

# A Study on Effect of Promotion Mix on Consumer Behavior in Organized Retailing

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**Abstract**—One product or family of products if consumer is using and purchasing from shopping malls and they behave differently as per promotion mix applied in the market, so this is the basic aim of this promotional method to attract the customer and change their behavior in specific condition so that the rigid customers also will be take the decision to purchase the product from shopping malls. Promotion is also used to persuade customers that the product is better than competing products and to remind customers about why they may want to buy. Promotion has many potential uses in business. Retailer is a part of the supply chain for any product that it sells. The supply chain consists of the different stages, starting with the raw materials, that the product goes through before it reaches the final consumer. Retailers fulfill the important economic role of making these products and services accessible to consumers and rely on them to supply us with hundreds of products and services each year. The study aims at seeing effect of promotion mix on consumer behavior in shopping malls. The sample size is 180 and convenient sampling technique has been used for data collection. ANNOVA has been used for data analysis.

**Keywords:** Promotion mix, Consumer behavior, Advertising, Personal Selling, Brand, Organized Retailing.

## 1. INTRODUCTION

Promotion Mix strategies directly or indirectly influence the consumers buying decision in big stores or shopping malls. In terms of target markets, college-aged students prefer online, cell phone, and social media. Consumers' media preferences have been researched extensively by academics and marketing research companies. Companies also do their own research and conduct surveys of their consumers to find out how they want to be reached. Manufacturers set up displays in retail outlets for new products so the retailer can promote the product to consumers. Malls bring functional and experiential benefits to consumers and affect their shopping behavior with the perceived benefits. When the buyer is just beginning to purchase a product class, he lacks experience; he does not have set of decision mediators for that product class. Rapid technology changes bring advancement to human kind. Hence, companies should be alert and adapt to the changes in the technological environment so they can always improve themselves and race with their competitors. In terms of marketing promotional tools, marketers used to employed

traditional media such as newspaper, magazines, brochures and fliers to promote their offerings.

The emergence of retailing in India has more to do with the increased purchasing power of buyers, especially post-liberalization, increase in product variety, and increase in economies of scale, with the aid of modern supply and distributions solutions. Indian retailing today is at an interesting crossroads. The retail sales are at the highest point in history and new technologies are improving retail productivity.

According to the recent report by McKinsey & Company titled 'The Great Indian Bazaar, Organized Retail Comes of Age in India', India's overall retail sector is likely to grow to US\$ 450 billion by 2015. Another McKinsey report 'The rise of Indian Consumer Market', estimates that the Indian consumer market is likely to grow four times by 2025. Even though this was a tad lower than the 9 per cent growth posted during the first quarter of 2008-09, it was a lot higher than the 7 per cent registered during the previous three quarters for these firms.

A shopping center, shopping mall, or shopping plaza, is the modern adaptation of the historical marketplace. The mall is a collection of independent retail stores, services, and a parking area, which is conceived, constructed, and maintained by a separate management firm as a unit. (Shiekh, 2008). The first shopping mall was the Country Club Plaza, founded by the J.C. Nichols Company and opened near Kansas City, Mo., in 1922. The first enclosed mall called South dale opened in Edina, Minnesota (near Minneapolis) in 1956. In the 1980s, giant mega malls were developed. The West Edmonton Mall in Alberta, Canada, opened in 1981 - with more than 800 stores and a hotel, amusement park, miniature-golf course, church, "water park" for sunbathing and surfing, a zoo and a 438-foot-long lake.

The everyday definition of retail and organized retailing can be described as the act of selling of goods and merchandise from a fixed location. In other words retailing is a distribution channel function where the retailing organization will buy products from certain manufacturers and then sell it directly to consumers. A retailer is a reseller from which a consumer

purchases products. The origin of the word retail is considered to be from the French word 'retailer' which means to "cutting off, clip and divide" in terms of tailoring. To use the concept, retailing directly converts into the meaning that it is breaking of products in larger consignments into smaller packages for general consumption. Perhaps the concept of retail exists from the times of established currencies if not from the times when the barter system was prevalent. However, the irony of the Indian retailing industry is that even though it is one of the basic financial activities carried out in an economy, it is considered to be the newest when taken in the form of an organized sector in itself. The retail sector is presently undergoing a transition in India. Previously, customers used to go to kirana stores to purchase their necessities. This later changed to bigger shops run by one man with a few employees. Here, all the work was done manually. Gradually, more sophistication seeped into this sector and department stores came into being. Beginning in the mid-1990s, however, there was an explosion of shopping malls and plazas where customers interacted with professionals and not with just one single person - the owner. An important point here is that customers' requirements are catered to by trained staff. Today, organized retailing has become an experience characterized by comfort, style and speed. It is something that offers a customer more control, convenience and choice along with an experience.

India is stepping into a new era of 'Retail Chains' from the traditional neighbourhood 'Kirana Store'. Economic growth, changing lifestyles, urbanization, women's participation in economic activities and the spread of IT are the some of the key factors for the growth of the retail sector. It is the fastest growing sector of the economy with a compounded annual growth rate of 46.64 per cent.

## 2. REVIEW OF LITERATURE

**Armstrong and Kotler** (2009) found in their study that in the buying process, personal selling is easy to sway people to purchase a product. Personal selling is the most effective elements in building up consumer's preferences, conviction and action in certain stage of buying process.

**Yip** (2003) found in his study that social class of an individual indirectly shows that low income would cause limited choice when making purchase decisions.

**William** (2002) mentioned in his study that social class has significant determination on purchase evaluation criteria. Attitude formation, motivation, value orientation, income, socialization during childhood and education levels will influence one's social class.

**Naimah and Tan** (1999) high purchasing power, sales person and sales circumstances was among three key factors which influenced impulsive clothes buying practice among women consumer.

**Adcock et al.** (1998) have stressed that sales promotion element can influence customer to purchase a product immediately and it can be used to encourage repeat purchase effectively. Sales Promotion might be influenced by the level of education, allowance or monthly income and occupation.

**Pollay and Mittal** (1993) proposed a model in which it has been mentioned that seven factors that influence attitudes toward advertising these are product information, social role and image, hedonic/pleasure, value corruption, falsity/no sense, good for the economy, and materialism.

**Hamm, Perry and Wynn** (1969) identified in their study that customers will show a direct response towards the offerings when they are exposed to a sales promotion activity for example free sample will increase the intention to buy a product.

## 3. OBJECTIVES

1. To study the effect of promotion mix on consumer behavior with respect to age.
2. To find the effect of promotion mix on consumer behavior with respect to gender.
3. To find the effect of promotion mix on consumer behavior with respect to income.

## 4. HYPOTHESES

H<sub>01</sub>: There is no significant difference of the effect of promotion mix on consumer behaviour with respect to age.

H<sub>02</sub>: There is no significant difference of the effect of promotion mix on consumer behaviour with respect to gender.

H<sub>03</sub>: There is no significant difference of the effect of promotion mix on consumer behaviour with respect to income.

## 5. RESEARCH METHODOLOGY

### Data Sources

- To design the structured questionnaire, 25 items of promotion mix of consumer behavior have been taken from extensive study of sales literature viz. journals of marketing, international journals of marketing, various business review and marketing management magazines etc.
- The primary data has been collected from 180 customers of different shopping malls, spreading across Indore city and having above 20 years age and already have purchased products from any shopping mall.
- Five categorical variables have also been used to know the effects of all factors on the customer satisfaction. The five Categories have selected for the study are as –Age, Sex, Education, Occupation and Income.

### Sample and Design

The design of the present study is descriptive as well as empirical in nature. The main purpose of the study is to find the impact of promotion mix on consumer behavior in organized retailing in Indore city. The entire universal has been divided as:

- **Age:** The age group were 20-30, 30-40, 40-50 & 50 and above. This was kept so as to cover maximum percentage of universe, grouping in class interval helped in easy tabulation.
- **Education:** It contained to choices –UG, PG & Others.
- **Occupation:** It contained the choices of – Service, Business, Student and House wife.
- **Sex:** It contained the choices of- Male & Female.
- **Income:** It contained the choices of- 1-2 Lacks, 2-3 Lacks, 3-4 Lacks and 4 Lacks and above.

### Data Collection

The questionnaire is divided into two sections. First section deals the demographic variables and Second section related to 25 factors of promotion mix. The questionnaire had given five point scales rating Highly Dissatisfied to Highly Satisfied and comparative weights one to five, where five is the highest rank.

### Tools for Analysis

ANOVA test has been applied to minimize the factors to find their effectiveness & variances. The statistical package like SPSS (version 16) used, MS – Excel also used for analysis. The levels of significance were tested of five percent level.

### ANOVA test

ANOVA has been applied on the factors generated with the help of SPSS software (17.1) version. Tukey Karner multiple comparison has been used to get the mean difference and analyzing the results. It has been applied on 5% level of significance, to test the variance between different demographic variables on sales promotion mix and overall consumer behavior in shopping malls.

**Table 1: ANOVA test measurement with computed value to table value**

Case	Interpretation
a) If the computed value of P is less than $\alpha$	The difference in the variance is significant and it could not have arisen due to fluctuations of random sampling and hence reject H <sub>0</sub>
b) If the computed value of P is greater than $\alpha$	The difference in the variance is not significant and it could not have arisen due to fluctuations of random sampling and hence accept H <sub>0</sub>

## 6. RESULT AND DISCUSSION

**Annexure** indicates the effect of various demographical variables on consumer behavior. As per said table there is a significant impact of demographical variables i.e. age and sex on consumer behavior. Mean of Gender i.e. male and female was 89.4 and 83.6 respectively. This can be inferred that males

are more conscious regarding their behavior in shopping malls as compared to females. Also gender wise there is impact on consumer behavior in shopping malls and mean value of 20-30 yrs. was 89.07 and least was 84.3 of 30-40 yrs. age group. As per Annexure 1 it can be said that students see advertisement only for entertainment and they are least bothered about the product as they are totally dependent on their parents and above 40yrs age group because they have more responsibilities of their family so they are more conscious regarding their purchasing behavior in shopping malls. Annexure also indicates that there is no significant impact of demographic variables i.e. age and income on consumer behavior in shopping malls, i.e. income and occupation wise male and female behavior are same and they behave exactly same in shopping malls as they have common purchasing behavior. Rupesh Kumar Tiwari et al. (2010) found in their research “ Understanding the consumer behaviour towards shopping malls in Raipur city” that there is no significant difference in perception of consumers’ towards shopping malls with respect to income and occupation. Haiyan Hu and Cynthia R. Jasper (2007) also found in their research “ A Qualitative Study of Mall Shopping Behaviors of Mature Consumers” that there is no significant difference in customers’ perception towards shopping malls with regard to income and occupation. This means that income and occupation do not have any significant impact on buying products from shopping malls. It has been identified by them that as age increases buying of products from shopping malls decreases. Young people are prone to buy products from shopping malls.

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**ANNEXURE**

<b>ANOVA</b>					
<b>Gender</b>					
	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	1498.218	1	1498.218	11.051	.001
Within Groups	24132.982	178	135.579		
Total	25631.200	179			

<b>ANOVA</b>					
<b>Age</b>					
	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	1787.227	3	595.742	4.397	.005
Within Groups	23843.973	176	135.477		
Total	25631.200	179			

<b>ANOVA</b>					
<b>Income</b>					
	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	247.726	2	123.863	.864	.423
Within Groups	25383.474	177	143.409		
Total	25631.200	179			