

## Effect of Offers and Discounts by the Organized Retailers of Fashion & Clothing on Customer Satisfaction - A Case Study of Ranchi City.

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### ABSTRACT

The changing marketing strategies and environmental impact has brought the drastic transformation in the way of making customers apprised with the marketing tools like promotion and discounts. This study measures the effect of discounts and offers on customer satisfaction among shoppers of clothing and fashion in organized retail. The study gives an overview of the variables that influences the buyer's decision of buying and also to look at the buyer's perception on the discount and promotional offers given by organized retailers of fashion and clothing products. The objective of this study is to ascertain the effect of offers and discounts given by organized retailers on customer satisfaction.

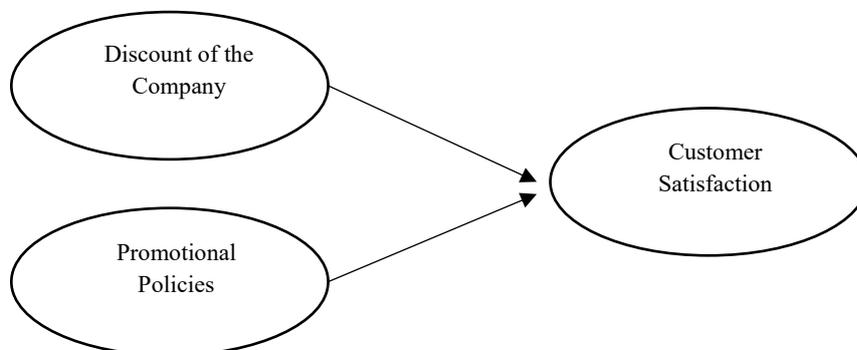
**Keywords:** Price Discount, Offers, Customer Satisfaction, Loyalty, Customer Perception.

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### Introduction:

Retailing in India is becoming one of the major contributors in our GDP with estimated 10%, and organized retailing is growing with exponential rate of around 20-30%. These growth opportunities have even attracted to tire two cities in India such as Ranchi. With consumers now enjoying a wide variety of products and services under one roof, retailers provide genuine value shall only be establish in long run. Consumers will emerge as the king of retailing in India with their judgemental purchasing habit and their increasing purchasing power through increase in household income, estimated 50% of households are expected to have an annual income above ₹5 lakh. The increase in household income empowers them significantly. Retail become powerful intermediaries in the marketing channel, bridging the gap between manufacturers and consumers. Many manufacturers and marketers may hence take to retailing themselves to be closer to the consumers. It is the the power of the consumer as well as the importance of retailer in the marketing channel that will directs the growth of retailing in India. The organized retail formats offer a great customer convenience by providing goods, variety and value for money, that plays a vital role for growth of organized retail in not only metro cities but also to the tire two cities as Ranchi. Promotional offers and discounts have become important components in retail sector due to ever increasing competitiveness, particularly within fashion and clothing industry, where consumer rapidly change preference and rapid change of fashion due to global influence.

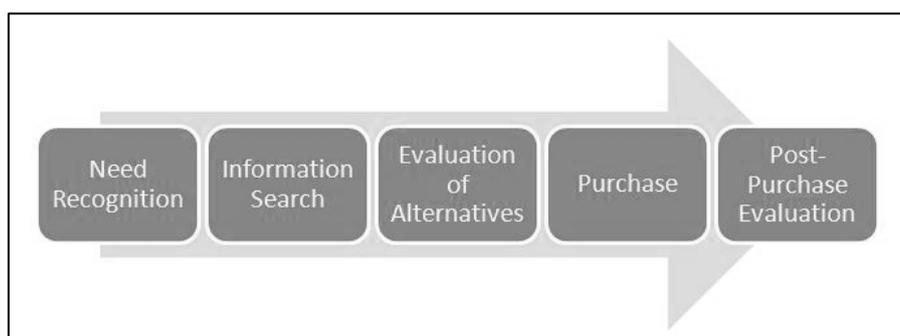
Fig: 01 Conceptual Framework



**Objective**

- I. To analyse effect of offers and discounts on buyer’s value satisfaction for fashion and clothing in Ranchi city.
- II. To investigate the factors that forces the buyer for buying due to offers and discounts.
- III. To provide insights to the retailers in execution of an effective promotional offer that can retain the customers.

Fig: 02 Buying Decision Process Model



Source: <https://rm-15da4.kxcdn.com/wp-content/uploads/2013/07/Consumer-Decision-Making-Process-1.jpg>  
<https://research-methodology.net/consumer-decision-making-process-a-detailed-analysis/>

**Literature Review**

Previous studies shows that price discount heavily influence buying preference (Mishra, 2024). The promotional offers stimulate immediate purchase and also influence consumer perceptions value proposition, which may increase the short-term satisfaction. The effectiveness of the promotional offer depends upon its type, offered timing, and the demography of the target customer. Sinha (2020),

Previous research has been done on the effect of customers perception on savings and perceived product quality. Lee et al. (2018) found that while discounts increase perceived value and customer satisfaction, high and regular discounts has negative effect on customer regarding product quality. Sinha and Kumar (2020) show similar findings, emphasizing that average and well-designed promotional strategies enable retailers to maintain brand equity and improving customer satisfaction.

Previous research is not very clear about the customer satisfaction due to promotional offer. Promotional offers may bring momentary satisfaction which may result in frequent visit to retail store. Dependency in discount may diminish long term brand loyalty (Singh & Singla, 2023). Effectiveness of promotion offer largely depend upon the perception of customer regarding the genuineness and value for money. Conditional are perceived more genuine and thus bring more value for money to customer (Lee et al., 2018).

Previous studies show big impact of promotional offers and discounts of Indian customers Mishra (2024) it also implies that why in India clothing market offers discounts and deals on festive seasons that result in huge jump in footfall in stores Siddique (2020). In Ranchi city the most important driving force that influence buyer's to buy clothing are offers and discounts.

In a nutshell all the studies indicate positive influence of promotional offer and discount on customers satisfaction for short period. It also indicates the increase of sales due to offers and discounts. But, long term influence of promotional offers and discounts on customers satisfaction and loyalty towards the retail has not been established specifically for fashion and clothing organized retail sector in tier-II city as Ranchi. This gap influences the necessity to conduct this study to understand the urban consumers' perception in Tier-II cities like Ranchi.

#### **Literature Gaps**

- Previous research focused on momentary effect on purchase intention; none of the research could contribute the direct relation between specific promotional type and customer satisfaction in fashion within organized retail at the city level.
- There are few research that investigating the effect of promotion as well as perceived quality and satisfaction simultaneously in Indian tier-II cities (like Ranchi).
- Current research focuses on pricing and buying behaviour but few are talking about promotional strategies and its impact on customer perception.
- Lack of studies has been conducted to understand the customers perceived image towards the sudden un-expected discount offers and promotional strategies of organised fashion retail sectors in Ranchi Jharkhand.
- It is observed that there were insufficient studies on the direct correlation between promotional offers and customer satisfaction within the organized fashion retail sector at the tier-II cities like Ranchi.

#### **Methodology**

This study is based on descriptive survey design that investigate the effect of offers and discounts on buyer's satisfaction within the organized retail of fashion and clothing in Ranchi City. The questionnaire framed to get the essential features of shoppers' perceptions and behaviors while buying fashion and clothing from organized retail store. The targeted respondent includes consumers those who frequently visit to the organized retail stores and shopping in Ranchi. The study analyses the responses gathered from participants during survey, presenting data for 200 responses. The study do not consider the population. It studied the respondent dataset (N ≈ 200).

Data has been collected by a structured questionnaire distributed in person to respondents at specific retail locations in Ranchi. Respondent answered the question personally, and their identity has been kept personal during the study. Data were collected during regular retail business hours to ensure different mix of response from various demographic groups.

**Analysis & Interpretation:**

**Cronbach's Alpha Reliability Test**

Variable	No. of Items	Cronbach's Alpha	Reliability Level
Discounts of the Company	8	0.975	Good
Promotional Policies	7	0.941	Good
Customer Satisfaction	5	0.962	Good

**Interpretation:** Cronbach's Alpha measures internal consistency of questionnaire items. Alpha values > **0.70** indicate acceptable reliability. All constructs have **very** high reliability (>0.94). The questionnaire items used to measure the variables are highly reliable and internally consistent.

**Factor Analysis:** The factor analysis supports the conceptual grouping of the questionnaire items into the three theoretical constructs

Principal Component Analysis extracted **3 factors**.

**Explanation of Variance**

Factor	Variance Explained
Factor 1	81.80%
Factor 2	7.60%
Factor 3	3.30%

**Interpretation:** Factor 1 captures the majority of variance and reflects overall promotional value perception. The items largely cluster into three constructs:

- I. Discounts
- II. Promotional policies
- III. Customer satisfaction

**Mean Variable Score (200 respondents)**

Variable	Mean Score
Discounts of the Company	3.07
Promotional Policies	2.98
Customer Satisfaction	3.16

**Pearson Correlation Analysis**

Variables:

- a) **X1:** Discounts of the Company (Q1–Q8)
- b) **X2:** Promotional Policies (Q9–Q15)
- c) **Y:** Customer Satisfaction (Q16–Q20)

**Correlation Matrix**

Variables	Discounts	Promotional Policies	Customer Satisfaction
Discounts	1	<b>0.977</b>	<b>0.973</b>
Promotional Policies	0.977	1	<b>0.988</b>
Customer Satisfaction	0.973	0.988	1

**Interpretation**

- a) Discounts and Promotional Policies show a very strong positive correlation ( $r = 0.977$ ).
- b) Discounts and Customer Satisfaction also have a strong positive relationship ( $r = 0.973$ ).
- c) Promotional Policies and Customer Satisfaction demonstrate the strongest correlation ( $r = 0.988$ ).

Hence, the analysis shows effective promotional policies and discount strategies are strongly associated with higher customer satisfaction levels.

**Regression Analysis**

Customer Satisfaction =  $f$  (Discounts, Promotional Policies)

Regression equation:

$$CS = 0.235 + 0.161(\text{Discounts}) + 0.816(\text{Promotional Policies})$$

**Regression Results**

Predictor	Coefficient	t-value	Significance
Constant	0.235	6.87	Significant
Discounts	0.161	3.59	Significant
Promotional Policies	0.816	16.4	Highly Significant

Model:

Statistic	Value
R <sup>2</sup>	0.978
Adjusted R <sup>2</sup>	0.978
F-Statistic	4350
Significance	$p < 0.001$

**Interpretation:** The model explains 97.8% of the variation in customer satisfaction. Promotional policies have stronger impact than discounts. Promotional strategies significantly influence customer satisfaction, while discounts also contribute positively but to a lesser extent.

### **Conclusion**

The interpretations from various statistical tools such as the reliability, correlation, regression, and factor analyses, it shows that discount strategies and promotional policies play an important role in influencing customer satisfaction. The reliability test confirms that the questionnaire used in the study is consistent and dependable for measuring the constructs of discounts, promotional policies, and customer satisfaction. It indicates that the responses collected from the various respondents accurately represent their perceptions toward the study.

The correlation analysis shows a strong positive relationship among the three variables, suggesting that effective discount schemes and promotional activities are positively influence the customer's satisfaction. The strongest relationship with customer satisfaction, indicates that marketing effort, advertising, and promotional offers have a positive impact on customers perception towards the retailer.

The regression analysis shows that the discounts and promotional policies positively influence customer satisfaction, the promotional policies having a comparatively stronger effect. This shows that while price incentives such as discounts attract customers, good promotional schemes are more influential in customer perceptions and thus enhancing satisfaction levels in buying.

The factor analysis also establishing the conceptual framework of the study by proving that the questionnaire items are positively represents the three variables in the study. This indicates that the variables used in the research are appropriate and relevant for analysing customer responses.

Overall, the results of all statistical analyses indicate that effective discount strategies and well-planned promotional policies positively contribute to enhancing customer satisfaction. These findings suggest that retailer should focus on developing attractive promotional well-planned campaigns and competitive price discount in order to establish customer relationships and improve market performance. They must adopt well-planned promotional policies along with attractive discount schemes to improve customer satisfaction and strengthen customer relationships. Effective integration of these marketing strategies can help retailers enhance their competitive advantage, increase customer loyalty, and achieve better performance in the marketplac

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