To study the "Effects of promotional schemes on sales and consumer satisfaction" at Berger Paints Ltd.

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Abstract : The promotion mix is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. The purpose of promotion is to reach the targeted consumers and persuade them to buy. Promotion has been defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea. Sales promotion is vital element of promotional mix. The purpose of this study is to investigate the effects of sales promotion on buyer decision making process. In other words, the general objective of this study was to find out the effectiveness of some elements on the buying behaviors of customers. Marketing activities related to the promotion of sales increased consumer purchases and indirectly to get more profit for the company. So, the purpose of sales promotion is to reach the targeted consumers and pervade them to buy .Sales promotion has become a vital tool for marketing and its importance has been increasing significantly over the years. One of the purposes of a sales promotion is to elicit a direct impact on the purchase behavior of the firm's consumers. Firms have to rethink the relationship between attitude and behavior of their consumers. In this study, we will discuss the impact of sales promotion on consumer purchasing behavior**.**

***IndexTerms* - Promotion Mix , Buying decision process , Sales Promotion , Consumers Attitude .**

I. INTRODUCTION

This project is based on the importance of promotional schemes for the increase in sales. As berger is a paint company and the big customers and regular customers are contractors and its very important to attract them with promotional activities so that they keep being loyal to the company.

In marketing, promotion refers to any type of marketing communication used to inform or persuade target audiences of the relative merits of a product, service, brand or issue. The aim of promotion is to increase awareness, create interest, generate sales or create brand loyalty. It is one of the basic elements of the market mix, which includes the four Ps, i.e., product, price, place, and promotion.

Promotion is also one of the elements in the promotional mix or promotional plan. These are personal selling, advertising, sales promotion, direct marketing publicity and may also include event marketing, exhibitions and trade shows. A promotional plan specifies how much attention to pay to each of the elements in the promotional mix, and what proportion of the budget should be allocated to each element.

Promotion covers the methods of communication that a marketer uses to provide information about its product. Information can be both verbal and visual.

Types of Promotion

Advertising

Advertising means to advertise a product, service or a company with the help of television, radio or social media. It helps in spreading awareness about the company, product or service. Advertising is communicated through various mass media, including traditional media such as newspapers, magazines, television, radio, outdoor advertising or direct mail; and new media such as search results, blogs, social media, websites or text messages.

Direct Marketing

Direct marketing is a form of advertising where organizations communicate directly to customers through a variety of media including cell phone text messaging, email, websites, online adverts, database marketing, fliers, catalog distribution, promotional letters and targeted television, newspaper and magazine advertisements as well as outdoor advertising. Among practitioners, it is also known as a direct response.

Sales Promotion

Sales promotion uses both media and non-media marketing communications for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability.

Personal Selling

The sale of a product depends on the selling of a product. Personal Selling is a method where companies send their agents to the consumer to sell the products personally. Here, the feedback is immediate and they also build a trust with the customer which is very important.

Public Relation

Public relation or PR is the practice of managing the spread of information between an individual or an organization (such as a business, government agency, or a nonprofit organization) and the public. A successful PR campaign can be really beneficial to the brand of the organization.

Literature Review :

Sales Promotion and Consumer Response/ Preference:

Consumer promotions are now more pervasive than ever. Witness 215 billion manufacturer coupons distributed in 1986, up 500% in the last decade (Manufacturers Coupon Control Center 1988), and manufacturer expenditures on trade incentives to feature or display brands totalling more than $20 billion in the same year, up 800% in the last decade (Alsop 1986; Kessler 1986). So far, not much work has been done to identify the purchasing strategies that consumers adopt in response to particular promotions, or to study how pervasive these strategies are in a population of interest. Blattberg, Peacock and Sen (1976) define a purchase strategy as a general buying pattern which "incorporates several dimensions of buying behaviour such as brand loyalty, private brand proneness and deal proneness." A greater understanding of the different types of consumer responses to promotions can help managers to develop effective promotional programs as well as provide new insights for consumer behaviour theorists who seek to understand the influence of different types of environmental cues on consumer behaviour.

Blattberg, Eppen, and Liebermann (1981), Gupta (1988), Neslin, Henderson, and Quelch (1985), Shoemaker (1979), Ward and Davis (1978), and Wilson, Newman, and Hastak (1979) find evidence that promotions are associated with purchase acceleration in terms of an increase in quantity purchased and, to a lesser extent, decreased inter purchase timing. Researchers studying the brand choice decision-for example, Guadagni and Little (1983) and Gupta (1988)-have found promotions to be associated with brand switching. Montgomery (1971), Schneider and Currim (1990), and Webster (1965) found that promotion-prone households were associated with lower levels of brand loyalty.

Blattberg, Peacock, and Sen (1976, 1978) describe 16 purchasing strategy segments based on three purchase dimensions: brand loyalty (single brand, single brand shifting, many brands), type of brand preferred (national, both national and private label), and price sensitivity (purchase at regular price, purchase at deal price). There are other variables that may be used to describe purchase strategies, examples are whether the household purchases a major or minor (share) national brand, store brand, or generic, or whether it is store-loyal or not. McAlister (1983) and Neslin and Shoemaker (1983) use certain segments derived from those of Blattberg, Peacock, and Sen but add a purchase acceleration variable to study the profitability of product promotions.

Throughout the world, consumer sales promotions are an integral part of the marketing mix for many consumer products. Marketing managers use price-oriented promotions such as coupons, rebates, and price discounts to increase sales and market share, entice trial, and encourage brand switching. Non-price promotions such as sweepstakes, frequent user clubs, and premiums add excitement and value to brands and may encourage brand loyalty (e.g., Aaker 1991; Shea, 1996). In addition, consumers like promotions. They provide utilitarian benefits such as monetary savings, added value, increased quality, and convenience, as well as hedonic benefits such as entertainment, exploration, and self expression (Chandon, Laurent, and Wansink, 1997).

A large body of literature has examined consumer response to sales promotions, most notably coupons (e.g.. Sawyer and Dickson, 1984; Bawa and Shoemaker, 1987 and 1989; Gupta, 1988; Blattberg and Neslin, 1990; Kirshnan and Rao, 1995; Leone and Srinivasan, 1996). Despite this, important gaps remain to be studied. It is generally agreed that sales promotions are difficult to standardize because of legal, economic, and cultural differences (e.g., Foxman, Tansuhaj, and Wong, 1988; Kashani and Quelch, 1990; Huff and Alden, 1998). Multinational firms should therefore understand how consumer response to sales promotions differs between countries or states or province.

Brand Equity Measurement:

According to Rust, Ambler, Carpenter, Kumar, & Srivastava (2004), it is important to measure marketing asset of a firm which they define as customer focused measures of the value of the firm (and its offerings) that may enhance the firm‘s long-term value. To measure this, they focus on two approaches: brand equity and customer equity. Measuring brand equity deals with the measurement of intangible marketing concepts, such as product image reputation and brand loyalty. Rajagopal (2008) supports the view of measuring the marketing asset of a firm and highlights that the major advantage of a brand measurement system is that it links brand management and business performance of the firm and is a strategic management tool for continuous improvement rather than a static snapshot in time of the brand‘s performance. An effective brand measurement system therefore helps businesses to understand how the brand is performing with the framework of customer values and against competing brands.

According to Ambler, 2003 many companies measure brand equity to ensure that marketing activities are aligned with the company‘s strategy and to ensure that investment is used for the right brands. Ambler (2003) further defines marketing metrics as quantified performance measures regularly reviewed by top management which can be classified into six categories such as:

1. Consumer intermediate: such as consumer awareness and attitudes. The measure lies in inputs (advertising) and behaviour (sales).
2. Consumer behaviour: such as quarterly penetration.
3. Direct trade customer: distribution availability.
4. Competitive market measures: market share (measure relative to a competitor or the whole market).
5. Innovation: such as share of turnover due to new products.
6. Financial measures: advertising expenditure or brand valuation.

Multinationals such as Coca Cola, PepsiCo, McDonald‘s, IBM and many others have marketing metrics in place that are used globally to measure and track brand equity.

According to Kish, Riskey & Kerin (2001), PepsiCo measures and tracks brand equity using a propriety model called Equitrak which is based on two factors: (1): Recognition – how broad and deep is a brand‘s awareness and (2): Regards: which measures how people feel about the brand and includes brand reputation, affiliation, momentum and differentiation. The Equitrak model used by PepsiCo not only tracks the company brands but competitor brands as well and is used by all subsidiaries in different countries. McDonald‘s UK has key areas for metrics to track their marketing quarterly: 1. Sales transaction (which also includes customer satisfaction, value for money and cleanliness), 2. Market share and brand equity measures (awareness, and advertising recall) and 3. Mystery diners who visit the stores to evaluate the service level (Ambler, 2003). Shell also uses a global tracker which provides metrics and diagnostics for their brand versus competitors across 70 countries and has a range of questions including awareness, trial, purchase, loyalty and image (Ambler, 2003).

The key therefore is to balance financial and non financial goals and many authors do agree that top management must support this and regular review of both financial and non-financial goals is necessary to drive a market orientated business. Dunn and Davies (2004), suggest that having a brand focused business should be a top bottom approach driven by the top executives. The concept of market orientation therefore plays a significant role. According to Barwise & Farley (2004), both external and internal forces are steadily forcing firms to be more market oriented and research suggests that market-oriented firms tend to enjoy superior performance. This view is supported by Best (2005), who says that a strong market orientation cannot be created by a mere proclamation but by adopting a market based management philosophy whereby all members of the organization are sensitive to customers' needs and are aware of these needs. The benefits of strong market orientation are: better understanding of competitors, customer focus, customer satisfaction and high profits (Best, 2005; Ambler, 2003).

Davis (2002) adds that brands should be managed as assets using a top down approach where senior executives embrace the concept that marketing should have a leading seat at the strategy table and use the brands to drive key strategic decisions. Also if senior executives are vocal and show commitment to the brands, then employees within an organization will start taking ownership of the brand.

Sales Promotion Types and Preferences:

At this point, it is useful to define what mean by the terms "expected price" and "price promotion." Following Thaler (1985), it is viewed that the price consumers' use as a reference in making purchase decisions as the price they expect to pay prior to a purchase occasion. Further, the expected price may also be called the "internal reference price" (Klein and Oglethorpe 1987) as opposed to an external reference price such as the manufacturers' suggested list price. Finally, a brand is on price promotion when it is offered with a temporary price cut that is featured in newspaper advertising and/ or brought to consumers' attention with a store display sign.

The price expectations hypothesis has been used to provide an alternative explanation for the observed adverse long-term effect of price promotions on brand choice (Kalwani et al. 1990). Previous research has shown that repeat purchase probabilities of a brand after a promotional purchase are lower than the corresponding values after a non promotional purchase (Dodson, Tybout, and Sternthal 1978; Guadagni and Little 1983; Shoemaker and Shoaf 1977). Dodson, Tybout, and Sternthal evoke self- perception theory to predict that if a purchase is induced by an external cause (such as a price promotion) as opposed to an internal cause (e.g., the brand will be reduced when the external cause is removed. Alternatively, Kalwani et al. argue that consumers form expectations of a brand's price on the basis of, among other things, its past prices and the frequency with which it is price promoted. Consumers' reactions to a retail price then may depend on how the retail price compares with the price they expect to pay for the brand.

Specifically, during a price promotion, they are apt to perceive a price "gain" and react positively; correspondingly, when the deal is retracted, they are apt to perceive a price "loss" and are unlikely to purchase the brand. Neslin and Shoemaker (1989) offer yet another alternative explanation for the phenomenon of lower repeat purchase rates after promotional purchases. They argue that the lower repeat purchase rates may be the result of statistical aggregation rather than actual declines in the purchase probabilities of individual consumers after a promotional purchase. Specifically, "if the promotion attracts many consumers who under non promotion circumstances would have very low probabilities of buying the brand, then on the next purchase occasion the low probabilities of these consumers bring down the average repurchase rate among promotional purchases".

The behaviour of households that have low probabilities of buying a brand upon the retraction of a deal can be explained readily in a price expectation framework. It has been suggested that the price they expect to pay for the brand may be close to the deal price and they may forego purchasing the focal brand when it is not promoted because its retail price far exceeds what they expect to pay for it.

It has been investigated that the impact of price promotions on consumers' price expectations and brand choice in an interactive computer-controlled experiment. Manohar U. Kalwani and Chi Kin Yim discussed that expected prices were elicited directly from respondents in the experiment and used in the empirical investigations of the impact of price promotions on consumers' price expectations. Further, rather than studying the impact of just a single price pro- motion and its retraction, they assessed the significance of the dynamic or long-term effects of a sequence of price promotions. They have concluded that both the price promotion frequency and the size of price discounts have a significant adverse impact on a brand's expected price.

Consistent with the findings of Raman and Bass (1988) and Gurumurthy and Little (1989), they also found evidence in support of a region of relative price insensitivity around the expected price such that changes in price within that region produce no pronounced change in consumers' perceptions. Price changes outside that region, however, are found to have a significant effect on consumer response. Further, they discussed that promotion expectations are just as important as price expectations in understanding consumer purchase behaviour. In particular, consumers who have been exposed to frequent price promotions in support of a given brand may come to form promotion expectations and typically will purchase the brand only when it is price promoted. Added to it, in the case of price expectations, consumer response to promotion expectations was asymmetric in that losses loom larger than gains.

Applying Helson's (1964) adaptation-level theory to price perceptions, Sawyer and Dickson (1984) suggest that price promotions may work in the short run because consumers may use the brand's regular price as a reference and then are induced by the lower deal price to purchase the brand. However, frequent temporary price promotions may also lower the brand's expected price and lead consumers to defer purchases of the brand when it is offered at the regular price.

Tversky and Kahneman (1974) have shown that people rely on a limited number of heuristic principles that reduce complex tasks of assessing probabilities and predicting values to simpler judgmental operations. In some cases, people may anchor and adjust their forecasts by starting with a preconceived point and weigh that point heavily in arriving at a judgment. When the frequency of past price promotions is "very low," consumers identify a price promotion offer as an exceptional event and may not modify the brand's expected price. The brand's expected price then will be anchored around the regular price because of insufficient adjustment. In other cases, people may arrive at a judgment on the basis of how similar or representative the event is to a class of events. Therefore, when a brand is price promoted "too often," consumers come to expect a deal with each purchase and hence expect to pay only the discounted price on the basis of its representativeness.

Clearly, given a certain level of price discount, the brand's expected price will be bounded by the regular price and the implied sale price. That line of reasoning suggests that the relationship between the price promotion frequency and the expected price can be approximated by a sigmoid function.

Whether a price discount will affect the brands expected price depends on how consumers perceive the discount. Uhl and Brown (1971) postulate that the perception of a retail price change depends on the magnitude of the price change. They report results from an experiment indicating that 5% deviations were identified correctly 64% of the time whereas 15% deviations were identified correctly 84% of the time. Della Bitta and Monroe (1980) find that consumer' perceptions of savings from a promotional offer do not differ significantly between 30%, 40%, and 50% discount levels. However, they find significant differences between the 10% and 30 to 50% levels. They also discuss some managers' beliefs that at least a 15% discount is needed to attract consumers to a sale. Apparently, small price changes may not be noticed and even a large price reduction (say, 60 or 70%) may not be assimilated to affect the brand's expected price if it is considered exceptional. Hence, the impact of the depth of price discounts on lowering the brand's expected price is likely to occur when the price discount offered by the brand is relatively large but not so large that it is seen as an exceptional event.

Price discounts ranging from 10 to 40%, a range commonly used in past research on price discounts in the consumer packaged goods categories (Berkowitz and Walton 1980; Curhan and Kopp 1986). Within that range, the findings of Uhl and Brown (1971) and Della Bitta and Monroe (1980) suggest that it is reasonable to expect the relationship between the brand's expected price and the depth of price discounts to be concave.

However, Manohar U. Kalwani and Chi Kin Yim (1992) found that the brands expected price is a linear function of the price promotion frequency and the depth of price discounts at conventional significance levels. Nevertheless, the results provide some directional support for nonlinear relationships between the expected price and the two elements of a price promotion schedule. Given the important implications of such potential nonlinear effects of price promotions on brands' expected prices, further research testing those nonlinear effects of price promotions should prove fruitful for the design of optimal price promotion policies.

They also contributed that promotion expectations suggest that unfulfilled promotion expectation events among consumers who have come to expect promotions on a brand because of frequent exposure to them will have an adverse impact on the brand. Analogously, unexpected promotion events will enhance the probability of purchasing a brand among consumers who have not been exposed to many price promotions and therefore do not as a rule expect the brand to be available on a promotional deal. they suggest that those results are consistent with the rational expectations view that "any policy rule that is systematically related to economic conditions, for example, one observed with stabilization in mind, will be perfectly anticipated, and therefore have no effect on output or employment" (Maddock and Carter 1982). Policy actions that come as a surprise to people, in contrast, will generally have some real effect. Clearly, the design of optimal price promotion schedules requires consideration of the fact that an increase in the use of price promotions could erode long-term consumer demand by lowering the prices that consumers anticipate paying for the brand.

Price promotional deals may come to be "perfectly anticipated" and have much less impact on consumer response than they do when they come as a surprise to consumers. Apart of it they suggested that Evaluation of the trade off between the short-term sales gain from a price promotion and the adverse effect on future sales because of consumers forming price and promotion expectations requires knowledge of how price promotions affect the formation of consumers' expectations under different market conditions.

Promotions have increased in popularity during the past few decades. The positive short-term impact of price promotions on brand sales is well documented. A price promotion typically reduces the price for a given quantity or increases the quantity available at the same price, thereby enhancing value and creating an economic incentive to purchase. However, if consumers associate promotions with inferior brand quality, then, to the extent that quality is important, a price promotion might not achieve the extent of sales increase the economic incentive otherwise might have produced.

The surveys on consumer satisfaction is also necessary to keep getting feedback so that the company can improve their products and services.

OBJECTIVE OF THE STUDY

1. To collect feedback from existing customers and their CE(customer executives) of Berger Paints India Limited.
2. To collect recommendation from the existing customers if any.
3. To inform about various schemes to Master Painters.
4. To inform the painters about the Holi utsab with Berger Luxury Interior scheme.

RESEARCH METHODOLOGY

1. Primary data: Primary data collected by interviewing the painters.
2. Secondary data: web based data and data obtained from company records.

Core Area:

1. Customer analysis
2. Painter analysis

Data Representation :

Many statistical tools like

1. Bar charts
2. Pie charts

Have been used in this study to derive the conclusion.

FIELD AREA:

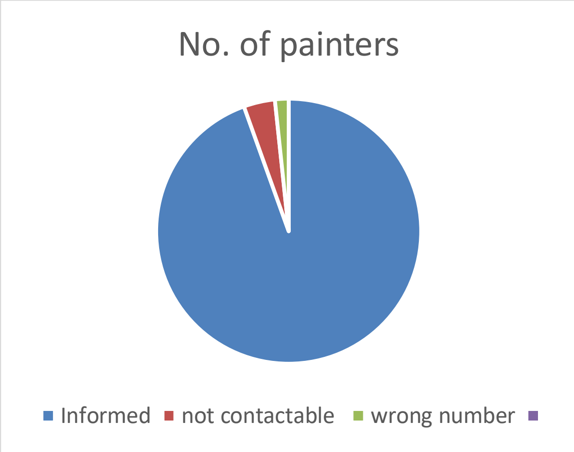
My field area is within Kolkata and parts of 24 parganas

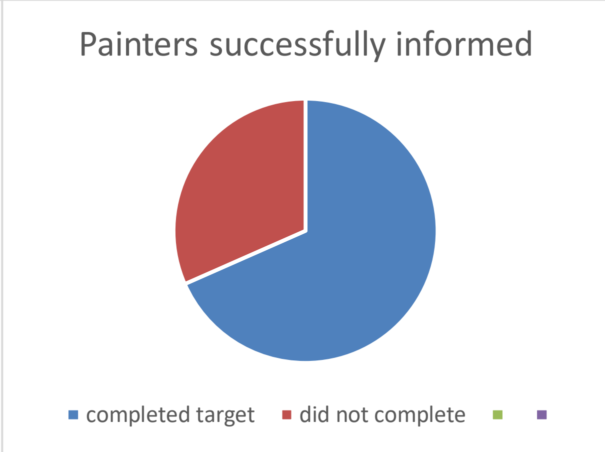
Painters	**Sample size: 527** **Successfully surveyed:418** **Failures:105**
Existing customers	Sample size:39 Successful survey:20 Wrong numbers:6 Failures:13

DATA INTERPRETETION/ ANALYSIS

Status	Number of painters	%of painters
informed	418	79.2
Not contactable	90	17
Wrong number	15	2.8
Total	527	100

	No.	%
Painters targeted	527	100
Painters successfully informed	418	79.7
Painters who completed their targets	286	68.4





QUESTIONNAIRE

Q1. How would you rate the usage of Berger Express Painting Tools? (interior painting only)

1. Average 2. Good 3. Excellent

Q2. How would you rate the overall service of the customer executive?

1. Average 2. Good 3. Excellent

Q3. How would you rate the overall painting service provided by the contractor?

1. Average 2. Good 3. Excellent

Q4. How would you rate the express painting service?

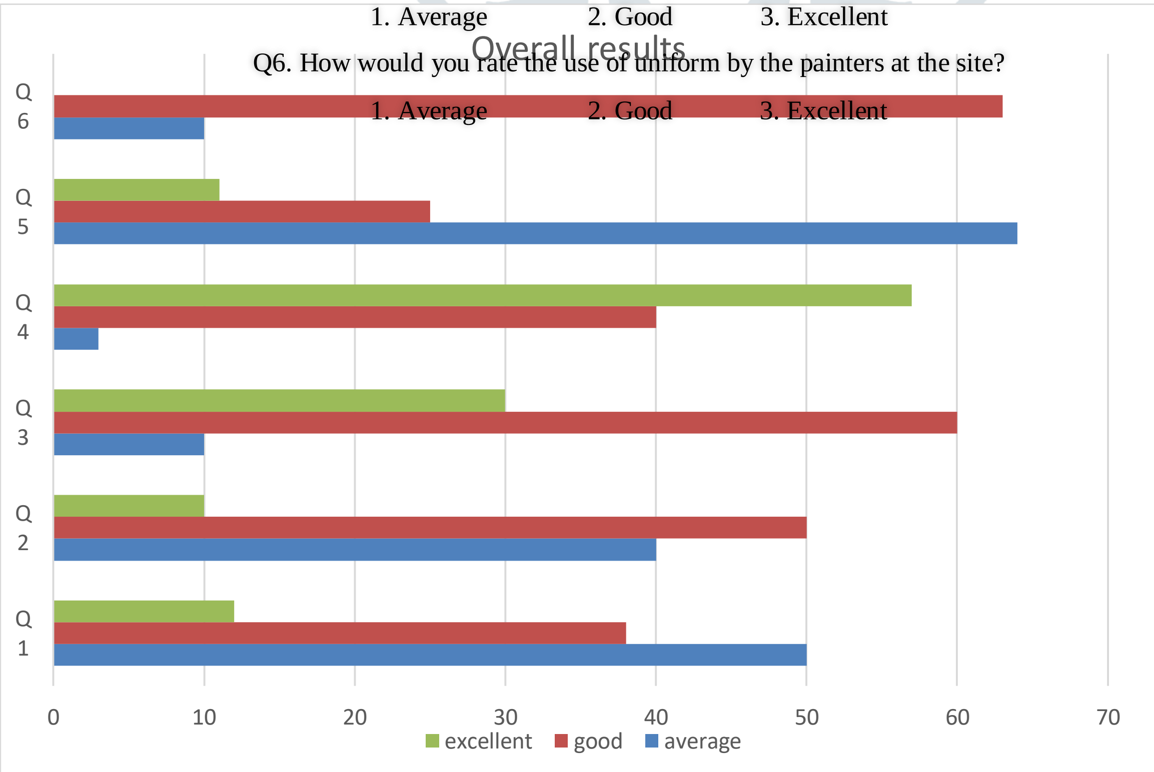
1. Average 2. Good 3. Excellent

Q5. How would you rate the masking of furniture by furniture jackets and furniture movement before the painting job?

1. Average 2. Good 3. Excellent

Q6. How would you rate the use of uniform by the painters at the site?

1. Average 2. Good 3. Excellent



FINDINGS OF THE STUDY

1. Now days Berger Paints India Ltd is a leading company in market. Many customers are really very happy & satisfied with Berger.
2. Few customers have complaint about Berger due to the lack of responsibilities with their respective work & harsh behaviour from CE (Customer Executive). Hence customers are unsatisfied.
3. The schemes provides motivation to the painters to buy bigger volumes of products in order to get gifts.
4. Many painters didn't get the previous bonus point from the company so for that they don't want to update the newer scheme provided by the company
5. Many painters quit the job due to the lack of information provided by the company from their allotted CE & SO about the various schemes & for that they are not getting enough profit from the company
6. Many a times painters are misguided from their Dealers & CE and they get manipulated about the various schemes and offers provided by the company.

LIMITATIONS OF THE STUDY

1. Survey area was confined to Kolkata and parts of 24 parganas.
2. Time span was limited to 45 days only
3. Many painters were non-cooperative so we are unable to survey properly
4. Many painters didn't update their coupons online so the recording of data was incorrect.
5. Many customers didn't entertain as the survey was made through phone calls.

CONCLUSION

The promotional schemes offered by Berger is a very important tool to boost the sales of any particular time. It hugely impacts the sales volume and the gifts helps to make the customers loyal to the company.
Secondly, the things that leads to customer dissatisfaction are the work done by the CE(customer executives) as they don't usually follow up to the sites and the failure of receiving the rewards from few dealers.