Archives of Business Review – Vol. 9, No.1
Publication Date: January 25, 2021
DOI: 10.14738/abr.91.9558.
Al-Riyami, M. (2021). Effect of Sales Promotion on Consumers Towards Fast-Moving Consumer Goods in Al-Dakhliyah Governorate. *Archives of Business Research, 9(1). 24-35.*

Effect of Sales Promotion on Consumers Towards Fast-Moving Consumer Goods in Al-Dakhliyah Governorate.

Mousa Al Riyami
University of Nizwa

ABSTRACT

The importance of consumer sales promotion in the marketing mix of the fast moving consumer goods (FMCG) category throughout the world has increased. Companies spend considerable time in planning such activities. However, there are few studies conducted in the Middle East to find out effectiveness of promotions. This aims to investigate consumer's perceptions regarding sales promotion. Results indicate that there is a moderate correlation between consumers' expectations and sales promotion in Al-Dakhliyah Governorate.

Key Words: Sales promotion, sales.

INTRODUCTION

Sales promotion has been well-defined as 'a direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the final consumer with the primary objective of creating an immediate sale (Haugh, 1983). Belch and Belch (2003) have defined sales promotion have a common viewpoint viz., they all involve a temporary and tangible modification of supply, for the ultimate goal of direct impact on the behavior of the consumer, retailer or sales force. In the marketing mix, sales promotion has one of the strongest impacts on short-term consumption behavior (Laroche Et al . 2003).

LITERATURE REVIEW

Karthikeyan and (Panchanathan, 2013) study on *Impact of Sales Promotion Techniques on Consumers towards FMCG* depicts Sales promotions are generally looked at as tools that undermine the brand; (Panchanathan, 2013)

A study by Binod (Shrestha, 2012) on Consumers' Responses to Sales Promotions of Fast Moving Consumer Goods in Nepal examined consumers' perceptions of products they purchased under sales promotion offers, and their effects on repurchase intentions of the same products after the end of the offers. The research began with an exploratory study of marketers' observations of the effectiveness of consumer sales promotion programs, and consumers' opinions regarding the products. The findings of this exploratory research were used to develop hypotheses and survey instrument. A consumer survey was carried out to empirically test the effectiveness of sales promotion offers on three perceptual dimensions viz. quality, price and fun; and the impact of these perceptions on repurchase intentions. The research revealed that consumers perceived that they receive quality and price benefits but not hedonic benefits from the products purchased under product and prize based sales promotion offers. The sales promotion offers neither encouraged repurchase intentions nor substantial short term brand switching. Offering a gift attached to the

product appeared to reward loyal consumers only. These findings have implications for marketers' decisions to offer consumer sales promotions.

Blattberg, Peacock and Sen (1976) define a purchase strategy as a general buying pattern which "incorporates several dimensions of buying behavior such as brand loyalty, private brand proneness and deal proneness.".

Sales promotion as a pivotal component of marketing mix has been heavily used as a major incentive tool to pull consumers to stores and increase short-run sales volumes. Since 1980s, researchers have constantly proposed a variety of concepts to illustrate how sales promotion might affect consumer purchase behavior via overcoming "consumer entropy" (Beem & Shaffer 1981), inviting consumers to engage in transactions (Kotler 1988), heightening the psychological value associated with the transactions (Thaler 1983), or by providing consumers with a script of purchase behavior (Gardner & Strang 1984). No matter what effects of sales promotion would be, all the convictions alleged by the preceding studies indicate that sales promotion may activate or facilitate certain consumer psychological mechanism based on the notion that sales promotion "affects consumer by acting on basic mental processes common to all decisions" (Schindler & Rothaus 1985). Although sales promotion has become a ubiquitous element of consumer marketing, large portions of International Ineffective promotional activities indicate a great need of refining and redirecting the focus of the impact sources. Numerous studies have focused on consumer attitudinal and behavioral responses to price promotion and its utilitarian benefits (see Dobson et al. 1978, Gupta 1988). Blattberg, Eppen, and Liebermann (1981), Gupta (1988), Neslin, Henderson, and Quelch (1985), Shoemaker (1979), Ward and Davis (1978), and Wilson, Newman, and Hastak (1979) find evidence that promotions are associated with purchase acceleration in terms of an increase in quantity purchased and, to a lesser extent, decreased inter purchase timing. Researchers studying the brand choice decision-for example, Guadagni and Little (1983) and Gupta (1988)-have found promotions to be associated with brand switching.

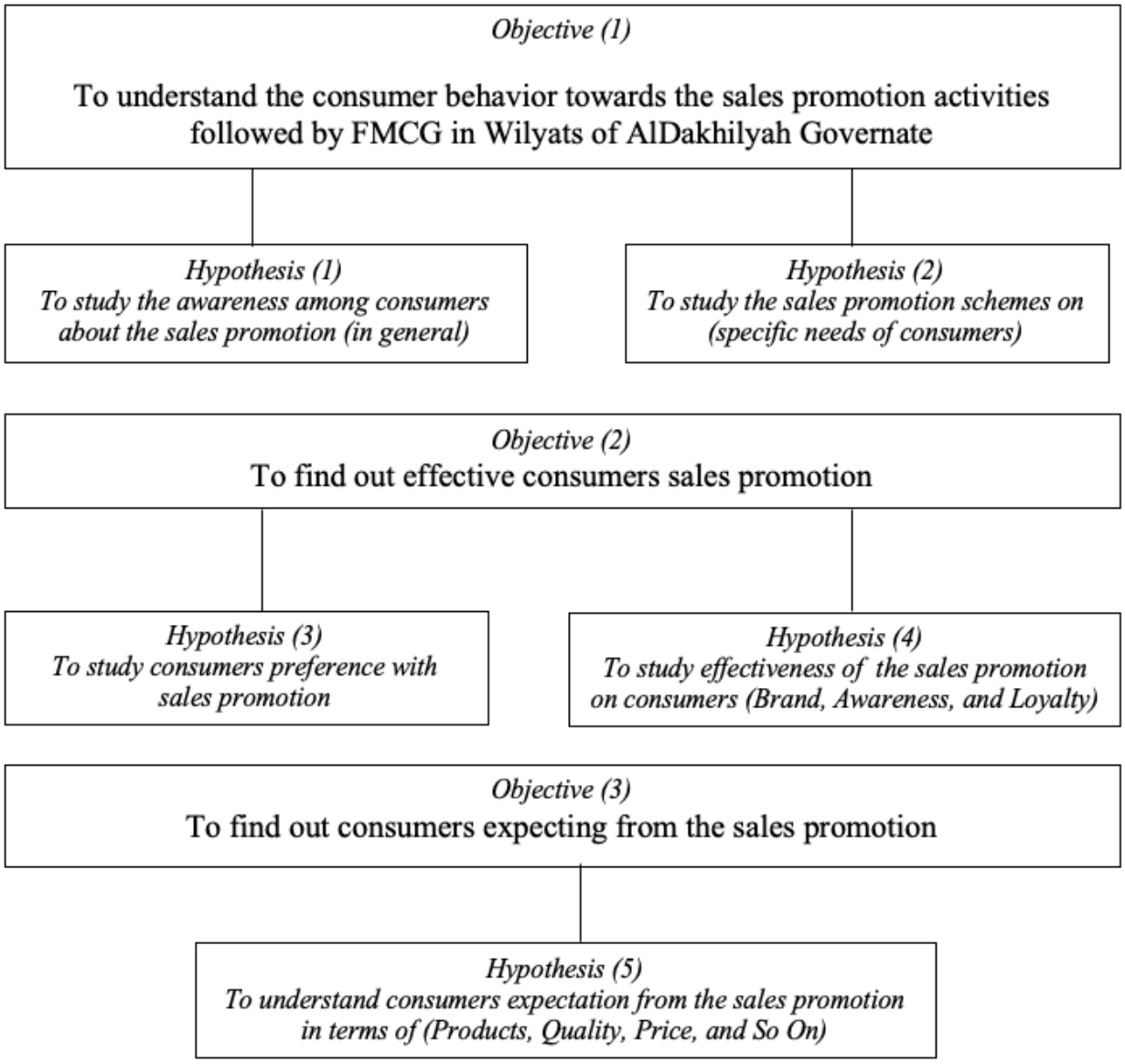
Montgomery (1971), Schneider and Currim (1990), and Webster (1965) found that promotion-prone households were associated with lower levels of brand loyalty. Blattberg, Peacock, and Sen (1976, 1978) describe 16 purchasing strategy segments based on three purchase dimensions: brand loyalty (single brand, single brand shifting, many brands), type of brand preferred (national, both national and private label), and price sensitivity (purchase at regular price, purchase at deal price). There are other variables that may be used to describe purchase strategies, examples are whether the household purchases a major or minor (share) national brand, store brand, or generic, or whether it is store-loyal or not.

McAlister (1983) and Neslin and Shoemaker (1983) use certain segments derived from those of Blattberg, Peacock, and Sen but add a purchase acceleration variable to study the profitability of product promotions. Throughout the world, consumer sales promotions are an integral part of the marketing mix for many consumer products. Marketing managers use price-oriented promotions such as coupons, rebates, and price discounts to increase sales and market share, entice trial, and encourage brand switching. Non-price promotions such as sweepstakes, frequent user clubs, and premiums add excitement and value to brands and may encourage brand loyalty (e.g., Aaker 1991; Shea, 1996). In addition, consumers like promotions. They provide utilitarian benefits such as

monetary savings, added value, increased quality, and convenience, as well as hedonic benefits such as entertainment, exploration, and self-expression (Chandon, Laurent, and Wansink, 1997).

Though the currently available literature on influencing factors seemingly appears to be adequate, still a lot of research needs to be done in specific geographic markets (Jha, Mithileswar, 2003; Bijoor, Harish 2004) as the middle east consumer behavior varies in various product categories and geographic markets (Sinha, 2008).Respected as an expert , Rajan, R.V., opined that a lot of study still needs to be conducted as understanding of consumers, even after two decades, remains partial and superficial.

Linking of Objectives Of The Study With Hypotheses



Analysis of date started with independent variables (Age, Gender, Employment, Education. Family Income, and family Type) and dependent variable (Sales Promotion). At the first stage a simple test is attempted to study relationship between independent and dependent variables. Regression analysis/equation is used.

$$\textit{Sales Promotion Regression Equation} = \beta 0 + \beta 1(\textit{Age}) + \beta 2(\textit{Gender}) + \beta 3(\textit{Employment}) + \beta 4(\textit{Educational} + \beta 5(\textit{Family Income}) + \beta 6(\textit{Family Type})$$

$$\check{y} = b0 + b1 * x1 + b2 * x2 + b3 * x3 + b4 * x4 + b5 * x5 + b6 * x6$$

Data Analysis - Hypothesis one

(Ho) Sales promotion is insignificant with demographic factors.

(Ha) Sales promotion is significant with demographic factors.

Table2: Regression Coefficients To Test Positive Effect of the sales promotion

Independent Variables	*Coefficients*	*t Stat*	*P-value*
Intercept	1.148701	1.14921	0.253295
Age	0.09919	0.708747	0.480182
Gender	-0.07666	-0.46436	0.643434
Employment	-0.07371	-0.17556	0.861006
Education	0.260379	1.041529	0.300219
Family Income	0.08142	0.648219	0.518375
Family Type	-0.27902	-1.17804	0.241662

Based on above coefficients that is demonstrated on the table, the equation will be formed like the following;

$$\textit{Positive Effect of the Sales Promotion} = 1.1487 + 0.09919(\textit{Age}) - 0.07666(\textit{Gender}) - 0.07371(\textit{Employment}) + 0.26038(\textit{Education}) + 0.08142\ (\textit{Family Income}) - 0.27902(\textit{Family Type})$$

The P-value in the regression coefficients (Table 1) shows the significant relationship between independent variables and the Positive Effect of the sales promotion; the relations are to be evaluated with respect to the null hypotheses for each variable accordingly. So, both test gave the close result that sales promotion have positive effect and significant.

Table3: Variables P-values To Test Positive Effect of the sales promotion

Variables	*P-value*
Age	0.480182> 0,05
Gender	0.643434> 0,05
Employment	0.861006> 0,05
Education	0.300219>0,05
Family Income	0.518375>0,05
Family Type	0.241662>0,05

Turning to the details and relying on above table, and Since *p*-value for all independent variables which are greater than or equal to (*0,05) , so* we shall not reject the null hypothesis at the α = 0.05 level of significance, that means there isn't enough evidence to conclude that independent variables are useful as a predictor of positive effect of the sales promotion in wilyat of AlDakhilyah Governate in Oman. Also, the coefficient table however illustrates the *t-test* values which provides the following inferences*, (see table and chart below).*

Table4: Variables T tests To Test Positive Effect of the sales promotion

Variable	**t- Stat**
Age	0.708747<*2*
Gender	-0.46436<*2*
Employment	-0.17556<*2*
Education	1.041529< *2*
Family Income	0.648219<*2*
Family Type	-1.17804<*2*

Table5: Correlations Percentage To Test Positive Effect of the sales promotion

Variable	**Correlation value**	**Percentage**
Age	0.093259	9.3%
Gender	-0.04192	-4.2%
Employment	0.023462	2.3%
Education	0.099972	10.0%
Family Income	0.111395	11.1%
Family Type	-0.0798	-8.0%

Chart2: Correlation Percentage To Test Positive Effect of the sales promotion

It could be clearly observed that Age, Employment, Education, and Family Income variables both having moderate positive correlation with the positive effect of the sales promotion as the correlation value is quite close to (0.75), however gender and family Type variables both having weak negative correlation with the positive effect of the sales promotion as the correlation value is quite close to (0.25). However the R Square for the all six variables is 0.038107, which indicates that 4% of positive effect of the sales promotion is explained by age, gender, employment, education, family income, and family type.

Data Analysis - Hypothesis two

(Ho) Importance of the sales promotion among consumers need is insignificant.

(Ha) Importance of the sales promotion among consumers need is significant.

Table6: Regression Coefficients To Test Not Useful of the sales promotion

Independent Variables	*Coefficients*	*t Stat*	*P-value*
Intercept	0.280811	0.261973	0.793898
Age	0.285665	1.903404	0.059953
Gender	0.032737	0.184921	0.853677
Employment	0.615659	1.36735	0.174676
Education	0.123016	0.458857	0.647363
Family Income	-0.15931	-1.18271	0.239817
Family Type	0.094534	0.372186	0.710566

Based on above coefficients that is demonstrated on the table, the equation will be formed like the following:

Sales Promotion is not useful
=0.280811+0.285665(Age)+0.032737(Gender)+0.615659(Employment)
+0.123016(Education) -0.15931 (Family Income)+0.094534(Family Type)

The P-value in the regression coefficients (Table 5) shows the significant relationship between independent variables and not useful of the sales promotion; the relations are to be evaluated with respect to the null hypotheses for each variable accordingly.

Table7: Variables P-values To Test Not Useful of the sales promotion

Variables	***P-value***
Age	0.059953> 0,05
Gender	0.853677> 0,05
Employment	0.174676> 0,05
Education	0.647363>0,05
Family Income	0.239817>0,05
Family Type	0.710566>0,05

Revolving to the details and relying on above table, and Since p-value for all independent variables which are greater than or equal to (0,05) , so we shall not reject the null hypothesis at the α = 0.05 level of significance, that means there isn't enough evidence to conclude that independent variables are useful as a predictor of Not Useful of the sales promotion in Wilyat of AlDakhilyah Governate in Oman. Also, the coefficient table however illustrates the t-test values which provides the following inferences.

Table8: Variables T tests - sales promotion

Variable	t- Stat
Age	1.903404<*2*
Gender	0.184921<*2*
Employment	1.36735<*2*
Education	0.458857< *2*
Family Income	-1.18271<*2*
Family Type	0.372186<*2*

The table and chart below display statistically the degree and proportion of correlations of each of six independent variables to the dependent variable.

Table9: Proportion of correlations of sales promotion

Variable	Correlation value	Percentage
Age	0.183276	18.3%
Gender	0.047943	4.8%
Employment	0.161322	16.1%
Education	0.123012	12.3%
Family Income	-0.02615	-2.6%
Family Type	0.096635	9.7%

It could be clearly observed that Age, Gender, Employment, Education, and Family Type variables both having moderate positive correlation with the not useful of the sales promotion as the correlation value is quite close to (0.75), however family Income variable is having weak negative correlation with the not useful of the sales promotion as the correlation value is quite close to (0.25). However the R Square for the all six variables is (0.073954), which indicates that (7%) of not useful of the sales promotion is explained by age, gender, employment, education, family income, and family type.

(Ho) Sales promotion with consumers preference is insignificant.

(Ha) Sales promotion with consumers preference is significant.

Table10: Regression Coefficients to Test Switch Brand behind Sales promotion

Independent Variables	*Coefficients*	*t Stat*	*P-value*
Intercept	0.884594	0.887771	0.37686
Age	0.432182	3.097811	0.00255
Gender	0.112713	0.684923	0.495026
Employment	0.59995	1.433404	0.154958
Education	-0.13094	-0.52543	0.600484
Family Income	-0.11638	-0.92948	0.354946
Family Type	0.286991	1.215504	0.227124

Switch Brand behind Sales Promotion =0.884594+0.432182(Age)+ 0.112713(Gender)+ 0.59995(Employment) -0.13094(Education) - 0.11638(Family Income) +0.286991(Family Type)

As you see from the above table, if the coefficients are having (+) value indicates increase in variable X will increase Y, but if it has (-) value sign, the P-value in the regression coefficients (Table 9) shows the significant relationship between independent variables and switch brand of the sales promotion; the relations are to be evaluated with respect to the null hypotheses for each variable accordingly.

Table11: Variables P-values To Test Switch Brand behind Sales promotion

Variables	***P-value***
Age	0.00255< 0,05
Gender	0.495026> 0,05
Employment	0.154958> 0,05
Education	0.600484>0,05
Family Income	0.354946>0,05
Family Type	0.227124>0,05

In the above table it can be noted that the p-value for all independent variables which are greater than or equal to (0,05) , so we shall not reject the null hypothesis at the $\alpha = 0.05$ level of significance, that means there isn't enough evidence to conclude that independent variables are useful as a predictor of Not Useful of the sales promotion in Dakhilyah Governate in Oman.

Inconsistent, independent variable Age is having enough evidence to conclude that is useful as predictors of Not Useful of the sales promotion AlDakhilyah Governate in Oman as the *p*-value is ≤ 0, 05 and that is enough to reject the null value. Also, the coefficient table however illustrates the t-test values which provides the following inferences, (see table and figure below)

Table12: Variables T tests To Test Switch Brand behind Sales promotion

Variable	t- Stat
Age	3.097811>*2*
Gender	0.684923<*2*
Employment	1.433404<*2*
Education	-0.52543< *2*
Family Income	-0.92948<*2*
Family Type	1.215504<*2*

Table 13: Proportion of correlations To Test Switch Brand behind Sales promotion

Variable	Correlation value	Percentage
Age	0.298586	29.9%
Gender	0.099675	10.0%
Employment	0.150244	15.0%
Education	0.065577	6.6%
Family Income	0.008721	0.9%
Family Type	0.157802	15.8%

Data Analysis – Hypothesis four

(Ho) Sales promotion is inefficient on consumers.

(Ha) Sales promotion is efficient on consumers.

So, the researcher of this project used data of "*Repeat Purchase Through Sales promotion*" from questionnaire to do regression analysis to see if consumers repeat purchase while sales promotion or not which means that if consumers repeat purchase that means consumers have preference with sales promotion and vice versa.

Table 14: Regression Coefficients To Test Repeat Purchase While Sales promotion

Independent Variables	*Coefficients*	*t Stat*	*P-value*
Intercept	1.108855	1.021748	0.309442
Age	0.381953	2.513682	0.013595
Gender	-0.175238	-0.9777	0.330653
Employment	0.175065	0.384029	0.701797
Education	0.016981	0.062562	0.950244
Family Income	0.056544	0.414623	0.679334
Family Type	-0.113980	-0.44323	0.658586

Based on above coefficients that is demonstrated on the table, the equation will be formed like the following:

Repeat Purchase Through Sales Promotion =1.108855+0.381953(Age)-0.17524(Gender)+0.175065(Employment)+0.016981(Education)+0.056544(Family Income)-0.11398(Family Type)

The P-value in the regression coefficients (Table 4) shows the significant relationship between independent variables and repeat purchase of the sales promotion; the relations are to be evaluated with respect to the null hypotheses for each variable accordingly.

Table 15: Variables P-values To Test Repeat Purchase While Sales promotion

Variables	***P-value***	**Interpretation**
Age	0.013595< 0,05	null hypothesis is rejected
Gender	0.330653> 0,05	null hypothesis is NOT rejected
Employment	0.701797> 0,05	null hypothesis is NOT rejected
Education	0.950244>0,05	null hypothesis is NOT rejected
Family Income	0.679334>0,05	null hypothesis is NOT rejected
Family Type	0.658586>0,05	null hypothesis is NOT rejected

Turning to the details and relying on above table, and Since p-value for all independent variables except the Age variable are greater than or equal to (0,05), so we shall not reject the null hypothesis at the α = 0.05 level of significance, that means there isn't enough evidence to conclude that independent variables are useful as a predictor of repeat purchase while sales promotion in Welits of AlDakhilyah Governate in Oman.

Inconsistent, independent variable Age is having enough evidence to conclude that is useful as predictors of repeat purchase while sales promotion in Welits of AlDakhilyah Governate in Oman as the *p*-value is ≤ 0, 05 and that is enough to reject the null value. Also, the coefficient table however illustrates the t-test values which provides the following inferences, (see table and figure below)

Table 16: Variables T tests To Test Repeat Purchase While Sales promotion

Variable	**t- Stat**
Age	2.513682>*2*
Gender	-0.9777<*2*
Employment	0.384029<*2*
Education	0.062562< *2*
Family Income	0.414623<*2*
Family Type	-0.44323<*2*

The table and chart below display statistically the degree and proportion of correlations of each of six independent variables to the dependent variable. (*See table 14)*

Table 17: Proportion of correlations To Test Repeat Purchase While Sales promotion

Variable	Correlation value	Percentage
Age	0.259976	26.0%
Gender	-0.07543	-7.5%
Employment	0.053084	5.3%
Education	0.055825	5.6%
Family Income	0.123355	12.3%
Family Type	-0.00865	-0.9%

It could be clearly observed that Age, Employment, Education, and Family Income variables both having moderate positive correlation with the Repeat Purchase while sales promotion as the correlation value is quite close to (0.75). however Gender and Family Income variables are having weak negative correlation with the repeat purchase while sales promotion as the correlation value is quite close to (0.25).

However the R Square for the all six variables is (0.082237), which indicates that (8.2%) of Repeat Purchase While Sales Promotion is explained by age, gender, employment, education, family income, and family type.

The Major findings of the study were :

(1) (59%) from the sample are agree that sales promotion present suitable prices for the products while the time of sales promotion, in other hand (29%) from the sample are disagree that sales promotion present suitable prices while sales promotion time's, but only (12%) from the sample are neutral which means may be did not give any response or did not sure that sales promotion present good prices while sales promotion time's.

(2) (46%) from the sample are agree that sales promotion present good quality products while the time of sales promotion, in other hand (29%) from the sample are disagree that sales promotion present good quality products in the sales promotion time's, but only (25%) from the sample are neutral which means may be did not give any response or did not sure that sales promotion present good quality products while sales promotion time's.

(3) (48%) from the sample are agree that sales promotion present good products while the time of sales promotion, in other hand (36%) from the sample are disagree that sales promotion present good products while sales promotion time's, but only (16%) from the sample are neutral which means may be did not give any response or did not sure that sales promotion present good products while sales promotion time's.

(4) (41%) from the sample are having frequent purchasing while the time of sales promotion, in other hand (42%) from the sample are not having frequent purchasing while sales promotion time's, but only (17%) from the sample are neutral which means may be did not give any response or did not sure that sales promotion support customer to frequent their purchases while sales promotion time's. Which is insignificant. .

(5) (45%) from the sample are agree that sales promotion beneficial for them , in other hand (33%) from the sample that sales promotion is not benefice for him, but only (22%) from the sample are neutral which means may be did not give any response or did not sure that sales promotion present any benefit for the consumer..

CONCLUSION

The common notion is that sales promotions attract customers induce choice. However, this advantage of purchasing behaviour may be offset by undermining preference for the brand and country of origin. It has been noticed that many business establishments in Oman resort to promotions to sell the products The results indicate that the promotions may see a hike in uying , but slowly the interest of consumers wane. Taking into account the recent economic conditions impact of sales promotion on post-promotion brand preference continues to evade brand managers and marketing scholars alike.

References

Agarwal D. (1996) Effect of Brand Loyalty on Advertising and Trade Promotions: A Game Theoretic Analysis with Empirical Evidence. Marketing Science 15: 86-108.

Ailawadi KL, Harlam BA, Cesar J, et al. (2007) Quantifying and Improving Promotion Effectiveness at CVS. Marketing Science 26: 566-575.

Alba JW, Mela CF, Shimp TA, et al. (1999) The Effect of Discount Frequency and Depth on Consumer Price Judgments. Journal of Consumer Research 26: 99-114.

Allenby GM and Rossi PE. (1999) Marketing Models of Consumer Heterogeneity. Journal of Econometrics 89: 57-78.

Aydin G and Hausman WH. (2009) The role of slotting fees in the coordination of assortment decisions. Forthcoming in Production and Operations Management 8: 635-652.

Bell DR, Chiang J and Padmanabhan V. (1999) The Decomposition of Promotional Response: An Empirical Generalization. Marketing Science 18: 504-526.

Besanko D, Dube J-P and Gupta S. (2003) Competitive Price Discrimination Strategies in a Vertical Channel Using Aggregate Retail Data. Management Science 49: 1121-1138.

Bijmolt THA, Heerde HJv and Pieters RGM. (2005) New Empirical Generalizations on the Determinants of Price Elasticity. Journal of Marketing Research 42: 141-156.

Blattberg RC and Neslin SA. (1990) Sales Promotions: Concepts, Methods and Strategies, Englewood Cliffs, N.J.: Prentice Hall.

Chandon P, Wansink B and Laurent G. (2000) A benefit congruency framework of sales promotion effectiveness. The Journal of marketing 64: 65-81.

Chandukala SR, Kim J, Otter T, et al. (2007) Choice Models in Marketing: Economic Assumptions, Challenges and Trends. Foundations and Trends® in Marketing 2: 97-184.

Chernev A. (2006) Articulation Compatability in Eliciting Price Bids. Journal of Consumer Research 33: 329-341.

Chevalier JA, Kashyap AK and Rossi PE. (2003) Why Don't Prices Rise During Periods of Peak Demand? Evidence from Scanner Data. American Economic Review 93: 15-37.

Gupta S, Lehmann DR and Stuart JA. (2004) Valuing customers. Journal of Marketing Research 41: 7-18

Niraj R, Padmanabhan V and Seetharaman PB. (2008) A Cross-Category Model of Households' Incidence and Quantity Decisions. Marketing Science 27: 225-235.

Pauwels K, Hanssens DM and Siddarth S. (2002) The Long-Term Effects of Price Promotions on Category Incidence, Brand Choice and Purchase Quantity. Journal of Marketing Research XXXIX: 421-439.

Thomas JS. (2001) A methodology for linking customer acquisition to customer retention. Journal of Marketing Research 38: 262-268.

Winer RS. (1986) A reference price model of brand choice for frequently purchased products. Journal of Consumer Research 13: 250-256.