

A Study of Non Monetary Sales Promotion and Reward

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Abstract—The sales promotion tools are the need of modern marketing practices. It is the subject of research to understand how the sales promotion can be made more effective. Various researches have done study to understand the impact of sales promotion but it is need to understand the psychological impact of sales promotion on consumer buying behaviour. Sales promotion can be categorized in two types monetary and non monetary. This research paper concentrates on non monetary sales promotion. In this research paper we try to find out what is the better fit product with the non monetary sales promotion as reward. What the reward should be given in non monetary sales promotion so that non monetary sales promotion become more effective. We try to understand this thing with example: - In non monetary sales promotion of soap, what should be better reward a packet of shampoo or a packet of biscuit? In non monetary sales promotion of a biscuit what should be better reward a packet of shampoo or a small /extra packet biscuit? For this study Primary data was collected from respondents of Bhopal city through a questionnaire designed for a sample of 260 respondents by using the survey method. Stratified Random sampling method is used for data collection. Finding of this research reveals that the customer of particular product feel valued when the reward enhances the customer perceived value of product. Customer perceives value for such products where reward is targeted to the customer of product. The rewards which are having similarity (homogeneous in Nature) with the product make the product more attractive for customer. So choosing the reward which match with the product make the product more attractive and customer feel valued with such non monetary sales promotion. This finding has huge implication for marketer to frame a better sales promotion plan. This research paper show the way to what should be given as reward in nonmonetary sales promotion.

Keywords-Non Monetary Sales Promotion, Customer perceived value, Reward

I. INTRODUCTION (HEADING 1)

Consumer sales promotion is incentives offered to consumer to persuade customers buying behaviour. Example of Sales promotion tools are Discount, Coupons, Premiums, Bonus, Rebates etc. The advantages of sales promotion are product trial, repeat purchase, product, Bulk buying, neutralize competitive advertising etc.

Sales promotion is criticized for being its short run oriented and use of monetary promotions may decreases the profit opportunity. According to Mela, Gupta and Lehmann (1997) using sales promotion for long run can make consumer more price sensitivity which might results to devaluation of brand equity. Sales promotion is very widely used to increase in short run sale, so it carries the high importance. Systematic research is much required to know the effectiveness of sales promotions activities because it account for s large share of marketing expenditure. The study of sales promotion to enhance its effectiveness is very much important to know how consumer reacts with different sales promotions.

Sales promotion can be categories in monetary and non monetary sales promotion. In monetary sales promotion consumer get price related benefit, like 20% discount, price cut etc. In non monetary sales promotion consumer get benefit of reward like premium, 20% extra etc. This research paper is mainly based on to understand that what should be better reward with non monetary sales promotion. We try to understand this thing with example: - In non monetary sales promotion of soap, what should be better reward a packet of shampoo or a packet of biscuit? In non monetary sales promotion of a biscuit what should be better reward a packet of shampoo or a small /extra packet biscuit?

II. LITERATURE REVIEW

A marketer generally spends a huge amount of money on sales promotions activities, so it is important to know the effects of activities on brand attitude (Yi and Yoo, 2011). It is required to study the effect of sales promotions on different span of time because it is common practice to use sale promotions for long term. (Raghubir, Inman, & Grande, 2004).

Kahneman and Tversky's (1979) explain consumer behaviour in prospect theory that, consumers evaluate price of any product on a reference point and gains or losses is considered on deviations of reference point. Consumers always avoid loss and "they are more reactive for loss in comparison to gains (Kahneman and Tversky, 1979). If we use this theory regarding monetary and non monetary sales promotion we can say that monetary promotion reduces the

perceived loss and non monetary promotion increases the perceived gain

Lowe and Barnes (2012) suggest that consumers’ responses are more favorable for non-monetary promotions in comparison to monetary promotions because non-monetary promotions are considered as gains while monetary promotion is considered as reduced losses. Sales promotions have been classified by many researchers as monetary and nonmonetary promotion (Chandon et al., 2000; Diamond and Johnson, 1990). Example, of monetary promotion is price discount example of nonmonetary promotion is premium. A premium is simply product or service offered free with purchase of any products or services (Astous & Jacob, 2002).

According to Chandon, Wansink, & Laurent (2000) different benefits are provided by monetary and nonmonetary promotions provides these are hedonic benefit and utilitarian benefits. Hedonic benefits are savings, higher product quality, and improved shopping convenience and utilitarian benefits are opportunities for value expression, entertainment and exploration.

So here we presume that sales promotion is having positive impact on customer buying behaviour.

Preposition 1. Sales promotion is having positive influence in customer buying behaviour.

Our literature review suggests that the response for different sales promotion tool is different by the customer, so it is presumption that:

Preposition2. There is significant difference in the consumer’s response to give preference for the selected sales promotion tools.

We identified three different determinants which can be important to decide the reward:-

1. *Customer Perceived Value*- A better reward is that which enhances the customer perceived value of the product. So that customer feels that the product is more valuable. Transaction utility theory is explained by Lisa S. McNeill, Kim Shyan FAM and Kim Chung (2013) as consumers make evaluation regarding price-based promotion after the using a product and repeat purchase is depends upon product experience. Application of transaction utility theory in reference of non monetary sales promotion, it can be assumed that customer feels that they are getting more valuable product if the reward given with sales promotion enhances the customer perceived value. Example if a printer is provided with computer than it enhances the customer perceived value of product, in a non monetary sales promotion of a tea packet a cup is provided as gift than it enhances the customer perceived value of tea packet.

Preposition 3. There is significant difference in the consumer’s response to give preference to the non monetary sales promotion tools which enhance Customer Perceived Value of product.

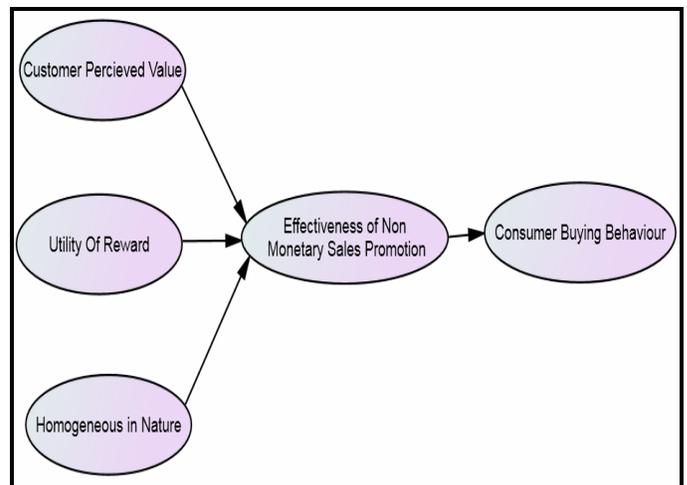
2. *Utility of Reward* - Purchase of a product is influenced by the sales promotion but the reward given with promotional offer should be useful for the customer. What is the reward given with non monetary sales promotion attract the different customer segment. Example during purchase of a bottle of oil if beauty cream is provided than definitely it attract to the female customer, if pen or copy is provided it attracts to the student more, If a shave cream is provided it will attract to male customer only. So the reward should be decided based on the targeted customer segment.

Preposition 4. There is significant difference in the consumer’s response to give preference to the non monetary sales promotion tools which is targeted to customer based on utility.

- 3.. *Homogeneous in Nature* – The reward with non monetary sales promotion are more successful, when it is homogeneous in nature with the product Example during sale of a computer system a printer or scanner can be better reward, during sale of a T.V. a set top box can be better reward, similarity during sales of a detergent powder a detergent cake can be a better reward. In study we found that customer dislike the mismatch product given as reward.

Preposition 5. There is no significant difference in the consumer’s response to give preference to the non monetary sales promotion tools which provide reward which is homogeneous in nature.

Image 1 Effectiveness of Non Monetary Sales Promotion



Source: - Author's own contribution

III. RESEARCH METHODOLOGY

The objectives of study are-

- To examine consumer interest towards non monetary sales promotion.
- To find out the better reward with non monetary sales promotion.

Table 1 Demographic description of the sample

Age	Age Group	20-30	30-40	40-50	50+	Total	
	Number of respondents	130	86	32	12	260	
Gender	Gender	Male		Female		Total	
	Number of respondents	145		115		260	
Education	Education Level	Higher Secondary	Graduate	Post graduate +		Total	
	Number of respondents	72	121	67		260	
Monthly Income	Income in thousand	0-10	10-20	20-30	30-40	>40	Total
	Number of respondents	48	95	78	26	13	260

For this research structured questionnaire is used for measuring consumer preference towards reward of non monetary sales promotion. Primary data was collected from respondents of Bhopal city through a questionnaire designed for a sample of 260 respondents by using the survey method. Stratified Random sampling method is used. The data collected from the respondents are coded, tabulated and analyzed into logical statements using Chi Square testing.

IV. DATA ANALYSIS

The data collected are measuring the attitude of the Consumers towards the reward of non monetary sales promotion using Chi Square test. For this we have taken five hypotheses and analyzed the data.

Hypothesis 1

H01- Sales promotion is not having positive influence in customer buying behaviour.

We collected customer response on the basis of their selection of agree and disagree regarding impact of sales promotion on their purchasing behaviour.

$\chi^2_{\text{calculated}} - 11.21$

$\chi^2_{\text{critical}} - 3.841 (\alpha= 0.05) (\text{DOF-01})$

Result: - Maximum respondents agreed that sales promotions influence their buying behaviour. Calculated value is greater than critical value therefore the Ho is rejected it show that Sales promotion is having positive influence in consumer buying behaviour.

Hypothesis H02- There is no significant difference in the consumer’s response to give preference for the selected sales promotion tools.

Table 2 Customer Preference for different Sales Promotion Tools

Gender/ Sale promotion	Male	Female	Total
Discounts	37	31	68
Extra	31	25	56
Gift	36	33	69
Coupon	23	12	35
Contest	18	14	32
Total	145	115	260

In below mentioned chart we can see the response of customer giving preference to deferent sales promotion tools.

$\chi^2_{\text{calculated}} - 24.03$

$\chi^2_{\text{critical}} - 9.488 (\alpha= 0.05) (\text{DOF-04})$

Result: - Calculated value is greater than critical value therefore the Ho is rejected it show that there are significant difference in giving preference to different sales promotion tools.

Hypothesis 3

We asked the respondents to select the one of the below mentioned option of sales promotion (Enhancing the Customer Perceived Value of product)

(The value of reward is equal and brand preference absent)

A bottle of hair oil with extra oil worth Rs 10

A bottle of oil with small oil bottle worth Rs 10

A bottle of oil with cosmetic cream worth Rs 10

H03- There is no significant difference in the consumer’s response to give preference to the non monetary sales promotion tools which enhance Customer Perceived Value of product.

$\chi^2_{\text{calculated}} - 53.01538$

$\chi^2_{\text{critical}} - 5.991 (\alpha= 0.05) (\text{DOF-02})$

Result: - In study maximum responded selected option (c). Calculated value is greater than critical value so the Ho is rejected and it shows that customer give preference to the sales

promotion tools which is enhancing the Customer Perceived value of product more.

Hypothesis 4: We asked the respondents to select the one of the below mentioned option of sales promotion (Utility of reward)

(The value of reward is equal and brand preference absent)

A note book with free pen worth

A note book with free copy worth

A note book with free recharge voucher

A note book with free cosmetics cream

H04 There is no significant difference in the consumer's response to give preference to the non monetary sales promotion tools which is targeted to customer based on utility.

$\chi^2_{\text{calculated}} - 4.03$

$\chi^2_{\text{critical}} - 7.815$ ($\alpha = 0.05$) (DOF-03)

Result: - In study selection of option is scattered and different customer selected sales promotion reward according to their need. Critical value is greater than calculated value so the Ho is accepted and it shows that customer give preference to the non monetary sales promotion reward which they perceive useful for them.

Hypothesis 5: We asked the respondents to select the one of the below mentioned option of sales promotion. (Homogeneous Nature with the product) (The value of reward is equal and brand preference absent)

A detergent powder with detergent cake

A detergent powder with biscuit

A detergent powder with free pen

H05 There is no significant difference in the consumer's response to give preference to the non monetary sales promotion tools which provide reward of homogeneous nature.

$\chi^2_{\text{calculated}} - 85.05717$

$\chi^2_{\text{critical}} - 5.991$ ($\alpha = 0.05$) (DOF-02)

In study maximum responded selected option (A). Calculated value is greater than critical value hence the Ho is rejected. It shows that preference for non monetary sales promotion reward is influenced by the homogeneous nature of the reward with product.

V. DISCUSSION

In hypothesis first we found that sales promotion influence the purchase behaviour as supported by previous studies Manalel et al (2007), Garrett & Gopalakrishna (2010). It is also found that different sales promotions are considered differently. Non monetary sales promotion is considered for utilitarian and monetary promotions are considered for hedonic benefit (Chandon et al. 2000). In third hypothesis it is been assumed that there is no significant difference in the consumer's response to give preference to the non monetary sales

promotion tools which enhance the customer perceived value of product. It get rejected and it shows that customer give preference to the sales promotion reward which is enhancing the value of product more in comparison to other. In fourth hypothesis it is been assumed that there is no significant difference in the consumer's response to give preference to the non monetary sales promotion tools which is targeted to customer based on utility. In this we found that customer give preference to the non monetary sales promotion reward which they perceive useful for them. In fifth hypothesis it is found that there is no significant difference in the consumer's response to give preference to the non monetary sales promotion tools which provide reward of homogeneous nature. It shows that preference for non monetary sales promotion reward is influenced by the homogeneous nature of the reward with product.

VI. CONCLUSIONS

We can conclude our research that non monetary sales promotion can be made more effective by considering the following three determinants first is Enhancing the customer perceived value of product, second is Utility of reward and third is homogeneous in Nature. This is having great implication in terms of enhancing the effectiveness of non monetary sales promotion tools. During designing the non monetary sales promotion strategy the above mention three determinants can be used to influence customers purchasing behaviour.

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