



# PROMOTIONAL OFFERS AND THEIR EFFECT ON DIFFERENT CONSUMER DEMOGRAPHICS

<sup>1</sup>Dr. Shamsi Sukumaran, <sup>2</sup>Dr. Ranjith Somasundaran Chakkambath, <sup>3</sup>Prajitha M. <sup>4</sup>Sanil N.R.

<sup>1,2</sup> Asst. Professor <sup>3</sup>Asst. Professor <sup>4</sup>Asst. Manager-Vigilance

<sup>1,2,3</sup>Department of Management Studies

<sup>4</sup>Vigilance Department

<sup>1,2</sup>AMITY Global Business School Kochi, Ernakulam, Kerala

<sup>3</sup>MES Arts and Science College, Perinthalmanna, Kerala

<sup>4</sup>Ujjivan Small Finance Bank, Kerala

**Abstract:** Every product need to have promotion through different channels. But are these promotional offers effective enough for the companies? The Home appliances sector has been growing over the years in India with multiple players from the international arena also being part of the competition. This research paper is investigating the impact of demographic variables on the promotional schemes done by companies. The research is focused on home appliance consumers. The target group were consumers of Home appliances in Ernakulam. Chi square test was done to test the hypothesis. The various demographic parameters-age, annual income and gender have been tested to arrive at the result. The results show that though gender had no impact, annual income and age have a strong association with promotional offers given by the companies.

**Keywords - Home Appliances, Promotional Offers, Chi Square Test, Gender, Annual Income, Age**

## I. INTRODUCTION

In current business practices, the use of promotion offers as a tool to broaden the reach of products is a reality. It is required to study the different aspect of demographics impacting these promotional offers. The promotional activities make customer feel that they are earning extra or saving their money so the ratio between the amount sacrificed and the value they get, is positively impacted. A customer is satisfied only if his needs and wants are met by the product or service they obtained. Every individual has their own need and expectation. Since the world gets advanced in the technology, individuals need also get change along with it. But the fact is that customer expectation for the product is rising up even if there no change in the objective quality of the product, so the customer satisfaction is declining with rise in their expectation actually. Reports have shown that consumer electronics and home appliances market in India growing exponentially (Technavio, 2022). The rise in the income level of Indian Middle class families have also generated more sales in the Home appliances sector. A customer can be said to be satisfied only if these factors are met. When a customer is satisfied, it leads to customer loyalty. Organizations need to retain the existing customers while focusing on attracting new customers. Sales' promotion is a short-term encouraging strategy to increase sales or purchase of brands (Kotler, 2000).

Home appliance is defined as a system which helps in the functioning of kitchen. This can be categorised as small, major or white goods and consumer electronics or brown goods. Demand for these appliances are increasing day by day due to advancement in the technology. Consumer durables is one of the fastest growing industry in the market. Electronic items that were considered to be luxury items early, now became the necessities of life which has got a dramatic demand in the market. According to some reports published in 2021, the white goods industry is heavily concentrated in India (IBEF, 2021). More than 75% of the market shares are hold by the top five players of washing machine and refrigerator segments. Flexibility on Government policies, increase in the digital access, standard of living, middle class population etc results in the rise of product awareness. Emergence of consumer durables arises with the globalization.

Consumer durables is one of most sold products especially during festival seasons. Refrigerator, television, washing machine etc are the major products that brings rise in the economy. Demand for these products increases because everyone is busy in their life and so wish to get the products which can save their time, Advancement in this field is the major reason for growth of home appliances industry.

## I.I Objectives Of the Study

To study the significance of demographics of customers (age, gender and annual income) on promotional offers.

## I.II Hypothesis Of the Study

H<sub>01</sub>: There is no significant relation between demographics of customers (Age, Gender and Annual Income) on promotional offers of Home appliances.

## II. Review Of Literature

The American Marketing Association (2017) defined Sales Promotion as “The media and non-media marketing pressure applied for a predetermined, limited period of time at the level of consumer, retailer, or wholesaler in order to stimulate trial, increase consumer demand, or improve product availability”. The success of sales promotion will result in more consumers to purchasing new products while providing surplus consumer benefits, such as monetary or non-monetary rewards (Fam et al, 2018).

Reports in media states that the white goods industry is heavily concentrated in India with more than 75% of the market share is hold by the top five players of washing machine and refrigerator segments(Correa, 2020). Flexibility on Government policies, increase in the digital access, standard of living, middle class population etc results in the rise of product awareness. The importance of marketing strategies have been in literature related to white goods (Singh et al, 2021).

There have been investigations mention in literature shows that Customers are more focused on convenience, availability, maintenance, warranty etc of the products and services (Arul Krishnan & Rohini , 2019). They ignore the price criteria if the products satisfy the consumer expectations. Similar studies on customer expectations in literature show that there is continuous change the customer expectations based on the environment (Webb Stevens, 2019). The companies are required to understand the customer expectation and should implement the right technology along with the changing world. Companies maintaining a meaningful customer relationship is also an important factor for the companies to keep their customers satisfied.

In another related literature, it was found that factors that results in increasing the market of home appliances are advanced technologies, rapid urbanization, advanced living standards, increase in the annual income, improvements in the customer life style (Bhandalkar and Das, 2019). Customers preference for eco-friendly and efficient appliances also results in the growth of household appliances market.

Studies on the in-store buying behaviour of customers also show that the customer are impacted by the layout and arrangement of the stores as well (Sreedharan and Prakash, 2019) . In-store atmospheric variables like cleanliness, fresh fragrance, lighting, display, cooling effect, creative and symmetric arrangements etc can attract the customers to make repeated purchase from the same store.

Consumer behavior is the process whereby, individuals decide whether, what, when, where, how, and from whom to purchase goods and services. Income is the basic demographic factor that influence the consumer behavior (Kumar, R, 2015).

A report on Appliances and consumer electronics industry (2019) in Economic Times states that the Indian market has grown largely, in which the domestic manufacturing which includes air conditioners, refrigerators, washing machines televisions and audio made a major contribution for its growth. However, the challenges faced by the electronic industry are logistics, finance cost and lack of proper ecosystem.

## III. Research methodology

The type of research was descriptive and based on a survey conducted using a structured questionnaire. The respondents were from different parts of Ernakulam. Likert Scale was used for questionnaire framing. The data collected included the demographics of the respondents. The suitable sample size range for a good research must be 30 to 500 (Roscoe, 1975).

*Sampling method:* The sampling method used was convenience sampling. Primary data was collected through an online questionnaire. Secondary data was collected from journals and websites/related reports.

*Sample Size:* The sample size was of 240 respondents are identified who belongs to Ernakulam and uses Haier Home Appliances for collecting the data regarding their satisfaction towards the same.

*Data Collection method:* A structured questionnaire designed using Google forms was used for executing this survey.

*Data Analysis:* Chi Square test was done. IBM SPSS Statistics 23 was used to perform the data analysis.

## IV. Results and Discussion

Table 1: Demographic Characteristic

Demographic characteristic	Percentage of Respondents (%)
<b>Age Group</b>	
20-30	31
30-40	18
40-50	20
Above 50	31
<b>Gender</b>	
Male	51
Female	49
<b>Level of Education</b>	
SSLC/10th	19
Undergraduate	46
Post Graduate	21
Others	14
<b>Occupation</b>	
Daily wages	5
Business	17
Salaried	48
Retired	9
Others	21
<b>Annual Income</b>	
Below 1,50,000	26
1,50,000-3,00,000	19
3,00,000-5,00,000	27
5,00,000-7,00,000	18
7,00,000-10,00,000	7
Above 10,00,000	3
<b>Martial Status</b>	
Single	33
Married	67

The above result shows that, around 31% of the respondents belongs to the categories of 20-30 and above 50. 20% of the respondents belongs to 40-50 and 18% of respondents belongs to 30-40 age category. From the above result we can understand that majority of the respondents were males compared to females. The education level of the target group was predominantly undergraduates than Post graduates. Occupation of the respondents were in Salaried group compared to other categories. The table shows that annual income of the respondents falls more in the categories below 1,50,000 and 3,00,000-5,00,000 which is 27% and 26% respectively. Whereas 19% of the respondents has an annual income between 1,50,000-3,00,000 and 18% of them has 5,00,000-7,50,000 income annually. Annual income between 7,50,000-10,00,000 and above 10,00,000 are 7% and 3% respectively.

**Table 2: Mode Of Home Appliance Purchase**

Mode	Percentage of Respondents
Directly visit store	88
Shop Online	12

The table shows that 88% of the respondents directly go to store purchase their home appliances whereas 12% of the respondents make online purchase for home appliances.

**Table 3: Home Appliance Purchasing Season Of Respondents**

Purchase Reason	Percentage of Respondents
During festival seasons	14
Off season	9
When required	63
When promo offers are available	14

From the above result we can understand that 63% of the respondents make purchase of home appliances only when they required. Around 14% of the respondents purchase home appliances during festival seasons and when promo offers are available. Only 9% of the respondents make their purchase during off seasons.

**Table 4: Medium Of Respondents Awareness of the Product**

Medium	Percentage of Respondents
Social Media	20
Television or Radio	23
Magazines or Brochures	6
Newspapers	4
Word Of Mouth (WoM)	34
References	13

The table shows that 34% of the respondents get to know about Haier through word-of-mouth and 23% of them came to know about Haier through television or radio. Through social media 20% of the respondents know about Haier. 13% of them knows the Haier by references and 3%-4% heard about Haier through magazines or brochures and newspapers.

## Chi-Square Test On Demographics And Promotional Offers

## I. AGE \* PROMOTIONAL OFFERS

Null hypothesis(H<sub>0</sub>): There is no significant relationship between Age and Promotional offers.

Alternative hypothesis(H<sub>1</sub>): There is a significant relationship between Age and Promotional offers.

			PROMOTIONAL OFFERS							Total
			Dem onstration	Exch ange schemes	Guarantee and warranty	Off season discounts	Other	Price discounts	Refu nds	
Age	20-30	Count	3.0	3.0	17.0	2.0	8.0	39.0	2.0	74.0
		Expected Count	3.7	17.9	3.7	6.5	36.4	0.9	0.2	74.0
	30-40	Count	4.0	1.0	14.0	2.0	4.0	17.0	1.0	43.0
		Expected Count	2.7	2.2	10.4	2.2	3.8	21.1	0.5	43.0
	40-50	Count	3.0	4.0	11.0	1.0	5.0	24.0	0.0	48.0
		Expected Count	3.0	2.4	11.6	2.4	4.2	23.6	0.6	48.0
	Above 50	Count	5.0	4.0	16.0	7.0	4.0	38.0	0.0	75.0
		Expected Count	4.7	3.8	18.1	3.8	6.6	36.9	0.9	75.0
	Total	Count	15.0	12.0	58.0	12.0	21.0	118.0	3.0	240.0
		Expected Count	15.0	12.0	58.0	12.0	21.0	118.0	3.0	240.0

From the above table, it has been proven that price discounts were the most popular promotional offer among Above 50 groups which was the dominant among the responses. Previous literature has mentioned the importance of price rates and its sensitivity when it comes to promotion of product (Daniel Villanova and Rajesh Bagchi , 2019). Similar studies have stressed the link between promotional offers and discounts on customer satisfaction (Pathak, 2021;Miglani, 2021). The least popular scheme among all age groups was Exchange schemes.

**Table 6: Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17.018 <sup>a</sup>	21	.000
Likelihood Ratio	18.148	21	.000
N of Valid Cases	240		

A chi-square test of independence was calculated comparing age with promotional offers. There was significant relationship was found ( $\chi^2(21) = .000, p < .05$ ). There is association between age and promotional offers. Previous literature has mentioned there is a moderate impact of age as a consumer purchase intention factor among masses ( Madan and Yadav, 2018). Published literature has shown that females more influenced by promotions, and males less influenced by promotions, but persuaded more by functional criteria (Harmon and Hill, 2003; Henry, 2002; Williams, 2002).

## II. GENDER \* PROMOTIONAL OFFERS

Null hypothesis( $H_0$ ): There is no significant relationship between Gender and Promotional offers

Alternative hypothesis( $H_1$ ): There is a significant relationship between Gender and Promotional offers.

		PROMOTIONAL OFFERS								Total
		Demonstration	Exchange schemes	Guarantee and warranty	Off season discounts	Other	Price discounts	Refunds		
GENDER	Female	Count	7.0	6.0	30.0	6.0	12.0	54.0	2.0	118.0
		Expected Count	7.4	5.9	28.5	5.9	10.3	58.0	1.5	118.0
	Male	Count	8.0	6.0	28.0	6.0	9.0	64.0	1.0	122.0
		Expected Count	7.6	6.1	29.5	6.1	10.7	60.0	1.5	122.0
Total	Count	15.0	12.0	58.0	12.0	21.0	118.0	3.0	240.0	
	Expected Count	15.0	12.0	58.0	12.0	21.0	118.0	3.0	240.0	

The results show that price discounts are the most promotional offer among both genders among the respondents. The guarantees and warranty given as part of promotional offers is favoured followed by the price discounts. Exchanges schemes are not favoured by both genders among the target group.

Table 8: Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.679 <sup>a</sup>	7	.913
Likelihood Ratio	3.074	7	.878
N of Valid Cases	240		

A chi-square test of independence was calculated comparing gender with promotional offers. No significant relationship was found ( $\chi^2(7) = .913, p > .05$ ). The Males and Females no specific association with promotional offers. Previous literature has mentioned there is a moderate impact of gender as a consumer purchase intention factor among masses ( Madan and Yadav, 2018). Related studies have shown gender impact on Sales Promotion (Fam et al, 2018).

## III . INCOME \* PROMOTIONAL OFFERS

Null hypothesis(H<sub>0</sub>): There is no significant relationship between Annual income and Promotional offers.

Alternative hypothesis(H<sub>1</sub>): There is a significant relationship between Annual income and Promotional offers.

			PROMOTIONAL OFFERS							Total
			Demonstration	Exchange schemes	Guarantee and warranty	Off season discounts	Other	Price discounts	Refunds	
INCOME	Below 1,50,000	Count	4	14	3	3	34	0	62	
		Expected Count	3.9	3.1	15	3.1	5.4	30.5	0.8	62
	1,50,000-3,00,000	Count	2	1	13	0	5	25	0	46
		Expected Count	2.9	2.3	11.1	2.3	4	22.6	0.2	46
	3,00,000-5,00,000	Count	5	5.0	14.0	8.0	9.0	23.0	0.0	66.0
		Expected Count	4.1	3.3	16.0	3.3	5.8	32.5	0.3	66.0
	5,00,000-7,00,000	Count	3.0	1.0	12.0	1.0	0.0	26.0	0.0	43.0
		Expected Count	2.7	2.2	10.4	2.2	3.8	21.1	0.2	43.0
	7,00,000-10,00,000	Count	2.0	0.0	4.0	0.0	2.0	8.0	0.0	16.0
		Expected Count	1.0	0.8	3.9	0.8	1.4	7.9	0.1	16.0
	Above 10,00,000	Count	0.0	1.0	1.0	1.0	1.0	0.0	2.0	7.0
		Expected Count	0.4	0.4	1.7	0.4	1.7	0.4	0.6	7.0
	Total	Count	15.0	12.0	58.0	12.0	21.0	118.0	4.0	240.0
		Expected Count	15.0	12.0	58.0	12.0	21.0	118.0	4.0	240.0

The results show that price discounts are the most promotional offer among lower income groups ( Below 1,50,000) while it had no impact on the higher income groups (above 7,00,000). Exchange schemes were not popular among all income groups. There have been references on the positive impacts of income on the use of coupons and rebates in literature even long before (Kwon & Kwon, 2007, Fam et al, 2018). The usage of different ways to save on purchase through coupons and other discounts was found in related studies (Clark et al, 2013, Fam et al, 2018). Interestingly, there have been literature contradicting that discounts have no impact on sales(Bhatti, 2018).

**Table 10: Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	50.101 <sup>a</sup>	35	.000
Likelihood Ratio	50.434	35	.000
N of Valid Cases	240		

A chi-square test of independence was calculated comparing annual income with promotional offers. No significant relationship was found ( $\chi^2(35) = .000, p < .05$ ). There was association between annual income and promotional offers.

## V. Conclusion

For any brand, promotional activities are needed to keep the customer aware of the company and its latest products. When it comes to home appliances, the competition is more as the target groups are families. As part of this study, we have investigated the association of demographics-age, annual income and gender to promotional offers given by companies. The results should that though gender wise there was impact on the promotional offers given by companies, there was strong association between annual income and age on promotional offers by Home appliance companies. WoM was the most effective way in which brands promoted the products compared to even Social media advertisements. Price discounts was the more preferred among the respondents to make decisions of purchase especially in the elderly age groups. The lower income groups were focused on price discounts more than any other groups. Companies should be able to make use of these demographic variables and understand the trends of the consumer. This will support the promotional efforts of the marketing team of these companies as well.

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