

## **A Study on Impact of Sales Promotional Strategies on the Purchase Decision of The Selected FMCGs - With Reference to Chennai City**

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### **Abstract:**

Sales promotion is an activity designed to boost the sales of a product or service. Sales promotional strategies should be designed in such a way as to provoke action. It is not meant to be informative, a role which advertising is much better suited to. Consumer awareness has increased and manufacturers compete with each other and offer as many deals as possible to increase their market share. So the consumer has to be smart and decide which deal is best for him. The topic for this research is to analyse the sales promotional strategies which the consumer prefers, which type of promotion has given them satisfaction in the past and which tool has made them buy more than planned, so that the success of the sales promotion campaign with reference to FMCGs can be obtained. The study is conducted with a sample study of 500 respondents in Chennai city, Tamilnadu and it reveals the different aspects of sales promotion which attract the consumers like the excitement of shopping deals, monetary savings and the satisfaction they get out of deals. This study will help Indian and international manufacturers to know the likes and dislikes of the Indian FMCG consumers and most preferred sales promotional strategies. This will help them to devise effective strategies to combat the heavy competition in the FMCG industry.

### **Introduction**

India is a country with vast population which is increasing day by day. The literacy levels are increasing along with increasing salaries paving the way for the power of spending. Apart from this, India is rapidly changing into an urban country with people's preference for lifestyle products growing. Hence FMCG companies are using different sales promotional strategies, apart from advertisement to combat competition. With the entry of foreign companies in the Indian retail sector, consumers are exposed to different options. When this is combined with the spending power, especially from the younger generation, it is driving the demand for lifestyle products in the FMCG sector like, anti-aging and skin care products, deodorants and fairness products.

Sales promotional strategies are found successful in the marketing arena due to the need recognition and demographic background of the consumers. It is proved that the FMCG's marketing purely learns upon the demographic segmentation of the consumers, their perception towards FMCGs, their awareness level and their ability to recognize their need for the products. The marketing of FMCGs is found successful when the consumers increase frequency of their purchases. In fact, this frequency of purchase is directly correlated with their demographic background. Therefore, it is important to sharply estimate the impact of demographics on purchase decision of FMCGs included by sales promotional strategies.

The sales promotional offers are not unique and independent, but a conglomeration of the factors of buying decision and post-purchase behavior of the consumers who experience them. Consumers differ with respect to the manner in which they evaluate the sales promotional strategies. The impact of these is highly subjective and is based on how the consumers perceive these. The product or service that offers attractive inducements are perceived favorably and have a higher chance of being purchased,

then the products that do not offer attractive inducements. This research paper examines the influence of the preferred sales promotional strategies on the purchase decision of the consumers. The promotional strategies selected for the study are: Free Gifts, Discounts, Coupons, Buy-one-get-one - free, Free Samples, Banded Packs

**Objectives of the study:**

- To examine consumer's attitude towards various promotional offers.
- To find out the impact of sales promotional strategies on the purchase decision of FMCG's

**Review of literature:**

This study presents a review of literature in the field of sales promotional offers and its relationship with buying motive. The recent trend of economic downturn has had several consumers actively seeking financial promotional deals because of rising food and utility prices taking their toll on spending. **Gemma Charles (2008)**. Good promotions must justify its existence, like anew store opening, a company anniversary or a celebration of some sort. When the promotion is justified, it can help to build the brand. Every promotion can also be used as communication tool. **Chevron (2006)**. The effectiveness of sales promotion depends on the nature of promotion, monetary and non-monetary, and of the benefit level. This idea is supported by the fact that information processing, conducted by consumers, depends on the level of benefit and the nature of the promotional stimulus. **palazon-vidal &Delegado-Ballester (2005)**

**Research methodology:**

The present study is descriptive in nature and adopts survey method. the source of data are primary as well as secondary. Primary data are collected through a survey of consumers using a questionnaire. Information also collected through secondary sources like books, journals, magazines and from internet.

**Sample and Data Analysis:**

A sample size of the study is 500. Non-probability sampling method adopted in this research. The Convivence sampling is used for collecting data from the respondents. primary data collected from the respondents are analysed using SPSS package. The study area of the research is Chennai city and the category of products selected for the study is fast moving consumer goods.

**Data Analysis and Interpretation**

The demographic profile is essential to determine consumer's response towards the sales promotional strategies in the marketing of FMCGs. The present study deals with occupation, gender, age, educational qualification, family income and marital status of the respondents. The demographic profile and their different segments are viable to ascertain the perceptions of consumers

**Occupation of Respondents-Table 1**

Occupation	Frequency	Valid Percent	Cumulative percent
Student	134	26.8	26.8
Employee	93	18.6	45.4
Self employed	205	41.0	86.4
Professional	43	8.6	95.0
Others	25	5.0	100.0
Total	500	100	

From the above table, it is found that the sample for this research consist of 41.0% of consumers who are self-employed, 26.8% represents students, 18.6% are employed, 8.6% are professionals and 5% belong to categories other than the above, like housewives and the retired.

**Gender of the Respondents – Table 2**

Gender	Frequency	Percent	Valid percent	Cumulative Percent
Male	396	44.0	79.2	79.2
Female	104	11.6	20.8	100
Total	500	55.6	100.00	

The above table shows that the sample for this research consists of 79.2% male respondents and the remaining 20.8% are female.

**Age of the Respondents-Table 3**

Age	Frequency	Valid Percent	Cumulative percent
Below 25	232	46.4	46.4
26-35	95	19.0	65.4
36-45	81	16.2	81.6
46-55	84	16.8	98.4
56 & above	8	1.6	100
Total	500	100	

From the above table, it is found that the maximum frequency dumping is found in the age group in the age group below 25 (46.4%) and the middle-aged groups contribute around 52% of the sample unit. 19% are in the age group of 26-35, 16.8% in the age group of 46-55, 16.2% in the category 36- 45 and 1.6 % in the age group 56 years and above.

**Income of Respondents-Table 4**

Income	Frequency	Valid Percent	Cumulative percent
Below10000	35	7.0	7.0
10000-20000	249	49.8	56.8
21000-30000	46	9.2	66
31000-40000	130	26.0	92.0
Above 40000	40	8.0	100
Total	500	100	

From the above table, it is found the sample for this research consist of 49.8% of the FMCG consumers belong to the income level of Rs. 10000-20000 per month, 26.0% of the FMCG consumers are earning Rs. 31,000-40,000 per month.9.2% have a monthly earning of Rs 21,000 – 30,000, 8% belong to the monthly income level of above Rs. 40,000 and 7% belong to the monthly income level of below Rs. 10,000

**Marital Status of the Respondents Table-5**

Marital Status	Frequency	Valid Percent	Cumulative percent
Married	318	63.8	63.6
Unmarried	182	36.4	100
Total	500	100	

From the above table, it is found that the sample for this research consists of 63.6% married FMCG consumers and 36.4%unmarried. The percentage of married consumers is more in the sample taken for the study.

**Influence of promotional strategies on the purchase decision of cosmetics:**

In order to find the influence of the selected sales promotional strategies on the purchase decision of cosmetics, analysis of variance is applied. The strategies are considered as the dependent variable and the clusters the grouping variables.

**Table 6**

**ANOVA Table for Assessing the Influence of Promotional Strategies on The Purchase Decision of Cosmetics**

Strategies	F.Value	Significance
Free Gifts	0.072	0.931
Discounts	5.283	0.005*
Coupons	0.761	0.468
Buy -One-get-one free	2.580	0.077
Banded Packs	2.451	0.090
Banded Packs	1.402	0.247

**Source: Computed data      \*Significant at 5% significant level**

From the above table, it can be seen that the influence of sales promotional strategies on purchase of Cosmetics does not differ among Need recognition, the Domestic purchase and the product satisfaction cluster members. The respondents of all the clusters perceive the sales promotional strategies equally while making a purchase decision of Cosmetics, expect for discount, in which there is a significant difference among the cluster members.

**Influence of promotional strategies on the purchase decision of House Hold Cleaning Products:**

In order to find the influence of the selected sales promotional strategies on the purchase decision of House hold cleaning products, analysis of variance is applied. The sales promotional strategies are considered as the dependent variables and the clusters as the grouping variables.

Table -7

**ANOVA Table for Assessing the Influence of Promotional Strategies on the Purchase Decision of House hold cleaning Products**

Strategies	F.Value	Significance
Free Gifts	1.825	0.162
Discounts	2.839	0.659
Coupons	1.703	0.183
Buy -One-get-one free	1.578	0.207
Banded Packs	1.774	0.174
Banded Packs	1.813	0.164

From the Table 2 it can be inferred that free gifts, discounts, coupons, buy-one-get-one -free, Banded packs and free samples play an equal role while making a purchase decision of house hold cleaning products among all the three clusters.

**c. Influence of Promotional Strategies on the Purchase Decision of Toiletries**

In order to find the influence of selected sales promotional strategies on the purchase decision of toiletries analysis of variance is applied. The sales promotional strategies are considered as the dependent variable and the clusters as the grouping variables. The ANOVA table shows the influence of sales promotional strategies on the purchase of toiletries.

Table -8

**ANOVA Table for Assessing the Influence of Promotional Strategies on the Purchase Decision of Toiletries**

Strategies	F.Value	Significance
Free Gifts	0.722	0.486
Discounts	2.307	0.100
Coupons	0.509	0.602
Buy -One-get-one free	1.103	0.332
Banded Packs	0.265	0.767
Banded Packs	0.871	0.419

The above table shows that there is no significant difference in the influence of sales promotional strategies in the purchase decision of toiletries among the need recognition cluster, the Domestic purchase cluster and the product satisfaction cluster.

**Influence of Promotional Strategies on the Purchase Decision of Health Drinks**

In order to find the influence of the selected sales promotional strategies on the purchase decision of Health drinks, analysis of variance is applied. The sales promotional strategies are considered as the dependent variables and the clusters as the grouping variables. The ANOVA table shows the influence of the purchase of Health drinks

**Table -9**  
**ANOVA Table for Assessing the Influence of Promotional Strategies on the Purchase Decision of Health Drinks**

Strategies	F.Value	Significance
Free Gifts	0.561	0.571
Discounts	3.157	0.043*
Coupons	0.362	0.722
Buy -One-get-one free	2.844	0.059
Banded Packs	1.122	0.326
Banded Packs	1.865	0.345

From the above table, it can be inferred that the free gifts, coupons, buy-one-get-one-free, banded - packs, and free samples have almost a similar influence on the purchase decision of Health drink in all the three clusters. But there is a difference in the influence of discount on the purchase decision of Health drink among the three clusters.

**Influence of Promotional Strategies on the Purchase Decision of Beverages and Soft Drinks**

**Table -10**  
**ANOVA Table for Assessing the Influence of Promotional Strategies on the Purchase Decision of Health Drinks**

Strategies	F.Value	Significance
Free Gifts	1.651	0.193
Discounts	1.274	0.280
Coupons	0.652	0.521
Buy -One-get-one free	1.792	0.167
Banded Packs	2.256	0.106
Banded Packs	0.588	0.556

From the above table, it can be inferred that there is no significant difference in the influence of the selected sales promotional strategies and among thee clusters. It shows that all the respondents irrespective of the sales promotional offers give equal importance to all the selected sales promotional strategies while they make a purchase decision of beverages and soft drinks.

**Summary of Findings Suggestions and Conclusion**

**Findings:**

- The impact of the powerful influence of sales promotion is the same on all types of consumers
- FMCG consumers in Chennai city strongly agree that sales promotion influence them to buy the products, it induce them to purchase more quantity than needed.
- Offers are considered the most preferred sales promotional tools for house hold cleaning products, toiletries and health drinks.

- Discounts are preferred by a majority of the consumers of cosmetics.
- Consumers of beverage and soft drinks prefer discounts and banded pack offers.
- Consumers are FMCG products strongly agree that they will make use of sales promotional offers, only if the quality is assured.

**Suggestions:**

- The sales promotion mix can have more of sales promotion along with advertisement as the study reveals clearly that the consumers of FMCG are very much attracted to the sales promotional offers.
- The marketers can identify from this study which promotional tool is preferred by which segment of the population, and can use those tools to target those consumer segments.
- This study will help traders who are the ones who ultimately sell to the consumers at the point-of purchase, to attractively display the goods and highlight the features of the products to encourage store loyalty.

**Conclusion**

The consumers of FMCG products in Chennai city are very much attracted to sales promotional strategies followed in the marketing of products like cosmetics, toiletries, household cleaning products, health drinks, beverages and soft drinks. They enjoy the attractive offers, the satisfaction of getting good deals, the excitement of shopping on deals, the monetary saving and the value addition to the products. This leads them to impulse buying, purchasing more quality than planned, and make them pre-pone their decisions to buy. Sales promotion also encourages them to repurchase the brand, even when not on promotional offer and generally gives satisfaction in buying the products on deal. The various segments of the population are influenced in different ways by different sales promotional tools for the selected FMCG. It can be confidently said that sales promotion has a power influence on the consumers of fastmoving consumer goods, especially the middle class in the society of the Chennai.

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