

Review Article

EFFECTS OF SALES PROMOTION CAMPAIGN ADOPTED BY RETAILERS IN INDIA

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Received: 05.11.2019

Revised: 10.12.2019

Accepted: 11.01.2020

Abstract:

Increasing business prospect in retail has offered a chance to the retailers to build up their business and enlarge customer's foundation through promotional tactics. Retailers are paying attention their efforts to enhance the loyalty and footfalls of customers in the outlet (Moore M., Kennedy K. M. and Fairhurst A 2003). The aim of this paper is to study the effects of sales promotional tools and understand the satisfaction level of customers for execution of sales promotion campaign. Author observed that sales promotion strategies are prime factor not only to improve the sales of a store but also enhance the loyalty of customer towards store. According to study, the most important sales promotion strategies adopted by customers are price and product discount followed by loyalty program, sweepstakes and premiums. While least important sales promotion strategies are posters and leaflets, point of purchase material and digital signage. It was also observed that satisfaction level of customer on sales promotion campaigns depends on creative skills involved in designing the campaigns and the type of its schemes.

Keywords: Retailing, sales promotion, consumer behavior.

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INTRODUCTION:

The final purpose of any business is to elevate the sale of product. A number of techniques can be accepted for the accomplishment of this purpose. Sales promotion is one such technique. It is "varied set of inducement tools, generally, short term designed to motivate faster and/or larger acquire of meticulous products or services by consumers" (Kotler P, 2002). It has become a precious instrument for the producers and significance of it has been growing quickly. Its spending in India, by diverse marketing businesses is predictable to be Rs 5,000 Cr and usage has amplified by 500 to 600 percent. (Rizvi S & Malik S, 2011). In 2001, total 2,050 sales promotion schemes of Rs 80,000 Cr being used by fast moving consumer goods ie FMCG business (Dang Jha, Koshy A., & Sharma D., 2005). Retailing is developing into a worldwide, ultra-modern industry. Retailers are using most advanced information and communication system to control business. Retail management is, evolving and employing a promotion plan to construct store images, catch the attention of customers and persuade them to purchase products from the store. The retailers must create their store brand amongst the consumers by communicating successfully with them. The best way is to create store brand by means of building awareness and knowledge about product mix, services, store atmosphere, location of store and special marketing activities specially sales promotion offer etc. (Kotler P, 2002). Hence communication is used to create a brand of an entire store. The objective of any promotion is to enhance store traffic and generate entertainment and quality experience that increase the loyalty of consumer. Also promotions magnetize new customers and offer experience that boost loyalty. The most important part of promotion is to increase the spending by motivating new and loyal customers to buy more from the store. Any promotional method that realizes huge monetary results can achieve the marketing objectives. Retail promotion includes advertising, sales promotion, store atmosphere, publicity and personal selling. (Levy B. D. Weitz .A. P 2006). This study focuses on sales promotion. After implementing a Sales promotion, there increase in sales figure (Schultz, Petrison, Robinson 1998). This makes clear to the marketer that they should use major promotional budget towards sales promotion activities. Thought disparity in sales promotion occurs because of attractiveness of the brand (Alvarez,

Casielles, 2005). Sales promotions are demand booster that does not preserve the danger connected with the new products. (Blattberg, Neslin, 1990 and Buzzeli, Quelch, Salmon, 1990). It has reasonably simple to implement with sudden rise in sales (Hanssens D, Parsons L. J., & Schultz R. L 2001). Hence Linda G. Schneider and Imran S. Currim (1991), acknowledged that marketing budget are increasing constantly. Ailawadi Kusum & Neslin S (1998) had discovered that sales promotions influence the consumers to buy more and use it quick which improve sales and profitability. Pawels K., Srinivasan S., Silva-Risso J., & Hanssen D (2003) shows that sales promotion influence the company's short term profits. Pauwels K., Hanssens D., & Siddarth S. (2002) has identified the effect of sales promotion on the sales of storable and perishable products. Also these product categories have short term effect of sales promotion. Kotler and Armstrong, (2002) have identify profitable consumer sales promotion techniques like free samples, contest, price pack, sweepstake. Few are actually provide benefit while others are a good communication tool (Kotler P., 2002). This study also support this analysis and have studied the sales promotional strategies which includes. price and product discounts, loyalty programs, sweepstakes, premium program, posters & leaflets and point of purchase display & digital signage. Schiffman G and Kanuk L (2004) have shows that appropriate learning of consumer should increase the brand loyalty. Rowley J and Dawes J (1999) have agreed that positive attitude and behavior of consumer increase brand loyalty by means of word of mouth and repeat purchase. Quester P and Lim L (2003) have identified behavioral and attitudinal loyalty. Behavioral loyalty means repeat purchase while attitudinal loyalty means positive behavior towards product (Dekimpe G, Hanssens M, & Risso S 1999).

Research objectives:

1. To study and understand effects of sales promotional tools adopted by retailers.
2. To study satisfaction level of customers for execution of sales promotion campaign.

Research Hypothesis:

1. Satisfaction level of customer on sales promotion campaigns depends on creative skills involved in designing sales promotion schemes.
2. Effect of sales promotion campaign depends on the type of sales promotion tools.
3. Sales promotion campaign increases the sales.

RESEARCH METHODOLOGY:

This is an exploratory research and identifying the behavior of consumer with special reference to sales promotion campaign. Researchers used convenience sampling. To start with the sample size assigned was 100 customers in the target stores of Pune, India. These stores are stretched across the city. For this type of data it was requisite to have a one-on-one interrogative conversation with customers of various malls across the city. The samples were selected at random across stores in the city. The retail stores were covered under this study are Piramyd, Shoppers Stop, Max 10/10, Big Bazaar, Pune Central, Pantaloons, Ozone, Westside. For data analysis & hypothesis testing, researchers used SPSS software and used t-test, chi square test and regression equation.

Data Analysis:

The different sales promotion schemes considered by researcher for this study are loyalty programs, sweepstakes, price & product discount, premiums, POP & digital signage, posters & leaflets. From image 1, It was observed that sales promotional schemes have a major impact on customers includes price and product discounts 41% followed by loyalty programs 17%, sweepstakes 14%, premium program 12% , posters & leaflets 9% and POP & digital signage 7%.

HYPOTHESIS TESTING:**Hypothesis 1:**

Satisfaction level of customer on sales promotion campaigns depends on creative skills involved in designing sales promotion campaigns

H0: Satisfaction level of customer on sales promotion campaigns doesn't depends on creative skills involved in designing sales promotion campaigns

H1: Satisfaction level of customer on sales promotion campaigns depends on creative skills involved in designing sales promotion campaigns

To test the hypothesis researchers used independent sample t-test. From the independent sample t-test following things are observed,

From Table 1, Group Statistics, the mean for creativity in sales promotion is 2.0986. The mean for no creativity in sales promotion is 4.1034. The standard deviation for creativity in sales promotion is 0.8969 and for no creativity in sales promotion, 0.67320. The number of participants in each condition (N) is 100.

From Table 2, independent sample t-test, it is also observed that significance level (2-tailed) is 0.000 which is less than 0.05, hence reject H0 and accept H1. Hence researchers concludes that satisfaction level of customer on sales promotion campaigns depends on creative skills involved in designing sales promotion campaigns.

Hypothesis 2:

Effect of sales promotion campaign depends on the type of sales promotion tools.

H0: Effect of sales promotion campaign doesn't depend on the type of sales promotion tools.

H1: Effect of sales promotion campaign depends on the type of sales promotion tools.

From Table 3, about crosstabulation table between impact on customer about sales promotion and most attractive sales promotion tools, it is observed that the most important sales

promotion tools having high impact on customer includes price & product discount followed by loyalty programs, sweepstakes and premium. While the least important one are posters and leaflets followed by point of purchase material and digital signage.

From Table 4 chi-square test table, it is observed that Pearson Chi-Square, asymptotic significance (2-sided) is 0.000 which is less than 0.05, hence reject H0 and accept H1. Hence researcher concludes that effect of sales promotion campaign depends on the type of sales promotion tools.

Hypothesis 3 :

Sales promotion campaign increases the sales.

H0: Sales promotion campaign doesn't increases the sales.

H1: Sales promotion campaign increases the sales.

Researcher used linear regression analysis to verify the hypothesis. The general linear regression equation is,

$$Y = a + bX$$

Where,

Y= Effect on customer about sales promotion

a= constant

b= coefficient of usage of sales promotion tools

X= Usage of sales promotion tools

From Table 5, linear regression equation is as follow,

$$Y \text{ (Impact on customer about sales promotion)} = 0.131 + 0.777 * \text{(Usage of sales promotion schemes)}$$

From the above regression equation, it was observed that dependent variable will influenced by independent variable. In other words if the usage of sales promotion schemes increase by one unit then the effect on customer for rising sales will be increase by 0.777 times of existing sales.

From Table 5 observed that significance level of usage of sales promotional schemes is 0.000 which is less than 0.05, hence reject H0 and accept H1, which is, sales promotion campaign increases the sales.

CONCLUSION:

Retail promotion notifies, convinces and be reminiscent the customer regarding all facet of the store (Berman, Evans, Mathur 2016). Sales promotion is in paid form that motivates consumer purchase and dealer success. Its goals include escalating immediate sales volume and sustain loyalty of customer. It boosts impulse purchase of the store. This paper focuses on the effects of sales promotional tools adopted by retailers. It was observed that the most important sales promotion schemes having high impact on customer includes price & product discount followed by loyalty programs, and premium. Study also reveals that effect of sales promotion campaign on customers depends on the type of sales promotion schemes. From regression equation it was observed that sales promotion campaign improves sales. This paper also studies the satisfaction level of customers for execution of sales promotion campaign. It was concluded that satisfaction level of customer on sales promotion campaigns depends on creative skills involved in designing sales promotion campaigns.

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Table 1: Group statistics

Developing and executing sales promotion campaigns		No. of respondent	Mean value	Standard Deviation	Standard Error Mean
Creativity in Sales promotion	Yes	71	2.0986	.89690	.10644
	No	29	4.1034	.67320	.12501

Table 2: Independent sample T test

		Levene's Test		t-test		
		F	significance level	t	Degree of freedom	significance level (2-tailed)
Creativity in Sales promotion	Identical variancespresume	13.568	0.000	-10.842	98	0.000
	Identical variances not presume			-12.211	68.843	0.000

Table 3: Crosstabulation between effect on customer about sales promotion and Most attractive sales promotion tools

		Most attractive sales promotion tools						Total
		Loyalty programs	Sweepstakes	Price and product discounts	Premiums	POP and digital signage	Posters & leaflets	
effect on customer about sales promotion	1.0	17	6	0	0	0	0	23
	2.0	0	8	26	0	0	0	34
	3.0	0	0	15	4	0	0	19
	4.0	0	0	0	8	7	3	18
	5.0	0	0	0	0	0	6	6
Total		17	14	41	12	7	9	100

Table 4: Chi-Square Tests

	Value	Degree of freedom	asymptotic significance (2-sided)
Pearson Chi-Square	223.674	20	0.000
Likelihood Ratio	199.860	20	0.000
Linear-by-Linear Association	84.703	1	0.000
No. of respondent valid Cases (N)	100		

Table 5: Linear regression analysis

Linear regression model		unstandardized regression coefficients		standardized regression coefficients	t value	significance level
		Beta value (B)	Standard Error	Beta		
1	(Constant 'a')	.131	.109		1.204	.231
	Usage of sales promotion tools (X)	.777	.032	.925	24.096	.000

a. Dependent Variable: effect on customer about sales promotion