



Sales Promotion Techniques: One Solution does not Fit all

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ABSTRACT

Sales promotion is myopic incentives which majorly try to invoke consumer responses. However, there exists a debate over its effectiveness. So this research paper tries to identify effective promotional tools catering to Fast Moving Consumer Goods, Consumer Durables, and Business Services segments. It is found through Friedman method and ANOVA analysis that mostly consumers respond more to Buy one get one Free (BOGOF) in FMCG segment; In consumer durables segment, Refund offer was found to be more effective than others, Business services seem to be have Demonstration and trial, Frequent buyer benefit to be more effective than the rest.

ANOVA analysis that mostly consumers respond more to Buy one get one Free (BOGOF) in FMCG segment; In consumer durables segment, Refund offer was found to be more effective than others, Business services seem to be have Demonstration and trial, Frequent buyer benefit to be more effective than the rest.

KEYWORDS: Sales promotions; Promotion tools; Fast Moving Consumer Goods; Consumer behavior; Consumer Durable Goods, Business Services

INTRODUCTION

A good promotional strategy encompasses advertising, sales promotion, public relations, and personal selling in order to communicate with their present and potential consumers (Kotler, 1994). Because they have been shown to have a significant sales impact, sales promotions are majorly employed in businesses.

Researchers have shown that sales promotions lead to real long-run increases in sales and profits (Dhar and Hoch, 1996; Hoch et al., 1994). Sales promotion is thus, a direct inducement that offers some additional value to its customers for speed up selling process and to increase sales volume and to expect a desired behaviour from consumers.

Businesses today face the key challenge of gaining competitive advantage using promotions to choose a promotional tool which is suitable for the brand and the product type. It has been realised that it is very important to know the consumer's preferences and the actions that influence his or her behaviour (Alvarez and Casielles, 2004) to identify which promotional tool promotes sale of the product.

The aim of this work is to find effective combination of promotional tools with selected segment type to ensure consumer responses towards the marketing expenditure borne.

THEORETICAL FRAMEWORK LITERATURE REVIEW

Businesses today are continually looking for ways to improve the effectiveness and efficiency of their operations. Coming under increasing pressure and scrutiny one of them is sales promotions because it has a long been among the most challenging marketing costs to analyze or justify on a profit versus cost basis. It is important to understand which technique has greater impact on Consumer.

The basic decisions' confronting a manager, when implementing a promotion, is the type of promotion to be used and the benefit to be offered to consumers.

Table 1: Sales Promotion tools commonly employed by marketers, collected through extensive desk research

Tools	Name of Authors
Sweepstakes Or Lucky Draw	Blattberg And Neslin (1990); Shi <i>Et Al.</i> (2005); Kalra And Mengze (2010)
Price Discount, Free Sample, Free Gifts, Coupons	Sathish And Naachimuthu (2011)
Buy-One-Get-One-Free (BOGOF)	Helsen And Schmittlein (1992)
In-Store Display	Kautish (2011)

Seasonal Offers	Pahomi And Leith; Kwok And Uncles (2005)
Use of Reward Cards	Kim <i>Et Al.</i> (2001)
Refund Offers	Marketing News (1967)
Money Off ,Discounted Prices	Alvarez And Casielles (2005)
Demonstrations And Trials	Ehinlanwo And Zairi (1996)
Frequent User Programs	Kim <i>Et Al.</i> (2001)
Shelf-Price Discounts	Palazon And Ballester (2009); Kwok And Uncles (2005)

We have identified tools of Sales Promotions and the techniques which have been used by other researches to understand their effectiveness by extensive desk research of previous authors, as shown in the table 1.

RESEARCH METHODOLOGY

The promotional tools observed through desk research were segmented (Consumer Durables goods, Fast moving consumer goods (FMCG) and business services) with respect to the durability and tangibility characteristics. Descriptive research design is used and design of study is survey.

PROMOTIONAL TOOLS CONSIDERED IN THE THREE SEGMENTS FOR THIS STUDY: SECTOR TOOLS CONSIDERED

- 1. Fast Moving Consumer Goods:** Sweepstakes or lucky Draw, Coupon, free trials and Samples, price discounts, BOGOF.
- 2. Consumer Durables Goods:** In Store Display, Seasonal Offers, Free Gifts, Refund Offers, Point of Sale, Product warranty
- 3. Business Services:** Demonstration and Trial, Frequent User Programs; Reward Cards, Refund Offers.

Second step was to perform primary research which involved a self-administered questionnaire survey. The aim of the survey is to understand consumers' usage, attitude and behavioral responses towards sales promotion tools in different types of segments. One specific form of behavioral response may be induced by more than one promotional tool.

The target respondents were local consumers aged 18 to 40 who have experience in purchasing products across all the segments. Regarding the content of the questionnaire, there are three key parts, where each part is designed for one of the three segments which try to evaluate consumer's behavior towards considered promotional tools.

The questions were asked about their preference for one promotional tool towards the most likely consumer response. They had to choose between responses ranging from Strongly disagree, disagree, neutral, agree and strongly agree as per their perceptions for answering the question about each promotional tool. A total of 250 responses were collected for this part of research.

(A) OBJECTIVES

- To study the Effectiveness of Tools and Techniques Used in Sales Promotion
- To determine the influence of sales promotion tools on consumer buying behavior
- To find out the sales promotion tool which make maximum impact on buying behavior

(B) SAMPLING

- Sample Size: 250
- Sampling Unit: Retail Customers of Navsari city (Gujarat, India)
- Sampling Method: Non Probability Convenience Sampling
- Survey: Structured Questionnaire

(C) HYPOTHESIS

Statement 1: Techniques of Sales promotion are not related to each other.

Statement 1: There is no significant variance between sales promotion of different offers and Income.

ANALYSIS AND INTERPRETATION

Table 2: Friedman Test of different sales promotion techniques as per different offers.

H0: Techniques of Sales promotion are not related to each other.

H1: Techniques of Sales promotion are related to each other.

SALES PROMOTION TECHNIQUES	MEAN RANK
FAST MOVING CONSUMER GOODS	
buy 1 get 1 free	3.26
trial and free sample	3.18
Free coupon	2.94
Price discount	2.94
Sweepstakes or lucky	2.69
CONSUMER DURABLE GOODS	
Refund offers	4.26
Product warranty	4.07
Free gifts	3.54
Seasonal offers	3.37
In store display	2.88
Point of sale	2.88
BUSINESS SERVICES	
demonstration and trial	2.16
Frequent buying benefits	1.99
Reward card	1.85

INTERPRETATION:

FMCG: The Friedman test was applied on each Techniques of sales promotion for FMCG goods to know which techniques were ranked higher. And these higher ranked techniques in turn will show which techniques are influential to respondents. From the above table we can say that buy 1 get 1 free, trial and free sample, free coupon were ranked higher with the mean rank of 3.26, 3.18 and 2.94 respectively

Consumer durable goods: The Friedman test was applied on each Techniques of sales promotion for consumer durable goods to know which techniques were ranked higher. And these higher ranked techniques in turn will show which techniques are influential to respondents. From the above table we can say that Refund offers, Product warranty and free gifts were ranked higher with the mean rank of 4.26, 4.07 and 3.54 respectively.

Business services: The Friedman test was applied on each Techniques of sales promotion for Business service to know which techniques were ranked higher. And these higher ranked techniques in turn will show which techniques are influential to respondents. From the above table we can say that Demonstration and trial, Frequent buying benefits were ranked higher with the mean rank of 2.16 and 1.99 respectively

TABLE: 3 ONEWAY ANOVA of Fast Moving Consumer Goods, Consumer Durable Goods, Business Services by Income

H0: There is a significant variance between sales promotion of different offers and Income.

H1: There is a significant variance between sales promotion of different offers and Income.

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
FMCG	Between Groups	75.062	3	25.021	2.468	.063
	Within Groups	2494.154	246	10.139		
	Total	2569.216	249			
CDG	Between Groups	27.043	3	9.014	.834	.476
	Within Groups	2658.961	246	10.809		
	Total	2686.004	249			
BS	Between Groups	7.873	3	2.624	.541	.655
	Within Groups	1193.651	246	4.852		
	Total	1201.524	249			

Table-3 exhibits that technique of sales promotion in FMCG goods has significant variance with the income of the customers. It means Sales promotion techniques of FMCG goods influence different income group of customers differently.

FINDING AND RECOMMENDATION

The research work is expected to provide new insights to the marketers for understanding of sales promotion tools and its impacts on Indian customers' responses to sales promotion tools. By this, firms can increase sales by use of right promotional tools to attract consumers as per the required responses. We have found that sales promotion have a positive effect on consumers' interest to purchase.

Amongst the considered sales promotion tools in FMCG sector, BOGOF (buy 1 get 1 free) was found to be most influencing technique, it also ranked highest in the Friedman method performed. Trial and free sample were also found to be more effective in consumer responses.

In Consumer Durable Segment, it was noticed that in comparison to the other two segments considered, promotional tools are more effective for invoking consumer response. Refund offers, Product Warranty and free gifts are comparatively much more effective in generating more sales. In Business Services Segment, the effectiveness of promotional tools was observed. Demonstration and trial was found to be most effective in generating instantaneous customer response. Besides that frequent buyer benefits also encourage customer to be loyal to one service provider.

Consumers showed a positive perception regarding sales promotion. Therefore it can be concluded that various techniques of sales promotion can help a company to increase sales and organization's profitability, which cannot be ignored. This way, achieving competitive advantages over its competitors is possible only by offering right promotional tools in context with product characteristics.

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