

Eurasian Studies in Business and Economics 9
Series Editors: Mehmet Huseyin Bilgin · Hakan Danis

Mehmet Huseyin Bilgin · Hakan Danis
Ender Demir · Ugur Can *Editors*

Consumer Behavior, Organizational Strategy and Financial Economics

Proceedings of the 21st Eurasia Business
and Economics Society Conference



 Springer

Eurasian Studies in Business and Economics 9

Series editors

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ISSN 2364-5067 ISSN 2364-5075 (electronic)
Eurasian Studies in Business and Economics
ISBN 978-3-319-76287-6 ISBN 978-3-319-76288-3 (eBook)
<https://doi.org/10.1007/978-3-319-76288-3>

Library of Congress Control Number: 2018937678

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Printed on acid-free paper

This Springer imprint is published by the registered company Springer International Publishing AG part of Springer Nature.

The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Preface

This is the ninth issue of the Springer's series Eurasian Studies in Business and Economics, which is the official book series of the Eurasia Business and Economics Society (EBES, <http://www.ebesweb.org>). This issue includes selected papers presented at the 21st EBES Conference that was held on January 12–14, 2017, at the Department of Finance, Budapest University of Technology and Economics (BME), Budapest, Hungary, with the support of the Istanbul Economic Research Association. Distinguished colleague Prof. Peter Szilagyi, CEU Business School, Hungary, and the University of Cambridge, UK, joined the conference as the keynote speaker. All accepted papers for the issue went through a peer-review process and benefited from the comments made during the conference as well.

During the conference, participants had many productive discussions and exchanges that contributed to the success of the conference where 185 papers by 343 colleagues from 46 countries were presented. In addition to publication opportunities in EBES journals (*Eurasian Business Review* and *Eurasian Economic Review*, which are also published by Springer), conference participants were given an opportunity to submit their full papers for this issue.

Theoretical and empirical papers in the series cover diverse areas of business, economics, and finance from many different countries, providing a valuable opportunity to researchers, professionals, and students to catch up with the most recent studies in a diverse set of fields across many countries and regions.

The aim of the EBES conferences is to bring together scientists from business, finance, and economics fields, attract original research papers, and provide them publication opportunities. Each issue of the Eurasian Studies in Business and Economics covers a wide variety of topics from business and economics and provides empirical results from many different countries and regions that are less investigated in the existing literature. The current issue covers fields such as:

- (i) CONSUMER BEHAVIOR
- (ii) ORGANIZATIONAL STRATEGY
- (iii) FINANCIAL ECONOMICS
- (iv) INDUSTRIAL AND PUBLIC POLICY

Although the papers in this issue may provide empirical results for a specific country or regions, we believe that the readers would have an opportunity to catch up with the most recent studies in a diverse set of fields across many countries and regions and empirical support for the existing literature. In addition, the findings from these papers could be valid for similar economies or regions.

On behalf of the series editors, volume editors, and EBES officers, I would like to thank all presenters, participants, board members, and the keynote speaker, and we are looking forward to seeing you at the upcoming EBES conferences.

Istanbul, Turkey

Ender Demir

Eurasia Business and Economics Society

EBES is a scholarly association for scholars involved in the practice and study of economics, finance, and business worldwide. EBES was founded in 2008 with the purpose of not only promoting academic research in the field of business and economics but also encouraging the intellectual development of scholars. In spite of the term “Eurasia,” the scope should be understood in its broadest terms as having a global emphasis.

EBES aims to bring worldwide researchers and professionals together through organizing conferences and publishing academic journals and increase economics, finance, and business knowledge through academic discussions. To reach its goal, EBES benefits from its executive and advisory boards which consist of well-known academicians from all around the world. Every year, with the inclusion of new members, our executive and advisory boards became more diverse and influential. I would like to thank them for their support.

EBES conferences and journals are open to all economics, finance, and business scholars and professionals around the world. Any scholar or professional interested in economics, finance, and business is welcome to attend EBES conferences. Since 2012, EBES has been organizing three conferences every year: one in late May or early June, one in January, and one in late September or early October. Since our first conference, around 9132 colleagues from 92 different countries have joined our conferences and 5240 academic papers have been presented. Also, in a very short period of time, *EBES has reached 1713 members from 84 countries.*

Since 2011, EBES has been publishing two academic journals. One of those journals, *Eurasian Business Review—EABR*, is in the fields of industry and business, and the other one, *Eurasian Economic Review—EAER*, is in the fields of economics and finance. Both journals are published thrice a year, and we are committed to having both journals included in SSCI as soon as possible. Both journals have been published by *Springer* since 2014 and are currently indexed in the *Emerging Sources Citation Index* (Thomson Reuters), *SCOPUS*, *EconLit*, *Google Scholar*, *EBSCO*, *ProQuest*, *ABI/INFORM*, *Business Source*, *International Bibliography of the Social*

Sciences (IBSS), OCLC, Research Papers in Economics (RePEc), Summon by ProQuest, and TOC Premier.

Furthermore, since 2014 Springer has started to publish the conference proceedings series (*Eurasian Studies in Business and Economics*) which includes selected papers from the EBES conferences. Please note that the 10th, 11th, 12th, 13th, 14th, 15th, 16th, and 17th EBES Conference Proceedings are accepted for inclusion in the Thomson Reuters' *Conference Proceedings Citation Index*. The 18th and subsequent conference proceedings are in progress.

On behalf of the EBES officers, I sincerely thank you for your participation and look forward to seeing you at our future conferences. In order to improve our future conferences, we welcome your comments and suggestions. Our success is only possible with your valuable feedback and support.

I hope you enjoy the conference and Budapest, Hungary!

With my very best wishes,

Jonathan Batten, PhD
President

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Part I
Consumer Behavior

The Influence of Sales Stimulation Methods on the Behaviour of Consumers While Making the Decision on Purchase of Products in the Latvian Market



Anda Batraga, Valerijs Praude, Jelena Šalkovska, and Oksana Afoniceva

Abstract The purpose of this research is the determination the extent of influence of various stimulation methods on the behaviour of consumers while making the decision on purchase of products in the Latvian market. In the course of the research approaches to development and realization of sales' stimulation process were used which were described in scientific literature and the results of empirical researches that were made under the leadership of the authors. In the article the following research methods were used: abstract literature analysis, Latvian residents' questionnaire (1320 respondents), and the correlation analysis. As a result the model for developing and realization of sales promotion process was made, the extent of influence of various stimulation methods on the behaviour of consumers while making the decision on purchase of products in the Latvian market was determined based on the correlation analysis. The results of the research let the authors to make conclusion and develop recommendations for producers and sellers of foodstuff for process of developing and realization of sales' stimulation for these products in the Latvian market. The results of the research have as well as theoretical as practical meaning not only for Latvian market subjects, but also for foodstuff market subjects in other countries.

Keywords Purchase · Consumer · Foodstuff · Sales promotion · Consumer's behaviour

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1 Introduction

Nowadays the market is experiencing a high saturation, which is expressed both in consumer growth and in the increase in the supply of relevant market products and services. Market saturation forms the conditions for constant competition for a company. The competition develops not only for market share and making and retaining turnover and profit; the main competition basis is the consumer, its attention, attraction and retaining for one's good and/or service. In order to attract consumer's attention, companies use several marketing tools. One of which is sales promotion. Promotion of sales is an integral part of modern marketing communication tool, which has now become one of determinative tools for the attraction of consumers' attention.

The purpose of this research is the determination the extent of influence of various stimulation methods on the behaviour of consumers while making the decision on purchase of products in the Latvian market. We put forward the following hypotheses:

1. The quality and price of a product are determinants of the purchase of Latvian food products.
2. There is no difference between women and men choosing and buying food.
3. The promotion of sales as one of the main criteria for the selection of food products will be chosen by consumers with average and low-income levels.
4. Consumer loyalty cannot be created with sales promotion tools.

In order to achieve the objective, to prove or reject the proposed hypothesis, we stipulated the following tasks:

1. To get an insight into the nature, role and objectives of sales promotion, based on academic and specialized literature.
2. To analyse and develop a sales promotion implementation scheme on the basis of the obtained theoretical and practical knowledge.
3. To conduct a survey of Latvian population on the impact of sales promotion on consumer perception, process of making a purchase decision and creation of loyalty to food products.
4. To approve or reject the proposed hypotheses, to draw conclusions and suggestions on the impact of sales promotion on consumer behaviour and decision-making process, based on theoretical and research results.

As research methods of the study, mainly primary and secondary data collection methods are used, as well as theoretical literature analysis, secondary data analysis and investigation. The quantitative method of primary data collection is questioning. The study period covers the period from 2010 to 2015.

2 Theoretical Aspects of Sales Promotions

Sales promotions are particularly effective if they are part of an integrated communications strategy. The customers' perception of the relative value of various promotions depend largely on their cultural values and differences, which lead to certain types of sales promotion being very successful in one country but failing in another (Doole and Lowe 2008). European and US consumers make more than 50% of their purchase decisions at the point-of-sale. Therefore, POS sales promotion and advertising expenditures constitute an increasingly higher percentage of overall promotional expenditures worldwide (Lascu 2006).

Along with growing internet sales and technology development, consumers no longer always buy in store (Hathaway 2014) however, retail stores play a huge role in attracting consumers, as it is reflected in companies' performance. It is important for any company which is engaged in sales, both in domestic and international context, to understand what strategy and tactics should be chosen in targeting consumer audiences. It is essential in decision making both in local and in international market, but the latter is the case when one should also think about adaptation of marketing mix (Pūķe and Batraga 2016) and promotion methods. For example, promotion is the marketing strategy element with the second highest degree of adaptation among the marketing strategy elements—70% (Batraga and Pūķe 2015). These arguments should be taken into account, as we consider the specific impact of sales promotions on Latvian market.

Sales promotions are becoming an increasingly important instrument of the communication mix (Pelsmacker et al. 2007). While sales promotion has been part of the marketing process for a long time, its role and importance in the integrated marketing communications program of a company has increased dramatically (Belch and Belch 2007).

Sales promotion is a mode of short-term marketing communication with a view to stimulate the product brand purchase and sale with a variety of marketing techniques (Praude and Šalkovska 2015). It follows from the definition that sales promotion has several main characteristics. First of them is the short term, for example, coupons valid only for a short time; some lottery that takes place only within a certain period of time or a price discount offered for a short time period. Another relevant feature is the motivation to make a purchase (sales promotion techniques affect consumer behaviour with information on and conditions of sale, as well as cause impulsive needs to make a purchase). Finally sales promotion is characterized by an invitation to make a purchase (sales promotion techniques include recommendations to buy certain products immediately, while they are active).

Sales promotion has certain advantages, such as attractiveness and awareness as well as relatively low costs. Attractiveness and awareness mean that marketing communication attracts consumers with important and advantageous information, thus creating an additional value of the product in the eyes of the buyers. The relatively low costs mean that short-term marketing activities do not require such significant one-time investments as advertising does.

Sales promotion also has disadvantages. Firstly, it cannot be used in building a steady positive image of the brand and/or company image and for attracting loyal consumers. Next, the use of unfair practices cannot be avoided (for example, by offering an artificial price discount, lottery, etc.). Moreover, all the techniques can be promptly used by the competitors, for example, by reacting to price discounts, coupons etc., and finally, just like advertisement, sales promotion techniques stimulate the use of unhealthy products.

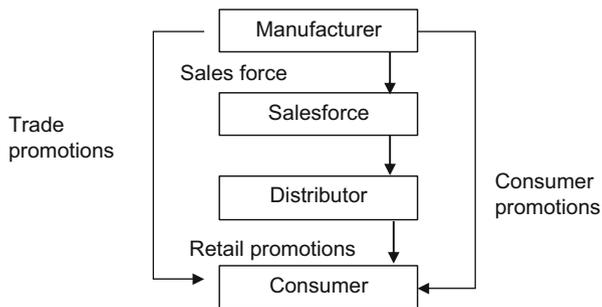
Taking into account the above-mentioned characteristics, the advantages and disadvantages, sales promotion is mostly expedient to be used to achieve a powerful and prompt consumer reaction; to stimulate product sales in the conditions of decrease of demand, when the product is on maturity or decline stage of the lifecycle and for creating integrated marketing communications, namely, planning sales promotion activities together with advertisements, and other modes of communication.

There are four distinct directions in applying sales promotion. It can be used for stimulating the manufacturer’s sales force as well as the trader’s sales to consumers. Manufacturer’s sales can also be enhanced through sales promotion to stimulate distributors and consumers. The relationship between the target audiences of sales promotion is shown in Fig. 1. In this article we advert to sales promotion in relations “foodstuff manufacturer and trader—individual consumer”.

A range of factors affects the development of sales promotion (Wells et al. 2008; Shimp 2007; Kotler and Keller 2006). Thus, escalating product sales make the companies look for new and efficient consumer stimulation techniques. Since the differences among products/brands offered in the market are gradually diminishing, companies use sales promotion to draw consumers’ attention to the product/brand. Another trend suggests that an increasing number of companies use sales stimulation and, in order to keep up with the competitors and not to lose their customers, are forced to allocate more marketing budget resources to these techniques. The distributors, in their turn, request more flexible prices from the manufacturers, as otherwise it is difficult or even impossible to sell a large amount of the product.

Moreover, the efficiency of advertisement has declined due to high costs, legal restrictions and the difficulties of perception of a large amount of information. The development of sales promotion is also affected by the fact that the number of the target audiences (young people with active lifestyle, etc.) that take purchase

Fig. 1 Target audiences of product/brand sales promotion. Source: Developed by the authors based on Pelsmacker et al. (2007)



decisions at the place of sale of the product/brand has increased. Besides, under the situation when there is a huge number and range of products/brands offered in the market, the customers' loyalty to an individual product/brand is decreasing and the focus on the attractive offers is growing. Research shows that the efficiency of sales promotion substantially increases if it is used together with advertising. If the product exposition in a shopping unit is associated with current TV advertisement, it provides an increase in revenues of 15% while well-presented exhibition without advertisements would be less effective (Totten and Block 1994). Intensive distribution of samples and discount coupons along with advertising provides for better results compared to the situations when the advertisement is not reinforced with sales promotion offers.

Despite the popularity of sales promotion, there are still many unsolved problems. As a result of the conducted research, we have detected a list of weaknesses in the organization of sales promotion by Latvian food manufacturers and traders. To start with, the companies plan and implement certain sales promotion modes without adapting them to the preferences of the target audience. Along with that, sales promotion objectives are usually not precisely defined and sales promotion adjustments to other modes of integrated marketing communication are not grounded. Finally, the companies make hardly any complex sales promotion valuations and do not conduct researches in this field either. We suggest the following scheme for the development and implementation of sales promotion (Fig. 2).

As can be seen, the process of sales promotion development and implementation process consists of six stages, between which there is not only a certain sequence, but also a feedback.

According to the distinct stages, a research was conducted on foodstuff sales promotion development, implementation and valuation of from consumers' perspective. The study had two objectives. The objective from the theoretical perspective was to examine the justification of the proposed scheme (Fig. 2). The practical objective was to offer to the companies a study sample, which can be used when planning, implementing and evaluating sales promotion activities.

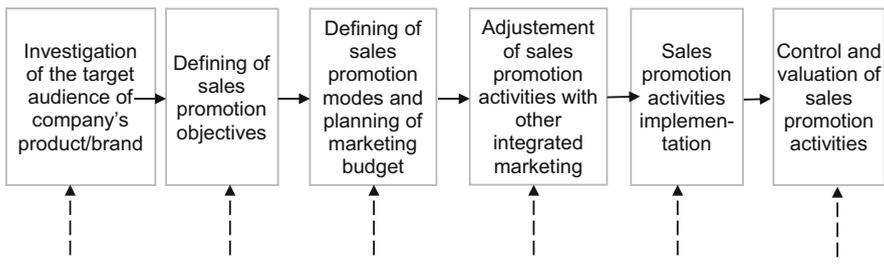


Fig. 2 Stages of sales stimulation development and implementation. Source: Developed by the authors based on Totten and Block (1994)

3 Research Methodology

We chose interrogation as the main method of research of sales promotion activities in foodstuff market. Interrogation is a quantitative research method of structured data collection, based on consolidation of information on individuals, groups and/or organizations (Miller and Brewer 2003). Interrogation is based on a set of questions, as the result of which the researcher can obtain primary data on "respondent's" convictions, attitude, behaviour, thoughts, knowledge and expectations in the given area of researched. Namely by means of interrogation it is possible to achieve the objective of the investigation and to verify the suggested hypotheses.

In scope of the investigation, an individual electronic distance written interrogation of respondents has been conducted. Electronic interrogation method was chosen based on the need to interrogate a large number of respondents. Electronic interrogation format speeds up data collection process, making it easier, faster and at lower investigation costs. Among other things, electronic interrogations have flexible content and design creation opportunities; for example, audio and video materials can be added to the questionnaire that in turn can attract extra attention of respondents and interest to participate. During analysis, electronic interrogation results are easier to be organized, structured and analysed (Berger 2011).

When developing, collecting and analysing electronic interrogations, one should also consider the disadvantages of these methods, which are related to three main aspects: coverage, privacy and control. On the one hand, respondents' human factor, which may result in false answers, should be kept in mind, but on the other hand the researcher must provide for the respondent's confidentiality and privacy by choosing safe and pre-tested internet sites. The mentioned aspects are emphasized by Malhotra (2007). The interrogation we conducted was distributed only through verified websites; among other things, during the analysis respondents' questionnaires will be tested for suitability of the respondents for the given investigation (Berger 2011; Neuman 2007; Miller and Brewer 2003).

A total of 1320 respondents participated in the interrogation on buyers' behaviour in sales promotion during sales promotion activities, including 1199 females and 121 male aged 18–77 years (all of them buyers of foodstuff in Latvian retail networks). In order to achieve the objective and to prove or refute the suggested hypotheses we interrogated the target audience, which differed by age, income level, marital status, interests, lifestyle and personal characteristics. The interrogation was conducted using a variety of forums—recipes, beauty, handicrafts, family and child care, auto enthusiasts, sports enthusiasts, healthy lifestyle proponents, construction and repair, dating, and others. The distribution of respondents by age groups is shown in Table 1.

One can see that the largest group of interrogated respondents is aged from 26 to 35 years old—32.26%, the second largest group is from 36 to 45 years old—21.82%, the third group—the youngest respondents aged 18–25 years old, or 20%. The average age of the respondents amounted to 37 years old, which is a sufficiently good Latvian consumers' age in terms of the purchasing power with a stable and

Table 1 Distribution of respondents by age groups

Age group	Number of respondents	Frequency, %
18–25	264	20
26–35	426	32.26
36–45	288	21.82
46–55	224	16.96
56–65	96	7.27
66 and up	22	1.69
Total	1320	100

Source: Developed by the authors

Table 2 Distribution of the level of respondents' monthly income after tax

Income level (euros)	Number of respondents	Frequency, %
Less than 200.00	153	11.6
200.01–400.00	327	24.68
400.01–600.00	270	0.5
600.01–800.00	237	18
800.01–1000.00	155	11.7
1000.01–1500.00	101	7.7
1500.01–2000.00	37	2.8
More than 2000.00	40	3
Total	1320	100

Source: Developed by the authors

Table 3 Distribution of respondents by marital status

Marital status	Number of respondents	Frequency, %
Living single	195	14.8
Living with parents	127	9.6
Living in civil marriage, no children	288	21.8
Living in civil marriage with a child/children	318	24.1
Married, no children	87	6.6
Married with a child/children	303	23
Living single with a child/children	2	0.2
Total	1320	100

Source: Developed by the authors

sustainable consumer behaviour and purchase decision-making behaviour. Table 2 shows the level of the respondents' personal income. The largest group of respondents by personal income is from 200.01 to 400.00 euros per month, the second largest group is from 600.01 to 800 euros per month.

Overall, the average income level of the respondents exceeds the state minimum salary. We also obtained data on the marital status of the respondents (see Table 3). According to the data of Table 3, the majority of respondents live with their civil partner with or without children; 23% of respondents are married and live with a

child or children. Respondents’ age and lifecycle stage show specific values and attitude, based on rational and well-considered purchase decision-making behaviour. The analysis was carried out according to the sales promotion organization scheme, we have developed (Fig. 2). The investigation is not just of theoretical but also of practical significance, as by using this sample the companies can make their own research before planning and implementation of sales promotions.

4 Investigation of Consumers’ Target Audience

To determine the specific characteristics of the target audience, including the attitude to sales promotion activities, the impact of demographic, social and economic factors on purchase decision-making, etc., the respondents were asked the following questions:

1. Do you purchase foodstuff during sales promotion activities?
2. What categories of foodstuff would you like to buy during sales promotion activities?

At the same time, correlation calculations were made between the respondents’ gender and foodstuff purchases during sales promotion activities; between respondents’ marital status and foodstuff purchases during sales promotion activities and between respondents’ income and foodstuff purchases during sales promotion activities. To answer question 1, the respondents needed to assess the factors influencing foodstuff purchase by a 10-point scale. The interrogation results are shown in Table 4.

According to Table 4, when choosing foodstuff the consumers mainly are not guided by emotions; they consider product quality, price factor as well as sales promotion activities to be the decisive factors. Brand and the country of origin are less significant when purchasing foodstuff.

95% of respondents answered in the affirmative on the question 2 that is the evidence of sales promotion measures popularity in the target audience. The buyers that do not pay attention to sales promotion activities (5%) consider product quality and other characteristics to be the crucial factor. They emphasize that during sales

Table 4 Foodstuff purchase influencing factors

Range	Influencing factors
1	Product quality—average score 8.9 of 10
2	Price—7.8
3	Sales promotion activities—7.5
4	Foodstuff ecology—7.2
5	Company/brand—6.9
6	Country of origin—5.3
7	Emotions/mood—4.35

Source: Developed by the authors

promotion activities mostly products with low quality are offered; among other things, the short shelf life has been highlighted, as well as a large retail margin that is typical for sales promotion activities, due to which they are not expedient, and the fact that the same product can be purchased at different prices in different sales outlets that affects the purchase decision-making during sales promotion activities.

The answers to question 2 show that the buyers purchase a variety of foodstuff during sales promotion activities. In addition, the majority of the respondents (26.2%) purchase goods from all product categories, 14.3% mentioned dairy products, 13.5%—meat products and 13.1%—processed fruit and vegetable and canned products (Fig. 3).

It can be concluded that the purchased foodstuff structure shown in Fig. 3 is largely dependent on the organization of sales promotion, its mode and expediency that should to be considered in the process of planning of these activities.

To process the results of the interrogation, the correlation between the characteristics of the target audience and its behaviour during the implementation of sales promotion activities was calculated, taking into account that the main factors influencing consumer behaviour in foodstuff market are the demographic (age, gender), social (marital status) and economic (income) ones (according to the investigation we have conducted). As it can be seen from Table 5, we found a close correlation between the consumer’s gender and purchases during sales promotion activities.

In the correlation between the factors influencing foodstuff purchase, it has been revealed that males and females in selection and purchase of products behave the same way regarding the purchase, the frequency of foodstuff purchases and the

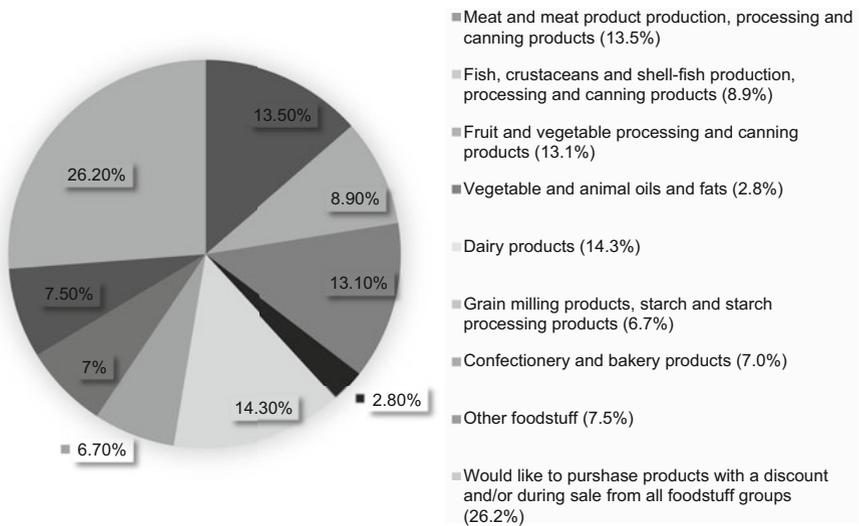


Fig. 3 Foodstuff categories, purchased during sales promotion activities. Source: Developed by the authors

Table 5 Correlation between respondents' gender and foodstuff purchases during sales promotion activities

		Respondent's gender (Male = 1, Female = 2)	Do you purchase products during sales promotion?
Respondent's gender (Male = 1, Female = 2)	Pearson correlation	1	-0.084
	Sig. (2-tailed)		0.002
	N	1320	1320
Do you purchase products during sales promotion?	Pearson correlation	-0.084	1
	Sig. (2-tailed)	0.002	
	N	1320	1320

Source: Developed by the authors

Table 6 Correlation between buyers' income and foodstuff purchase during sales promotion activities

		Do you purchase foodstuff during discount time and/or sales?	Please specify your monthly income, -euros (after tax)?
Do you purchase food- stuff during discount time and/or sales	Pearson correlation	1	0.043
	Sig. (2-tailed)		0.117
	N	1320	1320
Please specify your monthly income, -euros (after tax)?	Pearson correlation	0.043	1
	Sig. (2-tailed)	0.117	
	N	1320	1320

Source: Developed by the authors

amount of spontaneous purchases. There is a difference between the criteria of foodstuff selection of males and females, and their significance. When purchasing foodstuff, males pay less attention to the product price and sales promotion activities offered, but more attention is paid to the quality of the product and the country of origin.

Processing the results of the interrogation, it has been found out that there is no correlation between income level of the buyer and foodstuff purchases during sales promotion activities (Table 6).

This means that, regardless of income level, in general, respondents willingly bought foodstuff during sales promotions. There are a number of factors why the respondents like to buy foodstuff during the promotion. As the main determinants of product purchase during sales promotion activities, the respondents mentioned the possibility to obtain financial benefit, the opportunity not to overpay for the products and save family budget. Sales promotion provides an opportunity not only to buy favourite products cheaper, but also gives the opportunity to try a variety of new products, that the other time they would not have purchased due to a relatively high

price. The buyers emphasize that it is often possible to buy high quality products at an affordable price during sales promotion activities.

It has been revealed that there are two groups of buyers. The first group chooses not only familiar products, but also would willingly purchase unfamiliar and newly designed products during sales promotion activities. By contrast, the second group would choose the products, they have planned to purchase, when sales promotion is applied, but would not purchase new and unfamiliar products.

Interrogation as a method of research of consumers target audience should be complemented with other methods—analysis of customer cards, the analysis of marketing database (if any), and discussions in focus groups.

Based on the information obtained about the target audience characteristics, the companies are able to define specific sales promotion objectives according to the situation and to plan specific sales promotion modes according to the product categories. They can also diversify sales promotion activities between consumer segments within the target audience and coordinate sales promotion organization with the other strategic and tactical marketing activities.

5 Defining of Product Sales Promotion Objectives and Mode Chose

To specify the objectives of sales promotion, in the research process the following questions were raised:

3. Do you buy more than one product from foodstuff category during sales promotion activities?
4. Do sales promotion activities motivate you to make unintentional product purchases?
5. Do sales promotion activities stimulate to choose certain products amongst equivalent products?
6. Do you purchase new, unfamiliar foodstuff when some sales promotion activities are applied?
7. Would you continue to make repeated purchases of the new product if it meets your needs?

In response to question 3, the majority of respondents (53.5%) admitted that sales promotion activities do not affect the amount of purchase of one type of foodstuff, but a relatively large number of respondents (44.6%) say that they purchase more than one kind of product during sales promotion activities. Only 1.9% of respondents replied that they never buy the foodstuff that sales promotion activities are applied to. It means that sales promotion activities stimulate the growth of market share of the respective foodstuff.

In response to question 4, the majority of respondents (61.6%) admitted that foodstuff sales promotion activities affect their choices and encourage to make unplanned purchases. 21.4% of respondents emphasized that sales promotions do not affect their behaviour, that is, at the time of purchase they are unable to influence and stimulate the quantity of unplanned purchases. In turn, 17% of respondents could not answer the question on the impact of sales promotions on unplanned purchases. This means that sales promotion activities stimulate product/brand testing.

In response to question 5, the majority of respondents 64.9% confirmed the stimulating effect of sales promotion activities on product purchase amongst equivalent products. 10.5% responded negatively, while for 24.5% of respondents it was difficult to ground their behaviour. It means that sales promotion activities stimulate the increase of a product/brand usage intensity and attracting of the buyers away from the competitors.

When assessing the answers to question 6, we found that the respondents are likely to buy new unfamiliar products during sales promotions. As previously stated, sales promotions reduce purchase risk and encourage to purchase new products. 72% of the interrogated respondents willingly purchase new products during sales promotions and only 28% do not want to take a risk.

If some new and unfamiliar product satisfies the needs of the consumer, then the majority of consumers would be ready to continue to buy this product in the future. The responses to question 7 showed that 73.2% of the respondents continue to use the new product they have tried if it meets their needs, and only 11.2% are not ready to use the new product. It should be noted that 15.5% of the respondents emphasize that the key factor is the price of the product after the sales promotion activities are over. If the price is not too high, they would continue to buy the new product; however, if the price is higher compared to other equivalent products, they would resist to make a repeated purchase of the new product. Thus, a well-grounded organization of sales promotion activities stimulates the attraction of customers to a new product/brand.

The study results are quite in accordance with the advantages of sales promotion activities put forward by Pelsmacker et al. (2007) and empirical experience as described by Egan (2007).

After processing and analysis of questions 3–7 of the interrogation, we concluded that sales promotion activities, provided that they are properly organized and the characteristics of the target audience are taken into account, can provide a motivation for testing a product/brand as well as intensive use of the product/brand. Moreover, they can attract consumers to a new product/brand; attract competitors' consumers and facilitate the increasing of the market share.

During the planning process of each sales promotion activity the specific objectives should be précised and implemented in accordance with both the company's objectives and the needs of the target audience. It is also important to define the appropriate modes of sales promotion for a certain target audience and to reconcile them with the stipulated objectives. For this purpose the respondents have been

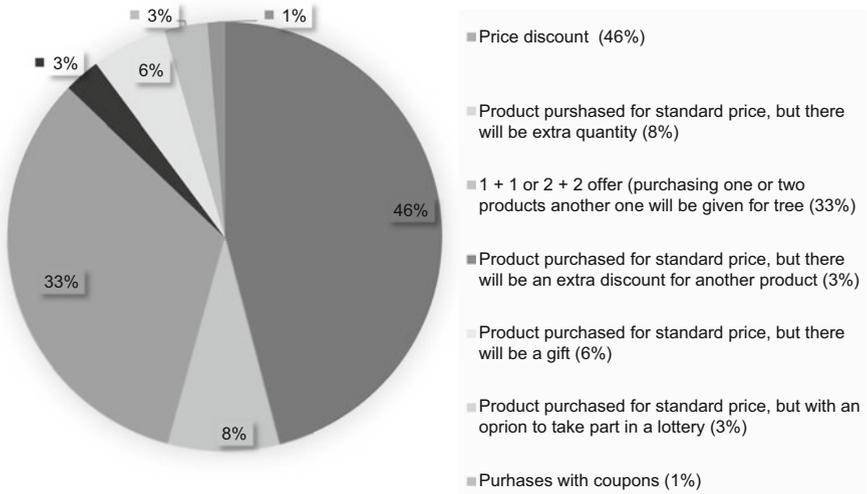


Fig. 4 Choice of the mode of sales promotion. Source: Developed by the authors

asked the question: What type of sales promotions would you give preference to, when purchasing foodstuff? The results of the interrogation are presented in Fig. 4.

According to Fig. 4, the interrogated respondents amongst other modes of sales promotion prefer discounts (46%); 33% of respondents willingly buy products which are accompanied by free products. The interest is less in sales promotion modes when one can buy the product at a standard price, but in bigger volume, as well as with a gift and opportunity to participate in lotteries. Coupon-based sale is a very unpopular sales promotion mode for foodstuff. When purchasing foodstuff, customers need an obvious, immediate, most of all, significant benefit. Therefore, as the main advantage of sales promotion the respondents consider the opportunity to save money and/or receive additional free product unit or quantity. The opportunity to receive a gift, an additional discount or to win a valuable prize the respondents consider to be less affective as it does not meet the above-mentioned purchasing criteria. Sales promotion priorities are also affected by the traditionally developed consumers’ attitude (for example, coupons have not “assimilated” amongst Latvians), by lack of confidence (lottery), etc. On the one hand, when planning sales promotion modes, one should take into account consumers’ preferences, but on the other hand, it makes sense to explore the problem deeper: an adverse reaction may be addressed not to a certain mode of sales promotion, but rather to its entire organization.

Summarizing the results of the given investigation as well as other authors’ opinions (Kracklauer et al. 2004) we recommend linking the objectives of sales promotion activities to specific modes of sales promotions that are both of theoretical and practical importance. This interrelation is reflected in Table 7.