

Emerging Trends in Sales Promotions in FMCG Sector in India

Rahul Goel
Ph.D Scholar (Management)
(2014-2017)
Kalinga University, Raipur, C.G.
Enrollment No. 15031014 (KU002MMXIV02010762)

Abstract

Sales Promotions have often been used as the last resort for marketers to liquidate stocks that are not moving. One of the purposes of a consumer promotion is to elicit a direct impact on the purchase behaviour of the firm's. The objective of this research paper is to observe emerging sales promotion tools being adopted and their effect on the company's sales volume and also to evaluate the nature of sales promotion activities in Delhi/NCR, The main aim of the study to evaluate effect of sales promotion tools on sales volume, profitability, no of customers and overall performance of FMCG Industry. As the dealers interact with customers regularly and directly than the manufacturer, it would be valuable for the FMCG companies to integrate perceptions while forecasting sales promotion strategies.

1. Introduction

Promotion is the communication with the customers to pursue them to buy the product. It is the duty of the marketing manager to choose the communication media and blend them into an effective promotion programme. These are more than one type of tools used to promote sales. The combination of these tools with a view to maintain and create sales is known as promotion mix. Promotion mix is the name given to the combination of techniques used in communicating with customers. There are four tools of promotion mix viz. advertisement, personal selling, publicity and sales promotion. These are called elements of promotion mix.

Here is an example how grocery and FMCG products become saleable after a boom in telecom sector we have seen consumers make order on phone to local retailers (SEAKR, Chennai) and retailers deliver the order to the customer. In the same fashion online process will also work [3]. Speaking about online grocery and FMCG product Dinesh, MD, Pachha.in said “Online grocery and FMCG products have challenges and opportunities too.

Promotion is one of the elements of marketing mix. Promotion decisions are taken simultaneously with other decisions like finding target group, determining objectives, budgeting for promotion, launching of new products, distribution etc. Promotion is one of the variables through which information regarding products or services is being communicated to customers to change their attitude and behaviour. Marketers are concerned with effective utilization of promotion-mix to increase sales and market share. Methods of promotion include advertising personal selling, publicity, sales promotion and packaging.

Sales Promotion is the activity that aims directly to influence buyers to buy products and increase sales. In sales promotion mainly three parties are involved i.e. consumers, traders and sales force. Sales promotion refers to many kinds of incentives and techniques that are directed towards consumers, traders and sales force with the intention to increase sales in short term.

2 Objectives and Research Methodology

Objectives: The study of this topic has been undertaken with following objectives:

- a. To understand the concept of sales promotion,
- b. To analyse the Emerging Trends of Sales Promotion in FMCG sector in India.

Research Methodology:

It is always important to be critical of the information presented in sources, especially since the material might have been gathered to address a different problem area. Moreover, many secondary sources do not clearly describe issues such as the purpose of a study, how the data has been gathered, analysed and interpreted making it difficult for the researcher to assess their usefulness. In order to address this problem I have tried to triangulate the secondary data by using numerous independent sources.

The topic for the research study is emerging trends of sales promotion, the nature of the topic is theoretical and descriptive. So we conduct the research study the type of research suitable is descriptive research only. The data are collected from Internet, Trade Journals and salesmen of the companies working in FMCG sector. The descriptive research has met the requirement of research study.

The research type is descriptive research. A data from respondents was collected with the help of convenience sampling method. The sample has chosen from select supermarket of Delhi / NCR city. The data used was direct field survey data and journals references. It has tabulated, analyzed and interpreted using suitable tools.

3. Emerging Trends of Sales Promotion in FMCG

“Sales promotions include incentive offering and interest creating activities which are generally short term marketing events other than advertising, personal selling, publicity and direct marketing. The purpose of sales promotion is to stimulate, motivate and influence the purchase and other desired behavioural responses of the firm’s customers”. **Kazmi and Batra**. Rohan Agarwal mentioned in his article about the emerging trends as given below;

- i. **Buy One Get One Free (BOGOF):**The trend of giving one item free with one purchase of one item is becoming very popular not only in urban areas but in rural/sub-urban areas too. For example, if pack of bread is priced at Rs.10 and its actual manufacturing cost is Rs.3 and you two breads for Rs.10, you will be still in profit especially if sales increase due to this BOGOF offer. In retailing this practice is actually known as a premium promotion tactic. The stores use this method because due to increased sales they are able to get benefit because of economies of scale.
- ii. **Customer Relationship Management (CRM):** The concept of CRM is of twofold: it is a part of retail strategy that aims at creating customers for long-term say whole life and on the other hand, CRM is largely technology driven. The main focus of CRM is on customers rather than products it offers. Examples are incentives such as bonus points, collecting numbers are very popular. Besides this, there are several other examples of CRM,

from petrol pumps to malls. This increases long-lasting relationship with the customers.

iii. **New Media:** With the change in technologies, e-retail, online buying, and vending machines are the fashion of the day. SMS, e-mails, websites and mobile phones are used for the purpose of placing orders. For example Nestle a Swiss MNC printed some individual codes on KIT-KAT chocolate packaging, whereby a customer after buying it, would enter the code into a dynamic website to know whether if he had won a prize/gift or not. Customers also had option to check these printed text codes via their cellular phones. In India, some companies have also started use of such techniques as experimental method.

iv. **Customers Expectations:** The onslaught of sales promotion activity over the last several decades has eroded the value of the short-term requirement to act on sales promotions. Many customers are conditioned to expect a promotion at the time of purchase otherwise they may withhold or even alter their purchase if a promotion is not present.

For instance, food shoppers are inundated on a weekly basis with such a wide variety of sales promotions that their loyalty to certain products has been replaced by their loyalty to current value items (i.e., products with a sales promotion). For marketers, the challenge is to balance the advantages of short-term promotions offer versus the potential to erode loyalty to the product.

v. **E-Retailing:** Sales promotions are delivered to customers in many ways such as by mail, in-person or within print media. However, the Internet and mobile technologies, such as cell phones, present marketers with a number of new delivery options. For example, the combination of mobile devices and geographic positioning

technology will soon permit marketers to target promotions to a customer's physical location. This will allow retailers and other businesses to issue sales promotions such as electronic coupons, to a customer's mobile device when they are near the location where the coupon can be used.

vi. Tracking: As we discussed in our coverage of advertising, tracking customer's response to marketers' promotional activity is critical for measuring success of an advertisement. In sales promotion, tracking is also used. For instance, grocery retailers, whose customers are in possession of loyalty cards have the ability to match customer sales data to coupon use. This information can then be sold to coupon marketers who may use the information to get a better picture of the buying patterns of those responding to the coupon.

vii. Merchandising Additions: Buy one litre get 200 ml free with the pack, buy one kg pay for 750 gms are examples of merchandising addition. Under addition schemes, some stores offer schemes like buy big pack and take smaller one at no extra cost.

Besides this, sometimes some company offers you a card for six/eight spaces for pasting stickers with the purchase of each article. When the card's spaces are full, the consumer is given a free item absolutely free of cost. In India, the popular example is Subway chain of sandwiches that comes under addition scheme.

viii. Discounted Prices: As the very name implies, under this promotional scheme, companies offer price discounts to its customers. Some of the budget airlines such as Air Deccan, Go Airways and Kingfisher, inform their regular and loyal customers through e-mail regarding any latest low-price deals once new

flights are introduced or some additional destinations are announced within or outside India.

ix. **Merchants will adopt in-store mobile devices:** In 2016, it is anticipated the continued adoption of mobile devices such as mPOS systems and in-store tablets. One example of a merchant using mobile technology well is cookware retailer Borough Kitchen, which runs Vend on their iPads. Having a tablet-based POS system enables them to improve the customer experience and speed up checkout. For instance, founders David Caldana & Justin Kowbel say that all they have to do during their peak hours and the holiday season is add new tills by switching on additional iPads. This allows them to reduce lines and ring up sales much faster.

x. **Mobile will play a bigger role in click-and-collect initiatives:** Traditional click-and-collect programs typically involve people shopping online then picking up items in-store. In 2016 though, we can expect mobile to play a bigger role in this process. Retailers are increasingly experimenting with mobile to facilitate click-and-collect. Some merchants, such as Kohl's department store, now enable customers to buy via mobile and pick up in-store, while others, such as Sam's Club [Walmart], are using mobile to send notifications whenever an order is ready for in-store pickup.

Nordstrom is also looking into using mobile to streamline the in-store pickup experience. In May 2015, the retailer started testing a service that lets customers text or call their Nordstrom associate as they near the store. The store employee will then head down and meet the customer outside, so they won't even have to get out of their car.

xi. **Free Samples:** For example, tasting of food and drink at sampling points in supermarkets, trade fairs and exhibitions like 'Good

Living', 'Art of Living' annual fairs at Pragati Maidan in New Delhi. For example, Milk Mix (a flavored fizzy drink) was given away to potential consumers at supermarkets, International Trade Fair and at in Delhi.

4. Conclusion

Indian FMCG market is the 4Th largest sector in the economy having a total market size of US\$ 13.1 billion and more. It has a major MNC existence and considered a well recognized supply network, strong competition among the unorganized and organized segments and with low functioning cost. Accessibility of input raw materials, cheaper labor expenses and existence across the complete significance networks gives India a reasonable benefit.

Marketers who employ sales promotion as a key component in their promotional strategy should be aware of how the climate for these types of promotions is changing. For instance, the onslaught of sales promotion activity over the last several decades has eroded the value of the short-term requirement to act on sales promotions. Many customers are conditioned to expect a promotion at the time of purchase otherwise they may withhold or even alter their purchase if a promotion is not present.

It is evident in the trends of the study the future of sales promotions lies in mobile technology and a lot is to be done yet.

5. References

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