

# **A Study on Impact of Sales Promotions on Consumer Buying Behavior regarding Garment Products – a Post COVID-19 Study of Rajkot City.**

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## **Abstract**

In this COVID-19 era, from various sources of information it is observed that majority of the people are facing problem of shortage of money in the form of low or zero sales in business, salary cuts or unemployment. As a result people ended up spending major portion of the income on basic necessities and spending very less on other products which are secondary. So it becomes very tough, particularly for the brands belongs to fashion industry to sell their products like garments, shoes etc.

In the present scenario of unlock down where everything is coming back on track, people are slowly moving towards their old spending habits. As this is a festival season in India, people will celebrate festivals like Navratri and Diwali. According to the classic purchase habits of Indian consumers during this festivals, they buy traditional and fashionable cloths and other items. But as this is a different situation it will be tough for the company to get the same response.

To survive in this situation, Sales Promotion Tools like offers, discounts, gifts, vouchers and many more could be the key to victory for garment companies. By using these tools good deals can be offered to consumers and companies can push them to make purchases. So this study will be focused on how different gender and age group's people of Rajkot city will react towards purchasing garment products in present scenario and what will be the impact on their buying behavior if Sales Promotion Tools are used.

## **Key Words**

Sales Promotion, Fashion, Garment, COVID-19

## Introduction

The economic impact of the 2020 due to coronavirus pandemic in India has been largely disruptive. The growth of India in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. The Chief Economic Adviser to the Government of India said that this drop in economic conditions is observed due to the coronavirus pandemic effect. Notably India had also been witnessing a pre-pandemic slowdown, and according to the World Bank, the current pandemic has "magnified pre-existing risks to India's economic outlook".

As per Nomura India Business Resumption Index economic activity fell from 82.9 (22 March) to 44.7 (26 April). By 13 September 2020 economic activity was nearly back to pre-lockdown. Unemployment rose from 6.7% (15 March) to 26% (19 April) and then back down to pre-lockdown levels by mid-June. During the lockdown, an estimated 14 crore (140 million) people lost employment while salaries were cut for many others. More than 45% of households across the nation have reported an income drop as compared to the previous year. The Indian economy was expected to lose over ₹32,000 crore (US\$4.5 billion) every day during the first 21-days of complete lockdown, which was declared following the coronavirus outbreak.

In this tough economic environment it becomes very difficult for the companies to survive in the market and achieve their sales target especially for those who belongs to Fashion Industry. This is so because as people are facing the problem of lack of money they won't spend unnecessarily in products like garments, shoes watches, jewelry etc. After the lock down era, in unlock down things have changed a bit. Everything is coming back on track slowly. In India this is the season of festivals like Navratri and Diwali it's the time when people will spend money behind Garments and other products from the fashion Industry. So to capture this seasonal demand of Garment products companies can use attractive Sales Promotions to get maximum response from the consumers in the form of purchase.

Sales promotion is a tool which works like an additional benefit received by consumer which motivates them to make more purchases or purchase particular product on others. "Sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase of particular product/services by consumers or the trade." - Philip Kotler In this red ocean market where consumers will get lots of choices under one product category and each option is better than other in some way so consumers will obviously choose that product or

service which gives maximum benefits to them. This is where Sales Promotion Plays their part it will allow consumer to get benefits from purchases. But the question arise is now everyone has started using sales promotion techniques to attract the consumers. So it becomes necessary for companies to use Sales Promotional tools wisely and effectively.

There are mainly two types of Sales Promotions, i) Consumers Sales Promotions: Free Sample, Free Gifts, Discounts, Exchange Scheme, Finance Scheme, Shipping Schemes, Bundle Discounts, Bulk Purchase Deals and ii) Trade Sales Promotions: Point of Purchase Display, Trade Show, Push Money, Deal Loaders, Trade deals, Buying Allowances. Here the main focus of the paper is on Consumer Sales Promotions.

## **Literature Review**

**Aggarwal and Vaidyanathan (2002)** examined the impact of time-limited and time –independent promotions. Promotions which are of short duration i.e. time-limited accelerates buying on the other hand, promotion which are of long duration, doesn't have any impact on purchase. Customers have more favorable attitude towards the time-limited promotions.

**Chakraborty (2013)** explored sales promotion is effective to the customers to preferred to stay at an edge and leads to brand switching, and also they examined that sales promotion and advertising are effective in low involvement products as they encourage impulse purchase whereas, sales promotions have negative effect on new products and it is perceived as a low quality product. It was also found that advertising and sales promotions create brand loyalty and encourage the repeated purchase. Human psychology also does have an impact on the sales promotion and buying behavior, customers might not get encouraged to buy a product as they do not want to link their image as cheap shoppers. And also they connote high price with high quality, and when they are offered with something extra they perceived a product as of low quality. They determined that the quantity gifts, incentives etc are not always beneficial for all types of products especially in long run.

**Gilbert and Jackaria (2002)** investigated consumer behavior to the four different promotional deals: coupons, price-discounts, samples and buy-one get-one in U.K supermarkets. They determined that of all the promotion tools, price discount has significant impact on consumer respond. Also price discount induces purchase acceleration and product trial.

**Kanra T. and Namrata S. (2019)** threw light on the role of sales promotion offers on planned buying behaviour towards apparel purchase. They found that 47% customer's purchase is influenced by friends whereas, 52% of the total customers make their buying decision by price comparison and apparel availability at store. 42-48% accepted that their purchase is influenced by sales promotion offers.

**Kim Fam, Pedro Brito, Mahesh Gadekar, James Richard (2018)** investigated the impact of demographic (age, education and income), product involvement and sales promotion characteristics on customer's attitude towards sales promotion in eight different culture- Brunei, China, Hong Kong, Indonesia, Malaysia, New Zealand, Singapore and Thailand by conducting online survey. 4125 responses were collected. They found that country's education and income level significantly affects the customer's attitude towards sales promotion. They also identified that discounts and coupons are most highly ranked sales promotion across selected countries.

**Kotler (2003)** claims that while advertising is used as a long term technique for enhancing the brand value, sales promotions are mostly used in order to create a short term demand for the products, hence sales promotions are actively and increasingly used by brand managers because of their effectiveness in some of the cases. Taking this into account, it is worthwhile for every marketer to review such an important tool as sales promotions.

**Kuma, Adlakha and Mukherjee (2016)** conducted a research to capture the dynamic variation in sales through time series analysis. They proposed the model where sales forecast, price intelligence system, price sensitivity, inventory lot size decision results into dynamic sales promotion. On the other hand price strategy and inventory control, lot size decision, dynamic sales promotion and pricing strategy results into dynamic discounts.

**Obeid (2014)** examined the three consumer responses i.e. brand switching, purchase acceleration, and spending more among the undergraduate and post graduate students of Higher Institute of Business Administration in Syria. This behavior was induced from five sales promotion tools viz-a-viz price discount, free gifts, extra free product. In his study he founds that price discounts are most effective in influencing purchase followed by free gifts and extra free product. Whereas, it was also found that games were least effective in influencing purchase. He examined the effect of sales promotion tools on behavioral responses. The researcher used a survey of 400 Syrian students to investigate the consumer response (comprising of brand switching, purchase acceleration, spending more) to 4 sales promotion tools- price discounts, Free gift, games, and extra free product

get one free. The study looks into the links between various sales promotion tools and consumer responses and attempts to find out which tools are most effective in inducing consumer responses. It is quite possible that more than one tool induces one specific form of response. Likewise, more than one type of customer response can be triggered by one specific sales promotion tool. The study aimed at generating a comparison between different behaviours triggered by a specific promotional tool as well as the effectiveness of different promotional techniques in inducing a specific buying behavior. It was found that extra free product offers and price discounts were most effective in encouraging various consumer responses including brand switching, purchase acceleration and additional spending. Moreover, games and sweepstakes were found to be (comparatively) less efficient in triggering the 3 behaviors.

**Rizwan et al. (2013)** they examine the impact of sales promotion tools on consumer behavior and their preference for different sales promotion offers. The impact of free sample; buy one get one free, price discounts, coupons and physical surroundings on the consumer buying behavior has been studied. It was identified that attitude towards free sampling and coupons is positive but do not play significant role in consumer buying behavior, for the former one people have a perception that only samples offered are always of an high quality but not the product, and for the latter people are not much aware of coupons and their usage. When they on the other hand buy one get one has significant relationship with consumer buying behavior because more products are added with no extra cost and the strongest positive relationship has been found with price discounts as it reduces the risk associated with the new product for the first time.

**Soni Neha and Verghese manoj (2013)** in their paper have made effort to find the various sales promotion tools and its impact on purchase decision. The different promotional Tools used were offer, premium, contest, Rebate, Price Pack. A Questionnaire was formulated with a sample size of 109 respondents. The analysis showed that among the various tools of promotion: offer, premium and contest are having significant impact on consumer purchase decision. Rebate was found to be insignificant.

**Wang and Jing (2015)** investigated the impact of promotion on compulsive buying. They found that out of many promotions only direct saving arouses compulsive buying. It was also found that the gift promotions may also lead to compulsive buying only if gifts are appealing and easy to achieve.

## **Objectives of the study**

- To analyze the relation among demographic variables of person and preference towards sales promotional benefits for making purchase decision.
- To identify which of the tool of sales promotion is more effective in garment products.

## **Methodology**

This research design of this study is descriptive in nature. Type of data used is primary data which was collected from the 100 respondents who were selected by using convenient sampling method. Data collection tool used was questionnaire. The study was carried out in Rajkot city. While collecting the responses, care was taken that all the questions must be clear and easily understood by all the respondents. The questionnaire was developed to analyze the relationship among demographic variables of person and Sales Promotions used in garment products and among various Sales Promotional Tools which one attracts more number of people. For checking this relation (Testing Hypothesis) Chi-Square test is used.

## **Result and Discussion**

Out of 100 respondents 54% were Male and other 46% were female. 17% respondents were below 20 years, 65% from 21 to 30 years, 7% from 31 to 40 years and 3% from above 40 years age group. Here the majority respondents are from 21 to 30 years age group because they are the prime segment for readymade garment products. In analysis it is found that majority (42%) of the respondents go for the shopping of the garment products once in 3 months, followed by 32% of the respondents go for the shopping once in 6 months. 52% of the respondents always go for the shopping of garment products in festival seasons which means festival season is the prime time for garment business and majority people are ready to spend on an average up to three thousand rupees on single purchase. Even if the online shopping is in trend, half of the respondents still shops from local retail stores because of several reasons like availability of trial, quality of fabric can be checked, scope for bargaining and others. Regarding availability of sales promotional benefits majority (59%) of the respondents said that they get such kind of benefits only some times, while 23% said that such benefits are always available. Regarding the perception of the respondents towards sales promotions majority of the respondents either disagree (31%) or strongly disagree (16%) with the statement that sales promotions actually results in spending less

money. Majority (41%) remain neutral regarding getting higher quality products at the same price. Regarding helping in buying decisions 29% of the respondents remains neutral while 25% of respondents are agree with the statement. Regarding getting good deal with sales promotions majority (29%) of the respondents agree with the statement while 28% remains neutral. 31% of the respondents agree with the statement that they can purchase better brand if sales promotion offered. Following table shows the preference of respondents towards various sales promotional tools. Here 1 = Less Preferred, 5 = Most Preferred.

<b>Sales Promotional Tools</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Total</b>
Price Offs	18	12	66	92	155	<b>343</b>
Coupons	30	34	78	60	60	<b>262</b>
Cash Back	19	24	60	80	145	<b>328</b>
Free Gifts	26	34	48	80	105	<b>293</b>
Contest	40	44	66	24	50	<b>224</b>
Membershio Reward	33	38	75	52	50	<b>248</b>
Buy one Get one offers	15	22	69	76	160	<b>342</b>

**Table 1.1 Ranking of Sales Promotional Tools**

After multiplying each number response with the rank we get the final toal. Here Price offs is with highest total i.e. 343 meand its highly preferable promotional tools by respondents. While with just one point less i.e. 342 Buy one Get one offers stood sedcond in preferencece.

### **Application of Chi-Square test**

#### **Hypothesis 1:**

H0: There is no significant difference between gender of the person and preference towards Sales Promotions for making purchase decisions.

H1: There is significant difference between gender of the person and preference towards Sales Promotions for making purchase decisions.

Gender	Response towards Sales Promotion Tools					Total
	1	2	3	4	5	
Male	6	21	16	5	6	54
Female	4	16	19	5	2	46
<b>Total</b>	<b>10</b>	<b>37</b>	<b>35</b>	<b>10</b>	<b>8</b>	<b>100</b>

Chi-Square Calculation	Chi-Square Calculated Value	P value	Null Hypothesis
	0.607437	0.50	Accepted

**Table 1.2 Chi-Square Calculation for Gender**

Here the Chi-Square calculated value in Excel is 0.607437 which is more than established P value i.e. 0.50 so here the Null hypothesis will be accepted which means there is no significant difference between gender of the person and preference towards sales promotions for making purchase decisions.

**Hypothesis 2:**

H0: There is no significant difference between Age of the person and preference towards Sales Promotions for making purchase decisions.

H1: There is significant difference between Age of the person and preference towards Sales Promotions for making purchase decisions.



Age	Response towards Sales Promotion Tools					Total
	1	2	3	4	5	
Below 20	5	7	4	0	1	17
21 - 30	4	27	28	8	6	73
31 – 40	0	5	0	1	1	7
Above 40	1	1	0	1	0	3
<b>Total</b>	<b>10</b>	<b>37</b>	<b>35</b>	<b>10</b>	<b>8</b>	<b>100</b>

Chi-Square Calculation	Chi-Square Calculated Value	P value	Null Hypothesis
	0.044131	0.50	Rejected

**Table 1.3 Chi-Square Calculation for Age Group**

Here the Chi-Square calculated value in Excel is 0.044131 which is less than established P value i.e. 0.50 so here the Null hypothesis will be rejected which means there is significant difference between Age of the person and preference towards sales promotions for making purchase decisions.

**Hypothesis 3:**

H0: There is no significant difference between Income of the person and preference towards Sales Promotions for making purchase decisions.

H1: There is significant difference between Income of the person and preference towards Sales Promotions for making purchase decisions.

Income	Response towards Sales Promotion Tools					Total
	1	2	3	4	5	
Below 2 lakh	5	18	19	2	3	47
2 to 3 lakh	2	5	5	3	4	19
3 to 5 lakh	3	9	9	2	0	23
5 to 10 lakh	0	4	2	2	0	8
Above 10 lakh	0	1	0	1	1	3
<b>Total</b>	<b>10</b>	<b>37</b>	<b>35</b>	<b>10</b>	<b>8</b>	<b>100</b>

Chi-Square Calculation	Chi-Square Calculated Value	P value	Null Hypothesis
	0.195285	0.50	Rejected

**Table 1.2 Chi-Square Calculation for Income**

Here the Chi-Square calculated value in Excel is 0.195285 which is less than established P value i.e. 0.50 so here the Null hypothesis will be rejected which means there is significant difference between Income of the person and preference towards sales promotions for making purchase decisions.

## Conclusion

In this current business environment it becomes difficult to survive and getting sales as people's willingness for spending money in some kind of products like garments which are secondary in nature is becoming low. This study indicates that effective application of Sales Promotions could be the key of this problem. Study leads to the conclusion that application of Sales Promotions in garment products will surely influence consumers in making purchase decisions it do has relation with consumer's demographic variables like age and Income and also people are reacting favorably

regarding receiving benefits in quantity, quality, making choice of brands, purchase satisfaction etc. from sales promotion schemes. So the use of sales promotional schemes could be the helping hand for the business of garments.

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