Introduction

The term sales promotion connotes multitude of activities. Sales promotion is generally defined as a method which is used to stimulate sales, other than normal advertising in the usual media. Sales promotion techniques are equally relevant to the small industrial unit which can use techniques like exhibitions, discount methods, or even the modern displays, free pack offers etc.

The small company should view the sales promotion technique as an opportunity which is flexible and exert its own initiative or creativity in making it a success. It yields the opportunity of making a relatively big impact in its own region or area of activity in a way that is difficult to achieve by mere advertising. A small advertising is in fact a drawback while putting up the fight against giants because the small advertising means small spaces, infrequent appearances or local media etc. Most sales promotion techniques have a much more direct link with consumer and do not have these inherent drawbacks. A coupon put through the door by a local manufacturer can be every bit as compelling as one from an international giant which gives it a special extra appeal.
Promotion, along with product development, pricing and channel management, is a major marketing task of the firm. Promotion is the attempt of a unit to stimulate sales through directing persuasive communications to the buyers. The firm's product may have excellent style and quality, it may be priced at the right level, and it may be placed in the right channels. Yet it may fail to sell because it is not promoted to the right people in the right way.

Sales promotion is merely a means of involving the consumer in the process from the beginning so that while his needs are met, the entrepreneur is assured a continuous reward for his investment and enterprise.

It is proposed to examine and analyse the policies and programmes of the small industrial units, under study of in respect of their sales promotion.

(A) ENGINEERING

(1) Material Handling Equipment

Marketing expenses were reported negligible by this unit (Table no. 34-A). However, in the personal discussions, it was realised that both the proprietor and his brother were earlier running a marketing agency selling number of other products not manufactured by this unit. The products of the existing unit also were sold by the same agency. Perhaps because of their own outlet for distribution the marketing expenses were reported negligible, by the unit. The product was promoted by demonstrating its utility either at their own
shop floor or at the shop floor of consumers as per consumer's choice. A small leaflet was printed which contained the description of the product, its specifications and also the design details which was circulated among the existing and prospective consumers. Commission of one per cent of sales was paid to the Selling Agency. There was no independent marketing section and the function was looked after by the Proprietor himself (Page 166).

(2) Hydraulic Pumps

Marketing expenses were reported negligible by this unit (Table no. 34-A). The unit had a period of existence of only one year only from the base year (1971). The major activity of the unit was to develop different types of hydraulic pumps. The designing was done as per the specifications supplied by the consumers. The testing was carried out thereafter. Then the product and its performance was demonstrated to the consumer and having satisfied himself about the product, the consumer placed a large order. Leaflets were printed describing the products manufactured. These were circulated among its prospective consumers before paying personal visits. No independent marketing section existed with the unit (Page 166).

(3) Cycle Parts

The unit had entered in permanent agreement with a big cycle manufacturer from Calcutta for supplying a few parts on mass scale. So far as the pneumatic couplings (the new
product) were concerned, the product was developed and got approved in 1971 from its prospective consumer in the region. The contract would be signed near future and mass production of this product would also start thereafter. Due to heavy expenditure made on developing these products, the unit have been facing losses. With the introduction of pneumatic couplings the unit is likely to turn tables and would show profits in near future. Since the unit was fully busy with these two assignments, it did not enter the open market independently. And, therefore, the marketing expenses reported were negligible. No independent marketing section existed with the unit (Page 166).

(4) Material Handling Equipment

No independent marketing section was in existence with the unit. (Page 167). Marketing expenses were also reported to be negligible (Table no. 34-A). Since the unit manufactured material handling equipments (mainly trolleys) required by oil engine manufacturers on continuous basis, the unit used to get repeat orders on quarterly basis from these consumers. This unit during the period/slump in oil engine industry, had to seek outside orders also to keep it running. However from the year 1971, the unit reported to have been receiving small orders from oil engine industry again showing a change in the downward trend in the oil engine industry. A small leaflet was printed when oil engine industry failed to place orders. These leaflets were circulated among the new potential con-
sumers and the business was developed. The samples were provided, demonstrations given and thereafter the orders were received from these new consumers. Newspaper advertising was not done. No other sales promotion method was used.

(5) **Machinery**

There was no independent marketing section in existence though the salesmen were employed by the unit (Page 167).

Before the year 1969, the unit undertook job work in addition to its own machinery products. During the year 1969 the demand for its own product shot up. More orders poured in and hence job work manufacturing was not done during 1969-70. However, due to number of unforeseen circumstances such as non-availability of steel, alloys etc. and other unfavourable factors, all the orders booked for machinery could not be completed and the unit faced losses. Thus to maintain a minimum profit level, it was realised that the unit had to supplement its own product by job work manufacturing. It was also thought that the unit did not have a reasonable profit margin on the existing level of sales of its own products to survive solely upon them and hence the need of undertaking job work was felt. However, the unit was not ready to discuss anything on these observations. As a result, since 1970 onwards the unit started manufacturing job work also to wipe out the losses incurred in 1969-70. The losses were reduced to a large extent by the end of 1970. Personal selling was the major sales promotion method supple-
mented by demonstrations of its product.

(6) **Gear Boxes**

Independent marketing section was there in existence with this unit (Table 31-A). The sales were approximately Rs. 18.00 lakh p.a. Outside orders were also accepted in addition to one major consumer, in the excess capacity available. Appointment of four salesmen did not appear justified when 80% of production went to a single consumer in the region. The unit also did not explain this satisfactorily. The unit had its literature of product information printed. It was circulated among its consumers. No other sales promotion method was used. Newspaper advertising was not done.

(7) **Valve Guides**

There was no independent marketing section in existence (Page 167). However, the unit reported to have spent 5% of its total marketing expenses i.e. hardly around Rs. 150/- as sales promotion expenses per annum (Table no. 36-A). Usual method of product promotion was to manufacture valve guides as per the specifications supplied on sample basis. The demonstrations were given and the product was got approved from the consumer. Manufacture on large scale was undertaken thereafter. Small leaflets were printed and circulated among its prospective consumers. Advertising on small scale was done through local papers.

(8) **Resistance Welding Machines**

No independent marketing section was there in existence
Unit had completed hardly one year from the base year, 1971. It had started supplying its products recently to those whose orders were booked earlier. A performance guarantee was given of minimum one year for the product supplied. Manufacturing defect, if any, was dealt with free of charge within this period. Orders were procured in the usual way. A sample unit was prepared, demonstration given, the approval obtained and then the large scale manufacture undertaken. Small leaflets were printed and were circulated among its prospective consumers. Out of the total expenditure on marketing, 15% was spent on sales promotion which came to Rs. 450/- approximately (Table no. 36A). Personal selling was mainly used for promoting its products.

(9) Motors

There was no independent marketing section in existence. Only a salesman was employed (Page 168) to help the proprietor to look after the sales in the region. The name of the unit in the field had earned reputation. These motors were well known to the consumers. Because of this reputation no demonstrations were necessary for placing orders. It had its sales literature printed containing all size motors manufactured, their designs and specifications. Mail orders received from reputed concerns were accepted. Advertising on small scale (i.e., one or two times in a month) through local newspapers was done. Out of the total marketing expenses, 8% were spent on sales promotion i.e., Rs. 1440/- approximately (Table no. 36A).
(10) Turbine Pumps

There was no independent section in existence with the unit (Page 163). The unit gave demonstrations in order to satisfy its consumers. It had its sales literature printed which summarised the description of products manufactured, their specifications etc. This was regularly circulated among its prospective and potential consumers. Mail orders received through reputed concerns or through government agencies were accepted. Advertising through newspapers was done to popularise its products. This was necessary because the products were import substitutes and were manufactured in the country for the first time. Export orders also were received, though on smaller scale, to begin with. For this purpose, the proprietor had to undertake foreign tours and thus, the developmental expenses of this type were comparatively higher scale. Out of the total expenses incurred in the form of marketing expenses, the share of sales promotion was 6%, approximately i.e. Rs. 1260/-. (Table no. 36-A).

(11) Industrial Safety Gloves

The unit did not have an independent marketing section (Page 163). However, the most favourable situation for the unit was the absence of competition. The product was an import substitute and had a roaring demand. A sample pair was offered to the prospective unit, it was then requested to test the pair by actual use and then the order (which used to be mostly in the repeat form) was secured. A little,
intermittent advertising through newspapers was also done. Out of the total marketing expenses incurred, the allocation for sales promotion was hardly 4% i.e. Rs. 1560/- approximately per annum. (Table no. 36-A).

(12) Crankshafts

No independent marketing section was in existence with the unit (Page 169). The unit was required to get its sample tested and approved by giving demonstrations, at the shop floors of its big consumers. Then only, the final orders were placed. It advertised once in a while in newspapers, magazines etc. Out of the total marketing expenses, the unit spent hardly 2% i.e. Rs. 800/- approximately per annum on sales promotion (Table no. 36-A).

(13) Material Handling Equipment

No independent marketing section was there in existence with this unit (Page 169). Sample products were required to be offered for testing and approval, both to the private parties and to the governmental agencies. Say for example, wheels for trollies, were offered as samples, the consumers then tested and approved the same and then large orders were placed by these consumers. Demonstrations for trollies, jacks etc. at the consumers' shop floors were necessary for procuring orders. Out of the total expenses on marketing, the unit had hardly spent 5% on sales promotion i.e. Rs. 550/- approximately per annum (Table no. 36-A).
(14) Motor Cycle Accessories

The unit had an established independent marketing section (Table no. 31-A). The coverage of markets was wide and had as many as 4 salesmen employed to cover the same. The product was a mass consumption product and had to have larger and wider openings and had appointed agencies for the distribution of its products. Sales literature was printed covering all types of accessories manufactured, their sizes, use etc. for circulation among its consumers and distribution channels. The unit had its own show rooms in the region where a most modern display of accessories was made. It spent money on modernising display at their show rooms. Out of the total marketing expenses the unit spent 20% in the form of sales promotion expenses i.e. Rs. 8000/- (Table no. 36-A).

(15) Dynamometers

A small marketing section was there in existence with the unit which was looked after by a manager only (Table no. 31-A). The unit had its sales literature printed. This literature was circulated among its prospective consumers, which was followed by giving them demonstrations about the product performance. A little advertising through local newspapers was also done. Out of the total marketing expenses the unit spent on an average 5% p.a. on sales promotion i.e. Rs. 2,650/- (Table no. 36-A).

(16) Agricultural Pumps

A small marketing section was there in existence with
the unit which was headed by an officer only (Table no.31-A).

The products were mass consumption products and specifically found its markets in the agricultural field. This led to give more and wider openings for the product and a considerable advertising in the form of hoardings and in local newspapers also. The distribution agencies were also appointed. Demonstration of product performance/effectively used as a tool to bag orders from agriculturists. Out of the total spendings on marketing, approximately 15% p.a. were incurred on sales promotion i.e. Rs. 4,500/-. (Table no. 36-A).

(17) Precision Gauges

An independent marketing section was in existence with the unit (Table no. 31-A). A manager and four sales engineers were employed. The product was an import substitute and there was hardly any competition to this product in the country. The unit participated in exhibitions of specialised engineering industries throughout the year in various parts of the country. This helped the unit to popularise its product more. It had its sales literature printed describing all the products manufactured, their designs and specifications. It helped its distribution agencies to arrange for a wider and modern display to its products. Advertising in major newspapers in different parts of the country was a normal feature. It spent on sales promotion to the extent of approximately 5% p.a. of its total spendings on marketing i.e. 7,350/-. (Table no. 36-A).
(18) **Rolling Shutters**

An independent marketing section was there in existence with the unit. (Table no. 31-A). A marketing manager was appointed as in-charge of the section and 3 more salesmen were appointed to assist him. The product was an industrial cum consumer product and required reputation to book orders in the tough competition. The unit had earned the necessary reputation in the market. It had its sales literature printed and the same was circulated among various distribution agencies and direct consumers. Advertising in newspapers was a normal feature. Out of the total spendings on marketing, 10% were spent on sales promotion. The efforts required to promote and maintain a sales level of Rs. 18,000 lakh per annum could be seen from the actual amount spent i.e. Rs. 27,000/- approximately per annum on this count (Table no. 36-A).

(19) **Agricultural Implements**

An independent marketing section was there in existence with the unit, looked after by a manager, and two salesmen (Table no. 31-A). The products were of mass consumption nature and specifically, found its foothold in the agricultural field. This caused in giving more and wider openings for the products. A considerable amount was required to be spent on advertising in local newspapers. A large investment was observed to have been made in hoardings. The displays were made in their show rooms as an additional feature. Demonstrations were given to the farmers even on the farms. A large
amount, therefore, was required to be spent to maintain a sales level of Rs. 14.00 lakh and also towards promotional efforts. Out of the total spendings on marketing, the share for sales promotion was 20% i.e. Rs. 56,000/- approximately per annum (Table no. 36-A). But considering the nature of the product this share allocation was felt necessary.

Summary

(Please refer Table no. 42-A).

(1) Table No. 34-A, seen earlier narrates the units which have not reported marketing expenses. We have also examined their reasons for non-reporting. Excepting the units manufacturing cycle parts and gear boxes, other units reported these expenses to be very negligible. The advertising and sales promotion expenses of these units being the part of marketing expenses, also were negligible. However, little work that they did for promoting their product by spending negligibly smaller amounts was done in a simple way as explained in Table No. 42-A. These units were manufacturing material handling equipments, hydraulic pumps, and machinery. Personal selling was the main method used for promoting their products. Designing and developing a sample unit/product was the next step, followed by the demonstration of the product performance. Having approved the same and having received the bulk order from the major consumers, manufacturing on mass scale was undertaken. Small leaflets giving details of each product manufactured were circulated among
### Table 42-A: Methods in use for Sales Promotion

<table>
<thead>
<tr>
<th>Unit</th>
<th>Marketing Section</th>
<th>Sales Promotion Expenses % to Marketing expenses</th>
<th>Methods in use</th>
<th>Sales average per annum (1969-71) (Rs.lakhs)</th>
<th>Sales Pr. Exp. % to Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mat. Hand.</td>
<td>No</td>
<td>Negligible</td>
<td>Personal selling, printed leaflets, demonstrations</td>
<td>0.50</td>
<td>-</td>
</tr>
<tr>
<td>Hydraulic Pumps</td>
<td>No</td>
<td>Negligible</td>
<td>Designing, demonstrations, development leaflets</td>
<td>0.50</td>
<td>-</td>
</tr>
<tr>
<td>Cycle Parts</td>
<td>N</td>
<td>Not available</td>
<td>Designing, demonstrations, development leaflets</td>
<td>1.50</td>
<td>-</td>
</tr>
<tr>
<td>Mat. Hand.</td>
<td>No</td>
<td>Negligible</td>
<td>Demonstrations, leaflets</td>
<td>3.30</td>
<td>-</td>
</tr>
<tr>
<td>Machinery</td>
<td>No</td>
<td>Not available</td>
<td>Personal selling, leaflets, demonstrations</td>
<td>4.29</td>
<td>-</td>
</tr>
<tr>
<td>Gear Boxes</td>
<td>Yes</td>
<td>Not available</td>
<td>Literature</td>
<td>18.00</td>
<td>-</td>
</tr>
<tr>
<td>Valve Guides</td>
<td>No</td>
<td>5% (150/-)</td>
<td>Demonstrations, leaflets</td>
<td>1.40</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Resistance</td>
<td>No</td>
<td>15% (450/-)</td>
<td>Designing, demonstrations, one year's guarantee, developement leaflets</td>
<td>0.19</td>
<td>3</td>
</tr>
<tr>
<td>Welding Machines</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motors</td>
<td>No</td>
<td>8% (1,440/-)</td>
<td>Reputation, literature, mail orders</td>
<td>3.00</td>
<td>0.5</td>
</tr>
</tbody>
</table>
Table 42-A: (continued)

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turbine Pumps</td>
<td>No</td>
<td>6%</td>
<td>Demonstrations, literature, advertising in papers, no competition, mail orders, exports</td>
<td>3.48</td>
<td>0.4</td>
</tr>
<tr>
<td>Industrial Safety Gloves</td>
<td>No</td>
<td>4%</td>
<td>No competition, advertising in newspapers, free samples</td>
<td>6.50</td>
<td>0.25</td>
</tr>
<tr>
<td>Crankshafts</td>
<td>No</td>
<td>2%</td>
<td>Sampling, advertising in newspapers, demonstrations</td>
<td>5.70</td>
<td>0.15</td>
</tr>
<tr>
<td>Mater. Hand.</td>
<td>No</td>
<td>5%</td>
<td>Sampling, demonstrations</td>
<td>1.12</td>
<td>0.5</td>
</tr>
<tr>
<td>Motor Cycle Accessories</td>
<td>Yes</td>
<td>20%</td>
<td>Modern display, sales literature, advertising in newspaper</td>
<td>4.01</td>
<td>2</td>
</tr>
<tr>
<td>Dynamometers</td>
<td>Yes</td>
<td>5%</td>
<td>Demonstrations, advertising in newspapers, sales literature</td>
<td>4.80</td>
<td>0.15</td>
</tr>
<tr>
<td>Agricultural Pumps</td>
<td>Yes</td>
<td>15%</td>
<td>Advertising in hoardings, literature, newspapers, demonstrations</td>
<td>2.50</td>
<td>2</td>
</tr>
<tr>
<td>Precision Gauges</td>
<td>Yes</td>
<td>5%</td>
<td>Exhibitions, display methods, literature, advertising in newspaper</td>
<td>9.32</td>
<td>0.9</td>
</tr>
<tr>
<td>Rolling Shutters</td>
<td>Yes</td>
<td>10%</td>
<td>Reputation, advertising in newspapers, literature</td>
<td>13.00</td>
<td>0.15</td>
</tr>
<tr>
<td>Agricultural Implements</td>
<td>Yes</td>
<td>20%</td>
<td>Advertising in newspapers, display methods, hoardings, demonstrations, literature</td>
<td>14.00</td>
<td>3</td>
</tr>
</tbody>
</table>
their consumers.

In case of cycle parts, the methods explained by the unit were not different from those discussed above and since there was a single large consumer, the expenses on sales unit promotion might have been on lower side. The manufacturing gear boxes supplied approximately 90% of its production to one vehicle manufacturer in the region and hence, promoting the product in the open market was not stressed by the unit.

(2) We have examined in Table No. 36-A, earlier, the ranges of spendings on sales promotion expressed as a percentage to their marketing expenses. We have also examined there, the likely reasons for the units for spendings in those ranges vis-a-vis their sales.

Out of the total units, the units manufacturing resistance welding machines (3% of sales), motor cycle accessories (2% of sales), agricultural pumps (2% of sales) precision gauzes (1% of sales) and agricultural implements (3% of sales) had their spendings on sales promotion on comparatively higher side when compared with their sales figures (shown in brackets). This, in short, shows their efforts made in promoting the product by making higher allocations towards sales promotion. Mostly these products were mass consumption products. Various methods used by them were, as under. The unit manufacturing resistance welding machines had to promote its products by personnel selling, demonstrations etc., to make its product popular since it was an import substitute. However, being in the budding stage the method
commonly used by this unit was personal selling and demonstrations. The unit carried out designing and development of products gave demonstrations that largely satisfied the consumers and tapped the same orders. The unit gave a performance guarantee for the product for one year. Free if the repairs and replacements were provided to the buyers/manufacturing defects were located in the product. The other units manufacturing motor cycle accessories, agricultural pumps, precision gauges etc. described above were commonly advertising their products through local newspapers. These units spent money in making their displays attractive wherever they had their own shops/show rooms and also at the shops/show rooms of their distributing agencies to boost up their sales. All these units had printed booklets/leaflets describing among the designs, specifications and uses of their products which were circulated among their consumers. The unit manufacturing precision gauges participated in various exhibitions held of similar or allied products in order to make its product popular and known to the wider markets. The units manufacturing agricultural implements had to give demonstrations in the field, especially to train their consumers in using their products with the best of efficiency. Hoardings were mainly used by these two units only. It was also observed that all these units excepting the one manufacturing resistance welding machines had an independent marketing section and sales on an average above Rs. 3.00 lakh
and thus afford making efforts in the direction mentioned above.

The remaining units ordinarily used free sampling, demonstrations, advertising in newspapers, leaflets, etc. as common methods. The percentage of their spendings to their sales figures have been summarised in Table No. 42-A.

(B) ELECTRICALS AND ELECTRONICS

(1) Electrical Accessories

The unit did not have an independent marketing section in existence, since it was working purely on ancillary basis (Page 177) and hence the spendings on sales promotion were almost negligible. The expenses reported on marketing also were negligible (Table No. 34-B). The method of promoting the product was mainly the personal selling.

(2) Electronic Equipments

An independent marketing section was in existence with this unit to service its large sales volume of average (Table No. 31B) Rs. 18.00 lakh p.a. The unit did the work of designing and development as per the specifications supplied by their consumers. Demonstrations were given thereafter. Once the consumers approved of the sample product, the large orders were received and mass manufacturing was undertaken to meet the orders. A printed leaflet was circulated among their existing and prospective consumers describing the range products manufactured and their specifications. Advertising in local newspapers was also done frequently. The product
promotion in Bombay and in the rest of the country was undertaken by an appointed distributor.

(3) **Resistors**

The unit did not have an independent marketing section in existence (Page 178). The unit offered free samples of its products to its consumers for approval. Demonstrations also were given to prove performance of the product. Small leaflets were also forwarded to potential consumers in the region which contained information about products manufactured. The product was an import substitute. However, to introduce the product in the State-wide markets and then on all India basis, the unit was trying to raise more funds. Personal selling, was mainly used for promoting the product. Out of the total spendings on marketing (Rs. 0.02 lakh) the unit reported to have spent only 1% of marketing expenses on sales promotion i.e. average of Rs. 20/- per annum. It is, therefore, felt necessary that the unit will have to make more allocations towards the sales promotion to boost up its sales, than what have been spent at present. (Table no. 36-B).

(4) **Regulators**

No independent marketing section was there in existence with this unit (Page 178). Printed literature was circulated among its existing and prospective consumers, free samples were provided to consumers for getting their approval and then the production on a certain scale was taken up on the basis of orders. The sales were around Rs. 1.00 lakh per
Out of the total marketing expenses, only 2% i.e. Rs. 100/- average per annum were spent towards sales promotion (Table no. 36-B). It is, thus, felt necessary that the unit gears up the efforts towards promoting its products in the market.

(5) Recording Instruments

A small, independent marketing section was in existence which continually kept a liaison between the unit and its consumers, mainly Government and private laboratories (Table no. 31-B). The unit as seen in (4) above did the work of designing and developing the products as per the stipulations supplied by the consumer. A free sample was offered for approval of the consumer. Demonstrations were given and the approval was obtained. Production on mass scale was undertaken thereafter. The major part of these expenses was formed of the developmental work and was duly charged to the consumers, by spreading over the whole order. Out of the total expenses incurred on marketing, the unit spent 6% i.e. Rs. 3360/- on sales promotion. (Table no. 36-B).

Summary

(Please refer Table no. 42-B).

(1) Table no. 34-B, seen earlier, details the units (2 units) which have not reported marketing expenses. Out of these two units, one unit manufactured electrical accessories and was working purely on ancillary basis, and hence the marketing expenses were reported negligible. The other unit manu-
factured electrical equipments. The unit designed, developed and demonstrated the performance of the product manufactured on sample basis and then bagged the large order from its consumers. The leaflets were printed containing product information and were circulated among its consumers. Advertising was also done through local newspapers.

Table 42-3: Methods in use for Sales Promotion

<table>
<thead>
<tr>
<th>Unit</th>
<th>Marketing Section</th>
<th>Sales Promotion Expenses % to Marketing Expenses</th>
<th>Methods in use</th>
<th>Sales Expenses Rs. Lakh Ave. % to Sales p.a. % (1969-71)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrical Accessories</td>
<td>No</td>
<td>Negligible</td>
<td>Purely Ancillary</td>
<td>1.40 Negligible</td>
</tr>
<tr>
<td>Electronic Equipments</td>
<td>Yes</td>
<td>Not Available</td>
<td>Designing, development, demonstrations, printed leaflets, advertising in newspapers</td>
<td>18.00 -</td>
</tr>
<tr>
<td>Resistors</td>
<td>No</td>
<td>1% (20/-)</td>
<td>Free samples, demonstrations, leaflets</td>
<td>0.13 Negligible</td>
</tr>
<tr>
<td>Regulators</td>
<td>No</td>
<td>2% (100/-)</td>
<td>Literature, free samples</td>
<td>1.00 Negligible</td>
</tr>
<tr>
<td>Recording Instruments</td>
<td>Yes</td>
<td>5% (3,360/-)</td>
<td>Designing, development, demonstration, free samples</td>
<td>5.13 Negligible.</td>
</tr>
</tbody>
</table>

(2) Let us now examine units which reported marketing expenses (Table no. 35-B). We have earlier noted the ranges of
spendings on sales promotion in Table No. 36-B expressed as a percentage to their marketing expenses. We have also noted reasons for these units for spendings/those ranges vis-a-vis their sales.

The sales promotion expenses of these three units did not exceed 6% of their total marketing expenses. Units manufacturing resistors and regulators spent on sales promotion only up to 2% of their marketing expenses. Their expenditure on sales promotion was negligible (Rs. 20/- and Rs. 100/- respectively) in comparison, both, with their total marketing expenses and also with their sales. Both the units used almost a common methodology for promoting their products, viz. sampling, demonstrations and providing leaflets. The method used for promoting its product was mainly the personal selling. It is, therefore, felt desirable that these two units provide more allocations towards promoting their products and also gear up the machinery towards the same.

However, the third unit which spent 6% of total marketing expenses on sales promotion did the designing, developing and demonstration work for its consumers. It also offered free samples to them for obtaining their approval and further obtaining the large orders. Its sales were also more than the two units seen above, i.e. Rs. 5.00 lakh per annum approximately. In terms of amount the unit spent Rs. 3,360/- average per annum on promoting its product. Only this unit had an independent marketing section in existence to take care
of all these activities.

(C) CHEMICALS

(1) Oil Seals

The unit did not have an independent marketing section (Page 182). Free samples were offered by the unit for testing and approving of its specifications by the consumer. The large order was thereafter placed by the consumer unit and then the production of the whole order was undertaken. The leaflet was printed describing various sizes of oil seals manufactured and their specifications etc., and was circulated among its prospective and potential consumers. However, since the major part of its production went to a single engineering group in the region, the efforts taken to promote the product were not frequent.

(2) Resins

Independent marketing section was not there in existence with the unit (Page 182). Free samples were offered to the consumers for their approval before bagging the orders. The product was an import substitute. Hence the consumers preferred to give a test check by asking for samples and checking the specifications. There was no competition and since the resins were required to be imported on import licence involving lot of money and time, this unit had a reasonably good market for its indigenously manufactured resins. However, the product was required by only those who had shifted to modern technology and such industries being very few in
India, a continuous pouring demand for resins did not exist. Printed literature was there which used to be forwarded to the potential or prospective consumers for introducing the product to them. Mail orders received were also accepted. A little advertising in newspapers was also done. The distributor appointed by them catered for promotion of the product in the States of Maharashtra and Gujarat excepting Bombay and Poona, which were directly looked after by the unit itself.

(3) Rubber Components

No independent marketing section was there in existence (Page 182). One of the automobile dealers in the region was a bulk consumer for the products manufactured by the unit and also displayed these products through its showrooms. The expenses incurred by the unit on sales promotion were negligible. (Table no. 34-C).

(4) Rubber Components

The unit did not have an independent marketing section (Page 182). Free samples manufactured according to the specifications of the consumers were offered to consumers for testing. Having been approved of the sample, the main order for the product placed by the consumer was undertaken for manufacture. Government orders were undertaken on tender basis. The availability of space (area of the unit) being very small, the capacity was limited and hence the promotional efforts could not be vigorously undertaken. The marketing
expenses reported were almost negligible (Table no. 34-C).

(5) **Rubber Components**

An independent marketing section was not there in existence (Page 182). Unit had undertaken a single large order for supplying processed rubber sheets of a particular quality on behalf of a single large scale rubber product manufacturer from the region. It had a mind to accept outside orders also, and was thinking of providing free samples to prospective consumers. As yet it had not accepted any outside order. The promotional efforts were almost negligible. Marketing expenses were reported negligible for the aforesaid reasons (Table no. 34-C). Personal selling was the main method used for promoting its product.

(6) **Chemicals**

A small independent marketing section was there in existence (Table no. 31-C). A manager was also appointed to look after the same. However, he was appointed not only to promote the sales but also to create the markets. As such for the existing products of the units i.e. chemicals manufactured for electroplating, there was a tough time due to competition in the market and also due to policy of the large units to establish their independent electroplating units and big indenting large orders of such chemicals on suppliers. Due to loss of demand this way and due to the constantly increasing raw material prices the product price was also becoming unremunerative. The unit was, therefore, seriously
thinking of shifting to the manufacture of basic chemicals and only with this view the manager was brought in to do a lot of spade work. The sales promotion expenses were negligible (Table no. 34-C). Personal selling was mainly used for promoting its product.

(7) Chalk Sticks

The unit did not have an independent marketing section, though it had a wide coverage of markets (Page 183). There were 2 to 3 competitors all over the country manufacturing chalk sticks on mass scale, inclusive of this unit. The name of the unit was established in the market. However, to keep the reputation growing and also to increase the coverage of markets the unit was required to spent on promotion of the product. Free samples were offered. It had its literature (in the form of leaflets) printed which was circulated among its prospective consumers. Quantity discount of 1/2% was offered over a certain minimum quantity fixed by the unit and the cash payment earned 1% discount. The demand for the product was seasonal. Opening of educational institutions after summer was a busy season, when promotional efforts were at their peak. However all the efforts were made by personal selling. For U.P. and M.P. a dealer was appointed to take care of and promote the products.

Out of the total spendings as marketing expenses, the unit spent 19% i.e. Rs. 2,470/- approximately on sales promotion (Table no. 36-C).
(3) **Dyes**

The unit did not have an independent marketing section (Page 183). Free samples were manufactured either according to the specifications supplied by the consumers or of their own products, and were supplied to the consumers for approval. The orders received thereafter were undertaken for manufacture on mass scale. The unit had negligible competition for one or two specific varieties of dyes. A leaflet printed with the description and specifications of the product was circulated among both the existing and prospective consumers. Large orders (as stipulated by the unit) carried quantity discount not exceeding 1%. No advertising was reported to have been done. All the selling was done as personal selling and no distribution agency was appointed.

Out of the total marketing expenses, the unit spent 1% on sales promotion, which, in terms of amount came to Rs. 3,240/- approximately per annum (Table No. 36-C).

(9) **Polythene Bags**

No independent marketing section was there in existence (Page 183). Small amounts were spent in the form of marketing expenses i.e. approximately Rs. 300/- average per annum were spent on promoting the product (Table No. 36-C).

The sales promotion was mainly organised by offering free samples to its consumers for their approval/consumption of the product and hence quantity discount (as decided by the unit) upto 1% maximum was offered as an incentive. However, com-
petition was there and hence the product had to be promoted heavily. The market being local, capacity limited and financial platform smaller, the unit had limitations on spendings, though, it intended to spend still more.

(10) **Foundry Chemicals**

The unit did not have any independent marketing section in existence (Page 184). There were two main consumers of a long standing. Free samples were offered to them in the beginning and got approved. The product was an import substitute and the competition was negligible. Once repeat orders started flowing, very small efforts were made to promote the product in the market, though smaller outside orders were accepted. It was when both the units faced lock outs, that their unit had to run down to open market. A distributor was appointed. Printed literature was circulated among its prospective consumers. Free samples were offered and consumers like HMT, etc. were secured. Since the strikes in the original units were over from the year 1971 and with new consumers, placing orders, the unit was doing well. Out of the total marketing expenses, 30% i.e. Rs. 3,300/- approximately were spent on sales promotion per annum (Table No. 36-C).

(11) **Aromatic Chemicals**

No independent marketing section was there in existence (Page 184). Cyclostyled list of products manufactured was circulated among its prospective consumers through their main distributors. Free samples were also offered. A quantity
discount not exceeding 2% was offered in special cases.

Marketing expenses were negligible compared to sales. (Expenses Rs. 400/- approximately per annum. Sales Rs. 0.36 lakh approximately per annum). Hence it was observed that the unit will have to do more efforts in promoting its products by allocating more funds on sales promotion (Table No. 36-C).

(12) Soaps

The unit did not have an independent marketing section (Page 184). The selling was mainly done through their dealers only. It did offer sample soaps to all its channel members to be distributed to consumers. In fact, once or twice in a year, a small advertisement also was released. Small leaflets were printed and were displayed in the shops of channel members. Smaller hoardings were also used. Out of the total marketing expenses, 20% i.e. Rs. 3,000/- approximately were spent on sales promotion/year (Table No. 36-C).

(13) Fiberglass Plastics

An independent marketing section was there in existence to look after the large coverage of markets and also to expand them further (Table 31-C). The product was an import substitute. A few other manufacturers were also there in the line. But since the range of products selected by each of them differed, there was a feeble competition for the products manufactured by this unit. Out of the total production, approximately 60% went to a single consumer in the form of car
bodies. The market was handled independently for remaining capacity and other products. The unit took part in industrial fairs to impress upon the consumers, the importance of its product as a replacement for steel. A small booklet was printed for circulation among its consumers describing the range of products manufactured, its usage and the range of specifications. The unit had its own show rooms in the region and also in Bombay and a display of its products was made there. Advertising in newspapers was a normal feature.

Out of the total marketing expenses it spent 25% i.e., Rs. 25,000/- approximately per annum on sales promotion (Table No. 36-C).

(14) Polythene Tubing

No independent marketing section was there in existence with the unit (Page 185). Insertions through magazines, newspapers etc., were frequently given. Small hoardings were supplied to the distribution channels free of cost. Free samples were given for testing and approval of the consumers. Commission was paid not exceeding 5% as a special offer, for exceeding yearly targets. However, this was required to be paid occasionnally. Early payment discount was offered not to exceed 2%; which was taken advantage of by the consumers/distribution agencies rarely. Out of the total marketing expenses, 30% were spent on sales promotion i.e. Rs. 24,000/- per annum (Table No. 36-C).
Summary

(Please refer Table No. 42-C).

(1) Table No. 34-C, seen earlier, narrates the unit which have not reported marketing expenses. We have also examined their reasons for not reporting the expenses. Excepting the units manufacturing oil seals and resins all the other four units reported these expenses to be very negligible. Sales promotion expenses of these units, being the part of marketing expenses, also, therefore, were negligible. However, little work they did, for promoting their product, spending negligibly smaller amounts was done in a simple way as explained in Table No. 42-C. These four units included the units manufacturing rubber components (3 units) and chemicals (one unit). Personal selling was mainly used for sales promotion. They also offered free samples to their consumers for their testing and approval.

The unit manufacturing oil seals offered free samples, manufactured as per the specifications of its consumers and also had small leaflets printed giving details of its products, and their specifications. These leaflets were circulated among its prospective consumers. The other unit manufacturing chemical resins gave free samples, though, even these were costlier. Printed literature containing the range of resins manufactured and their chemical specifications were made available to prospective consumers and also to the existing consumers. Advertising was done in local newspapers frequently.
<table>
<thead>
<tr>
<th>Unit</th>
<th>Marketing Section</th>
<th>Sales Promotion Expenses % to Marketing Expenses</th>
<th>Methods in Use</th>
<th>Sales average per annum (1969-71) (Rs. lakhs)</th>
<th>Sales Promotion Expenses % to Sales %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Seals</td>
<td>No</td>
<td>Not available</td>
<td>Free samples, leaflet</td>
<td>6.00</td>
<td>-</td>
</tr>
<tr>
<td>Resins</td>
<td>No</td>
<td>Not available</td>
<td>Free samples, literature, advertising in newspapers</td>
<td>11.00</td>
<td>-</td>
</tr>
<tr>
<td>Rubber Components</td>
<td>No</td>
<td>Negligible</td>
<td>Free samples</td>
<td>0.30</td>
<td>-</td>
</tr>
<tr>
<td>Rubber Components</td>
<td>No</td>
<td>Negligible</td>
<td>Free samples</td>
<td>0.80</td>
<td>-</td>
</tr>
<tr>
<td>Rubber Components</td>
<td>No</td>
<td>Negligible</td>
<td>Free samples</td>
<td>2.50</td>
<td>-</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Yes</td>
<td>Negligible</td>
<td>Free samples</td>
<td>0.50</td>
<td>-</td>
</tr>
<tr>
<td>Chalk Sticks</td>
<td>No</td>
<td>19%</td>
<td>Free samples, leaflets, Q/Discount</td>
<td>1.06</td>
<td>2.5</td>
</tr>
<tr>
<td>Dyes</td>
<td>No</td>
<td>12%</td>
<td>Free samples, leaflets, Q/Discount</td>
<td>2.22</td>
<td>1.5</td>
</tr>
<tr>
<td>Polythene Bags</td>
<td>No</td>
<td>25%</td>
<td>Free samples, Q/Discount</td>
<td>0.65</td>
<td>0.5</td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundry Chemicals</td>
<td>No</td>
<td>30% (Rs. 3,300/-)</td>
<td>Free samples, leaflets.</td>
<td>0.88</td>
<td>4.0</td>
</tr>
<tr>
<td>Aromatic Chemicals</td>
<td>No</td>
<td>2% Negligible</td>
<td>Free samples, Q/Discount</td>
<td>0.36</td>
<td>-</td>
</tr>
<tr>
<td>Soaps</td>
<td>No</td>
<td>20% (Rs. 3,000/-)</td>
<td>Free samples, advertising, in newspapers, hoardings</td>
<td>1.00</td>
<td>3.0</td>
</tr>
<tr>
<td>Fibreglass Plastics</td>
<td>Yes</td>
<td>25% (Rs. 25,000/-)</td>
<td>Exhibitions, literature, show room display, advertising in newspapers</td>
<td>6.00</td>
<td>4.2</td>
</tr>
<tr>
<td>Polythene Tubing</td>
<td>No</td>
<td>30% (Rs. 24,000/-)</td>
<td>Advertising in newspapers, hoardings, free samples, commission for exceeding targets</td>
<td>4.00</td>
<td>6.00</td>
</tr>
</tbody>
</table>
to introduce their products to the industrial sector.

(2) We have since, examined in Table No. 36-C, earlier, wherein the sales promotion expenses were expressed as a percentage to marketing expenses. We have also examined there, the reasons for the units for spendings in those ranges vis-a-vis their sales.

Out of the remaining units, those manufacturing fiber-glass plastics and polythene tubing spent comparatively larger amounts on advertising and sales promotion. In terms of percentage though, the expenditure was not too high, by amounts it was higher than other units. Both the units had their sales between Rs. 4,00 lakh to Rs. 6,00 lakh and the spendings by these units (fiberglass plastics spending Rs. 0.25 lakh and polythene tubing spending Rs. 0.24 lakh) ranked higher in amounts. The unit manufacturing fiber-glass plastics had an independent marketing section. Both the units frequently advertised in newspapers. Unit manufacturing fiber-glass plastics offered free samples, had its printed leaflets, and also participated in industrial exhibitions. It had its own show rooms in Poona and Bombay where display of products was arranged. However, the unit manufacturing polythene tubing used hoardings, offered free samples and paid commission as an incentive for exceeding the determined targets of sales.

The remaining group of units manufacturing chalk sticks, dyes, polythene bags, foundry chemicals, aromatic chemicals and soaps reported the spendings on sales promotion in the
moderate range not exceeding 30% of their total marketing expenses. All these units offered free samples to their consumers for approval before bagging the orders. Leaflets were printed by only three units manufacturing chalk sticks, dyes and foundry chemicals. Excepting the units manufacturing foundry chemicals and soaps, all the other units offered quantity discounts for bulk purchases not exceeding 5%.

(D) **PAPER PRODUCTS**

(1) **Water Proof Paper**

The unit did not have an independent marketing section (Page 188). Personal selling was the main method used for promoting its product. Advertising was resorted to through newspapers on smaller scale. Free samples were offered to the consumers for their approval. Mail orders were accepted. Quantity discounts were offered to consumers for their bulk purchases. Early payment discounts were also offered (max. 2%). Out of the total marketing expenses 40% i.e. Rs. 15,600/- approximately per annum were spent on sales promotion.

(Table No. 36-D).

(2) **Boxes**

An independent marketing section was there in existence (Table 31-D). Personal selling was the main method used for product promotion. Free samples were offered for testing and approval by the consumer. Advertising through newspapers was done on small scale. A small leaflet was printed and was circulated among its prospective consumers. The leaflet con-
tained the range of boxes usually manufactured by the unit and their specifications. Mail orders were accepted. For cash payment discount upto 5% was offered. Early payment discounts (max. 3%) were also offered. Out of the total marketing expenses, 20% i.e. Rs. 6,200/- approximately per annum were spent on sales promotion (Table No. 36-D).

(3) Coated Papers

The unit did not have an independent marketing section (Page 189). Personal selling was the main method used for product promotion.

Advertising on small scale was done through newspapers. A few magazines also were given some insertions periodically. Free samples were offered for approval. Quantity discount of max. 2% was offered to the consumers for bulk purchases. Early payment discount not exceeding 2% was also offered. Out of the total marketing expenses, 30% i.e. Rs. 18,000/- were spent on sales promotion. (Table No. 36-D).

(4) Boxes

The unit did not have an independent marketing section (Page 189). Personal selling was the main method used for promoting its products. Advertising on small scale was done through newspapers. Free samples were offered for the approval of consumers prior to obtaining of a large order. A small leaflet was printed describing the range and specifications of boxes manufactured. These were circulated among its prospective consumers. Mail orders were accepted. Early payment
discount not exceeding 2% was offered. Out of the total marketing expenses, 10% i.e. Rs. 2,100/- were spent on sales promotion (Table No. 36-D).

(5) Cardboard Paper

No independent marketing section was there in existence with the unit (Page 189). Personal selling was the main method used for sales promotion.

Free samples were offered for approval of the consumer. Quantity discounts were offered for bulk purchases to their consumers. No other method was followed. Out of the total marketing expenses, 5% i.e. Rs. 400/- per annum were spent on sales promotion. (Table No. 36-D).

Summary

(Please refer Table No. 42-D).

(1) All the 5 units from this group, unlike other industries, did provide the figures of their marketing expenses. Even further details of these expenses were also provided by these units (Table No. 35-D).

(2) We have examined in Table No. 35-D earlier, the ranges of spendings on sales promotion expressed as a percentage to marketing expenses. We have also examined there the likely reasons for the units for spendings in those ranges vis-a-vis their sales.

It could be observed from Table No. 42-D that the units from this group spent between 5% to 40% of their marketing expenses on sales promotion. If we take a view of their sales
<table>
<thead>
<tr>
<th>Unit</th>
<th>Marketing Section</th>
<th>Sales Promotion Expenses % to Marketing Expenses</th>
<th>Method in Use</th>
<th>Sales average per annum (1969-71) (Rs. lakhs)</th>
<th>Sales Promotion % to Sales %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Proof Paper</td>
<td>No</td>
<td>40% (Rs. 15,600/-)</td>
<td>Advertising in newspapers, free samples, E.P. discounts, Q/Discounts</td>
<td>7.70</td>
<td>2</td>
</tr>
<tr>
<td>Boxes</td>
<td>Yes</td>
<td>20% (Rs. 6,200/-)</td>
<td>Free samples, leaflet, E.P. discount, advertising in newspapers, discount for cash payment</td>
<td>6.26</td>
<td>1</td>
</tr>
<tr>
<td>Coated Paper</td>
<td>No</td>
<td>30% (Rs. 18,000/-)</td>
<td>Advertising in newspapers, magazines, etc., free samples, E.P. discounts, Q/Discounts</td>
<td>4.00</td>
<td>4.5</td>
</tr>
<tr>
<td>Boxes</td>
<td>No</td>
<td>10% (Rs. 2,100/-)</td>
<td>Advertising in newspapers, free samples, E.P. discounts, leaflet</td>
<td>1.78</td>
<td>1.5</td>
</tr>
<tr>
<td>Cardboard</td>
<td>No</td>
<td>5% (Rs. 400/-)</td>
<td>Free samples, Q/Discounts</td>
<td>1.50</td>
<td>0.25</td>
</tr>
</tbody>
</table>
figures we shall find that the units were spending on marketing specifically/sales promotion in proportion to their sales volume. This could be observed from the figures in amounts. Unit manufacturing waterproof paper with sales of Rs. 7.70 lakh spent Rs. 15,600/- on sales promotion whereas the unit having the lowest sales of Rs. 1.50 lakh spent only Rs. 400/-. However, though, it was necessary for this unit to spend more to promote its sales, its limited financial resources did not allow the unit to spend more.

(3) Advertising in newspapers, though not on mass scale, was done by 4 units out of 5. The unit manufacturing cardboard paper could not afford this in its small earnings. Free samples were offered by each and every unit for the approval of their consumers. Early payment discount also observed to be commonly paid by 4 units out of 5 units excepting the one manufacturing cardboard paper. There could be two reasons for this. One reason was that the consumer earned a cash discount. Secondly, the debts of the units were realised faster and the working capital problems were solved to some extent. However, it was reported that there was no encouraging response to their offer for early payment discounts, from their consumers. Quantity discounts also were commonly offered by these units for bulk purchases by their consumers (excepting the unit, manufacturing boxes). The other box manufacturing unit offered cash payment discount (Table No. 42-D). Offering all these discounts also showed the financial
stringency experienced by these units. Only the units manufacturing boxes had their informative leaflet which was circulated among their consumers.

8 MINERALS AND METALS

1 Spun Pipes

Independent marketing section was there in existence (Page 191). Personal selling through their own shops was the main method used for product promotion. A leaflet was printed providing information regarding various sizes of spun pipes manufactured and the specifications thereof. It was circulated among its prospective consumers through mail/own shops. Advertising was done on small scale through newspapers. Early payment discount not exceeding 5% was offered. Mail orders were accepted.

2 Ceramic Products

There was no independent marketing section in existence (Page 191). Personal selling was the main method used for promoting its product. The unit had started functioning hard within a year from the base year (1971) and sold its whole production to one big oil engine manufacturer in the region. Marketing expenses in general and those on sales promotion particularly were negligible (Table No. 34-5).

3 Cement Articles

No independent marketing section was there in existence (Page 191). We have seen earlier that this unit was not doing well and was losing business on account of loss of demand due
to substitutes like cooking gas etc. coming up fast in the market. The unit was diversifying in the manufacture of cement articles required for construction industry. Because of small earnings it was not possible for the unit to spend on considerably larger scale on sales promotion - though it was a necessity to boost up its sales - and hence spendings of this unit on this account were negligible (Table No. 34-5).

(4) Castings

There was no independent marketing section in existence with the unit (Page 191). Personal selling was the main method used for promoting its product. The unit had established reputation in the region. Free samples of alloy castings were offered to the consumers for their approval. No advertising was done nor was any other method used. No detailed records were also available for whatever was spent on this count. The spendings on sales promotion were reported to be negligible (Table No. 34-5).

(5) Utensils

No independent marketing section was there in existence (Page 192). The unit being in existence, in the line of business, which was rather a traditional one, had established the contacts so firmly and had earned the reputation, so that hardly any special efforts were required to be made for promoting the product. In fact the demand was more than supply for utensils in the region, though, competition was there. But established retailers/dealers/bigger consumers
went on pouring orders on the unit. Hence, spending on sales promotion were negligible. However, commission was offered to its distributors for bagging big orders for the unit (Table No. 38-E). Personal selling in the region and sales through distributors outside the region were the main methods used for promoting its products.

(6) Castings

There was no independent marketing section in existence with the unit (Page 192). The sales and earnings were so small that the spending of 2% of sales as marketing expenses had technically no value. Personal selling was the main method used for promoting its products. Secondly, the major part of production (whole production for all practical purposes) was sold to a single big consumer only. The spending on sales promotion, therefore, were negligible. (Table No. 36-E).

(7) Cement Tiles

The unit did not have an independent marketing section in existence (Page 192). Printed literature, covering the range and its colours of tiles manufactured by the unit, was circulated among its existing and prospective consumers either through mail or through its own shops. Modern display was made through its shops. Advertising on a small scale was done through newspapers. A few advertisements also were given to some magazines. Quantity discounts were offered for bulk purchases to their consumers. Out of the total marketing
expenses, 30% i.e. Rs. 15,000/- were spent on sales promotion (Table No. 36-E).

(8) Castings

There was no independent marketing section in existence with the unit (Page 192). This unit was doing better than the one described in item (6) above, but nowhere near the one examined in item (4) above so far as the efforts towards promoting the product and also the sales per annum, were concerned. Personal selling was the main method used for promoting its products. Advertisements on very few occasions in a year were given to the local newspaper only. No other means for promoting its product was observed to be used. A very small amount of Rs. 220/- average per annum was spent towards the sales promotion (Table No. 36-E).

Summary

(Please refer Table No. 42-E).

(1) Table No. 34-5 earlier, examines the units which have not reported marketing expenses. We have also examined their reasons for non-reporting. Excepting the unit manufacturing spun pipes all the other units viz. ceramic products, cement articles, castings etc. reported their marketing expenses to be negligible. The sales promotion expenses of these units, being the part of marketing expenses, also, therefore, were negligible. Whatever the means, mainly the personal contacts, used by these units for promoting their products have been shown in Table No. 42-E.
### Table 42-B: Methods in use for Sales Promotion

<table>
<thead>
<tr>
<th>Unit</th>
<th>Marketing Section</th>
<th>Sales Promotion Expenses % to Marketing Expenses</th>
<th>Methods in Use</th>
<th>Sales average per annum (1969-71) (Rs.lakhs)</th>
<th>Sales Promotion Expenses % to Sales %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spun Pipes</td>
<td>No</td>
<td>Not Reported</td>
<td>Leaflet, advertising in newspapers, E.P.discount</td>
<td>6.60</td>
<td>-</td>
</tr>
<tr>
<td>Ceramic Products</td>
<td>No</td>
<td>Negligible</td>
<td>New unit</td>
<td>1.25</td>
<td>-</td>
</tr>
<tr>
<td>Cement Articles</td>
<td>No</td>
<td>Negligible</td>
<td>Diversifying personal contacts</td>
<td>0.30</td>
<td>-</td>
</tr>
<tr>
<td>Castings</td>
<td>No</td>
<td>Negligible</td>
<td>Personal contacts</td>
<td>3.00</td>
<td>-</td>
</tr>
<tr>
<td>Utensils</td>
<td>No</td>
<td>Negligible</td>
<td>Not much done since demand was more than supply</td>
<td>9.53</td>
<td>-</td>
</tr>
<tr>
<td>Castings</td>
<td>No</td>
<td>Negligible</td>
<td>Personal contacts</td>
<td>0.26</td>
<td>-</td>
</tr>
<tr>
<td>Cement Tiles</td>
<td>Yes</td>
<td>30% (Rs.15,000/-)</td>
<td>Literature, display through own shops, advertising in newspapers, magazines etc., Q/Discounts</td>
<td>3.25</td>
<td>5</td>
</tr>
<tr>
<td>Castings</td>
<td>No</td>
<td>23% (Rs. 220/-)</td>
<td>Personal contacts</td>
<td>0.40</td>
<td>0.5</td>
</tr>
</tbody>
</table>
(2) We have examined in Table No. 36-E earlier, the range of expenses incurred on sales promotion expressed as a percentage to their marketing expenses. We have also examined there the likely reasons for the units for spendings in those ranges vis-a-vis their sales.

The unit manufacturing utensils had a large sales volume of Rs. 9.53 lakh, but did not require to take extra efforts for advertising or sales promotion, was, for the simple reason that it was in the line for a number of years and had established its products well in the market, and also because that the demand for the products in the region was comparatively more than supply.

(3) The units manufacturing castings usually sold their products to a few main consumers. The method for promotion used was mainly the personal selling and hence their sales promotion expenses were also negligible.

(4) The unit manufacturing cement tiles had its own shop and also used methods like printed literature, advertising, show room display etc. This was necessary because the product was a consumer product and required maximum publicity due to competition also. Almost similar was the case with unit manufacturing spun pipes, excepting that the buyers of this product happened to be big contractors inclusive of the government and local municipal bodies. The pricing i.e. quoting rates for tenders was also at times was required to be used as a tool for sales promotion by this unit.
Thus, it appeared that one unit manufacturing castings had its sales in the range of Rs. 3.00 lakh and had sales in the higher range vis-a-vis the other units in the line and only the units manufacturing cement tiles and spun pipes methodically were promoting their products and getting results out of them. These units, therefore, could effect more sales and afford to spend more on this count. The unit manufacturing spun pipes had an independent marketing section which helped to boost up their sales efforts.

(F) MISCELLANEOUS

(1) Toilet Soap Paper

The unit did not have an independent marketing section in existence. (Page 195). The unit was in existence for more than 5 years in the line of products but still remained very small (sales Rs. 0.22 lakh average per annum). Financial difficulties and tough competition from bigger units made it restrict itself to local markets and adhering to personal selling. The unit was seriously considering the proposal of diversifying and shifting over to the manufacture of basic chemicals, and completely do away with this product. No other efforts were possible to promote the existing product other than personal selling. Thus, though, marketing expenses were reported, (Table No. 35-F), the expenses incurred on sales promotion were negligible.

(2) Writing Pens

No independent marketing section was in existence with
this unit (Page 195). Considering the consumer nature of
the product, and the competitors already existing in the
market, the sales volume of Rs. 0.60 lakh average per annum
achieved within a short period of 3 years from the base year
(1971) was reasonably good. The unit used to provide the
sign boards, hoardings (small size) etc. to the distribution
agencies. Mass advertising was also undertaken through
newspapers for promoting the product. Gift schemes were
declared, price-off-packs were offered for boosting up the
sales in the off season period. The busy season was supposed
to be at the time of opening of educational institutions
after their summer vacation. Unit owned two shops in the
region, which formed the main outlets for its product. Modern
display was also done in these shops. Out of the total
marketing expenses, 53% i.e. Rs. 3,710/- were spent on sales
promotion (Table No. 36-F).

(3) Weights

No independent marketing section existed with the unit
(Page 195). The unit was still working on a small scale.
Only the retailers in the region used to place the orders
with the unit. Competition was also there for the product.
The owner had his own shop with display arrangements made
therein. The sales were handled on cash basis. No other
method for promotion was used, excepting the one of direct
selling through its shop. Though, the unit reported market-
ing expenses, (Table No. 35-F), the expenses on sales promo-
tion were negligible.

(4) **Single Edge Blades**

No independent marketing section was there in existence with the unit, since it was operating on a very small scale (Page 195). It had started its production within 2 years from the base year (1971) and sales achieved within a quarter or two from the survey year, 1971, were hardly on an average of Rs. 0.05 lakh. More promotional efforts were required; but, limited resources did not allow the unit immediately to undertake a big promotional drive in the beginning (Table No. 35-F).

(5) **Sanitary Ware**

There was no independent marketing section in existence with the unit (Page 196). The unit had the highest sales volume in this group (Rs. 5.00 lakh average per annum.) It had an all India market. It had its sales literature printed containing the product information in detail. It was circulated among its prospective consumers, directly and also through its distributors. Advertising through newspapers was done on a mass scale and was a routine matter for the unit. Magazines were also used as a media for advertising. Commission on sales was also offered to distribution channels for boosting up the sales volume. Quantity discounts were offered in slack seasons. Early payment discounts were also offered, not exceeding 2%. Out of the total marketing expenses 25% i.e. Rs. 22,500/- were spent on sales promotion (Table
(6) Pens and Inks

No independent marketing section was in existence with the unit (Page 196). Similar to the unit observed in item No. (2) above, this unit also had to face tough competition. Its sales volume within 5 years from the base year (1971) had reached to Rs. 1.05 lakh approximately per annum. It used sign-boards, hoardings etc. for display purposes. Mass advertising was done both in newspapers, magazines and also on its own packaging. Quantity discounts were offered to the educational institutions and price-off-pack offers released in off seasons. Out of the total marketing expenses, 48% i.e. 3,840/- were spent on sales promotion (Table No. 36-F).

Summary

(Please refer Table No. 42-F).

(1) Table No. 35-F, seen earlier, examines these units in detail so far as their marketing expenses were concerned. Marketing expenses, have been reported by all the units, as observed in case of paper products group earlier.

(2) We have also examined in Table No. 35-F, earlier, the ranges of expenses incurred on sales promotion expressed as a percentage to their marketing expenses. We have also examined there, the likely reasons for the units for spendings in those ranges vis-a-vis their sales.

It was observed from Table No. 35-F that out of these
<table>
<thead>
<tr>
<th>Unit</th>
<th>Marketing Section</th>
<th>Sales Promotion Expenses % to Marketing Expenses</th>
<th>Methods in Use</th>
<th>Sales in Rs. lakhs average per annum (1969-71)</th>
<th>Sales Promotion Expenses to Sales %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toilet Soap Paper</td>
<td>No</td>
<td>Negligible</td>
<td>Personal selling.</td>
<td>0.22</td>
<td>-</td>
</tr>
<tr>
<td>Writing Pens</td>
<td>No</td>
<td>33% (Rs. 3,710/-)</td>
<td>Signboards, hoardings, Price off packs, advertising in newspapers, gifts, Displays in own shops.</td>
<td>0.60</td>
<td>5</td>
</tr>
<tr>
<td>Weights</td>
<td>No</td>
<td>Negligible</td>
<td>Display in own shop, personal selling.</td>
<td>0.40</td>
<td>-</td>
</tr>
<tr>
<td>Single Edge Blades</td>
<td>No</td>
<td>Negligible</td>
<td>Personal selling</td>
<td>0.05</td>
<td>-</td>
</tr>
<tr>
<td>Sanitary Ware</td>
<td>No</td>
<td>25% (Rs. 22,500/-)</td>
<td>Literature, advertising in newspapers, magazines etc., commission on sales to agencies, Q/Discounts, E.P. Discounts.</td>
<td>5.00</td>
<td>5</td>
</tr>
<tr>
<td>Pens and Inks</td>
<td>No</td>
<td>48% (Rs. 3,840/-)</td>
<td>Signboards, hoardings, advertising in newspapers, magazines, price off packs.</td>
<td>1.05</td>
<td>4</td>
</tr>
</tbody>
</table>
6 units, only 3 units, manufacturing writing pens, pens and inks and sanitary ware incurred expenses on sales promotion. The other units might have spent a little on this score, but the available means and their sales volumes were so small and hardly any detailed records available; so that the spendings were observed negligible in the true sense.

(3) Units manufacturing toilet soap paper, weights, and single edge blades were so small as observed in Table No. 42-F that they could use only the personal selling for promoting their products. However, the unit manufacturing writing pens and the pens and inks, used almost similar methods i.e. sign boards, hoardings, advertising through newspapers etc. Both the units offered special offers like gifts, price-off-packs etc. in off peak or slack seasons. Unit manufacturing writing pens had its own shops where it also concentrated on displays. The last unit manufacturing sanitary ware had a large coverage of markets and comparatively bigger sales volume. It used a number of methods to promote its sales. The methods used for promoting the products were (i) forwarding printed literature to prospective consumers, (ii) offering of various discounts, (iii) advertising through various media and (iv) paying commissions to its distribution agencies.

Conclusion

(A) Units not reporting marketing expenses were more than fifty per cent of the total units. Following Table summarises
the position.

Table: Marketing Expenses

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total units</th>
<th>Units not reporting</th>
<th>Units reporting</th>
<th>Common range of spendings on sales promotion by the units from column No.4 (Percentage to marketing expenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering</td>
<td>43</td>
<td>30</td>
<td>13</td>
<td>5-15</td>
</tr>
<tr>
<td>Electricals and Electronics</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>1-6</td>
</tr>
<tr>
<td>Chemicals</td>
<td>14</td>
<td>6</td>
<td>8</td>
<td>20-30</td>
</tr>
<tr>
<td>Paper Products</td>
<td>5</td>
<td>-</td>
<td>5</td>
<td>10-40</td>
</tr>
<tr>
<td>Minerals and Metals</td>
<td>8</td>
<td>6</td>
<td>2</td>
<td>20-30</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>6</td>
<td>-</td>
<td>6</td>
<td>25-40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81</strong></td>
<td><strong>44</strong></td>
<td><strong>37</strong></td>
<td></td>
</tr>
</tbody>
</table>

Seven units out of these 44 units did not furnish the information mainly under the grounds of secrecy. However, all the other units were either very small, operating only in local markets or had started their production within one year from the base year 1971 and had no information to report as yet.

Units reporting marketing expenses, were in all 37 in number. Their expenses on sales promotion differed substantially from group to group. Units from engineering group
were smaller so far as their investments, market coverage etc. were concerned. In addition, these units, excepting a few, had one or two main consumers to which the bulk of the production was supplied. The remaining product went to open market. Repeat orders on monthly, six monthly basis were flowing to majority of these units and the units mostly did personal selling. All these caused the limitations on expenses on sales promotion. The common range observed was between 5% to 15% of total marketing expenses. The electrical and electronics units had come up as an independent group a decade ago. These products, were formerly imported. These units, had therefore to compete with the imported counterparts and keep their price structure acceptable. Financially also these units were not yet on sound footings since they had yet fully to establish their markets. Hence, though they were aware of the need to make a big promotional thrust, they could hardly do it within their available resources. Finance was their need. Their expenditure on promotion ranged between 1% to 6% of their marketing expenses. The percentage of expenses in the chemicals, minerals and metals and also in the miscellaneous group of units was comparatively higher. The average expenses of these groups ranged between 20% to 30% of their marketing expenses. The possible explanations for higher expenses could have been as under.

(i) They manufactured mass consumption goods. Competition necessitated the units to advertise on mass scale
using mass media like newspaper advertising, hoardings, displays etc. Distribution of samples to their consumers for approval prior to obtaining large orders was a common method. A few units like fibreglass plastics participated in exhibitions also. Leaflets were commonly circulated among their consumers.

(ii) It was also observed that more sales promotion brought in more sales, increasing the turnover, resulting in higher margin of profits.

A common methodology was noted among all these groups for promoting their products. It was mainly upon the direct personal selling. The process was broadly as under.

Printed literature, containing, the product range was forwarded to the existing/potential consumers of the units. Units having employed salesmen, distributed the literature when their salesmen made calls upon them. This was followed by personal visits which encouraged more enquiries. Enquiries were followed by the supply of samples. The sample was manufactured according to the specifications supplied. This was followed by the demonstration/testing of the sample by the consumer. Having been satisfied with the sample product, a small test order was placed by the consumer to testify the uniformity in quality, consistency in supply etc. This was followed by a mass order. Repeat orders continued thereafter.

(C) This was a common method of promoting their products
in addition to the modern methods used such as hoardings, signboards, newspaper advertising, modern displays, demonstrations, participating in exhibitions etc. The combination of use of these methods changed as per the nature of product, nature of markets, the funds available, the sales volume, the capacities of production etc. However, it is observed that the managers/owners of the units were not well informed about all the methods which could be used profitably for their products. The combinations of these methods were evolved moreover as used by the competitors. Hence the managers/owners could not discuss them in detail with the suitability or non-suitability of these methods to their organisations or to their products. The need, therefore, is felt to train these managers/owners as to the profitable use and the proper circumstances of the use of these methods applicable to various products. It is also desirable on their part to collect necessary information on these methods.

The managers/owners will have to select proper methods depending upon the nature of their products viz. industrial product or consumer product. Maintenance of perfect specifications, demonstrated and proven performance, insertions through industrial magazines, participating in industrial fairs would be more effective promotional methods for industrial products. This is because, the industrial buyer is more cost conscious and will never negotiate on the specifications and performance. He is not much bothered about the
colour or appearance of the products.

Whereas, free samples, appearance of the product, colour combinations viz. eye catching colours, attractive packaging free pack-off offers, banded packs, price-off offers etc. and attractive displays, use of sign boards and hoardings, newspaper and magazine advertising, cine slides could be more effective for consumer products.

(E) However, to get the best out of these methods it is desirable that the small units get to know about these methods and plan them in advance. It would be advisable that the small units prepare a sales promotion budget depending upon the sales forecasted, every year, and plan for financing the same and implement these methods in a systematic way. The methods planned may be kept flexible and depending upon the situation, then existing, their combinations could be used.

It is felt necessary that the small units review these methods and try to measure the results obtained by comparing the sales earlier to implementation of the method and after the implementation of the sales promotion techniques. The proper combination of the promotion techniques also could be selected on the basis of the above results.