

# **THE INFLUENCE OF SALES PROMOTION ON CONSUMER RESPONSES: THE MODERATING EFFECT OF STOCK RESTRICTION**

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## **ABSTRACT**

Sales promotions may come with some restrictions in order to encourage customers make purchase immediately. The objective of this study is to examine the effect of sales promotion and stock restriction on consumers' responses in terms of product attitude and purchase intention. A between-subjects laboratory experiment was conduct. The results showed that sales promotion and stock restriction in combination did significantly influence consumers' responses. Contributions and limitations are discussed in this study.

Keywords: sales promotion, stock restriction, product attitude, purchase intention

## **1. INTRODUCTION**

With the rapid development of e-commerce, more and more people startup businesses on the internet. The amount of online stores open increase which makes the e-commerce becomes more competitive. One of the most popular strategies for online sellers is the sales promotion in order to attract customers. Prior study suggested that sales promotion messages create perceived benefits and thus resulted in higher purchase intention [1]. However, sales promotions usually come with some limitations, which make customers feel they face the risk for losing the chance to get the products. When they suffer this kind of risk, customers may want to buy products in a hurry, thus generating higher purchase intention. Thus, the objective of this study is to examine the effect of sales promotion on consumer responses with the stock restriction as moderator.

## **2. RESEARCH METHOD**

The objective of this study is to examine the effect of sales promotion on consumer responses with stock restriction as moderator.

A 2 (sales promotion: monetary/ non-monetary promotion)  $\times$  2 (product stock restriction: yes/ no) experiment with between-subjects design was conducted to examine the sales promotion effect in this study. As a result, 4 scenarios were produced. Backpack was selected as the target product in the experiment based on a rigorous pretest result. The experimental manipulations of the two main variables: sales promotion and stock restriction.

## **3. DATA ANALYSIS**

All of the data were collected randomly online. The data were analyzed by SPSS. In order to make sure the validity of measurement for each variable, the factor analysis was conducted to test the validity, while Cronbach's alpha was calculated to examine the reliability of the measurements. The results indicated that all the measurements showed good validity and internal consistency.

The data were tested by Analysis of variance (ANOVA). The result showed no significant main effect of sales promotion and stock restriction on both dependent variables. However, a significant interaction effect of sales promotion and stock restriction was revealed on both product attitude and purchase intention. Thus, a post-hoc analysis was further conducted to examine the cell means of each scenario on different dependent variables. The post hoc analysis showed that sales promotion along different stock restriction resulted in different consumer responses in terms of product attitude and purchase intention.

## **4. DISCUSSION AND CONCLUSION**

Results from current study suggested an interesting finding of the significant interaction effect of sales promotion and stock restriction. The findings were discussed as follows.

First, consumers show more positive responses for stock restriction when the promotion was offered in a discount format. Prior study suggested that monetary promotion can provide utilitarian benefit while non-monetary promotion primarily provide hedonic benefit [2]. Thus, when the sales discount was offered, the consumers should be willing to make the purchase immediately go get the utilitarian benefit. Also, the stock restriction can be a signal of product quality as the low stock may indicate lots of people have already make the purchase [3]. Thus, a stock restriction can signal a message that only people who attend to the sales promotion will be able to enjoy the discount.

By contrast, findings from this study indicated that consumers prefer no restriction for the free gift sales promotion. If the non-monetary sales promotion (i.e., free gift) offer hedonic benefit, people make the purchase not because of saving money but a psychological gain. Thus, restrictions may hinder the perceived benefit and resulted in less favorable attitude and purchase intention.

Current study considered only discount and free gift as sales promotion strategies among a variety of promotion types. Future research is encouraged to compare the results for different kind of sales promotion along stock restrictions. Further, only one product was considered as target product in this study. Different product category with different characteristics or price level may result in more diversified findings and brings more practical insight.

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