Attitude towards Clearance Sales of Liked and Dislike Brands: A Study of Shopperstop

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Abstract: Clearance Sales figure as one of the crucial selling policies that business firms have. In a clearance sale, the selling price of the product takes with the fading of the fashion or the season, and allows the seller to official excess goods into the market. In the study, we undertook the study of Attitude towards Clearance Sales of Liked and Disliked Brands. The study yielded five factors of the attitude towards clearance sales of liked and disliked brands. These factors were Excitement, Brand Preference, Brand Opinion, Leadership, Price–Image Sensitivity and Peer Influence. Further, it was found that among all the extract factors, Brand Preferences is the most important determinant of attitude towards clearance of sales.

Keywords: Clearance Sales, Attitude, Consumer Behavior

1. Introduction

Sales are in evitable phenomena in retailing. Especially, in case of apparels and fashion driven items, retailers often initiate sales to either counter sluggish movement of stocks or when the season is changing and space is needed for stocking and display of fresh items. These sales serve as phenomenal deals for shoppers who would then like to get their hands on item of use.

It is a given deal in marketing literature that every consumer has a consideration set of brands in product categories relevant to them. Not every brand available is remembered and recalled by the consumer. Not every recalled brand is recalled in favorable light. Hence, even for the brands that are thus evoked, there is a sense and perception of liking and not liking these brands.

Clearance sales by marketer are usually end of the season sales known by EOSS and they are designed to sponge off maximum attention from the consumers and offload maximum stock in the market. Hence, the discounts are delicious and there is often bundling and offers made available on the same. Sometimes, it is observed that brands that are not really top of the mind for consumer get bought by him or her, because of the sales that were on.

Nocke and Peitz (2007) have differentiated between three kinds of profiles in line with selling policies of a firm. In uniform pricing, the seller will set the price such that all items are sold at the same price. In two different demand periods, the price remains the same. In introductory offers, the seller sets the lower price in the initial demand periods, and then the price is raised for the subsequent demand period. Here again the assumption is that some units will be sold in each demand period.

As elaborated by Nocke and Peitz (2007) further, clearance sales are held usually for selling season goods. Durables such as season based apparel and season dependent outdoor gear (e.g. skis, cardigans and pullovers etc.) are typically sold before the season fully ends, because the manufactures are restrained in their capacity to increase production at short notice, sellers have to decide on stocks before the commencement of the season, thus being vulnerable to uncertainty about which items will prove more popular and which not so much. Non-moving items are then marked down in the middle of the season when summer or winter sales usually start. Clearly, consumer anticipate that such price cut will occur but they are aware of the risk that the particular good they want to purchase may no longer be available by then. Clearance sales have the following properties.

1. The firm charges the high price initially and later a lower price (as the discount or mark down on the regular price), and
2. In the period of clearance sales, there is a positive probability of purchase by the consumer.

2. Review of Literature

The parameter of retail success translates to high gross margins to high margins and customers services levels with the minimum inventory possible [Mattila et (2002)]. Especially with reference to fashion content, factor such as the ability to predict accurately, process lead-time, and being able to source judiciously from offshore and local vendors, along with avenues for replenishment affects the success of the retailers. For all of these factors, the considerations are several. The nature of the very product and speed of procurement when order is placed will directly counter the forecast accuracy.

Traditionally speaking, the lead time for product delivery is long and order can be placed seven to eight months in advance before the season actually starts. Any mistakes made in the predictions would translate to overstocking resulting into Clearance sales, and there can be stock out and lost sales to. This prediction error and the bid to offsets it is the cause of higher mark-up prices for fashion products, among other contributing factors.

Robinson and bailey (1994) studied discount retailing from a British perspective. Discount retailing has become popular owing to the fallout of recession, and it has taken the shape of American style warehouse clubs. The authors have suggested that in UK, the retailing of this kind is marked by core discounting, as well as clearance outlets. The other markers are high degree of planned purchasing,
effective use of information technology and relationship building with manufacturers, ensuring service and image building for attracting and retaining customers.

Buckley (1991) developed a S-O-R model for purchase of a product in a store and the characteristics he included as influencers were price, quality, branding and promotions. As Monroe and Della Bitta (1978) and Rao (1984) have illustrated, price quality do exert some influence on choice. As substantiated by Bemmaor (1984), Bilemel (1984) and Laroche et al (1986) the drop in price of a branded product is looked upon as good value for money because these brands are having an associated brand image, and hence quality is imbibed while when the price of a generic product is reduced, it is seen as a resetting of the price to a more reasonable level.

Walker (1999) developed a model for determining the price markdowns of seasonal merchandise. The sellers of such merchandise are dealing with profit maximization over a short selling season, and with a limited stock of goods. The timing and amount of markdowns are critical to belt optimum profits. Decision support in the face of the sunk costs is a tactical move for maximizing revenue.

In a very interesting paper on shoe sales conducted in Malaysian context, Tong et al (2012) found that women shoppers preferred first day of sales, for the first buyers’ advantage. Also music was a crucial element of ambience considered by women shoppers. Malaysia being a multi-racial society, the ethnic group interaction was taken into account. It was found in the study that it did not impact sales promotion purchase at all. Dawson and Kim (2010) in a study in online context, investigates the external cues on apparel websites that impulse buying. The author suggested that impulse trigger cues such as sales, promotion, purchase and suggested items can potentially increase impulse purchase on website.

A slightly different angle in which price promotion has been studied is that by Hyunjoo and Kyong-Nan (2009) who have investigated the consumer response to price promotions in stores and online, during the holyday seasons. It was found that in the holyday season too, consumers remain sensitive to price promotions. That price promotion increases offline spending is a given. It was found that price promotion can improve online spending too.

Nocke and Peitz (20074) posited that high-valuation consumers buy goods at higher initials price to avoid rationing however, low valuation consumers wait for the prices to drop to purchase items. Clearance sells are optimal inter-temporal selling policies according to the authors.

Moller and Watanbe (2010) in a paper approached advance selling problems to look at why some commodities are sold cheaper to early purchases while for some commodities there are discounts and price offs for those late purchasers. The late purchasers run risk of non-availability off choices in the item, and yet are attached to the sales. It was found by the authors that when the total demand is more than the supply, the advanced discounts are just as effective as the clearance sells. However, the focus will turn to capacity costs and the capacity available, the resale price and the price commitment along with the rationing of the commodities.

3. Objectives of the Study

1. To design, develop and standardize that identifies attitudes towards clearance sales of liked and disliked brands.
2. To study the underlying factors those encompass the attitude towards Clearances Sales of liked and disliked Brands.

4. Research Methodology

The study was exploratory in nature and survey methods were used to complete the study. The population for the study comprised shoppers in Mumbai region. The sample size was of 50 shoppers. Because a complete list of population was not available, non-random sampling, specifically quota was utilized. For data collection, a self-designed questionnaire was administered. The questionnaire had a face point Likert type scale, where 1 indicated minimum agreement and 5 indicated maximum agreement. The demographic data was collected for respondents on the basis of their gender and family income. The collected data was subjected to analysis through SPSS. Further, the factors in the measure were identified via factor analysis.

5. Results and Discussion

Sample Description

The data was collected in the month of July 2016. The following sample descriptive will be of value in understanding the sample characteristics. The demographic variables on which data was taken from respondents were Gender and Family income.

<table>
<thead>
<tr>
<th>Table 1.1: Demographic Profile</th>
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<tbody>
<tr>
<td>Gender</td>
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<td>2.00</td>
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<tr>
<td>3.00</td>
</tr>
<tr>
<td>4.00</td>
</tr>
</tbody>
</table>

Reliability for the questionnaire was calculated through SPSS. The statistics (table 1.2) came out as:

<table>
<thead>
<tr>
<th>Table 1.2: Reliability Statistics</th>
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</thead>
<tbody>
<tr>
<td>Cronbach's Alpha</td>
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It is being considered that reliability value should be more than 0.6, and it can be seen that reliability value is higher than the standard value, so all items in the questionnaire are reliable.
Factor Analysis

Kaiser-Meyer-Olkin measure of sampling adequacy was applied to check the sample adequacy.

### Table 1.3: KMO Test

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | 0.561 |

**Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy**: The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate factor analysis is appropriate. Value below 0.5 implies that factor analysis may not be appropriate. Kaiser-Meyer-Olkin measure of sampling adequacy value for the measures were found more than 0.561 indicating that the sample was adequate to consider the data suitable for factor analysis.

**Factor Analysis**

To identify the underlying factors of the attitude for clearance sales of liked and disliked brands. Factor Analysis using Principal Component Matrix with Varimax Rotation was applied. The KMO Measure of sampling Adequacy was 0.561 which indicates that there was scope of increasing the sample size. Five Factors emerged after applying Factor Analysis (Table-1.4).

The factors that emerged were:

### Table 1.4: Emerged Factors

<table>
<thead>
<tr>
<th>Factor Name</th>
<th>% of var.</th>
<th>Loading</th>
<th>Item Converged</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Excitement</td>
<td>21.977</td>
<td>.544</td>
<td>Clearance sales are always exciting whether I like brand or not. i will never visit a clearance sale if it of a brand i dislike clearance sale are always attractive</td>
</tr>
<tr>
<td></td>
<td>9.292</td>
<td>.561</td>
<td>for brands i like i wait for the clearance sale to be announce so that i can buy the clothes</td>
</tr>
<tr>
<td></td>
<td>8.279</td>
<td>.687</td>
<td>I will visit the clearance sale of a brand i like even if the discount is not very heavy</td>
</tr>
<tr>
<td>2. Brand Preference</td>
<td>2.641</td>
<td>.794</td>
<td>i will visit the clearance sale only if it is of brand i like</td>
</tr>
<tr>
<td></td>
<td>16.164</td>
<td>.750</td>
<td>I will encourage my friends and family to come along for the sale if it is a brand i like</td>
</tr>
<tr>
<td>3. Brand Opinion Leadership</td>
<td>12.569</td>
<td>.548</td>
<td>i do not like to shop in clearance sale</td>
</tr>
<tr>
<td></td>
<td>5.364</td>
<td>.690</td>
<td>if there is very heavy discount i will visit the sale even if i do not particularly like the brand</td>
</tr>
<tr>
<td>4. Price Image Sensitivity</td>
<td>6.142</td>
<td>.846</td>
<td>i will discourage my family and friend from visiting a clearance sale if it is of a brand i dislike</td>
</tr>
<tr>
<td></td>
<td>6.879</td>
<td>.663</td>
<td></td>
</tr>
<tr>
<td>5. Peer Influence</td>
<td>10.693</td>
<td>.504</td>
<td></td>
</tr>
</tbody>
</table>

Description of Factors

1. **Excitement**: This factor has emerged as the most important determinant of attitude towards clearance sale of liked and disliked brands. Major elements are Clearance sales are always exciting whether I like brand or not. 0.544and I will never visit a clearance sale only if it of a brand I dislike. 0.561.

2. **Brand Preference**: Major elements of this factor include, I will visit the clearance sale of a brand I like even if the discount is not very heavy. 0.794 and for brands I like I wait for the clearance sale to be announce so that I can buy the clothes.0.750.

3. **Brand Opinion Leadership**: Major elements of this factor include, I will visit the clearance sale only if it is of brand I like. 0.690and I will encourage my friends and family to come along for the sale if it is a brand I like.0.548.

4. **Price Image Sensitivity**: Important elements of this factor include, I do not like to shop in clearance sales. 0.846, If there is very heavy discount I will visit the sale even if I do not particularly like the brand 0.663.

5. **Peer Influence**: Most relevant elements of this factor include, I will discourage my family and friends from visiting a clearance sale if it is of a brand I dislike 0.504.

Implications

This study can be replicated on a larger and more representative sample. Also, a greater demographic representation would improve the richness of the area under study. A general sense during the research was that there is a dearth of studies on this topic In Indian context. Several brand employee range of selling policies for their brand. A potent study would imbibe the impact of change in the selling policies on the effectiveness of sales. The kind of study that has been presented here, with change in methodology can employ an experimental design for its execution. This would also be a valuable change to the study.

6. Conclusion

In the current study, we undertook the study of attitude towards clearance sale of liked and disliked brands. The study yielded five factors, namely-Excitement Brand...
preference, Brand-Opinion Leadership, Price-Image Sensitivity and Peer Influence. Further, it was found that among all the extract factors, Brand preferences are the most important determinant of attitude towards clearance of sales.

References