The Affect Of Sales Promotion On Consumer Interest To Purchase In IKCO Automotive Company

Author: Shahriar Ansari CHAHARSoughi, Jamia Hamdard University, New Delhi, India, shansari4@gmail.com

Sales promotion has become a vital tool for marketing and its importance has been increasing significantly over the years. One of the purposes of a sales promotion is to elicit a direct impact on the purchase behavior of the firm’s consumers. Firms have to rethink the relationship between attitude and behavior of their consumers.

Sales promotions are highly affective in exposing consumers to products for the first time and can serve as key promotional components in the early stages of new product presentation. The purpose of this paper is to study of the affect of sales promotion on consumer interest to purchase products of IKCO automotive company as well as Performance of sales promotion in introducing of new product to consumer is studied.

Keywords: sales promotion, consumer interest, IKCO, automobile, new product

JEL Classification: M51, D11, L15

All businesses need to communicate to the consumer what they have to offer. (Jobber&Lancaster, 2006). Dwyer & Tanner (2006) states that Business consumers are larger than individual consumers; meaning that each
business consumers is more important to the economic situation of the business marketers company. There are also fewer business consumers, so each business consumer is also more important to the economical situation of the company; unhappy consumers can affect the business marketers business in a noteworthy way. Shultz, et al. (1998) says that sales promotion generally works on a direct behavioral basis rather than affecting awareness or attitude. It is continuously said that most types of sales promotions affect the decision-making and purchasing stages of the buying-process directly that is affective in the long-run since it leads to increased sales and profit. (Kwok & Uncles, 2005)

The Main of purpose of this paper is study of affect of sales promotion on consumer interest to purchase products of IKCO automotive company as well as Performance of sales promotion in introducing of new product to consumer is studied. Based on purpose of this study the following research question are stated:

Q1: Do Introducing IKCO’s Products Through Sales Promotion attract Consumer interest to purchase?
Q2: Do the methods used in the sales promotion of IKCO attract viewers’ interest to purchase?
Q3: Do the music used in IKCO’s sales promotion attracts viewer’s interest to purchase?
Q4: Do sales promotion make consumer aware of new products of company?
Q5: Do sales promotion provoke consumer to purchase of products of company?
Q6: Do the content of sales promotion has attracted consumer interest to purchase?
Q7: Do the advertisement slogan at the sales promotion attracts consumer’s interest to purchase?

In this paper sales promotion in automotive industry of Iran have been selected because: (1) it is a very service intensive industry; (2) its services involve sales promotion; (3) it is an emerging and fast growing service sector; (4) consumers are very sensible to sales promotion.
Literature Review

Nature of Sales Promotion

Promotion is one of the key factors in the marketing mix and has a key role in market success. Promotion is used to ensure that consumers are aware of the products that the organization is offering. The promotional mix is the combination of the different channels that can be used to communicate the promotional message to the consumers. The channels to be used are; advertising, direct marketing, public relations and publicity, personal selling, sponsorship and sales promotion (Rowley, 1998). One of most important of channels is sales promotion. Sales promotion is action-focused marketing events whose purpose is to have a direct impact on the behavior of the firm’s consumers. There are three major types of sales promotion: consumer promotion, retailer promotion, and trade promotion.

Consumer promotions are promotions offered by manufacturer directly to consumers (Blattberg and Neslin 1990). Throughout the world, sales promotion offered to consumers are an integral part of the marketing mix for many consumer products (Huff and Alden 1998, Chandon et al. 2000). Studies that strive to understand the impact of sales promotion on consumers are very important. Thus, sales promotion tools are amply employed by retailers and manufacturers to achieve their commercial objectives in terms of sales volumes, market share, category penetration, and so forth.

According to Low & Mohr (2000) manufacturers continue to spend a large amount from their communication budget on sales promotion. They allocate around 75 percent of their marketing communication budgets to sales promotion.(Hellman, 2005) In order to develop a successful sales promotion strategy a clear definition of the targeted market must be included. It is important to note that the character of sales promotion has been changing slightly over time, with the arising of relationship marketing. Sales promotion, like other traditional forms of marketing activities, have been about mass offer (Mitchell, H., 2000).
Definition for sales promotion

(Brassington and Pettitt 2000, p. 643) provide a revised definition for sales promotions: “... a range of marketing techniques designed within a strategic marketing framework to add extra value to a product or service over and above the ‘normal’ offering in order to achieve specific sales and marketing objectives. This extra value may be a short-term tactical nature or it may be part of a longer-term franchise-building program.”

AIDA Model

Marketing today is fiercely competitive and products despite having quality need support from promotional team of the organization. AIDA however is an acronym to sales promotion that is necessary to learn in marketing. Using a system like this, allows a general understanding of how to target a market affectively. Moving step by step, AIDA model aims to affectively influence the consumers. It proposes combination of promotional tools that help drawing consumer's interest and generate interest. This process is shown as “AIDA Inverted Triangle” (figure 1). This includes the four stages of:

1. Attention – where the consumer becomes aware of the product.
2. Interest – where an interest in the product develops.
3. Desire – Where the consumer has developed a sense of wanting the product.
4. Action – where a purchase is made (Strong, 1925).
Figure 1: source: Stages of AIDA model, Strong (1925)

Methodology

The present research is an empirical research with an exploratory process including due statistical-quantitative analysis. The main company in automobile industry named IKCO in Iran have been selected for the study.

Determining sample size

This research utilizes random type of sampling. The questionnaires have been handed out to various automobile consumers (30) during 4 weeks and the data were collected. And then the variances are extrapolated by dividing this Primary sample (1.30) by the square of sample numbers ($\sigma^2 = 1.30/\sqrt{30} = 0.237$). Thus the sample number with the confidence limit of 0.95 and variances 0.237 in IKCO will be:

$$n = \frac{3.84 \times 0.237}{0.0025} \approx 365$$

So, the total sample size has been fixed as 365 under study.
Research Variables

In this study, sales promotions are the independent variable and consumers’ interest of purchasing are dependent variables. The intervening variables like consumers’ mood, situation, and others’ opinions are held constant.

Data Collection

Data collection procedure consists of two parts, primary and secondary data. Such data has been collected through questionnaires. Writing the questionnaire was a time-consuming process. It went through several stages of modifications after getting feedback from preliminary questionnaires in order to be in line with the aims of the present research. This questionnaire contains personal information of consumers and other common questions related to the study. Also the ordering of questions has been done according to the criteria found in research literature such as clarity of questions, avoiding hard-to-understand questions at the beginning, avoiding similar choices in a line, etc. This questionnaire has the Likert scale and the questions as far as possible addressed hypotheses of the study. It consists of seven items, Items 1-7 are to confirm or reject the first to seventh hypothesis respectively, so that answers to these questions will help the author to reach a conclusion on the hypothesis. It should be noted that the questions are opinion-based which seek to find out viewpoints, opinions and perceptions of respondents.

Questionnaire Validity and Reliability

Seif (2006) argues that validity is “an assessment of the sufficiency and appropriacy of interpretations and usage of assessment results”. It is considered as the similarity between the test performance and the criterion performance. So, the first pretest is given after the draft questionnaire is written in order to eliminate the possible mistakes; the second pre-test is given after the questionnaire is finalized. The questionnaire will be ready to be handed out to consumers. It has been distributed to IKCO consumers and the related expert to mark out the flaws in the questionnaire. Then, its finalized version was given to consumers to be filled out.
So, in this study used Cronbach’s Alpha to measure the questionnaire reliability. The reliability coefficient is measured from 0 to 1 with 0 denoting no reliability and 1 denoting total reliability. The Cronbach’s alpha of the questionnaire is calculated by software as 0.859.

**Questionnaire Scale**

Likert scale is the most popular one used in research questionnaires. Participants are asked to show their opinion by choosing from 1 to 5. Likert scale is composed of a number of questions and choices, so it is considered as a compound scale. The choices reflect your agreement or disagreement with a particular concept. In other words, we are able to reveal the participants’ emotions, attitudes, beliefs, or points of view, because they show their positive or negative emotion toward a concept by selecting a choice best representing their feelings (Likert, 1932).

**Hypothesis:**

While conducting research, the researcher had following hypotheses:

H1: Introducing IKCO’s Products Through Sales Promotion Attracts Consumers' attention to purchase.
H2: The Methods used in the sales promotion of IKCO attract viewers' interest to purchase.
H3: The music used in IKCO's sales promotion attracts viewer's interest to purchase.
H4: Sales promotion makes consumer aware of IKCO’s new products.
H5: IKCO’s sales promotion provoke consumer to purchase the products.
H6: The content of IKCO’s sales promotion has attracted consumer interest.
H7: The advertisement slogan in IKCO’s sales promotion attracts consumer's interest to purchase.

**Data Analysis**

The data gathered through questionnaires have been analyzed by descriptive statistics instruments such as frequency distribution and diagrams. The
hypotheses have also been tested one by one by the T-Test and SPSS software. This section deals with how the data are analyzed by SPSS software program in order to test the hypotheses. First the ethnographical characteristics of participants and their responses are demonstrated, then the hypotheses are tested.

Participants Demography

Table 1: Frequency Distribution of respondents according to their sex

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative Frequency</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>153</td>
<td>42</td>
<td>153</td>
<td>42</td>
</tr>
<tr>
<td>Male</td>
<td>209</td>
<td>57</td>
<td>362</td>
<td>99</td>
</tr>
<tr>
<td>Unknown</td>
<td>3</td>
<td>01</td>
<td>365</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>365</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Participants' Educational Qualifications

Table 2: Frequency Distribution of respondents according to their education

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative Frequency</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school</td>
<td>21</td>
<td>06</td>
<td>21</td>
<td>06</td>
</tr>
<tr>
<td>Diploma</td>
<td>109</td>
<td>30</td>
<td>130</td>
<td>36</td>
</tr>
<tr>
<td>College &amp; Bachelor's</td>
<td>183</td>
<td>50</td>
<td>313</td>
<td>86</td>
</tr>
</tbody>
</table>
As you can see in the following table 2, BA/BS and diploma indicate the highest frequency and MA/MS or PhD show the lowest.

The researcher attempted to select a sample which best represents the different strata in terms of the ethnographical features discussed above in order for the results to be generalized to the whole society with the least deviation possible. It should be noted that the questionnaires fill-in task was quite time-consuming and costly so it was limited to a three-month period. Thus the results are likely to change if the period length changes too.

**Analyzing Questionnaire Items**

These seven items were designed with the aim of investigating viewers’ interest to the sales promotion.

**Table 3**: Affect of sales promotion on consumer interest to purchase

<table>
<thead>
<tr>
<th>Promotional Inputs</th>
<th>Quite disagree</th>
<th>disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Quite agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 1</td>
<td>25</td>
<td>41</td>
<td>54</td>
<td>181</td>
<td>64</td>
<td>365</td>
</tr>
<tr>
<td>Question 2</td>
<td>15</td>
<td>46</td>
<td>100</td>
<td>141</td>
<td>63</td>
<td>365</td>
</tr>
<tr>
<td>Question 3</td>
<td>18</td>
<td>61</td>
<td>98</td>
<td>144</td>
<td>44</td>
<td>365</td>
</tr>
<tr>
<td>Question 4</td>
<td>14</td>
<td>22</td>
<td>58</td>
<td>178</td>
<td>93</td>
<td>365</td>
</tr>
</tbody>
</table>
Investigation of Hypothesis:

H01: Introducing IKCO's products through sales promotion does not attract consumers interest to purchase.

<table>
<thead>
<tr>
<th>Test result</th>
<th>Sig. (2-tailed)</th>
<th>df</th>
<th>T</th>
<th>95% Confidence Interval of the Difference</th>
<th>Mean Difference</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>H01 Not Confirmed</td>
<td>0.000</td>
<td>364</td>
<td>10.28</td>
<td>0.71</td>
<td>0.48</td>
<td>0.59</td>
</tr>
</tbody>
</table>

According to table 3, 50% of participants selected the agreement choice, believing that sales promotion will bring about consumer's interest and promotion of selling. T-test results to determine the level of significance at 0.95 % is presented in table 4. T-Test is 10.28 and its level of significance is 0.00; therefore, the null hypothesis is rejected since the level of significance is below 0.05.

H02: The Methods used in the sales promotion of IKCO do not attract viewers' interest to purchase.

<table>
<thead>
<tr>
<th>Question 5</th>
<th>29</th>
<th>94</th>
<th>136</th>
<th>85</th>
<th>21</th>
<th>365</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 6</td>
<td>13</td>
<td>51</td>
<td>125</td>
<td>146</td>
<td>30</td>
<td>365</td>
</tr>
<tr>
<td>Question 7</td>
<td>30</td>
<td>97</td>
<td>97</td>
<td>117</td>
<td>24</td>
<td>365</td>
</tr>
<tr>
<td>Total Frequency</td>
<td>144</td>
<td>412</td>
<td>668</td>
<td>992</td>
<td>339</td>
<td>2555</td>
</tr>
</tbody>
</table>

Table 4: T-Test of question 1

Table 5: T-Test of question 2
According to the table 3, 39% of participants selected the agreement choice and 17% selected the complete agreement choice, believing that the methods used in the sales promotion of IKCO attract people's interest. T-test results to determine the level of significance at 0.95% is presented in table 5. T-Test is 9.54 and its level of significance is 0.00; therefore, the null hypothesis is rejected since the level of significance is below 0.05.

H03: The music used in IKCO's sales promotion does not attract viewer’s interest.

### Table 6: T-Test of question 3

<table>
<thead>
<tr>
<th>Test result</th>
<th>Sig. (2-tailed)</th>
<th>df</th>
<th>T</th>
<th>95% Confidence Interval of the Difference</th>
<th>Mean Difference</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>H03 Not Confirmed</td>
<td>0.000</td>
<td>364</td>
<td>6.71</td>
<td>0.48</td>
<td>0.26</td>
<td>0.37</td>
</tr>
</tbody>
</table>

According to table 3, 39% of participants selected the agreement choice, and 12% selected the complete agreement choice, believing that the music in sales promotions will bring about consumer's interest. T-test results to determine the level of significance at 0.95% is presented in table 6. T-Test is 6.71 and its level of significance is 0.00; therefore, the null hypothesis is rejected since the level of significance is below 0.05.
Ho4: Sales promotion does not make viewers aware of IKCO's new products.

Table 7: T-Test of question 4

<table>
<thead>
<tr>
<th>Test result</th>
<th>Sig. (2-tailed)</th>
<th>df</th>
<th>T</th>
<th>95% Confidence Interval of the Difference</th>
<th>Mean Difference</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>H04 Not Confirmed</td>
<td>0.000</td>
<td>364</td>
<td>16.57</td>
<td>0.96</td>
<td>0.76</td>
<td>0.86</td>
</tr>
</tbody>
</table>

According to table 3, 48.8% of participants selected the agreement choice, and 25.5% selected the complete agreement choice, believing that sales promotions make them aware of IKCO's new products. T-test results to determine the level of significance at 0.95% is presented in table 7.

T-Test is 16.57 and its level of significance is 0.00; therefore, the null hypothesis is rejected since the level of significance is below 0.05.

Ho5: IKCO’s sales promotion does not provoke viewers to purchase the products.

Table 8: T-Test of question 5

<table>
<thead>
<tr>
<th>Test result</th>
<th>Sig. (2-tailed)</th>
<th>df</th>
<th>T</th>
<th>95% Confidence Interval of the Difference</th>
<th>Mean Difference</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>H05 confirmed</td>
<td>0.2</td>
<td>364</td>
<td>-1.28</td>
<td>0.04</td>
<td>-0.17</td>
<td>-0.7</td>
</tr>
</tbody>
</table>

According to table 3, 7.9% of participants selected the complete disagreement choice, and 25.8% selected the complete agreement choice and 37.3 were neutral, believing that the sales promotions do not provoke
them to purchase the products. T-test results to determine the level of significance at 0.95 % is presented in table 8. T-Test is -1.28 and its level of significance is 0.2; therefore, the null hypothesis is confirmed since the level of significance is above 0.05.

H06: The content of IKCO’s sales promotion has not attracted consumer interest to purchase.

Table 9: T-Test of question 6

<table>
<thead>
<tr>
<th>Test result</th>
<th>Sig. (2-tailed)</th>
<th>df</th>
<th>T</th>
<th>95% Confidence Interval of the Difference</th>
<th>Mean Difference</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>H06 Not Confirmed</td>
<td>0.000</td>
<td>364</td>
<td>7.16</td>
<td>0.45</td>
<td>0.26</td>
<td>0.35</td>
</tr>
</tbody>
</table>

As shown in table 3, 40% of participants selected the agreement choice, believing that the content of sales promotions attracts their interest. T-test results to determine the level of significance at 0.95 % is presented in table 9. T-Test is 7.16 and its level of significance is 0.00; therefore, the null hypothesis is rejected since the level of significance is below 0.05.

H07: The advertisement slogan in IKCO’s sales promotion does not attract consumer interest to purchase.

Table 10: T-Test of question 7

<table>
<thead>
<tr>
<th>Test result</th>
<th>Sig. (2-tailed)</th>
<th>df</th>
<th>T</th>
<th>95% Confidence Interval of the Difference</th>
<th>Mean Difference</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>H07 Confirmed</td>
<td>0.7</td>
<td>364</td>
<td>0.38</td>
<td>0.13</td>
<td>-0.09</td>
<td>0.02</td>
</tr>
</tbody>
</table>
According to table 3, 8.2% of participants selected the total disagreement choice, 26.6% selected the disagreement choice, and 26.6 chose neutral choice, indicating that the slogan in sales promotions will not capture viewers' interest. T-test results to determine the level of significance at 0.95% is presented in table 10. T-Test is 0.38 and its level of significance is 0.7; therefore, the null hypothesis is confirmed since the level of significance is above 0.05. Thus the hypothesis that the slogan in the sales promotions catches viewers' interest is rejected.

The results indicate that all the elements, excluding the music track used and the slogans, are considered as catching viewer's interest to purchase.

Findings and conclusions

The main purpose of this study is to the affect of sales promotion on consumer interest to purchase used in market in general and in automobile industry in particular. Through comparing theories brought up in the conceptual framework to the empirical data, we have been able to answer the research questions. The findings and conclusions concerning the research questions of sales promotion used and the objectives of them contributes to existing theories by more thoroughly describe the implementation.

We have found that IKCO Co. sales promotion have a positive effect on consumers' interest to purchase. The results of significance level test indicate that out of all seven factors-music, expressing the features, techniques used, content, stimulating effect, providing information about the New products, and the advertising slogans-five factors have significant impact on viewers' interest to purchase, leaving the other two factors, i.e. stimulating effect and advertising slogans had comparatively, a little lesser impact on consumers' interest.

As discussed in evaluating the paper hypotheses, sales promotion of IKCO could help company to achieve their main goal, namely motivating consumers to purchase their products. Furthermore, these sales promotional efforts do cause much motivation and creation of interest. Therefore the
designers of these sales promotion strategies should take this aspect into account.

It has been clearly established that success story of promotional efforts of Iran Khordo, in terms of drawing interest and generating interest.

Limitations

There were several limitations in the present research, which may have affected the results:

1. We worked on a sample size of 365 respondents against the whole population due to lack of resources. This sample may not be considered as a good representative of the whole population.
2. Given the fact that researcher is not scientifically trained for the data collection and thus there is a possibility of human error that researcher regrets.
3. The questionnaire to collect data, is made by the researcher which needs to be revised in terms of reliability and validity.

Implications for Future Research

While writing this paper several issues connected to this research purpose have been encountered. Since they have been beyond this study and would have had a negative broadening affect, they have been ignored until this chapter where a proposal of the different issues as future research areas is presented. When studying the area of sales promotion there was the lack of information on how sales promotions differs from consumer sales promotion. Since there is limited amount of studies conducted in sales promotion, a comparison could contribute to a deeper understanding in the area. Look into how sales promotions used in consumers markets can be put into practice. Any research focuses on one aspect of a certain issue to provide a better description and explanation.

Similarly, this research has focused on the affect s sales promotion on consumer interest to purchase. The following suggestions are proposed for further research:

1. Investigating the affect sales promotion using other models discussed early.
2. Investigating the consumers' attitude towards sales promotions in Iran.
3. Using this paper's conceptual model to investigate the affect of sales promotion in services and other industries.
4. Investigating about other Marketing Mix instruments using the present model.
5. Investigating the affect of sales promotion on other national than Iranian to find out and establish any potential cultural bearing on findings.
6. Conduct a cross-case analysis where the implementation of sales promotion used are compared between various companies within the same consumer market.

References:


