



The Impact of Discounts and Promotional Offers on Consumer Purchase Decisions: A Study of Consumers in Nellore

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ABSTRACT :

Retailers often use discounts and special offers to draw in customers, clear out inventory, and encourage people to buy things they didn't plan on. The paper studies the influence of Discounts and Promotional Offers on Consumer Purchase Behaviour in Nellore, Andhra Pradesh. Two hundred consumers filled out structured questionnaires, and the data were looked at in Excel using descriptive statistics, Cronbach's alpha, the chi-square test for independence, one-way ANOVA, and multiple linear regression.

Reliability of the scales were good or satisfactory (alphas between 0.77–0.86).

Significant differences in purchase decision scores were observed by age group (ANOVA F value 6.67 p value < 0.001) and income level (3.55 p value 0.015), the only two demographic variables found to be significantly related to offer influence; purchase decisions of younger and lower income respondents were most influenced by offers. Income level and degree of influence had no association (chi square value 11.11 p value 0.085) and gender and offer type preferred had no association as shown by the chi square test (chi square 2.67 p value 0.446). Based on the regression results it was observed that perception of value (B 0.205 p value < 0.001), limited time offers creating urgency (B 0.160 p value 0.005) and promotional offers (B 0.137 p value 0.046) had a significant positive impact on purchase decisions (R² 0.100; F 7.27 p value < 0.001). Practical conclusions for local retailers are provided, such as deep discounts combined with a clear indication of time-limited offers.

Keywords: discounts, promotional offers, consumer purchase decision, sales promotion, Nellore, impulse buying

1. Introduction

Competition in India has intensified since the emergence of organised retail chains, e-commerce, and digital payment platforms. Price discounts, buy one get one offers, cashback, coupons and festive sales have all become common marketing strategies. For shop owners, promotions aren't just about attracting new buyers, rewarding regulars, boosting sales, or moving slow products; for shoppers, they change the deal's value and often what, when, where, and how much they buy.

Nellore is a fast developing emerging city in the coastal Andhra Pradesh. It's a lively place that brings together old neighborhood shops and markets with newer options like supermarkets, brand-name stores, and online shopping sites, all of which people use often. On the other hand, it's a place where shoppers get both in-store and online sales tied to festivals, plus all-year deals online. Against this backdrop there is little empirical knowledge on the impact of promotional tools on the purchase process of consumers in smaller Indian cities like Nellore as much of the existing literature on promotional tools is limited to consumers in Western markets or in metropolitan areas.

This research fills that void. It examines how much discounts and promotions affect what people buy in Nellore, whether different groups of people respond differently, and which types of promotions matter most for buying decisions.

Objectives

1. To look into the habits and likes of consumers in Nellore.
2. To compare income and how much influence the offer has, and to see if gender is connected to which offer people prefer.
3. To test for variations in purchase decision scores with respect to different age groups and income groups.
4. This research aims to look at how people's views on discounts and the urgency of promotions affect their decisions to buy something.

Hypotheses

H1: There is no significant relationship between income group and influence of offers (chi-square test).

H2: Gender and preferred type of offer are not significantly related (chi-square test).

H3: Although the mean purchase decision scores for each age group are different, this difference is not significant (ANOVA).

H4: Mean purchase decision scores for different income groups are not significantly different (ANOVA).

H5: Discount awareness, promotional activities and urgency do not significantly influence buying behavior (multiple regression).

Review of Literature and Conceptual Background

1 Sales promotion and consumer behaviour

Promotion has traditionally been examined as an inducement to purchase over the short term. For example, Blattberg and Neslin (1990) set the stage of promotion research by providing evidence that price promotions in the short term result in significant sales lifts, through brand switching, purchase acceleration, and quantity increase. Chandon, Wansink, and Laurent (2000) found that savings promotions work best when the kind of benefit the product offers matches the benefit shown in the promotion; for example, discounts boost sales of practical products, while things like free samples or sweepstakes work better for fun or indulgent products.

2 Price perception and perceived value

Dodds, Monroe, and Grewal (1991) showed that price affects how people see value and whether they want to buy something. They also discovered that discounts can improve perceptions of value when customers perceive reference prices to be credible. Thaler (1985) proposed "transaction utility", which accounts for the consumer's pleasure at the thought that one has received a good deal, beyond the product utility. Kahneman and Tversky's (1979) prospect theory says that people see prices in relation to their usual expectations, so they feel gains or losses based on those reference points.

3 Urgency, scarcity and unplanned buying

Promos and out of stock cues. Limited-time promotions and signs letting shoppers know a sale is ending, or "only x left" messages on do-not-rebook tables, can speed up decisions and cut down on comparison shopping. Darke & Dahl (2003) reported that promo messages could cause shoppers to feel they had obtained a good deal and to ease their quality scans.

Theoretical framework

The research follows the Theory of Planned Behaviour (Ajzen, 1991), wherein the impact of the attitudes towards the behavior on the intention and eventually the action is tested. Hence, the consumers' favourable perceptions of discount rates and discount offers should contribute positively to the intention to buy. Combined with the impacts of transaction utility and scarcity, this is our conceptual framework: Perception of discounts and Promotional offers, created by Scarcity of supplies (commission), are the independent variables and consumer decision to purchase is the dependent one, while demographics (gender, age, and income) act as the control variables.

Research gap

Most of the evidence reviewed above is from Western, or at least urban, settings. Not many studies look at cities in Andhra Pradesh, where income levels, types of stores, and advertising reach are pretty different. This paper provides local evidence from Nellore.

Research Methodology

Research design

This research is of a descriptive and analytical type and primary data cross-sectional survey research is employed.

Populasi, sampel dan pensampelan

Consumers aged 18 and above in Nellore who have purchased the products through a discount/promotion scheme offered within the last 12 months is the population. We used a convenience sample with quotas based on age and income to obtain 200 respondents. [State the sampling technique you used, the place where you collected your data (e.g. at shopping malls, at supermarkets, at wet markets, in online groups) and the date(s) of your survey.]

3.3 The instrument for data collection

The questionnaire was used to collect data in two parts, A and B. Part A gathered information on things like gender, age, income, and what type of offer people prefer. Part B had 12 questions using a five-point Likert scale (from 1 = totally disagree to 5 = totally agree), grouped into four sets of three: discount perception (DISC), promotional offers (PROMO), urgency of limited-time offer (URG), and purchase decision (PD), with each group's score being the average of its three questions.

Reliability

Internal consistency was measured by Cronbach's alpha (Cronbach, 1951). Values greater than or equal to 0.70 are considered satisfactory.

Table 1: Reliability of constructs

Construct	Items	Cronbach's alpha	Interpretation
Discount perception (DISC)	3	0.829	Good
Promotional offers (PROMO)	3	0.772	Acceptable
Urgency (URG)	3	0.860	Good
Purchase decision (PD)	3	0.785	Acceptable

Statistical tools

All analysis was performed in Microsoft Excel. The following techniques were used: frequency and percentage analysis and means and standard deviations for description; the chi-square test of independence for association between categorical variables (with Cramer's V as effect size); one-way ANOVA for comparing mean purchase decision scores across groups (with eta-squared as effect size); and multiple linear regression using the LINEST function for the effect of the independent variables on purchase decisions. The level of significance was 5 per cent throughout.

The regression model is specified as: $PD = b_0 + b_1(DISC) + b_2(PROMO) + b_3(URG) + e$.

3.6 Limitations of method

Convenience sampling limits generalisation. Responses are self-reported and may reflect social desirability or recall bias. Findings relate to Nellore and a single time period.

4. Profile of Respondents**Table 2: Demographic profile (n = 200)**

Variable	Category	Frequency	Percent
Gender	Male	103	51.5
	Female	97	48.5
Age	18-25	61	30.5
	26-35	65	32.5
	36-45	40	20.0
	46 and above	34	17.0
Monthly income (Rs.)	Below 20,000	54	27.0
	20,000-40,000	58	29.0
	40,001-60,000	48	24.0
	Above 60,000	40	20.0

Table 3: Preferred type of offer

Offer type	Frequency	Percent
Percentage discount	48	24.0
Buy-one-get-one	55	27.5
Cashback	57	28.5
Coupons/vouchers	40	20.0

Table 4: Descriptive statistics of constructs

Construct	Mean	Std. dev.	Min	Max
Discount perception (DISC)	3.54	0.78	1.00	5.00
Promotional offers (PROMO)	3.34	0.69	1.33	5.00
Urgency (URG)	3.18	0.85	1.00	5.00
Purchase decision (PD)	3.83	0.69	2.00	5.00

Respondents' mean purchase decision score (3.83) is the highest among the four constructs, indicating that consumers in the sample generally agree that offers influence what and how much they buy. On the basis of the PD score, 51.5 per cent of respondents were classified as highly influenced (PD of 4 or above), 41.0 per cent as moderately influenced (3 to below 4) and 7.5 per cent as lowly influenced (below 3).

5. Data Analysis and Results

5.1 Chi-square test: income and level of influence of offers

H1 tests whether the level of influence of offers (high, moderate, low) is independent of income group.

Table 5: Income group by level of influence (observed counts)

Income (Rs.)	High	Moderate	Low	Total
Below 20,000	31	18	5	54
20,000-40,000	33	25	0	58
40,001-60,000	24	20	4	48
Above 60,000	15	19	6	40
Total	103	82	15	200

The chi-square statistic is 11.109 with 6 degrees of freedom (critical value 12.592 at 5 per cent), giving $p = 0.085$ and Cramer's $V = 0.167$. Since p exceeds 0.05, H1 is not rejected: no statistically significant association was found between income and the level of influence of offers. Four of the twelve cells have expected counts below 5 (minimum 3.00), so the result should be interpreted cautiously; combining the 'Moderate' and 'Low' categories is a common remedy.

5.2 Chi-square test: gender and preferred offer type

Table 6: Gender by preferred offer type (observed counts)

Gender	Percentage discount	BOGO	Cashback	Coupons	Total
Male	28	25	27	23	103
Female	20	30	30	17	97
Total	48	55	57	40	200

The chi-square statistic is 2.668 with 3 degrees of freedom (critical value 7.815), $p = 0.446$ and Cramer's $V = 0.116$. All expected counts exceed 5. H2 is not rejected: preferred offer type does not differ significantly between men and women.

5.3 One-way ANOVA: age and purchase decision

Table 7: Mean purchase decision score by age group

Age group	n	Mean	Std. dev.
18-25	61	4.03	0.58
26-35	65	3.89	0.65
36-45	40	3.77	0.75
46 and above	34	3.41	0.73

Table 8: ANOVA, age group

Source	SS	df	MS	F	p-value
Between groups	8.868	3	2.956	6.667	0.0003
Within groups	86.905	196	0.443		
Total	95.773	199			

$\eta^2 = 0.093$. $F_{critical}(3, 196)$ at 5% = 2.651.

The calculated F (6.667) exceeds the critical value (2.651) and $p < 0.001$, so H3 is rejected. Mean purchase decision scores differ significantly by age; the effect size ($\eta^2 = 0.093$) is medium. Scores decline steadily with age, from 4.03 among those aged 18-25 to 3.41 among those aged 46 and above, suggesting younger consumers are more responsive to offers.

5.4 One-way ANOVA: income and purchase decision

Table 9: Mean purchase decision score by income group

Income (Rs.)	n	Mean	Std. dev.
Below 20,000	54	3.93	0.73
20,000-40,000	58	3.98	0.52
40,001-60,000	48	3.74	0.72
Above 60,000	40	3.58	0.76

Table 10: ANOVA, income group

Source	SS	df	MS	F	p-value
Between groups	4.940	3	1.647	3.553	0.0154
Within groups	90.833	196	0.463		
Total	95.773	199			

$\eta^2 = 0.052$.

$F = 3.553$ exceeds the critical value of 2.651 ($p = 0.015$), so H_4 is rejected. Lower- and middle-income consumers record higher mean scores than those earning above Rs. 60,000, although the effect is small ($\eta^2 = 0.052$). A post-hoc test (for example Tukey's HSD or pairwise t-tests with Bonferroni correction) is advisable to identify which specific groups differ; this was not part of the Excel workbook.

5.5 Multiple linear regression

Table 11: Model summary and regression ANOVA

Measure	Value
Multiple R	0.316
R-squared	0.100
Adjusted R-squared	0.086
Std. error of estimate	0.663
F (3, 196)	7.269
Significance F	0.0001

Table 12: Regression coefficients (dependent variable: PD)

Variable	B	Std. error	Std. beta	t	p-value
Intercept	2.137	0.373	-	5.735	< 0.001
Discount perception (DISC)	0.205	0.061	0.230	3.358	0.0009
Promotional offers (PROMO)	0.137	0.068	0.137	2.010	0.0458
Urgency (URG)	0.160	0.056	0.196	2.865	0.0046

The fitted equation is $PD = 2.137 + 0.205(DISC) + 0.137(PROMO) + 0.160(URG)$. The overall model is significant ($F = 7.269$, $p < 0.001$), so H_5 is rejected. All three predictors have significant positive effects. Discount perception has the strongest effect (standardised beta = 0.230), followed by urgency (0.196) and promotional offers (0.137). However, the model explains only 10.0 per cent of the variance in purchase decisions (adjusted R-squared = 0.086), indicating that other factors, such as brand loyalty, product need, income and store environment, also shape purchase decisions. The predictors are only weakly correlated with one another ($|r|$ of 0.13 or below), so multicollinearity is not a concern.

Discussion

The results show that people in Nellore pay attention to discounts and special deals. Respondents gave the purchase decision part an average score of 3.83, with more than half saying it "greatly influenced" them, and studies on price perceptions (Dodds, Monroe and Grewal, 1991; Thaler, 1985) show that feeling like you're getting a deal is the strongest factor: when people think they're saving money, they're more likely to buy. Urgency really strengthens the case for scarcity; when sales are only for a limited time, people feel pushed to buy right away—just like Tesco saw with their limited-time samosas (Umashankar and Sardar, 2004, p. 1618). BOGO and cashback also had less of an impact.

These trends make sense since low and middle income groups, as well as younger people, are most impacted, mainly because they're more sensitive to

price and also because they use and have access to digital tools more. The absence of a trend in gender levels and a chi-square that was at most marginally significant for the income level could be indicative of the offer response having a broad base rather than being concentrated within one group. It is interesting to note that income levels can be statistically significant in an ANOVA but not a chi-square test (using three-category income data).

Findings, Suggestions and Implications

Major findings

Offers affect most people's buying decisions, with an average score of 3.83, and 51.5 percent say they're strongly influenced.

Among consumers' favourite offers, are cashback (28.5%), buy-one-get-one-free or BOGO (27.5%), which are closely followed by percentage off (24.0%) and then coupons (20.0%).

The engagement scores for purchase decisions vary by age and income; respondents in the youngest and lowest income groups have higher scores. There was no significant correlation between income and amount of influence, nor was there any correlation between gender and offer choice. Perception of discount, purchase urgency and promotion have positive significances on decision of purchase.

Recommendations to retailers

Combine visible, trusted discounts with clearly defined deadlines, because also creates an effect through its relevance.

Offer older shoppers straightforward savings by using paper coupons and lower prices, while attract shoppers with digital coupons and rebates for younger consumers.

Don't just provide percentage discounts; rather, set up a combination of promotions.

Extreme or long term discounts. This can distort reference prices and affect brand image.

Limitations and scope for further research

The convenience sample of shoppers from one city and the model accounts for a small proportion of variance. Future research could employ a probability sampling, introduce product category, brand loyalty, and regret following purchase, compare online and offline consumers, and use structural equation modelling.

Conclusion

This study aimed to assess whether discounts and promotions sway Nellore customers' purchase decisions. From the analysis, it appears that discount perception and the sense of urgency of time-based promotions and promos strongly influence purchase, and response is strongest from younger, poorer consumers. Nellore retailers can reasonably use time-based promotions and discounts well-suited to their business with positive results, but should do so sparingly. The findings make some contribution to the local literature on sales promotion, and lead the way for more aggressive testing of the effects of sales promotion in other tier-2 cities.

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