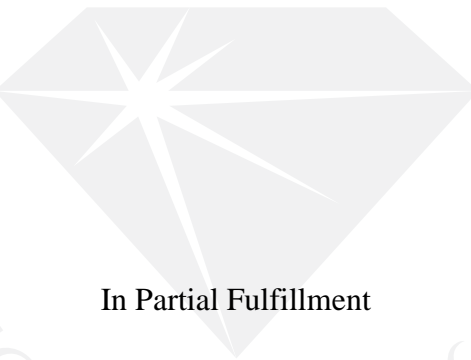


EFFECTS OF SALES PROMOTION ON PURCHASING DECISION OF CUSTOMER  
A CASE STUDY OF BASKIN ROBBINS ICE – CREAM FRANCHISE THAILAND



EFFECTS OF SALES PROMOTION ON PURCHASING DECISION OF CUSTOMER  
A CASE STUDY OF BASKIN ROBBINS ICE – CREAM FRANCHISE THAILAND

A Thesis Presented to  
The Graduate School of Bangkok University



In Partial Fulfillment  
of the Requirements for the Degree  
Master of Business Administration

by

AjanShrestha

2015



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the Graduate School  
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Title : Effects of Sales Promotion on Purchasing Decision of Customer A Case Study  
of Baskin Robbins Ice-Cream Franchise Thailand

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Effects of Sales Promotion on Purchasing Decision of Customer: A Case Study of Baskin Robbins Ice – Cream Franchise Thailand (112 pp.)

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#### ABSTRACT

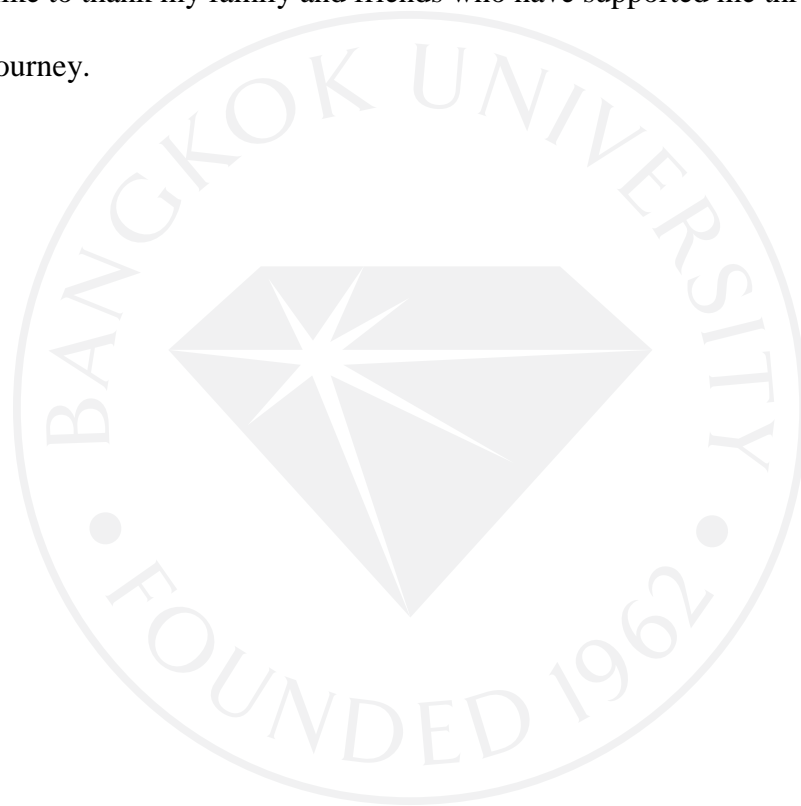
The purpose of this research is to investigate the effects of sales promotion and various sales promotion tools on the purchasing decision of a customer. The research evaluates the impact of sales promotional tools mainly, price discount, coupon, product sampling and in store display on product trial and purchase behavior of the customers. The sample points for the research were customers in Bangkok and greater Bangkok area. A total of 300 customers were surveyed using structured questionnaires, out of which 261 useable responses were received. This study gives an insight into the retailer's capability of managing sales promotion by examining the sales promotion programs offered by Ice cream franchise in Thailand. The results of data analysis indicate that price discount, free samples and in store displays are associated with the product trial are popular among retailers and preferred by consumers. The results also show that the preferences for sales promotion programs are dependent upon consumers' demographic and socioeconomic characteristics. Implications for advertisers designing and communicating sales promotions are offered.

Approved: \_\_\_\_\_

Signature of Advisor

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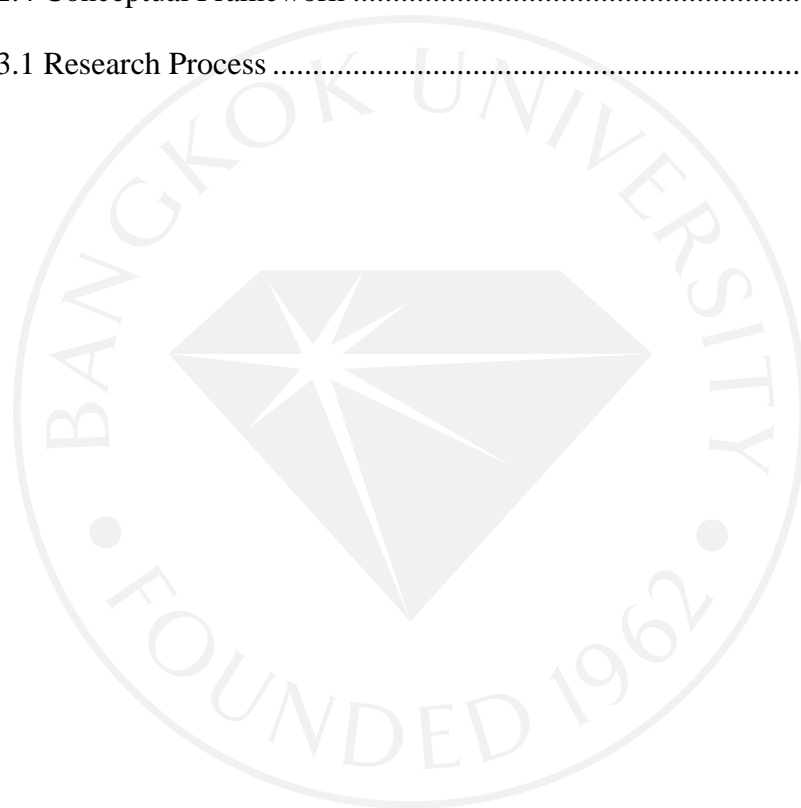
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# CHAPTER 1

## INTRODUCTION

This chapter introduces the research proposal of this study which includes the background of the study, statement of problem, intention and reason for the study, research objectives, research questions and sub questions, assumptions, scope of research, benefits of research, and limitation of research.

### 1.1 Background

Marketers in today's complex and volatile business environment often fueled by the constant change in the taste of customers, intense market competition, influx of new entrants in the market, availability of substitute products face immense challenge to communicate their marketing objectives. The shift in power of marketers to consumers has forced marketers to ensure that their products are unique and of high quality to give customer a reason to purchase their products and remain loyal to them.

Furthermore the change in certain social, economic and environmental factors has influenced the way customers change their needs and preference. People change their needs and their perception of stimuli according to the context that surrounds them and it comes directly from here the evident necessity of concreteness and short-term orientation that characterize sales promotion rather than advertising. This is why marketing strategies have been adapted to this new trend and switched from advertising towards sales promotion. In addition, with limited marketing budget, the marketer today often faces immense pressure and challenge to communicate their marketing objectives to their customers.

As a result, marketers today search for more cost effective methods to communicate with their target audience and are gradually shifting away from conventional above the line media advertising to a variety of below the line sales promotion (Yang, 2010). One of the reasons for switching from the traditional method of advertising is because of its difficulty to the measure its effectiveness (Yang, 2010).

## 1.2 Rationale and Problem Statement

Over the past decade or half customers have significantly changed their way of buying and have become more demanding than ever before (Cummins, 2008). Customers today are more aware about the product offerings, they are responding more proactively to their expectation about product offering.

With the advent of Internet technology customers today have access to more information and have significant bargaining power before making any purchasing decision. As a result, marketers today face immense challenge in meeting the ever rising expectation of the customers. Sales promotion is one of the key factors that marketers have used in the past to meet the changing needs of the customer and the market. Markets also depend heavily on marketing campaigns that consist of various incentives, mostly short term designed to stimulate quicker or greater purchase of particular goods of services. Sales promotion is one those incentives which has influenced customer to make instant buying decision than to wait later (Kotler, 2003).

However, sales promotion is one of the most important components of marketing mix and they are designed to stimulate consumers to take direct and immediate action i.e. to create an incentive to encourage consumers to purchase a

product more quickly, more frequently and/or in greater quantities than in the absence of promotion (Hawkes, 2009). According to the institute of Sales Promotion, UK “Sales promotion is a range of tactical marketing techniques designed with a strategic framework to add a value to a product or service in order to achieve specific sales and marketing objective” To sum up sales promotion is an offer of an incentive to induce a desired sales result (Gilbert & Jackaria, 2002).

According to (Gilbert & Jackaria, 2002) customers make three major purchasing decisions 1. What to buy? 2. How much to buy? 3. What brand to buy? Sales promotion can have impact on all these purchasing decision. The rewarding benefits of sales promotion are attracting new pool of customers from competitors to persuade them to switch brands or simply induce existing customers to buy more (M. Mittal & Sethi, 2011).

Sales promotion often includes value promotion or price promotion (Cummins, 2008). Value promotion may include free draws, main in premiums, container promotions and competition. Price promotion on the other hand includes money off coupons, pence off flashes, buy one get one free and extra filled packs (Cummins, 2008).

There are many forms of sales promotion but the problem associated with sales promotion is that it is difficult to assess which sales promotion framework would be most effective and would influence the purchasing decision of consumers. Since most of the previous studies either focuses on only one aspect of non-price or price based promotion and very few research have been done that consolidated both forms of promotions, understanding how each type of promotion affects the purchasing decision of a customer is still unknown .Therefore this thesis will

investigate the gap created by the limited scope of previous research on the addressing the impact of both price based and non-price based promotion. Thus a problem statement to address the issue is listed below.

How do sales promotion tools such as coupons, price discount, point of sale display, free samples, influence the purchasing decision of a customer?

Companies are aware that not all forms of sales promotion are effective but they are not sure which one of those promotional frameworks will work best for them. In the past many research has shown that the price promotion techniques are often successful and have a significant impact on the sales.

Knowledge of how customers perceive non-price promotional techniques such as in store advertising and point of sales displays frameworks could be very useful for the company to alter or to adjust their sales promotional schemes and it may allow companies to leverage their position in the market by striking the right balance between the promotional they offer and the promotion that customers prefer.

Thus, the purpose of this research is to help marketer understand, examine and explore what kind of sales promotional method should be chosen from pool of various promotional techniques when they plan and implement a sales promotion activities. The purpose is also to explore what are the major factors that influence customers to choose the promotional framework while making their purchasing decision.

In Thailand, sales promotion is a key marketing activity used to maintain sales volumes during economic fluctuation periods (Center, 2000). As a result, Thai consumers have become very price conscious and the retail sector in Thailand has increasingly become very competitive.



Leading retail businesses in Thailand generally use discounting campaigns in conjunction with other sales promotional strategies, such as marketing events, store renovations and extensions of opening hours (Jitpleecheep, 2003). To be able to develop and target an appropriate sales promotional program, a company needs to identify its target audience and understand why they respond to sales promotions (Schultz, Robinson, & Petrison, 1998).

Thus an understanding of consumer characteristics and how these characteristics influence consumer responses to products promoted through sales promotional programs is needed at both the product category and the individual brand levels (Don E. Schultz et al., 1998). In doing so the researcher uses a case study of Baskin Robbins Ice cream franchise in Thailand and studies their sales promotion framework and examines how it's sales promotion techniques influences the purchasing decision of its customers. A brief introduction of the ice cream industry and Baskin Robbins Ice cream franchise is also discussed in the later part of the research.

### 1.3 Objectives of Research

The objective of this research is to study how certain sales promotion framework works better than the other and how it influences the purchasing decision of the customers. The intent of this research is also to discover if there are any specific promotion methods that have particular influence in the purchasing decision of the customers. Firstly, very little is understood about the Thai consumers and their purchasing decision particularly in regard with how they respond to different kinds of promotional mechanics that are offered by the marketers in Thailand. In doing so the

case study of Baskin Robbins ice cream franchise in Thailand is taken into consideration and study of its sales promotion mechanism is used to understand the influence of the sales promotion on the purchasing decision of the customers. Secondly, the purpose of this research is to study and explore, whether demographic characteristics of customers such as customer's age, income level and lifestyle influences the customer perception towards the sales promotion framework which in turn affects their purchasing decision or not.

In this regard specific sales promotion frameworks both price based and non-price based promotions such as coupons, price discount offers, and free samples, point of purchase displays, are taken into consideration to assess how customer purchasing decision is influenced by such promotions. Finally, the objective of the study is also to provide valuable information to the Baskin Robbins Ice cream franchise to better understand the need of customer by understanding their purchasing decision based on the sales promotion that they offer in the market so that they can manage their future sales promotion activities.

To sum up this the objective of this research is: (i) to identify various sales promotion tools influencing consumers' purchasing decision. (ii) To find out impact of sales promotion tools towards purchasing decision of consumers in context to Baskin Robbins Ice cream franchise in Thailand. (iii) To find out most influencing sales promotion framework that affects the purchasing decision of the consumer.

#### 1.4 Scope of the Research

Promotion is the fourth element in marketing mix that is often divided into 5 parts mainly, advertising, sales promotion, publicity, personal selling and direct

marketing (Cummins, 2008). All of these elements contribute to the achievement of the marketing objective (Cummins, 2008). The scope of this research is based on studying only one aspect of the promotion mix i.e. sales promotion. This research is limited to the study of certain promotion mechanism and to explore how each promotion mechanism works better than the other. In doing so, sales promotion methods mainly, coupons, price discount offers, and free samples, point of purchase displays offered by the Baskin Robbins ice cream franchise in Thailand is taken into consideration while conducting this research.

#### 1.5 Research Questions

1. Does sales promotion have impact on the purchasing decision of a customer?
2. What types of sales promotion are highly preferred by the customers when they make a purchasing decision?

#### 1.6 Hypotheses Formulation

Five hypotheses have been constructed in this research to determine the relationship between sales promotion (independent variable) and purchase decision (dependent variable). The hypotheses are listed as below:

H1: Sales promotion affects consumer purchase decision.

H2: Price discount has impact on consumer purchase decision

H3: Coupon has impact on consumer purchase decision.

H4: Sampling has impact on consumer purchase decision.

H5: Point of sale advertising has impact on consumer purchase decision.

## CHAPTER 2

### LITERATURE REVIEW

This chapter reviews the concepts and theories relevant to sales promotion. The context in which sales promotions are developed and the previous studies that focused on this field will be briefly discussed in this section. The literature review will consist of the following sections: definition and concept of sales promotions, purchasing decision of the customer and also the demographical factors that affect the customer's purchasing decision.

#### 2.1 Related Literature and Previous Studies

Over the years sales promotion has become an indispensable element of consumer marketing. In the past, advertising used to be one of the most effective marketing tools to reach the target customers to influence their purchasing decision. However, today marketers put more emphasis on sales promotion and are gradually shifting away from traditional methods of advertising towards sales promotion. There are a number of factors that have resulted in this shift, from traditional methods of advertising to the extensive growth of sales promotion.

Firstly, companies everywhere are facing declining real differences between the products and services that they have to offer. Secondly, companies today face a pressure to achieve short-term results amid intense competition in the marketplace. Furthermore, with the advent of Internet technology, customers today are more informed about the product offerings, and as a result it has influenced companies to fight harder and faster for every sale (Cummins, 2008).

Many studies regarding behavioral and economic theory has provided supporting evidence that consumption for some product categories responds to promotion (Wansink & Despande, 1994) through experimental approach concluded that significant holding cost pressure consumer to purchase more of a product (Wansink & Despande, 1994) showed that when the product is perceived as widely substitutable, consumer will consume more of it in place of its close substitute (P. Chandon, Brian Wansink, & Laurent, 2000) showed that stockpiling increases consumption of high convenience products more than low convenience product.

In another analytical study, (Assunção & Meyer, 1993) shows that consumption is an indigenous decision variable driven by promotion and promotion – induced stockpiling resulting from forward looking behavior. There has not been enough research done regarding the purchasing strategies that the consumer adopts in response to particular promotion or to study how pervasive these promotion are in population of interest.

Blattberg & Neslin (1990) 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." A greater understanding of the different types of consumer responses to promotions can help managers to develop effective promotional programs and also provide new insights for consumer behavior theorists who seek to understand the influence of different types of environmental cues on consumer behavior.(R., Eppen, & Lieberman, 1981), and (Wilson, Newman, & 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 & John D. C. Little, 1983) and (Gupta, 1988) have found promotions to be associated with brand switching. (Montgomery, 1971), (Schneider & Currim, 1991), and Webster (Webster, 1965) found that promotion-prone households were associated with lower levels of brand loyalty. (Blattberg, Peacock, & Sen, 1976)describes 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 national brand, store brand, or generic, or whether it is store-loyal or not. McAlister (1983) and (Neslin & Shoemaker, 1989) use certain segments derived from those of (Blattberg et al., 1976) but add a purchase acceleration variable to study the profitability of product promotions. In this age of competition, sales promotions have become an integral part of the marketing mix.

Marketers use different kinds of price-oriented promotions such as coupons, rebates, price discounts to increase sales and market share, encourage 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 (Aaker, 1991). In addition, consumers prefer promotions and are always looking to reap benefit from some form of promotion. They provide utilitarian benefits such as monetary savings, added value, increased quality, and convenience,

as well as other benefits such as entertainment, exploration, and self-expression (P. Chandon et al., 2000).

A large body of literature has examined consumer response to sales promotions, most notably coupons (Sawyer & Dickson, 1984), (Bawa, Kapil, & Shoemaker, 1987), (Gupta, 1988), (Blattberg & Neslin, 1990), (Agarwal & Rao., 1996) and (Leone & Srinivasan, 1996). Despite this, important gaps remain to be studied. It is generally agreed that sales promotions are difficult to standardize because of legal, economic, and cultural differences (Ellen R. Foxman, Patriya S. Tansuhaj, & Wong, 1988) ; (Kashani & Quelch, 1990) ; (Huff & Alden, 1998) Multinational firms should therefore understand how consumer response to sales promotions differs between countries or states or province

According to (Blattberg & Neslin, 1990) sales promotion is a key ingredient in marketing campaigns which consist of collection of incentive tools to stimulate quicker or greater purchase of particular products by the consumers. Similarly (Brassington & Pettitt, 2000) states that sales promotion are range of marketing technique that are designed to add value to a product or services over and above the normal offering in order to achieve specific sales or marketing objective.

Shimp (2003) defines sales promotion as any incentive used by manufacturer or a retailer to encourage the sales force to aggressively sell the product and also to induce the buyer to buy the product. Sales promotion plays an important role in the marketing programs of the retailer and it can have a significant impact when customer makes their purchasing decision (Gedenk, Karen, Scott A. Neslin, & Ailawadi, 2006). From these definitions it can be said that the sales promotion adds value to the

products or services and it provides an extra incentive to consumer who make purchasing decision based on the promotion.

The value created by sales promotion may also vary depending upon the different types of sales promotion such as free sample, price discounts, coupons, point of sale display promotions etc. It provides direct impact on consumer behavior and accelerates the selling process by influencing consumer to make a swift purchase. Customers look for more fun from the brands they buy. Sales promotion offers novelty, excitement and humor at the point of purchase which they respond to (Cummins, 2008). Moreover sales promotion changes temporary consumer's perception towards the price and value of the product.

## 2.2 Types of Sales Promotions

Retailer promotion: retailer promotion is the promotion offered directly by the retailers towards the consumers. It includes price cuts, displays, feature advertising, free goods, retailer coupons and contest. (Blattberg & Neslin, 1990). Trade promotion is the promotion offered by the manufacturers to the retailers. It includes advertising allowances, display allowances, trade coupons, financing incentives and contests (Blattberg & Neslin, 1990).

Consumer promotion is the promotion offered by the manufactures directly to the consumers. It includes sampling, price packs, rebates and refunds, financing incentive, bonus or value packs, special events, sweepstakes contest, premium, advertising specialties and tie in. ( Blattberg & Neslin, 1990) (Gedenk et al., 2006), summarizes the sales promotion into two forms; price promotion and non-price promotion (see in the figure 2.1). Price promotion usually



involves price reductions such as coupons, loyalty discount and rebates while non-price promotion involves sampling, sweepstake contest, events and premiums.

(Blattberg & Neslin, 1990) has divided sales promotion into three types. These include retailer promotion, trade promotion and consumer promotion.

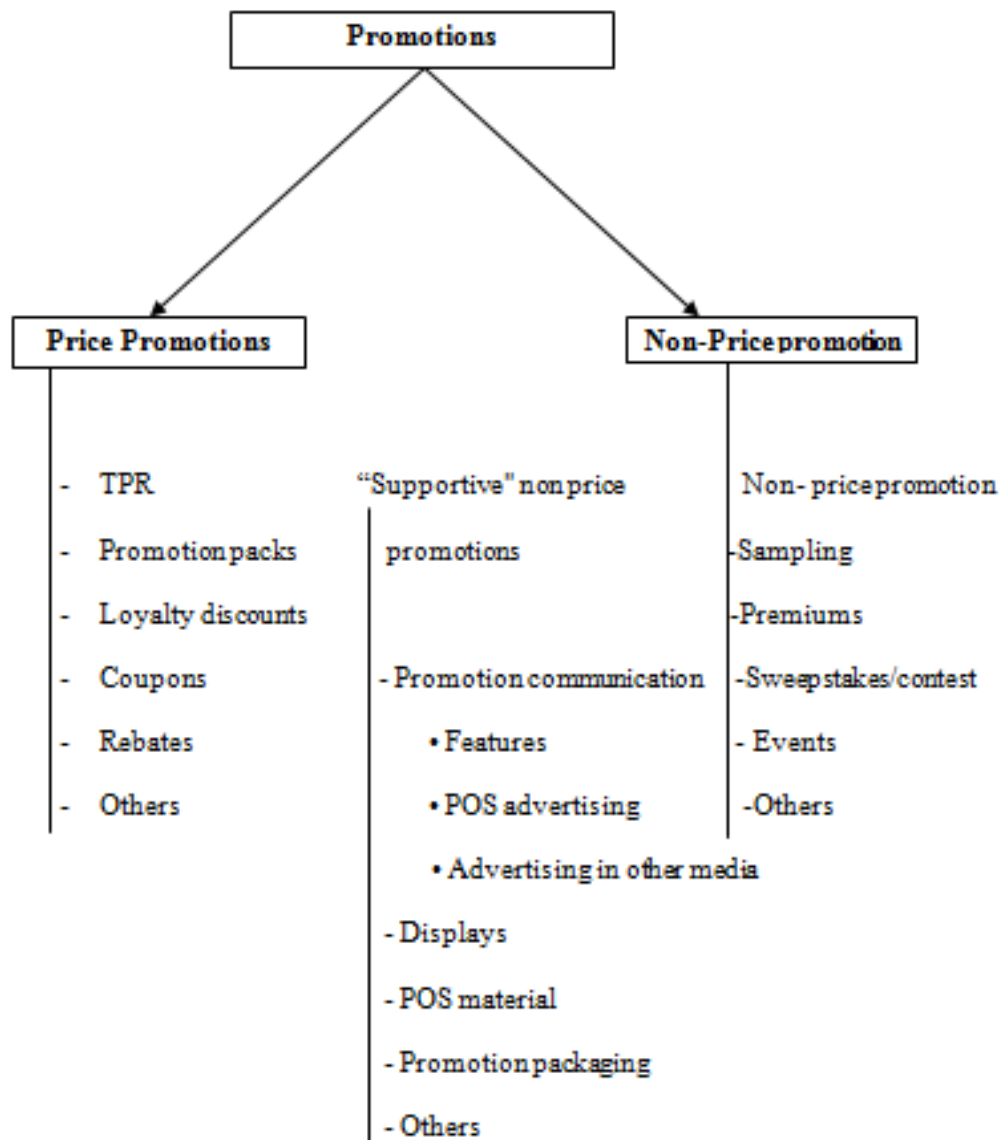


Figure 2.1: Instruments for Retailer Promotions

Source: Agarwal, M. K. , & Rao, V. R. (1996). An empirical comparison of consumer-based measures of brand equity. *Marketing Letters*, 7(3), 237-247.

Table 2.1: Summary of Promotion Tools

Promotional Tools	Explanations
Coupons	Certificates entitling the bearer to a stated saving on the purchase of a specific product: mailed, enclosed in other products or attached to them, or inserted in magazine and newspaper ads. (Price 1999)
Price Discounts	Offers consumers products at reduced price from regular price of a product.
POS Display	Display of product and offerings through in store display such as menu boards, POPs and brochures.
Premium	A premium is a product or service offered free or at a relatively low price in return for the purchase of one or many products or services (d'Astous & Jacob)
Free samples	Offering customers to try the samples of products without charging any cost in the hope that customers will buy the product

### 2.3 Coupons and Sales promotion

A coupon is a certificate entitling the bearer to a stated saving on the purchase of a specific product: mailed, enclosed in other products or attached to them, or inserted in magazine and newspaper ads (Price 1999) Coupon is one of the oldest, most effective and most widely used promotional tools to drive sales (George Edward Belch, George Eugene Belch, & Belch, 1994).According to (Cummins, 2008)

coupons provide an upfront discount on a product or service, and are normally distributed separately from the product or service itself. They are used so extensively that they form a subject in their own right. Coupons offering a discount off next purchase of a product or service are regularly found on consumer goods brands.(Cummins, 2008).

The coupons are usually printed by the retailers or consumer goods brands and are distributed either directly to the consumers or are distributed through use of intermediaries such as retailers or wholesalers. Coupons with the product or service are primarily a generator of repeat purchase and a reward for loyalty. Coupon promotion only allows customers to receive certain benefits as stated and only coupon holder can receive the benefit. Coupons can be distributed mainly in 4 ways, (i) through direct mail sent to the consumers, (ii) through retail distribution where coupons are distributed directly to consumers at the point of sale, (iii) through coupons insertion in newspaper ads or magazine cut outs, (iv) coupons that are printed in the packaging of a product ( Blattberg & Neslin, 1990).

According to (Robinson & Carmack, 1997) coupons have been used to product trial. (Blattberg & Neslin, 1990) indicate that coupons provide retailers with several benefits including the ability to attract new buyers, brand switchers and deal prone consumers. Coupons are easily understood by the consumers and can be highly useful for trial purchase (Cook, 2003). ( Blackwell, Paul & Engel) showed that coupons encourages customer to try new products far more easily. This is because coupons are understood easily by customers and can be highly effective in trial purchase.

A coupon as a tool of promotion has been very effective in generating positive results. For instance (Della Bitta, J, & Monroe, 1981) found that the greater the discount, the greater the perceived offer value, the less the intent to search and the greater the interest in the brand. (Shoemaker & Tibrewala, 1985) found that an increase in face value of a coupon had a direct effect on redemption rates and (K. Bawa & Shoemaker, 1987) found higher coupon redemption rates for coupons with medium or high (vs. low) face values ( Shimp & Kavas, 1984). These findings suggest that higher the coupon value higher the incentive to make a purchase. Coupons, as (Peattie & Peattie, 1994) assume, can take significant role when attracting the consumers to enter new department store. Consumers obtain coupons either through retailers or immediately from manufacturers as they could be called as one of the most effective brand-switching tool.

Yeshin (1998) concur that the voucher could be added to another product which leads the public to buy one product whilst exert the price reduction for the second one or the benefit could be related to two products from different range. Indeed, the consumer bears in mind these two products. (Gedenk et al., 2006) found that sustained reductions in promotions by Proctor and Gamble subsequent to their value-pricing strategy, led to reduction in market shares, although it did not increase customer retention.

However, (Bawa et al., 1987) report that higher coupon face values do not advance category purchase timing any more than do lower face values. They also do not increase the number of units or the size of the package purchased. These results are understandable if one allows for an alternate route through which price promotions “work”—by providing information about the price or the quality of the

brand offering the promotion. The reason manufacturers offer high coupon values, is to increase the economic incentive to purchase a brand in the short-term. If you see a \$1.00 coupon for a brand you expect to pay \$4.00 for, one could then argue that you would be more likely to redeem it than you would a 50/c coupon. Not surprisingly, there is evidence that coupons with higher values are more likely to be redeemed than those with low values (Bawa et al., 1987), (Shoemaker & Tibrewala, 1985).

However, even if higher coupon values positively impact sales, do they do so to their maximum potential? If consumers infer that higher coupon values imply that the product has a higher price, then this perception of high price may make them less likely to clip a coupon, and purchase the brand than if they had not made such an inference, even given the high economic value of the coupon. Note that coupons with higher values may be more effective than those with lower values, without their being effective up to their potential if consumers expect brands offering higher coupon values to have a higher regular price. Price expectations serve as an important frame of reference for consumers to evaluate price information prior to purchase (Shoemaker & Tibrewala, 1985).

Typically, the presence of promotions reduces the sale price, and/or raises the expected price. However, if, as suggested by the coupon value effect (Raghubir, 1998), price promotions increase price expectations, then consumers may be less likely to try a product in the first place. Therefore, if price promotions lead to high price expectations, they could have a less positive effect on trial sales than if they did not lead to high expectations. Despite the importance of price in a consumer's purchase decision, there are numerous instances when consumers are not aware of actual product prices (new product introductions, introduction of an existing product

to a new segment, tourist situations, and infrequently and/or irregularly purchased products such as durables or entertainment).

Even for frequently purchased products, consumers are typically not well aware of actual prices. (Sawyer & Dickson, 1984) surveyed over 800 supermarket shoppers, seconds after they had made a purchase. Less than half were aware of having purchased on promotion. Of those aware, more than half could not estimate the amount of the reduction.

However, (Cummins, 2008) argues that door to door couponing is most effective for targeting a particular area however the cost associated with distribution are relatively high, but is effective in gaining new users. As described above coupons can be provide immediately to customers, which enables the producer to aim on specific group of consumers and as (Fill, 2002) highlights this is more expensive or through media, which carries the advantage of wide intensity of impression.

Other studies (Fill, 2002) have reported the importance of coupons as a sales tool. In addition, coupon doesn't have significant effect on product trial. They state that it is due to consumers 'poor knowledge of the tool. Another reason for the poor influence of coupon may be because coupons provide less shopping convenience benefits, requires more skill and effort than buying a product on sale. (Gilbert & Jackaria, 2002) concurring to the popularity of coupon reported that coupon is ranked last as the promotional least widely used by consumers and least influence on product trial.

Therefore, (Gilbert & Jackaria, 2002) argues that coupons offer should be more attractive than discount promotion. Much emphasis has been put on coupons at

the expense of other important promotional tools; as a result it has created the need for more work to be done in this area.

#### 2.4 Price Discounts

Price is one of the key elements of marketing mix as it produces revenues and fixing the price is one of the most important yet most sensitive aspects of marketing. In almost every market around the globe price still means the point at which buyer and seller are finally in agreement. Manufacturer, retailers in present day business often create non-price points of difference such as product quality, brand image, packaging and service against their competitors.

However intense competition in the marketplace and with growing ability of competitors to resemble each aspect of non-price points as discussed has made it difficult for marketers to win the confidence of customers. As a result many businesses, retailers and manufactures today uses price based discount to influence the purchasing behavior of the customers. Price discount offers consumers products at reduced price from regular price of a product. Price-offs mean that the manufacturer marks the merchandise that the customer could accurately see that the price is lowered (Fill, 2002).

A price promotion typically reduces the price for a given quantity or increases the quantity available at the same price, thereby enhancing value and creating an economic incentive to purchase. However, if consumers associate promotions with inferior brand quality, then, to the extent that quality is important, a price promotion might not achieve the extent of sales increase the economic incentive otherwise might have produced.

Price discounting is a common practice used by organizations to induce product trial and repeat purchases by new and current customers. Consumer product companies spend almost a quarter of their marketing budget on consumer promotions (Raghubir, 1998), (Inman, Winer, & Ferraro, 2009). According to (Schindler, 1998) a price promotion that is designed to evoke attributions of responsibility could be expected to appeal to consumers more than one that does not evoke such attributions, and thus have a greater ability to create product trial among consumers.

There is a large body of research which is aimed at identifying impact of price promotion like discount on consumer buying behavior. (Fill, 2002) stated that discount is the simplest technique to offer a direct reduction in the purchase price with the offer clearly labeled on the package or point of purchase display.

(Ndubisi & M, 2005) reported that price discount play significant roles in influencing consumer product trial behavior. Price Discount plays significant role in brand switching, purchase acceleration, stock piling, product trial and spending more in the store (Farrag, 2010).

Also, (Shi & Prendergast, 2004), reports that price discount induces purchase acceleration, spending more and stockpiling among customers. (Osman, Chan Yin Fah, & Foon, 2011), described that price discounts play significant roles in influencing consumers' purchase trial behavior and increase short term sale.

According to (Manish Mittal & Poojia Sethi, 2011) price discounts are found to be more effective in inducing stock piling, and purchase acceleration, moderate in brand switching, and new product trial in that order, but are not effective enough to induce people to spend more.



Price promotions are used to encourage trial among nonusers of products and services. Therefore, it is important to understand the effects of promotions on evaluations made by consumers who do not have any prior experience with the promoted brand. Such promotions are directed towards completely new customers with intention to introduce the brand.

Much research has been done to highlight the positive effects of price discount on purchasing decision of a customer. For instance;(Blair & London, 1981), finds that the major reason for marketers to use the price discounts is that this type of deal usually presents a readily apparent value to shoppers, especially when they have a reference price point for the brand, therefore they can recognize the value of the discount.

(Alvarez & Cavanagh, 2005) maintain that price-off or money-off are very common promotion techniques as they are effective when attractive customers. In addition,(Yeshin, 1998) explains that the new price is frequently highlighted on the package itself, entirely or as a percentage to the previous price. Nevertheless, the author speculates there are drawbacks linked to this method – all the consumers will be exposed to that price reduction, not the faithful ones only.

As (Rapp & Collins, 1987) agree price offs could be implemented within several days without previous examining the expected outcome. (Peattie & Peattie, 1994)warn about the possibility of price wars when exaggerating price-off techniques among competitors.

For instance, Buy One Get One scheme is one type of popular product volume discount nonmonetary sales promotions schemes in which the consumer gets two (or

more) products of the same type for the price of one, or receiving a free product by purchasing some other product. Promotions such as “buy one get one free,” “buy two get one for free” and so on are frequently used to generate unplanned purchase (Inman et al., 2009)

According to (Dawes, 2004) price discount increases the volume of sales during the promotion period. (Shimp, 2003) and (Fill, 2002) has also documented a link between price promotion and product trial.

Price promotions usually provide consumers with monetary savings on specific products. If consumers are in a store intentionally searching for these specific products, then it is expected that they would find promotions on such products more attractive compared to those consumers who are in the store but do not have a prior purchase goal for a promoted product.

Therefore, the purchase likelihood is higher. In addition to this main effect, consumers may react to different promotion characteristics in different ways given the existence or absence of a pre-purchase goal. According to (Blair & London, 1981) the major reason for marketers to use the price-off reductions is that this type of deal usually presents a readily apparent value to shoppers, especially when they have a reference price point for the brand, therefore they can recognize the value of the discount.

Percy, Rossister, & Elliott (2001) reported that consumers pay attention to price-off promotions. Many researchers have found an association between sales promotion and product trial (Wayne, 2002). Some researchers specified that sales promotion would be lucrative to promotion prone customers for many other reasons, rather than just price saving (Chandon et al., 2000) Such promotion prone customers

are likely to change brands to obtain extraordinary deals that support their smart shopping perception. Researchers' have concluded that these promotion prone customers may even try a new product when offered a new promotion.

## 2.5 Point of sale display and Sales promotion

Point of sale display is a way of showing product and offerings through in store display such as menu boards, POPs and brochures. (Gedenk et al., 2006) argue that retailer promotions address customers at point of sale; meaning that communication regarding the product or services is best conveyed to the customers at the place and time where most of the purchasing decision is made. Retailers' promotion address consumers most at the point of sale therefore, communication regarding promotion best reaches consumers at place and time where most purchasing decision is made.(Gedenk et al., 2006) thus, increase of promotions at the point of sale drives customer to make decision there (Narasimhan, Neslin , & SK, 1996).

Point of sale display promotions are designed to build traffic, advertise a product, or induce impulse purchases and include display racks, counter pieces, in store promotions and self cartons (Ferrell & Hartline, 2008) (Dawes, 2004) points out that volume gains arising from price promotion are larger if price promotion is advertised in point of sale or advertising. Similarly,(IB & A, 2011) also mentioned that sales promotion tends to work best when it is applied to impulse items whose features can be judged at the point of purchase, rather than more complex, expensive items that might require hands on learning. Gift giving is used to increase sales, enhance brand, create awareness, and increase customer loyalty (Kendrick, 1998).

Similarly, previous studies support that in-store display sharpness has the greatest effect on product trial when compared to other sales promotional tools (Kendrick, 1998). Eye-catching in-store displays are essential to achieve maximum sales from product trial. Promotion tools such as bonus pack, free sample, and price discount have a noteworthy impact on product trial, although the influence of bonus pack could be the lowest amongst other promotional tools.

Therefore, one of the key ways to perk up the influence of bonus pack is by keeping a standard pack alongside with a bonus pack on the shelves, in order to allow consumers to make comparison. Such prospect for a relative inspection will help to augment the reliability of the tool and consumer's self-assurance in it. In regards to free samples and price discount, retailers should carry on using these tools as these tools have a huge influence on product trial.

## 2.6 Premium and sales promotion

Though the majority of promotion involves financial saving, some promotions could be non-financial. One kind of non-financial promotion frequently used by retailers nowadays is offering customers a free gift as an alternative of a price discount. Though researchers argue that non-price promotions such as free gifts are perceived as a little achievement when compared to price discounts, retailers continue to use this promotion tool to attract the customers. (Diamond & Johnson, 1990).

As suggested by the previous studies, price discounts directly reduces the price that consumers would have paid for the product. But in a free gift promotion, the value of the promotion (free gift) could be equivalent to a discount; yet, it does not

reduce the price of the product itself at the focal product purchase and therefore is perceived as a little gain by the customers (Diamond & Johnson, 1990).

A premium is a product or service offered at a relatively low price in return for the purchase of one or many products or services (d'Astous & Jacob, 2000). For instance, premium promotion are free tooth brush with a purchase of toothpaste, free containers with a purchase of food products or free glasses with a purchase of soft drinks etc. (Darkea & Chungb, 2005) indicate that free gift promotion is effective in maintaining quality perception because consumers make quality inferences based on the original price rather than the price corrected for the value of the free gift. This implies that devising an offer as a separate free gift is a good tool to communicate value to customers. (Jha-Dang & Banerjee, 2005) also support this reasoning.

Similarly, (Neha & Manoj, 2013) also indicated that premium promotion is one of the most influencing variables for consumer purchase decision. This means that free gifts or premium promotion differentiates a promotional benefit in form of a tangible, separate product which is often complimentary product offered to the customers. These free gifts and premium often create value to the customers and induce them to purchase a product.

## 2.7 Free Samples and sales promotion

Free samples refer to offering of products or service customers without charging any cost in the hope that customers will buy the product. A free sample offers the customer a chance to use the product by providing a free small portion of the product to test.( Blattberg & Neslin, 1990).

Shimp (2003) defined sampling as “any activity which includes any method used to deliver an actual-or trial sized products to consumers”. The objective of free sample is to persuade customer to try the product and to make product positively perceived by the consumer.

Free sample is being widely popular among marketers and retailers as one of the effective promotional tool as it directly enhances product trial amongst customers. Therefore, many firms nowadays are focusing on mailing a small package of free samples to the customers to enhance direct product trail rather than just spending on communication media which just lets customers to hear about the product information (Kardes, 1999). On the other hand, (Gilbert & Jackaria, 2002) argue that a free sample as a promotion tool had little or no significance on consumer’s buying behavior, however, other studies have shown a significant impact of free samples on consumer’s purchase decision (Fill, 2002) and (Shimp, 2003).

(Fill, 2002) presumes that sampling has the most impact on consumers. It could be provided as presentation in front of customers, small amounts designed to trial or usage of the product promoted free of charge as he notes as well. He continues that the cosmetic industry often applies perfumed space on pages of magazines for women, which seems to be pioneering method of how to make the trial less difficult. (Shimp, 2003) believes that sampling in spite of its high costs has been observed as an integral part of department stores more and more. Product trial engages a consumer to actually try or use a product (Kardes, 1999).

Similarly,(Peter & Olson, 1996) suggests that trial refers to the level to which a product can be tried by a consumer on a limited basis. (Banks, 2003)suggested that with sales promotion being offered, retailers have rapidly increased their possibility to

influence their consumer's behavior by offering added value on products through bonus packs, encouraging product trial via free samples and coupons.

## 2.8 Effects of Sales Promotion

Result of sales promotion can either be long term or short term effects and it could also influence the store choice, category choice, consumption rate, stockpiling and even new product trial of consumers. Short term effects occur during the time of promotion and long term effects, which involves behavior after the promotion has taken place. (Gedenk et al., 2006).

The indication of a short-term consequence appears to be well recognized in a literature. It is suggested that sales promotion can build brand awareness and persuade trial, influence sales, expand target market and provide opportunity to be a market leader (Pham, Cohen, Pracejus, & Hughes, 2001). Sales promotions are usually unbeaten in encouraging customers to make a prompt purchase while it is offered. Nevertheless, the strength of promotion also lies in its suppleness to promptly respond to competitor attacks (Luxton, 2001).

Sales may increase during promotion as it can attract customers from other stores and it may induce them to switch brands and influence them to buy from the promoted category rather than another category, it can also induce customer who do not use the product to buy the product because of the promotion. There have been numerous studies in the past that measured the effectiveness of sales promotion. For instance (Ndubisi & M, 2005) claimed that sales promotion not only increases brand awareness but also encourage customer to buy new product. (Shimp, 2003), (Fill, 2002) documented a link between price promotion and product trial.

Despite these benefits, the question remains whether these effects are made at the expense of the long term impact that sales promotion may have on companies. (Sawyer & Dickson, 1984), (Simonson & Carmon, 1994) proved that there is evidence pointing towards sales promotion having a negative effect on brands, especially in relation to advertising. It is argued that sales promotion does not have any brand-building impact and could lead to diminishing effects for the brand, particularly well-established ones.

Chandon & Wansink (2002) indicated that sales promotion may be attractive to highly promotion prone consumers for reasons beyond price savings. These highly promotion prone consumers may switch brands to receive special deals that reflect and reinforce their smart shopper self-perception. They concluded that highly promotion prone consumers might try a new product that has promotion. (Thomas, 1993) argued that the magnitude of planned distribution and promotion expenditures (advertising, sales promotions, sales force, and so on) could affect initial trial of the brand. (Nelson Oly Ndubisi Chiew Tung Moi) concluded that Malaysian consumers respond more to free sample, price discount, in-store display, and bonus pack than coupon.

A plausible explanation for the weak influence of coupon was poor knowledge of the tool. This research showed the linkages among various promotional tools and product trial, and thereby helped to better understand how Malaysian consumers respond to various promotional tools offered by marketers. Promotions that emphasize in-store display, free sample, price discount, and bonus pack are likely to be more effective than coupon.



## 2.9 Benefits of Sales Promotion

There are numerous benefits of sales promotion to the consumers (Chandon et al., 2000), provide six major benefits to the consumer mainly monetary savings, quality, convenience, value expression, exploration and entertainment. Firstly, most of the sales promotion results in the monetary savings for the customer as the products or service are offered at discounted price. As a result the unaffordable products suddenly become more affordable and it adds value to the customers. Sales promotion can be considered as a great tool for growing the sales in short period of time (Alvarez & Cavanagh, 2005).

Similarly the convenience benefit which is often created by reduced search and effort for customers, sales promotions are usually advertised. In addition sales promotion can enhance consumers' self-perception of being good or astute customers resulting in value expression. The exploration benefit is often achieved by ever changing shopping environment that provides stimulation for consumer's information need. Finally, the benefit that customer might receive from sales promotion is entertainment. Most of the sales promotion frameworks are mostly fun to see and participate in (Chandon, Pierre, & Wansink, 2002)

It is suggested that sales promotion can build brand awareness and motivate trial, provide more specific evaluation methods, as they are more immediate and operate in a specific time frame, (Pham et al., 2001) influence sales, expand the target market and achieve competitive advantage (Rothschild & Gaidis, 1981). According to their purpose, sales promotion are often successful in inducing action, as they encourage consumers to act on a promotion while it is still available.

Also, the strength of sales promotion lies in its flexibility to quickly respond to competitor attacks contributed by (Luxton, 2001). Sales promotion in fast moving consumer goods industries is used to create a temporary stimulus on the sales of a brand by making consumers a special offer. This promotional stimulus is part of the marketing offer made up of factors such as product features and benefits, price, availability, customer service and quality.

Consumers are expected to act on this offer, which, in turn, has an immediate effect on the sales rate of an organization. Market-based assets, such as Brand Equity, are part of the benefits accruing to the organization as a result of trading. These benefits include the development over time of positive brand awareness, image, secured distribution, brand franchise, brand equity and also positive relationships with customers and intermediaries.

Techniques falling under the banner of sales promotion are both diverse and complex, and offer management the opportunity to address a range of different marketing situations. Its purpose may be: to stimulate quick response in the market place, as a retaliatory device, or to reward and retain existing customers (Totten & Block, 1994). When techniques are considered individually, several of them could be, and indeed are, used as retaliators. Price-related promotions (such as —cents-off the regular price, and refund offers for coupon redemption) form a large share of consumer promotional activity.

They also represent the greatest concern in terms of potential damage to brand equity because price plays an important role in the evaluation of a brand. It is, therefore, relevant in terms of potential equity outcomes to consider the impact of using price-based promotions (Aaker, 1992).

It is widely accepted that, in the short term, sales promotion can have a positive effect on trading by creating a short-term sales spike (Neslin & Shoemaker, 1989). However, there is some conflict in past research findings regarding the long-term impact of sales promotion on how consumers value a brand. The two schools of thought can best be summarized as:

- (1) A belief that the overuse of certain forms of sales promotion, in particular price-based promotions, may result in a brand being devalued in the consumer's mind, for instance when a temporary promotion is removed (Lattin & Bucklin, 1989)
- (2) That there is no negative impact likely to result from the increasing use of sales promotion because (for instance) the consumer quickly forgets the offer (Neslin & Shoemaker, 1989).

Sales promotion was confirmed as a commonly used element of marketing communication with firms marketing food products. A diverse range of techniques could be employed with little constraint other than cost. Sales promotion was predominantly seen as a tool to attract customers, improve brand awareness and stimulate sales, and the most commonly used techniques included product sampling, point of purchase displays, free product and cut prices.

Managers claim to use sales promotion as a tool to enhance brand and market position, but in reality, use it more to pursue competitive goals such as retaliation. Furthermore, the protection of brand equity is seen as important and price-based promotions, whilst considered most likely to damage brand equity, were not used excessively. There is little evidence that attention is given to measuring the effect of sales promotion on brand equity (Luxton, 2001).

There are many complex issues to address when endeavoring to understand how and why promotional strategy has developed to this point in time. Managers in the fast moving consumer goods industry seem at least to be aware of the issues at hand, and with the benefit of seeing how others in the industry think and behave, there is renewed hope that sales promotion can become a more valuable tool, used appropriately to meet the specific needs of the firm and its markets (Luxton, 2001).

Research has traditionally posited that sales promotions erode brand equity. However, in current management practices, one may observe that companies design promotional programs to differentiate and modernize their brand image and build brand awareness. This divergence between practice in the industry and the general academic view must inevitably lead to a rethink about the goals assigned to sales promotions. Consequently, the important question is whether sales promotions can contribute to building brand equity.

Adopting a consumer-based brand knowledge perspective of brand equity, it has been added that monetary and non-monetary promotions are useful to create brand equity because of their positive effect on brand knowledge structures. The findings by (Palazón -Vidal & Delgado-Ballester, 2005) suggested that non-monetary promotions are more appropriate as a brand-building activity and that the product type exerts a moderator effect on the relationship between sales promotions and brand knowledge.

To build a strong brand in the market is the main objective and goal of many organizations. This is because of the fact that brand equity can help company boast higher prices greater market share (Park & Srinivasan, 1994), more responsive advertising and promotion and more efficient product line extensions (Aaker, 1992).

As a result it is not hard to understand why brand equity has emerged as a central concept in marketing over the past 20 years. Much has been learned during the past two decades about brand valuation (Aaker, 1992), the leverage of brand equity through brand extensions (Broniarczyk & Alba, 1994), the impact of such extensions on the core brand (Loken & John, 1993) and its many benefits for a firm and its customers. However, researchers have not devoted the same considerable attention to addressing how brand equity may be built through marketing activities. Specifically, building brand equity appears to be worthy of investigation in the context of sales promotions.

Indeed, the most recent practices in the industry diverge from the general academic view that sales promotions destroy brand equity (Yoo, Donthu, & Lee, 2000). Thus, it would appear that, apart from the traditional goals assigned to sales promotions (e.g. increase trial, price-discriminate), they are also used in the industry as a brand-building activity. This brings to the question of whether this communication tool is appropriate for building brand equity.

Aaker (1992) defines brand equity as the differential effect that brand knowledge has on consumer response to the marketing of that brand'. Based on this definition, and from a cognitive psychology perspective, brand equity is based on brand knowledge that consists of a variety of associations linked to a brand node in memory. These associations represent the personal meaning about a brand – that is, all descriptive and evaluative brands related information (Aaker, 1992).

Earlier, it was posited that brand knowledge is the source of brand equity. Therefore any potential encounter with a brand may affect brand equity as far as it changes the mental representation of the brand and the kinds of information that can

appear in the consumer's memory. Some of these potential encounters may be marketing-initiated, for example through marketing communications tools.

Among these tools, sales promotions, and in particular price promotions, are believed to erode brand equity because they enhance only short-term performance by encouraging sales and brand-switching (Gupta, 1988) and may convey a low-quality brand image (Yoo et al., 2000). These findings are in line with the approach that has inspired most of the research conducted on sales promotions.

That approach is characterized by the fact that (i) most studies have examined the convenience of using promotions instead of examining their benefits to the consumer, (ii) sales promotions are seen as a sale tool having effective effects only on behaviors, and (iii) it is assumed that monetary savings are the only benefit that motivates consumers to respond to sales promotions.

However, (Palazón-Vidal & Delgado-Ballester, 2005) adopted a consumer-based approach (Chandon et al., 2002) to consider that sales promotions, as a part of marketing communications, also have an effect at a cognitive and emotional level, and provide the consumer with multiple hedonic and utilitarian benefits.

Taking into account that brand knowledge includes different kinds of information linked to a brand such as attributes, benefits, thoughts, feelings, experiences, and so on (Aaker, 1992). It follows that brand knowledge may be potentially affected and changed by the sales promotions experience. Firstly, this experience can change the number of associations evoked about a brand because sales promotions have brand association-enhancing power. Secondly, they can also generate favorable associations if the associations are desirable to consumers and successfully conveyed by the supporting promotional campaign for the brand.

In other words, the value that sales promotions have for brands is related to the value or benefits they have for consumers (Chandon et al., 2000). Finally, sales promotions can develop meaningful points of difference to the brand, unique associations if the promotional campaign is not attributed to another brand or is not seen as a generic promotion of the product category, (Palazón-Vidal & Delgado-Ballester, 2005).

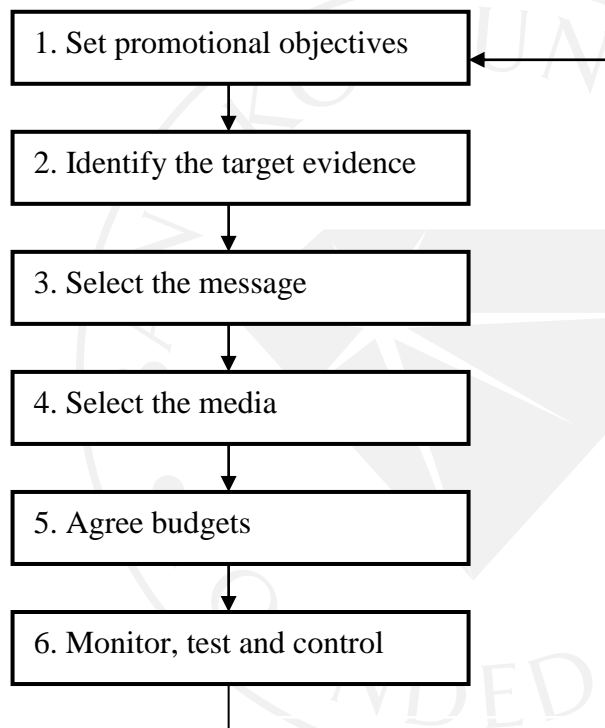


Figure 2.2: The Promotion Process

Source: Fifield, P. (2007). *Marketing strategy: The difference between marketing and markets* (3<sup>rd</sup> ed.). Oxford: Routledge.

The promotion process begins with setting up the promotional objectives. From identification of the target audience, appropriate message to selecting the right medium or media to convey the message depending upon the availability of budget to

finally monitoring the result of the offered promotion and also supervising and controlling the results in accordance with the promotion objectives (Fifield, 2007).

		Involvement	
		High	Low
New product or market		Without sales promotion	Use sales promotion to stimulate trial
		Non-loyal – use for switching Loyal – use carefully	Non-loyal – use sales promotion to attract for trial  Loyal – use sales promotion to reward for increased usage

Figure 2.3: A Sales Promotion Objectives Grid

Source: Fill, C. (2002). *Marketing communications: Contexts, strategies and applications* (3<sup>rd</sup> ed.). New Jersey: Prentice Hall.

From the figure above several issues can be observed. For current merchandise or services, the strategy is apparently either to boost the usage or to persuade new customers to purchase a product. Thereafter, the levels of usage and trial for the particular market segment have to be approved (Fill, 2002). A further consumer objective is product re-purchase/loyalty. The aim of this objective is to create repeated shopping in the short-term strategy and for the long term to originate the consumer loyalty (B. A. Alvarez & Casielles, 2008). Increase rate



or frequency of purchase has suchlike objectives as the former one; the achievement may be reached by showing new utilization of the current product (Yeshin, 1998).

Trading up is another consumer objective. (Fill, 2002) describes trading up as a technique where the producer prepares the promoted product in small quantities and gives it in the consumers' disposal in order to persuade them to buy larger amounts later. (Parsons, 2003) summarizes that because of its quick operation sales promotion is useful when launching a new product or when the producer's intention is to overcome the difficulties connected with some periods of the product life cycle.

#### 2.10 Consumer behavior and decision making

Marketing begins with understanding the need of a consumer as those acts of individual who are directly involved in obtaining, using and disposing of economic goods and services including the decision processes that precede and determine this acts. Therefore, knowledge of consumer behavior is an indispensable input to forming any promotional mix. Consumer behavior is defined as the behavior that consumers display in seeking, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their personal needs. (Shiffman et al., 2001).

Solomon, Bamossy & Hogg (2010) defines "consumer behavior as the study of the processes involved when individual or groups select, purchase, use or dispose products, services, ideas or experiences to satisfy need and desires". (Roger D. Blackwell et al.) state that consumer behavior as activities people undertake when obtaining, consuming, and disposing of products and services. Consumer behavior is

the study of how individuals make decisions to spend their available resources (money, time and effort) on products and services (Shiffman et al., 2001).

Moreover, it is the study of several influencing factors such as what, why, how, when and where does a consumer make a purchase decision (Shiffman et al., 2001). Consumer behavior is defined as the “study of buying units and the exchange processes involved in acquiring, consuming, and disposing of goods, services, experiences, and ideas” (Michael, 2000).

The above mentioned definitions of consumer behavior reveal, the exchange process, which begins with the acquisition phase, then moves to the consumption phase and ends with the disposition phase. This research aims to study the factors that influence the acquisition choice of consumers when they decide to acquire a certain product or service.

It is very vital for the businesses to understand the consumer behavior; it is a key factor that affects consumers' purchasing decision. According to Bill Mc Dermott, (SAP America, Inc) “Starting with what your customers need and want, rather than what you have to sell, is the key to sales success”. Today's businesses place greatest importance on processing and understanding consumer behavior as it provides numerous benefits. The importance of understanding the consumer is found in the definition of marketing as a human activity directed at satisfying needs and wants through human exchange process. (Michael, 2000).

To understand the consumer behavior several researchers have examined the classes of a variable that influences the consumer behavior; they focus on understanding the nature of each variable. Some of the variables that influence the consumer behavior are the stimulus variables such as advertisement, sales promotion,

products, that exist in both the individual's external and internal environment (Loudon & AJ, 1993) These variables generate sensory inputs to consumers.

Response variables are the resulting mental / physical reactions of individuals who are influenced by stimulus variables. Moreover, there are third kind of variables called intervening variables which literally intervenes between stimulus variable and response variables. These variables act to influence or magnify the effect of stimulus variables on response variables (Loudon & AJ, 1993).The scope of this research is limited to the study of consumer behavior in regard to the stimulus variables such as sales promotion. Several studies have revealed that sales promotion influences the consumer behavior. Or in other words, sales promotion influences the consumer buying decisions.

#### 2.11 Conclusion

To sum up, sales promotion techniques are intended to have a direct impact on buying behavior, which implies their short-term focus. However, every aspect of communication by a company has some sort of effect on the company's brand image, and therefore any company which has recognized the importance of thinking strategically knows that it must look beyond short-term effects.

In terms of brand building, sales promotion has traditionally been associated with a negative long term impact due to its predominantly price-orientated nature. But, as we have seen, this view has neglected the full scope of sales promotion methods.

A strategic marketing communications plan will clearly state the elements, such as the objectives, target audience and positioning, which will all help the

company decide upon the sales promotion method that is most suitable for the company and the particular campaign. A company positioning itself as cost-effective may, for instance, wish to incorporate the value-increasing methods, while a premium brand might wish to look toward more brand-building techniques. The enhanced planning in the sales promotion process, along with a closer analysis of all the sales promotion methods, will lead a company with a premium brand positioning to the more creative forms, which do not rely on product discounts.

When integrating sales promotion into the marketing communications plan, messages will reinforce each other, regardless of the medium or tool used. Tools can be interrelated, for instance, by using advertising to promote promotions or, as we have seen, by using competition to enhance public relations.

By understanding the impact each individual promotional tool has, managers will achieve synergy between the methods more easily. Therefore, the challenge for managers should not be whether to allocate funds to advertising or sales promotion, but rather to find a way to connect these methods. What we have also seen emerge from the literature is a doubt whether or not either advertising or sales promotion can influence brand image – a question that surely needs more empirical answers.

But, at least for now, we do know that companies can rarely exclude sales promotion from their campaigns due to the factors such as increased competition and pressure from retailers. They can, however, choose to use the sales promotion elements which have proven to be more effective in enhancing the company's image, and should certainly do so if they have a premium brand positioning.

Incorporating sales promotion strategically, given all its characteristics, may turn out to be quite challenging for a company, but: —Today's and tomorrow's

marketing managers really do not have the choice whether or not to use sales promotion but only whether to use these valuable tools poorly or skillfully.

## 2.12 Conceptual Framework

The figure below shows the relationship between dependent and independent variables of this research. It shows that consumer's purchasing decision is a dependent variable as it depends upon the various sales promotion frameworks. On the other hand price based promotion such as coupons; price discount and non-price based promotion framework such as free samples, point of sale display and premium are independent variables.

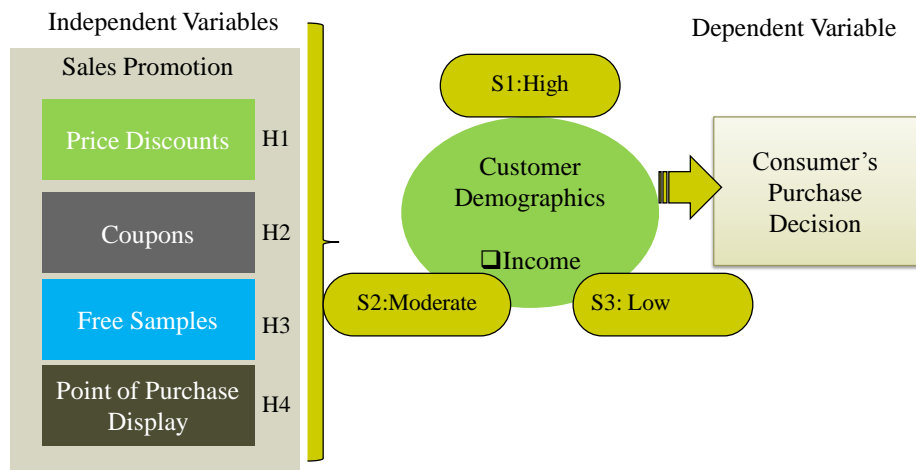


Figure 2.4: Conceptual Framework

CHAPTER 3  
RESEARCH METHODOLOGY

This chapter provides information regarding the research design and the research methodology. The purpose of a research method is to discover valid answers through the application of a research method.

3.1 Research Process

The research process begins with formulating a research problem or the problem statement. Then the researcher conceptualizes a research design that can address or solve the outlined problem. Next the researcher develops a research instrument or a research tool to generate data to study about their behavior or characteristics. And the researcher determines the sample groups; the researcher chooses to study about. The researcher collects and analyses data from those sample groups and reports the findings. The figure below can provide a clear picture of a research process.

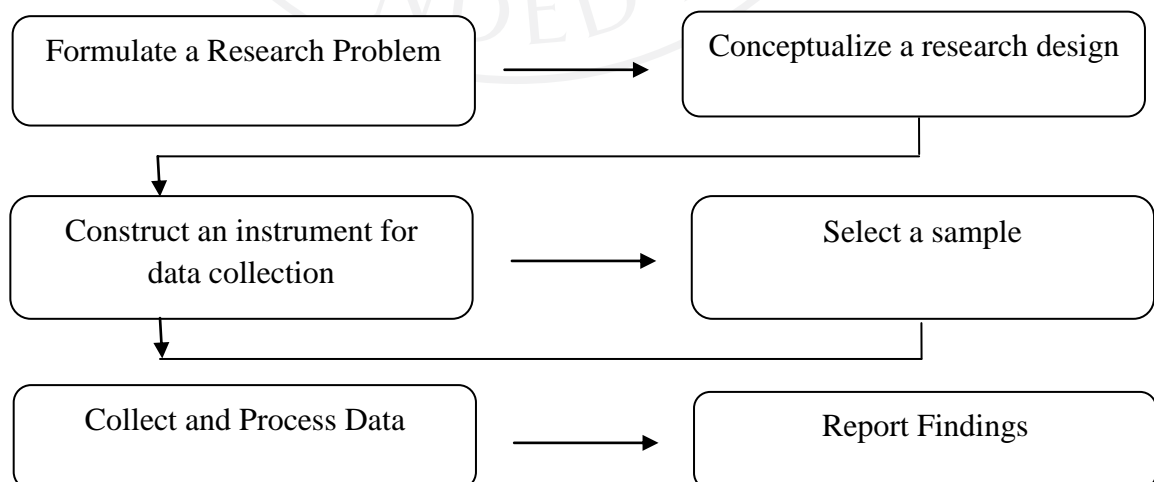


Figure 3.1: The Research Process

### 3.2 Research Method

“Each research method has its strengths and weaknesses, and certain concepts are more appropriately studied through some methods than through others”(Babbie, 2010). One can never empirically or logically determine the superiority of any approach (Arbnor & Bjerke, 1997). This is because each approach depends on the situation to be studied. Therefore, “the decision between a qualitative and quantitative methodology should be driven more by the research interest and features of the field and issue of the study than by prior methodological preferences” (Flick, 2009).

The quantitative and qualitative methodologies offer a basic framework to gather and interpret data. In social science, there are ongoing debates regarding the relative merit and demerit of each approach. Therefore, in the present case, the researcher studies the pros and cons of both methodologies before determining which method is the best for this research.

“Quantitative research is empirical research where the data are in the form of numbers. Qualitative research on the other hand is empirical research where the data are not in numerical form” (Punch, 2005). Quantitative research aims at testing an assumption that has been formulated in advance in the form of hypothesis (Flick, 2009). It tends to involve relatively large scale and representative sets of data.

Qualitative research on the other hand is concerned with exploring information and focusing on details as much as possible. The researcher focuses on the “depth” of an issue rather than the “breadth” of the issue. In this research, the researcher attempts to study the relationship between the variables or to identify the cause and effect relationship of a special event or activity. The cause is defined as an “independent” variable and the consequence or the effect is defined as the “dependent” variable

(Flick, 2009). Moreover, the researcher aims to understand and draw a conclusion regarding when and why the behavior occurs.

The researcher seeks to understand the cause of each behavior. The researcher pays a great deal of attention to eliminate the possibility of the alternative explanations by predetermining the possible dependent and independent variables. “An alternative explanation is the idea that it is possible some other, uncontrolled, variable may be responsible for the observed relationship” (Jackson, 2008).

Therefore, the researcher determines that the most appropriate method for this research is a mixed methodology. This is because the quantitative approach will allow the researcher to establish the strong relationship between variables but the qualitative research will allow the researcher to explore the reasons for those relationships.

“Mixed methodology is a research approach with philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many phases in the research process.

As a method, it focuses on collecting, analyzing, and mixing both quantitative and qualitative data in a single study. The central premise of this approach is that the use of quantitative and qualitative approaches in combination provides a better understanding of the research problem rather than the use of either single approach” (Creswell, 2003). This research involves both collecting and analyzing quantitative and qualitative data. Quantitative data includes closed-ended information such as that found on attitude, behavior, or performance instruments. The collection of this kind of data is used to analyze the behavior of the subject of the study. The analysis consists



of statistically analyzing scores collected on research instrument. Such statistical scores are interpreted to analyze research questions and to test hypothesis.

In contrast, qualitative data collected in this research consists of open-ended information that the researcher gathers through interviews with participants. The general, open ended questions asked during these interviews allow the participants to supply answers in their own words. This allows the researcher to delve deeper into the research problem and gain insider perspective on the behavior of the participants. Moreover, it allows the researcher to make a comparison of the findings obtained from one approach to the findings obtained from the other approach.

### 3.3 Qualitative Sampling and Sample size

Sampling in qualitative research are usually participants who have a direct exposure to the experience of the phenomenon in question. Such respondents tend to ensure the data richness and often represent the meaningful or purposive sampling. (Fossey, Harvey , McDermott, 2002).

In this research the participants are the customers who visit Baskin Robbins ice cream shops in Thailand. As the participants have direct exposure to the brand and its product the researcher through the in depth interview data collecting instrument will be able to receive meaningful and purposive information through the participants. In addition researcher can also select samples based on the result of themes that emerge from the data analysis. This will also allow researcher to explore these themes in more depth and or deeply a theory from these data (Fossey et al., 2002).

The number of samples in qualitative method are often small (Fossey et al., 2002) as researchers is not trying to generalize the findings but rather accumulate data

that can offer significant depth of information to explain about the phenomenon. As such 10 participants have been used as samples for the qualitative interview in this research.

Marshall (1996) explains three approaches while selecting a sample for a qualitative study. These approaches are (i) Convenience sample; which is the least rigorous technique and often involves selecting most accessible subjects (ii) Judgment sample; where researcher selects the most productive sample. This approach involves developing a framework of variables that influence an individual's contribution and is based on the researcher's knowledge of the research area. (iii) Theoretical sample which is the iterative process of qualitative study that is theory driven and necessitates building interpretative theories that are generated from emerging data which results in selecting a new sample to examine and elaborate emerged theory. A combination of convenience and judgmental sampling technique has been used in this research to collect the participants for the qualitative interview in this research.

Researcher in this research has used open ended questions to collect the qualitative data. The first stage of collecting the qualitative data will involve using the key informant interviews. As the research is based on case study of Baskin Robbins ice cream franchise in Thailand a sample of 10 individual who are regular customer of Baskin Robbins ice cream franchise will be chosen. The access to these 10 individuals will be provided by the Baskin Robbins ice cream franchise to support the findings of this research.

As the total population of key informants is small, it is necessary for researcher to follow convenience sample but this will also include a judgment

approach as efforts will be made to ensure that the target population comes from a range of customers who are accustomed to Baskin Robbins ice cream and their promotion offers. In addition the interview at the store level will help respondents develop, better understanding of the research questions and will allow them to provide information in coherent manner. The aim of the interview will be to understand the interactive interpretation and feedback of respondents in relation to the research question. All the interviews will be recorded in a tape after taking permission from the respondents and also important notes will be taken in a diary for each of the respondents.

#### 3.4 Qualitative Data Analysis

In qualitative research the process by which data analysis is undertaken is fundamental to determining the credibility of the findings. They state that transformation of raw data into a final description, narrative, or themes and categories are important when analyzing qualitative data. Therefore second stage will involve analyzing the data and answers received from the in-depth interviews from customers of Baskin Robbins ice cream franchise. Researcher will also use judgment sample framework to understand other variables such as demographic characteristics of the respondents to generate the sound and relevant qualitative data.

#### 3.5 Quantitative Population

Population is defined as the entire collection of individual from which we may collect data. It is the entire group that we are interested in, which we wish to describe or draw conclusions about. In other words it is all the people about whom the study meant to be generalized (Jackson, 2008).

This research investigates the purchasing decision of customers in relation to the promotional activities. Baskin Robbins is used as a case study in this research to investigate such behavior. Therefore, the population of this research is defined as the customers who purchase ice cream in Baskin Robbins franchise in Thailand. The total daily customers of Baskin Robbins Thailand are 53 customers per day per store and are 15 branches of Baskin Robbins in Bangkok, Thailand. Therefore the average daily customers for the Baskin Robbins in Bangkok, Thailand are about 800 people.

### 3.6 Quantitative Sampling

In statistics sampling is defined as the process of selecting a subset of individuals from a given statistical population to estimate the characteristics of the entire population (Yates, Moore, & Starnes, 2008). There are two advantages of sampling. Firstly, the cost is lower for the data collection and secondly it is time efficient. There are several two types of sampling methods i.e. probability based sampling method and non-probability based sampling method (Babbie, 2010).

Probability sampling method is used in this research. The probability sampling method is a sampling method which involves a selection of random samples. Specific types of probability sampling method includes simple random sampling, systematic sampling, EPS etc (Babbie, 2010). Simple random sampling technique has been used in this research. It is a procedure in which respondent is chosen at random entirely by chance, such that each respondent has the probability of being chosen at any stage during the sampling process (Yates et al., 2008).

Such technique is used in order to avoid artificial bias in the response of the respondents meaning that each respondent is chosen randomly entirely by chance and

has the probability of being chosen at any stage. The population of this research is the customer of Baskin Robbins, Thailand. Therefore, the customers of Baskin Robbins are selected randomly as the sample respondents of this research.

### 3.7 Quantitative Sample Size Determination

Samples are defined as the group of people who participate in a study (Jackson, 2008). Since, the population of this research is known and the population is normally distributed, the researcher uses online sample size calculating software developed by (Raosoft Inc, 2004) to determine the sample size of this research. The sample size determination equation is given as:

$$n = \frac{N \times x}{((N - 1)E^2 + x)}$$

Where:

$N$  = Total population = 800 (Average daily customers of Baskin Robbins store in Bangkok)

$$x = z \left( \frac{c}{100} \right)^2 r(100 - r)$$

$z \left( \frac{c}{100} \right)$  = the critical value for confidence level  $c$ . This research uses standard of 95%

confidence interval therefore, critical value of  $z$  is 1.96 at 95% confidence interval

$r$  = response distribution which is fixed at 50% based on conservative assumption.

$E$  = Error level. This research uses 95% confidence interval therefore level of random error is allowed at 5%.

Now, computing:

$$x = z \left( \frac{c}{100} \right)^2 r(100 - r)$$

$$x = (1.96)^2 \times 50\%(100 - 50)\%$$

$$x = (1.96)^2 \times 0.5 \times 0.5$$

$$x = 0.96$$

As such,

$$n = \frac{N \times x}{((N - 1)E^2 + x)}$$

$$n = \frac{800 \times 0.96}{((800 - 1) \times 0.05^2 + 0.96)}$$

$$n = \frac{768}{(799) \times 0.0025 + 0.96}$$

$$n = \frac{768}{1.99 + 0.96}$$

$$n = \frac{768}{2.95}$$

$$n = 259$$

The total sample for this research is 259

### 3.8 Quantitative Research Instrument

This research uses survey questionnaire as a research instrument to collect primary data because of the geographical distribution of the population of this research. The population of this research are scattered over a wide geographical area, and questionnaire is considered as the most feasible tool to reach them in the given time period. Moreover, the researcher is faced with the constraint of limited financial

resources; therefore, the use of questionnaire is comparatively convenient and inexpensive in contrast to other tools.

The survey questionnaire comprises of 36 predetermined questions. The survey is divided into 3 parts. The first part consists of general questions such as personal background, demographics, income level, etc. of the respondents whereas the second part consists of the research – specific questions. The researcher uses closed – ended questions in the survey, meaning that the possible answer choices are set out in the questionnaire and the respondents select the answer choices that best accommodates their response.

### 3.9 Quantitative Data Coding

The researcher uses Likert scale to rate the various aspects of the interaction of the respondents. The scale has five directions: strongly positive, positive, neutral, negative and strongly negative. The strongly positive response is rates as 5 while the strongly negative response are rated as 1.

### 3.10 Quantitative Data Analysis

The researcher conducts a correlation test to determine the relationship between each variable for each hypothesis. The magnitude or the strength of the relationship is determined by the correlation coefficient describing relationship. Correlation coefficient is a measure of the degree of relationship between two variables; it can vary between -1.00 and +1.00. The stronger the relationship between the variables, the closer the coefficient is to either -1.00 or +1.00. The weaker the relationship between the variables, the closer the coefficient is to 0.

### 3.11 Hypothesis Description

$H_A$ : Sales promotion affects consumer purchase decision.

$H_0$ : Sales promotion does not affect the consumer purchase decision.

The alternative hypothesis states that sales promotion affects consumer purchase decision. And the null hypothesis opposes that sales promotion does not affect the consumer purchase decision. The motive of the researcher to reject the null hypothesis by proving that there is a correlation between sales promotion and consumer purchase decision.

$H_A$ : Price discount has impact on consumer purchase decision

$H_0$ : Price discount has no impact on consumer purchase decision.

The alternative hypothesis states that price based promotional tool such as price discount has impact on consumer purchasing decision. However, the null hypothesis states that there is no impact of price discount on consumer's purchase decision. The motive of the researcher to reject the null hypothesis by proving that there is a relationship between price discount and consumer purchase decision.

$H_A$ : Coupon has significant impact on consumer purchase decision.

$H_0$ : Coupon has no impact on consumer purchase decision.

The alternative hypothesis states that price based promotional tool such as coupon has an impact on consumer's purchasing decision. However, the null hypothesis states that such promotion tool has no impact on the consumer's purchase decision. The motive of the researcher to reject the null hypothesis by proving that there is a relationship between coupon and consumer purchase decision.

$H_A$ : Sampling has impact on consumer purchase decision.



$H_0$ : Sampling has no impact on consumer purchase decision.

The alternative hypothesis states that non-price based promotional tool such as free sampling has an impact on consumer's purchasing decision. However, the null hypothesis states that such promotional tool has no impact on the consumer's purchase decision. The motive of the researcher to reject the null hypothesis by proving that there is a relationship between free sampling and consumer purchase decision.

$H_A$ : Point of sale advertising has impact on consumer purchase decision.

$H_0$ : Point of sale advertising has no impact on consumer purchase decision.

The alternative hypothesis states that non-price based promotional tool such as point of sale advertising has an impact on consumer's purchasing decision. However, null hypothesis states that such promotional tool has no impact on the consumer's purchase decision. The motive of the researcher to reject the null hypothesis by proving that there is a relationship between point of sale advertising and consumer purchase decision.

CHAPTER 4  
DATA ANALYSIS

The researcher uses different techniques to analyze the data as follows:

1. The researcher uses descriptive statistics (frequency and percentage) to describe and analyze the demographics of the research
2. Secondly, the researcher uses descriptive statistics (mean and standard deviation) to describe the opinion of the respondents on different variables.
3. Next, the researcher uses Pearson's correlation to determine whether there is a relationship between the dependent and independent variables.
4. Finally, the researcher conducts t - test to test each hypothesis.

#### 4.1 Demographic Data

1. Age

Table 4.1: Age of Respondents

Age	Frequency	Percentage
15 – 19 years	29	11.1%
20 – 29 years	182	69.7%
30 – 39 years	27	10.3%
40 – 49 years	17	6.5%
50 – 59 years	5	1.9%
60 years and above	1	0.4%
Total	261	100%

Table 4.1 illustrates the frequency and percentage distribution of age of the respondents of this research. The age group is categorized into 6 groups in this research. The largest group of respondents falls into the age group of 20 – 29 years. It represents 69.7% of the total sample of this research. Secondly, the respondents aged 15 -19 years represent 11.1% of the total sample. Next, respondents aged 30 – 39 years represent 10.3% of the total sample. Finally, respondents aged 40 – 49 years represent 6.5%, 50 – 59 years represent 1.9% and respondents aged 60 years and above represent only 0.4% of the total sample.

## 2. Gender

Table 4.2: Gender of Respondents

Gender	Frequency	Percentage
Male	94	36%
Female	167	64%
Total	261	100%

Table 4.2 illustrates the frequency and percentage distribution of gender of the respondents of this research. Out of 261 respondents surveyed in this research, 64% were female respondents and 36% were male respondents.

### 3. Social Economic Status (SES)

Table 4.3: Social Economic Status (SES) of Respondents

Social Economic Status (SES)	Frequency	Percentage
Upper	10	3.8%
Middle	233	89.3%
Lower	18	6.9%
Total	261	100%

Table 4.3 illustrates the frequency and percentage distribution of the social economic status of the respondents of this research. Out of 261 respondents surveyed in this research, 89.3% of the respondents belong to the middle status level, 6.9% of the respondents belong to lower status level and 3.8% of the respondents belong to upper status level.

### 4. Income Level

Table 4.4: Income Level of Respondents

Income	Frequency	Percentage
No Income	52	20%
Less than 10,000 baht	30	11%
10,000 - 20,000 baht	100	38%
20,001 - 30,000 Baht	37	14%

(Continued)

Table 4.4 (Continued): Income Level of Respondents

30,001- 40000 Baht	14	5%
40,001 - 50000 Baht	17	7%
Above 50,000 Baht	11	4%
Total	261	100%

Table 4.4 illustrates that the largest groups of respondents have the income level of 10,000 – 20,000 baht. It represents 38% of the total sample of this research. Secondly, the respondents with no income represent 20% of the total sample. Thirdly, respondents with a monthly income of 20,001 – 30,000 baht represent 14% of the total sample. Next, respondents with monthly income lower than 10,000 baht represent 11%, respondents with 40,001 – 50,000 baht represent 7%, respondents with 30,001 – 40,000 baht represent 5% and respondents with a monthly income above 50,000 baht represent 4% of the total sample respectively.

## 5. Education Level

Table 4.5: Education Level of Respondents

Education Level	Frequency	Percentage
No Formal Education	1	0.4%
High School Degree	35	13.4%
Diploma Certificate	43	16.5%
Bachelor's or Higher Degree	182	69.7%
Total	261	100.0%

Table 4.5 illustrates the frequency and percentage distribution of the education level of the respondents of this research. The education levels of the respondents are categorized into 4 groups namely, no formal education, high school degree, diploma certificate, and Bachelors', and higher degree. 69.7% of the respondents of this research hold a bachelors' or higher degree, 16.5% hold diploma certificate, 13.4% hold a high school degree, and 0.4% do not have any formal education.

#### 6. Occupation Level

Table 4.6: Occupation Level of Respondents

Occupation	Frequency	Percentage
Professional Management Business Executives (PMBES)	13	5%
White Collar	84	32%
Blue Collar	11	4%
Housewife	5	2%
Unemployed/Retired	0	0%
Student	148	57%
Total	261	100%

Table 4.6 illustrates the frequency and percentage distribution of occupation of the respondents of this research. The occupation of the respondents is categorized into 6 groups in this research. The largest group of respondents falls into the category of students. It represents 57% of the total sample of this research. Secondly, white collar professionals represent 32% of the respondents. Next, 5% of the respondents fall into the category of professional management business executives (PMBES).

Finally, 4% of the respondents represent blue collar professionals, and 2% of the respondents represent housewives.

### 7. Preferred Ice-cream Brand

Table 4.7: Preferred Ice-cream Brands of Respondents

Preferred Ice-cream Brand	Frequency	Percentage
Baskin Robbins	40	15%
Swensens	147	56%
Haagen Dazs	28	11%
Cold stone Creamery	9	3%
Others (Please Specify)	37	14%
Total	261	100%

Table 4.7 illustrates the frequency and percentage distribution of the most preferred ice cream brand of the respondents of this research. The majority of the respondents of this research prefer Swensens. It represents 56% of the respondents. Similarly, 14% of the respondents prefer other ice cream brands. Other ice cream brands included brands like Dairy Queen, Wall's, Nestle, etc. Next, 15% of the respondents prefer Baskin Robbins, 11% of the respondents prefer Haagen Dazs, and finally 3% prefer Cold stone Creamery.

### 8. Regularity of Eating Ice-cream

Table 4.8: Regularity of Eating Ice-cream of Respondents

Regularity of eating ice-cream	Frequency	Percentage
Everyday	4	2%
Once a week	90	34%
2-3 times a week	48	18%
Once a month	119	46%
Total	261	100%

Table 4.8 above shows that majority of the respondents eat ice cream once a month. It represents 46% of the respondents of this research. Secondly, 34% of the respondents eat ice cream once a month. Next, 18% of the respondents eat ice cream 2 – 3 times a week, and 2% of the respondents eat every day.

#### 9. Preference to Eat Ice-cream with

Table 4.9: Who do the Respondents prefer to eat Ice – cream with?

Preference to eat ice-cream with	Frequency	Percentage
Alone	34	13%
Friends	165	63%
Family	52	20%
Others	10	4%
Total	261	100%



Table 4.9 illustrates the frequency and percentages distributions of with whom do respondents prefer to eat ice cream with. This category has been divided into 4 groups namely, alone, friends, family, and others. 63% of the respondents of this research prefer to eat ice cream with their friends. 20% of the respondents prefer to eat ice cream with their family. Next, 13% of the respondents prefer to eat ice cream alone, by themselves and 4% of the respondents prefer to eat it with others.

#### 10. How do you prefer to eat Ice – cream

Table 4.10: How do Respondents prefer to eat Ice-cream?

How do you prefer to eat ice-cream	Frequency	Percentage
Dine In (At store)	206	79%
Grab and Go	55	21%
Total	261	100%

Table 4.10 illustrates the frequency and percentage distribution of how do respondents prefer to eat ice cream. This category has been classified into 2 groups namely, dine in (at store) and grab and go. 79% of the respondents of this research prefer to eat their ice creams in store or dine in while 21% of the respondents prefer to grab and go.

#### 11. Where do you usually purchase Ice cream

Table 4.11: Where do Respondents usually purchase Ice-cream?

Where do you usually buy ice-cream	Frequency	Percentage
Mass Shopping Malls	191	73%
Premium Shopping Malls	18	7%
Supermarkets	14	5%
Convenience Stores	30	11%
Food Courts	0	0%
Others (specify)	8	3%
Total	261	100%

Table 4.11 illustrates that the majority of the respondents prefer to buy ice cream from mass shopping malls. It represents 73% of the total sample of this research. 11% of the respondents prefer to buy ice cream from convenience stores. Similarly, 7% of the respondents prefer to buy ice cream from premium shopping malls. Finally, 5% of the respondents prefer to buy ice cream from supermarkets and 3% prefer to buy ice cream from other locations.

## 12. Criteria that determines the choice of ice-cream brand

Table 4.12: Criteria that determines Respondents choice of the Ice-cream Brand

Criteria to determine your choice of ice-cream	Frequency	Percentage
Brand name	47	18%
Product Quality	120	46%

(Continued)

Table 4.12 (Continued): Criteria that determine Respondents choice of the Ice-cream

Brand		
Product Variety	32	12%
Store Ambiance	9	3%
Price	30	11%
Purchasing Convenience	23	9%
Total	261	100%

Table 4.12 represents the frequency and percentage distribution of the criteria that determines respondent's choice of the ice cream brand. 46% of the respondents select the ice cream based on product quality. 18% of the respondents select the ice cream based on brand name. 12% select the ice cream brand based on product variety offered. 11% of the respondents select the ice cream based on the price offered by the brand. 9% of the respondents select the ice cream brand based on purchase convenience. And only 3% of the respondents select the ice cream brand based on the store ambience.

#### 4.2 Descriptive Analysis of the Level of Agreement of the Respondent's Perception towards Different Variables of the Research

The researcher uses itemized rating scale to construct a range. This range will be used to measure the perception level of the respondents towards each variable. The researcher uses the following formula to construct the range.

$$\text{Itemized rating scale: } \frac{\text{Max} - \text{Min}}{n_i}$$

$$= \frac{5-1}{5}$$

$$= 0.80$$

The mean of each individual item ranging from 1- 5 falls within the following interval:

Interval of Means	Perception
1.00 – 1.80	Strongly Disagree
1.81 – 2.60	Disagree
2.61 – 3.40	Neutral
3.41 – 4.20	Agree
4.21 – 5.00	Strongly Agree

Table 4.13: Analysis of Respondent's Perception towards the Relationship between Sales Promotion and Purchase Decision

Q.	Sales Promotion and Purchase Decision	Mean	SD	Perception
13	My purchase decision is based on sales promotion offered by the brand.	3.74	0.75	Agree

Table 4.13 shows the analysis of the respondent's perception towards the relationship between sales promotion and purchase decision. Most respondents agree that their purchase decision is based on the sales promotion offered by the brand with mean score of 3.74. This data shows that majority of respondents take sales promotion into consideration while making their purchase decision offered by the respective brand.

Table 4.14: Analysis of Respondent's Perception towards the Relationship between  
Price and Purchase Decision

Q.	Price and Purchase Decision	Mean	SD	Perception
14	I make price comparisons when I go to eat ice cream	3.69	0.83	Agree
15	I only make my purchase if there is price discount on the product	3.64	1.00	Agree
16	I tend to buy more than usual when offered price discounts	3.69	0.91	Agree
17	I am willing to switch brands if price discount is offered by the competing brands	3.44	0.90	Agree
18	Price discounts influences me to make unplanned purchase.	3.54	0.97	Agree
19	I am willing to pile up stock of ice cream when there is a price discount	2.81	1.01	Neutral

Table 4.14 shows the respondents perception towards the relationship between price and purchase decision while buying an ice cream. It shows that most respondents agree on making price comparison while they go to eat an ice cream, with mean score of 3.96. Similarly, respondents agree that, they usually make purchase decision if there is a price discount on the product with mean score of 3.64. Furthermore, respondents agree that, they tend to purchase more than usual when offered price discount with mean score of 3.69. In addition, respondents also agree

that they will switch to competing brands provided that if the competing brands offer price discount with mean score of 3.44. Moreover, respondents are willing to make unplanned purchase of ice cream when the price discount is on offer with mean score of 3.54. However, in regarding the willingness to pile of up the stock of ice cream, respondents have neutral attitude with the mean score of 2.81.

Table 4.15: Analysis of Respondent's Perception towards the Relationship between Coupon and Purchase Decision

Q.	Coupons and Purchase Decision	Mean	SD	Perception
20	Coupons encourages you to try new products far more easily	3.57	0.92	Agree
21	I tend to make a purchase more often when the value of the coupon is higher.	3.57	0.81	Agree
22	I tend to make instant purchase decision when coupons are distributed at point of sale	3.37	0.81	Neutral
23	I tend to make purchase more often if I have the coupon offering a promotion.	3.52	0.86	Agree
24	I often spend more if I can receive a bounce back coupons.	3.52	0.91	Agree
25	I usually keep coupon safe to use for my future purchase.	3.51	0.92	Agree

According to the data illustrated above, respondents agree that they are encouraged to try new products when they are offered coupons with mean score of

3.57. Respondents also agree that they intend to make a purchase more often when the value of the coupon is higher with mean score of 3.57. However, respondents have neutral attitude towards making instant purchase decision, when coupons are distributed at the point of sale with mean score of 3.37. Respondents, on the other hand agree that they tend to make purchase more often if they have the coupon offering with a promotion with mean score of 3.52. Similarly respondents agree that they spend more often if they receive bounce back coupon and usually keeps the coupon safe to use for their future purchase both receiving mean score of 3.52 and 3.51 respectively.

Table 4.16: Analysis of Respondent's Perception towards the Relationship between Free Samples and Purchase Decision

Q.	Free Samples and Purchase Decision	Mean	SD	Perception
26	Free samples influences me to try new product	3.93	0.78	Agree
27	Free samples influences me to make unplanned purchase	3.74	0.77	Agree
28	When offered free samples it influences to me to make purchase decision instantly	3.79	0.78	Agree
29	I am more willing to buy a new product only free sample is offered	3.20	0.95	Neutral

According to the illustrated data regarding the perception of respondents towards the free samples and their purchase decision, respondents agree that free

samples influences them to try new products and influences them to make unplanned purchase with mean score of 3.93 and 3.74. Respondents also agree that when the free samples are offered it influences them to make purchase decision instantly with mean score of 3.79. However, respondents have a neutral attitude when asked if they are willing to buy a new product only if free sample of the product is offered with mean score of 3.20. To sum up from the data collected above it shows that coupons influence respondents to make their purchase decision.

Table 4.17: Analysis of Respondent's Perception towards the Relationship between Premium and Purchase Decision

Q.	Premium and Purchase Decision	Mean	SD	Perception
30	I am more likely to make purchase if I know that I will win a free gift	3.28	0.91	Neutral
31	I am willing to spend more on purchase of a product to get a premium	3.60	0.93	Agree
32	If a premium promotion required buying more than one product I still like to participate in the promotion	3.36	0.80	Neutral

The data illustrated in table 4.17 shows that respondents have neutral attitude about likeliness to purchase the product provided that they will win a free gift with mean score of 3.28. They also have neutral attitude about participating in the premium promotion that required buying more than one product with mean score of



3.36. Respondents agree and are willing to spend more on purchase of a product to get a premium with mean score of 3.60.

Table 4.18: Analysis of Respondent's Perception towards the Relationship between Point of Purchase Display and Purchase Decision

Q.	Point of Purchase Display and Purchase Decision	Mean	SD	Perception
33	Displays and Promotional offers informed in the store attracts you	3.74	0.76	Agree
34	Attractive and clear point of display influences my purchasing decision	3.94	0.79	Agree
35	Standee at the front of store displaying the promotion affects what I buy	3.92	0.76	Agree
36	I often purchase products displayed in the store.	3.80	0.78	Agree

Most respondents agree that the point of purchase has a big influence on their purchasing decision. Respondents agree that displays and promotional offers informed in the store attract them and influence their purchase decision with mean score of 3.74 and 3.94 respectively. In addition, respondents agree that standees about promotion displayed at the front of the store affects what they buy and they often purchase the products that are displayed in the store displays with mean score of 3.92 and 3.80 respectively.

### 4.3 Cross Tabulation between Demographics and Brand Preference

Table 4.19: Age and Preferred Brand Cross Tabulation

Age * Preferred Brand Cross tabulation								
Count								
		Preferred Brand						Total
		Baskin Robbins	Swensens	Haagen Dazs	Cold stone	Others	6	
Age	15 - 19 years	6	15	1	1	6	0	29
	20 - 29 years	24	105	23	7	22	1	182
	30 - 39 years	8	11	2	1	5	0	27
	40 - 49 years	1	13	1	0	2	0	17
	50 - 59 years	1	3	1	0	0	0	5
	60 years and above	0	0	0	0	1	0	1
Total		40	147	28	9	36	1	261

Table 4.19 summarizes the result of different ice cream brand preferred by the respondents based on their age groups using cross tabulation technique between age and ice cream brands. Results show that 52% of the respondents aging 15 – 19 years prefer Swensens followed by 21% preferring Baskin Robbins. Remaining 27% prefer other brands such as Cold stone, Nestle, Dairy Queen, Walls etc. Similarly, 58% of the respondents aging 20 – 29 years prefer Swensens, followed by Baskin Robbins and Haagen Dazs at 13% each and remaining 16% prefer other ice cream brands. Next, 40% of the respondents aging 30 – 39 years prefer Swensens, followed by Baskin Robbins at 30%. Remaining 30% of the respondents prefer other ice cream brands. Finally, 76% of the respondents aging 40 – 49 years and 60% of the respondents aging 50 – 59 years prefer Swensens. It can be concluded that Swensens

is the most popular or preferred brand among all age groups followed by Baskin Robbins and Haagen Dazs.

Table 4.20: Income and Preferred Brand Cross Tabulation

Income * Preferred Brand Cross tabulation								
Count								
		Preferred Brand						Total
		Baskin Robbins	Swensens	HaagenDazs	Cold stone	Others	6	
Income	No income	5	30	1	3	13	0	52
	Less than 10,000 baht	5	16	3	0	6	0	30
	10,000 - 20,000 baht	10	67	11	4	8	0	100
	20,001 - 30,000 baht	7	17	7	2	4	0	37
	30,001 - 40,0000 baht	8	5	0	0	0	1	14
	40,001 - 50,000 baht	3	8	3	0	3	0	17
	Above 50,000 baht	2	4	3	0	2	0	11
Total		40	147	28	9	36	1	261

Table 4.20 summarizes the result of different ice cream brand preferred by the respondents based on their income level using cross tabulation technique between income and ice cream brands. Results show that 58% of the respondents falling under no income group prefer Swensens followed by 25% preferring other ice cream brands such as Nestle, Dairy Queen, and Walls etc. While 10% of the respondents in this group prefer Baskin Robbins ice cream. Similarly, 67% of the respondents with an income level of ten thousand to twenty thousand baht prefer Swensens, 11% of them prefer Haagen Dazs, 10% of them prefer Baskin Robbins, 8% of them prefer Cold stone creamery and 4% of them prefer other brands. Next, 46% of the respondents

falling under the income level of twenty thousand and one baht to thirty thousand baht prefer Swensens, followed by Baskin Robbins and Haagen Dazs at 19% each. Remaining 16% of the respondents under this income level prefer other ice cream brands. Moreover, 57% of the respondents falling under the income group of thirty thousand and one baht to forty thousand baht prefer Baskin Robbins, followed by Swensens at 36% and 7% preferred other ice cream brands. Finally, 47% of the respondents with an income level of forty thousand and one baht to fifty thousand baht preferred Swensens and 36% of the respondents with an income level higher than fifty thousand baht preferred Swensens as well. It can be concluded that Swensens was amongst the most preferred ice cream brand at all income levels. But with the rise in the income level we can observe that people changed their preference towards premium ice cream brands like Baskin Robbins, and Haagen Dazs.

Table 4.21: Social Economic Status and Preferred Brand Cross Tabulation

Social Economic Status * Preferred Brand Cross tabulation							
Count							
		Preferred Brand					Total
		Baskin Robbins	Swensens	HaagenDazs	Cold stone	Others	
SES	Upper	4	2	2	2	0	10
	Middle	31	140	24	5	33	233
	Lower	5	5	2	2	4	18
Total		40	147	28	9	37	261

Table 4.21 summarizes the result of different ice cream brand preferred by the respondents based on their social economic status using cross tabulation technique between social economic status and ice cream brands. Results show that 40% of the respondents belonging to upper class status prefer Baskin Robbins ice cream, 20% of

the respondents of the same group prefer Swensens, Haagen Dazs, and Cold stone creamery each. Similarly, 13% of the respondents belonging to middle class status prefer Baskin Robbins, 60% of the respondents of the same group prefer Swensens, 10% prefer Haagen Dazs and 17% prefer other ice cream brands including Cold stone creamery. Finally, 27% of the respondents belonging to lower class status prefer Swensens and Baskin Robbins each, 11% of the respondents in this group prefer Haagen Dazs and Cold stone creamery each, and 22% prefer other ice cream brands. It can be concluded that majority of the respondents belonging to upper class status prefer premium ice cream brand like Baskin Robbins while the majority of the middle class and lower class status prefer Swensens.

#### 4.4 Hypothesis Tests

The hypotheses tests of this research are conducted within the following two grounds:

1. Use Pearson's correlation test to test the relationship between the independent (X) and dependent (Y) variable of the research.
2. Conduct t – test to test the significance of the relationship. This research uses a standard of 95% confidence interval to test all the hypotheses.

Hypothesis 1 Sales promotion affects consumer purchase decision.

$H_A$ : Sales promotion affects consumer purchase decision.

$H_0$ : Sales promotion does not affect the consumer purchase decision.

Table 4.22: Correlation between Sales Promotion and Purchase Decision

Correlations			
		Sales Promotion	Purchase Decision
Sales Promotion	Pearson Correlation	1	.578**
	Sig. (2-tailed)		.000
	N	261	261
Purchase Decision	Pearson Correlation	.578**	1
	Sig. (2-tailed)	.000	
	N	261	261

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Step 1: From the table above it can be summarized that there is a positive relationship between sales promotion (X) and purchase decision (Y). The strength of the relationship is determined by Pearson's correlation as  $r = 0.578$

Step 2: The researcher further conducts the test of the significance of the correlation using the t – test. This research uses a standard of 95% confidence interval; therefore, the significance level is defined as 0.95. In order for the claimed relationship to be significant,  $t_{obs} > t_{0.95}$  The test statistic is given as:

$$\begin{aligned}
 t_r &= \frac{r\sqrt{n-2}}{\sqrt{1-r^2}} \\
 &= \frac{0.578\sqrt{261-2}}{\sqrt{1-0.578^2}} \\
 &= 11.39
 \end{aligned}$$

From the above calculation,  $t_{obs} = 11.39 > t_{0.95, df=259} = 1.65$  ( $n = 261$ ), therefore, the researcher concludes that the claimed relationship between sales promotion and purchase decision is statistically significant at 95% confidence interval.

Hypothesis 2: Price discount has impact on consumer purchase decision

$H_A$ : Price discount has impact on consumer purchase decision

$H_0$ : Price discount has no impact on consumer purchase decision

Table 4.23: Correlation between Price Discount and Purchase Decision

Correlations			
		Price Discount	Purchase Decision
Price Discount	Pearson Correlation	1	.588**
	Sig. (2-tailed)		.000
	N	261	261
Purchase Decision	Pearson Correlation	.588**	1
	Sig. (2-tailed)	.000	
	N	261	261

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Step 1: From the table above it can be summarized that there is a positive relationship between price discount (X) and purchase decision (Y). The strength of the relationship is determined by Pearson's correlation as  $r = 0.588$

Step 2: The researcher further conducts the test of the significance of the correlation using the t – test. This research uses a standard of 95% confidence interval; therefore, the significance level is defined as 0.95. In order for the claimed relationship to be significant,  $t_{obs} > t_{0.95}$  The test statistic is given as:

$$\begin{aligned}
 t_r &= \frac{r\sqrt{n-2}}{\sqrt{1-r^2}} \\
 &= \frac{0.588\sqrt{261-2}}{\sqrt{1-0.588^2}} \\
 &= 11.69
 \end{aligned}$$

From the above calculation,  $t_{obs} = 11.69 > t_{0.95, df=259} = 1.65$  ( $n = 261$ ), therefore, the researcher concludes that the claimed relationship between price discount and purchase decision is statistically significant at 95% confidence interval.

Hypothesis 3: Coupon has impact on consumer purchase decision.

$H_A$ : Coupon has significant impact on consumer purchase decision.

$H_0$ : Coupon has no impact on consumer purchase decision.

Table 4.24: Correlation between Coupon and Purchase Decision

Correlations			
		Coupon	Purchase Decision
Coupon	Pearson Correlation	1	.614**
	Sig. (2-tailed)		.000
	N	261	261
Purchase Decision	Pearson Correlation	.614**	1
	Sig. (2-tailed)	.000	
	N	261	261

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Step 1: From the table above it can be summarized that there is a positive relationship between coupon (X) and purchase decision (Y). The strength of the relationship is determined by Pearson's correlation as  $r = 0.614$

Step 2: The researcher further conducts the test of the significance of the correlation using the t – test. This research uses a standard of 95% confidence interval; therefore, the significance level is defined as 0.95. In order for the claimed relationship to be significant,  $t_{obs} > t_{0.95}$  The test statistic is given as:

$$t_r = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$



$$= \frac{0.614\sqrt{261-2}}{\sqrt{1-0.614^2}}$$

$$= 12.51$$

From the above calculation,  $t_{obs} = 12.51 > t_{0.95, df=259} = 1.65$  ( $n = 261$ ), therefore, the researcher concludes that the claimed relationship between coupon and purchase decision is statistically significant at 95% confidence interval.

Hypothesis 4: Sampling has impact on consumer purchase decision.

$H_A$ : Sampling has impact on consumer purchase decision.

$H_0$ : Sampling has no impact on consumer purchase decision.

Table 4.25: Correlation between Sampling and Purchase Decision

Correlations			
		Free Sample	Purchase Decision
Free Sample	Pearson Correlation	1	.590**
	Sig. (2-tailed)		.000
	N	261	261
Purchase Decision	Pearson Correlation	.590**	1
	Sig. (2-tailed)	.000	
	N	261	261

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Step 1: From the table above it can be summarized that there is a positive relationship between free sample (X) and purchase decision (Y). The strength of the relationship is determined by Pearson's correlation as  $r = 0.590$

Step 2: The researcher further conducts the test of the significance of the correlation using the t – test. This research uses a standard of 95% confidence

interval; therefore, the significance level is defined as 0.95. In order for the claimed relationship to be significant,  $t_{obs} > t_{0.95}$  The test statistic is given as:

$$t_r = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$

$$= \frac{0.590\sqrt{261-2}}{\sqrt{1-0.590^2}}$$

$$= 11.76$$

From the above calculation,  $t_{obs} = 11.76 > t_{0.95, df=259} = 1.65$  ( $n = 261$ ), therefore, the researcher concludes that the claimed relationship between free sample and purchase decision is statistically significant at 95% confidence interval.

Hypothesis 5: Point of sale advertising has impact on consumer purchase decision.

$H_A$ : Point of sale advertising has impact on consumer purchase decision.

$H_0$ : Point of sale advertising has no impact on consumer purchase decision.

Table 4.26: Correlation between Point of Display and Purchase Decision

Correlations			
		Point of Display	Purchase Decision
Point of Display	Pearson Correlation	1	.576**
	Sig. (2-tailed)		.000
	N	261	261
Purchase Decision	Pearson Correlation	.576**	1
	Sig. (2-tailed)	.000	
	N	261	261

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Step 1: From the table above it can be summarized that there is a positive relationship between Point of purchase display(X) and purchase decision (Y). The strength of the relationship is determined by Pearson's correlation as  $r = 0.576$

Step 2: The researcher further conducts the test of the significance of the correlation using the t – test. This research uses a standard of 95% confidence interval; therefore, the significance level is defined as 0.95. In order for the claimed relationship to be significant,  $t_{obs} > t_{0.95}$  The test statistic is given as:

$$\begin{aligned}
 t_r &= \frac{r\sqrt{n-2}}{\sqrt{1-r^2}} \\
 &= \frac{0.576\sqrt{261-2}}{\sqrt{1-0.576^2}} \\
 &= 11.33
 \end{aligned}$$

From the above calculation,  $t_{obs} = 11.33 > t_{0.95, df=259} = 1.65$  ( $n = 261$ ), therefore, the researcher concludes that the claimed relationship between point of purchase display and purchase decision is statistically significant at 95% confidence interval.

#### 4.5 Qualitative Data Analysis

In addition to the quantitative analysis of the data, the researcher in this paper has also used qualitative data through in depth interviewing method. In depth interview lasted approximately 15 minutes to 30 minutes and included total of 12 respondents. The rationale behind conducting an in-depth interview was to avoid possible dominations among the respondents as faced during focus group method and to let each single respondent freely and deeply express his or her ideas, feelings and thoughts in details. This method particularly suits main research objectives of this

study. This is to understand the relationship between sales promotion and purchasing decision of the customers in context to ice cream brand Baskin Robbins.

Sample for in depth interview included respondents between age 18-49 years old, with 50/50 proportion of male and female. The respondents are brand users who at least consume the brand once a month and are an ice cream lover. Respondents are also a major decision maker on purchasing the brand and ice cream and are mixture of university students, entry level jobbers and young professionals and are resided in the Bangkok and Greater Bangkok area only.

#### 4.6 Personal Interview

In depth interview were conducted in forms of three modules. Module 1: Lifestyle needs and ice cream. Module 2: Consumption behavior based on sales promotion. Module 3: Consumer perception towards Baskin Robbins and competing brands.

In Module 1, questions on lifestyle and daily activities of respondents were asked. Question such as “what do you usually do during your free time on weekdays, weekends and holidays and when do you usually have ice cream ( alone, with family or group of friends)”? was presented to the respondents. In additions questions related to frequencies (when and why) and questions on why ice cream is important for their consumption were also asked to the respondents.

In Module 2, questions on consumption behavior in context to the selection criteria for buying an ice cream brand were presented. Selection criteria such as taste, flavor variety, price, reputation of brand, location, and other benefits of brands were presented to the respondents. In additions questions on how sales promotion triggers

buying decision were presented to each respondents based on the promotion instruments as discussed in the hypotheses of this paper and respondents were asked which one is the most influential one among all. Moreover, questions, whether sales promotion triggered brand switching or change in the loyalty towards brands were asked to the respondents.

Finally in module 3, perception of respondents towards Baskin Robbins ice cream brand was presented. Question such as what does Baskin Robbins signify as a brand?, How familiar are you with the brand?, How credible do you consider this brand compared to other competing brands?, Do you think this brand is fun and is luxury or premium brand?, How easy is to access this brand and their products?, What do you think Baskin Robbins offers that other brands cannot offer? , were presented to the respondents.

#### Respondent 1

“I am a dessert oriented person who prefers to have something sweet after a proper lunch and dinner. Once you know me you will call me a classic sweet – toothed person who loves to treat oneself with sugary stuffs. As such, there is no doubt that I am an ardent fan of ice cream. Eating ice cream just makes me happy. It makes everything feel like a special occasion, a celebration, or an important thing to be marked. It is no certainly an inseparable part of my lifestyle. I enjoy eating ice cream almost every day. In average I would visit an ice cream parlor about 3- 4 times a week. I do both “dine – ins” and “grab and go” depending on the situation.

I do believe that my consumption behavior is slightly inclined towards sales promotions. Though I make frequent ice cream purchase even without sales

promotions, but I must admit that I have noticed myself making unplanned purchase when ice cream parlors offer special promotions or heavy discounts on packs. I also stock sometimes if there is a heavy discount. I assume it is just a natural human behavior to respond to sales promotions.

As I mentioned earlier I am an ice cream enthusiast therefore, I love trying different ice cream varieties offered by different brands. I have tried almost all popular ice cream brands in Thailand like Swensens, Haagen Dazs, Cold stone, Dairy Queen, Baskin Robbins etc. And among all of them I love Baskin Robbins ice cream. I love one thing about Baskin Robbins, and that is the wide varieties of flavors that they offer. Though it is slightly expensive than other competing brands but the richness of flavors sets them apart from their competitors and that is the only reason it draws me towards them.”

Respondent 2

“Ice cream is very important for me. I usually have ice cream after my lunch, considering the warm and hot weather here in Thailand, I just feel that it cools down my mind and makes me feel fresh. Sales promotion really doesn't affect my consumption behavior but if there are sales promotions offered by the brand then why not take advantage of it? I'd be happy to pay less for an ice cream. I usually go for ice cream in a shopping mall with my university friends. We prefer hanging out in an ice cream parlor while enjoying our ice cream.

Baskin Robbins is a very popular brand of ice cream and I personally think they have amazing flavor variety. Some of the flavors that they offer are so unique that no other competing brands have in offer such as Mint Chocolate Chip flavor and

Jamoca Almond Fudge. We enjoy going to Baskin Robbins ice cream shops but I think they don't have that many stores; the one that we usually go to is the one in Siam Paragon mall as it is close by our university”

Respondent 3

“I don't eat ice cream that often may be once a month. Ice cream has never been that important item in my consumption but if I do go for an ice cream I'd like to go to a place where I can also order coffee at the same time. Therefore, I go to Haagen Dazs. Haagen Dazs offers great ambiance and they have good variety of beverage menu. For me, availability of product that I want to order and quality is important. If I can find what I want to drink or eat than I don't bother looking at the brand. However, quality of product is important for me.

With the current level of competition in the market we can see many brands competing and often offering different sales promotions. If I happen to visit the store on the day when they are offering something at special price then it does influence my purchase decision. I have done that on couple of occasions but that was not related to ice cream.

In context to Baskin Robbins ice cream I have tried their ice cream only few times. I know about the brand, it is very popular in many other countries but I think in Thailand it doesn't have that many outlets.

I have only seen Baskin Robbins in few locations in Bangkok. I do think that the brand offers great varieties of ice cream flavors and good quality ice cream but due to limited locations their presence cannot be felt in the market. I do hope that they open more stores in coming future.”

#### Respondent 4

“Ice cream to me relates to a sense of happiness, in a way like a treat for any number of causes i.e. you are happy you want a scoop of ice cream, if you are sad a scoop of ice cream makes you feel better, on a hot sunny day it has the particular feeling of its existence in your realm, similarly it has its special place on a cold winter day. To sum up, one does not need an event to have a ice cream; hence you pick ice cream to go with your any mood or any life style.

In my opinion sales promotion does affect my purchase decision. Sales promotion highlights the product from the retailer to your subconscious mind; so next time you are in the grocery store you get the product inspire of your need. This scenario very well applies to ice cream too. Moreover, sales promotion helps a brand to compete and stand out or more likely to be picked out amongst its competitors.

“Jamoca Almond Fudge” ice cream from Baskin Robbins is one of my favorite ice cream flavors. Since it is always on promotion; it has been around in my household for a long time. On a side note Hagen Dazs is overrated, overpriced and not as good of ice cream as Baskin Robbins.

#### Respondent 5

I am not a big fan of ice cream but I do enjoy it every once in a while as a dessert. Sales promotion do not really alter my consumption behavior personally, however if I am with a group of people this may change.

I am neutral towards ice cream brands, be it Baskin Robbins, Haagen Dazs or Cold stone etc. I am not very picky when it comes to ice cream. If I have a desire of having one I may go with any one brand mentioned above.”



## Respondent 6

“Ice cream gives me joy, and the joy multiplies when it is shared with friends. I believe sales promotion affects my purchase decision. Either it reminds me of some product I am not thinking about currently, or it enforces my affinity to something I am thinking about of having. I used to work for Baskin Robbins and I have to say I am loyally committed to Baskin Robbins. I feel at home when I am having Baskin Robbins.”

## Respondent 7

“Ice cream is an important part of my life. It helps soothe my mood in various situations. It is also a symbol of togetherness, family time, fun with friends, and children.

It creates a sense of happiness and enjoyment. Ice cream is essential for pleasure whether it is with people or solitarily.

Sales promotion is important and affects my consumption. Although delicious, not everyone has discretionary income to readily get some ice creams especially premium, expensive ice cream like Baskin Robbins and Haagen Dazs.

For me I have three children and buying for three children could be expensive at times. Therefore, sales promotion helps me tremendously and I look for this opportunity when making a purchase decision.

Baskin Robbins is my favorite. I also like Haagen Dazs. I feel these two brands have a high competition and I am inclined to purchase any one that offers sales promotion.”

## Respondent 8

“I love ice cream. Either on a hot sunny day or on a boring night, ice cream restores restfulness in me and gives me mental calm.

For sure sales promotion allows me to indulge more than my normal share for the day and I try rather more varieties than I would have normally.

I would prefer Baskin Robbins sundaes to any other ice cream brands. Their originality of taste and varieties of flavors steals my heart.”

## Respondent 9

“I eat ice cream throughout the year, despite any sort of weather. So I would say it is pretty important part of my diet and lifestyle. I will be chuffed if I get my favorite ice cream on sale, but it is not something I usually look for while buying ice cream. I enjoy Baskin Robbins ice cream products; Praline and cream is my favorite. I am peculiar when it come to ice cream so I usually stick with Baskin Robbins as they offer the best flavors.”

## Respondent 10

“Ice Cream doesn't play a significant role in my lifestyle however; an occasional rendezvous with the delicious cream based dessert is greatly enjoyed by me. While consuming an ice cream, sales promotion does play a major role because it makes me aware about the new product. And if it appeals me I might very well try it. When it comes to quality ice-cream i often lean toward Cold stone and Haagen Dazs but Baskin Robins also can be one of the options.”

## CHAPTER 5

### DISCUSSION AND CONCLUSION

#### 5.1 Discussion

The objective of this research is to examine the effects of sales promotion on the purchasing decision of the consumer. As such the researcher studied various promotional tools like price discounts, coupons, sampling and point of purchase display that affect the consumer purchasing decision. The result of this research provides important information about the impact of sales promotion on consumer purchasing decision and also leads us towards the most effective sales promotion tool that customers are inclined towards nowadays.

The first hypothesis of the study states that there is a relationship between sales promotion and consumer's purchasing decision. The results show that there is a positive correlation between sales promotion and consumer's purchasing decision with  $r = 0.57$  and  $t_r = 11.39$  significant at 95% confidence interval. The result of this research is consistent with the previous studies that support the statement that consumer's purchase decision is influenced by the sales promotion. Studies regarding behavioral and economic theory have provided supporting evidence that sales promotion has direct impact on consumer behavior and it accelerates the selling process by influencing consumer to make a swift purchase. (Wansink & Despande, 1994) support that customer's consumption behavior responds to sales promotion. Similarly, other studies highlight that customer's purchase decision is highly influenced by sales promotion on products of high convenience compared to that of low convenience. The researcher delves deeper to understand other factors that may

affect sales promotion and consumer's purchase decision. As such, the researcher identified social economic status of the consumer as one of the factors that could affect consumer's sales promotion and consumer purchase decision.

In this research, social economic status has been divided into three categories namely, upper, middle, and lower. The researcher runs a cross tabulation test to analyze the effect of social economic status on sales promotion and purchase decision. The results show that majority of the customers belonging to the middle economic status; their purchase decision is highly inclined towards sales promotion. While the customers belonging to upper and lower economic status remained neutral or unaffected by the sales promotion. Based on the result of this research and the analysis of previous studies it has been proved that sales promotion has a significant impact on consumer's purchasing decision. However, we cannot undermine that factor like social economic status plays a huge role in determining the efficacy of sales promotion on customer's purchase decision.

The second hypothesis states that price discounts influences the consumer's purchase decision. The results show that there is a positive correlation between price discounts and purchase decision with  $r = 0.58$  and  $t_r = 11.69$  significant at 95% confidence interval which is consistent with the findings of the previous studies. (Assunção & Meyer, 1993) show that consumption is an indigenous decision variable driven by price discounts. Similarly, in another analytical study, (Chandon et al., 2002) stated that stockpiling is often observed when there is a heavy price discount on convenience goods. The researcher delves deeper to understand whether the relationship between price discount and stockpiling varies among the customers of different social economic status. The researcher conducts cross tabulation test

between social economic status of the customers and their behavior of stockpiling in response to price discounts. The results show 56% of the consumers belonging to middle economic status respond positively towards price discounts and stockpiling. 36% of the customers belonging to middle economic status claimed that they are neutral to price discounts and stockpiling and their decision may be affected based on the utility of the goods. However, the customers belonging to upper and lower economic class remain neutral towards price discount and stock piling. Based on the results of this research and previous studies, it has been proved that price discounts affects consumer's purchase decision but other factors such as the economic status has a major role in determining such relationship.

The third hypothesis states that discount coupons influences consumer's purchase decision. The hypothesis result revealed that there is a positive correlation between coupons and consumer's purchase decision with  $r = 0.61$  and  $t_r = 12.5$  significant at 95% confidence interval. The result of this study is consistent with the findings of the previous studies. Cummins (2008) stated that coupons provide an upfront discount on a product or service; as such it helps retailers to attract new buyers, and deal prone consumers to make an instant purchase. According to (Cook, 2003) coupons are easily understood by the consumers and can be highly useful for trial purchase. Similarly, (Roger et al.) suggest that coupons encourages customer to try new products far more easily. Although it has been proved that coupon have a positive impact on the customer's purchase decision, and it encourages customers to try new products easily, the researcher delved deeper to understand how customers belonging to different socio economic status react to coupons and new product trial.

The researcher conducts cross tabulation analysis to study the effect of the social economic status of the customer and his respond to new product trial via discount coupons. The results showed that 57% of the customers belong to middle economic status agreed that they would try new products easily if they have a coupon. While 33% of the customers belonging to the same group stated that their response is neutral towards coupon and new product trial. However, coupons does not affect the new product trial among the customers belonging to upper and lower economic status. Based on the results of this research and previous studies, it has been proved that coupons affects consumer's purchase decision but the variable such as the social economic status has a significant role in such relationship.

The fourth hypothesis of the study states that there is a relationship between free samples and consumer's purchasing decision. The results show that there is a positive correlation between free samples and consumer's purchasing decision with  $r = 0.59$  and  $t_r = 11.76$  significant at 95% confidence interval. The result of this research is consistent with the previous studies that support the statement that consumer's purchase decision is influenced by free samples. (Fill, 2002) stated that free sample has a great impact on consumers purchase decision as it provides a product presentation in front of customers at free of charge.. The researcher delves deeper to understand other factors that may affect free samples and consumer's product trial decision. As such, the researcher identified social economic status of the consumer as one of the factors that could affect consumer's product trial decision based on free samples.

The researcher conducts cross tabulation test to analyze how customers belonging to different social economic status react to free sample and product trial.

The results showed that 74% of the customers belonging to middle economic status were influenced to make a trial purchase based on free samples. Similarly, 83% of the customers belonging to lower economic status and 60% of the customers belonging to upper economic status made instant trial purchases when free samples were offered. Based on the results of this research and previous studies, it has been proved that free samples quickly affect consumer's purchase decision. Nevertheless, consumers belonging to all type of social economic status respond to free samples in a positive manner.

The fifth hypothesis of the study states that there is a relationship between point of purchase display and consumer's purchasing decision. The results show that there is a positive correlation between point of purchase display and consumer's purchasing decision with  $r = 0.57$  and  $t_r = 11.33$  significant at 95% confidence interval. The result of this research is consistent with the previous studies that support the statement that consumer's purchase decision is influenced by point of purchase display. According to (Gedenk et al., 2006) retailer's sales promotions best addresses the customers at the point of sale; meaning that communication regarding the product or services is best conveyed to the customers at the place where most of the purchasing decision are made. Similarly, (Ferrell & Hartline, 2008) stated that point of purchase display builds store traffic, advertise a product, and induce impulse purchase. The researcher further studies how do customer's belonging to different social economic status react to point of purchase display when making a purchase decision.

The researcher conducts cross tabulation test to analyze how customers belonging to different social economic status react to point of purchase display and

purchase decision. The results showed that 77% of the customers belonging to middle economic status were influenced by the standee displayed in front of the stores. These customers bought exactly the product displayed in the standee in front of the store. Similarly, 80% of the customers belonging to the upper economic status were influenced by the standee displayed in front of the store.

However, customers belonging to lower economic status claimed that they are neutral to the point of purchase display when making a purchase decision. Based on the results of this research and previous studies, it has been proved that point of purchase display is an effective sales promotion tool that affects consumer's purchase decision in a positive manner. However, marketers have to acknowledge that consumers belonging to different social economic status respond to the point of purchase display in different manner when they make a purchase decision.

## 5.2 Recommendation

It is apparent that each consumer has his own personal trait when selecting a product and making a purchase decision. However, it has been observed that with the increase in the sales promotion offered by every brand nowadays, the perception of the consumers and their buying behavior has changed drastically.

This research studied several factors which included socio – demographic factors (gender, age, income, economic status) and attitude towards different promotional tools (price discount, coupons, free samples, point of purchase displays). From the results of the research, it has been observed that customers responded positively to the various promotional tools offered by the marketers.



It is because customers believed that the prices of all products are cheaper than normal when offered sales promotion, also they felt they are getting a good deal, and therefore, they make a purchase decision when a sales promotion is offered.

Though this research has identified key factors that influence the consumption behavior and purchase decision of the customers, there are some limitations of this research. The majority of the respondents of this research belonged to a homogenous age group of 20 – 29 years therefore; the results of the research may have been limited to the aforementioned age group.

Had there been an equal distribution of the respondents from different age groups, there would have been a variance in the result. Therefore, future researchers are recommended to collect the responses from different age group in equal or equivalent distribution such that there is no generalization.

Moreover, future researchers are also advised to study the behavior of the respondents in different geographic location as different milieu will have a different impact on the consumption behavior. As this research is limited to the study of Thailand's urban customer's behavior towards sales promotion and may not represent the entire country.

Furthermore, it is recommended that when conducting an interview with the respondents, future researchers conduct it at the ice cream parlor where the transaction is taking place. This will allow the researchers to attain accurate response from the respondents based on their clean memory and instant purchase experience. Nevertheless, future researchers are recommended to study other promotional tools such as rebates, sweepstakes, premiums, etc which are excluded in this research.

### 5.3 Conclusion

Sales promotion plays a vital role in marketing in any business nowadays. Researches show that a large percentage of company sales are being made based on sales promotions. This situation is becoming more apparent in Thailand after the political and economic crisis in 2014. Marketers have started using assortment of promotional tools offering consumers an extra incentive to make purchase decision. It has been observed that the consumer's perception towards different promotional tools has remained positive.

As such, the result of this research proves that sales promotion tools such as price discounts, coupons, sampling and point of sale display play a key role in influencing the consumer's purchase decision. This research has proved that sales promotions stimulate interest in consumers and consumers are bound to make purchase decision provided that they are offered with price discount, coupons, sampling and point of sale displays. The research findings also show that consumer's decision is also influenced by other factors such as brand name, product quality, product variety, and purchasing convenience.

Therefore for brands and companies that are vying to reach the customers, they must be careful to meet the quality expectations of these prospective customers. It is also important for companies or brands to understand that other socio - economic factors such as economic status, income level and lifestyle of a customer also has significant role in influencing his purchase decision. Thus, while launching any sales promotion, brands need to analyze and study who their customers really are, how much do they earn, what kind of lifestyle do they adhere and how do they perceive the overall brand.

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## Survey Questionnaire (English)

**PART 1 PERSONAL BACKGROUND**

1	Age	15-19	20-29
		30-39	40-49
		50-60	60+
2	Gender	Male	Female
3	Social Economic Status (SES)?	Upper	Middle
		Lower	
4	Please indicate your monthly income level?	No Income	Less than 10,000 Baht
		10,000 - 20,000 Baht	20,001-30,000 Baht
		30,001-40000 Baht	40,001-50000 Baht
		Above 50,000 Baht	
5	Your Education Level/Background?	No Formal Education	High School
		Diploma Certificate	Bachelor or Higher
6	Occupation	Professional Management Business Executives (PMBES)	White Collar
		Blue Collar	Housewife
		Unemployed/Retired	Student

**PART 2 LIFE STYLE QUESTIONS**

7	What is the brand of ice cream that you usually purchase?	Baskin Robbins	Swensens
		Haagen Dazs	Coldstone Creamery
		Others (Please Specify)	
8	How Often do you eat ice-cream?	Everyday	Once a week
		2-3 times a week	Once a month
9	Who do you prefer to eat ice cream with?	Alone	Friends
		Family	Others
10	How do you prefer to eat your ice-cream?	Dine In (At store)	Grab and Go
11	Where do you usually buy ice cream?	Mass Shopping Malls	Premium Shopping Malls
		Supermarkets	Convenience Stores
		Food Courts	Others (specify)
12	What would be your main criteria that would determine your choice of the ice cream brand?	Brand name	Product Quality
		Product Variety	Store Ambiance
		Price	Purchasing Convenience

<b>PART 3 ATTITUDE ORIENTED QUESTIONS</b>		<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
13	My purchase decision is based on sales promotion offered by the brand.					
14	I make price comparison when I go to eat ice cream					
15	I only make my purchase if there is price discount on the product					
16	I tend to buy more than usual when offered price discounts					
17	I am willing to switch brands if price discount is offered by the competing brands					
18	Price discounts influences me to make unplanned purchase.					
19	I am willing to pile up stock of ice cream when there is a price discount					
20	Coupons encourages you to try new products far more easily					
21	I tend to make a purchase more often when the value of the coupon is higher.					
22	I tend to make instant purchase decision when coupons are distributed at point of sale					
23	I tend to make purchase more often if I have the coupon offering a promotion.					
24	I often spend more if I can receive a bounce back coupons.					
25	I usually keep coupon safe to use for my future purchase.					
26	Free samples influences me to try new product					
27	Free samples influences me to make unplanned purchase					
28	When offered free samples it influences to me to make purchase decision instantly					
29	I am more willing to buy a new product only free sample is offered					
30	I am more likely to make purchase if I know that I will win a free gift					
31	I am willing to spend more on purchase of a product to get a premium					
32	If a premium promotion required buying more than one product I still like to participate in the promotion					
33	Displays and Promotional offers informed in the store attracts you					
34	Attractive and clear point of display influences my purchasing decision					
35	Standee at the front of store displaying the promotion affects what I buy					
36	I often purchase products displayed in the store.					



## Survey Questionnaire (Thai)

ส่วนที่ 1 ข้อมูลส่วนตัว			
1	อายุ	15-19	20-29
		30-39	40-49
		50-60	60+
2	เพศ	ชาย	หญิง
3	สถานภาพทางเศรษฐกิจและสังคม	สูง	กลาง
		ต่ำ	
4	รายได้ต่อเดือน	ไม่มีรายได้	น้อยกว่า 10,000 บาท
		10,000 - 20,000 บาท	20,001-30,000 บาท
		30,001-40,000 บาท	40,001-50,000 บาท
		มากกว่า 50,000 บาท	
5	การศึกษา	ไม่ได้รับการศึกษา	มัธยมศึกษา
		อนุปริญญา	ปริญญาตรีหรือสูงกว่า
6	อาชีพ	ผู้บริหารระดับสูง	พนักงานออฟฟิศ
		ผู้ใช้แรงงาน	แม่บ้าน
		ไม่มีงานทำเกษียณ/	นักเรียนนักศึกษา/
ส่วนที่ 2 คำถามเกี่ยวกับ Life Style			
7	ปรกติคุณซื้อไอศกรีมแบรนด์อะไร	บาสคีน ร็อบบิ้นส์ (Baskin Robbins)	เสวนเซนส์ (Swensens)
		ฮากเก้น ดาซส์ (Haagen Dazs)	โคลด์สโตน ครีมเมอรี (Coldstone Creamery)
		อื่นๆ (โปรดระบุ)	
8	คุณทานไอศกรีมบ่อยครั้งแค่ไหน	ทุกวัน	อาทิตย์ละครั้ง
		2-3 ครั้งต่ออาทิตย์	เดือนละครั้ง
9	คุณชอบที่จะทานไอศกรีมกับใคร	คนเดียว	เพื่อน
		ครอบครัว	คนอื่นๆ
10	คุณชอบที่จะทานไอศกรีมอย่างไร	นั่งทานในร้าน	ซื้อกลับไปทานที่บ้าน
11	ปรกติคุณซื้อไอศกรีมที่ไหน	ห้างสรรพสินค้าทั่วไป	ห้างสรรพสินค้าระดับพรีเมียม
		ซูเปอร์มาร์เก็ต	ร้านสะดวกซื้อ
		ศูนย์อาหาร	ที่อื่นๆ (โปรดระบุ)
12	อะไรคือเกณฑ์สำคัญในการเลือกซื้อไอศกรีมของคุณ	ชื่อ	คุณภาพสินค้า
		ความหลากหลายของสินค้า	บรรยากาศภายในร้าน
		ราคา	ความสะดวกในการหาซื้อ

ส่วนที่ 3 คำถามเกี่ยวกับทัศนคติ		เห็นด้วยอย่างยิ่ง	เห็นด้วย	เฉยๆ	ไม่เห็นด้วย	ไม่เห็นด้วยอย่างยิ่ง
13	การตัดสินใจซื้อของข้าพเจ้าขึ้นอยู่กับโปรโมชั่นการขาย					
14	ข้าพเจ้าจะเปรียบเทียบราคาก่อนตัดสินใจซื้อ					
15	ข้าพเจ้าจะตัดสินใจซื้อเมื่อมีการลดราคา					
16	ข้าพเจ้ามีแนวโน้มที่จะซื้อเป็นจำนวนมากกว่าปกติ เมื่อมีการลดราคา					
17	ข้าพเจ้ายินดีที่จะเปลี่ยนแบรนด์ เมื่อมีการลดราคาจากแบรนด์คู่แข่ง					
18	การลดราคามีผลต่อการตัดสินใจซื้อที่ไม่ได้ตั้งใจของข้าพเจ้า					
19	ฉันจะซื้อไอศกรีมเก็บไว้เมื่อมีการลดราคา					
20	ฉันจะทดลองซื้อสินค้าใหม่ได้ง่ายขึ้น เมื่อมีอุปสงค์ส่งเสริมการขาย					
21	ฉันตั้งใจว่าจะซื้อสินค้าบ่อยขึ้นหากอุปสงค์ส่งเสริมการขายมีมูลค่ามากขึ้น					
22	ฉันจะตัดสินใจซื้อสินค้าทันทีเมื่อมีอุปสงค์นำเสนอให้ที่จุดขายสินค้า					
23	ฉันจะตัดสินใจซื้อสินค้าบ่อยขึ้นเมื่อฉันมีอุปสงค์ส่งเสริมการขาย					
24	ฉันมักจะใช้จ่ายมากขึ้น เมื่อฉันมีอุปสงค์ที่สามารถนำกลับมาใช้ได้หลายครั้ง					
25	ฉันเก็บรักษาอุปสงค์เป็นอย่างดี เพื่อเอาไว้ใช้ในอนาคต					
26	สินค้าตัวอย่างมีผลทำให้ฉันทดลองสินค้าใหม่					
27	สินค้าตัวอย่างมีผลทำให้ฉันซื้อสินค้าโดยที่ไม่ได้วางแผนไว้ล่วงหน้า					
28	การนำเสนอสินค้าให้ทดลองฟรี มีผลต่อการตัดสินใจซื้อสินค้าในทันที					
29	ฉันจะซื้อสินค้าใหม่ก็ต่อเมื่อมีการให้ทดลองฟรีเท่านั้น					
30	ฉันจะทำการตัดสินใจซื้อสินค้า ถ้าฉันรู้ว่าฉันจะได้ของกำนัลฟรี					
31	ฉันจะใช้จ่ายมากขึ้นในการซื้อสินค้าที่มีคุณภาพสูง					
32	ฉันยินดีจะร่วมโปรโมชันพิเศษ แม้จำเป็นต้องซื้อสินค้ามากกว่า 1 ชนิด					
33	การจัดวางสินค้า และการนำเสนอโปรโมชัน					
34	การจัดวางสินค้าให้ดึงดูดและเห็นชัดเจนมีผลต่อการตัดสินใจซื้อสินค้า					
35	ป้ายโฆษณาสินค้าและโปรโมชันหน้าร้านมีผลต่อสินค้าที่ฉันซื้อ					
36	ฉันมักจะซื้อสินค้าที่มีการจัดแสดงอยู่ภายในร้าน					

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