

An Empirical Study on Sales Promotion Techniques

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Received: 10 December 2017 Accepted: 2 January 2018 Published: 15 January 2018

Abstract

- The project report Sales promotion is one of the best promotional mix elements that are commonly employed by firms that find themselves in very competitive markets. The rationale behind the research was to establish whether sales promotion retains customers and to identify the perception of the consumer on the benefits associated with sales promotion in the markets. At present the retail sector plays a vital role in the Indian Economy. The company introduces many sales promotion activities in the market, which attracts and stimulates to purchase the products. A descriptive research design was employed and a convenience sampling to select one hundred customers. The researcher in this paper tries to identify the consumers' expectations towards sales promotions through developmental effects on consumer sales promotion in FMCG sector.

Index terms— market, promotional mix, consumer, sale promotion.

1 Introduction

Sales promotions are defined as marketing activities that add on the values to the sales force, the distributors and to the customers. The consumers (consumer promotion) and retailers (trade promotion) sales are increased by sales promotion by manufacturers. Retailer promotions are used by retailers to increase sales to consumers. Examples of Retailer promotions are Temporary Price Reductions (TPRs), features, and displays.

Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include contests, coupons, freebies, loss leaders, point of purchase displays, premiums, prizes, product samples, and rebates.

Sales promotion is the short term value that motivates the consumers' member of the distribution channel and purchase of goods and services immediately by.

2 -Lowering the price -Adding value

The goal is to provide value added service and to make immediate purchase to customers.

3 Promotional Process

Figure 1

These efforts can attempt to stimulate product interest, trial, or purchase. Outside sales promotion activities include advertising, publicity, public relations activities, and special sales events. This paper helps to concern the level of promotional strategies implemented in this competitive market and also to understand the customer perceptions and expectations towards the current promotional mix of the organisation.

4 Need for the Study

Sales promotion is being to show the short term monetary promotions which may increase the profit. Every organization is trying to increase the monetary promotions of their business. Hence sales promotion is an

important tool to increase their sales volume of the business. Through sales promotion techniques the customers have more attracted the preference products and make positive buying decisions. The paper is attempting the sales promotion techniques used by Darling Digital World Pvt Ltd., Puducherry. The research is to help to increase buying decision about the products and to compete with market products.

5 III.

6 Objectives of the Study

? To know the existing techniques of sales promotion used by the company. ? To find various sales promotion tools influencing consumer buying decision.

? To understand the level of satisfaction towards the sales promotion techniques. ? To give the viable suggestion for improving sales promotion techniques.

IV.

7 Model of Sales Promotion

Figure 2

V.

8 Review of Literature

Vecchio, Del, Devon et al. (2006) report the results of the study, which examined the effect of sales promotion on brand preference through Meta-analysis. Results of 51 studies were integrated and analysed. As per the study sales promotions do not affect post promotion, brand preferences in general. Ndubisi, Oly, Nelson and Me, Tung, Chiew (2005) in their study evaluated the impact of sales promotional tools, namely coupon, price, discount, free sample, bonus pack, and in-store display, on product trial and repurchase behavior of consumers. Kumar, V. And Swaminathan, Srinivasan (2005) studied the impact on brand sale and how that impact decays over the life of the coupon. The authors use an econometric model to demonstrate the coupon effect about a price reduction, coupon effect over time. Laroche, Michel et al. (2005) studied the effect of coupons on consumer's brand categorization and choice process. He developed an approach that influences dynamic loyalty program and more traditional short-term promotions. They argue that the loyalty programs under examination successfully alter behavior and increase retention rates. Anderson, T. Eric and Simester L Duncan (2004) investigated how the depth of a current price promotion affects future purchasing of first time and established customers based on three large-scale field experiments on durable goods sold through a direct mail catalog. Baohong et al. (2003) reviewed various studies relating to the impact of promotion on brand switching and found that these studies used choice models, especially logic. Swat, Jofie and Erden, Tallinn (2002) focused particularly on the marketing mix, purchased packaged consumer goods, the impact on store promotions as well as the availability of the product on the shelf. Seaman, Dilip and Gourville, T. John (2001) 'O investigated how and why price bundling affects the consumption of a service based products. The study showed that price bundling leads to sunk cost and pending benefits of a transaction.

9 VI.

10 Research Methodology

For a meaningful and systematic analysis of the problem encountered a suitable formulation of a methodology for the study is indispensable. This paper requires quantitative analysis and surveys with the use of non -probability sampling. The population defined for this study is unlimited customers to taking at Darling Digital World Pvt. Ltd., Puducherry. Here the researcher makes it consists 100 customers as a sample size to analyse the sales promotion techniques at Darling Digital World Pvt. Ltd. The selected respondents are represented and balanced with demographic factors (gender, age, education, marital status, monthly earnings and profession and number of dependents). Convenience sampling is used for the survey, and a research sample was taken to measure the sales promotion techniques in the study area.

The questionnaire for the research is divided into two parts: the first part deals with the demographic data of the respondents and the second part includes the variables about various dimensions of customers in the form of independent statements. These statements are measured through the five-point Likert scales. Secondary data is collected from Internet, books, newspapers, journals, business magazines, etc. For primary data collection, a self-administered and nondisguised five-point scale questionnaire containing 38 statements is used. The Likert's five-point scale where the respondents had to fill one choice ranging from strongly agree, agree, neutral, disagree and strongly disagree. The statistical tests used in the study include Frequency Distribution, Correlation, Chi-square, Factor analysis and Cluster analysis. SPSS (Statistical Package for Social Sciences) version 16.0 was used to compute and analyze the data.

11 VII. Reliability Analysis

After collecting the primary data, it has been subjected to a reliability test. The alpha and Guttman's reliability test found to be 0.73 and 0.74 since the value is more than 0.50, the reliability was established. The level of significance is 0.954 since the calculated value is more than the tabulated value, finding rejects the Null Hypothesis (H₀), and accepts the Alternative Hypothesis (H₁) Hence, it is justified that there is an association between Gender and I would like to purchase further if the darling digital world offers better financial assistance/ installment facility.

ii.

12 Chi-square analysis with marital and i think offers are explicit through display in company Hypothesis

H₀ -There is no association with Marital, and I think offers are explicit through display in the company.

H₁ There is an association with Marital, and I think offers are explicit through display in the company. there is an association with Marital and I think offers are explicit through displays in the darling digital world.

13 iii. Chi-square analysis with profession and i would like to purchase further if darling digital world offers better financial assistance/installment facility Hypothesis

H₀ -There is no association between the profession, and I would like to purchase further if the darling digital world provides offers better financial assistance / installment facility.

H₁ -There is an association between the profession, and I would like to purchase further if the darling digital world provides offers better financial assistance / installment facility. The level of significance is 0.82 since the calculated value is more than the tabulated value, finding rejects the Null Hypothesis (H₀) and the Alternative Hypothesis (H₁) is accepted. Hence, it is justified that there is an association between the profession and I would like to purchase further if the darling digital world offers better financial assistance/ installment facility.

14 b) Analysis of Correlation i. Correlation between darling digital world provides a pleasant environment, and i would prefer darling digital world the next time Table 8.4: Analysis of Pearson Correlation

An analysis the correlation between the darling digital world gets the proper feedback, and a complaint from the customer, and the darling digital world provides a pleasant environment. From the Table, it is clear that the consumer from Darling Digital World mostly correlates with the correlation coefficient of 0.983 and it is positively correlated. From the correlation analysis, it is justified that the Darling Digital World is actively using the consumer strategy. An analysis of the correlation between the communication strategies, build a good relationship with the darling digital world, and I often pay attention to sales promotion activities when I am shopping in the darling digital world. From the Table, it is clear that the consumer from Darling Digital World is correlated with a correlation coefficient of 0.939 and it is positively correlated. From the correlation analysis, it is justified that the darling digital world is actively using the consumer strategy.

15 iii. Correlation between i am satisfied with the delivery pattern of darling digital world and i would like to purchase further if darling digital world offers better financial assistance / installment facility . Table 8.6: Analysis of Pearson Correlation

An analysis of the correlation between I am satisfied with the delivery pattern of the darling digital world, and I would like to purchase further if the darling digital world offers better financial assistance /installment facility .From the Table, it is clear that the consumer from the Darling digital world correlated with correlation coefficient of 0.592 and it is positively correlated. From the correlation analysis, it is justified that the darling digital world is actively using the consumer strategy.

16 c) Factor Analysis

The Personnel efficiency variable is consisting of 38 statements. It is very difficult to analyze the interpretation of those statements. In order to reduce those statements we have been used factor analysis. It will separate those statements into similar or same group statements.

The Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's test of sphericity is used to test the sample adequacy for applying factor analysis. Kaiser recommends values greater than 0.5 as acceptable. Since the value is 0.552, it is a good value, and hence we are confident that factor analysis could be appropriate for these data. The Bartlett's test of sphericity is significant, hence the R -matrix is not an identity matrix. It reveals that there is some relationship between variables and therefore the factor analysis is appropriate for these data. Before going for factor analysis, suitability of data should be tested. KMO test and Bartlett's test are two such tests. The value of KMO of 0.552 that factor analysis is useful for the present data. Bartlett's test of Sphericity shows whether the correlation matrix is an identity matrix, that results the variables are unrelated.

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The significance level determines the result of the test. Here, the significant value is 0.000 which identified that there is a significant relationship among the variables. The resultant value of KMO test and Bartlett's test shows that the present data is considered in factor analysis.

18 Table 8.8: Total Variance Explained

From the 38 statements, only 13 statement values more than 1. Hence, the statements can be used to explain maximum variance in the characteristics of people. The total variance accounted by all the three factors is 71.718 per cent. The significant amount of variance is determined by the reduced three factors. Therefore, it is better to take three variables for further analysis.

19 Component

Extraction

20 Eigenvalue

From the rotated component matrix it is clear that the first factor is having nine statements, second factor is having one statement and third factor is having two statements, fourth factor is having three statements, and fifth factor is having one statement, and sixth factor is having two statement, and seventh factor is having one statement, and eighth factor is having two statement, and ninth factor is having two statements, and tenth factor is having two statements, eleventh factor is having six statement, twelfth factor is having four statements and thirteenth factor is having two statements . Based on the statements included into the factors can be named. 8.10 contains the mean scores of five factors related to sales promotion and the ranks are specified in the bracket. The table shows that around 24% of respondents belong to cluster 1 category, 64% of respondents belong to cluster 2 category and 12% of respondents belong to cluster 3 categories. This reveals that the majority of respondents participated in the cluster 2 category. The mean value of these 3 clusters 3.342 in cluster one category, 3.656 in cluster two categories and 3.784 in cluster three categories.

21 ix. Suggestion and Recommendations

For the study product price could be made desirable for the customers Steps could be taken for the availability of the products. Discounts could be done in favour of the customers. Steps could be taken for better financial facilities to improve their sales. The showroom has to promote the customer about their product through better advertisement. The study reveals that many customers feel that the Darling Digital world have to improve their services. Steps should also be taken to provide individual attention and services to different groups of consumer. The organization may add few more branches to make the dealership easily accessible for existing customer services. It also helps the organization to penetrate their brands deep into the market, thereby increasing sales and revenue. Service providers should offer services according to the customers need and demand

22 x. Conclusion

From the study, it is clear that most of the customers are satisfied with the service of the darling digital world. This study is also clearly states that the customers are expecting to improve the price and availability of the product. So the darling digital world can take an action to improve price and product availability. The customers are giving more important for more quality with the price of the product. A good quality of service creates weight of the concern.

From the study, the various aspects of advertising, the availability of the products must be improved by the way the darling digital world could improve their sales even better. ¹

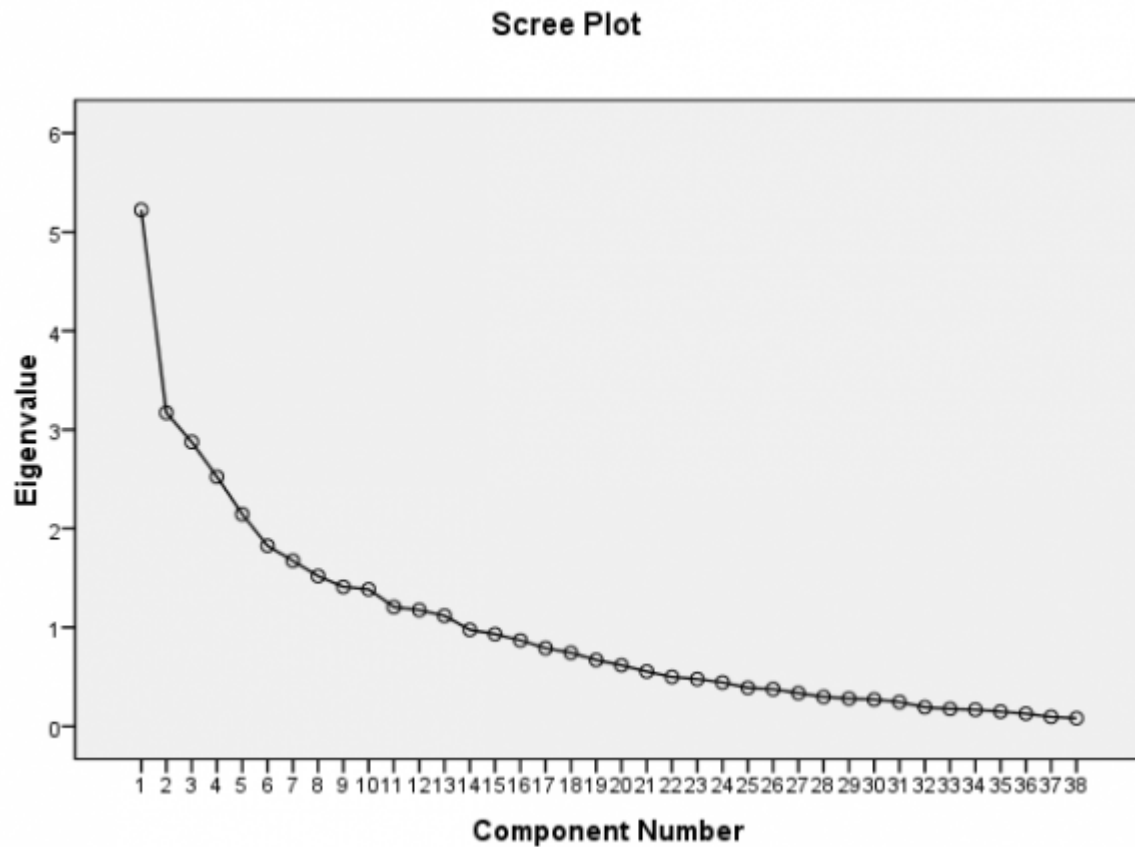


Figure 1:

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1: Reliability Analysis

[Note: a) Chi-Square Analysis i. Chi-square analysis with gender and i would like to purchase further if any offers with better financial assistance/installment facility Hypothesis H 0 -There is no association between Gender and I would like to purchase further if the darling digital world offers better financial assistance / installment facility.]

Figure 2: Table 7 .

8

[Note: 1: Tabulation of Pearson Chi-Square Test]

Figure 3: Table 8 .

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Figure 4: Table 8 . 2 :

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	Value	Df	Asymp. Sig. (2-Sided)
Pearson Chi-Square	14.004	8	.082
Likelihood Ratio	14.908	8	.061
Linear-by-Linear Association	.403	1	.525
N of Valid Cases	100		

Figure 5: Table 8 . 3 :

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The darling digital world gets the proper feedback and complaints from the customer. Darling digital world provides a pleasant environment.

Figure 6: Table 8 . 5 :

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Figure 7: Table 8 . 7 :

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Factors	Mean	Rank
Customer Satisfaction	3.70	VI
Product Pricing	3.35	XIII
Feedbacks And Service	3.62	IX
Relationship Status Opinion	3.75	IV
Exhibition Method	3.44	XII
Customer Suggestion	3.98	I
Awareness	3.56	XI
Preference	3.82	II
Product Offers	3.59	X
Advertisement Pattern	3.76	III
Sales Promotion Suggestion	3.69	VII
Perceived Quality	3.74	V
Loyalty	3.66	VIII

The highest mean score of the variable is 3.98, and the lowest mean score is 3.35 for the variable. When we are ranking to the factors, customer suggestion (3.98) is in the first rank. The preference (3.82) is in the second. The advertisement pattern (3.76) is in the third rank it tells about the satisfaction level of the consumers. The relationship status opinion (3.75) is in the fourth. The perceived quality (3.74) is in the fifth rank, and customer satisfaction (3.70) is in the sixth, and sales promotion suggestion (3.69) is in the seventh, loyalty (3.66) is in the eighth, feedbacks, and service

(3.62) are in the ninth, product offers (3.59) are in the tenth, awareness (3.56) is in the eleventh, exhibition method (3.44) is in the twelfth, and product pricing (3.35) is that the last rank.

d) Cluster Analysis i. Segmentation of Sales Promotion

Figure 8: Table 8 . 9 :

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Particulars

Figure 9: Table 8 . 10 :

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