedabad</td>
<td>Baroda</td>
</tr>
<tr>
<td></td>
<td>Surat</td>
<td>Rajkot</td>
</tr>
<tr>
<td>Number of respondents</td>
<td>53</td>
<td>50</td>
</tr>
</tbody>
</table>

The schedules were administered by the researcher personally in most of the places while at some places few trained data collectors were also used.

**3.5.8 Analysis**

The collected data was coded, tabulated, grouped and organized according to the requirement of the study. Some simple and appropriate statistical tools were used for testing the hypotheses and drawing conclusions. Statistical tools were applied separately for different product categories for different region.
Frequency was calculated to determine:

i. the proportion of customers who respond positively to sales promotion strategy,

ii. the proportion of females who respond positively to sales promotion strategy,

iii. the proportion of males who respond positively to sales promotion strategy.

iv. proportion of respondents who shifted back to previous brand after trying another brand under the influence of sales promotion.

v. The popularity of sales promotion scheme that was liked the most among customers in each product categories.

Chi-square test was applied for hypothesis testing of difference between proportions separately for different product categories to see whether:

i. the proportions of male and female customers who respond positively to sales promotion strategy are same or different.

ii. the proportions of customers from Gujarat region and Saurashtra region who respond positively to sales promotion strategy are same or different.

iii. the proportion of male and female customers who switch back to their original brand after the scheme gets over.

iv. To test if all the product categories were equally sensitive to sales promotion scheme, and

v. To test if customers of all age groups were equally sensitive to sales promotion scheme.

The conclusions in sampling studies are based on probabilities. As the sample size was small, it was decided to test the hypothesis at 5 per cent significance level.
3.6 Definition of Important Terms

For the purpose of convenience for this study, we have defined various terms used in the study as follow:

**Product Category:** Products having similar uses or characteristics are clubbed into one term as product category. Four product categories were covered under the study.

**Personal care products:** This category covers the type of FMCG products which are used by almost all the individuals for the personal hygiene care. The choice for this type of products may vary from one member to another of a same family like soap, shampoo, hair oil etc.

**Food products:** Under this category food products having higher shelf life are considered. Generally, such products are purchased by one member (main decision maker) for the whole family like Biscuits, tea, coffee, energy drinks etc.

**Consumer durables:** This category contains white and brown good, having very long life. The frequency of purchase of such types of products is very less. They are purchased two to three times only in entire life time in majority of the Indian families. Generally before making a purchase decision, enough survey is done to compare the attributes of various brands like TV, fridge, washing machine etc.

**Personal products:** These are goods generally semi-durable in nature, used/consumed individually and thus purchased separately for each member of a family like shoes, cloths etc.

**Sales Promotion Schemes:** Under sales promotion offer, customers are given incentives in purchasing a product. Incentives may be monetary or non-monetary. Some of the popularly used sales promotion incentives used by the marketers and covered under the study are:

**Price-off:** Under this schemes the products are sold at a price less then marked price.

**Quantity discount:** This incentive is given on purchase of large quantity. Under this scheme either a lower piece is charged on purchase of large pack or an extra quantity is given at the price of usual small pack size.
**Gifts:** These are articles given by companies to customers on purchase at no extra price.

**Cross promotion:** Under this scheme two different products are sold together at a price less than the total price of the two products or one product is given free with another product.

**Prizes:** Under such schemes certain quiz is given to the customers to solve along with the products and the prize is given to all or to the customers selected through lucky draw who solve the quiz correctly.

**Free samples:** A small pack is distributed free to the public for the trial use.

**Scratch cards:** A hidden gift mentioned on a scratchable card given to customers on making purchase. When scratched, the type/value of gift appears on the card.

**Reverse Switching:** It indicates that customers' revert to their original brand once sales promotion is over.

**Gujarat region:** The Eastern part of the state of Gujarat, as marked within pink boundary in figure 3.1.

**Saurashtra region:** The Western part of the state of Gujarat as marked within green boundary in figure 3.1.
3.7. Limitations of Study

Researchers are sometimes unable to conduct study with zero error due to their personal constraints in terms of finance and time or due to lack of awareness or willingness that results into error in data collected. Some of the limitations of present study were:

- As this was a non-sponsored research, there were monitory constraints and also time constraints in covering large sample.
- The method adopted for data collection was convenience sampling hence, the limitations of convenience sampling automatically limit the study.
- There were some non-responses especially in case of clothing and problem in recalling the sales promotion offers under which they have purchased products.

However, enough care has been taken to get the true representation and to come out with meaningful conclusion. The study was over all very interesting and has revealed significant results for marketers to make more judicious decisions.
3.8 References