



The Impact of Sales Promotion on Hedonic Value and Utilitarian Value on Impulse Buying

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ABSTRACT

This study will be used to highlight or evaluate the effectiveness of sales promotion on the buying behavior of customers. This is very important as it would bring about fast growth if the promotional strategies are well planned and implemented in retail stores. An individual's overall perceived shopping value has two dimensions – utilitarian and hedonic. Utilitarian shopping value relates to the functional aspects of the shopping context. Hedonic shopping value is derived from the perceived fun or playfulness of the shopping. This study investigates how the individual buying behavior perceived benefits from sales promotion and impact of hedonic and utilitarian value on impulse buying. The result from the study stated that hedonic have a positive impact on impulse buying.

KEYWORDS	Sales promotion, Hedonic Value, Utilitarian value and Impulse buying.
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Introduction

Retail is currently the flourishing sector of the Indian economy. Recent proof suggests that profits may be enhanced when strategies focus on retaining current customers. A growing number of Marketers and academics often review the dependence on sales promotion Buzzell et al., (1990). Impulse buying occurs when a consumer experience a sudden, often powerful and persistent urge to buy something immediately (Rook 1987). Impulse buying is less likely to consider the consequences or to think carefully before making purchase. Everyone has experienced the sudden urge to buy a product that originally was not on the shopping list when shopping. This phenomenon is termed as impulse buying. This paper discusses various in – store promotional strategies, new shopping solutions and how this in turn helps the customer to make purchase decision right in the retail store.

Sales promotion techniques can be grouped according to the benefits provided by utilitarian or hedonic rather than the technique used e.g., coupons or free gifts (Thomas Hills 2013). 70% of unplanned purchases are from promotional techniques (Abratt & Goodey 1990). The author develops a framework which argues that sales promotion effectiveness is determined by the utilitarian or Hedonic nature of the benefits and also found the influence of impulse buying. Sales promotions have become increasingly important over the years. K.S. Chandrasekar & Stanley George (2013).

Many studies had given a short impression of promotional topics and generalizations regarding sales promotions Blattberg, Briesch and Fox (1995). There are various factors that promote the impulse buying behaviour of men and women equally. The factors include discount, low price and free gift (Anagha Shukre & Naini Mishra(2012). There are many ways to promote a product so retailers should know what promotional techniques evoke urges to buy, bring a customer closer to a product, and make him more tempted (Rook & Hoch, 1985; Beatty & Ferrel, 1998).

Simonson, Carmon and O'Curry (1994) find that for products with unattractive premium promotions consumer preference decreases because consumers think they are paying extra for free gifts they do not want. It is important for companies when they are trying to sell products not only to satisfy consumers utilitarian needs but also their hedonic needs. Fulfillment of hedonic and utilitarian motives will have an impact on customer satisfaction (Andrea Kruszka,2012). To test the

theoretical model, data were collected from the 160 respondents who purchased products from Spar hypermarket located in the city of Coimbatore. Hypermarkets in India are a combination of supermarket and department store. Hypermarkets offer shoppers a one-stop shopping experience. The results suggested that Hedonic shopping value and Utilitarian Value influenced positively by sales promotion offered by the store. The results also suggest that utilitarian has the highest influencing factor on impulse buying.

Hedonic shopping value	Utilitarian shopping value
An end itself	A means to an end
Does not necessarily include purchases	Always includes purchases
Impulsive	Planned
For pleasure	Out of necessity
No clear beginning or end	Clear beginning and end
Emphasis of the experience	Emphasis of rationality

Conceptual Framework
Impulse buying

Impulse buying is simply defined as the sudden and immediate purchase decision inside a store with no prior intention to buy the specific product or products (Keyur B.Bhojak et al., (2014). The amount of impulse purchases has increased significantly throughout the years and is still increasing s(Crawford & Mellear, 2000). Indian Retail market is continuously increasing if the income of the consumer increases then there will be increase in purchase and also change in tastes and preferences of consumers. It is important for the retail players to be able to understand the different factors affecting the extent in impulse buying behaviour Verma Priyanka & Verma Rooble (2012). Voss et al., (2003) state there are two reasons for consuming products, hedonic and utilitarian.

Impulse buying can best be defined in terms of whether or not the purchaser makes the decision to purchase the product before or after entering the store (Ma, 2013). Impulse buying is unreflective and the purchase is made without charming in great deal of evaluation. Individuals buying impulse is less likely to consider the consequences or to think carefully before making the purchase (Rook, 1987).Impulse buying is a ubiquitous and unique aspect of consumers' lifestyle. Impulse buying accounts for a large volume of product sales every year (Hausman 2000).

The purchase decision is made on the spot spontaneous, sudden and occurs at the time of purchase i.e. purchase is made immediately after the decision to buy. Park et al., (2006) stated that consumers buy fashion products more impulsively during their shopping trip. Stern (1962) delineated four different types of impulse buying: Pure Impulsive Buying, Suggestion Impulsive Buying, Reminder Impulsive Buying, and Planned Impulsive Buying.

Sales Promotion

American Marketing Association (AMA) defines sales promotion as a Marketing pressure created through non-media and media activities to augment consumer demand for a limited and predetermined time period. Salespeople's ability to inform and persuade through effective interactions with customers influence customers' purchases (Grewal and Sharma, 1991). Store accessibility and sales staff will affect impulse buying (Avcott & Mitchell, 1998). Promotions may become important, given the tendency to make purchases based on impulse (Zhuang, Tsang, Zhou, Li & Nicholls, 2006).

P & G Co. Spend Millions on in-store marketing efforts, the company believes that first 3 or 7 seconds when a shopper notices a product on shelf's (Nelson & Ellison 2005). A.Zia , A.Akhtar & M.K Azam (2012) the study identified physical aspect personal attention given by the store employees to the customers, and courteousness of staff as major determinants factor of shopping experience in organized retail setup. Loes Bink, (2010) the study had clearly mentioned that promotional techniques are the best to arouse impulse buying.

It is important that sales personnel have sufficient knowledge about products offered in store and they are able to handle complaint. Highly skilled, motivated, and helpful sales personnel with good manners, lead to customer's willingness to visit store again and is one of the success factors in retailing Ghosh, Tripathi & Kumar (2010). (Blattberg et al., 1995 , Nelson 1990 , Narasimhan et al., 1996) the above research shows that retailers are increasing the usage of the in-store promotional efforts to increase short – term sales. Chandon et al., (2000) the study found that sales promotion provides consumer with hedonic benefits & utilitarian benefits.

Alireza & Hasti (2011) the study shows essential relationship between window display, credit card, promotional activities i.e cash discount, free product and consumer impulse buying behaviour was found. Loes Bink (2010) the study obviously states that promotional techniques are the best to arouse impulse buying. Chandon et al., (2000) the study indicates that effectiveness of sales promotions is the higher when its benefits are similar with those required for the purchase occasion.

Sales promotion and Hedonic value

Backstrom & Johansson (2006) Holbrook & Hirschman (1982) the study had concluded that Hedonic value results from feelings, fun, fantasies and playing. Hedonic Values have had a considerable impact on consumers' behaviour (Majid Nili et al., 2013). Hedonic shopping value is more subjective and individualistic. Hedonic motive is a predictor of impulse buying (Teller et al., 2008). Miranda, (2009) the author had argued that hedonic motivations vary across different product categories. Lower income consumers have been exposed to hedonic aspect more than the utilitarian (Allard et al. 2009). Hedonic consumption tendency can act as a mediator to determine the occurrence of impulse buying behaviour (Park et al., 2006) Babin and Darden (1995) stated that the time spent when shopping at stores will increase consumer hedonic shopping experience. (Teixeira et al., 2012) The result from the study suggest that hedonic shopping value was much more important than utilitarian shopping value to determine purchase satisfaction repurchase intention and intention of word of mouth. Pierre Chandon et al., (2000) Sales Promotions are often simply fun to see or use. Sales Promotion can improve shopping efficiency.

H₀1: There is no significant relationship between sales promotion and hedonic.

Sales Promotion and Utilitarian value

Kang & Park (2010) Utilitarian aspect of buying process is related to demand to purchase particular product or service. Utilitarian shopping value is more rational and non- emotional in nature (Mayank Dhaundiyal , Joseph Coughlan (2009). Utilitarian purchasing behaviour is more logical, rational, related to transactions, and connected with more information gathering (Sherry, 1990; Batra and Ahtola, 1990). Utilitarian Value has actual & tangible attributes. Utilitarian value based on satisfying a basic need & purchased & consumer for filling consumer basic & functional needs. Consumers pay attention to direct value of consumption and purpose of utilitarian consumption is benefit increasing for consumers (Sen & Lerman, 2000). Kambiz Heidarzadeh Hanzare & Yahya Khonsari (2011) The result from the study showed that hedonic and utilitarian value had the same role in creating customer satisfaction and willingness to repurchase. Kasnaeny et al., (2013) Shopping motives starts from the need , where it will need to be filled urgently fulfilment of hedonic and utilitarian motives will have an impact on customer satisfaction.

H₀2: There is no significant relationship between sales promotion and utilitarian value.

Hedonic and Impulse buying

The roots of hedonic value as a motive in customer shopping can be found as in early as 1950 s. Yu and Bastin (2010) Hedonic shopping value of an individual will direct to impulse purchases and are inextricably related to each other. Hoch & Lowenstein (1991), Dittmar et al., (1995) the study stated that there is a tendency for consumers to buy impulsively when they are hedonistic and enjoy shopping. Aruna S and Santhi P (2015) One would also imagine that impulse buying is linked to Hedonic shopping experience whereby sense of adventure and thrill, feeling of excitement and escapism can all lead to reducing of Self – Control. Hedonic motive is the predictor of impulse buying (teller et al., 2008). (Park & Forney, 2011) Consumers with high hedonic attitude towards fashion product affect impulse buying behaviour. Sonali Banerjee & Suneeta Saha , (2012) Hedonic and pleasure driven shopping endeavours have led to the rapid increase in impulse buying.

H₀3: There is no significant relationship between Hedonic and Impulse buying.

Utilitarian and Impulse buying

Babin et al. (1994) found that there is a positive relationship between unplanned purchases and hedonic value and unplanned purchases and utilitarian value are not related significantly. 25% of the respondents made unplanned purchase due to remember a need of a person (Abratt & Goodey 1990). (Neda Irani & Kambiz) The study found that there is positive relationship between price sensitivity and utilitarian Value. (Babin et al., 1994) Consumer receives utilitarian shopping value when he or she obtains the needed product.

(Toe, 2011) the study explore that utilitarian value includes value of money, Judgment of convenience and time saving. (Chang Eun Young 2002) the result from the study indicates that male respondents have greater utilitarian satisfaction rather than hedonic. Arpita Khare (2012) The result from the study shows that hedonic and Utilitarian Values of consumer from small cities influenced their attitude towards malls.

H₀4: There is no significant relationship between Hedonic and Impulse buying.



Methodology

Primary data was collected from the respondents through a structured questionnaire. The respondents were the customers visiting hypermarkets in Coimbatore. Convenience sampling technique was used in the study. The questionnaire incorporated questions related to general impulse purchase behaviour. The factors were measured with a five point likert scale type statements. The questionnaire was divided into two parts: Part A & Part B

Part A consists of questions connected to respondent's socio-economic, demographic and geographic characteristics. Part B consists of questions related to factors like sales promotion, Hedonic, Utilitarian and impulse buying. The responses are measured using nominal and interval scales. Measurements of variables were adopted from previous studies. To measure Impulse buying, sales promotion, Hedonic, Utilitarian, the items were adopted from an extensive review of relevant literature (Pierre Chandon et al.,1999 , Desmet & Ruadin, 1998; Narasimhan et al., 1996 Matilla & Wirtz, 2006 , Peck & Childers, 2006; Jones, Reynolds, Weun & Beatty, 2003) A total of 320 responses were gathered out of that 300 responses were usable for data analysis.

Validity Test

This list of factors was scrutinized by a panel comprising academicians and industry experts. Panel recommended reframing some of the statements to make the questionnaire coherent with the study. The final questionnaire comprised forty statements related to sales promotion, Hedonic, Utilitarian and impulse buying. Statements were structured to assess respondents' level of agree/disagree about the significance of individual attribute. The questionnaire was duly pre-tested and was found valid and reliable.

Reliability of the questionnaire was tested by using Cronbach Alpha. As an outcome of modifying the instrument, the questionnaire measures were tested through reliability analysis in order to determine if the sample subjects were understood all items in the questionnaire and to test the internal consistence. Rama Krishna Prasad, (2011) & Winnally (1978) the study had explore that the coefficient values should be 0.70 minimum requirement for basic research if the value less than 0.70 will be dropping from the scale of those items that provide the least empirical and conceptual support.

S.No	Factor	Cronbach's Alpha
1	Sales Promotion	.800
2	Hedonic	.834
3	Utilitarian	.809
4	Impulse Buying	.806

Frequency
Gender

		Frequency	Percent
	Male	180	60.0
	Female	120	40.0
	Total	300	100.0

Table above depict the gender classification of the respondents. Out of an aggregate same of 300, 60% of the respondents are male and remaining 40% is female respondents.

Marital Status

		Frequency	Percent
Valid	Single	115	38.3
	Married	185	61.7
	Total	300	100.0

From the above table it is observed that 38.3 % of the respondents are Single and 61.7% of the respondents are married.

Monthly Income

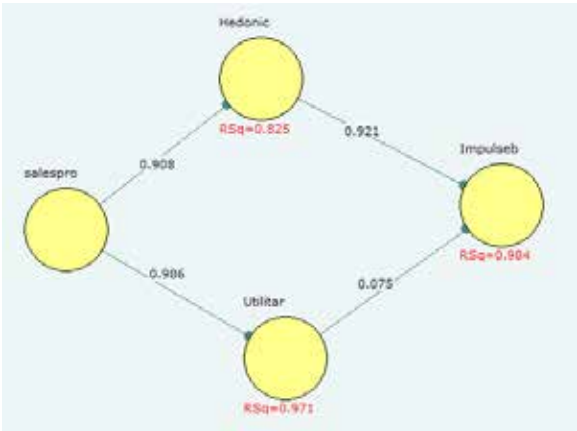
		Frequency	Percent
Valid	Below 10000	80	26.7
	10000-20000	135	45.0
	20000-50000	85	28.3
	Total	300	100.0

The above table shows that majority of the respondents belongs to 10000 to 20000 group.

Anova

The above table shows that there is a significant relationship between Incomes on impulse buying as the level of significance is below 0.05 in the cases. It means that respondent's income level has a positive relationship with impulse buying.

Result



Paths from sales promotion loaded significantly on Hedonic and Utilitarian and also path from Hedonic loaded significantly on Impulse buying. All the paths loading were significant at the P< 0.05 level. The result shows that sales promotion is the strong predictor of Hedonic and Utilitarian and also the result shows that hedonic is the strongest predictor of impulse buying with an R – square value of 0.984. Therefore this model explained the good amount of variance in the level of impulse buying. Overall the conceptual model that we framed is support from the data.

Correlation of Latent Variables				
	Sales promotion	Hedonic	Utilitarian	Impulse buying
Sales promotion	1.000			
Hedonic	0.908	1.000		
Utilitarian	0.986	0.936	1.000	
Impulse buying	0.911	0.992	0.937	1.000

Correlation was performed between factors considered under impulse buying to find relationship between those factors if any. Table above shows the inter correlation of all variables in the study. The inter correlation results reveal that Sales promotion is positively related to Hedonic (r=0.908, p<0.001) Sales promotion is also positively related to impulse buying (r=0.986,p<0.05) and also the result reveals that hedonic is positively related to impulse buying (r=0.992,p<0.05) Utilitarian is positively related to impulse buying (r=.0.986,p<0.05). The inter correlation results preliminarily supported the relationship between variables in Diagram.

Conclusion

Current research work answers the question of how and why hedonic and utilitarian variables influence buying behaviour. This concept is supported by the results of Voss (et al., 2003). We found that hedonic variable is strongly related to impulse buying behaviour. The above statement is supported by (Pierre Chandon et al., (2000), he stated that the multibenefit framework suggests that sales promotions may also be appropriate in order to deliver a higher customer value through higher hedonic benefits. If the shopper had visited the store before, it

could also indicate that the more they visit a store, the more they come to like offers in the store. This could mean that if the respondent visits the store more often, he or she could become less picky about it.

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