Synopsis

On

Sales Promotion Strategy of Selected Companies of FMCG Sector in Gujarat Region

Submitted to Fulfil Requirement for Award of Doctor of Philosophy Degree

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Chapter 1: Introduction

1. Introduction to the topic

Every business organization reaches to the customers through their goods or services. To sell the products to the customers a number of activities are being performed. This is called marketing and it is an important function. Marketing is the performance of business activities that directs the flow of goods and services from producer to the customer. It is the activity that directs to satisfy the human needs through exchange process. Marketing starts with the identification of a specific need of customers and ends with satisfaction of that need. The customer is found in the beginning and end of marketing process. In marketing a large number of activities are performed. For easy understanding these activities are divided in 4 groups for products and 7 groups for services. These elements are product, price promotion, placement for products and three additional elements for services are process, people and physical evidence. These are called elements of marketing mix.

Promotion is one of the elements of marketing mix. Promotion decisions are taken simultaneously with other decisions like finding target group, determining objectives, budgeting for promotion, launching of new products, distribution etc. Promotion is one of the variables through which information regarding products or services is being communicated to customers to change their attitude and behaviour. Marketers are concerned with effective utilization of promotion-mix to increase sales and market share. Methods of promotion include advertising personal selling, publicity, sales promotion and packaging. Sales Promotion is the activity that aims directly to influence buyers to buy products and increase sales. In sales promotion mainly three parties are involved i.e. consumers, traders and sales force. Sales promotion refers to many kinds of incentives and techniques that are directed towards consumers, traders and sales force with the intention to increase sales in short term.
“Sales promotions include incentive offering and interest creating activities which are generally short term marketing events other than advertising, personal selling, publicity and direct marketing. The purpose of sales promotion is to stimulate, motivate and influence the purchase and other desired behavioural responses of the firm’s customers”.

**Kazmi and Batra**

The main objective of sales promotion is to increase the sales of products in short term by influencing behaviour of buyers. Sales promotion methods are many and these are selected as per the target groups. For this purpose, a sales promotion strategy is to be prepared to achieve the objectives effectively. The strategy is a game plan that is needed to perform the tasks effectively and get competitive advantages over others in market. Sales promotion strategy directs the manager in selection of parties, methods of sales promotion, implementation of methods and measuring effectiveness of whole efforts regarding sales promotion. In competitive situation, it is very difficult to increase sales or profit. But with sales promotion strategy sales can be increased in short – term. Strategy is the game plan to achieve the targets as per planning. It explains what, when, where, who and how to do so that objectives of the planning are achieved. Without the strategy the task may not be completed effectively. Sales promotion strategy would help to neutralize the effective of competition and defend the company in the market in performing the sales related tasks. The importance of sales promotion strategy is increasing day by day and in future higher level of competition it would increase further.

Indian industry is a fast developing industry. Fast Moving Consumer Goods (FMCG) are more in demand and frequently purchased by customers. These goods include all consumable goods (other than pulses and grains) and consumers buy at regular intervals in small quantities. Main items in this category are detergents, soaps, shaving products, shampoos, toothpastes and brushes, packed food stuffs, household accessories, creams, oils, tea, coffee etc. Every family spends a large portion of monthly budget on FMCG products. Contribution of FMCG sector in every economy is significant. Now, due to globalization, every economy is facing tough competition. Entries of MNCs and cheaper import have made the situation more difficult. To carry out the business in this sector, it has become very difficult. Every company has to spend a large portion of their budget on promotional efforts.
Most of the companies have applied various elements of promotion mix. Promotion mix elements include advertising, publicity, sales promotion, personal selling and packaging. Sales promotion is one of them and it is our concerned topic. In present competitive situation most of MNCs had developed sales promotion strategy in selection of parties, techniques and managing sales promotion techniques effectively and efficiently. This strategy provides competitive advantage to the companies in the market to grow, stabilize and excel in business performance. Therefore, sales promotion strategy is very significant for companies to earn bread and butter. This attracted me to select and study this topic.

2. Rationale of the Study
In present situation not only in one industry but also all sectors are facing tough competition. It has become very difficult to grow, stabilize and excel in business performance. It is required to influence the attitude and behaviour of buyers. A lot of promotional activities are needed. The leading companies are using different techniques for promotion. These are advertising, publicity, sales promotion, personal selling and packaging. These are serving the difference objectives. Sales promotion is one of them and gives a great impact on customer buying behaviour to increase sales in short term. It contributes to neutralize the competition effect. To achieve the objective a strategy is needed for effective application of sales promotion. The contribution of sales promotion strategy is significant in present time to stay in business in competitive market. The importance of it attracted my attention to select this topic for research study.

3. Objectives of the study
The study of this topic has been undertaken with a number of objectives. Following are the objectives of this study:
(a) To understand the concept of promotion, methods of promotion in markets, sales promotion, need, objectives, importance in competitive situation, and relation with various promotional methods,

(b) To study the tools or techniques of sales promotion, impact on sales, parties involved in sales promotion, management of sales promotion measures, need for sales promotion
strategy and its importance, and role of sales promotion strategy in progress of number of customers, sales volume, profits and progress of the business as a whole.

(c) To understand Indian FMCG sector and find out the practices adopted by the leading companies regarding sales promotion strategy, their effects and difficulties faced in it by the selected companies.

(d) On the basis of study, to summarise the findings and give suggestions for further improvement in sales promotion strategy practices and its contribution in achieving objectives of sales promotion.

(e) To meet the requirement of Ph.D research study.

4. Scope of the Study

This study is relating to promotion-mix elements out of total marketing efforts. It will cover mainly sales promotion, methods for sales promotion, parties involved for sales promotion, combination of promotion methods with sales promotion, sales promotion strategy and its related concepts. This topic has studied in FMCG sector in world and Indian industry. Leading companies have been selected on the basis of their market share for the research study and their comparative study has been carried out.

5. Expected Contribution from the Study

It is expected the study of this topic would contribute in clarifying the all concepts relating to marketing communication, promotion mix, sales promotion, strategy relating to sales promotion, impact of sales promotion strategy on sales, profit and profitability of companies, market share and goodwill of the companies. The beneficiary from the study of this topic would be first of all self-researcher, academicians, practicing managers, prospects researchers and the banks. If these parties refer this research study in future may take advantage of the finding and suggestions. Academician, practicing managers and research students may take benefits for academic purpose and on the jobs. The FMCG companies may implement the suggestions for improvement of sales for achieving sales targets. It can be said the benefits would be multidimensional for above mentioned parties.
Chapter 2: Research Methodology

Research methodology process includes a number of activities to be performed. These are arranged in proper sequence of timing for conducting research. One activity after another is performed to complete the research work. Research methodology includes following steps:

1. Type of Research
The topic for the research study is sales promotion strategy and the nature of the topic is theoretical and descriptive. So the conduct the research study the type of research suitable is descriptive research only. The data are collected from sales records, dealers, customers and salesmen of the companies performing in FMCG sector. The descriptive research has met the requirement of research study.

2. Sources of Data
For the study purpose both primary and secondary data are used. The primary data collected from sales men of the companies, customers and dealers dealing in the products of the company. The secondary data collected from records of the company, retailers and dealers. The data of past sales also have been collected. The primary and secondary data have been collected to cover every aspect of the study. The primary data are related to behaviour and response of employees, dealers and customers. The secondary data shows the sales of the company product wise. Considering merits and demerits of both sources of data, these have been used in combination to meet the requirements of the research work.

3. Instruments for data collection
(a) For collection of data the instruments have been used are; Questionnaire, Telephone, mobile phone and facsimile Mail, Interview etc. These have been used for collection of data from respondents. The data have been collected from respondents from different places. So according to suitability of instruments for data collection, these data have been used.

4. Research Methods
For collection of primary data for this research work survey and observation methods have been used. Experimental method is not found suitable for this study because the topic is a theoretical topic and there is no need to have experiments.
5. Sampling

Sampling is the process in which a representative part of a population for the purpose of determining parameters or characteristics of the whole population is selected. This is called a sample. It is easier to contact a smaller part of the population for data collection. It can be done within a limited time, efforts and with minimum cost. For selection of a sample special care should be taken that the sample is proper representative of the whole population. Every segment of the population should be included but the number should not be very large which may become difficult to manage within time and cost limits. For this research study purpose out of different sampling methods the stratified random sampling has been selected. The universe includes salesmen, wholesalers, retailers and customers of selected companies located in different parts of Gujarat region. Out of Gujarat region main cities like Ahmedabad, Vadodara, Surat, Rajkot and Bhavnagar have been selected. The salesmen are selected from branches of companies and further on the basis of availability during visits. Cities are divided into areas and from each area the dealers, retailers and customers have been selected from urban and rural areas of these cities. They have been selected randomly. So stratified random sampling has been used for the study. Keeping in view the proper representation of every segment of population and manageable size of the sample, the sample size selected is 400.

6. Time Duration

The permitted time by the university for completion of research study for Ph. D degree is two years. Continuous efforts have been put to work on this research. It has been completed and submitted within the permitted time period.

7. Statistical Tools for Data Analysis

For data analysis the statistical tools have been used are pie-chart, tables, percentage, and chi-square test.

8. Hypothesis

The following hypotheses have been tested with the help of statistical tools:

(i) Null Hypotheses:
• There is significant difference amongst sales promotion strategies of the selected companies.
• There is significant impact of sales promotion strategies on sales, number of customers, overall profitability and business performance of selected companies

(ii) Alternative Hypotheses:
• There is no significant difference amongst sales promotion strategies of the selected companies.
• There is no significant impact of sales promotion strategies on sales, number of customers, overall profitability and business performance of selected companies

On the basis of testing of data by using chi-square, it is concluded that there is no significant difference amongst sales promotion strategies of the selected companies. Most of the companies are using similar strategies. So there is no significant impact of sales promotion strategies on sales, number of customers, overall profitability and business performance of selected companies. Therefore, the alternative hypothesis have been accepted

9. Limitations of the Study
To carry out the research study the following limitations were expected and faced during the research study:
(a) Availability of secondary data from sales records of the companies was difficult.
(b) Salesmen, customers, dealers and retailers were reluctant or hesitant to share data.
(c) Management may not like to share their views on the topic.
(d) Time, cost and location factors become major difficulties in completion of research.
(e) Sample size may not be exact representative of the universe. There is possibility of some error to a limited extent.

However, to overcome the limitations and maintain the effectiveness of research work sincere efforts were put.
Chapter 3: Findings, Conclusions and Suggestions

1. Findings

Part I: For Customers

1. Customers buy branded products frequently are bath soaps, shampoos, food products and tooth pastes. Branded beverages are purchased least.

2. Advertisement and sales promotions methods attract more customers and personal selling is the least method that attracts customers.

3. One third of customers said price off, and nearly one fourth of respondents said discount and premium are the methods used for promotion.

4. Price off or discount method is the most effective method, premium and extra quantity methods are second and third respectively to motivate customers to buy products.

5. One third of respondents said sometimes, nearly one fourth said often and always respectively gets information regarding sales promotions methods.

6. More than one third respondents opined sometimes, one fourth said often and nearly one fifth said always, the shoppers provide information regarding sales promotions benefits.

7. Respondents more than one third opted sometimes willingly, nearly one fourth only on request and one fifth opted always willingly, the shoppers give benefits of the scheme.

8. As per opinion of respondents the company interested to offer sales promotions benefits are ranked as HLL first, Nestle second, Colgate third and P&G fourth.

9. The respondents opined that the timing for bringing sales promotions scheme are off season, during falls in sales volume and during peak season.

10. More than one third of the respondents said the objective of sales promotions schemes are to increase sales, push up sales in off season, increase sales of products out of demand and neutralize completion effect.

11. Two fifth of the respondents said sometimes, one fourth said often and one fifth said always they get benefits of sales promotion schemes.
Part II: For Salesmen

12. Nearly one third of respondents in each case agreed that the role of sales force is important, very important and most important in sales promotions.

13. For motivation of salesmen management takes step, more than one third said sometimes, nearly one fourth said often and always respectively.

14. Nearly two third majority for salesmen agreed that the methods used for promotions of salesmen are incentives, travelling allowance, commission on sales, recognition and rewards.

15. Two fifth agree for sometimes, more than one fourth agreed for often and one fifth of respondents agreed for always that the motivational methods are implemented properly.

16. Nearly, two third majority of salesmen agreed that unfair practices are not used by mangers in implementation of schemes.

17. Majority of salesmen are having experience in present job less than three year. Very less number of salesmen is having experience more than 3 years.

18. More than half of salesmen are not planning to change their jobs and nearly one fourth are planning to change their jobs.

19. Nearly half of the salesmen agreed that they are satisfied and slightly less than one fourth agreed that they are highly satisfied. Number of unsatisfied salesmen is less comparatively.

20. For motivation of salesmen the method used are ranked on the basis of their effectiveness, commission on sales as first, incentives as second, recognition and rewards third.

21. For motivation of salesmen they suggested the methods are human touch in implementation, increased financial incentives and present methods should continue in preference of concerned parties.

22. They agreed that for motivation of salesmen the leaders in markets are HUL, Nestle Colgate and ITC Ltd. in order.
Part III: For Dealers

23. Majority of dealers agreed that they are given as nearly one fourth said they are not given sales promotions benefits by the companies.

24. On the basis of effectiveness, discount is the best method and followed by travel allowances, Pop display, dealers gift sales contests and cooperative advertisement.

25. Majority of dealers agreed that they get POP display items from companies. More than one third agreed for always there are benefits from POP display, More than one fourth agreed for often, and one fifth agreed for sometimes.

26. Nearly half of dealers said no and less than half say yes they have participated and had knowledge of sales contests. A very less dealers have no idea about this.

27. Nearly half of the dealers agreed they get discounts on sales always and one third agreed they get discount from companies often.

28. Majority of the dealers agreed that they get trade allowances from the company frequency varying from always, often to sometimes.

29. Out of respondents nearly one third said sometimes, one fourth said often and nearly 17% said always and rarely respectively they get gifts from dealers.

30. Majority of dealers agreed that the company supports them in cooperative advertisement but the frequency varied from always to rarely.

Part IV: For Managers

31. Nearly all the mangers agreed that there is need for sales promotions scheme to increase sales.

32. Nearly three fourth of managers agreed that the reasons for using sales promotions are increasing competition, standard products need non–price factor support, customer numbers increase marginally and easy to measure effect of them.

33. More than half of the respondents agreed that sales promotion is used with the objective to increase sales of slow moving products, and in off season, attract new customers, improve relationship and neutralize competition effect.
34. Overwhelming majority of managers agreed that sales promotions schemes are targeting customers, dealers, and sales force.

35. All respondents have agreed that there is impact of sales promotions. Nearly half of them agreed that the impact is sometime immediate and sometimes delayed.

36. Nearly half of the managers agreed that the responsibility for sales promotion planning and implementation is of top level, department heads and territory managers. Nearly one fourth said only top management is responsible.

37. More than one third of respondents agreed that customers, dealers and salesmen are important. Whereas nearly one fourth agreed for customers only the important party for increasing sales.

38. Higher majority of managers agrees that sales promotion scheme are implemented properly but the percentage level vary from sometimes, often and always.

39. Nearly half of managers accepted the sales scheme misfired due to faulty administration, lack of proper planning, poor dealers’ relationship and lack of interest. Less than one fourth agreed for poor dealers’ relationship.

40. HUL is leader and followed by Colgate, P&G, Nestle and Dabur in implementation of sales promotion scheme.

41. Nearly half of them suggested proper timing, involvement of managers, proper communication and transparency for effective working of schemes. Less than one fourth suggested proper timing for launching of schemes.

2. Conclusions and Suggestions

Part I: For Customers

1. Branded products are purchased frequently so special care should be taken for these products to increase sales and get business.

2. Different promotions methods are useful for improvement of sales. A promotion mix should be selected very carefully to achieve the objective.

3. Price off, discount and premium are important tools of sales promotion. Proper care should be taken for these tools in planning and implementation.

4. Information regarding sales promotion methods not readily available to all customers. More efforts needed to communicate to all concerned parties very often to increase more awareness regarding sale promotion methods.
5. Shoppers lack in communication and providing benefit to the customers regarding sales promotion schemes. They should be motivated and good relations should be maintained. They should be provided with proper dealers promotional scheme benefits.

6. MNCs in FMCG sector in India are the leaders in offering sales promotions benefits. Indian domestic companies should gear up and put more efforts to increase sales through sales promotion methods.

7. Sales promotion schemes are mainly brought in off season, during falls in sales volume and peak of the season. In future, for launching of schemes the timing is to be followed for better result.

8. Benefit of sales promotion schemes are not reaching to all customers always. A wide gap is there. Sales manager of the company should implement the scheme strongly and review of the scheme is to be carried out periodically.

**Part II: For Salesmen**

9. Role of salesmen is very important in increasing sales. Head of sales department should keep the salesmen well trained and motivated for more effective role in future. More efforts are needed from managers side.

10. Mainly used methods for motivation of salesman are incentives, commission, travelling allowances, recognition and reward. These methods are proper but these should be implemented more effectively so irregularities can be checked.

11. Experienced salespersons are not available. They change the jobs very frequently. Satisfaction level is not very high. Management should put sincere efforts for retaining experienced salesmen. They should be treated well and provide with higher incentives, commissions and rewards for better results.

12. Again in motivation of salesmen the leaders are MNCs in India. Indian company must learn a lesson and follow them for higher sales and profits.

**Part III: For Dealers**

13. Majority of dealers get sales promotion benefits from FMCG companies. The companies should maintain the position more strongly to fight tough competition in markets.

14. Various sales promotion methods for dealers are being used by companies. While planning and implementation of sales promotion methods more care is needed so effectiveness can be improved.
15. Majority of dealers are supplied with POP display items for promotion of sales and business. The position in this case should be maintained looking for further improvement in results.

16. Knowledge of and participation in sales contests by dealers is not good. A wide gap is found. Dealers should be informed regarding contests and their participation should be improved. This is necessary for better relationship.

17. The sales promotions methods for dealers provided are discounts, dealers, gifts, trade discounts and sales contests. They have agreed for this but not all. This problematic area should be taken care of so the benefits should reach to them and company can get willing cooperation of dealers in sales promotion.

**Part IV: For Managers**

18. High majority of managers agreed that there is need for sales promotion scheme to increase sales due to increasing competition, difficult to increase customers and easy to measure effects on sales. Sales mangers of the company should pay proper attention to sales promotion and its methods for customers, salesmen and dealers.

19. All companies have planned and implemented sales promotion methods for customers, dealers and salesmen. All the three parties are important in completion of sales. They should not be ignored at any point of time.

20. Impact of sales promotion is very good sometimes it is immediate and sometimes delayed. For sales promotion strategy formulation the impact should be kept in mind for successful efforts.

21. Implementation of sales promotion schemes seems to be good from the analysis. But all have not agreed that the implementation is proper. There are chances of poor implementation. Special care should be taken by sales manages on planning, dealers relationship, motivational aspects of parties involves, and implementation so it should not misfire.

22. For improving effectiveness of the scheme the management should focus on proper timing of launching scheme, communication and transparency regarding sales promotion schemes.

23. It is found that in planning and implementation of schemes MNCs like HUL, Nestle, Colgate and P&G are the leader in markets. Indian companies should wake up and learn a lesson from foreign competitors. They should work more effectively in this area
Chapter 4: Bibliography

4.1: Reference Books

Marketing Research

Advertise and Sales Promotion

Research Methodology

Marketing Management

**International Marketing**


**Indian Economy**

### 4.2: Newspapers

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