



## A STUDY ON SALES PROMOTIONAL STRATEGIC TRANSFORMATION OF FAST MOVING CONSUMER GOODS IN COIMBATORE CITY

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### **Introduction**

The term FMCG (Fast Moving Consumer Goods), although popular and frequently used does not have a standard definition and is generally used in India to refer to products of everyday use. Conceptually, however, the term refers to relatively fast moving items that are used directly by the consumer. Thus, a significant gap exists between the general use and the conceptual meaning of the term FMCG. Further, difficulties crop up when attempts to devise a definition for FMCG. The problem arises because the concept has a retail orientation and distinguishes between consumer products on the basis of how quickly they move at the retailer's shelves. The moot question therefore, is what industry turnaround threshold should be for the item to qualify as an FMCG. One of the factors on which the turnaround depends is the purchase cycle. However, the purchase cycle for the same product tend to vary across population segments. Many low-income households are forced to buy certain products more frequently because of lack of liquidity and storage space while relatively high-income households buy the same products more infrequently. Similarly, the purchase cycle also tends to vary because of cultural factors. Most Indians, typically, prefer fresh food articles and therefore to buy relatively small quantities more frequently. This is in sharp contrast with what happens in most western countries, where the practice of buying and socking foods for relatively longer period is more prevalent.

### **Characteristics of FMCG Products**

1. Individual items are of small value. But all FMCG products put together account for a significant part of the consumer's budget.
2. The consumer keeps limited inventory of these products and prefers to purchase them frequently, as and when required. Many of these products are perishable.
3. The consumer spends little time on the purchase decision. Rarely does he/she look for technical specifications (in contrast to industrial goods). Brand loyalties or recommendations of reliable retailer/dealer drive purchase decisions.
4. Trial of a new product i.e. brand switching is often induced by heavy advertisement, recommendation of the retailer or neighbors/friends.
5. These products cater to necessities, comforts as well as luxuries. They meet the demands of the entire cross section of population. Price and income elasticity of demand varies across products and consumers.
- 6.

### **Importance Of The Consumer Sales Promotion**

The importance of consumer sales promotion in the marketing mix of the fast moving consumer goods (FMCG) category throughout the world has increased. Companies spend considerable time in planning such activities. However, in order to enhance the effectiveness of these activities, manufacturers should understand consumer and retailer interpretations of their promotional activities. The study here pertains to consumer's perceptions regarding sales promotion. Some past researches have suggested that promotion itself has an effect on the perceived value of the brand. This is because promotions 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.



### **Broadly Speaking Most Of The Companies Using Marketing Mix Which Includes**

1. Price
2. Place (Channel of Distribution)
3. Product
4. Promotion

These are the four basic pillar of marketing mix. Most of the marketing strategies are built on the basis of these criteria.

Promotion is one of the important elements of marketing mix. There are so many elements of promotion such as

1. Advertising
2. Direct Marketing
3. Public Relations
4. Sales Promotion

### **Sales Promotion Strategy**

The importance of a sales promotion strategy cannot be underestimated. This is because a sales promotion strategy is important to a business boosting its sales. When developing a sales promotion strategy for your business, it is important that you keep the following points in mind.

1. Consumer attitudes and buying patterns.
2. Your brand strategy.
3. Your competitive strategy.
4. Your advertising strategy.
5. Other external factors that can influence products availability and pricing.

### **There are three types of sales promotion strategies**

1. A push strategy
2. A pull strategy or
3. A combination of the two

### **Push Strategy**

A push sales promotion strategy involves 'pushing' distributors and retailers to sell your products and services to the consumer by offering various kinds of promotions and personal selling efforts. What happens here is that, a company promotes their product or services to a reseller who in turn promotes it to another reseller or to the consumer. The basic objective of this strategy is to persuade retailers, wholesalers and distributors to carry your brand, give it shelf space, promote it by advertising, and ultimately 'push' it forward to the consumer. Typical push sales promotion strategies include; buy-back guarantees, free trials, contests, discounts, and specialty advertising items.

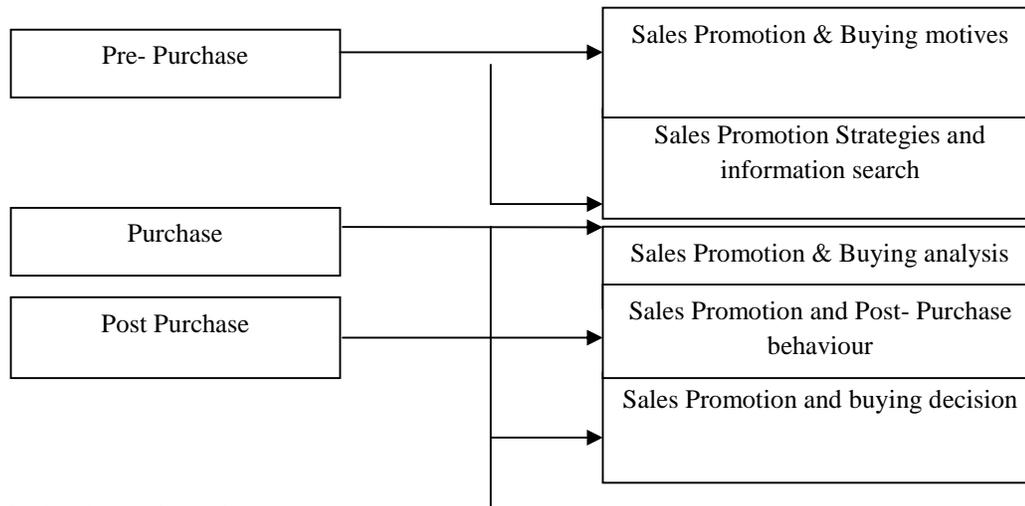
### **Pull Strategy**

A 'pull' sales promotion strategy focuses more on the consumer instead of the reseller or distributor. This strategy involves getting the consumer to 'pull' or purchase the product or services directly from the company itself. This strategy targets its marketing efforts directly on the consumers with the hope that it will stimulate interest and demand for the product. This pull strategy is often used when distributors are reluctant to carry or distribute a product. Typical pull sales promotion strategies include; samples, coupons, cash refunds or rebates, loyalty programs and rewards, contests, sweepstakes, games, and point-of-purchase displays.

### **Combination of two strategies**

A combination of the two strategies, pull and push, focuses, both on the consumers and dealers, targeting both parties directly. It offers consumers incentives, side by side with dealer discounts.

### Conceptual Framework Of Consumer Sales Promotion



#### Objectives of the Study

1. To study consumer preferences of transformation with respect to sales promotion strategies in FMCG sector.
2. To examine tradeoffs, relative importance of different attributes while responding to a sales promotion offer.
3. To study the effect of sales promotions in FMCG sector esp. in soaps and detergent industry.
4. To study consumer behavior in purchase of soaps and detergent

#### Need for the Study

1. The company wants to know about market scenario of their products.
2. How the product is been rated.
3. Necessary steps to increase sales.

#### Research Methodology

Research methodology is a way to systematically solve the research problem. It may be understand as a science of studying how research is done scientifically. In research it is the responsibility of the researcher to expose research decision to evaluate before they are implemented.

#### Research Design

A research design is a blue print for fulfilling objective and answering questions. "A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure."

**Area of the Study:** This study was under taken in "FMCG" Coimbatore.

**Sampling Design:** A sample design is a finite plan for obtaining a sample from a given population. Simple random sampling is used for this study.

**Sample Size:** A sample is a part of the target population, carefully selected to represent that population. It refers to the number of items to be selected from the universe to constitute a sample. From the population, the researcher has selected 60 samples.



**Methods For Data Collection:** While dealing with any real life problems, it is obvious that data inadequate and hence it becomes necessary to collect that are appropriate. Depending upon the sources of information, available data can be classified as

- Primary data
- Secondary data

### **Primary Data**

Primary data refers to the data, which is collected for the first time. The primary data collection was done with the help of questionnaire that proved to be effective in collecting the relevant information regarding the customers' preference.

### **Secondary Data**

Studies made by other for their own purposes represent secondary data. Secondary data was collected from books, journals, website, and other literature available.

**Period of the Study:** The study was confined to a period of three months from August 2017 to Oct 2017.

### **Tools and Techniques for Analysis**

For analyzing the data, the appropriate statistical tools were used such as follows:

1. Percentage Analysis.
2. Chi-Square Test.
3. Weighted Average With Rank.
4. Correlation.

These are the various methods which have been used.

### **Limitations of the Study**

1. We considered Coimbatore region only because of limited time duration.
2. Due to this, our sample size is only 100, which is not very large.
3. All the respondents could not fill their questionnaire on their own due to language problem and also problem of time and lack of positive behavior.
4. Respondent may give biased answer due to some lack of information about other brands.
5. Findings of the study are based on the assumption that the respondents have given correct information.

## **2. Review of Literature**

### **Introduction**

Intense Competition in the FMCG Sector has had many research studies conducted, analyzing the various sales promotion strategies employed to enhance sales and retain customer loyalty. Therefore an effort is made in this chapter to study the existing literature through a systematic analysis of some previous research conducted in the field of sales promotion through journal articles, reports and papers presented. Bridges, Briesch and Yim (2017), extended their study beyond how promotions affect consumer tendencies to exhibit loyalty by repurchasing the same brand, to examining how various promotions affect consumer response to subsequent marketing mix activities. Prior usage of a brand and prior promotional activities can both play roles in driving consumer promotional sensitivities. In general households that previously purchased a non-promoted brand are more likely to buy it again, while those that bought on promotion, are less likely to repeat buy. The magnitudes of the results indicate that prior promotional purchases, influence choice, more than prior brand usage does.

## **3.The Indian Fmcg Industry**

### **Indian Fmcg Consumer**

At present, urban India accounts for 66% of total FMCG consumption with rural India accounting for the remaining 34%. However, rural India accounts for more than 40% consumption in major FMCG categories such as personal care, fabric care and beverages. An increase in disposable income of households, mainly because of increase in nuclear family where both the husband and wife are earning, has led to the growth rate of FMCG goods. People are becoming conscious about health and hygiene. There is a change in the mindset of consumers.

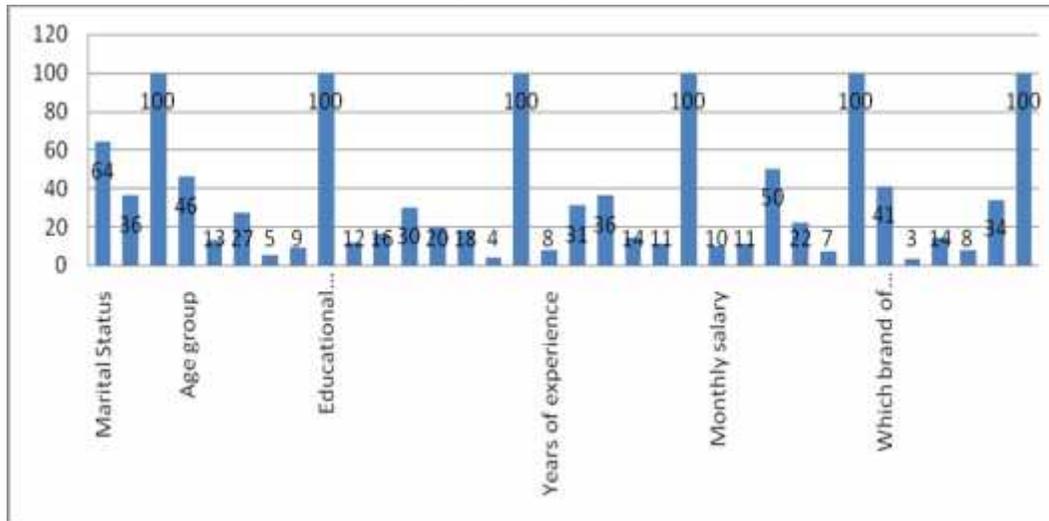
There is seen a willingness in consumers to move to evolved products and brands, because of changing lifestyles, rising disposable income etc. Consumers are switching from economy, to premium products. Findings according to a recent survey by A.C. Nielsen, shows about 71% of Indians, have noticed the labels on packages, containing nutritional information, compared to 2 years ago, which was only 59%. In the view of ASSOCHAM, the urban population, which currently, are the biggest market for all FMCG products, will in the next 4-5 years switch over to organic products to keep better health. The current demand for FMCG products may become stagnant by 2012 and force the FMCG products in India, to shift their supplies with assured quality towards rural and semi-urban folks. In a paper presented on “Future of FMCG Products in India”, ASSOCHAM projected that, by 2010, while the total market size of FMCGs will rise to over Rs.98,344-96 crores and by 2012, it will touch a level of about Rs.1,23,363.91 crores with a growth rate of 12%. Approximately 60% of it will be consumed by folks living in rural and semi-urban areas of the country.

#### 4. Data Analysis And Interpretations

Table No: 01

Name of the Respondents	Opinion	No. of Respondents	Percentage (%)
<b>Marital Status</b>	MALE	64	64
	FEMALE	36	36
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>Age group</b>	16-20	46	46
	21-30	13	13
	31-40	27	27
	41-50	5	5
	ABOVE 50	9	9
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>Educational qualification</b>	BELOW SSLC	12	12
	SSLC	16	16
	DEGREE	30	30
	TECHNICAL	20	20
	PG	18	18
	OTHERS	4	4
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>Years of experience</b>	BELOW 3 YEAR	8	8
	3-5 YEARS	31	31
	5-10 YEARS	36	36
	YEARS 10-15	14	14
	ABOVE 15 YEARS	11	11
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>Monthly salary</b>	BELOW 3000	10	10
	3000-5000	11	11
	5000-10000	50	50
	10000-15000	22	22
	ABOVE 15000	07	07
	<b>Total</b>	<b>100</b>	<b>100</b>
<b>Which brand of soap do you use?</b>	Lux	41	41
	Hamam	3	3
	Lifebuy	14	14
	Nima	8	8
	Others	34	34
	<b>Total</b>	<b>100</b>	<b>100</b>

Chart No: 01



### Correlation

#### Introduction

It is a tool used to measure the degree of co-variability between two or more variables. It can be used for testing and verifying the relationship between two variables and gives useful information to the researcher.

Establishing relation between Monthly salary & Promotional schemes

X= Type of Promotional scheme.

Y=Type of Monthly salary.

X	(X-20)	X <sup>2</sup>	Y	(Y-20)	Y <sup>2</sup>	XY
32	12	44	10	-10	100	-120
21	01	01	11	-09	81	-09
27	07	49	50	30	900	210
20	00	00	22	02	04	00
00	-20	400	07	-13	169	260
<b>100</b>	<b>00</b>	<b>499</b>	<b>100</b>	<b>00</b>	<b>1254</b>	<b>341</b>

$$\begin{aligned}
 r &= \frac{\sum XY}{\sqrt{\sum X^2 * \sum Y^2}} \\
 &= \frac{341}{\sqrt{499 * 1254}} \\
 &= \frac{341}{625746} \\
 &= \frac{341}{791.04} \\
 &= \mathbf{0.43}
 \end{aligned}$$

Calculated value of r = 0.43. There is a positive correlation between the two variables.



## **5. Findings, Suggestion and Conclusions**

### **5.1 Findings**

Sales Promotion, a short-term inducement, offered to a consumer or trade has gained momentum as a promotional tool world over. It represents nearly three fourth of the marketing budget at most consumer product companies. Sales promotions can enhance consumers' self-perception of being "smart" or a "good" shopper

### **5.2 Suggestion**

Sales promotion should not be used in isolation but need to be integrated with other tools and in line with the overall positioning of the brand. Also the importance of the role of mass media came out clearly in the study. Companies need to create sufficient awareness about sales promotion schemes through mass media in order to create awareness. FMCG products are low involvement products characterized by switching behavior. Also the person going to the shop for the purchase of soap is the final decision maker of the brand. Hence it is essential that companies need to design attractive, striking, visible POPs for scheme announcements.

### **Conclusion**

The study reflects that the use of sales promotion undeniably has increased over the years in India. Future holds lot of promise for such schemes across wider range of product-markets. Sales Promotion has ceased to be major differentiator at least in the metros, with almost all companies offering similar freebies and gifts. As a result now marketers have to find out some innovative ways of sales promotion to differentiate from competitors. Currently Price off and Buy one get one free offers are very effective to attract the consumers towards the products.

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