



Role of Sales Promotion in boosting Sales of FMCG products

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Abstract: Sales promotions tools and techniques are increasing being employed by the retailers to market their products and increase the sales of their stores/malls. Certain sales promotions techniques and offers affect the spending behaviour of the customers and attract more expenditure. Due to shifting views and tendencies of the consumers, preferences of consumers for promotional strategy become more complex. This paper studies the effectiveness of certain sales promotion techniques used by the marketers on FMCG products.

Keywords: FMCG, Products, Sales, Promotion

1. INTRODUCTION

“Consumer packaged goods (CPG)” are also termed as “Fast Moving Consumer Goods (FMCG)”. FMCG goods are those things that are usually bought at consistent intervals by customers. Sales marketing is aimed at influencing consumers towards fast purchases. It is regarded as marketing methods that add value to the offered goods. The sales promotion example is to give prize winning or supplementary buying at the same price, etc. For goods to develop in a reasonable fashion, sales marketing is among the most essential approaches. Businesses rely on advertising or promotion for the stimulation of goods in the market where development and modernisation of the product takes the shape contentment of consumers. Longevity and trustworthiness of the products generate enthusiasm to increase consumer attractiveness.

- Improve customer happiness on the market
- Increase sales for the company
- Improve retailers' growth capacity
- Increase brand loyalty to the market
- Decrease brand change.

The publicity of sales in the FMCG industry is used to temporarily stimulate the sales of a brand by providing an exceptional offer to customers. This marketing stimulant is part of the promotion offer consisting of factors, such as product characteristics as well as advantages, pricing, customer service, availability and quality. Customers are expected to follow up on this offer, which indeed has an instant impact on a company's sales rate.



Figure 1 The basic advantages of the sales promotion and product quality

The "fast-moving consumer goods" industry (FMCG) is witnessing sales promotional strategies growing worldwide. The category is shown as goods with low unit value, needing frequent purchases, buyer behaviour showing less dedication, drive purchase as well as low customer inclusion. Since the purchase risk is somewhat lower than strong purchasing participation, customers would not be reluctant to try unique brands during promoting sales. The decision of which as well as how much of the brand to buy is based on brand-specific factors (such as costs and progress of various brands) as well as consumer-related variables (e.g. brand dedication to the



customer, product inventory, intake rate and sensitivity to value and promotion) Long-term marketing efforts of companies may also alter the susceptibility of customers to the transitory exhibition activities. For example, large advertising over the years may make customers less sensitive to temporary price reductions.

In addition, regular promotions by companies make that useless for committed customers to transfer brands (as an arrangement on the preferred brand is apt to be expected), but makes them increasingly inclined to stock up when their favourite brand promotes (since they satisfy a more noteworthy bit of their request in advanced periods). However, if there are a few brands, the buyer would not be concerned about swapping between these brands. Blattberg and Neslin (1997) show that most (over 60 percent) growth in sales promotions stems from branded exchanges when incremental sales decrease in storage, brand switching, as well as buy-up speeds. In addition, the FMCG class has extreme competition like Indian marketplaces; diverse sales promotion deals range from basic value offs to creative obstacles and a reward offer for customers who are inclined to bait dealing. A broad variety of companies (international, national, regional and local) provide creative sales promotions for customers in a particular categorization plan.

Illustration: Lux International, Tulsi Neem (territorial), Hamam (national), and locally made brands fight for market share with innovative sales marketing activities. It would be important to both professionals and academics to discover what kind motivational aspects are provided to the customers along with the total expense for consumers dependent on the terms and conditions of the offer, what kinds of links exist between the size of the momentum and the brand, and its market share. However, if a few brands are in a thinking set, the buyer wouldn't be uncomfortable switching these brands. Blattberg and Neslin (1997) show that the lion's market share is being promoted inventively. It would be important for professional and academics to determine the drive to consumers and how much the consumer costs dependent over the T&C of the offer, what kind of relationships exist between incentive size and brand, its market share, whether or not a brand is presented recently in the category.

i. EMERGING TRENDS OF SALES PROMOTION IN FMCG

Sales promotions involve motivation and interest to create activities usually other than publicity, personal sales, direct marketing and publicity that are short-term marketing events. The objective of sales promotion is to promote, influence and encourage the purchases along with other behavioural reactions of the consumers of the company. Kazmi and Batra. And Batra. Rohan Agarwal highlighted the developing tendencies in his essay as follows:

i. Buy One Get One Free (BOGOF): The practise of freeing one thing with one item purchase becomes extremely popular, not only in metropolitan regions, but also in rural/suburban places. For instance, if the bread package is worth Rupees 10 and its production cost is Rupees 3 and you have two loaves for Rupees 10, you are best averse to profit particularly if this BOGOF offer means a growth in sales. This technique is really recognised as a premium promotional tactic in retail. The shops adopt this approach because they may profit from economies of scale because of higher sales.

ii. Customer Relationship Management (CRM): The idea of CRM is doubled: it forms part of the retail strategy that seeks to create long-term consumers for the whole life, while CRM is mainly technologically driven. CRM focuses mostly on customers rather than goods. Examples include incentives like extra points and popular collection numbers. In addition, there are many more instances of CRM, the day-to-day shopping and selling machinery. For the placement of orders SMS, e-mails, websites and mobile phones are utilised. For example, Nestle a Swiss MNC put certain codes on the chocolate box KIT-KAT, wherein a consumer would enter the codes in a dynamic website after purchasing it, to determine whether he has won or not a reward. These printed text codes may also be checked by customers through their mobile phone. In India, some businesses have also begun using experimental methods.

iv. Customers' Expectations: In recent decades, the avalanche of sales promotion activities has undermined the viability of the short-term demand for sales promotion. If a deal is not available, consumers may withhold or even modify their purchase. For example, weekly food buyers are flooded with so many sales advertising ions that their fidelity to specific goods has been supplanted by their allegiance to current products of value (i.e., products with



a sales promotion). The difficulty for marketers is to weigh the benefits of short-term promotions against the risk of eroding product loyalty.

v. E-Retailing: Sales promotions are given to consumers in various methods, for example via post, in person or in print media. Though, the mobile and Internet technology, for example mobile phones, provide marketers a variety of new delivery possibilities. The integration of mobile and geographical positioning technologies will, for example, soon allow marketers to tailor promotions to the actual location of a consumer. This allows merchants and other companies, when near the place where the coupon may be used, to provide market incentives.

vi. Tracking: As we mentioned in our publicity coverage, consumer reaction to marketing promotion is crucial to the measurement of an advertisement's performance. Tracking is often utilised in sales marketing. For example, supermarket stores whose customers use loyalty cards may match customer sales data to utilise a coupon. This data may subsequently be sold to coupon dealers who can utilise the information to gain a better understanding of the purchased patterns of the coupon reactors.

vii. Merchandising Additions: within this type of offers, when consumers purchase 1 litre of oil, they get 200 ml free i.e., a consumer have to pay for 1 litre of oil and receives 1.2 litre of oil from the promoter. Some shops provide programmes like buying large packages and taking smaller ones at no additional cost. In addition, certain companies occasionally give you a six / eight card to paste stickers on purchasing items. If the slots on the card are filled, the customer receives a free item, completely free of charge.

viii. Discounted Prices: As the name suggests, businesses give price reductions to their consumers through this promotional strategy. Some of the budgetary airlines like kingfisher, Go Airways and Air Deccan would notify their regular and loyal clients through e-mail about any current low-price offers when new flights are launched.

ix. Merchants will adopt in-store mobile devices: In 2016, the using mobile devices like “mPOS systems” and “in-store tablets” will be expected. An example of a dealer that uses mobile technology is Borough Kitchen, a cookware store who operates Vend on their iPads. With a tablet-based POS system, they can enhance customer experience and accelerate check-out. For example, creators David Caldana & Just in Kowbel claim everything in their peak hour and the holiday seasons is new tills by switching on other iPads. This enables them to cut queues and increase revenue much more quickly.

x. Mobile will play a bigger role in click-and-collect initiatives: “Traditional click and collect services” usually include individuals buying online. However, we may anticipate mobile devices to play a greater part in this process in 2016. Retailers are using smartphones to make clicking and collecting easier. Some businesses, like the department stores of Kohl, are now able to purchase and collect from consumers on the mobile phone, while others, like Sam's Club [Walmart], use the mobile device to send alerts whenever an order has already been placed. Nordstrom is also working to improve the pickup experience by utilising mobile devices. In May of 2015, the shop began testing a service that would allow the text of the consumer or contact the heir of Nordst Rom near the store. The shop clerk then goes down and meets the client outside, so he does not even have to leave his vehicle.

xi. Free Samples: Tasting food and drink at supermarket sample locations, trade shows and events like as "Good Living," "Art of Living" yearly exhibitions at “Pragati Maiden in New Delhi”. The Milk Mix (flavoured fizzy drink) has been distributed in supermarkets, the International Trade Fair, and in Delhi to prospective customers.

ii. TECHNIQUES OF CONSUMER SALES PROMOTION

Consumer sales promotions include a range of short-term promotional methods to get consumers to react. The most popular sales incentives for consumers are linked directly to product purchases. These promotions are designed to improve the value of the product purchase by either lowering its total price.

While a promotion is a significant application of the promotion of consumer sales, it is not the sole promotion. As mentioned above, promotional methods may be used to accomplish additional goals such as brand loyalty or product awareness. Therefore, the promotional toolkit of a marketer includes a wide array of customer promotions. In general, the below-mentioned techniques are brought in use:

- Coupons
- Free gift offer



- Saver packs offer
- Sampling and free trials
- Free extra product
- Premiums
- Contests and sweepstakes

iii. EFFECTS OF SALES PROMOTION ON FMCG PRODUCTS SALES

The FMCG sector also has strong competition such as Indian markets. A variety of sales promotions range from basic prizes to creative competitions and gift incentives for customers. In a particular category, creative sales promotion offers to attract customers for all types of brands (Local, regional, national and international). For example, Hamam (international), “Tulsi Neem (regional) and local brands (unbranded)” have fought for market share by means of creative promotional efforts in the toilet soap sector Lux International. Both practitioners and academicians would like to find out the incentives which are offered to the consumers and how much consumer spending is to be expected depending upon the offer conditions, the types of links between incentive size and brand, the market share of the company, whether the brand/product is a novel launch in that particular category or not.

A study performed at a retail shop between 2015 and 2016 on the effect of total sales promotion technologies on FMCG goods using the Regression Measurement Model has been described below.

Observed, endogenous variables in the research:

- Free extra Quantity offer PCP
- Price Discount offer PCP
- Consumer Contest PCP
- Free gift offer PCP
- Saver pack offer PCP
- Sweepstakes PCP
- Free samples PCP
- Discount coupons PCP

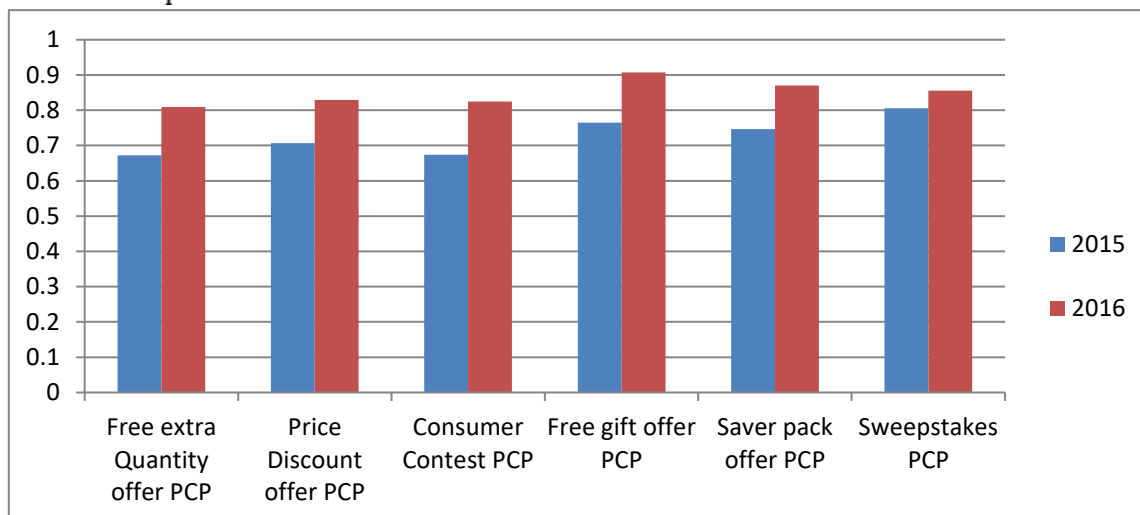


Figure 2 Standardized Sales Estimates of Different Variables

The standardised estimates above for two consecutive years enable you to assess the “relative contributions of each predictor variable”, in particular promotions to the result variable, namely the total sale promotional effect. It is found that, with the “standardised regression weight” of 0,907, the free offer predicts the total promotional sales effect most widely, followed by saver pack offering and sweepstakes.



2. LITERATURE REVIEW

(Mittal & Sethi, 2011) Sales promotions are used by marketers to increase sales. The efficiency of sales marketing techniques varies to generate various sales reactions. When enterprises opt to utilise any promotional technique, they have a particular objective. Many scientists consider sales promotions to be zero sum games. Contrary to the West, India brand loyalists outweigh 200 percent price purchasers. This study examines the efficiency of certain promotional techniques to generate various purchasing behaviours. The research shows that sales promotions do not assist to expand the category in India. They are effective methods for brand switching, stacking of stocks and acceleration of purchases.

(Shahriar Ansari Chaharsoughi, 2012) Studies to determine the effect on customer behaviour of sales promotions are extremely significant. In addition to the significant impact of culture on the psychology of customer behaviour, adaption to cultural values contributes to marketing efficiency. To this research, it is extremely helpful to understand customer behaviour in a new setting to make the company successful both nationally and internationally. This article analyses the effect of promoting the sales over consumption behaviour on the basis of key cross-cultural models, according to the problems stated.

(Keyan & Natarajan, 2013) The promotion of consumer sales accounts for a large proportion of the overall marketing spend, but it remains an area which remains a vital element in the promotion mix designed to generate short-term sales. It is thus not surprising that the overwhelming majority of marketers use sales promotions to increase their market share. It is not surprising. This study reflects on the impact of sales promotion tactics on FMCG customers. This research aimed to examine which sales advertising methods in FMCG would overwhelm personal care goods.

(Neha & Manoj, 2013) Through this research, efforts were made to determine the different sales promotion instruments and their influence on white good purchasing decisions (refrigerator). Data were gathered with the help of conducting a survey, where 109 respondents provided their views over the topic. The analysis of the data was then made followed by the hypotheses testing which was tested using multiple regression. The conclusion indicates that the most influential factors for customer purchases are offer, premium, and competition across the different sales promotion methods.

(Iqbal et al., 2013) In this research, we find out how the sales promotion dimension in the “Fast-Moving Consuming Goods (FMCG)” sector performs on sales volume. The study performed 2 different research goals along with 2 hypotheses. An appropriately structured questionnaire is used for the collection of information by simple random selection of (120) respondents. Data are analysed using SPSS. The two sales promotion dimensions are “bonus pack and premium”. Results indicate that the connection among the “bonus packaging and sales volumes” is positive and the relation between premium and sales volume is likewise positive.

(Schultz & Block, 2014) This study examines whether or not continuous sales advertising has led to "no brand preference" decreases (NBP). Part of an ongoing series on the increase in NBP customer reactions for more than 1,500 consumer goods brands commonly acquired. Data from answers to a very large (1.1 million) online consumer longitudinal questionnaire were obtained between 2002-2012. Further study, which combines this collection of data with two additional large US longitudinal studies, corroborated its findings. This research examined the causes behind the rise in NBP. The first set of data comprised the usage and impact of 23 promotional tactics throughout the shop. These have been examined to evaluate the impact and effect.

(Asghar et al., 2015) The aim of this research is to discover the difference between advertising and sales promotion in the behaviour of cognitive consumers. This research includes minimal participation, lower complexity, regular and commonly bought items, i.e., Bath Soaps and Toothpastes, compared with prior studies. General survey via structured questionnaire was conducted with a convenience sample of 428 consumers. Specific print and TV advertising, cent-offs (sales) and buyers were utilised to determine the differential effect of “sales promotion and advertising” on consumer cognitive purchase behaviour.

3. CONCLUSION

FMCG sector provides a huge economic support to the nation and boosting its sales will benefit the financial aspect of the country on large scale. Sales promotion has always been considered as the most important tool to



boost the growth the any sector. On the basis of the presented past literature, it can be concluded that sales promotion, because of its wide aspects, is capable of increasing the sales of product and lagging in making efficient sales promotion will not only decrease the sales but will also defame the product. New launched product can only be effectively launched in market with proper sale promotion. This stresses the importance of making more research over sales promotion in FMCG sector.

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