

Title: “Determining the best mode of promotion in a retail store: A study”.

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ABSTRACT

Various modes of promotion are possible but to choose the best makes sense, else it is a waste of time and money. People visiting the retail stores are attracted to it by various modes. I selected publicity, word of mouth, personal selling, advertising, e-mail marketing, and sales promotion. Wishing to find out as to what attracts a customer who visits a retail store, I drew up a questionnaire to be filled up by the customers. The questionnaire had six variables which had to be ranked from 1 to 6, with 1 being the least important and 6 being the most important. The variables were publicity, word of mouth, personal selling, e-mail marketing, advertising and sales promotion. A total of 100 customers were interviewed. A personal interview was conducted wherein the questionnaire was direct and structured. The results were such that advertising was ranked number 1 followed by word of mouth, sales promotion, personal selling, publicity and e-mail marketing. Karl Pearson's coefficient of correlation was also conducted to find if any relationship existed between paid and unpaid promotion, and personal and impersonal promotion. No correlation was found in personal and impersonal promotion whereas a medium correlation existed between paid and unpaid promotion.

Keywords

Advertising, word of mouth, sales promotion, personal selling, publicity and e-mail marketing.

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Introduction

Most retail stores conduct promotions to attract customers but it is like shooting in the dark if the correct mode is not selected. I selected a few modes of promotions to find out which one will be most desired and made the respondents rank them.

Word of mouth was the first one selected. Word-of-mouth marketing is when consumers talk about a company's product or service to their friends and relatives. WOM marketing is one of the most powerful forms of advertising as 92% of consumers trust their friends over other traditional media.

The second variable selected was sales promotion. Sales promotion is a process of persuading customer to purchase a product. On the site sales promotions are common such as mass displays, shelf displays and window displays. Discount coupons and buy one get one free are other modes of sales promotions. It is also used to introduce new products, clear out inventories, attract traffic, and to lift sales temporarily.

Advertising is one of the oldest modes of promotion. Advertisements are messages paid for by those who send them and are intended to inform or influence people who receive them. Newspapers, magazines, radio, television, and many others are modes of advertising. Advertisements create awareness as well as influence the purchase behavior of the individual.

Personal selling was the next variable, wherein the services offered by the salespersons at the retail store was taken into consideration. Helpfulness, knowledge, punctuality and friendliness were some of the parameters by which personal selling could be rated.

Publicity was next considered. Publicity is designed to make a person, product, or brand more visible. It targets a broader audience as compared to any other form of promotion. Billboards, posters are some of the forms of publicity. It precedes other forms of marketing.

Lastly considered was e-mail marketing. It is the act of sending a commercial message, typically to a group of people, using email. It involves using email to request business, or solicit sales or donations. The email newsletter is a one-off communication that can be used to send promotional messages, important account information, product updates, and many more information.

Then I found out the relationship between paid and unpaid promotion and personal and impersonal promotion by making the respondents rate these variables.

Paid promotion is attracting potential, selective and qualified customers for the content of your product by using paid platforms. On the other hand personal promotion is personally promoting your products to individuals. For example at a retail store the salesperson can assist and advise you in choosing a product through his/her knowledge and experience.

Literature Review

The literature review was conducted to find out which means of promotion was most desired at the retail stores.

According to Veronika, Keller, Laszlo, Jozsa. (2012), high priced and exclusive stores used price and value added sales promotions. These stores also would use valuable prizes and discounts. On the other hand Berger, J., Sorensen, A.T. (2010) felt that negative publicity such as negative reviews or word of mouth could hurt sales to a large extent. On the flip side negative publicity can also increase sales by increasing awareness. As such negative publicity increases sales of products which are lesser well known.

Levy, S., Gendel-Guterman, H. (2012) were of the view that the perceived quality of a store was most important when considering the purchase intention of the consumer. Levy et al felt that advertising played an important role in this and could influence the quality of the store.

In yet another study conducted by Yousif, R.O. (2016), on purchase of clothes from retail stores, he found out that

76.7% of males and 99.1 % of females purchased clothes from retail stores. He further felt that salespeople were honest but were unable to negotiate with them. He also felt that they did not possess the desired skills to stimulate sales or to grant discounts to the customers. This meant in the study that salespeople must be trained in personal selling to be able to negotiate with the customers and also be given the freedom to give discount

Duan, W., Gu, B., Whinston, A.B. (2008) have worked on how word of mouth on the internet can influence purchases at the retail stores. According to Duan a unique aspect of the WOM effect is the presence of a positive feedback mechanism between WOM and retail sales.

Finally Lahiji, S.G. (2016) felt that "Email marketing tests and studies reveal that email marketing can affect consumer behavior, even convincing consumers to go to websites for more information or to make a purchase" Pgs 77-80.

Objective

1. To find out which mode of promotion is most desired by the customers.
2. To find out if there is any correlation between personal and impersonal promotion
3. To find out if there is any correlation between paid and unpaid promotion

Research Design

A random, direct, structured questionnaire was utilized wherein a personal interview was conducted on 100 people who frequented a retail store in Goa. The research design was of an exploratory design.

Findings

1. The Thurstone Case V scaling was used to analyze the data. The comparison between the variables was first made wherein the variables A, B, C, D, E and F were compared with each other. A- Publicity B- E-mail marketing C- Advertising D- Sales Promotion E- Word of mouth and F- Personal selling

Table 1

	A	B	C	D	E	F
A	0.5	34/100	84/100	58/100	57/100	48/100
B	66/100	0.5	87/100	73/100	65/100	62/100
C	16/100	13/100	0.5	35/100	42/100	32/100
D	42/100	27/100	65/100	0.5	60/100	45/100
E	43/100	35/100	58/100	40/100	0.5	40/100
F	52/100	38/100	68/100	55/100	60/100	0.5

Converting to decimals we get,

Table 2

	A	B	C	D	E	F
A	0.5	0.34	0.84	0.58	0.57	0.48
B	0.66	0.5	0.87	0.73	0.65	0.62
C	0.16	0.13	0.5	0.35	0.42	0.32
D	0.42	0.27	0.65	0.5	0.6	0.45
E	0.43	0.35	0.58	0.4	0.5	0.4
F	0.52	0.38	0.68	0.55	0.6	0.5

Finding the values from the Thurstone Case V scaling table we get,

Table 3

	A	B	C	D	E	F
A	0	-0.41	1.0	0.2	0.18	-0.05
B	0.41	0	1.13	0.61	0.39	0.31
C	-1.0	-0.13	0	-0.39	-0.2	-0.42
D	-0.2	-0.61	0.39	0	0.25	-0.13
E	-0.18	-0.39	0.2	-0.25	0	-0.25
F	0.05	-0.31	0.47	0.13	0.25	0

Adding the values of each column we get,

Table 4

	A	B	C	D	E	F
	-0.92	-2.85	3.19	0.3	0.87	-0.59

Adding the least value which is 3.69 to all the variables we get,

Table 5

	A	B	C	D	E	F
	1.93	0	6.04	3.15	3.72	2.26

2. The Karl Pearson's coefficient of correlation

The Karl Pearson's coefficient of correlation is as follows:

$$r(\text{correlation coefficient}) = \frac{\sum X_i Y_i}{\sqrt{(\sum X_i^2 \times \sum Y_i^2)}}$$

Where r = Pearson's coefficient of correlation

$X_i = x_i - \text{Mean}$ $Y_i = y_i - \text{Mean}$

x_i = value of the individual variable from 1-100

y_i = value of the individual variable from 1-100

It was conducted on the following:

A. Correlation between personal and impersonal promotion

$$r(\text{correlation coefficient}) = \frac{\sum X_i Y_i}{\sqrt{(\sum X_i^2 \times \sum Y_i^2)}}$$

Mean of Impersonal promotion = 3.92 Mean of personal promotion = 4.55

$$= -12.6 / \sqrt{(123.36 \times 168.75)}$$

$$= -12.6 / \sqrt{(20817)}$$

$$= -12.6 / 144.28$$

$$= -0.087$$

There is low negative correlation between personal and impersonal promotion which means that personal promotion and impersonal promotion have no similarity. .

B. Correlation between paid promotion and unpaid promotion

$$r(\text{correlation coefficient}) = \frac{\sum X_i Y_i}{\sqrt{(\sum X_i^2 \times \sum Y_i^2)}}$$

Mean of paid promotion = 4.66 Mean of unpaid promotion = 3.69

$$= -58.54 / \sqrt{(185.39 \times 124.44)}$$

$$= -58.54 / \sqrt{23069.93}$$

$$= -58.54 / 151.88$$

$$= -0.3854$$

There is negative medium correlation between paid promotion and unpaid promotion which means that paid and unpaid promotion have a small correlation but paid promotion is preferred by and large.

Conclusions

- A.1. Advertising which is a paid and impersonal form of promotion is ranked 1
2. The second ranked variable was Word of mouth which is an unpaid and personal form of promotion.
3. Sales Promotion which is paid and impersonal is ranked number 3
4. Personal selling which is paid and personal is ranked number 4
5. Publicity which is unpaid and impersonal is ranked number 5
6. E-mail marketing which is paid and personal is ranked number 6
1. There is low negative correlation between personal and impersonal promotion which means that personal promotion and impersonal promotion have no similarity.
2. There is negative medium correlation between paid promotion and unpaid promotion which means that paid and unpaid promotion have a small correlation/ are related but paid promotion is preferred by and large. Also both options could be used but paid is more desirable.

Limitations of the study

1. The study was conducted on 100 customers who visit retail stores. As some questionnaires were found to be incomplete or wrongly filled up, they were discarded and new customers were selected.
2. Some other tools and techniques could have been used. However Thurstone Case V scaling and Karl Pearson's coefficient of correlation were found to be sufficient.

Suggestions

A year later the same study can be conducted and the results can be compared for consistency.

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