

**How Giveaways and Promotional products affect Consumer Psychology**

**Suprabh Kesav**

**The Shared Secret Labs**

**GiftAFeeling Inc.**

### **Abstract**

A study was conducted to understand how perceived performance risk affects consumers' assessments of various promotions, such as price reductions and additional free product promotions (such as buy-one-get-one-free deals). According to some studies, people prefer additional free things to discounts due to mental accounting and the way these various promotions are worded. By demonstrating that perceived performance risk, through its impact on a consumer's propensity to stockpile, moderates consumers' evaluations of additional free product promotions and price discounts, this research examines a novel moderating relationship in the literature on consumer behavior ([Lowe, 2010](#)).

## **Approach**

This study used perceived performance risk, promotion type, and size, and analyzed customers' perceptions of value and buy intentions through a cross-sectional experiment ([Lowe, 2010](#)). The experimental method answers the call in the literature for more experimental research in pricing and sales promotion studies and offers more internal validity.

## **Originality/value**

Numerous studies have looked at how consumers react to the layout of a promotional offer (e.g., discount size, absolute versus relative amounts, etc.) Some research papers, however, have compared and contrasted how consumers respond to promotional offers that are both monetary and nonmonetary. This study contributes by combining literature on perceived risk and literature on sales promotions to offer a more comprehensive theory of how consumers react to various promotional offers. It is the first study to examine the moderating role of perceived performance risk on consumer perceptions of different promotional frames. Keywords Discounts, perceived performance risk, framing, and more free product marketing ([Lowe, 2010](#)).

## **Impact Marketing and Consumer Behavior.**

According to research, using branded products to advertise a brand significantly impacts consumer behavior. A lot of customers admit that promotional products serve as their sole constant brand reminders and are the primary reason they continue to be loyal to a particular company. Customers asserting that they would not hesitate to switch products merely to acquire a promotional item have been used by marketers to increase sales to capitalize on this new trend in marketing ([Moser, 2016](#)).

## **How Promotional Products are used?**

Brand recognition is the main goal of promotional items. However, marketing executives have discovered a method to leverage these products as a call to action, so this is not the sole application for them. This naturally follows that the intended aim, which might be anything from boosting sales revenue to expanding brand exposure and recognition, is what drives how the items are used ([Moser, 2016](#)).

## **Where Impact Marketing Comes in.**

Whether you are a corporate entity or a small business client, Impact Marketing develops practical solutions for more effective marketing tactics. The level of competition among competing business interests makes marketing solutions more difficult. Smaller and less well-known brands are finding it harder and harder to remain relevant in the marketplace, especially when they are unable to compete with the more well-known names. Impact Marketing & Design can help you create promotional plans for your goods ([Moser, 2016](#)).

## **Research implications/ Findings**

1. The findings show that perceived risk has a distinct and potent moderating effect on customer value perceptions and preferences for additional free product promotions and price reductions. In particular, consumers tend to place more value on additional free product promotions than on

discounts for goods with little performance risk. The opposite is true for products with significant performance risk; in these cases, buyers place more value on price reductions than on further free product promotions. These results have ramifications for a wide range of product categories, including novel new products, goods with greater absolute amounts of advertising, and other fields where the perceived risk is expected to fluctuate ([Mela et al., 1997](#)).

2. These findings support and add to the current literature on sales promotions by demonstrating that the theory is valid for products with low-performance risk but needs to be expanded for products with high-performance risk. Because of this, managers and retailers should carefully consider how to structure promotions based on how much risk consumers perceive ([Mela et al., 1997](#)). The results here emphasize and give a fuller picture of the effects of various promotional forms.

### ***Importance of Sales Promotions***

Both executives and scholars have recently begun to pay more attention to the topic of sales promotion. The realization of the rising significance of sales promotion activities in marketing strategy is the cause of this expanding interest. It was projected that \$60 billion was spent on consumer promotions in 1982, whether directly through coupons, rebates, sweepstakes, and the like or indirectly through payments made to dealers or merchants who then used those funds to display or advertise products at a discount. Effective techniques for sales promotion and other components of the communications mix that are closely related require an understanding of how customers react to promotions ([Gardner & Strang, 1984](#)).

### ***Consumer response***

Consumer response to promotions is a topic that is being studied by an increasing number of researchers, but results have been limited and inconsistent due to the use of various methodology, focuses, and scientific paradigms. By relying on recent research in the study of consumer scripts and consumer information processing, this paper aims to propose a model that incorporates existing research and broadens our understanding of consumer response to promotions. A review of some of the theoretical paradigms that have been used in this field of study will come before we discuss the model ([Gardner & Strang, 1984](#)). The findings support the hypothesis that when advertising and promotions grow and prices decrease, customers become more price and promotion sensitive ([Mela et al., 1997](#)).

### ***Relationship with Advertiser & Business Impact***

At trade exhibitions, conferences, or conventions, about six out of ten customers received promotional items from a business. Consumers were well aware of the advertising's goals, which included promoting a particular brand, company, or cause (55 percent). Additionally, promotional items are distributed to thank customers for their business (16%) or to encourage purchases directly (10 percent). Before getting promotional items, the majority of consumers (88%) were already familiar with the marketer. About half of the consumers had bought from the marketer before obtaining the promotional items (55 percent). 85 percent of those who received the promotional items went on to do business with the advertiser. Additionally, advertisers were successful in attracting new customers who had never done business with them before (11 percent).

### ***Main Takeaways***

Promotional items have a favorable influence on attitudes and behavior. Customer acquisition and retention are strongly correlated with the utilization of promotional products. Advertisers should strategically employ this medium to foster loyalty, raise awareness, and encourage new trials. To be able to predict which products would be more alluring, practical, and simple to incorporate into consumers' daily life, advertisers and distributors of promotional products should keep an eye on cultural and socioeconomic trends. ([The Influence of promotional products on consumer behavior, relevant insights, November 12](#)).

### ***Recall of Promotional Products***

Seven out of ten consumers remembered getting at least one promotional item in the previous year. In earlier investigations, a related result was seen. Seventy percent of respondents who remembered receiving promotional merchandise said they received two or more. The likelihood of recalling the marketer and message behind the first recalled promotional item is very high. While 88 percent of people could name the advertiser from a promotional product they had received in the previous 12 months, only 71 percent could name the advertisers from a newspaper or magazine they had read a week earlier, demonstrating the effectiveness of promotional products in boosting brand recognition ([The Influence of promotional products on consumer behavior, relevant insights, November 12](#)).

### ***Examples of Recall of Promotional Products***

The most frequently returned promotional goods advertisers include businesses in the financial services, retail, fashion, and electronics industries. The following categories of promotional products are frequently recalled: Wearable technology (41%): Comprising shirts (22%) caps/headwear (11%), outerwear (6%), and other wearables (7%). (2 percent ) Drinkware (35 percent), writing instruments (19 percent ) ([The Influence of promotional products on consumer behavior, relevant insights, November 12](#)).

### ***Key takeovers***

Promotional products are a great way to develop and maintain brand awareness since they have a wide audience and the potential to stick in consumers' minds. Unaided brand recall is a sign of brand power because it depends on the capacity, organization, and accessibility of memories. the interference of information from other products, the Date of most recent exposure, The quantity and nature of extraneous retrieval cues, and Promotional items can be utilized to reduce exposure time gaps and offer outside cues to aid in brand memory. They must be offered frequently, clearly relate to the brand, and be pertinent to the customer ([The Influence of promotional products on consumer behavior, relevant insights, November 12](#)).

### ***Conclusion***

Promotional goods are frequently seen and used by consumers. Advertisers can expand their possibilities for building and sustaining brand recognition by offering practical promotional items

that can be naturally incorporated into consumers' lives (rather than only serving as references for contact information). To make promotional products more relevant to people outside the target audience and to make it easier for people to share them with others, to expand their reach, they should be seen as "gifts for family and friends."

## REFERENCES

- Lowe, B. (2010). Consumer perceptions of extra free product promotions and discounts: the moderating role of perceived performance risk. *Journal of Product & Brand Management*, 19(7), 496–503. <https://doi.org/10.1108/10610421011086919>
- Moser, D. (2016, September 10). *Do Promotional Products Influence Consumer Behavior?* Impact Marketing and Design. <https://impact.ms/do-promotional-products-influence-consumer-behavior/>
- Gardner, M. P., & Strang, R. A. (1984). Consumer Response to Promotions: Some New Perspectives. *ACR North American Advances*, NA-11. <https://www.acrwebsite.org/volumes/6288>
- Mela, C. F., Gupta, S., & Lehmann, D. R. (1997). The Long-Term Impact of Promotion and Advertising on Consumer Brand Choice. *Journal of Marketing Research*, 34(2), 248. <https://doi.org/10.2307/315186>
- (he Influence of promotional products on consumer behavior, relevant insights, November 12. Retrieved July 19, 2022, from <https://www.ppai.org/media/1433/2012-influence-pp-consumer-behavior-summary.pdf>