

THE IMPACT OF PROMOTIONS ON CONSUMER BEHAVIOR

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Abstract

Promotions are a fundamental strategy in marketing, having a significant impact on consumer behavior and purchasing decisions. This article examines how different types of promotions—including markdowns, special offers, loyalty campaigns, and seasonal promotions—influence consumer choices, driving both impulse purchases and brand loyalty. We will explore the psychological reasons behind the attraction to promotions, such as the perceived value and sense of urgency generated by limited-time offers, and discuss the short- and long-term effects on purchasing behavior. In addition, the article will address the role of technology in promoting offers, highlighting how online and social media platforms facilitate consumers' access to information about promotions and their impact on purchase decisions. By integrating industry examples and case studies, we will emphasize the importance of promotions in marketing strategies and in building lasting relationships with consumers, thus demonstrating that promotions are essential not only for increasing sales, but also for maintaining relevance in an increasingly more competitive.

Keywords: *Marketing Strategy, Purchasing Decisions, Offers, Consumer Behaviour*

Classification JEL: *M31*

1. Introduction

In an ever-changing world, companies face the constant challenge of attracting and retaining customers. For this reason, promotions have become an essential tool in the marketing arsenal, with the role of boosting sales and creating increased interest among consumers. Price discounts, "buy one, get one free" offers or loyalty programs are just some of the methods by which brands aim to influence consumer behavior.

Promotions are more than just offers; they are strategies for influencing consumers' perception of the value of products and services. In many cases, a price cut can turn a perceived expensive product into an attractive choice. Limited-time offers also create a sense of urgency, prompting consumers to make quick decisions. Studies have shown that this perception of urgency, combined with the feeling of getting a "good deal," can significantly influence the choice to purchase a product or service, even in the absence of an immediate need.

Moreover, promotions are not only limited to attracting new customers, but also play a crucial role in retaining existing customers. By offering rewards or discounts for repeat purchases, brands can build long-term relationships with consumers. These relationships not only improve the shopping experience, but also increase the likelihood that customers will return. It is also important to analyze not only the immediate effects of promotions, but also their long-term impact on brand perception. Promotions that are perceived as sustainable and relevant can strengthen consumer loyalty and contribute to a positive brand image.

In today's environment, where consumers are better informed and more aware of the options available, promotions need to be strategic and well thought out. Offers that are not aligned with brand values or that are perceived as misleading can lead to loss of trust and damage to the

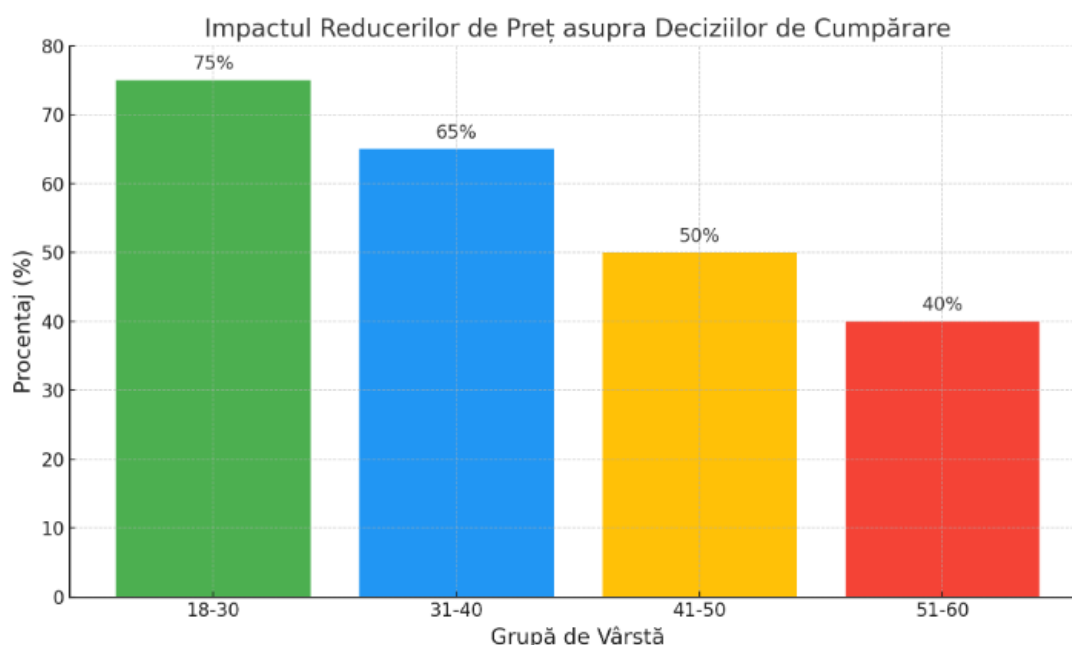
relationship with consumers. Therefore, brands must balance attracting attention through attractive promotions with maintaining a consistent and trustworthy brand image.

Types of Promotions and their Impact on Consumer Behavior:

Promotions can be classified into several categories, each having a different impact on consumer behavior. Discounts are the most common and are often perceived as a sign of value. Consumers are attracted to products with reduced prices, which causes them to buy more than they normally would.

Special offers, such as buy-one-get-one-free campaigns, drive not only impulse purchases, but also the perception of value, making consumers believe they are saving money. These strategies can create a sense of satisfaction and fulfillment, leading to a positive shopping experience.

A recent study found that 65% of consumers are more likely to buy a product when they receive a discount, and this percentage increases to 75% among 18-30 year olds.



This graph highlights the importance of price discounts in attracting consumers, especially among young people, and suggests that marketing strategies targeting these offers may be more effective among younger age segments.

The Psychological Impact of Promotions:

Promotions not only influence consumer behavior, but also have a significant psychological impact. Value perception is often distorted when consumers think they are getting a good deal. For example, studies have shown that when consumers are exposed to promotions, they may evaluate products more favorably, even if their quality has not changed.

The sense of urgency created by limited-time promotions can prompt consumers to act quickly to avoid missing out. This urgency can lead to impulsive purchases without proper assessment of needs. Promotions can also generate loss anxiety; consumers fear missing out on a valuable offer, which motivates them to buy.

Another important psychological aspect is the "fomo" effect (fear of missing out) which is amplified by limited promotions. This phenomenon can create social pressure, where consumers feel compelled to participate in an offer for fear of falling behind others.

The Role of Technology in Promotions:

Technology has transformed the way promotions are implemented and consumed. E-commerce platforms and mobile apps allow brands to offer personalized offers and reach consumers in real time. By analyzing consumer buying behavior and preferences, companies can create targeted promotions that better resonate with their target audience.

Social media also plays an essential role in promoting offers. Influencers and social media campaigns can amplify the visibility of promotions, attracting a wider audience. This approach not only boosts short-term sales, but also contributes to long-term brand building. Recent research has shown that brands that use influencer promotions have a 30% higher conversion rate compared to those that do not use these strategies.

Technology plays a pivotal role in modern promotions, revolutionizing how businesses engage with consumers, enhance brand visibility, and drive sales. The integration of digital tools, platforms, and data analytics has significantly transformed the promotional landscape. Here's an exploration of the key ways technology contributes to promotions:

1. Digital Advertising and Social Media Marketing

Targeted Campaigns: Technology allows businesses to deliver targeted promotions through platforms like Facebook, Instagram, Google Ads, and YouTube. By using data analytics, brands can reach specific demographics, interests, and online behaviors, ensuring their messages reach the right audience.

Influencer Marketing: Social media has given rise to influencer marketing, where brands partner with social media influencers to promote products. Technology helps track engagement, measure effectiveness, and identify influencers whose audiences align with the brand's target market.

Real-time Engagement: Social media platforms provide real-time interaction with customers, allowing companies to respond to feedback instantly, run live promotions, and create more engaging experiences with customers.

2. Email Marketing Automation

Personalized Offers: With the help of CRM (Customer Relationship Management) systems and AI-driven tools, businesses can send personalized email promotions based on customer data, behavior, and preferences. This increases the likelihood of conversions as customers receive relevant offers.

Automated Campaigns: Automation tools enable businesses to set up drip campaigns that deliver timely promotions to users at different stages of the customer journey, improving the chances of engagement and purchase.

3. Mobile Technology and Apps

Location-based Promotions: With the use of GPS and location-based technologies, companies can send targeted promotions or offers to customers when they are near a store, increasing the likelihood of in-store visits.

Loyalty Programs: Many businesses use mobile apps to deliver loyalty programs, allowing customers to earn rewards, discounts, or points directly through their smartphones. This makes it easier for customers to track and redeem promotions.

4. Data Analytics and Customer Insights

Behavioral Insights: Through advanced data analytics, businesses can analyze customer behavior, preferences, and purchasing patterns. This data helps companies design more relevant and effective promotions, ensuring that they meet the specific needs of their audience.

A/B Testing: Businesses can use technology to run A/B tests on various promotional strategies (e.g., different messaging, visuals, or offers) to see which resonates best with their audience and refine their campaigns for better results.

5. E-commerce and Online Platforms

Real-time Discounts and Offers: E-commerce platforms leverage technology to provide dynamic pricing and real-time promotional discounts. Flash sales, countdown timers, and discount codes can create a sense of urgency, encouraging customers to make quick purchasing decisions.

Customer Reviews and Recommendations: Technology enables customers to leave reviews and ratings on products. Promotions can be tied to these reviews (e.g., discounts for writing a review) and can also be tailored based on product recommendations, improving sales.

6. Augmented Reality (AR) and Virtual Reality (VR)

Interactive Experiences: AR and VR technologies provide customers with immersive and interactive promotional experiences. For example, AR allows customers to visualize products in their own homes before purchasing, enhancing their confidence in making a buying decision.

Gamification: Some companies use gamified promotions, such as virtual treasure hunts or quizzes, to engage customers in a fun and interactive way while offering rewards or discounts.

7. Artificial Intelligence (AI) and Chatbots

Customer Support and Engagement: AI-powered chatbots can assist customers in real-time, answer questions, and guide them through promotional offers. Chatbots can also provide personalized product recommendations and exclusive deals based on the customer's behavior and preferences.

Predictive Analytics: AI can predict future buying trends and help businesses anticipate customer needs, allowing them to deliver timely promotions and offers that are more likely to convert.

8. Online Reviews and Reputation Management

Promotions Based on Reviews: Technology allows businesses to incentivize customers to leave positive reviews, which can then be used in promotional strategies. High ratings and reviews often drive new customers, and positive reviews can be highlighted in promotional content to boost brand credibility.

Brand Reputation Tools: Tools that track brand mentions and online sentiment help businesses respond to feedback, manage negative reviews, and turn customer experiences into positive promotional opportunities.

9. Automation in Advertising

Programmatic Advertising: Through programmatic advertising, businesses can automatically purchase digital ad space, ensuring that promotions reach the right audience at the optimal time. This real-time bidding system helps advertisers maximize their ROI by targeting the most relevant audience.

Cross-channel Promotions: Automation tools help brands synchronize promotional efforts across multiple platforms, ensuring consistent messaging across email, social media, mobile apps, and websites.

10. Blockchain Technology and Transparency

Authenticity and Trust: Blockchain is increasingly being used to provide transparency in promotional offers, ensuring that customers can verify the authenticity of discounts, loyalty points, and rewards. This helps build customer trust and credibility for brands.

Loyalty Programs: Blockchain can also streamline loyalty programs, enabling customers to accumulate, track, and redeem points in a secure and decentralized manner.

3. Conclusion

In an era defined by rapid digital transformation, the nature of promotions continues to evolve, requiring brands to be agile and innovative. The future of marketing will likely see an increased emphasis on personalization, data analytics, and real-time engagement, making it essential for companies to integrate technology seamlessly into their strategies. Promotions that not only appeal to consumers' immediate desires but also align with their values and preferences will

have the greatest impact. Additionally, fostering transparency and trust through ethical marketing practices will be crucial in building genuine consumer relationships.

Technology has transformed promotions from traditional methods to highly sophisticated, data-driven, and personalized strategies. Businesses that effectively harness technology can deliver more relevant, timely, and engaging promotions, ultimately enhancing customer experiences, boosting brand loyalty, and driving sales. The future of promotions will continue to evolve with advancements in AI, AR/VR, and data analytics, creating even more dynamic and impactful promotional strategies.

As brands navigate this dynamic environment, it is important to maintain a balance between leveraging modern promotional tools and preserving the core principles of consumer-centric marketing. Successful campaigns will be those that engage consumers meaningfully, inspire action, and sustain long-term brand loyalty. Ultimately, businesses that adapt to these shifts and maintain a deep understanding of consumer behavior will thrive, setting the standard for future promotional strategies in the digital age.

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