

# The effect of airline sale promotion types on consumers' attitudes toward brand and purchase intentions

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## 3 The effect of airline sale promotion types on consumers' attitudes toward brand and purchase intentions

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**ABSTRACT:** The airline business is facing an increasing level of competition. In order to increase their sales volumes, marketers use sales promotions. Direct premium is one of the sales promotion techniques which can be categorized into two types; fit and non-fit direct premium. A direct premium will create positive attitudes toward the brand which ultimately affects the consumer's purchase intentions. This study investigates the differences in consumers' attitudes toward brands and purchase intention to do with the application of fit and non-fit direct premium, and its impact on consumers' purchase intentions. Using an experimental design approach, this study focuses on hypothesis testing by using one way ANOVA analysis techniques and simple linear regression. The managerial implications and suggestions for future research will then be delivered.

**Keywords:** Sales promotion, direct premium, attitude toward brand, consumer purchase intention

### 1 INTRODUCTION

Today's technological developments make it easier for consumers to buy products that they want, including airline tickets, whereas in the past, consumers had to employ a great deal of effort. This means that the consumer demand for airline tickets has increased. The International Air Transport Association (IATA) announced their full-year global passenger traffic results for 2016, showing that demand (revenue passenger kilometers or RPKs) rose by 6.3% compared to 2015 (or 6.0% if adjusted for the leap year). This strong performance was ahead of the ten-year estimated average annual growth rate of 5.5%. This high demand is set to continue. IATA even predicted that 7.2 billion passengers will travel in 2035, with 3.8 billion air travelers in 2016.

IATA also stated that the industry has changed; there is the increasing price of transparency, with deregulated markets and no frills increasing competition. Corporate travel buyers are becoming more price sensitive. One approach for companies to survive in this competition is by utilizing sales promotions. There are several methods of sales promotion that can be used. One of them is the premium method (gift-giving). A premium is an item offered at a relatively low or free price as an incentive to buy certain products (Kotler & Keller, 2016). Sales promotions in the form of premiums can be categorized into two types: direct premiums that are given directly (such as articles that are

provided along with the main product) and delayed premiums (such as articles sent by mail to the consumers who have sent proof of purchase).

However, sales promotions do not always respond effectively and consumers do not always respond positively. One of the factors affecting sales promotion effectiveness is the particular type of sales promotion used (DelVecchio et al., 2006). Hence, some types of sales promotion will be more effective than others. Thus, this research study seeks to analyze which types of premium-based sales promotion are the most effective at leading consumers to purchase an airline ticket.

### 2 LITERATURE REVIEW AND HYPOTHESIS

#### 2.1 Premium-based sales promotion

D'Astous and Landreville (2003) defined premium-based sales promotions as being the goods or services offered for free or at a relatively low price on single or multiple purchases of products or services. The strength of premium-product conformance is likely to be accepted as natural and consistent, and consumers will respond positively. When premium-product conformity is weak, promotional offers tend to be regarded as being inconsistent and possibly opportunistic. In addition, the increasing perceived value of the promotional offers will be obtained when the premiums can actually be integrated with consumption or the use of the product

(d'Astous & Landreville, 2003). So in this case, the fit and non-fit of the direct premium to the product category affects consumer attitude.

## 2.2 *Relationship between direct premium and consumer attitude toward brand*

D'Astous and Landreville (2003) posited that a premium can be regarded as a reward that leads to a positive reaction toward the product or brand purchased. Alternatively, it can be regarded as a persuasive trick set to make the product appear more attractive. D'Astous and Landreville's (2003) work suggests that unattractive premium offerings may affect brand image and consumer attitude toward the brand. This is also supported by Simonson et al. (1994), in that consumers react negatively toward brands that provide gimmicks like useless premiums in an attempt to attract potential customers.

Direct premiums as a sales promotion technique can be categorized into fit direct premium (premium that fits with the core products) and non-fit direct premium (premium that does not fit with the core product). Fit refers to the perceived level of proximity or conformity between a promoted product and an offered prize (Montaner, Chernatony & Buil, 2011). Chandon et al. (2000) stated that effective promotions are those that offer congruent benefits with the promoted products. Fit between product categories and premiums will have an effect if they are considered attractive by the consumers (d'Astous & Landreville, 2003). Montaner, Chernatony and Buil (2011) stated that consumers will respond positively when the fit between products and premiums is high, and vice versa. This is in line with the opinion of d'Astous and Landreville (2003) who said that when there is a low fit between the product and premium, promotional offers may be considered as being inconsistent or opportunistic.

H1: Consumer attitude toward the brand will be higher when there is a high fit rather than a low fit between product and premium.

## 2.3 *Relationship between direct premium and purchase intention*

Consumers show a positive response toward attractive premiums, i.e. premiums with a high fit with the product. A high fit between product and premium will increase consumer purchase intentions (Montaner et al., 2011). The fit between product and premium has a significant impact on the consumer's evaluation. In addition, a high fit between the product and premium offered will increase consumer

purchase intentions (Montaner et al., 2011). The application of sales promotion techniques such as premiums will increase consumer satisfaction and purchase intention. This is evident in the Malaysian market where sales using such techniques are increased (Teck Weng & Cyril de Run, 2013).

H2: Consumer purchase intention will be higher when there is a high rather than a low fit between product and premium.

## 2.4 *Relationship between attitude toward brand and consumer purchase intention*

The attitude toward a particular brand often affects whether the consumer will buy or not. A positive attitude toward a particular brand will lead to the consumer repurchasing the brand. Conversely, a negative attitude will prevent the consumer from purchasing (Sutisna, 2002). These positive and negative feelings toward a brand will eventually affect the consumer's purchase intention. The higher the consumer attitude is toward the brand, the higher the purchase intention (Kurniawati, 2009).

H3: The attitude toward the brand will affect the consumer's purchase intentions.

## 3 RESEARCH METHODS

Using an experimental design, this study has manipulated the independent variables, namely the level of fit between the premium and the core product. The media used was a printed brochure for an airline ticket promotion. The best airline in Indonesia was chosen to avoid risk aversion bias. Illustrations in the brochure depict a direct premium with a fit direct premium (hotel voucher) and a non-fit direct premium (microwave oven). The stimulus was presented on the size of half a page of colored magazine. To avoid any confusing effect, the brochure displayed the image of the product and the premium in the same composition and within proportion to one another. The brochures were then presented to two different groups of participants. The first group of participants received the brochure containing the fit direct premium and the second group of participants received the brochure containing the non-fit direct premium. After the brochure was presented, the participants were then asked to answer questions about their attitude and purchase intention.

## 4 RESULTS AND DISCUSSION

Table 1 shows that the difference between brand attitudes on fit and non-fit direct premium is

Table 1. ANOVA analysis of attitude toward brand.

Direct premium	Attitude toward brand		Sig
	Mean	F-value	
Fit	4.834	8.921	0.003
Non-fit	3.450		

Table 2. ANOVA analysis of purchase intention.

Direct premium	Purchase intention		Sig
	Mean	F-value	
Fit	4.812	6.566	0.010
Non-fit	4.125		

Table 3. Simple linear regression analysis.

Variable	Regression coefficient	t-value	Sig.
Constant	-0.036		
Attitude toward brand (X)	0.874	9.247	0.000

R<sup>2</sup> = 0.625  
R = 0.783

significant (Mean<sub>fit</sub>: 4.834; Mean<sub>non-fit</sub>: 3.450; F = 8.921; Sig = 0.003). In other words, there is a different attitude toward the brand in the two conditions. H1 is supported.

Table 2 shows that the difference in purchase intention between fit and non-fit direct premium is significant (Mean<sub>fit</sub>: 4.812; Mean<sub>non-fit</sub>: 4.125; F = 6.566; Sig = 0.010). In other words, there is a difference in purchase intention in the two conditions. H2 is supported. The next analysis uses a simple regression analysis to test the relationship between attitude toward the brand and purchase intention.

Table 3 shows that with a significant value of 0.010, the attitude toward the brand significantly affects the consumer's purchase intention. H3 is supported.

Support for H1 and H2 in the present research indicates that a fit direct premium is preferred by the consumer rather than non-fit direct premium. Montaner, Chernatony and Buil (2011) also found the same result, in that a fit direct premium will produce positive consumer responses whereas a non-fit direct premium will produce negative

responses or rejection. Another study by d'Astous and Landreville (2003) also found that when a firm offers a non-fit direct premium, the promotional offerings may be considered as being inconsistent and opportunistic. Furthermore, a fit direct premium has a significant impact on consumer evaluation. In addition, a high fit between the product and the premium offered will increase the consumer purchase intention (Montaner, Chernatony & Buil, 2011). H3 indicates that the consumer attitude toward the brand affects the consumer purchase intention. This result is similar to Kurniawati's (2009) study which found that the positive and negative feelings that form the attitude toward a brand will ultimately create or negate the consumer purchase intention. The higher the attitude toward the brand, the higher the consumer purchase intention.

## 5 IMPLICATIONS

### 5.1 Managerial implications

It is recommended for marketers to use a fit direct premium instead of a non-fit direct premium. This is because a fit direct premium generates a positive response in relation to consumer brand attitudes and purchase intentions in contrast with a non-fit direct premium.

Marketers should understand what kind of direct premium consumers consider as fitting with the main product. In this case, the premium fit with the main product does not always mean that the premium should have the same or a strong relationship with the main product. It also means that the premium product has benefits or an effect on the main product such as when consumers buy cereals, a plastic box comes with the product as storage.

### 5.2 Further research

For future research, researchers could use fit and non-fit premiums with different prices or values to determine whether consumers will respond differently. This is because d'Astous and Jacob (2001) found that consumers will choose a fit over a non-fit premium even when the non-fit premium has a higher value.

Also, in this study, the researcher showed a premium product to participants without informing them of the price of the product. For further research, in addition to showing the type of premium offered, the value or price of the premium could also be delivered to determine whether the consumers will respond accordingly.

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