

**Consumer reflections on re-purchase interest of  
discount sales “Buy one Get one Free” – The case of  
Malaysia**

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## **Abstrak**

Strategi pemasaran promosi jualan telah menjadi penting untuk pengeluar dan pemasar. Kepentingannya telah meningkat dengan ketara sejak tahun-tahun dalam dunia perniagaan. Membeli satu dapatkan satu percuma adalah satu skim promosi jualan digunakan secara meluas di seluruh dunia dan telah mendapat populariti di kalangan pengguna. Di Malaysia, skim ini sangat popular dan menarik perhatian ramai pengguna. Walau bagaimanapun, tiada kajian yang terdapat dalam kesusasteraan pada skim BGF di Malaysia. Ini mendorong untuk mengkaji pantulan pengguna mengenai pembelian semula jualan diskaun Beli satu dapat satu percuma dalam konteks Malaysia. Seramai 111 responden telah mengambil bahagian dalam kajian ini. Kajian ini menentukan bahawa pengguna di Malaysia mementingkan jenama dan nilai ditambah sebagai dua penentu amat penting dalam mempengaruhi mereka untuk membeli semula di bawah skim ini. Kajian ini menunjukkan bahawa produk berkualiti biasa memainkan peranan dalam keutamaan pengguna ke arah pembelian di bawah skim ini. Keputusan yang diperolehi daripada kajian ini adalah kelebihan kepada pengusaha dan pemasar yang terlibat dalam mempromosikan perniagaan melalui skim BGF. Di samping itu, pengguna boleh menggunakan informasi kajian ini untuk maklumat dalam pemilihan pembelian mereka terhadap produk yang ditawarkan di bawah skim ini. Secara keseluruhannya, kajian ini menandakan bahawa BGF adalah tulen dalam mempromosikan jualan dan peniaga-peniaga yang terlibat dalam skim ini adalah sangat beretika.

## **Abstract**

The marketing strategies on sales promotions have become vital for manufacturers and marketers as its importance has been increasing significantly over the years in the business world. “Buy one Get one Free (BGF)” is one common scheme of sales promotion widely used throughout the world and has gained the popularity among the consumers. In Malaysia the scheme is very popular and attracted the mask of consumers. However, no studies are available in literature on BGF scheme in Malaysia. This motivated to study the consumer reflections on re-purchase interest of discount sales “Buy one Get one Free” in the context of Malaysia. A total of 111 respondents took part in this study. This study ascertained that consumers in Malaysia give most importance to the brand and value added as the two utmost important determinants in influencing them to re-purchase under this scheme. The study reveals that the standard quality products do play a role in consumers preference towards purchasing under this scheme. The results obtained from this study are advantageous to the manufacturers and marketers who are involved in promoting business through BGF scheme. In addition, consumers can use the findings of this study to be informative in their purchasing selection towards the products offered under this scheme. On the whole the study signifies that BGF is genuine in promoting sales and the businessmen involved in this scheme are highly ethical.

## **Chapter 1**

### **Introduction**

#### **1.1 Introduction**

In today's dynamic market, many products are brought in the market in a blink of an eye in many parts of the world. The fundamental nature of setting up business is to generate sales and profits. Businesses and marketers need to plan their marketing communication well for them to sustain in this competitive environment. In another end, consumers needs and wants are changing drastically, consumers purchase products to fulfill their needs and wants. These desires, as acknowledged by Abraham Maslow in the early 1940s, can be physical, for safety and security, for love and affiliation, to obtain status and respect, or for self-fulfillment. Therefore marketers need to understand these needs and serve to this niche markets to gain competitive advantage and sales for their products.

Consumer may easily move from purchasing one product to another if it meets their priority. So, companies especially manufacturers, are employing several tactic & tools to gain consumers attention for their products. Vast competition among the manufacturers is happening in the field of marketing. According to Shimp (2003), sales promotion is used by manufacturers and marketers in businesses as giving incentive to persuade the trade (wholesalers, retailers, or other channel members) while influencing consumers to buy a brand .

According to Liao *et al.* (2006), sales promotion includes many types of marketing communication to persuade consumers. To generate instant quick sales purchasing by consumers, marketers and manufacturers came up with the concept of discount promotion by presenting an inducement to purchase.

The impact of sales promotion on businesses has been encouraging and has resulted in improved sales volume and profitability (Ibojo & Amos, 2011). More advantages of discount promotion nevertheless, have been an area under discussion of over the past several years by many researchers.

Research were conducted on the subject of the direct relationship of sales promotion on consumer behavior responding to short-term sales, continuance earnings, brand loyalty, gender influence and supply chain expenditure for retailers and manufacturers. Manufacturers and businesses struggle to study consumers behavior to enhance their product and service offering by implementing the right marketing motivation to increase sales and customer satisfaction for their products. It has proven that discount promotions have produced the highest force in terms of their behavior.

One form of a popular discount promotion that is widely being used by marketers and manufacturers universally is the “Buy One Get One Free (BGF)” scheme. The BGF advertising has been widely being done daily in countless supermarkets and outlets as a means of promoting the products. “Free gift with purchase” scheme appears to be overwhelming the marketplace (Priya, 2004). BGF scheme is one type of popular product discount sales promotions schemes where the consumer gets two products of the same type for the price of one, or receiving a free product by purchasing a product. Promotion such as “buy one get one free, ”, “ buy two get one for free”, “buy three get one free” and so on are frequently used to generate unplanned purchase (Inman *et al.*, 2009).

The human mind is attracted to anything that is complimentary; therefore the scheme is a marketing strategy to persuade consumers to purchase products. “BuyGetFree” promotion is one of the most popular forms of promotion in FMCG/packaged goods and if used correctly, can influence repeat purchase by existing customers and initial purchase by new users. Many studies and articles have reason out separately the attributes for marketers to use of other sales promotion elements but not much research has studied detailed on BGF scheme and whether consumers will repeat their purchase using this scheme.

Therefore the present study is done to explore in detail the marketing attributes behind the concept of BGF and will consumers still be influenced by this kind of products offered in this kind of scheme. This scheme is for any products offered free, and not only to the same product. The definition of the discount study that this thesis will be interested in studying on will be promotional offer by the seller through the scheme Buy Get Free.

Discount sales in terms of price % discount sales and rebate sales will not be included in this study. The study starts with the introductory chapter which gives broad idea on the research topic. This chapter will then continue of the problem statement of the study.

Then this chapter starts with providing background of the study of discount promotion and the scheme. Then the chapter explains on the research questions and objectives of the study. Subsequently the chapter will describe the implications of the project paper and to conclude the chapter will end by defining the key terms of this project paper and structure of the remaining chapters for this study.

## **1.2 Research background**

From previous studies conducted about promotional related issues, it has been established that the development of promotion usage among consumers has shown dynamic growth within decades. From store promotion to online promotion, promotional techniques have become a common technique to attract and persuade consumers to purchase the products offered. Sales promotion is consists of some inducement by reducing the original price or providing some incentives along with the purchases to stimulate customers to acquire a manufactured goods instantly in larger volumes.

One type of a popular discount sales promotion that was created by the marketers in these recent years around the world is the “ Buy one Get one Free (BGF)” scheme where offering a bonus product along with the original product purchased for the price of 1. “Buy one and get one free” is a familiar and common form of discount promotion used universally in the marketing industry by retailers to move a product by the acronym of “BOGO” and its considered the most effective form of special offers for goods (Wikipedia). This term has been cited since 1966 but the terms became more popular in the mid -1980s and early 1990s (Barry, 2009).

“Complimentary product associated with purchase” has often been proven to be overwhelming by consumers in the all around the world. Regardless , if the complimentary products are from which category be it clothing, souvenirs, food and drinks where we can see in the big malls or airports, manufacturers and marketers attempt to be attracting consumers to purchase their product offered in the scheme.

As with so many promotion innovations, the BGF scheme was imported from the USA during the economic downturn of the 1970s when food inflation was running at more than twice the current level (Harry, 2008). Nevertheless, the scheme really was utilized during the early 1990s recession and when Wal- Mart entered the UK. Where else in Malaysia BGF scheme promotion are very popularly used to attract local and foreign customers for the sales of their products. This scheme is legally valid.

Most of the products offered in this scheme are advertised in the shopping malls and stores by marketers, are for existing or old products near to their expiry date and not for the new arrival products. New products in Malaysia are not entitled for discounts. A study done found that, most Malaysian shoppers were more price focused than brand conscious when it comes to discount promotions (Emily, 2010). Malaysia's consumer lifestyle has been evolving and changing due to the rising affluence and education levels. High profile international retailers and the global mass media have also played a hand in shaping consumer buying behaviors. Malaysians are becoming more affluent, sophisticated and cosmopolitan (Malaysian Household Expenditure Survey Report, 1998/99).

Malaysian consumes respond more for free samples and offering free samples have encouraged product trials (Nelson, 2006). Associated with this BGF scheme, a discussion prompts out that if this scheme is genuine as consumers believe marketers just promote it to gain sales for their products. A study done in India, have concluded that sales promotions like offering "free goodies" are not perceived favorable by consumers although this promotion is being widely promoted in India (James *et al.*, 2007).

The reasoning behind these understanding can be associated with the original products or the attributes associated with the free product being given away. Although the scheme is widely being used by manufacturers and marketers globally, however the literature on this scheme is very scanty at best, hence not much is known on the consumers and their purchasing behavior towards this scheme. Not much study has been done to explore the BGF scheme and the study of the marketing attributes against the BGF scheme.

This reason has motivated to undertake this study in the field of marketing to further understand consumers preference towards this scheme. The background of this study is to understand the relationship between the independent variables, mediating variable and the dependent variable. This study intends to study the marketing mix namely quality, price, brand, advertising and value added with re-purchase interest and satisfaction among the consumers in the Malaysian context. Distinguishing the critical attribute that influences the re-purchase interest and satisfaction can make the businesses use this as a medium to attract consumers towards this BGF scheme and also to retain consumers for future businesses.

### **1.3 Problem statement**

Universally this scheme “Buy one Get one Free” exists throughout the world. One of the reason marketers do this Buy one get one free scheme is because inventory is high; demand level is low from consumers so there is a gap that arises. So how do marketers fill in this sales gap is by doing this scheme. This scheme does attraction with little margin but with maximum volume. BGF option leads to a marketing strategy that promotes sales. Marketers find BGF scheme has an attractive element to pull customers attraction towards purchasing their products in a short time of period and also to capture the market for future business.



BGF scheme has made many consumers to change their brands they normally purchase and has optimistically influenced them to try out the BGF offered products. This has given a rise in the sales of BGF brand offered products. When the word “Free” is noticeable in the product label or in the racks of super markets it usually catches the attention and the excitement of the consumers as the rewards is immediate for both the consumer and also the retailers.

However, these days consumers are getting smarter in their purchases they want good quality products but with lesser price. There are the challenges for this scheme. It has raised many questions on consumers and researchers mind on the truthfully of it. This BGF scheme had hoist up some issues surrounding the consumers mind.

- BGF scheme persuades consumers to purchase extremely for their self or household which is too much than required by them.
- BGF promotions are generally utilized by manufacturers and marketers to attract consumers to purchase the original product and also attract them to purchase the free gift offer associated with the original product.
- BGF items are easily decomposed and also forgotten all together.
- BGF scheme original products are raised as the marketers think that consumer may not notice it.
- BGF offered products are always outdated and reaching their expiry /manufacturing date.

About one-third of products purchased under BGF scheme are disposed (Craig, 2010). This is agreed by Craig Watson (2010) by stating that BGF scheme are untrustworthy as the price increases for the original product and while turning the mindset of consumers claiming that purchasing the second product with is actually with the free gift gets you a "discount".

Literature on this BGF scheme is very insufficient at best around the world. Not much has been studied about the consumers purchasing preference towards this scheme. There are several hypothetical questions but no concrete research has been studied on this scheme. This has given a positive insight to embark the study on this topic. There is no paper released in the areas of marketing or other on this topic.

Literatures lack to examine the relationship of the important marketing attributes that consumers view as important to re-purchase under this scheme. Due to this reasoning, it is important need to research on this BGF scheme as this scheme is very popular in Malaysia. This can boost the understanding of Malaysian consumers purchasing preference towards BGF scheme.

To embark on this task, therefore it's significant to study the consumers preference towards this scheme. The research questions that are intended to be studied in this thesis, the identification of the significant marketing attributes that influences the satisfaction, the significant marketing attributes that influences there-purchase interest, are consumers being cheated by purchasing under this BGF scheme and consumers intention to continue to re-purchase in this BGF scheme in the future after they have experienced their first purchasing using this kind of promotion. There is need to identify the number of people that are satisfied in this scheme and the number of to evaluate the effectiveness of this scheme.

#### **1.4 Research objectives**

The objectives of this research is to study the consumers purchase reflections on re-purchase interest of discount sales “Buy one Get one Free” scheme with purchase satisfaction as the mediating factor.

Therefore, specifically the primary objectives of this study are as per below:

- 1) To determine the marketing attributes that influences the purchase satisfaction of consumers on BGF scheme.
- 2) To determine the marketing attributes that influences the re-purchase interest of consumers on “Buy one Get one Free (BGF)” scheme.
- 3) To determine whether purchase satisfaction influences the relationship between the marketing attributes and the re-purchase interest of the consumers under BGF scheme.

In addition the following secondary objectives are also of interest are as follows:

- 1) To compute the number of consumers that will continue to re-purchase through BGF scheme to observe the interest of the consumers towards re-purchasing under this buy one get one free scheme.
- 2) To evaluate whether BGF scheme is a sales promotion that is positively viewed by consumers or a marketing gimmick used by marketers for promotion of their products.

## **1.5 Research Question**

The study is conducted to answer the below research questions based on the research objectives discussed above,

- 1) What are the relationship between the determinants and the satisfaction level of consumers towards BGF scheme?
- 2) What are the relationship between the marketing attributes and the re-purchasing interest of consumers towards BGF scheme?
- 3) Is satisfaction influencing the relationship between the marketing attributes and the re-purchase interest of the consumers in this BGF scheme?

In addition the following secondary objectives research questions are as follows:

- 1) How many consumers are interested to continue to re-purchase through BGF scheme?
- 2) Is BGF scheme a positive or negative discount sales promotion?

## **1.6 Significance and scope the study**

In this technology era, many products are being produced everyday and marketers need to create effective marketing strategies to boost the sales for their product and survive in this competitive environment. BGF promotion is a popular discount sales promotion being used frequently by marketers. Marketers believe that this scheme is very successful in attracting consumers towards gaining short-term sales for the products.

However there are many concerns raised by consumers and researchers on these BGF sales promotions. Shoppers don't understand why retailers offer this kind of promotion when it is no better for customers and no more profitable for stores than a half-price sale (Margaret, 2004).

Despite the growth in BGF sales promotions and the concerns raised, there is a scarcity of literature devoted to the actual reason BGF scheme is in the market.

The purpose of this paper is to identify the marketing attributes that influences the purchasing reflection towards this BGF scheme. There is little research being performed to examine the actual factors that craft BGF sales promotion and whether consumers still favors this kind of promotion once they've experienced it.

This study will attempt to fill this gap in the literature. This study will focused on Malaysian consumers who are working adults above 15 years old who has experienced purchasing under this scheme at least once.

### **1.7 Research contributions**

This study has brought to two main contributions in the theoretical and practical perspective:

Theoretically, this study contributes to the management theory of loyalty where consumers become loyal towards the products offered when they're satisfied with the product's marketing attributes that comes along with it. Consequently, the loyalty can come along when consumers are satisfied which can be in terms of their post purchase behavior like positive word of mouth, re-purchase interest, positive comments about the product.

The study of BGF scheme on consumers purchasing preference and satisfaction as the mediating factor is contributing to this theory of loyalty as this study is seeking to understand and examine whether BGF scheme discount promotion will encourage re-purchasing in this scheme again.

The study is significant as it's a new research being done on this scheme and new framework has been developed from the research objectives of this study. The findings of this study will be beneficial and can be adding to the consumer behavior and marketing communications subjects under the area of marketing. Students and practitioners can use this study to further expand their research on marketing subject.

Furthermore this study is the pioneer study of discount sales promotion of BGF scheme in the Malaysian context; therefore future researchers can use this study to expand their knowledge on this scheme and the purchasing preference of consumers towards this scheme.

In terms of practical contribution, this study is planned to make contributions to all the consumers out there in the market and the society as a whole on making their preference in this BGF scheme. The study is intended to identify the significant marketing attributes that are influencing the consumers in re-purchasing products in this scheme. The information from this study can be used by the businesses to help their marketers or sales personnel's to understand consumer purchasing behavior and also to identify the important marketing attributes to influence the consumers repeat purchasing behavior once they have experienced this kind of sales promotion. Therefore, businesses and marketers must have the ability to meet the consumers requirements to make this BGF promotion successful.

## 1.8 Definitions of key variables

For better understanding of this study some terms are defined here:

**Buy.... Get.....Free-** buy a number of products get a number of product for free: an offer in which if you buy one thing, you get another of the same thing for no extra cost. (**Online Cambridge Advanced Learner's Dictionary**)

**Consumer-** individual member of the general public, purchasing or using goods, property, or services, for private purposes. (From the ISO/IEC Statement on consumer participation in standardization work).

**Sales discount promotion-** marketing activity commonly precise to a time phase, place or consumer group, which persuade a direct response from consumers or marketing intermediaries, through the offer of supplementary benefits (Peattie, 1994).

**Hosmer & Lemeshow test-** A goodness-of-fit test that is normally used to assess the fit of a logistic regression model is the Hosmer–Lemeshow test (Hosmer and Lemeshow, 1980). Hosmer and Lemeshow (1989) projected a statistic that they illustrate, throughout simulation, is disseminated as chi-square while there is no replication in any of the subpopulations. This test is applicable for binary response model (Babubhai, 2003).

**Omnibus step statistics-** test the predictive power of the model. Omnibus tests are a kind of statistical test. They test whether the explained variance in a set of data is considerably better than the unexplained variance, overall. The omnibus test for significance of regression is an F-test that determines whether there is a linear relationship between the dependent variable and any of the independent variables (Ethington, 2002).

## **1.9 Organization of the remaining chapters of the study**

In order to facilitate the study to be carried out in a systematic research the study is designed scientifically in an organized manner. This study is structured in 5 chapters.

Chapter 1 that has been discussed earlier covers an overview of discount sales promotion, problem statement for this study, the research objectives, research questions that this study focused on, followed by the significance and scope of the study and finally explaining the definitions of key variables. Chapter 2 spotlighted on the overviews of literatures on the overall BGF scheme, the independent variables, dependent variables and mediating variable which is constructed for the study, marketing strategies that contribute towards the purchasing preference of consumers towards BGF scheme offered products. The theoretical framework and the development of hypotheses of this study are also presented.

Chapter 3 is on the overview of the research methodology that will be applied in the current research. Research design, variables and measurements, data collection methods, and data analysis methods are identified and elaborated in this division. Chapter 4 analyzes the results of findings, emphasizing on the statistical analysis, regression analysis, testing of the hypothesis of the proposed model and summary of the outcome that is done to test the relationship of all the variables in the theoretical framework. Finally chapter 5 concludes the general findings of the study, and suggestions for future research, theoretical and practical contribution of the research will be explained, limitation of the study as well as recommendations for future research and conclusions will be made.



## **Chapter 2**

### **Literature review**

#### **2.1 Introduction**

This chapter will discuss the previous literature that has been considered associated to this topic. Hence this chapter will provide an overview literature of the independent variables of the marketing strategy quality, brand, advertising, price and values added. The mediating variable of satisfaction and dependent variable re-purchase interest. Finally, in this chapter the theoretical framework will be illustrated and the hypotheses were developed based on the framework designed.

#### **2.2 Overview of “Buy one Get one Free (BGF)” scheme**

“Buy one Get one Free (BGF)” scheme can be enlightened as products that have been offered as “free gifts with purchase” of another product (Priya, 2004). This scheme is derived from the discount sales promotion of marketing mix. An author observed that this scheme is a sudden end-of season or stock clearance approach done by shops to dispose the leftover of remaining stocks that need to be sold out before the expiry date (Barry, 2009). However more recently it has become popular planned and considered marketing promotional technique.

Literature has revealed that discount advertising of BGF scheme are successful promotional technique as the additional product is provided free of charge with the purchase of original product. This has eventually, persuaded consumers to purchase the product and encouraging consumers to purchase additional products (Shi *et al.*, 2005).

Consumers need to compare as well as estimate the difference of the original price of the product without the offer of the scheme and the bonus product received to examine if there any additional price that has been hiked up with the original product offered in this BGF scheme.

According Gilbert and Jackaria (2002), bundle by means of “buy-one-get-one free” may not enhance brand knowledge preceding to assessment of the purchase because the consumers will only come across the product once in the advertized location, nevertheless, if the advertising is observable it will motivate the progress of brand acknowledgment and brand remembrance for future purchases.

The endeavor of BGF is to influence consumers to buy more than 1 item. Therefore the psychological consequences is recognized to be with the purpose of the consumer visualize that they are receiving the original item at its “true value” and at the similar point receiving a second product with the same worth at no cost, in addition the arrangement stand for a value added for the consumers, instead of a normal purchase of products for the normal price. Even though this BGF scheme has been popular, the lack of literature of consumers purchasing preference for this BGF scheme has fascinated the interest of this study to be explored. Figure 2.1 below provide some examples on BGF scheme being advertized in stores.



*Figure 2.1 BGF Scheme “Picture from Chocolate Store in Penang International Airport”*

### **2.3 Consumers purchasing reflection for “BGF” scheme**

BGF scheme remains widely being advertized and attracting many consumers globally to purchase through this scheme. Many questions are raised in the marketers and businessmen’s mind of consumers purchasing behavior towards this BGF scheme. What are the important attributes that consumers view when they purchase products from this BGF offered scheme?

The typical “buy one get one free” scheme normally catches the eyes of consumers who want to get additional worth for their money. By purchasing two products for the price of one, consumers are expected to purchase products that price a little more per unit than similar products. When consumers found the product is better-quality in regards to other brands, they are more expected to purchase the product for a second time, even though the offer scheme has finished for that particular brand of product (Pang, 2000).

Strongly to products that are being offered for free than a rational calculation would predict. However, other experiments did not reveal any consumers preference for free items in a variety of hypothetical choices, from buy one-get-one-free offers to free gifts with magazine subscriptions. Overall, the results do not sustain an observation that complimentary items have a markedly dominant effect on choices of purchases, at least relative to the same discounts (Karina 2007).

## **2.4 Consumers satisfaction**

Consumer satisfaction a phrase commonly used in marketing as a determinant of how products and services provided by a manufacturer or business meets consumers requirements. It is important for businesses to effectively deal with customer satisfaction to guarantee long-lasting sustainability for their businesses. Magi 2003 (as cited in Lisa 2008), customer satisfaction is identified to contain a positive impact on market share may be moderated by factors such as price sensitivity and perceived value.

Most importantly, we have come to realize that high customer satisfaction does not guarantee continued customer preference towards purchasing the product.

Marketers need to ensure that BGF scheme is creating satisfaction among the consumers to make the scheme successful as a discount sales promotion and to create the repurchase interest from consumers. Oh, 2000, Bolton and Drew 1991 (as cited in Muhannad et.al 2000) customer satisfaction is a post-purchase evaluation of a service offering.

## 2.5 Quality

Management Philosophers Juran defined quality is “fitness for intended use”. This description principally articulates that quality is "meeting or beyond customer expectations." Products need to be ‘fit for their purpose’ for consumers to utilize it well after purchases has been made.

Product quality includes the features and characteristics of a manufactured goods or service that bears on its capacity to fulfill confirmed or implied needs and wants. For example, some consumers may believe price as the most vital marketing mix that influences their purchasing preference to purchase food and drink products, while, other consumers might believe quality as the most essential feature with the purpose for them to purchase. Most consumers needs are purchasing product with quality but with lowest price. It has been found out presence of a positive correlation involving quality characteristic significance and consumers repurchase intention (Oria, 2010). Consumers may repeat the purchase of single brands or change between few brands due to the perceived quality of the products sold (Wong & Yahyah , 2008)

How often do we hear that something used to be better before? Quality products are a key issue for those products offered under this BGF scheme. BGF scheme maintain to mark their attendance in the ‘complaints portfolio’ and normally the disagreement is with reference to what the scheme means. In India there is a “customer grievance day” where consumers can complaint about the unsatisfied feelings of theirs towards the products purchased.

Reported a case, the second pair of glasses (bonus product) purchased under the BGF scheme has been dissimilar and not the similar quality as the original product where a cheaper frame is done for the second pair of the glasses which is the free product (The Consumer Protection from Unfair Trading Regulations, 2008).

A research conducted by Young (2009), selling the dead stock of Tesco's brand products, it was confirmed that Tesco take on the clearance program, even though a loss is to be anticipated. Manufacturers may require clearing old stocks before a new or modified product is introduced. The stocks are being seen to be expired at an ever-quickening pace. Fashion trends especially seem to go faster than ever as retailers have noticed high turnover is actually good for sales (Jim Pooler, 2003). One way this can be accomplished is to persuade resellers to move stock out of storage and into the store and to sell it off with this BGF scheme to consumers. However these stocks might not have been expired or outdated yet.

When consumers find out that the motive for a price decrease is a stock clearance, they find this less attractive than other explanations such as a volume discount. In consumers mind stock clearance is a sign that the products are of poor quality.

## **2.6 Brand**

The American Marketing Association (AMA) definition of a brand is "a name, term, sign, symbol, or design, or a mixture of all, in the purpose to classify the goods and services of one seller or group of sellers and to make a distinction of the similar type of goods from those of competitors.

Brand smoothes the progress of identification and where consumers have constructed optimistic favorable thoughts towards the product, and this can lead to the pace in the consumers purchasing preference (Adeolu, 2005). The perception of brand reflection is one that is strongly coupled to differentiation. Therefore the formation and protection of brand image is consequently of strategic significance being an important element of a business competitive strategy.

Businesses failing and great financial losses have been recognized as consequences of getting a business brand image positioning incorrect (Ries & Trout, 1986). The consumer may not prefer to buy other competitive watches with unknown brand names even if their prices are the same as or lower (Bakan, 2003). Prestigious brand name and their images attract consumers to purchase the brand and bring about repeat purchasing behavior (Wong & Yahyah, 2008).

Branding is important to consumers because it simplifies shopping, facilitates the processing of information concerned with purchase options, provides confidence that the consumers have made the right choice, ensures quality and satisfies status (John & Orville, 2009).

Malaysian consumers are becoming more educated and responsive, and are not easily influenced by commercials and promotions. They are price sensitive but at the same time desire brand excellence. According to an assessment by ACNielsen, strong brand influenced almost 90% of consumers purchase choices. Strong brand also was proven to retain at least 75% of their consumers loyalty.

Murphy's study (as cited in Jenny, et al.(2010) brand loyalty in Malaysia is becoming more crucial as 44% of Malaysians across the lower, middle and higher income group in both urban as well as rural areas do not have time to shop and are satisfied by purchasing brands of products they have assurance in. Nevertheless, there have also been researches that imply that sales promotion is influenced by brand perception. Researchers have initiated that promotion; particularly price promotions have negative effect on brand equity (Mela et al, 1997).

The positive element that this BGF scheme has contributed is creating brand awareness and brand attitude to the unknown consumers, thus to encourage repeat purchases. (Larry Percy, 2008). Not only new customers are attracted to purchase the product by this promotion, but also existing consumers buy more of the product during this kind of BGF scheme offerings.

Retailers and manufactures want to sell their un-popular brands to the market and gain sales for their products. Consumer views that those products offered in this BGF scheme are out of brand image (Patrick et al., 2001). Promotions can have negative effect on the long term image of the brand because consumers are influenced to choose the brand by the promotion rather than the intrinsic value of the product. This may influence repeat-buying decisions unfavorably because the long-term preference towards the brand is being damaged. It may lead to less repeat purchasing (Patrick et al., 2001).

## **2.7 Advertising**

Advertising is a subset in the 4ps in the marketing mix. As a promotional tactic, advertising serve as a most important tool in generating product awareness and stipulation of the mind of a potential consumer to take ultimate purchase choices (Adeolu, 2005).

The goal for any advertising is ultimately to initiate action for monetary return. Advertisement's main goal is to get in touch with potential customers and influence their awareness, feelings and purchasing behavior.

Advertising is a form of communication used to persuade an audience to take some actions with respect to the advertised products (wikipedia).



The global advertising media today is showing a change in the traditional media to include the digital media in order to reach the audience more effectively (Malaysian communications, 2009). Total advertising spent in Malaysia rose 22% in 2008 amounted to RM2.9 billion compared to 2007 (Malaysian communications, 2009)

BGF scheme can be used effectively to advertise and gain sales for new product being launched in the market. On the other hand sales promotions offer prospects for dishonest companies to take advantage of consumers like in this BGF scheme. Marketers advertize such a scheme to attract consumers to purchase the products. BGF scheme advertising is done in newspapers, televisions, online and in store promotions itself to stimulate purchases.

## **2.8 Price**

Price can refer to the quantity of payment requested by a seller of goods or services. Jobber (2001) the price is an attribute of marketing strategy since it symbolizes on a unit basis what the business obtain for the product or service, which is being sold.

To add on, price is a profit while the other essentials are cost. Frequently businesses are keen to spend a hundred thousand dollars on researching its new product concepts, but it is not much of a significance to use up one per cent of that on researching the special buyer sensitivity to a range of price levels (Fifield, 1998). Nevertheless, pricing is a fundamental of the marketing strategy of creating value, sustaining shopper's loyalty and ensuring brand loyalty.

Intended for new products, the pricing objective normally is any to take full advantage of profit margin or to maximize quantity (market share). To fulfill these objectives, skim pricing and penetration pricing strategies are used.

It represents the objective norm, which should permit the consumer to infer a ratio of quality to price. Although the law on pricing is quite explicit in this matter, this does not prevent certain business practices from projecting an erroneous perception of the price of a product (Jacques Nantel & William, 2006). The price may be higher than the customer is willing to pay, resulting in a loss of potential sales and market share (John & Orville, 2009).

Consumers satisfaction towards pricing can also be sought by comparing price with perceived cost and values. If the perceived values of the product are greater than cost, it is observed that consumers will purchase the product (Wong & Yahyah, 2008).

BGF is an example of a self-liquidating promotion. It is not abnormal that in order to gain their market share, businesses would acquire position of the prices of their competitors in marking their own (Supermarket Pricing Tactics, 2009). Most consumers that engaged in this scheme are seeking for only 1 price for both products received (original product + bonus product).

## **2.9 Value added**

Raghuvir (2008) marketing is a practice of making a business to be successful in selling a product or service that consumers not only need but are willing to purchase. Value added is actually the gain that is received. Products should give consumers some gain to be value adding and this will encourage re-purchase interest. Therefore effective marketing must be able to generate a “proposition” for the consumers ‘that delivers value through products. Great value added in products and services provides consumers’ the reason to buy now and more.

When people buy product to satisfy their needs, they are really buying benefits they believe the products provides rather than the product itself (John & Orville, 2009). BGF scheme itself is value adding as the scheme provides a free product when the original product is purchased.