EVALUATION THE ROLE OF SALES PROMOTION IN INFLUENCING IMPULSE BUYING BEHAVIOR: A COMPARISON BETWEEN INTERNATIONAL AND LOCAL TOURIST AT PREMIUM OUTLET IN MALAYSIA

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Abstract: The growing number of premium outlets in Malaysia has led to a new shopping experience to both local and international tourists. Associated with the concept of ‘everyday discount’, premium outlets would attract more consumers to purchase at the outlets. Previous studies have revealed the significant influence of sales promotion on consumer purchase behaviour as well as impulse buying behaviour. However, there are limited studies identifying the role of sales promotion on impulse buying behaviour in the perspective of international and local tourists. Moreover, previous research of literature on the premium outlets, especially in Malaysia are still lacking. Therefore this study aims to evaluate the role of sales promotion on impulse buying in the perspective of international and local tourists at premium outlets in Malaysia. Data were collected from 359 tourists at five premium outlets in Malaysia, using a self-administered questionnaire. The result of the study indicates that both groups have different preferences in terms of sales promotion that induced them to make an impulse purchase. This study suggests that retailers or marketers should improvise their pricing strategies and give out more samples and gifts to attract tourists to spend more money.
**Keywords**: Sales Promotion, Impulse Buying Behaviour, Premium Outlet, Local And International Tourist

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**Introduction**

Tourism industry has rapidly been growing for the last two decades and now has been recognised as one of the largest and fastest growing sectors (Habibi, 2016). According to UNWTO (2018), the tourism industry brings about billions of income, where it generates USD 1.6 trillion in export, 10% of world’s export, 30% of services export and 1/10 job opportunities. In fact it is ranked as third in worldwide export category after chemical and fuel. The number of people travelling increases gradually, where in Europe the arrival increased 3.3% every year from year 2005 until 2017. In Asia Pacific, South East Asia has great demand of destination where the total average is approximately 7.8% (UNWTO, 2018).

Malaysia is one of the South East Asia countries that receive a billion number of tourist arrival. Tourism industry in Malaysia contributed RM167.5 billion to gross domestic product (GDP) in year 2016 (WTTC, 2017). One of the biggest tourism sectors that contribute to the nation economic is shopping tourism. It contributed 31.7% of total tourism revenue in 2016 and RM26.03 billion of tourist expenditure was spent on shopping (Tourism Malaysia, 2017). Corresponding with this, the government has developed a strategic plan known as National Key Economic Area (NKEA) for tourism development. In this plan, the government has outlined 12 Entry Point Projects (EPP), whereby three of the projects involve shopping tourism that falls under “luxury affordable” theme (Tourism Malaysia, 2015). The aim of this project is to increase tourism revenue, where one of the strategies is by developing the premium outlets.

There are currently five premium outlets in Malaysia, namely Johor Premium Outlet (JPO), Mitsui Outlet Park (MOP), Freeport A’Famosa Outlet, Design Village Outlet (DVO) and Genting Premium Outlet (GPO). The development of premium outlets in Malaysia is rather new as compared to the United States (US) where there are currently more than 200 outlet malls with 15,000 stores (Sierra and Hyman, 2011). The outlet malls in the United States are now very competitive compared to traditional malls, where they changed consumers’ shopping behaviour (Reynolds, Ganesh and Luckett, 2002). Recognising the potential of outlet malls, the government targets to earn RM900 million from three of the outlets by year 2020 and uses tourism as a key driver to increase tourist expenditure on shopping. The new concept of shopping environment that offers attractive discount every day with unique architecture would bring exciting shopping experience to local and international tourists in Malaysia.

Since the development of the outlets increases the revenue in shopping tourism, there are several ways to induce tourists to spend more. Previous scholars have indicated that impulse buying is one of the ways that could increase retail profit as well as tourism revenue (Foroughi, Buang, and Sherilou, 2011; Laesser and Dolnicar, 2012; Li, Deng, and Moutinho, 2014). According to Cheng et al (2013) impulse buying contributes 62% of supermarket sales and 80% of sales in several product categories. Meanwhile, Abrahams (1997) stated that impulse buying could contribute USD4 billion of total annual revenue. When the retailers effectively attract consumers to purchase instantly, they would increase the revenue.
Therefore, retailers would experience the benefits of impulse buying and thus contribute to tourism revenue. Several scholars have studied impulse buying behaviour in the context of consumer behaviour as well as tourism (Li, Deng, and Moutinho 2014; Akram et al, 2018; Husnain et al, 2019). These studies have found several factors that influence impulse buying behaviour and one of the factors is sales and promotion. Past literatures stated that sales promotion is one of the mechanisms that induce consumer towards making a purchase on impulse (Kchaou and Amara, 2014; Nagadeepa, Selvi, and Pushpa, 2015; Tendai and Crisp, 2009). It is one of the strategies that retailers communicate with the consumers, which is by providing information to consumer as well as persuading and encouraging them to take actions (Moharana and Pattanaik, 2016; Tariq Kahn, 2014). Since the outlets are offering the discounts every day, the possibility to having an induced consumer to purchase on impulse is relatively high. However, there are no empirical studies that discuss on the effectiveness of sales promotion offered at the outlet malls.

On the other hand, there are very limited literature that gave an attention to the outlet malls. According to Karande and Ganesh (2000), even though the growth of outlet malls significantly contributes revenue to the market industry, there is limited study on outlet malls. In fact, past literatures are more focused on the consumer profile (Kirande and Ganesh, 2000) or shopper typologies (Reynolds, Ganesh and Luckett, 2002) in the outlet malls despite having the concept of “discount every day”. Therefore, to fulfil this gap this study will analyse the effectiveness of sales promotion in influencing tourists’ impulse buying at the outlet malls. Researchers have long identified shopping behaviour among tourists and the implication for retail managers. However, limited study was found to focus on the impact of sales promotion on local and international tourists in influencing their impulse buying behaviour. Therefore, this study attempts to evaluate the role of sales promotion in impulse buying from the perspective of international and local tourists. This study would be helpful for the retailers to understand the effectiveness of sales promotion from the perspective of international and local tourists that would influence them to purchase on impulse. Understanding both international and local tourists is critical to segment the market as well as to formulate the strategies and tactics to increase tourists’ shopping spending. Hence, this research objective is to evaluate the role of sales promotion in influencing international and local tourists’ impulse buying behaviour at premium outlets in Malaysia.

**Literature Review**

**Sales Promotion**

Sales promotion is one of the ways for marketers to persuade and remind potential consumers of their product in order to influence them to make a purchase (Lamb and McDaniel, 2010 cited in Andreti et al, 2013). It can be defined as marketing communication activities (Alvarez and Casielles, 2005; Peattie, 1998) or incentive used by marketers and manufacturers to persuade consumers to make a purchase (Shimp, 2003). Kotler (2005) stated that sales promotion is the main component in marketing to stimulate consumers to make a greater purchase of particular product of services. It normally occurs in a long-term or short-term period that offers above normal offerings to achieve marketing objectives (Brassington and Pettitt, 2000).

Past literature have studied sales promotion in order to analyse consumer buying behaviour such as impulse buying behaviour (Metilda and Kartika, 2015; Liao, Shen, and Chu, 2009; Xu and Huang 2014), intention to purchase (Weng and Run, 2013; Chaharsoughi and Hamrad, 2011; Ye and Zhang 2014; Santini et al, 2015), and consumer purchase decision
According to Andreti et al. (2013) sales promotion plays an important role that influences consumer purchase decision. The authors suggested that by doing more attractive promotions, offering more discounts and serving customers well, marketers can encourage more consumer participation and increase customer purchase intention. On the other hand, past scholars found that sales promotion is the best mechanism to attract consumers to purchase on impulse (Lee and Tsai, 2014; Shuleska, 2012; Lo, Lin, and Hsu, 2015). Metilda and Kartika (2015) have studied the impact of sales promotion on hedonic value and utilitarian value on impulse buying behaviour. The study has found that sales promotion has a strong connection with hedonic and utilitarian shoppers to purchase on impulse. However, Chaharsoughi and Hamrad (2011) indicated that sales promotion does not have a strong relationship with impulse buying. The authors signified that not all consumers will be attracted with the promotion and every consumer has his/her own preferences prior to making a purchase.

Buil, Chernatony, and Martinez (2013) conducted a study on the relationship of sales promotion, brand equity and perceived quality. The finding showed that sales promotion has a negative relationship with perceived quality but not on brand equity. Contrarily, Valette-Florence, Guizani, and Merunka (2011) have found that sales promotion has a negative connection with brand equity. The authors indicated that frequent sales promotion gives a negative impact on brand value. This means that the occurrence of mixed result is due to the research that has been conducted on different situations with different respondents. Overall, past scholars have emphasised the benefits and weaknesses of sales promotion. The mixed results of sales promotion towards consumer purchase buying show that there is a need in future research to further examine the role of sales promotion on consumer purchase behaviour.

**Impulse Buying Behaviour**

Impulse buying behaviour is defined as a spontaneous purchase where consumer buys something without planning in advance (Kollat and Willet, 1969; Stern, 1962). It is the situation where the consumer just takes a product that attracts his/her attention rather than considering and this purchase happens fast and urgently (Saad and Matawie, 2015). Meanwhile, Hadjali et al. (2012) indicated that spontaneous purchase happens when an individual does not look for a specific product or brand name and has no intention to make a purchase. In contrast, Berman and Ivan (2004) classified that the occurrence of impulse buying is not only due to no planning in advance. However, it would take place when the consumer has decided in advance, classified the situation as partially unplanned and unplanned situation. Partially unplanned is a situation where the consumer has planned to make a purchase without any specific brands or models. On the other hand, an unplanned situation refers to when a consumer has planned to purchase a specific brand or model but changes it once he or she comes into contact with retailer. Therefore, impulse buying behaviour could also happen when the consumer have planned in advance as well.

The literature of impulse buying has been studied for over 60 years. It has been covered in several fields of study including tourism. In tourism, impulse buying is defined as a planned purchase where tourists have considered taking a vacation before booking (Laessar and Dolnicar, 2012). The authors signified that planning for a trip to one particular destination including the choice of transportation, income, information sources can lead tourists to making an impulse purchase. Therefore, Stern (1962) has stated that pure impulse buying does not occur in tourism but it might occur in the context of tourism perspective. In the perspective of shopping, Babin, Chebat, and Michon (2014) stated that tourists might not
have the intention to shop before travelling may fall into shopping in order to experience another culture. Therefore, tourists may lead themselves into shopping if there is a good bargain with attractive promotion. Past literature Li, Deng, and Moutinho (2014) has found that experiencing activities is one of the factors that induce tourists to make a purchase on impulse. Generally, tourism is broad, therefore the studies of impulse buying behaviour in the perspective of tourism might produce mixed results accordingly to tourism products.

In the context of consumer behaviour, past literatures have studied the factors that influence consumers to make an impulse purchase (Virvilaité and Saladiene, 2012; Floh and Madlbeger, 2013; Raju, Kumar, and Raju, 2015). Radzi, Hamid, and Yasin (2017) have studied impulse buying behaviour in the context of the Malaysian airport. The finding of the study shows that store environment significantly positive with impulse buying behaviour. Meanwhile, Sharma and Nanda (2012) who studied the impulse buying tendency in the similar context found that impulse buying tendency does not influence consumers to make a purchase on impulse. This is in contrast with Badgaiyan, Verma, and Dixit (2016) study, where there is positive relationship with impulse buying tendency with impulse buying behaviour. Therefore, the connection of impulse buying tendency with impulse buying behaviour occurs accordingly to different situations is associated with several factors. Instead of store environment, emotion is another factor that drives consumers to purchase on impulse (Verplanken and Herabadi, 2001; Lucas and Koff, 2014; Sohn and Lee, 2016; Rook, 1987). Consumers make an impulse purchase when they feel sad, angry or stressed (Rook and Gardner, 1993). Meanwhile Sohn and Lee (2016) signified that positive emotion leads consumer to make an impulse buying. Prior researchers also indicated that demographic factors would lead to impulse buying behaviour (Karbasivar and Yarahmadi, 2011; Xu, 2007; Amos, Holmes, and Keneson, 2014). However, Amos, Holmes, and Keneson (2014) affirmed that demographic factors produce mixed results. The author indicated that young generation highly tend to make an impulse buying as compared to X generation. Nevertheless, young generation are inclined to purchasing on impulse.

Although there have been numerous studies of impulse buying behaviour, the literature is still limited. There are still mixed results of certain factors that contribute to impulse buying behaviour. Moreover, there are still limited studies to understand the impulse buying behaviour in the perspective of international and local tourists. Therefore there is still a need for more literatures in impulse buying behaviour.

**Methodology**

Subjects of this study included two groups, which were international and local tourists who made a purchase at premium outlet sin Malaysia. A purposive, non-probability sampling was employed due to unavailability of list of international and local tourists shopping at the premium outlets. The self-administered questionnaires were distributed to 359 respondents which only shopped at premium outlets in Malaysia, namely Johor Premium Outlet (JPO), Mitsui Outlet Park (MOP), Freeport A’Famosa Outlet, Genting Premium Outlet (GPO) and Design Village Outlet (DVO). The questionnaire regarding sales promotion was obtained from Lo and Qu (2015), Wakefield and Barnes (1996) and Park et al (2012). It was measured via a 7-point Likert scale from strongly disagree (1) and strongly agree (7). SPSS 23.0 was used to analyse the data. The t-test analysis was employed in order to compare both groups. Meanwhile, ordinary least squares (OLS) multiple regression analysis was employed in order to analyse the influence of sales promotion on impulse buying behaviour for international and local tourists. The demographic characteristics of respondents are presented in Table 1 and deliberately explained in the next section.
Result and Discussion

Profile of The Respondent
Profile of the respondents is presented in Table 1. The result shows that majority of the respondents are female (57.4%) aged between 25 to 35. The total of 359 respondents consists of local tourists (72.1) and international tourists (27.9%). Most of the respondents are married (58.8%) followed by single (39%) and divorcee (1.9%). The highest income of international respondents is between USD1000 to USD2000 and USD2000 to USD3000, where the percentage is 7.5% each. Meanwhile the highest income for local tourists is between RM2000 to RM3000. The respondents are primarily from private sector (43.5%) and government sector (31.5%) with majority of them are holders of bachelor degree (41.5%) followed by diploma (24.5%), master degree (19.2%), high school (11.1%) and doctorate degree (3.1%).

<table>
<thead>
<tr>
<th>Demographic information</th>
<th>Frequency (n=359)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>153</td>
<td>42.6</td>
</tr>
<tr>
<td>Female</td>
<td>206</td>
<td>57.4</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-24</td>
<td>65</td>
<td>18.1</td>
</tr>
<tr>
<td>25-35</td>
<td>167</td>
<td>46.5</td>
</tr>
<tr>
<td>36-44</td>
<td>84</td>
<td>23.4</td>
</tr>
<tr>
<td>45-55</td>
<td>35</td>
<td>9.7</td>
</tr>
<tr>
<td>56-60</td>
<td>5</td>
<td>1.4</td>
</tr>
<tr>
<td>Above 60</td>
<td>3</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>140</td>
<td>39.0</td>
</tr>
<tr>
<td>Married</td>
<td>211</td>
<td>58.8</td>
</tr>
<tr>
<td>Divorce</td>
<td>7</td>
<td>1.9</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Income (USD)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below USD 1000</td>
<td>25</td>
<td>7.0</td>
</tr>
<tr>
<td>USD1000 – USD2000</td>
<td>27</td>
<td>7.5</td>
</tr>
<tr>
<td>USD2000 – USD3000</td>
<td>27</td>
<td>7.5</td>
</tr>
<tr>
<td>USD3000 – USD4000</td>
<td>15</td>
<td>4.2</td>
</tr>
<tr>
<td>USD4000 – USD5000</td>
<td>2</td>
<td>0.6</td>
</tr>
<tr>
<td>More than USD5000</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Income (RM)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below RM1000</td>
<td>20</td>
<td>5.6</td>
</tr>
<tr>
<td>RM1000-RM2000</td>
<td>32</td>
<td>8.9</td>
</tr>
<tr>
<td>RM2000-RM3000</td>
<td>87</td>
<td>24.2</td>
</tr>
<tr>
<td>RM3000-RM4000</td>
<td>42</td>
<td>11.7</td>
</tr>
<tr>
<td>RM4000-RM5000</td>
<td>32</td>
<td>8.9</td>
</tr>
<tr>
<td>More than RM5000</td>
<td>48</td>
<td>13.4</td>
</tr>
</tbody>
</table>


**Table 2.** Comparison of International and Local Tourist on Sales Promotion

<table>
<thead>
<tr>
<th>Sales promotion items (1=strongly disagree and 7=strongly agree)</th>
<th>Int. tourist (n=100)</th>
<th>Local Tourist (n=259)</th>
<th>t</th>
<th>df</th>
<th>t-Test sig (2-tailed)</th>
<th>Effect size η²</th>
</tr>
</thead>
<tbody>
<tr>
<td>The outlet has attractive discounts</td>
<td>5.30</td>
<td>5.06</td>
<td>-.463</td>
<td>102.93</td>
<td>.645</td>
<td>0.000</td>
</tr>
<tr>
<td>The outlet gives out gifts and samples</td>
<td>4.58</td>
<td>4.17</td>
<td>-2.33</td>
<td>357</td>
<td>.020**</td>
<td>0.014</td>
</tr>
<tr>
<td>Special prices of the product are available</td>
<td>4.90</td>
<td>5.20</td>
<td>2.144</td>
<td>357</td>
<td>.033**</td>
<td>0.012</td>
</tr>
<tr>
<td>Promotion information influences when I visit the outlet</td>
<td>5.00</td>
<td>5.07</td>
<td>.599</td>
<td>357</td>
<td>.550</td>
<td>0.001</td>
</tr>
</tbody>
</table>

**T-Test Result of Significant Difference of Sales Promotion on Impulse Buying Behaviour**

Table 2 shows the rating of international and local tourists on sales promotion along with the comparison. Overall, most of the ratings on sales promotion were above 5 on the 7-point scale. In general, there were different patterns of both international and local tourists, where “the outlet has attractive discount” item was the highest rated item for international tourists. Meanwhile, “promotion plays a big part in my choice in making a purchase” item obtained the highest rating for local tourists. The second highest rated item for international tourist was that promotion influences their spending and promotion plays big part on their choice of purchase. On the other hand, the availability of special price was the second highest rated item for local tourists. However, a similar pattern existed within both groups, with “the outlet gives out gifts and samples” was the lowest rated item. The result shows statistically significant differences in the t-test for two items, which were 1) outlet gives out gifts and samples and 2) the availability of special prices of the product in the outlet. Generally, this result shows that both international and local tourists have different preferences in terms of sales promotion before making a purchase.
Promotion information influences how much I spend when I visit the outlet
If there’s a promotion I like, I just go to that particular outlet instead of another one
Promotion play a big part in my choice to make a purchase
The price of products in the outlet is economical

Regression Result on The Influence of Sales Promotion on Impulse Buying Behaviour

The OLS multiple regression analysis was performed in this study, where impulse buying was used as a dependent variable and sales promotion as independent variable. As shown in Table 3, sales promotion is influential in influencing local tourists to make an impulse purchase. Meanwhile sales promotion is not significant in leading international tourists towards making a purchase on impulse. Therefore, overall sales promotion in the outlet malls ineffectively affects international tourists to make an impulse purchase. Hence, sales promotion in the outlets effectively influences local tourists to make a purchase on impulse.

Table 3. Result of Regression Analysis on The Influences of Sales Promotion on Impulse Buying Behaviour of Local and International Tourist

<table>
<thead>
<tr>
<th>Groups</th>
<th>Dependent Variable: Impulse buying</th>
<th>Model Fit</th>
<th>Adj. R² = .031  f= 9.382 α=0.000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local tourist</td>
<td>Constant</td>
<td>13.806</td>
<td>2.111</td>
</tr>
<tr>
<td>Sales promotion</td>
<td>.160</td>
<td>.052</td>
<td>.188</td>
</tr>
<tr>
<td>Int. tourist</td>
<td>Constant</td>
<td>18.854</td>
<td>2.430</td>
</tr>
<tr>
<td>Sales promotion</td>
<td>.080</td>
<td>.059</td>
<td>.134</td>
</tr>
</tbody>
</table>

*Int. tourist = International tourist
**p<0.005 = significant level

Implications, Limitation and Conclusion

The objective of this study is to evaluate the role of sales promotion in influencing international and local tourists’ impulse buying behaviour at premium outlets in Malaysia. The findings of this study offer interesting implication for both practitioners and researchers. The outcome shows that even though both groups agree that the outlets provided attractive discount, somehow both international and local tourists rated low on gifted items and samples. Therefore, the retailers or marketers should improvise by giving out more gifts and samples to attract the tourists to make more purchases. As stated earlier, sales promotion at the outlets ineffectively influences international tourists to make an impulse purchase. Therefore, the retailers and marketers should understand more on international preferences.
and shopping behaviour to improvise the price strategies in terms of promotion in order to attract not only international but local tourists to make an impulse purchase. Moreover, the retailers and marketers could improvise the price segmentation in order to attract both groups to make them purchase on impulse.

This research provides insights on how international and local tourists react to sales promotion at the outlet malls. The result suggests that both international and local tourists have different perspectives and behaviour before they make a purchase. Local tourists are more interested in sales promotion that leads them to purchase impulsively. This is similar to Jee and Ernest (2013), where the sales promotion technique may have a significant effect on Malaysia’s consumer purchase intention. The findings of the study suggest that the impact of sales and promotional differences between international and local tourists on impulse buying depends on the promotion context. If the promotion is strong, impulse buying may be rated similarly by different tourist segment.

This study presents limitation and has identified avenues for future research. First, the survey was conducted at the duration of specific period which might not cover the overall number of international tourists from different countries. Therefore, future research may conduct a survey at different periods of time in order to get more feedback from tourists from different countries. On the other hand, more studies are required to explore these differences at other shopping places as well. The current study only focuses on sales promotion in the context of impulse buying in the perspective of international and local tourists. However, there are several elements in the outlet malls such product quality and the environment that might influence both groups differently. Therefore, future research could expand the element by including environment and product quality in order to understand the differences in impulse buying behaviour in the perspective of international and local tourists. Overall, this study provides the understanding of comparison between the groups which would help retailers improvise the price strategy and promotion in order to attract both groups to spend more money.

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World Travel and Tourism Council (2017), Travel and tourism economic impact 2016

