Chapter I

Introduction and Design of the Study
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Introduction

Marketing holds the key to the success in any business today. One can witness a
dramatic global shift from ‘production-dominated’ to a ‘consumer-oriented’ business
culture. Marketing is thus about winning the customer. Understanding what consumers
want and supply them efficiently, conveniently and attractively are the key factors in
marketing. Marketing adds value. It takes what otherwise could be an ordinary
commodity that is made into a highly sought-after brand.

Marketing is essentially persuasion. It is also about communication –
communicating and highlighting in favour of one’s brand. Modern marketing employs a
variety of communication techniques notably advertising, public relations and sales
promotion. Among these sales promotion has become the most important marketing tool
in the total marketing mix.

Sales promotion has a very rich and interesting history. Marketeers have
developed and used a variety of techniques over the past century to give consumers an
extra incentive to make their products and services sought after. Quite a few of the sales
promotion offers that motivate consumers have been in vogue for nearly a century and
more.

The earliest and quite effective sales promotion tool is the cent-off coupon.
Coupons have been around since 1895 when the C.W.Post.Co first began using the
penny-off coupon to help sell its Grape Nuts cereal. Procter & Gamble began using
coupons in 1920, and its first ones were in the form of metal coins that were good for discounts or buy-one- and get-one free deals. These were soon replaced by cheaper and more convenient paper versions that are around even today. Another classic promotional tool is the premium offer which dates back to 1912 when Cracker Jack began offering “a prize in every box”.

Pepsi is another company that took its promotional program to the streets with its launch of the famous “Pepsi Challenge” in 1975. It was one of the most successful promotions techniques ever used to attract habitual users of a competing brand. Pepsi took on its arch rival and leading industry Coca-Cola in a hard hitting promotion campaign that challenged consumers to taste the two brands in blind taste tests. Pepsi ran the challenge promotion for nearly a decade and re-launched it again in the year 2000.

Sales promotion has been a part of the marketing process for a long time. Its role and importance in a company’s ‘integrated marketing program’ have increased dramatically over the past decade. Sales promotion-related spending in USA increased from $ 56 billion in 1991 to nearly $ 100 billion in 2001. Firms producing consumer goods are the leading users of sales promotion programs and tools. However sales promotion activities are also increasing in other categories, like healthcare, computer hardware & software, consumer electronics and service industries.

Not only has the total money spent on sales promotion has increased but the percentage of budgets allocated for sales promotion has also grown. For a long time

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advertising was the major component in the promotional mix of the most consumer product companies. Philip Kotler estimated that even in 1940s the ratio of advertising expenditure to sales promotion was roughly 60:40. Until the 80s more than half of the marketeer's the promotional expenditure was spent on advertising campaigns designed to create and reinforce brand-awareness and build up a long-term loyalty. However by late 80's, a fundamental change had occurred in the way most of the consumer-product companies were marketing their products. The share of the marketing budget allocated to sales promotion rose sharply, while the amount spent on advertising in the media declined. The increase in spending on sales promotion continued throughout the decade of 90's and into the new millennium. Current estimates are that marketeers spend almost between 60 and 75 percent of their promotional budget on sales promotion, with the balance allocated for advertising in the media.

One more proof of the importance and versatility of sales promotion is given in the oft-quoted Harris International Marketing week survey, which showed that well over 70% of the population participated in competitions or games relating to products and services. Entering such competitions is one of the biggest leisure activities or pastimes in the United Kingdom.

The use of sales promotion practices has experienced steady growth all over the world in the 20th century. In India however, sales promotion has not reached that level as

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in the developed countries, but is found to approach that stage quite fast with the advent of new products and greater competition. Today sales promotion has become quite important in India. If one goes to the local supermarket or look at a local newspaper, one can witness the enormity and diversity of sales promotion activity in the Indian market today.

It only shows that every company has to study, understand, create and implement new methods of sales promotion if they are to stay around, let alone, succeed in such a tough business environment.

Sales promotion can be defined as “a marketing activity that adds to the basic value of the product for a limited time and directly stimulates consumer purchase, seller effectiveness and the efforts of the sales force.”

From this definition one can deduce the following three points:

- sales promotion is just as important as advertising.
- sales promotion can be targeted at three audiences: consumers, retailers, and the sales force.
- sales promotion is a competitive weapon that provides an extra incentive to buy.

Sales promotion, however tends to operate only in a short time-frame. It employs a rational appeal, provides tangible value and is intended to create an immediate sale and contribute to the profitability. Sales promotion is just found to grow at about 9 percent annually while the growth rate for advertising is just 6 percent. This reflects the superiority of sales promotion as compared to advertising.
There are several reasons for the dramatic growth in sales promotion activities. The stimulus has come from both the consumer and the business community.

**Consumer acceptance of sales promotion:**

- Sales promotion offers consumers to get more than they thought it would be possible.
- It reduces the risk associated with buying. Product sampling, for example, allows consumers to try the product without buying it.
- Sales promotion gives the customers the extra nudge they need in order to become active customers. An extra discount or a rebate might mean that the consumer would be ready to buy.
- Another major reason for the increase in sales promotion is that consumers have become less brand-loyal and are purchasing more on the basis of price, value and convenience.
- ‘Sales promotion offers’ have become an integral part of the selling and buying process and consumers generally look for sales promotional activities before buying a product.

**Business acceptance of sales promotion:**

- Marketeers use sales promotion in their marketing program since the consumers respond favourably to the incentive schemes. A major research project completed by Promotion Decisions, Inc., tracked the purchasing behavior of over 33,000 consumers. The results showed that only 42 percent purchased with some type of incentive while 58 percent purchased at the full price.⁵

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⁵“The effects of promotion stimuli on consumer purchase behavior,” (Glenview, IL:FSI Council, 1999)
• Sales promotion is accepted by business community because it increases their profitability.

• Heads of companies today focus largely to short-term results. They want to increase the sales immediately and also in the future. Sales promotion does provide an immediate boost in the sales.

• It provides also the uniqueness of a product and compares well with other value added product components not offered by competitors until then.

• Improved technology allows tracking of sales promotion.

• The effectiveness of advertising as compared to sales promotion has decreased and

• Retailers have gained in power. Retailers want custom-designed programs and products that would help them to compete and increase their sales. Sales promotion, hence, is an effective and satisfying tool to meet this requirement.

Sales promotion should form part of the strategy in the planning along with advertising, personal selling and public relations. But many sales promotion tools tend to become short-run, tactical devices. Thus, managing sales promotions over a long period is rather difficult.

The steps in sales promotion planning process are:

i. to assess the environment.

ii. to develop objectives and to

iii. select appropriate strategies like
a. selecting sales promotion tools
b. deciding how to combine the tools and
c. deciding on how to implement the sales promotion to suit the different areas of a sales network.

Sales promotions are directed mainly to the ultimate user of the product, namely the customer. The objectives of consumer sales promotions include the following:

a. to bring in new customers,
b. to introduce new or improved products,
c. to stimulate repeated use of one’s products,
d. to encourage frequent and multiple purchases
e. to counter the activities of the competitor effectively
f. to encourage sales turnover,
g. to maintain the existing customer base by providing an implied reward and
h. to reinforce advertising as well as personal selling.

In this work, the promotional activities directed at the consumer end, particularly in the washing soaps and detergents industry, have been fully discussed and analyzed. Some of the techniques adopted to promote a brand are:

- price discounts,
- price pack deals,
- coupons,
- contests,
- slogans,
• free gifts,
• loyalty rewards program,
• free quantity and
• free sample.

The industry making washing soaps and detergents is a pretty old one. Soaps and detergents include bar soaps, detergent powders and liquid soaps. These are consumer items. In ancient India people used soap preparations made from plant or animal fats. Today India has a diverse range of soaps and detergents. The soaps and detergent market is a highly competitive one. For example, a typical supermarket might have more than forty varieties of washing soaps and detergents. There are quite a few of brands that vie with each other to get the attention of the customer. Each brand claims to clean whiter and brighter than the others.

While, traditionally bar soaps are considered to be a “mature category” they exhibit, however, a very low growth. Fierce competition and heavy promotional activities (particularly coupons and multi-pack) are the characteristics of the bar soap market. Bar soaps continue to hold the market. They are in fact having the maximum sales. Newer products like liquid detergents and powders and special products like antibacterial ones still present ample opportunities for growth. Although bar soaps are having the maximum sales, liquid and powder soaps and detergents are not far behind. They may not be the rage of the moment. Yet due to splashy introductions, sampling, coupons and promotions they are competing with traditional soaps.
Consumers today want soaps and detergents that possess exciting fragrances— as in Rin Jasmine. Consumers are also looking for speciality group using vegetable based no-fat soaps. Consumers today are well aware of the product and are quite selective in their purchasing. Consumers seek out healthy, natural, vegetable formulations, eco-friendly, attractive packaging, pleasing shapes, colors, fragrances and general appeal. They are also looking for a long-lasting product that would retain its shape like bar soap. Consumers are looking for value for their money.

Success in any market can be achieved only by delivering what the consumer wants. This study “The perception and preference of the consumers on the sales promotion of washing soaps and detergents” will be useful to the marketeers of soaps and detergents, since they would know what the consumer prefers. They can then plan their promotional strategy suitably and can become successful in a highly competitive market. This study will also be useful to the consumers as they can get to know what they really need. They will derive extra benefits by sales promotions. Thus sales promotions would be beneficial both to the consumer and the marketeers.

**Statement of the Problem**

Washing soaps and detergents are used quite often in our daily life. Soaps and detergents industry is quite an old one. Today India has a diverse range of washing soaps and detergents. There is a heavy competition among the brands to get the attention of the customers. The marketeers are discovering that advertising alone is not sufficient to attract a target market. The marketeer must necessarily use additional promotional methods in conjunction with advertising.
Sales promotions like discount on prices, price pack deals, coupons, free gifts and free samples must be offered to the consumer to remain competitive in a market.

The aim of this investigation is to find out the perception and preference of the customer of Coimbatore city, towards the sales promotion of washing soaps and detergents. This would be helpful to the marketeers, as well, who can get to know which of the techniques of sales promotion that the customer would prefer. They can, then, adopt to use the same for their products to effectively increase their sales and hence their profitability.

**Review of literature**

There are considerable number of studies on different aspects of sales promotion. Some such studies are given below.

Robert Noiryean in his article “Effective one-to-one marketing” used a number of case studies. As an illustration he cited the promotional market division of 3M. The 3M’s post it product were given as free gifts. This helped to develop customized promotional gifts.

Trivedi Minakshi and Elizabeth Gardener, in their article say that understanding and evaluating the impact of promotional strategies remain one of the fundamental, interesting and challenging jobs that a manager faces. Nevertheless, research offers little by way of guidelines or rules-of-thumb. They propose and demonstrate the use of a

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6 Robert Noirjean, "Effective one-to one Marketing with promotional products", The advertiser, April 1998.
communication framework that allows the manager to evaluate any strategy over a given set of specific criteria.  

Dave Lawrence describes a new way to help the marketeers to determine the success of their promotional activity. He describes the different types of promotions in supermarkets that work and why they work.  

Lenard C Huff and Dana L Alder’s study is based on the research carried out in Taiwan, Thailand and Malaysia into various types of promotions including the use of coupons, price oriented promotions and sweepstakes. It covers attitudes affected by culture, religion, economic and regional differences. The research also covers familiarity with promotions, and perceived attitudes of family and friends.  

Gerard Prendergast in his study says that super markets are heavy users of sales promotion devices and need to be able to assess the effectiveness of these tools. Consumer response (brand switching, purchase acceleration, stockpiling, product trial, spending more) to five different sales promotion tools (Price discounts, In-store demonstrations, coupons, sweepstakes and games, and buy-one get-one-free) was investigated through a survey of 206 supermarket shoppers in Hong Kong. Price discounts and buy-one-get one free offers were felt by the consumers to be the most effective promotional tools for inducing purchase acceleration, stockpiling and spending

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8 Dave Lawrence, “Measuring the pulling power of promotions”, Young consumers, Vol 6, Issue 1, 2005.
more. In-store demonstrations were felt to be mainly effective in encouraging trial purchase. Coupons were considered effective mainly in inducing stockpiling and purchase acceleration. Sweepstakes and games in contrast were felt to be relatively ineffective in terms of generating consumer response. Recommendations for marketeers are presented, along with suggested directions for future research.\textsuperscript{10}

Don E Schuttz in his book offers a solid foundation in basics of sales promotion by explaining ten different techniques. He says that sales promotion in the US is a big business and one that is continuing to grow significantly each year.\textsuperscript{11}

Gerard P Prendergast, Alex S.L.Tsang and Derek T.Y. Poon, say that a free gift offer to consumers is a premium when they purchase a product, and marketeers in many product categories are using them as a sales promotional tool. This study investigated deal proneness, compulsive-buying tendency, time pressure, and variety-seeking tendency as predictors of premium proneness. The results of the survey with a sample of consumers suggest that all the factors, except pressure of time, predict premium proneness. Recommendations are made for marketeers as to how to capitalize on these drivers of premium proneness in order to maximize the marketing impact of their premium-based promotions.\textsuperscript{12}

William A Robinson in his book explains in detail about different techniques of sales promotion.\textsuperscript{13}

Joosop Lim, Imran S. Currim and Rick L Andrews in their article “Consumer heterogeneity in the longer-term effects of price promotions”, discuss how sales promotion effectiveness varies across customer segments.\textsuperscript{14}

Ashok K Lalwani and Kent B Moore in their article “A reexamination of frequency depth effects in consumer price judgments”, discuss how frequent discounting and multiple price points affect customer perceptions negatively.\textsuperscript{15}

Manoj Thomas, Vicki Morwitz, Dawn Lacobucci and Kent Monroe in their article say that retailers often set prices that are one cent lower than the nearest dollar in order to have the lead digit be lower. In this study, the authors explore what is known as the left digit effect, the impact of the left most digit on overall price perception.\textsuperscript{16}

John D.C. Little in his “A model of Adaptive Control of Promotional Spending” says that to make informed decisions, a company must collect marketing information to enhance its understanding of the market and then use the updated information to make

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market decisions. This paper develops a decision process for a promotional spending level in such a dynamic environment.17

Nancy Spears in her article “Just Moseying Around and Happening upon it versus a Master Plan: Minimizing Regret in Impulse versus planned Sales Promotion purchases”, says that when faced with a promotional offer that is limited in time, customers sometimes anticipate that they will regret for not making the purchase. This research tests a model of regret minimization of impulse purchases made during sales promotion. It also examines impulse-purchase behavior by proposing the “moseying around” factor that customers use to justify their unplanned purchases.18

Gail Ayala Taylor and Scott A. Neslin say that frequency reward programs have become significant marketing activities for many companies as they provide a tangible benefit to customers who repeatedly purchase the company’s products. This study identifies the effect of frequency reward programs on store sales and outlines ways the retailers can maximize this impact. This study concludes that frequency reward programs can be profitable and can complement the overall promotional strategy of a store when targeted at the right audience.19

Shu-ling Liao in his article “The effect of Non-Monetary sales promotion on consumer preferences: The contingent role of product category”, discusses the effects of non-monetary incentives in different product categories.20

“Handbook on soaps, detergents and Acid Slurry” by NIIR board says that the soap and detergents industry is profoundly lucrative with splendid market potential as well as bright future scope. In order to meet the requirement of market demand more units are recommended to be established on cottage and small scale. This book has been written keeping in view the basic difficulties of the entrepreneurs. Only nominal investment is required for this industry which comprises a simple method of processing for manufacturing of various types of soap, detergents and acid slurry.21

Laundry Care in India by Euromonitor International report offers a comprehensive guide to the size and shape of the market at a national level. It provides the latest retail sales data (2001-2006), allowing one to identify the key factors influencing the market, be they new product developments, packaging innovations, economic lifestyle influences or distribution of pricing. Forecasts illustrate how the market is set to change.22

“Consumers product Market in India”- This Kalorama Information report has everything one needs to pinpoint opportunities and do business in India. The report analyses five key sectors; Food and Beverages, Cosmetics and Toiletries,

22 Euromonitor International “Laundry Care in India”, January 7th, 2007.
Pharmaceuticals, Medical products and Construction Materials. This report takes an indepth look at free market reforms, advertising and sales promotion trends. Profiles of leading players-both Indian and multinationals are provided.23

Terence A. Shimp in his book discusses the ever-growing practice of sales promotion by explaining its targets, the reasons underlying its rapid growth and its capabilities and limitations. In this book he also discusses the reasons for a significant trend in marketing communications towards greater sales promotion in comparison with advertising. In this book he focuses on consumer oriented promotions.24

M.N. Mishra says that sales promotion and advertising have become specialized subjects today. Sales promotion aims directly at inducing purchasers to buy a product. Consumer sales promotion includes samples, coupons, money refund offers, price-off, premiums, contests and demonstrations. Sales promotion has been accepted by many firms as an effective sales tool.25

S.A. Chunawalla says that in these recessionary times when economy has slowed down, there is a definite need of sales promotion to make buyers take the decision to buy here and now.26

Kenneth E. Clow and Donald Baack in their book say that many methods are available to entice consumers to take the final step and make a purchase. Consumer

promotion are incentives aimed at customers of a firm. He says that increased use of sales promotion techniques often provides a short-term solution to slumping sales and their overuse, however, can damage the brand’s image in the long run.\textsuperscript{27}

O’Guinn, Allen, Semenik in the book Advertising and Integrated Brand Promotion say that sales promotion is very important in the market for the household products. Big brand marketeers such as Procter & Gamble, Johnson & Johnson are realizing that unless they support their household brands such as “Tide” and “Glad” with a heavy sales promotion effort, the low-priced private label brands will step in and take away their market share.\textsuperscript{28}

Burnet in his book “Promotion Management” introduces the basic marketing concepts that must be understood to appreciate the role of promotion in marketing. This book also introduces the most modern technologies related to promotion. Real-world examples as well as case studies relating to promotion have been given in this book.\textsuperscript{29}

In the book “Advertising and Promotion”, George E. Blech and Michael A. Belch assert that nearly everyone in the modern world is influenced to some extent by promotions. Consumers are finding it increasingly difficult to avoid the efforts of marketeers who are constantly searching for new ways to communicate with them. Promotion is a dynamic and fascinating field. However it is undergoing dramatic change. The changes are coming from all sides-businessmen demanding better results from their


promotional dollars and the consumers no longer respond to traditional forms of sales promotion. At the onset of the new millennium, everyone is experiencing the most dynamic and revolutionary changes in the field of promotion and advertising.  

Kureshi Sonal and Vyas Preeta in their study “An Exploratory study of Sales Promotion Activities in Toilet Soap Category: An Insight into Consumer and Retailer Perception”, highlight that understanding the perception of consumers regarding sales promotion activities enhances their effectiveness. Widespread usage of Sales Promotion activities in Fast Moving Consumer Goods (FMCG) sector makes it imperative that manufacturers take into the account the consumer perceptions before planning such programs.

Mohammad Mashfiq Haq’s “A Relational Study on Consumer Promotion, Price Perception, Product Quality Perception and Brand Loyalty in the context of Detergent market in Bangladesh”, is directed towards exploring the relationship among consumer promotion, perception of price, quality and brand loyalty in the detergent market of Bangladesh. Consumer promotion does yield positive results with the people who have positive views about consumer promotions and who can be influenced by promotional efforts. Hence, while deciding about consumer promotion it should be thought well – in-advance to whom the activity is aimed at. Large amounts of money can be saved by avoiding the promotional activity on ineffective consumers. Every effort should be given

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to make the consumers believe that the price of the promoted brand is fair, even when no promotional activity is undertaken. Though there is a tendency in the detergent market to provide frequent promotional offers, yet the perceived quality should in no way go down as there is every chance that the brand-loyalty is likely to go down.

Priya Jha-Dang and Abraham Koshy's paper “An Empirical View of the different Types of Consumer Promotion in India”, gives an insight to the range of promotions launched in the Indian market during 1996 to 2003. They include free gifts, price-offs, 'Buy-more-and-save offers', contests and sweepstakes. The most frequently launched promotional activity is the free gift offer. Expenditure on sales promotion by various marketing companies in India is estimated to be around Rs 5000 crore and is growing at a fast pace each year.

Louis T. Haugh, in “Cash Refunds Multiply”, says that consumers look at refunds and rebates as a reward for their purchase. This appears to build up the brand loyalty rather than diminish it.

Robert Schindler in his “How cent-off coupons Motivate the consumer”, with brand loyalty says customers are least likely to use coupons but a few do use these coupons.

Sunil Gupta in his paper “Impact of Sales promotion on when, what and how much to buy”, presents a comprehensive model that captures three main components of when, what and how much to buy. The model decision-making to buy considers price and promotion of the competitive brands as well. This study helps in a better understanding of the effectiveness of promotion.\(^{36}\)

Dudley M. Ruch’s report “Effectiveness of Sales promotion lessons for today: A review of twenty years of Marketing Science Institute-sponsored research”, is about sales promotion in marketing of packaged goods. Brand loyal buyers do not heed to promotion of “stock up”. They rather adjust the frequency of purchase to the size of the stock build up. Incremental volume from promotions appears to come from infrequent users of the brand rather than from loyal users and non users.\(^{37}\)

Katherine E. Jocz’s book “Research on Sales promotion: Collected Papers”, contains six papers on sales promotion by different authors. The papers are diverse in their topics and approaches, but all of them are part of a growing body of academic research that can contribute to improving the planning, control and productivity of sales promotion.\(^{38}\)

Vyas Preeta. H in the article “Measuring Consumer Preference for Sales Promotion Schemes in FMCG Sector in an Emerging Market: India”, makes an attempt to understand the preferences of consumers for sales promotion schemes in the Fast


\(^{38}\) Katherine E. Jocz, “Research on Sales promotion: Collected Papers”, Monograph, 1984 [84-104]
Moving Consumer Goods Sector in India. The author says that there is a wide spread use of sales promotion activities in FMCG sector in India in the post liberalization era.\textsuperscript{39}

Sales promotion mainly concentrates on the US market, with focus on the providers, not the customers. Sales promotion is a growing issue for academicians and practitioners. With globalization, such tactics are used in different countries, yet there is an obvious lack of studies on the impact of national and local culture, as well as religion on sales promotion activities. This study takes a look at the Asian consumer view point on sales promotion techniques with an emphasis on how their national and local culture, as well as religion, affect sales promotion activities. The study focuses on respondents from Malaysia, Indonesia, Singapore, Brunei and Thailand to come up with an Asian perspective of sales promotion. The primary objective of this study is to investigate the relationship between various sales promotion techniques and customer purchase satisfaction\textsuperscript{40}.

Buying a brand that is on special or being displayed can simplify the decision-making process and solve the problem of over choice. Professor Leigh McAlister has described this process: As consumer go down the supermarket aisle they spend 3 to 10 seconds in each product category. They often don’t know the regular price of the chosen product. However, they do have a sense of whether or not that product is on promotion. As they go down the aisle, they are trying to pensively fill their baskets with good products.\textsuperscript{41}

\textsuperscript{40} Ernest Cyril De Run, Asian consumers Attitudes towards promotion preference and purchase satisfaction, 15-9-08. A study at University of Malaysia.
Incentives in Marketing & Motivation by George Meredith and Robert P Fried contains a chapter on consumer premium that provides historical information, case studies and useful advice to the marketers. It also discusses the emergence of, and issues related to in-pack, on-pack and near-pack premium promotions.\(^\text{42}\)

Besty Spethman says that frequency programs have become popular. Many supermarkets now have loyalty programs that offer members discounts, a chance to accumulate points that can be redeemed for rewards. Loyalty programs are also used by a variety of other retailers.\(^\text{43}\)

Jack Neff in his article says that one problem with coupons include low redemption rates and high costs. Despite this, very few companies, including Procter & Gamble, are likely to abandon them entirely. Although most coupons never get used, consumers use some of them and have come to expect them. More than 80 percent of the consumers use coupons and nearly one – quarter say they use them every time they shop. With so many consumer eager for coupons, marketers will continue to accommodate them\(^\text{44}\).

A study by Peter Tat, William A. Cunningham III and Emin Babakus, found a negative relationship between use of rebates and the perceived difficulties associated with the redemption process. The study also found that consumers perceive manufacturers as offering rebates to sell products that are not faring well.\(^\text{45}\)

\(^\text{42}\) George Meredith and Robert P Fried “Incentives in Marketing & Motivation” Kendal/Hunt publishing company, 1999.
Bob Woods says that sweepstake or contest often becomes the dominant focus rather than the brand. Some companies have cut back or even stop using them because of concern over their effectiveness and fears that consumer might become dependent on them\textsuperscript{46}.

Alan G Sawyer and Peter H Dickson, in their paper "Psychological perspectives on consumer response to sales promotion" have used the concept of attribution theory to examine how sales promotion may affect consumer attitude formation. According to this theory, people acquire attitudes by observing their own behaviour and considering why they acted in a certain manner\textsuperscript{47}.

William E Myers says that the problem with consumer oriented promotions is that a sales promotion trap or spiral can result when several competitors use promotions extensively\textsuperscript{48}.

Leigh Mc Alister says that when all the competitors are using sales promotions, this not only lowers profit margins for each firm but also makes it difficult for any one firm to hop off the promotion bandwagon\textsuperscript{49}.

\textsuperscript{47} Alan G Sawyer and Peter H Dickson, “Psychological perspectives on consumer response to sales promotion”, in research on sales promotion: collected papers, ed., Katherine E Jocz (Cambridge, MA: Marketing Science Institute, 1984.
\textsuperscript{48} William E Myers, “Trying to get out of the discounting box”, Adweek November 1985, p 2
\textsuperscript{49} Leigh Mc Alister, “Managing the dynamics of promotional change”, in looking at the Retail Kaleidoscope, forum IX (Stanford, CT: Donnelley Marketing 1988)
Judann Dagnoli says that some critics argue that sales promotion increases at the expense of brand equity. Every dollar that goes into promotion rather than advertising devalues the brand\textsuperscript{50}.

Cliff Edwards says that sales promotion war spread to yet an other industry recently when Dell computer began using sales promotion offer to help sell its personal computers. Dell’s trip-a-day giveaway offered consumers a chance to win a vacation, worth upto $50,000. Competitors quickly matched Dell’s promotions. Compaq and Hewlett Packard developed their own sweepstakes. Industry analysis have expressed concerns over the impact the promotional war will have on these companies. Marketeers must consider the ease with which competitors can develop retaliatory promotions\textsuperscript{51}.

A study by Priya Raghubir and Kim Corfman examined whether price promotion affect pretrial evaluations of a brand. They found that offering a price promotion is more likely to lower a brands evaluation when the brand has not been promoted previously compared to when it has been frequently promoted; that price promotion are used as source of information about a brand to a greater extent when the evaluator is not an expert but does have some product or industry knowledge; and that promotion are more likely to result in negative evaluations when they are uncommon in the industry. The findings from this study suggest that marketeers must be careful in the use of price promotion as they may inhibit trial of a brand in certain situations\textsuperscript{52}.

\textsuperscript{50} Judann Dagnoli, “Jordan Hits Ad Execs of Damaging Brands”, Advertising Age, November 1991, p 47.
\textsuperscript{52} Priya Raghubir and Kim Corfman, “When do price promotions affect pretrial brand evaluations?” Journal of Marketing Research, May 1999 pp 211-222
Dartnells Sales promotion handbook, edited by Tanara Brezen Block and William A.Robinson is an all-in-one reference for marketeers; divided into four parts with each part devoted to different aspects of sales promotion, from planning and techniques to strategies and issues. Each chapter is written by an expert with experience working in the field. Hundreds of examples and case histories are included\(^{53}\).

When the economy is down, Brian Quiton says that the promotion and advertising budgets will contract. In a survey conducted he found that 27% said they wanted to increase the marketing spend in 2009 despite the economic crunch\(^{54}\).

**Objectives of this Study**

1. to study the perception and preference of the customers to sales promotion of washing soap and detergents.
2. to study the sales promotion – particularly consumer sales promotion.
3. to focus attention on the different sales promotion techniques used in the industry producing washing soaps and detergents and to identify the one that is effective.
4. to study, in a general way, the industry manufacturing soaps and detergents and
5. to enumerate the findings of the study.

**Scope of the Study**

The focus of this study is on the sales promotion in the soap and detergent industry. The perception and preference of the customer towards the sales promotion, the


\(^{54}\) Brian Quiton, “Promotion that work in a Down Economy”, Promo Magazine 2008.
techniques adopted like price discounts, price pack deals, coupons, loyalty rewards program, free samples, free quantity and free gifts have been taken as the main areas of this study.

Limitations of this Study

1. This study is based only on the responses, to a comprehensive questionnaire, by a cross section of different strata of society who live in Coimbatore city.
2. The study is confined to a finite period.
3. The findings are based on the responses received for the questionnaire.

Methodology

This study considered both primary data and secondary data. Secondary data were collected from books, journals, websites, articles and reports of trade journals.

Primary data, however, were collected from responses of the consumers to the questionnaire. They were collected from men and women respondents alike living in Coimbatore city. People from all walks of life were approached. The total number of respondents was 500. The initial draft of the questionnaire was prepared bearing in mind the problem on hand and the objectives of the study. This was duly pre-tested and necessary corrections were incorporated before the final draft was made. The final questionnaire was distributed to 900 respondents at random. Only 500 respondents returned back the duly filled-in questionnaire.

Statistical Tools used for analysis

The collected data were analyzed using statistical tools based on the objectives of the study. The following are the statistical tools used to draw the inference.
Simple percentage analysis

A simple percentage analysis is a basic tool applied to all the questions given in the questionnaire, and has been mainly used for standardization.

Diagrams and Charts

The diagrams and charts present a birds eye view of the problem considered. In this study suitable diagrams and charts have been presented.

Chi-Square Analysis

Chi-square analysis used in this study tests the influence of one factor over the other. The Chi-Square test has been applied between personal factors and study factors to assess the influence of personal factors over the study factor at 5 and 1% levels of significance.

Correlation Analysis-test and ANOVA

The correlation analysis is used to study the inter-relationship between the different variables considered. Further this correlation is tested for its significance using t-test at 5% level of significance. The t-test is also used for the equality of the mean score of two categories of respondents. If the number of the categories involved was more than two, the technique of Analysis of Variance (ANOVA) has been used.

Kendall’s coefficient of concordance

Kendall’s coefficient of concordance has been used to find whether there is any similarity among the respondents while assigning ranks.
Scaling technique and Average score Analysis

The seven point scaling technique similar to Likert’s scaling, has been mainly used to convert qualitative information into a quantitative one. Further the average score has been obtained to assess the importance given to different factors while selecting a washing soap or detergent.

Average Rank Analysis

Average rank analysis has been used in this study to rank the factors that influence or change the purchase decision.

Chapter Scheme

Chapter I "Introduction and design of the study" presents the introduction, statement of the problem, objectives of study, methodology and limitations of the study.

Chapter II "A review of soaps and detergent industry" is concerned with the background and development of this age-old industry. General information of this industry is also given in this chapter.

Chapter III This chapter titled “An overview of sales promotion” is devoted to the study of promotion of sales. Promotion mix, the growth of sales promotion, acceptance of the consumer, sales promotion and its drawbacks, planning process and techniques of sales promotion are discussed for their efficacy.
Chapter IV  Titled “Data analysis and interpretations” analyses the preference and perception of the consumers towards the sales promotion of washing soaps and detergents.

Chapter V  Titled “Summary of findings, suggestions and conclusion” lists exhaustively the important findings of this study. The study could also help the marketeers of soaps and detergents to understand the perception and preference of the consumers.