

A STUDY ON FACTORS WHICH INFLUENCE IN RETAILERS' SALES PROMOTION STRATEGIES OF FMCG PRODUCTS

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This article presents a framework for retailers organizing and discussing how sales promotion strategies affects sales of FMCG products and how to use this framework to delineate major generalizations and to identify issues in need of resolution. This framework consists of data used to measure sales impact of promotions in rural and semi-urban areas FMCG products and the time frame of that impact.

Key words: Consumer preference, Consumer benefits, Branding, FMCG.

1. INTRODUCTION

The growing managerial importance of sales promotion has generated a great deal of recent research on how sales promotion affects sales. Our purpose is to 1) Present a frame work for organizing and discussing these sales effects, and 2) Use this framework to delineate major emerging generalizations and to identify the issues that need to be resolved. Our framework consists of two factors: the data used to measure the sales impact of promotions rural and semi-urban areas FMCG products and the time frame of the impact. The types of data we consider are household level and market level. Our main conclusion is that several generalizations are emerging concerning the immediate effects of promotion, and these effects are found using both household- and market-level data. The net result is that is much more work to be done to understand the effects of sales promotion.

2. REVIEW OF LITERATURE

Behavioral research on sales promotions has tended to focus on the demographics of deal-prone consumers (*Bawa and shoemaker 1987: Blattberg et al. 1978: Narasimhan 1984: Webster 1965*) and on the identification of personal traits such a “coupon proneness,” “value consciousness, “ or market mavenism” (*Feick and price 1987: Lichtenstein, Netemeyer, and Burton 1990: Mittal 1994*). These studies offer a coherent portrait of the demographic and psychographic characteristics of deal prone consumers(for a review, see *Blattberg and Neslin 1990*, pp. 65-82; *Chandon 1995*). However, because of their focus on individual variables, these studies did not examine the nature, and the number, of the specific consumer benefits of sales promotions. As a result, most analytical and econometric models of sales promotions assume that monetary savings are the only benefit motivating consumers to respond to sales promotions(for a review, see *Blattberg and Neslin 1993*).

Building a strong brand in the market is the current goal of many organizations. This is due to the fact that brand equity has been found to lead to higher prices (Firth 1993), greater market share (*Park & Srinivasan 1994*), more responsive advertising and promotions (*Keller 1998*), earlier market penetration (Robertson 1993) and more efficient product line extensions (*Keller & Aaker 1992*).

As a result it is not hard to understand why brand equity has emerged as a central concept in marketing over the past 20 years. Much has been learned during the past two decades about brand valuation (e.g. *Aaker 1991; Keller 1998; Yoo & Donthu 2001*), the leverage of brand equity through brand extensions (*Broniarczyk & Alba 1994*), the impact of such extensions on the core brand (*Loken & John 1993*), and its many benefits for a firm and its customers (*Keller 1998*). However, researchers have not devoted the same considerable attention to addressing how brand equity may be built through marketing activities.

Specifically, in our opinion, building brand equity appears to be worthy of investigation in the context of sales promotions. Indeed, the most recent practices in the industry diverge from the general academic view that sales promotions destroy brand equity (*Mela et al. 1997; Yoo et al. 2000*). For example, Georgia-Pacific, a leading manufacturer of paper products, differentiated and modernized the image of its brand, Brawny, by executing the ‘Do you know a Brawny man?’ contest promotion. Kraft Food’s ‘Game of Life’ promotion reinforced its brand image values (further information at www.kraftfoods.com) and Juicy Fruit’s ‘Gotta have sweet’ scavenger-hunt promotion of Wm Wrigley Company contributed to building brand awareness and brand excitement (one of the five brand Personality dimensions suggested by *Aaker 1997*).

Although we have predicted that sales promotions have a positive effect on brand knowledge, this effect may depend on the type of promotion. The most recent literature on sales promotions (*Chandon & Laurent 1999; Chandon et al. 2000*) stresses the need to distinguish between two types, monetary and non-monetary, because there are important differences between them. On the one hand, monetary promotions (e.g. free product and Coupons) are primarily related to utilitarian benefits, which have an instrumental, functional and cognitive nature. They help consumers to increase the acquisition utility of their purchase and enhance the efficiency of their shopping experience. On the other hand, non-monetary promotions (e.g. contests, sweepstakes, free gifts, and loyalty programs) are related to hedonic benefits with a non-instrumental, experiential and affective nature, because they are intrinsically rewarding and related to experiential emotions, pleasure and self-esteem.

However, if consumers under continuous sales promotions form a certain attitude toward a promoted brand and maintain their attitude afterwards, sales promotions should be regarded as more than just a tool for sales increase. For marketers who spend a considerable amount of money on sales promotions, it is thus important to understand what effects those promotions will bring to brand attitude. It is also critical to know how these effects change over a period of time, as long-term sales promotions are becoming a common practice (*Raghubir, Inman, & Grande, 2004*).

Sulekha & Dr. Kiran MorAn (2013) the researchers studies concluded that FMCG company make such marketing strategies which create a favorable environment for rural consumers and help to understand them which product suit best to them. Special kind of marketing mix strategies are required for rural marketing which emphasize on low price along with low cost phenomena.

Ashwin A Santoki and Milind H Parekh (2017) the researchers found results also revealed that “people who have more brand awareness are like to purchase more of that brand. 71.9% rural people like to buy FMCG branded products from Provisional store. 71.5% people doing cash payment while purchasing FMCG products while others on credit bases. More than 93% people are being aware of brand FMCG products from television advertisements, while it is also found that no one is being aware from the internet source because of lack of internet facilities”.

3. RESEARCH METHODOLOGY

Research Problem

This paper had been undertaken with an objective to understand the factor influence in sales promotion of FMCG product and to study what type of factor which influences a lot in customer decision while selecting a product. The objective of the study also included to identify whether the sales promotion techniques works to promote the sales or not. The sales promotion techniques and switching over to other brand (reason) were also studied.

Sources of data used

Both types of data i.e., secondary and primary data are used in the present study. The secondary data have been collected at first form the text books, web sites, journals and other secondary sources. The primary data are collected then from the sample customer.

Objectives of the study

Main objective of the current study is to identify the factors influencing the purchase of FMCG product by consumers in Thanjavur. This study focused on the following objectives:

1. To study the personal, demographic, and rational profile of FMCG product.
2. To examine the external factors influencing purchase decisions.
3. To find out how promotional schemes are influencing the consumers
4. To examine how the product attributes influencing the consumer buying behavior.
5. To find out the factor which influence in sales promotions of FMCG product

Questionnaire

A structured questionnaire is constructed to get the primary data from the sample groups to identify. It includes demography of the members and all other dimensions of the study.

1. How the Promotion factor influenced in the customer attitude?
2. What are the Lifestyle factors of the customer?
3. How to build the Trust factor in particular brand?
4. Which is Value factor?
5. How to enhance the Product factor of a particular brand?

Research Design: - To analyze which is the most influencing techniques of sales promotion and how it works so descriptive research design was used. Primary data was collected with the help of structured questionnaire.

Sample Design: - Our target population involves the users, deciders and buyers of FMCG product. The users include the old and the young population. The deciders and the buyers mostly include the house wives and bachelors who buy the product from the market, out of those 100 respondents were selected through convenience sampling with care being taken to get responses from customers of different age groups and different family sizes.

Questionnaire design

According to the objectives of this study and research variables, as well as different dimensions in the conceptual structure, the questionnaire was organized into various factors, Promotion factor, Lifestyle factor; Trust factor, Value factor and Product factor are taken to know the attribute of the sales promotions on special reference of FMCG product.

Population & sampling method

The population for this study consisted of all the households (sampling size was 100) in Thanjavur district. The sample for the study was selected from the population by descriptive method.

Statistical Tools used

1. Percentage Analysis
2. Descriptive Analysis
3. Factor Analysis - KMO and Bartlett's Test

4. DATA ANALYSIS AND INTERPRETATION

Percentage analysis for demographic variables

Table -1

Percentage analysis for demographic variables

Demographic variables	Factors	Frequency	Percent
Gender	Male	100	50.0
	Female	100	50.0
	Total	200	100.0
Age	Below 20	44	22.0
	21 – 40	52	26.0
	41 – 60	64	32.0
	61 and above	40	20.0
	Total	200	100.0
Marital Status	Married	110	55.0
	Single	84	42.0
	Divorced	6	3.0
	Total	200	100.0
Educational Qualification	Upto H.S.C / P.U.C	92	46.0
	Degree/Diploma	70	35.0
	PG Degree	16	8.0
	Professional Degree	22	11.0
	Total	200	100.0
Occupation	Employee	18	9.0
	Business	28	14.0
	Profession	56	28.0
	Agriculture	54	27.0
	Household	44	22.0
	Total	200	100.0
Annual Income	Upto 1,00,000	92	46.0
	1, 00,001 – 2, 00,000	70	35.0
	2, 00,001 – 3, 00,000	16	8.0
	Above 3, 00,000	22	11.0
	Total	200	100.0

Source: Output generated from SPSS 20

The above table presents the distribution of sales promotion strategies of FMCG product according to their demographic status. Following is inferred from the table.

- Both male and female respondents are 100.
- 64 of the respondents are belong to the age of 41 to 60 yrs, 52 of them belong to 21 to 40 yrs, 44 of them are less than 30 yrs, 40 of respondents are above 61 yrs.
- Among the sample 110 are married, 84 are single and 6 of them are divorced. This means that majority of them are married.
- 92 respondents are qualified up to H.S.C / P.U.C, 35 of them are degree/diploma holder, 22 of them are done their professional degree and 8 respondents are P.G holder.
- 56 of the respondents are profession, 54 of them are doing agriculture, 44 of them are Household, 28 of them are doing Business and 18 of them are working (Employee).
- Annual income of the respondents are more than 1, 00,000 is earned by 92 customers, 1, 00,001 to 2, 00,000 by 70 respondents, 22 of them are earning above 2,00,000 and 16 respondents are earning 2, 00,001 to 3, 00,000.

Descriptive analysis for factors which influencing in sales promotion strategies of FMCG product

Table-2

Descriptive analysis for factors which influencing in sales promotion strategies of FMCG product

Factors	N	Mini	Max	Mean	Std. Deviation
Promotions	200	1	7	4.69	1.516
Relationship marketing	200	1	7	5.33	1.471
Product education	200	3	7	5.32	1.278
Free offers/sales promotions	200	2	7	4.98	1.295
Brand endorsement	200	1	7	4.69	1.433
Shelf display	200	1	7	4.64	1.404
Brand awareness	200	2	7	5.03	1.275

Packaging	200	2	7	4.98	1.303
Dignity	200	2	7	5.06	1.369
Brand visibility	200	2	7	5.07	1.183
Lifestyle	200	1	7	4.78	1.345
Friend's recommendation	200	1	7	5.00	1.682
Brand loyalty	200	1	7	4.42	1.924
Government promotions	200	1	7	4.93	1.695
Shop keeper's recommendation	200	1	7	4.89	1.607
Availability	200	1	7	5.01	1.411
Intended benefits	200	1	7	5.33	1.407
Affordability	200	1	7	5.17	1.484

Source: Output generated from SPSS 20

It is inferred that the brand loyalty is having least mean value of 4.42 is highly acceptable by the customer and the higher mean value (5.33) statement are relationship marketing and intended benefits indicates that the respondents are accepting this statement only to a certain extent.

Factor analysis for the factors which influencing in sales promotion strategies of FMCG product

KMO and Bartlett's Test

The dimensionality of factors which influencing in sales promotion strategies of FMCG product was examined using factor analysis based on eighteen individual statements and the reliability of the subsequent factor structures was then tested for internal consistency of the grouping of the items. The eighteen factors which influencing in sales promotion strategies of FMCG product statements are related to the following:

1. Promotions
2. Relationship marketing
3. Product education
4. Free offers/sales promotions
5. Brand endorsement
6. Shelf display
7. Brand awareness
8. Packaging
9. Dignity
10. Brand visibility
11. Lifestyle
12. Friend's recommendation
13. Brand loyalty
14. Government promotions
15. Shop keeper's recommendation
16. Availability
17. Intended benefits
18. Affordability
- 19.

Table – 3

KMO and Bartlett's Test of factors which influencing in sales promotion strategies of FMCG product

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.791	
Bartlett's Test of Sphericity	Approx. Chi-Square	746.157
	Degree of freedom	153
	Significant.	.000

Source: Output generated from SPSS 20

High value of KMO (0.791 > .05) of indicates that factor analysis is useful for the present data. The significant value for Bartlett's test of Sphericity is 0.000 and is less than .05 which indicates that there exists significant relationships among the variables. The resultant value of KMO test and Bartlett's test indicates that the present data is useful for factor analysis.

Table – 4

Total variance explained for factors which influencing in sales promotion strategies of FMCG product

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.750	31.943	31.943	5.750	31.943	31.943	4.109	22.827	22.827
2	2.132	11.842	43.785	2.132	11.842	43.785	2.827	15.703	38.530
3	1.441	8.007	51.792	1.441	8.007	51.792	1.893	10.516	49.046
4	1.304	7.242	59.034	1.304	7.242	59.034	1.438	7.988	57.033
5	1.017	5.652	64.686	1.017	5.652	64.686	1.377	7.652	64.686
6	.989	5.493	70.179						
7	.819	4.552	74.731						
8	.712	3.956	78.687						
9	.617	3.427	82.114						
10	.589	3.270	85.384						
11	.529	2.940	88.324						
12	.498	2.768	91.092						
13	.426	2.366	93.458						
14	.339	1.883	95.342						
15	.270	1.498	96.840						
16	.241	1.340	98.180						
17	.205	1.142	99.322						
18	.122	.678	100.000						

Extraction Method: Principal Component Analysis.

Source: Output generated from SPSS 20

All the statements of the factors which influencing in sales promotion strategies of FMCG product are loaded on the five factors

Table – 5

Rotated Component Matrix of factors which influencing in sales promotion strategies of FMCG product

Rotated Component Matrix ^a	Component				
	1	2	3	4	5
Shelf display	.864	.029	.081	-.086	.068
Brand awareness	.846	.173	-.053	.017	-.022
Brand endorsement	.809	.134	.124	-.064	.106
Free offers/sales promotions	.718	.364	-.058	.081	.039
Relationship marketing	.591	.528	.082	.027	-.098
Lifestyle	.579	.317	.150	.078	.237
Promotions	.553	.496	-.053	-.061	.016
Product education	.228	.789	-.034	.082	-.040
Dignity	.239	.726	.128	.001	.211
Packaging	.504	.607	-.125	-.012	-.051
Brand visibility	.124	.556	.221	.081	.365
Friend's recommendation	.214	-.012	.798	.220	.011
Shop keeper's recommendation	-.060	-.011	.734	-.123	-.078
Availability	-.041	.388	.574	-.006	.307
Affordability	-.083	.066	-.169	.835	-.008
Intended benefits	.086	-.013	.431	.645	-.004
Brand loyalty	.199	-.017	-.129	-.284	.760
Government promotions	-.055	.195	.128	.372	.658

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

Source: Output generated from SPSS 20

The total variance accounted for, by all the five factors with Eigen value greater than 1 is 64.686 percent and the remaining variance is explained by other variables. Among the five factors, the first factor accounts for around 22.827 percent of variance which is the prime criteria considered in factors which influencing in sales promotion strategies of FMCG product.

The statements are converted into 5 factors using factor analysis.

The following seven aspects related to factors which influencing in sales promotion strategies of FMCG product is converted into a single factor.

1. Shelf display
2. Brand awareness

3. Brand endorsement
4. Free offers/sales promotions
5. Relationship marketing
6. Lifestyle
7. Promotions

The following four aspects related to factors which influencing in sales promotion strategies of FMCG product into a single factor.

1. Product education
2. Dignity
3. Packaging
4. Brand visibility

The following three aspects related to factors which influencing in sales promotion strategies of FMCG product into a single factor.

1. Friend's recommendation
2. Shop keeper's recommendation
3. Availability

The following two aspects related to factors which influencing in sales promotion of FMCG product into a single factor.

1. Affordability
2. Intended benefits

The following two aspects related to factors which influencing in sales promotion of FMCG product into a single factor.

1. Brand loyalty
2. Government promotions

Apart from that, the dimension "factors which influencing in sales promotion strategies of FMCG product" comprises 18 statements. Out of eighteen statements, five contribute more towards factors which influencing in sales promotion strategies of FMCG product. The statements are (1) Shelf display (2) Product education (3) Friend's recommendation (4) Affordability and (5) Brand loyalty.

5. FINDINGS

This chapter summarizes the findings from data analysis, draws conclusions and suggests measures to improve factors which influencing in sales promotion strategies of FMCG product based on the analysis of the primary data gathered from sample of sales promotion strategies of FMCG product. Frequency analysis denote, that both male and female respondents are 100, 64 of the respondents are belong to the age of 41 to 60 yrs, Among the sample 110 are married, 92 respondents are qualified up to H.S.C / P.U.C, 56 of the respondents are profession and the annual income of the respondents are more than 1, 00,000 by 92 respondents. Descriptive analysis reveals that, the brand loyalty is having least mean value of 4.42 is highly acceptable by the customer and the higher mean value (5.33) statement are relationship marketing and intended benefits indicates that the respondents are accepting this statement only to a certain extent. Based on factor analysis, the dimension "sales promotion of health drinks" comprises 18 statements. Out of eighteen statements, five contribute more towards sales promotion of health drinks. The statements are (1) Shelf display (2) Product education (3) Friend's recommendation (4) Affordability and (5) Brand loyalty. Price off or discount method is the most effective method, premium and extra quantity methods are second and third respectively to motivate customer to buy products. The respondents opined that the timing for brining sales promotion scheme is off season, during falls in sales volume and during peak season.

6. SUGGESTIONS

Based on the findings of the study, the following suggestions are made for the better factors which influencing in sales promotion of FMCG product. Most analytical and econometric models of sales promotions assume that monetary savings are the only benefit motivating consumers to respond to sales promotions. So the sales promotion will be effective only in short run. Sales promotion schemes are mainly brought in off season during falls in sales volume and peak of the season. In future, for launching of schemes the timing is to be followed for better result. It is found that in planning and implementation of schemes MNCs like Nestle, Colgate and P&G are the leader in markets. Indian companies should wake up and learn a lesson from foreign competitors. They should work more effectively in this area so they can improve their sales market shares. For improving effectiveness of the management should focus on proper timing of launching scheme, communication and transparency regarding sales promotion schemes. Information regarding sales promotion methods not readily available to all customers, More efforts needed to communicate to all concerned parties very often to increase more awareness regarding sales promotion methods.

7. CONCLUSION

Sales promotion techniques may increase the sales periodically, but in long run it won't works. Merely we can't say that sales promotion techniques will increase the sales. First customer must aware of the sales technique which was available; the lifestyle of the customer is also study even though the product price goes down some people is not willing to move to other product here the brand loyalty plays a vital role, customer will trust some product so they are not willing to try other product (for example baby product and cosmetics), Value and Product factor also reflect in sales promotion. The FMCG companies make it sure using marketing strategies which concentrate to create a favorable environment for rural and semi-urban areas consumers and help to understand the customers which product suit best to customers. Special types of marketing strategies are required for rural and semi-rural marketing which emphasis low price along with low cost phenomenon.

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