

Understanding Consumer Response towards E Promotional Strategies with Special Reference to 'Price Off'

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Abstract

Promotion is no longer an activity confined to enhance the exchange of goods and services in the conventional sense, but it is a philosophy of service and mutual gain and hence the road to greater promotional consistency and better results should not be a terribly longer one. However it does require visibility and coordination between manufacturers, retailers and end users. The key to greater promotional impact for today's business is information availability, knowledge and insight. In order to maximize promotional effectiveness, organizations need to know about what categories and what brands are being promoted, by whom, at what price points and how often they are changing. Since the exchange of business information using electronic formats are replacing traditional methods, e marketing and e promotion will continue to grow and will provide access to mass market irrespective of nationality and size of the business. The advent of digital technologies have encouraged organizations to redefine their promotional strategies, so that they can concentrate their resources on the optimal opportunities with goals of increasing sales and achieving a sustainable competitive advantage. This redefined promotional strategy mainly includes E promotional techniques, which can target company's market more precisely and ensure better reach. The article studies the impact of E promotional strategy especially the 'price off' on consumer's total basket of purchases.

Keywords

E Promotional Strategies, E-Marketing, Price off, Consumer Approach, Total Basket Purchase

I. Introduction

There have been dramatic change in information technology over the past ten or fifteen years and the advances in this field are revolutionising the modus operandi of marketing and the business system. The business horizon is humming with buzzwords like internet, World Wide Web, cyberspace, information superhighways etc, which are changing the way of contacting customers, order receiving and processing: and networking and integrating business system. These modes are considered to be the driving forces of internationalization.

In traditional marketing the marketing team could not get immediate results on the customer reaction. They conducted marketing surveys, processed the data and prepared the reports. On the basis of those reports the management took decisions, formulated the policies, prepared the plans and implemented them. These activities consume a lot of time whereas the internet allows companies to react to individual customer demands immediately without any loss of time and it does not matter where the customer is located. In the present competitive era, selling is a complicated task and nothing happens until somebody tells something. Online promotional tools act as a door for telling and selling and it is a component of company's total marketing mix which helps to coordinate all seller initiated efforts to set up channels

of information and persuasion to facilitate the sale of goods or service or the acceptance of an idea. Online promotional tools include Online Advertising, Online Personal Selling, Online Sales Promotion, Online Public relation and online direct marketing. The study focus on empirical analysis of the conceptual model, that can provide a possible explanation for why the online price off increases the number of unplanned purchases (Heilman, Carrie et.al, 2002). A set of hypothesis that predicts how incremental unplanned purchases as a result of surprised savings has been designed and the whole study try to analyze the influence of online price off on increased purchase either of same item or related items.

II. Conceptual Model

When consumer receives a promotional offer, it is expected that the size of shopping basket will increase. A conceptual model depicting the resultant of price promotion on in store shopping behavior was depicted by Carrie M Heilman, Kent Nakamoto and Ambar G Rao in their paper and the current study make use of majority of variables proposed by author. The study aim in analyzing whether the same result is created by online promotion especially price off.

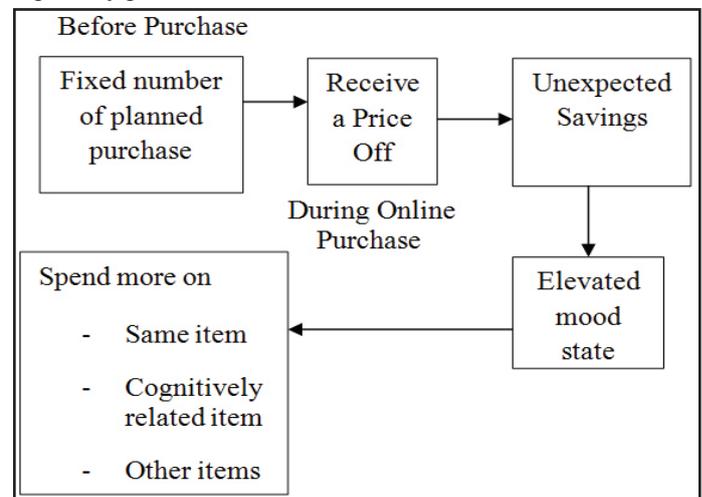


Fig. 1: Conceptual Model Regarding Consumer Behavior Towards E-Promotional Strategy

III. Importance and Objectives of the Study

The important purpose of promotion is to change the location and shape of the demand curve. Due to the increase in the physical distance between producers and consumers, the need of online marketing and online promotion has increased. Today consumers give more importance to want satisfaction rather than to their needs. They are selective in their choice of alternative expenditure. Besides this fact, the continuous growth of technology and competition force the business firms to become strategic and informed in their approach. In this context, the following objectives are laid for studying the role of online price off strategies among online consumers in the state of Kerala: First, whether the

monetary savings from online Price off create an elevated mood state. Second, whether the elevated mood of Keralites indirectly increase their purchasing and third, is it possible that consumer’s simply feel good about receiving a price off during their online purchase.

IV. Review of Literature

Online shopping has become an important part of the world’s economy and is adopted by both consumers and retailers due to its convenience and efficiency [2]. In addition to this, the Internet provides a low cost way for the manufacturer to build a direct link with the consumer. It also offers wide platform for companies whereby they can buy customer profile and also attract them by offering tailor made promotional offerings [3].

The online marketing strategies are based on marketing frameworks that integrates with traditional marketing models-product, price, promotion and distribution [1]. Just as physical setting of place/ area of sale affect consumer’s psychology and behavior, online environment also influence consumer’s purchase behavior. This online consumer purchase behavior incorporates emotions, cognition, flow, entertainment and purchase intention (Odile Richard, Marie and Charles Chebat, Jean) [1]. As consumer emotions, cognition and purchase intentions are influenced by unexpected traditional promotional offerings especially price promotions [4], it paves an opportunity to analyze whether same effect can be expected from online promotional offerings also.

V. Methodology

The study is an empirical research based on both primary and secondary data. The study aims in understanding the response of Keralites towards E promotional strategies especially “price off” and to analyze whether this can create an elevated mood state or not. Total sample selected includes 360 subjects from different parts of Kerala. The final qualifying screen includes checking whether the selected sample makes a planned purchase/ has plan regarding the amount to be spent prior to purchase, thus eliminating 10 subjects and hence the study focus around 350 Keralites, who are familiar with online marketing. Questionnaire and interview were used for data collection and it contains factors for selecting the elevated/ non elevated mood due to unexpected saving and also to analyze whether the independent factor selected (consumer’s behavior due to promotional offer) influences quantity of purchase(same item/ related item/ other promoted items). The null hypothesis formulated represents the selected independent factor is not related with the dependent variable, purchase intention and contrary to it the alternative hypothesis defined for verification includes
 H1- Unexpected savings create an elevated mood state among consumers

H2- Elevated mood state results in more purchase of same item

H3- Elevated mood state results in more purchase of other items that are promoted on price

H4- Elevated mood state results in more purchase of related items, irrespective of promotional offer

Chi-Square Tests

Table 1: Unexpected Savings Vs. Elevated Mood State

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.103a	2	.082
Likelihood Ratio	11.405	2	.017
Linear-by-Linear Association	10.015	1	.104
N of Valid Cases	350		

The chi-square test of independence is used to determine whether the variables selected for study are independent or related , hence factors are represented as categorical values and spss is used for analysis 0 cells (0%) have expected count less than 5. The minimum expected count is 31.45.

Table 2: Elevated Mood State Vs More Purchase

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.251a	2	.182
Likelihood Ratio	12.405	2	.117
Linear-by-Linear Association	10.915	1	.084
N of Valid Cases	350		

- 0 cells (0%) have expected count less than 5.
The minimum expected count is 30.16

Table 3: Elevated Mood State Vs. More Purchase of Cognitively Related Items

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.411a	2	.026
Likelihood Ratio	10.902	2	.021
Linear-by-Linear Association	9.102	1	.008
N of Valid Cases	350		

- 0 cells (0%) have expected count less than 5.
The minimum expected count is 30.52.

Table 4: Elevated Mood State Vs. More Purchase of other items Promoted on Price

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.005a	2	.012
Likelihood Ratio	12.108	2	.017
Linear-by-Linear Association	11.778	1	.004
N of Valid Cases	350		

- 0 cells (0%) have expected count less than 5.
The minimum expected count is 31.62

The sample selected has representation irrespective of gender, educational qualification, income and also from urban as well as rural areas. 100 % of subjects agreed that the promotional offer/ unexpected savings that they come across during online shopping didn’t create a negative image regarding the website or product quality whereas it resulted in an elevated state of mind. The chi-square tests conducted in all the cases leads to rejection of null hypothesis as .000 is less than .05 in all the above cases and hence reveals that unexpected savings created an elevated mood state which again resulted in increase in purchase. All the samples selected made use of their saved amount either in buying same product, or related product or other products that are promoted on price. To analyze the preference towards each of this purchase behaviour, the behaviour of respondents are ranked using Garrett technique and the result revealed the price off on a product encouraged online shoppers to look at other products on the same website and purchase other products that are also subjected to price reduction.

Table 5: Result of Garrett Ranking Technique

Purchase Behaviour	Total	Rank
Purchase of other product promoted by price reduction	24075	I
Purchase of cognitive related items	18920	II
Purchase of same product	11365	III

Source – Author’s Computation

VI. Conclusion

The research conducted among selected online shoppers in Kerala reveals that the E-Promotional strategy ‘Price Off’ has resulted in creating an elevated mood state which in turn results in a positive purchase behavior. The consumers receiving an unexpected price promotion during their online shopping, try to spend the saved amount by purchasing from same website itself and there by adhere to the marketing strategy of ‘increase in consumption rate by promotional offer’, irrespective of traditional or E Promotional strategy. The advance in E Commerce has paved way for advent of online marketing and alike brick and mortar stores, online stores has also selected various kinds of consumer directed promotion schemes (rice off, Buy one get free, Online coupons, rebate etc) as a medium to attract modern day customers. This paper shows that the E promotional schemes (with reference to ‘price off’) is successful in increasing purchase amount and online shoppers consume the saved amount either by purchasing other items quoted with price off or related items or even the same type of product.

VII. Implication for Research and Practice

The whole research was carried in the Kerala, one among 28 states in India and hence there is wide scope for the same research in other parts of the country. The study was limited with analysis of the influence of ‘price off’ strategy, which is one among the various E Promotional tools. The consumer response will also be influenced by external environmental variables, demographic factors, economic factors, etc but it doesn’t fall under the scope of this work and hence provide scope for further research. The study supports the conceptual model formulated by Carrie M Heilman et.al and ensures that the online purchasers can be persuaded by E -Promotional strategy especially the price off technique. This strategy can be effectively taken care by the online marketers as it will be detrimental in increasing the purchase quantity and their by adding on to their profit.

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