The Impact of Sales Promotions on Consumer Decision-Making

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Abstract
This paper investigates whether the increased promotional activity in the Indian FMCG marketplace is likely to lead to better economic decisions by enabling consumers to take advantage of “deals” in the marketplace, or whether such activity is likely to lead to impulsive behavior and contribute to inefficient decisions. Our model and theoretical framework, which are based on findings reported in the literature, are empirically validated using scanner panel data obtained from over 5,600 households over a period of three years. The results suggest that the location in which information about sales promotions is processed influence consumer decision-making. Consumers who are prone to purchase using in-store sales promotions such as displays and temporary price reductions might buy more impulsively and base their purchase decisions on heuristics. In contrast, consumers who are influenced by featured price cuts and who utilize coupons seem to be more value conscious and rational.

Key Words: FMCG, scanner data, impulsive, value conscious, sales promotions