



A STUDY ON BRAND LOYALTY OF THE CUSTOMER IN SALES PROMOTION ON HEALTH DRINKS

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Abstract

The benefit of sales promotions is that they induce choice. However, this benefit may be offset by undermining brand preference and brand loyalty when it is no longer promoted. Despite the fact that sales promotions have long employed in marketing practice and researched academically, a clear understanding of the impact of sales promotion on post-promotion brand loyalty continues to evade brand managers and marketing scholars alike. Our meta-analysis suggests that, on average, sales promotions do not affect post-promotion brand loyalty. However depending upon characteristic of the sales promotion and the promoted product, promotion can either increase or decrease loyalty for a brand. The empirical results provide insights for crafting promotion strategy and for understanding the process by which promotion influence brand loyalty.

Key words: Consumer preference, Health Drinks buying pattern, Brand Loyalty.

Introduction

Sales promotions are typically viewed as temporary incentives that encourage the trial of a product or service. Not surprisingly, most research on their use explores the effect of promotions at the time in which they are offered. Relatively less attention has been devoted to investigating the consequence of sales promotion for brand preference after the promotion has ended. Furthermore, scholastic opinion on whether promotions help or hinder a brand in subsequent choice period is mixed. Some researchers assert that sales promotion can undermine brand preference. The promotions have the potential to damage brand equity by focusing the consumers' attention too heavily on price. The number of disadvantages of sales promotion such as decreased brand loyalty, increased brand switching, decreased quality perceptions and increased price sensitivity. Conversely, other researchers contend that sales promotions can increase brand loyalty. Thus, the extant literature is unclear as to whether sales promotions detract from or enhance brand loyalty.

Review of Literature

Brand loyalty of the customer in sales promotion on health drinks

Behavioral research on sales promotions has tended to focus on the demographics of deal-prone consumers (Bawa and Shoemaker 1987; Blattberg et al. 1978; Narasimhan 1984; Webster 1965) and on the identification of personal traits such as "coupon proneness," "value consciousness," or market mavenism" (Feick and Price 1987; Lichtenstein, Netemeyer, and Burton 1990; Mittal 1994). These studies offer a coherent portrait of the demographic and psychographic characteristics of deal-prone consumers (for a review, see Blattberg and Neslin 1990, pp. 65-82; Chandon 1995). However, because of their focus on individual variables, these studies did not examine the nature, and the number, of the specific consumer benefits of sales promotions. As a result, most analytical and econometric models of sales promotions assume that monetary savings are the only benefit motivating consumers to respond to sales promotions (for a review, see Blattberg and Neslin 1993).

Although we have predicted that sales promotions have a positive effect on brand knowledge, this effect may depend on the type of promotion. The most recent literature on sales promotions (Chandon & Laurent 1999; Chandon *et al.* 2000) stresses the need to distinguish between two types, monetary and non-monetary, because there are important differences between them. On the one hand, monetary promotions (e.g. free product and Coupons) are primarily related to utilitarian benefits, which have an instrumental, functional and cognitive nature. They help consumers to increase the acquisition utility of their purchase and enhance the efficiency of their shopping experience. On the other hand, non-monetary promotions (e.g. contests, sweepstakes, free gifts, and loyalty programs) are related to hedonic benefits with a non-instrumental, experiential and affective nature, because they are intrinsically rewarding and related to experiential emotions, pleasure and self-esteem.

Traditionally, sales promotions are regarded as a technique that brings about direct sales increase (Bawa & Shoemaker, 1987; Dodson, Tybout, & Sternthal, 1978; Doob et al., 1969; Gupta, 1988). This perspective contrasts with the way in which advertising—another element of promotion mix—is studied as an important means of establishing brand goodwill, brand attitude, and brand equity (Aaker & Carman, 1982; Mela, Gupta, & Lehmann, 1997).

Brand loyalty is a function of psychological (decision making, evaluation) processes. Brands are chosen according to internal criteria resulting in a commitment towards the brand, which. According to Jacoby and Chestnut (1978) is an essential element of brand loyalty. This point of view is in line with the information-processing paradigm, which is the dominant point



of view in consumers do not always seek information actively, they do receive some information, e.g. due to advertising campaigns. Which may be used to form certain beliefs about brands, Based on these prior beliefs, brands are evaluated and some are preferred over others. In time the consumer may develop a commitment towards a brand and become brand loyal. Hence, brand loyalty implies consistent repurchase of a brand, resulting from a positive affection of the consumer towards that brand. We should point out however that the importance of commitment is not supported by some researchers who argue that buying behavior is caused by instrument conditioning (Foxall (1987) for a review).

They posit that observed behavior alone is capable of explaining brand loyalty. According to this view the purchase will lead to a “reward” (the brand is adequate) or a “punishment” (the brand is inadequate). The former induces the repurchase of a brand while the latter induces brand switching. In this approach, brand loyalty is regarded as a consequence of behavior, rather than as an explanation.

A study of Hoyer (1984) concluded that inert consumers have different motives; different decision rules and requires other marketing actions than brand loyal consumer. In particular, they do not evaluate a large set of alternatives but use simple decision heuristics like “always but the cheapest brand” or “Always but the same brand”. Repeat buying may be influenced by variables such as e.g. the amount of self space or distribution intensity, which are supervised by the retail manager. In contrast, brand commitment is more likely to be influenced by a brand distinguishing characteristics, design features or images (Riezebos (1994)).

However, if consumers under continuous sales promotions form a certain attitude toward a promoted brand and maintain their attitude afterwards, sales promotions should be regarded as more than just a tool for sales increase. For marketers who spend a considerable amount of money on sales promotions, it is thus important to understand what effects those promotions will bring to brand attitude. It is also critical to know how these effects change over a period of time, as long-term sales promotions are becoming a common practice (Raghubir, Inman, & Grande, 2004).

Research Methodology

Research Problem

This paper had been undertaken with an objective to understand the brand loyalty of the customer in sales promotion on health drinks and to study the reasons for buying the same brand of Health Drinks product category. The objective of the study also included to identify the purpose of consuming health drinks and to study the relationship between number of members in the family and the duration of consumption of health drinks. The sales promotion techniques and switching of brand were also studied.

Objectives of the Study

Main objective of the current study is to identify the brand loyalty of the customer in sales promotion on health drinks in Thanjavur. This study focused on the following objectives:

- To study the personal, demographic, and rational profile of Health drinks.
- To examine the external factors influencing purchase decisions.
- To find out how promotional schemes are influencing the consumers
- To find out that sales promotion will result in buying behavior.

Research Design: - To analyze the buying behavior of customers descriptive research design was used. Primary data was collected with the help of close ended questionnaire.

Sample Design: - Our target population involves the users, deciders and buyers of Health Drinks. The users include the old and the young population. The deciders and the buyers mostly include the house wives who buy the product from the market, out of those 100 respondents were selected through convenience sampling with care being taken to get responses from customers of different age groups and different family sizes

Statistical Tools used: (SPSS SOFTWARE)

- Percentage Analysis
- Descriptive Analysis
- Factor Analysis- - KMO and Bartlett's Test



DATA ANALYSIS AND INTERPRETATION

1) Percentage analysis for demographic variables

Table- 1,Percentage analysis for demographic variables towards Brand loyalty of the customer in sales promotion on health drinks

| Demographic variables | Factors | Frequency | Percent |
|---|-----------------------|------------|--------------|
| Gender | Male | 25 | 25.0 |
| | Female | 75 | 75.0 |
| | Total | 100 | Total |
| Age | Below 20 | 16 | 16.0 |
| | 21 – 40 | 33 | 33.0 |
| | 41 – 60 | 38 | 38.0 |
| | 61 and above | 13 | 13.0 |
| | Total | 100 | 100.0 |
| Marital Status | Married | 55 | 55.0 |
| | Single | 42 | 42.0 |
| | Divorced | 3 | 3.0 |
| | Total | 100 | 100.0 |
| Educational Qualification | Upto H.S.C / P.U.C | 46 | 46.0 |
| | Degree/Diploma | 35 | 35.0 |
| | PG Degree | 8 | 8.0 |
| | Professional Degree | 11 | 11.0 |
| | Total | 100 | 100.0 |
| Occupation | Employee | 9 | 9.0 |
| | Business | 14 | 14.0 |
| | Profession | 28 | 28.0 |
| | Agriculture | 27 | 27.0 |
| | Household | 22 | 22.0 |
| | Total | 100 | 100.0 |
| Annual Income | Upto 1.00.000 | 46 | 46.0 |
| | 1, 00,001 – 2, 00,000 | 35 | 35.0 |
| | 2, 00,001 – 3, 00,000 | 8 | 8.0 |
| | Above 3, 00,000 | 11 | 11.0 |
| | Total | 100 | 100.0 |
| No of members in family | Up to 5 members | 43 | 43.0 |
| | More than 5 members | 57 | 57.0 |
| | Total | 100 | 100.0 |
| Name of the health drinks you are using | Horlicks | 54 | 54.0 |
| | Complan | 22 | 22.0 |
| | Boost | 16 | 16.0 |
| | Bournvita | 6 | 6.0 |
| | Others | 2 | 2.0 |
| | Total | 100 | 100.0 |

Source: Output generated from SPSS 20



The above table presents the distribution of brand loyalty of the customer in sales promotion on health drinks according to their demographic status. Following is inferred from the table.

- 75 of the respondents are female and 25 of them are male.
- 38 of the respondents are belong to the age of 41 to 60 yrs, 33 of them belong to 21 to 40 yrs, 16 of them are less than 20 yrs, 13 of respondents are above 61 yrs.
- Among the sample 55 are married, 42 are single and 3 of them are divorced. This means that majority of them are married.
- 46 respondents are qualified up to H.S.C / P.U.C, 35 of them are degree/diploma holder, 11 of them are done their professional degree and 8 respondents are P.G holder.
- 28 of the respondents are profession, 27 of them are doing agriculture, 22 of them are Household, 14 of them are doing Business and 9 of them are working (Employee).
- Annual income of the respondents are more than 1, 00,000 is earned by 46 customers, 1, 00,001 to 2, 00,000 by 35 respondents, 11 of them are earning above 2,00,000 and 8 respondents are earning 2, 00,001 to 3, 00,000.
- 57 of the respondent are having more than 5 members in their family, and 43 of the respondent are having upto 5 members in their family.
- 54 of the respondent are preferred Horlicks, 22 of them preferred Complan, 16 of them preferred Boost, 6 of them preferred Bournvita and 2 respondent are using others products. This means that majority of the respondent preferred only horlicks, because it was available for all type of customer like children, sugar patients, lactating women etc.

2) **Descriptive analysis for brand loyalty of the customer in sales promotion on health drinks.**

Table-2, Descriptive analysis for brand loyalty of the customer in sales promotion on health drinks

| Descriptive Statistics | | | | | |
|---|-----|---------|---------|------|----------------|
| Factor | N | Minimum | Maximum | Mean | Std. Deviation |
| Health drinks is your first choice | 100 | 1 | 3 | 1.80 | .816 |
| Satisfied by your health drinks | 100 | 1 | 2 | 1.30 | .461 |
| Price will be the factor while choose the health drinks | 100 | 1 | 7 | 4.69 | 1.516 |
| Duration of consumption of health drinks | 100 | 1 | 7 | 5.33 | 1.471 |
| Bought any other brand if you health drinks are not available | 100 | 3 | 7 | 5.32 | 1.278 |
| Expectations are fulfilled by your health drinks | 100 | 2 | 7 | 4.98 | 1.295 |
| Buying the same brand again and again | 100 | 1 | 7 | 4.69 | 1.433 |
| Suggest your health drinks to your friends | 100 | 1 | 7 | 4.64 | 1.404 |
| Giving offer to other brand health drinks will change your buying habit | 100 | 2 | 7 | 5.03 | 1.275 |
| Other brand of health drinks even after the offer was over | 100 | 2 | 7 | 4.98 | 1.303 |
| Price will be the factor to choose the health drinks | 100 | 2 | 7 | 5.06 | 1.369 |
| Health drink fulfill the want of your entire family member | 100 | 2 | 7 | 5.07 | 1.183 |

Source: Output generated from SPSS 20

Inference

It is inferred that the satisfied by your health drinks is having least mean value of 1.30 is highly acceptable by the customer and the higher mean value (5.33) statement is duration of consumption of health drinks indicates that the respondents are accepting this statement only to a certain extent.

3) Factor analysis for the brand loyalty of the customer in sales promotion on health drinks

KMO and Bartlett's Test

The dimensionality of brand loyalty of the customer in sales promotion on health drinks was examined using factor analysis based on twelve individual statements and the reliability of the subsequent factor structures was then tested for internal consistency of the grouping of the items. The twelve brand loyalty of the customer in sales promotion on health drinks statements are related to the following:

1. Health drinks is your first choice
2. Satisfied by your health drinks
3. Price will be the factor while choose the health drinks



4. Duration of consumption of health drinks
5. Bought any other brand if you health drinks are not available
6. Expectations are fulfilled by your health drinks
7. Buying the same brand again and again
8. Suggest your health drinks to your friends
9. Giving offer to other brand health drinks will change your buying habit
10. Other brand of health drinks even after the offer was over
11. Price will be the factor to choose the health drinks
12. Health drink fulfill the want of your entire family member

Table – 3, KMO and Bartlett's Test of brand loyalty of the customer in sales promotion on health drinks

| KMO and Bartlett's Test | | |
|--|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .788 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 567.007 |
| | df | 66 |
| | Sig. | .000 |

Source: Output generated from SPSS 20

High value of KMO (0.788 > .05) of indicates that factor analysis is useful for the present data. The significant value for Bartlett's test of Sphericity is 0.000 and is less than .05 which indicates that there exists significant relationships among the variables. The resultant value of KMO test and Bartlett's test indicates that the present data is useful for factor analysis.

Table – 4, Total variance explained for brand loyalty of the customer in sales promotion on health drinks

| Total Variance Explained | | | | | | | | | |
|--------------------------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 5.117 | 42.643 | 42.643 | 5.117 | 42.643 | 42.643 | 3.878 | 32.315 | 32.315 |
| 2 | 1.334 | 11.117 | 53.760 | 1.334 | 11.117 | 53.760 | 2.567 | 21.389 | 53.704 |
| 3 | 1.178 | 9.817 | 63.577 | 1.178 | 9.817 | 63.577 | 1.185 | 9.872 | 63.577 |
| 4 | .976 | 8.132 | 71.709 | | | | | | |
| 5 | .819 | 6.825 | 78.534 | | | | | | |
| 6 | .632 | 5.270 | 83.803 | | | | | | |
| 7 | .537 | 4.478 | 88.281 | | | | | | |
| 8 | .442 | 3.685 | 91.967 | | | | | | |
| 9 | .352 | 2.932 | 94.899 | | | | | | |
| 10 | .280 | 2.336 | 97.235 | | | | | | |
| 11 | .211 | 1.760 | 98.995 | | | | | | |
| 12 | .121 | 1.005 | 100.000 | | | | | | |

Extraction Method: Principal Component Analysis.

Source: Output generated from SPSS 20



All the statements of the brand loyalty of the customer in sales promotion on health drinks are loaded on the three factors.

Table – 5, Rotated Component Matrix of brand loyalty of the customer in sales promotion on health drinks

| Rotated Component Matrix ^a | | | |
|---|-----------|-------|-------|
| | Component | | |
| | 1 | 2 | 3 |
| Giving offer to other brand health drinks will change your buying habit | .889 | .087 | -.027 |
| Suggest your health drinks to your friends | .854 | .037 | -.131 |
| Buying the same brand again and again | .771 | .203 | -.064 |
| Expectations are fulfilled by your health drinks | .706 | .377 | .053 |
| Duration of consumption of health drinks | .625 | .463 | -.006 |
| Other brand of health drinks even after the offer was over | .587 | .488 | .040 |
| Price will be the factor while choose the health drinks | .581 | .449 | .127 |
| Price will be the factor to choose the health drinks | .233 | .786 | -.022 |
| Bought any other brand if you health drinks are not available | .290 | .737 | .035 |
| Health drink fulfill the want of your entire family member | .046 | .732 | -.166 |
| Health drinks is your first choice | -.195 | .056 | .766 |
| Satisfied by your health drinks | .123 | -.137 | .726 |
| Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. | | | |
| a. Rotation converged in 5 iterations. | | | |

Source: Output generated from SPSS 20

The total variance accounted for, by all the three factors with Eigen value greater than 1 is 53.704 percent and the remaining variance is explained by other variables. Among the three factors, the first factor accounts for around 32.315 percent of variance which is the prime criteria considered in brand loyalty of the customer in sales promotion on health drinks.

The statements are converted into 3 factors using factor analysis.

The following seven aspects related to brand loyalty of the customer in sales promotion on health drinks is converted into a single factor.

1. Giving offer to other brand health drinks will change your buying habit
2. Suggest your health drinks to your friends
3. Buying the same brand again and again
4. Expectations are fulfilled by your health drinks
5. Duration of consumption of health drinks
6. Other brand of health drinks even after the offer was over
7. Price will be the factor while choose the health drinks

The following three aspects related to brand loyalty of the customer in sales promotion on health drinks into a single factor.

1. Price will be the factor to choose the health drinks
2. Bought any other brand if you health drinks are not available
3. Health drink fulfill the want of all your family member

The following two aspects related to brand loyalty of the customer in sales promotion on health drinks into a single factor.

1. Health drinks is your first choice
2. Satisfied by your health drinks

Apart from that, the dimension “brand loyalty of the customer in sales promotion on health drinks” comprises 12 statements. Out of twelve statements, three contribute more towards brand loyalty of the customer in sales promotion on health drinks.



The statements are (1) Giving offer to other brand health drinks will change your buying habit (2) Price will be the factor to choose the health drinks and (3) Health drinks is your first choice.

Findings

This chapter summarizes the findings from data analysis, draws conclusions and suggests measures to improve brand loyalty of the customer in sales promotion on health drinks based on the analysis of the primary data gathered from sample of sales promotion of health drinks.

- Frequency analysis denote, that 75 of the respondent are female, 32 of the respondents are belong to the age of 41 to 60 yrs, Among the sample 55 are married, 46 respondents are qualified up to H.S.C / P.U.C, 28 of the respondents are profession, the annual income of the respondents are more than 1, 00,000 by 46 respondents and 57 of the respondent are having more than 5 members in their family.
- 54 of the respondent are preferred Horlicks, this means that majority of the respondent preferred only horlicks, Because it was available for all type of customer like children, sugar patients, lactating women etc
- Descriptive analysis reveals that, that the satisfied by your health drinks is having least mean value of 1.30 is highly acceptable by the customer and the higher mean value (5.33) statement is duration of consumption of health drinks indicates that the respondents are accepting this statement only to a certain extent.
- Based on factor analysis, “brand loyalty of the customer in sales promotion on consumer health drinks” comprises 12 statements. Out of twelve statements, three contribute more towards brand loyalty of the customer in sales promotion on consumer health drinks. The statements are (1) Giving offer to other brand health drinks will change your buying habit (2) Price will be the factor to choose the health drinks and (3) Health drinks is your first choice.

Suggestions

Based on the findings of the study, the following suggestions are made for the better brand loyalty of the customer in sales promotion on health drinks.

- Sale promotion will be use full and effective in introductory stage, so while introducing a new product we can adopt non-monitory sales promotion like 10% free, buy one get one free, etc.
- Quality speaks a lot, “Flower shop does not need any advertisement or any sales promotion”. Quality is enough.
- Most analytical and econometric models of sales promotions assume that monetary savings are the only benefit motivating consumers to respond to sales promotions. So the sales promotion will be effective only in short run.
- Buying behaviour is also deepen upon establishing quality of products, availability of products, production of healthy product, availability of products, production of healthy product, taste and colour attributes preferable to the consumers etc. Not merely the price or gifts.
- Goodwill is also plays a vital role in selecting a product.

Conclusion

Since health drinks have become an important think in the life of the consumers, the health drinks have a good reach towards them. The only think that the consumers have to decide is choosing the best available brand for them. Since then the brand loyalty acts a very important role over here. It's very hard to build brand loyalty; Quality is the only one best way to raise the brand loyalty. Sales promotion may induced customer to buy the product, it will help to raise the sales immediately (short run), for long run brand loyalty is must.

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