CHAPTER 6
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RECOMMENDATIONS

On the basis of the data collected for the study and the relevant literature reviewed, following recommendations are made for the marketers of the product categories covered under the study. Some of the recommendations made are more general in nature, which can be adopted for any product or region whereas, some recommendations are specific to product categories under study. The major recommendations are as under.

6.1 General recommendations

6.1.1 Associating Sales Promotion with Marketing Objectives

Through sale promotion offers companies give direct incentive to the customers and thereby attract customers to buy a promoted brand. Some of the popular incentive schemes are price-off, cross promotion, quantity discount. Sales promotion offers are of various types (e.g. price-off, quantity discount, cross promotion etc.) which have different impact on customers under different market situations. Thus the incentives should be offered depending upon the competitive condition in the market and the marketing objective to be achieved.

Objective 1: Inducing Product Trial

Promotion should be associated with small pack. At this stage product should be cross promoted with a popular product or a gift to make prospective customers take impulsive decision. Price-off is not a good promotional offer if a product is at introduction stage as customers do not have any reference price point. If the product is in growth stage then price-off is expected to give good returns as it helps in attracting the aspirant customer group, especially if the product is a premium/ life style product. In case of convenience goods quantity discount or cross promotion can be a suitable promotional strategy.
Objective 2: Increase Consumption

If the objective is to increase the consumption or frequency of use, promotion should be associated with the large pack, and not with the small pack, to give economic reasons to the customers to graduate to higher consumption level. This objective should be associated with a product having lower shelf life (ex. Food products), high competition or with a product having more substitutes.

Objective 3: Counter Defense

Loyalty programs should be offered in case of products purchased frequently at certain interval, in case of products where competition is high and competing brands frequently offer incentives to its customer. This can also be used for the products where the low price of product obviates use of schemes like price-off and gift.

Objective 4: Managing Sales Promotion Clutter

It has been observed that at any point of time sales promotion offers are available with many brands. This situation results into decrease in the ROI (Return on Investment) in promotion to any company. This condition arise more in case where the perceived difference between the brands is low. Under such condition attractiveness of sales promotion becomes the major factor in making purchase decision. Thus companies need to do proper brainstorming while designing sales promotion offer so that the offer adds a unique value to the product.

Objective 5: Retain Customers

The outcome of the study has shown that around 50 per cent of the customers shift back to their previous buying habit. Such tendency is more prevalent in case of products which are frequently purchased and customers are variety seeking, companies should plan loyalty programmes. It necessitates use of a two pronged strategy with use of sale promotion scheme at initial stage followed by loyalty programs to retain new as well as existing customers for longer period.
The results of the study indicate that in case of personal care products and durable goods products, customers are more hesitant to shift brand as compared to food and personal products. Thus in case of personal care products and durable goods, even a loyalty program of lower incentive value can help companies in sustaining their customers while in case of personal product the value of incentive for repeat purchase should be of high value to retain the customers.

Notwithstanding the nonchalance of the customers to incentives for Personal care products and consumer durables, the threat of ‘deal prone customers’ to shift to other brands makes it a sensible strategy to offer sales promotion incentives at regular interval in these product categories.

For products with higher self life, companies should design incentives like quantity discounts or price-off with bigger packs etc. that lead to forward buying of the products. Such offers may lead to decrease in sales of the promoted brand, and at the same time reduces the possibility of customers shifting to competing brand (with better sales promotion offer) in the time immediately following the promotion period.

6.1.2 Value of Incentive

The power of attraction of sales promotion is directly proportion to the value of the incentive. It has been observed that irrespective of the product categories price-off is the most preferred incentive scheme of customers of Gujarat. As reflected by the data gathered in case of consumer durables and personal care products where cross elasticity is low, customers are more resistant to change the brand as compared to food products and personal products where cross elasticity is high. Thus to get the real benefit of the sales promotion program the proportion of incentive value to price should be high in case of durable goods and personal care products. Also, this proportion should be high for high price products of the product basket, so as to attract the aspiring group.

6.1.3 Nature of Incentive

As data show, customers prefer utilitarian (monitory) benefits over hedonic benefit. This indicates that they directly compare the monitory benefit to
them in buying the promoted goods. With low price tag items like personal care products and food products, even if the proportion of incentive value to price is high, some times the absolute value of the incentive is not attractive in case of giving price-off when the product is targeted to higher middle and higher income group people. Under situations where product is premium priced, quantity discounts are more attractive compared to price-off.

In case of higher price items like durable goods, even a low incentive value to price ratio gives an attractive absolute value benefit. Thus a price-off works well with such products. The next preferred incentive scheme with durable products is gift. It has been observed that companies give some household items as a gift with the higher price tag item (ex. Mixer with refrigerators), which may not be the requirements of many of the customers interested in buying the product. While deciding the gifts to be offered, the marketers need to do some research about the utility of the gift and therefore its power of attraction. A new product not widely used by the customers but its utility well accepted can be a promising incentive offer with consumer durables.

6.1.4 Frequency of Offering Sales Promotion

Marketers should not only determine the purchase cycle of their product but should also give more emphasis on the change in purchase cycle due to forward buying under the influence of sales promotion. The gap between any two sales promotion schemes should be kept equal to the gap between successive high demand periods in the purchase cycle.

As the purchase cycle in case of durable good is very large, the frequency of promotion offers should be kept low with high incentive value to price ratio.

6.1.5 Timing of Incentives

In case of durable goods category generally it is observed that companies offer incentives during festive sessions. As most of the brands offer sales promotion schemes during same period, it leads to a sales promotion clutter and thus generally its effectiveness remains only in preventing customers from shifting brand as customers find incentive in the brand of choice. This is of little
help in attracting the customers of competing brand. Customers purchase during festive session for two major reasons: one, Indian customers consider buying durable goods during festivals as auspicious and, second, marketing history has taught the Indian customers the fact that buying during festive season gives them a good deal. At the same time, one of the impacts of sales promotion offers is to make customers prepone their purchase plan. Thus offering sales promotion at time other than festive session will not only help the companies to overcome the sales promotion clutter they face during festive session but also will be helpful in attracting customers of competing brands.

**Timings:** In case of personal care products and food products, companies need to study the purchase cycle. As the customers do forward buying under the influence of sales promotion offer, companies also study any change in purchase cycle with sales promotion offer. Also there is a need to study the type of promotional offers which results in forward buying. Thus preferably promotional offers should be designed that result in forward buying. To counteract the competitors' promotional offers, sales promotion should be offered just prior to next purchase cycle.

6.1.6 **Options in Incentives**

Companies should also give various options to the customers in terms of the incentive offers at any point of time, especially in cases where the perceived difference between the main product offer of competing brands is less. Low perceived difference between the competing brands leads to higher cross elasticity. Under such situations, customers become deal loyal and the nature or type of incentive becomes the point of purchase decision making. Thus to overcome the possibility of customers rejecting brand due to less attractive incentive offer compared to competitor offer, companies should give options to customers to select the incentive from 2-3 schemes.

6.1.7 **Contingency Plan**

Sales promotion offers or any change in promotional strategies of competitor may have a high negative effect on the market share of even an
established brand. This has high repercussion in case of the durable products where the purchase cycle runs in years. A customer lost is lost for many years to come. Data collected shows less proportion of customers shifting brands in consumer durable category due to incentive because of high perceived difference in the quality of products of various brands, while a customer of personal care or food product can be brought back within one or two months. It is advisable for the marketers, especially of durable goods, to remain prepared with contingency sales promotion plans that could be implemented over night to thwart any possibility of loosing customers to rival brands carrying promotion offers. Due to thinning differences in the quality and features of products being offered by various brands, India too will soon experience the situations prevailing in western countries where a very high proportion of customers are deal loyal as the perceived difference in the quality is very low among various brands of durable products.

6.1.8 Media

It has been observed that TV and newspapers are the main sources of information about the sales promotion offers for majority of the customers. Despite the fact that companies from all the product categories are widely using sales promotion to push their products, it was observed that a 10 per cent to 16 per cent of the respondents responded to have never come across the promotional schemes in one or the other product. This was highest in case of personal products. At the same time it was observed that majority of customers are less loyal to any brand in personal products. It is therefore recommended to the marketers of personal products in specific and others in general that proper dissipation of sales promotion offers should be ensured to get the maximum benefits of the promotion in pulling the customers.

6.1.9 Protection from Competitors’ Sales Promotion Offer

A product with strong USP has low cross elasticity as compared to products with weak or no USP. The results of the study also confirm this. Hence, it can be inferred that the customers who purchase a brand with a
strong USP (unique selling Proposition) (ex. Customers of pears soap, dettol soap, J&J products, Herbal products etc.) shift less as compared to customers of products with generic characteristic. Thus to keep the brand isolated from the negative impact of sales promotion offers of competing brands, a product should be designed with strong USP of customer appeal.

At the same time due to increase in the new product launch with me-too characteristics at lesser price tag, even products with strong USP face a threatening situations. Under such situation quantity discount or price-off and other such promotional schemes that lead to forward buying by the customers should be used. This will not only prevent the customers from shifting to other brand but will also create a barrier for new entrants launching new products. Though such strategy will lead to unethical marketing, it will lead to poor results of the tes: marketing by the competing brands.
6.2 Product category specific Recommendations

Following recommendations are made on the basis of major influencer in product decision-making and types of sales promotions schemes preferred for different product categories.

6.2.1 Personal Care Products

It was observed that in both the regions female are the major influences in purchase decision making for personal care products. As per the responses obtained by them the preferred sales promotion schemes of female customers with personal care products are price-off, quantity discount and free sample, whereas that of male customers are quantity discount, price-off and cross promotion, in that order.

As per the analysis, marketers of personal care products should preferably target their products to female customers.

6.2.2 Food Products

Analysis of the data indicates that the marketers of food products should target female customers and sales promotion offer should preferably be price-off, quantity discount or free sample in that order.

6.2.3 Durable Goods

Resistance to brand shift under the influence of sales promotion offer was found to be high in case of durable goods. It was analyzed that the customers from Ahmedabad are more responsive to the sales promotion schemes in case of durable goods as compared to the customers from other cities. The response from the Ahmedabad can be compared to the western countries where the perceived difference in the quality offered by various brands is low and therefore customers there are more deal prone. Although in India too, the top three to four brands have achieved the respectable status of quality, this needs to be communicated loudly to get the due returns of the money spent on sales promotion. Thus to get the maximum return of sales promotion offers, companies need to first create a quality image.
Durable products should mainly be targeted to male customers, whereas durable goods that are mainly used by the female (e.g. refrigerator) should be targeted to female customers. Preferred types of incentives that can be offered with durable goods are price-off, gifts and lucky coupon in that order.

6.2.4 Personal Products

It was observed that in both the region the loyalty towards a brand in personal product is low, and thus there is a huge opportunity for marketers to sale their product by offering sales promotion. Price-off and gift was found to be the preferred sales promotion offers with personal products.

There are diverse views about the use of sales promotion offers amongst the marketers. The opinion is negative mainly because in majority of the cases its positive impact can be observed only for the period it has been offered. Quality of the product was used to be the main factor in purchase decision making, but due to elimination in the differences in the quality of the products in at least top 4-5 brands in almost all the products, number of brands in the consideration list of the customers has gone up. No or low difference in the perceived quality of brands in consideration list has made the customers evaluate products in terms of other peripheral benefits like sales promotion offers. This has raised the importance of sales promotion offers in the marketing programme of any company. Even though it results into short term profits, the competitive condition in the market place has increased its importance for the marketers to maintain as well as increase market share of their products. Looking at its critical importance, it will be prudent to take a serious approach of planning and implementing sales promotion programme by marketers.
6.3 Scope for Further Research

The present study was done with the objective to study the impact of sales promotion on brand loyalty. The research also attempted to study the differences in influence of sales promotion due to the gender difference, residential status of customers and other demographic variables. To take up this study the researcher and my guide have made all possible efforts to get a fair view on the issues of this study.

As we know, the application of sales promotions is increasing in almost all industries. Due to time and monetary constraints the scope of present research work was limited to study of four product categories only in the state of Gujarat. There is a vast scope for in-depth study in the area of sales promotion. In spite of this the results of the study can be safely assumed for other areas too in country with similar social, economical and cultural characteristics.

Some of the major scope of further research in sales promotion could be:

Objectives of the present study can be duplicated by changing following variables of the study: geographical coverage, customer class and other demographic variables of customers in terms of age, income, life style etc.

Impact of sales promotion may also vary upon the time when it is being offered, this also makes objective for study. For example impact of sales promotion in festive session and non festive session etc.

Depending upon the efforts a customer put in evaluation brands before making a purchase decision, products are divided into convenient, shopping and specialty goods. There is a great scope of research work to study the difference in the impact of sales promotion on convenient, shopping and specialty goods.
Study can also be done to access the impact of sales promotion in general and different incentive schemes in particular at various stages of product life cycle.

Same study can be done to study the impact of loyalty programmes in product and services.