

A study on the effectiveness of sales promotion in selling fast-moving
consumer goods in Chennai city

Submitted in partial fulfilment of the requirement for the reward of

Bachelor Of commerce

By

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DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade “A” by NAAC | 12B Status by UGC | Approved by AICTE

Jeppiaar Nagar, RAJIV GANDHI SALAI, CHENNAI - 600

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SCHOOL OF BUSINESS ADMINISTRATION

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of JAYAVARADHAN. O (39740112) has done the Project work entitled A study on the effectiveness of sales promotion in selling fast-moving consumer goods in Chennai city under my supervision from December 2020 to February 2021.

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Submitted for Viva-voce Examination held on _____

Internal Examiner

External Examiner

DECLARATION

I **Jayavaradhan. O (39740112)**. Hereby declare that the Project Report entitled “**A study on the effectiveness of sales promotion in selling fast-moving consumer goods in Chennai city**” done by me under the guidance of Dr. John Britto, MBA, Ph.D. Assistant Professor, School of Business Administration is submitted in partial fulfillment of the requirements for the Master of Business Administration degree award.

DATE:

JAYAVARADHAN O

PLACE: CHENNAI

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ABSTRACT

Marketers use sales promotions to boost sales. Sales promotion tools vary in their effectiveness to elicit different sales responses. Companies have a specific goal when they choose to use any promotional tool. Many researchers believe that sales promotions are a zero-sum game. Unlike in the West, in India brand loyalists outnumber price buyers by 200%. This paper investigates the effectiveness of select sales promotional tools in generating different buying behaviours. The study reveals that sales promotions, in India, do not help in category expansion. They are effective measures for inducing brand switching, stockpiling, and purchase acceleration.

Table of content:

CHAPTER NO.	TITLE	PAGE NO.
1	INTRODUCTION	
	1.1 Introduction	1
	1.2 Marketing Mix	1
	1.3 Concept of Sales Promotions	3
	1.4 Definition of Sales Promotions	4
	1.5 Evaluation of Sales Promotions	4
	1.6 Needs for the Sales Promotions	5
	1.7 Objection of the Sales Promotions	5
	1.8 Sales Promotions Tools	6
	1.9 Reasons for The Scale Of Growth Of Sales Promotion	8
	1.10 Limitation of Sales Promotions	10
	1.11 Objective of the Study	11
	1.12 Limitation of the Study	12
2	REVIEW OF LITERATURE	
	2.1 Review of literature	13
	INDUSTRY PROFILE	
3	3.1 Fast Moving Consumer Goods (Fmcg) Products	15
	3.2 Characteristics	16
	3.3 Isic Definition	16
	3.4 Supplier industries for FMCGs include	17
	3.5 India's FMCG sector	18
	3.6 Impact of the FMCG sector in India	18

4.	RESEARCH METHODOLOGY	
	4.1 Methodology	20
	4.2 Research Design	20
	4.3 Sampling Technique	20
	4.4 Sources of Data	21
	4.5 Structure of The Questionnaire	21
	4.6 Sample Size	21
	4.7 Period of Study	21
5	DATA ANALYSIS AND INTERPRETATION	
	5.1 Percentage Analysis	22
	5.2 ANOVA	40
6	FINDINGS, SUGGESTIONS AND CONCLUSION	
	6.1 Findings	42
	6.2 Suggestions	43
	6.3 Conclusion	44
	APPENDIX – I (Questionnaire)	45

LIST OF TABLE & CHARTS:

S. no.	Title	Page no.
1	Age group of samples (in years)	30
2	Occupation of the samples	31
3	Monthly income of the samples (in Rs.)	32
4	Buying new products	33
5	Purchase choice	34
6	A regular customer of specific brands	35-37
7	Buying because of promotional tools	38
8	Brand switching	39
9	Buying the same brand when there is no offer	40-42
10	Most attractive promotional tool	43
11	Satisfaction	44
12A	Clear information about terms and conditions	45
12B	Problems in understanding terms and conditions	46

CHAPTER - 1

1.1 INTRODUCTION:

Marketing is the process of discovering and translating consumer wants into product and service specifications and then in turn helping to make it possible for more and more consumers to enjoy more and more of these products and services.

Marketing consists of analyzing marketing opportunities, researching and selecting target markets, designing marketing strategies, planning marketing programs and organizing, implementing and controlling the marketing efforts.

Companies have to identify long and short-term marketing opportunities and research the selected market by measuring and forecasting the attractiveness of the given market. Having selected the market, the companies need to develop a differentiating and positioning strategy for the target market. The marketing strategy must be transformed into marketing programs by deciding on marketing expenditures and the marketing mix. The final step is organizing the marketing resources and implementing and controlling the marketing plan.

1.2 MARKETING MIX:

A marketing mix is the set of marketing tools that a firm uses to pursue its marketing objectives in the target market.

McCarthy has popularized a four-factor classification of marketing tools known as the 4P's of the marketing mix. They are:

- Product
- Price
- Place
- Promotion

1. Product:

Product stands for the firm's tangible offer to the market, including the product quality, design, features, branding and packing. It deals with new product development, product life cycle, product mix, product lines, branding and associated services to a product. From the customer's point of view, it helps in satisfying the customer's needs and wants.

2. Price:

Price is the monetary value of the product. Price deals with selecting the pricing objectives, setting the price, discounts, allowances, payment policies and credit terms. It is very important to the customers as it decides the cost the customer has to pay to gain the product value.

3. Place:

This marketing tool stands for the various activities the company undertakes to make the product accessible and available to the customer. It involves market size, channel selection and management, storage and physical distribution with the ultimate purpose of efficiently supplying the company's offer to the target market. To the customer, this marketing tool refers to convenience.

4. Promotion:

Promotion stands for various activities the company undertakes to communicate and promote its products to the target market. It involves communication programs i.e. direct marketing, advertising, sales promotions, public relations and motivation of the salesforce. To the customer, this tool provides knowledge and information.

THE PROMOTION MIX OF A COMPANY INCLUDES THE FOLLOWING TOOLS:

- Advertising
- Direct Marketing
- Personal Selling
- Public Relations and Publicity

1.3 CONCEPT OF SALES PROMOTION:

'Sales promotion' signifies all those activities that supplement, coordinate and make the efforts of personal selling and advertising more effective. It is non-recurrent in nature, i.e, it cannot be used continuously.

In a broad sense, the term *'Sales Promotion'* refers to *'promotion'* in general because all the activities of personal selling, publicity, advertising and sales promotion lead to increase of sales. However, the term sales promotion includes display, demonstration, contests, gifts, samples, premiums, offers, discounts.

Sales Promotion consists of a wide variety of promotional tools designed to stimulate stronger market response. They include tools for consumer promotion (samples, coupons, money-refund offers, price-off, premiums, contests, trading stamps, demonstrations), trade promotion (buying allowances, free goods, merchandise allowances, co-operative advertising, push money, dealer sales contests) and sales force promotion (bonuses, contests, sales rallies). Sales Promotion efforts are directed at final consumers and that are offered. Sales persons adopt several techniques for sales promotion. Creative sales promotion can be very effective. It is the marketing manager's responsibility to specify promotion objectives and policies.

1.4 DEFINITION OF SALES PROMOTION:

According to W.J. Standon, Sales Promotion includes all those activities other than advertising, personal selling, public relations and publicity, that are intended to stimulate customer demand and improve the marketing performance of sellers. Sales promotion may include coupons, premiums, trade shows, in-store displays, samples, cash discounts, quantity discounts, and contests directed towards end-users or middlemen.

According to American Marketing Association “Those marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as display shows, and exhibitions, demonstrations, and various non-recurrent selling efforts not in the ordinary routine.”

Thus, Sales Promotion is referred to activities other than personal selling, advertising and publicity which stimulate consumer purchasing and dealer effectiveness such as displays, shows and exhibitions, demonstrations, free samples, coupons, premiums and various other non-recurrent selling efforts not in the ordinary routine.

1.5 EVOLUTION OF SALES PROMOTION:

The term ‘Promotion’ originates from Latin term, *promovere* meaning “to move forward”. In this sense, promotion is used to move forward a product in a channel of distribution. In earlier days, sales promotion meant clearing out some old stocks or to put some extra pressure behind slow moving products. It was totally sporadic and unplanned. It was then, only a minor activity related either to advertising or personal selling.

1.6 NEED FOR SALES PROMOTION:

The needs for sales promotion activities are vast and varied. A company may offer high quality goods high quality goods at reasonable price with attractive package, etc. The company might have spent a lot on advertising and have good sales force. Still the product may not sell by itself. Here lies the importance of sales promotion arises due to following reasons:

- ❖ To secure attention towards new products and products improvement
- ❖ To improve the market share of a company
- ❖ To create awareness among consumers about new brands
- ❖ To face competition in the market
- ❖ To avoid duplication of goods
- ❖ To create talking points for their sales force

1.7 OBJECTIVES OF SALES PROMOTION:

- (a) To introduce new products: Sales promotion is widely used to introduce new products since it attracts large people. For example, many companies distribute free samples while introducing new products. The consumers may use these free samples and enjoy the taste for it and may buy the product for later consumption
- (b) To attract new customers and retain the existing ones: Sales promotion measures attract or create new customers for the product. While moving in the market customers are generally attracted towards the products which offers discounts, gifts, prizes etc on buying. These are some of the tools which encourage the customers on buying the product.
- (c) To maintain sales of seasonal products: There are some products like air conditioner, refrigerator, cooler, winter clothes, room heater, sunscreen lotion etc., which are used only in particular seasons. To maintain the sale of these products the manufacturer will give off-season discount. For example, you can get a air conditioner in winter at a reduced price

- (d) To meet the challenge of competition: Today's business faces competition all the time. New products come frequently into the market and at the same time improvement also takes place. So, sales promotion measures have become essential to retain the market share of sellers or producer in the product market

1.8 SALES PROMOTIONAL TOOLS:

1. Competitions:

Prize contests depend for success on the value or originality of the prize and the number of prizes offered, including the consolidation prizes. The entry requirement can be proof of purchase such as a token or entry coupon detached from the pack, extra entries requiring extra purchases. To be legal, contests require an element of skill. Contests should be organised with adequate time for proper adjudication, and there should be publicized announcement of results.

2. Self-liquidating premium offers:

The meaning of the expression 'self-liquidating' is that cost of liquidating the premium is collected from the buyer. For example, the manufacturer of a bathing soap, may offer a 'soap box' at a very nominal price if the soap is purchased. The manufacturer may buy the soap box in very large quantities at an attractive rate and then may take an attractive offer to the consumers to stimulate sales.

3. Mail-in free offers:

A manufacturer offers to send an item free of cost, if a product is purchased. Here, no payment is required, only proof of purchase or perhaps a token payment to cover postage and packing is required. Care should be taken to control demand and supply, and it is better to limit the offer in some way in view of the huge financial implications of free offers.

4. Free gifts with goods:

The gift is usually attached to the product, as with a toothbrush attached to a carton of toothpaste. Toys may be inserted in packets of baby food.

5. Picture cards:

Picture cards encourage repeat buying in order to retain them. They may be inserted in packs, or printed as cut-outs on cartons.

6. Gift coupons:

A coupon, with a stated value is kept inside the packet. Again, these have to be collected in order to qualify for gifts, and so require repeat purchasing. A catalogue of gifts must be made available.

7. Cash premium vouchers or coupons:

These can be redeemed at the retail shops as a price reduction. They may be printed in press advertisements, delivered door-to-door, or printed on packs as money off for the next purchase.

8. Cross-coupons offers and other schemes:

This is a popular co-operation scheme whereby an on-pack coupon or token enables the customer to buy another product at a reduced price.

9. Coupon Redemption schemes:

This is fairly a recent on-pack idea, whereby a product carries a premium coupon entitling the customer to a discount at a named store. This is liked by the store because the discount can lead to other purchases.

10. Jumbo or multiple packs:

It signifies that a number of items are packed together or the container is extra-large, and they are offered at a special price. It is an economical way of

both packing and buying such items and ensures that the customer is well stocked with the products and may thus become a habit buyer.

11. Money-off offers:

Money-off offers, are 'flashed', that is, printed on the wrapper or carton, a sure way of inducing impulse buying.

12. Packing:

Another important attempt of sales promotion is through attractive package. Now-a-days customers are attracted by good and attractive packing of products. A good package is one which is attractive and protective, tells the product story, builds confidence, convenient to handle and above all economical. The economy and attractiveness of packing are two important areas which the sales promotion department should always keep in mind

13. Direct Publicity-Sales Letters/Circulars:

The sales promotion department takes all necessary steps to ensure that a better relationship exists between the sales department and the customers/dealers. In this regard, sales letters and circulars, it should be kept in mind that a personal touch and some kind of intimacy is maintained. By doing so the manufacturer is not only able to attract old customers to renew their purchase but also able to attract old customers to renew their purchase but also able to attract new customers.

1.9 REASONS FOR THE SCALE OF GROWTH OF SALES PROMOTION:

(a) Cost-Effective:

The high cost of media advertising such as newspapers and TV, is one of the main reasons to find more cost-effective forms of sales promotion.

(b) Growth of Super-markets:

The growth of huge supermarkets necessitated the need for aggressive selling. On-the-Shelf promotion is another reason for its growth.

(c) Accelerates Cashflow:

By inducing more sales through sales promotion, inflow of cash increases, inflow of cash increases – this could be one of the objectives of the firm.

(d) Production capacity:

To maintain the high production capacity, a company may go for sales promotion to accelerate sales.

(e) Creation of Goodwill:

Media advertising tends to be impersonal whereas sales promotion is more personal, linking the manufacturer with the customer.

(f) Fun and Excitement:

The introduction of a certain amount of fun and excitement into promotions which customers can enjoy as participants.

(g) To encourage impulse buying and attract first-time buyers, sales promotion is used.

A. Benefits to Manufacturers:

- It creates new customers
- It retains the existing customers
- It combats competition
- It woos middlemen
- It slashes down the costs

B. Benefits to Middlemen:

- It multiplies sales
- It reduces strain
- It builds store image
- It hikes earnings
- It grants personal benefits

C. Benefits to Consumers:

- It supplies information
- It improves the standard of living
- It grants incentives
- It builds loyalty
- It gives better value for money

1.10 LIMITATIONS OF SALES PROMOTION:

1. It is a short-run device:

Like a flashlight, it flashes and disappears. It has the shortest life impact as a promotional tool, unlike advertising. It can be used as a tool to achieve short-term marketing objectives. It has the strongest ability of creating impulse buying that cannot be expected to have a lasting effect on a customer

2. It is a dependent technique:

It is more a supplementary device and has blended well in right proportion with the other two promotional ingredients namely, advertising and personal selling. That is why it has been rightly described as the bridge between personal and impersonal selling. It makes up the gaps in the two and, therefore, is a plus ingredient but not independent.

3. It is under-valued by experts:

Sales promotion, as a tool of the promotion mix, is undervalued by the experts from advertising agencies. They are of the opinion that sales promotion as a mixed ingredient is not capable of fighting the intense competition.

4. Incentives not in the real sense:

The incentives offered through sales promotion schemes are fictional, and not real, it is said that the manufacturer will realize the cost of these incentives by raising the price of goods.

5. Temporary Nature of Schemes:

The sales promotion schemes are carried out during particular seasons and not on a permanent basis. The results achieved through them are generally short-lived. As soon as the incentives offered under such schemes are withdrawn, the benefit in terms of increased sales may also vanish.

6. Simultaneous Offers:

Simultaneous competitive promotion will also offset advantages. For example, when a product is first launched the special offers have the greatest influence. Subsequent offers have to be carefully timed in relation to competitive activity, overall manufacturing levels, and requirements strategy and stock holdings of the manufacturers, wholesalers and retailers.

1.11 OBJECTIVE OF THE STUDY:

- ✓ To know about the effect of Sales Promotion.
- ✓ To know how the consumers are attracted by the sales promotion activities.
- ✓ To find out how sales promotion tools make the consumer brand loyal or brand switchers.

1.12 Limitation of the study:

- ❖ Limiting the number of samples to 50(Fifty) is a major limitation.
- ❖ Respondents may not feel encouraged in providing Personal information.
- ❖ Respondents may not be fully aware of their reasons for any given answer because of a lack of memory on the subject, or even boredom.
- ❖ Surveys with closed-ended questions may have a lower validity rate than other question types.
- ❖ Data errors due to question non-responses may exist. The number of respondents who choose to respond to a survey question may be different from those who chose not to respond, thus creating bias.

CHAPTER – 2

REVIEW OF LITERATURE.

2.1 REVIEW OF LITERATURE:

Over the years sales promotion has become an indispensable element of consumer marketing. In the past, advertising used to be one of the most effective marketing tools to reach the target customers to influence their purchasing decision. However, today marketers put more emphasis on sales promotion and are gradually shifting away from the traditional method of advertising toward sales promotion. There are a number of factors that have resulted in this shift, from the traditional method of advertising to the extensive growth of sales promotion.

(Assunção& Meyer, 2017) shows that consumption is an indigenous decision variable driven by promotion and promotion induced stockpiling resulting from forward-looking behavior. There has not been enough research done regarding the purchasing strategies that the consumer adopts in response to particular promotion or to study how pervasive these promotion are in population of interest. Blattberg&Neslin (2015) define a purchase strategy as a general buying pattern which "incorporates several dimensions of buying behavior such as brand loyalty, private brand proneness and deal proneness." A greater understanding of the different types of consumer responses to promotions can help managers to develop effective promotional programs and also provide new insights for consumer behavior theorists who seek to understand the influence of different types of environmental cues on consumer behavior. (Eppen, & Lieberman, 2015), and (Wilson, Newman,&Hastak, 2018) find evidence that promotions are associated with purchase acceleration in terms of an increase in quantity purchased and, to a lesser extent, decreased inter purchase timing. Researchers studying the brand choice decision-for example, (Guadagni, John,& Little, 2015) and (Gupta, 2014) have found promotions to be associated with brand switching. (Montgomery, 2015), (Schneider & Currim, 2016), and (Webster, 2016) found that promotion prone households were associated with

lower levels of brand loyalty. (Blattberg,Peacock,&Sen, 2016)describes 16purchasing strategy segments based on three purchase dimensions: brand loyalty(single brand, single brand shifting, many brands), type of brand preferred (national,both national and private label), and price sensitivity (purchase at regular price,purchase at deal price). There are other variables that may be used to describe purchase strategies,examples are whether the household purchases a major or minor national brand, storebrand, or generic, or whether it is store-loyal or not. McAlister (2014) and (Neslin&Shoemaker, 2014) use certain segments derived from those of (Blattberg et al., 2016)but add a purchase acceleration variable to study the profitability of productpromotions. In this age of competition, sales promotions have become an integral partof the marketing mix. Marketers use different kinds of price-oriented promotions such as coupons,rebates, price discounts to increase sales and market share, encourage trial, andencourage brand switching. Non-price promotions such as sweepstakes, frequent userclubs, and premiums add excitement and value to brands and may encourage brandloyalty (Aaker, 2017). In addition, consumers prefer promotions and are alwayslooking to reap benefit from some form of promotion. They provide utilitarianbenefits such as monetary savings, added value, increased quality, and convenience, as well as other benefits such as entertainment, exploration, and self-expression (Chandon,Wansink and laurent, 2000).

CHAPTER – 3

INDUSTRY PROFILE:

3.1 Fast Moving Consumer Goods (Fmcg) Products:

Fast-moving consumer goods (FMCG) or consumer packaged goods (CPG) are products that are sold quickly and at a relatively low cost. Examples include non-durable goods such as soft drinks, toiletries, over-the-counter drugs, toys, processed foods, and many other consumables. In contrast, durable goods or major appliances such as kitchen appliances are generally replaced over a period of several years. The term was coined by Neil H. Borden in 'The Concept of the Marketing Mix' in 1995.

FMCG has a short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly. Some FMCGs—such as meat, fruits and vegetables, dairy products, and baked goods—are highly perishable. Other goods such as alcohol, toiletries, pre-packaged foods, soft drinks, and cleaning products have high turnover rates.

Though the profit margin made on FMCG products is relatively small (more so for retailers than the producers/suppliers), they are generally sold in large quantities; thus, the cumulative profit on such products can be substantial. FMCG is probably the most classic case of low-margin and high-volume business.

3.2 CHARACTERISTICS:

The following are the main characteristics of FMCGs

A. From the consumers' perspective:

- Frequent purchase
- Low involvement (little or no effort to choose the item)
- Low price

B. From the marketers' angle:

- High volumes
- Low contribution margins
- Extensive distribution networks
- High stock turnover

3.3 ISIC DEFINITION:

The retail market for **FMCGs** includes businesses in the following *International Standard Industrial Classification* (ISIC) (Revision 3) categories:

- ISIC 5211 retail sales in non-specialized stores
- ISIC 5219 other retail sales in non-specialized stores
- ISIC 5220 retail sale of food, beverages, and tobacco in specialized stores
- ISIC 5231 retail sale of pharmaceutical and medical goods, cosmetic and toilet articles
- ISIC 5251 retail sale via mail order houses
- ISIC 5252 retail sale via stalls and markets
- ISIC 5259 whole sale goods

3.4 Supplier industries for FMCGs include:

- 1512 fish and Fish products
- 1513 fruit and vegetables
- 1514 vegetable and animal oils and fats
- 1520 dairy products
- 1531 grain mill products
- 1532 starches and starch products
- 1533 animal feeds
- 1541 bakery products
- 1542 sugar
- 1543 cocoa, chocolate and sugar confectionery
- 1544 macaroni, noodles, couscous
- 1549 other food products
- 1551 spirits, ethyl alcohol
- 1552 wines
- 1553 malt liquors and malt
- 1554 soft drinks, mineral waters
- 1600 tobacco products
- 2101 pulp, paper and paperboard
- 2102 corrugated paper, containers
- 2109 other articles of paper and paperboard
- 2424 soap and detergents, cleaning preparations, perfumes.

3.5 India's FMCG sector:

- India's FMCG market size in 2013 was \$44.9 billion at growth rate of 16.2% (2006-2013)
- Estimated FMCG market size in 2020 under optimistic scenario is \$135 billion at expected growth rate of 17% (2013-2020)
- Share of rural FMCG product is 33%
- Share of food products and personal care in FMCG revenues in 2013 is 69%
- Estimated share of modern trade in FMCG sales by 2016 is 10-12%
- FMCG's sector contribution to India's GDP in 2013 was 2.4%

3.6 Impact of the FMCG sector in India:

1) EMPLOYMENT:

- The FMCG sector is one of the largest sectors in India
- The sector's total salary outlay on direct employment is estimated at 6% of turnover
- Out of 12-13 million retail stores in India, 9 million are FMCG Kirana stores. Thus the sector provides the livelihood for 13 million people.

2) SOCIAL CONTRIBUTION:

- The Fmcg sector creates employment for the people with lower educational qualification
- It encourages many to become small entrepreneurs by setting up their own kirana stores
- Fmcg companies have undertaken specific projects to integrate with rural india. Example include ITC e-choupal and choupal sagar .

3) FISCAL CONTRIBUTION:

- Cascading multiple taxes (import duty, service tax, state VAT, and income tax) at multiple points by the FMCG sector
- On an average 30% of the sector's revenue goes into direct and indirect taxes

3.7 SECTOR COMPOSITION (RURAL VS URBAN):

- The urban sector constitutes 67% of the total FMCG market and had a market size of USD 30 billion in 2013
- The rural FMCG sector with a market size of USD 15 billion contributes the remaining 33%
- However, in the last few years, the FMCG market has growth at a faster pace in rural areas compared to urban areas in India.
- The urban FMCG product market grew 8% while rural India expanded 12.2% in 2013
- It also forecasts the rural FMCG market to reach USD 100 billion by 2025.

CHAPTER – 4

RESEARCH METHODOLOGY:

4.1 METHODOLOGY:

Research methods are the techniques and tools by which you research a subject or a topic. Research methodology involves the learning of various techniques to conduct research and acquiring knowledge to perform tests, experiments, surveys, and critical analyses. Research methodology simply refers to the practical “how” of any given piece of research. It’s about how a researcher systematically designs a study to ensure valid and reliable results that address the research aims and objectives.

4.2 RESEARCH DESIGN:

A research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. This Research design applied for the study is ‘Descriptive Research’.

4.3 SAMPLING TECHNIQUE:

Sample design is the theoretical basis and the practice means generalizing from characteristics of relatively few of the comprising population. It is the method by which the sample is chosen.

4.4 SOURCES OF DATA:

Sources of Data begin with figuring out what sort of data is needed, followed by the collection of a sample from a certain section of the population. Next, you have to utilize a certain tool to gather the data from the chosen sample. The two types of sources of data are:

4.4.1 Primary data:

The Primary data for this study was collected through a questionnaire.

4.4.2 Secondary data:

Secondary data was collected from external sources like Websites, Journals etc.

4.5 STRUCTURE OF THE QUESTIONNAIRE:

The questionnaire follows a simple and basic layout. It is made easy for the participants to respond to the questionnaire without any delay or confusion. The set of questions and the answer options present in the questionnaire are predetermined and are constructed by myself based on general questions regarding the main topic.

4.6 SAMPLE SIZE:

The sample size for the project had a target of 70-100 participants. The fixed target of the sampling size has been achieved as the total number of respondents for the survey questionnaire was 102. A total of 102 responses helped the project to analyze more responses and it helped to derive a conclusion by recording people's perceptions towards a study of satisfaction of public how they consider it.

4.7 PERIOD OF STUDY:

This is one-time research where the research is conducted only for one-time and that the project is based on the responses derived from a definite period of time. The period of study for the project of about 30 days project is based on the responses collected from the 102 participants in the 6 days' time period.

4.8 PROFILE AREA OF THE STUDY:

- My survey location is Madipakkam (Chennai).
- My survey targeted people is both Men and Women in the age group of [18-60]

4.9 TOOLS FOR ANALYSIS:

- **Percentage Method:**

$$\text{Respondents Percentage of Respondents} = \frac{\text{Number of Respondents}}{\text{Total Respondents}} \times 100.$$

TESTING OF HYPOTHESIS:

ANOVA:

Analysis of variance is a statistical analysis tool that separates the total variability found within a data set into two components random and systematic factors. The random factors do not have any statistical influences on the given data set, while the systematic factors do. The ANOVA test is used to determine the impact independent variables have on the dependent variable in a regression analysis.

CHAPTER – 5

DATA ANALYSIS AND INTERPRETATION:

The following consist of the data analysis and interpretation of my questionnaire:

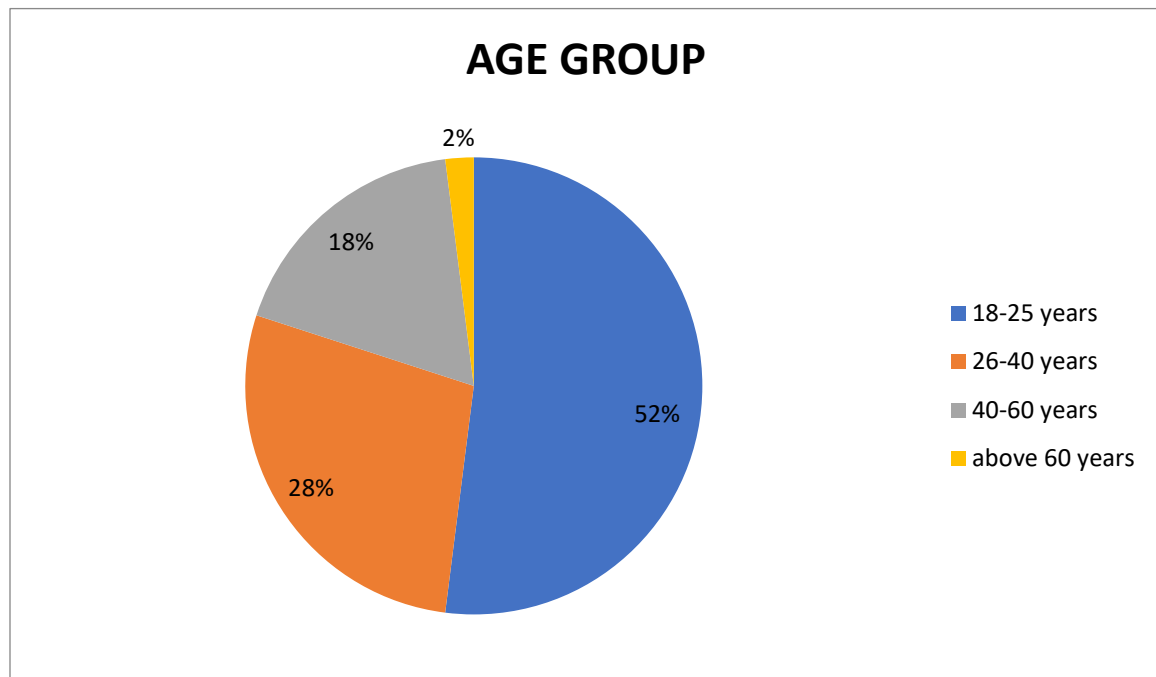
5.1 PERCENTAGE ANALYSIS:

Table No. 1: Age-wise classification of the respondents:

PARTICULARS	No. of Respondents	PERCENTAGE
18-25 years	26	52%
26-40 years	14	28%
40-60 years	9	18%
Above 60 years	1	2%
TOTAL	50	100

INTERPRETATION:

Out of 50 respondents 52% belongs to the age group of 18-25 years, 28% belongs to the age group of 26-40 years, 18% of respondents belongs to 40-60 years and 2% belongs to above 60 years



DIAGRAMATIC INTERPRETATION:

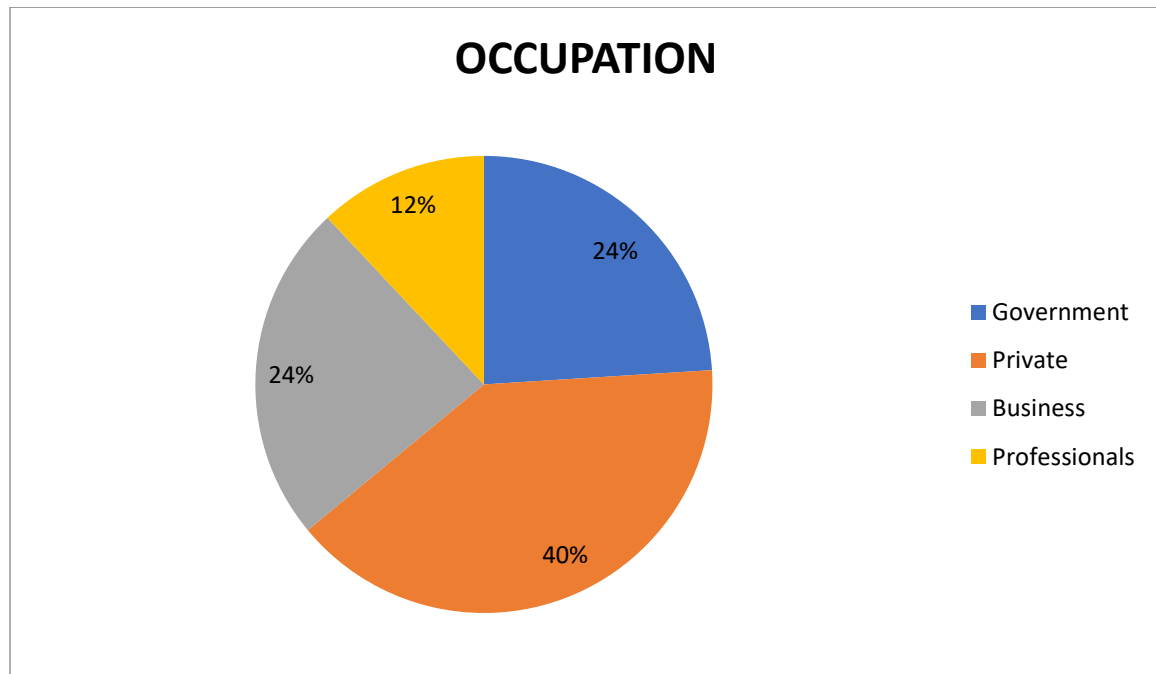
From the above pie-chart we can find that majority of the area is covered by BLUE and BROWN indicating majority of the people falls under the age group of 18-25 years and 26-40 years

TABLE 2: OCCUPATION:

PARTICULARS	No. of Respondents	PERCENTAGE
Government	12	24%
Private	20	40%
Business	12	24%
Professionals	6	12%
TOTAL	50	100

INTERPRETATION:

Out of 50 respondents 24% belongs to government, 40% belongs to private, 24% belongs to business and 12% belongs to professionals.



DIAGRAMATIC INTERPRETATION:

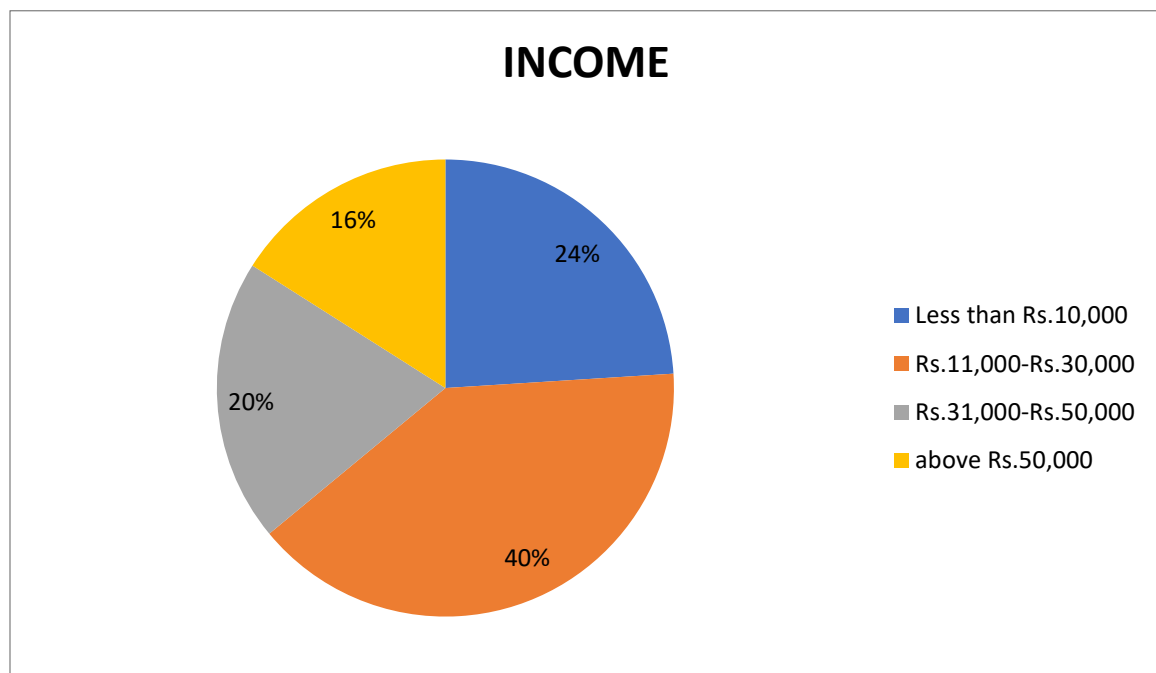
From the pie chart majority of the area is covered by BROWN indicating that majority of people indulge in private occupation

TABLE 3: INCOME (per month)

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
Less than Rs. 10,000	12	24%
Rs.11,000 - Rs.30,000	20	40%
Rs. 31,000 - Rs.50,000	10	20%
Above Rs.50,000	8	16%
TOTAL	50	100

INTERPRETATION:

Out of 50 respondents 24% belongs to less than Rs.10,000, 40% belongs to Rs.11,000-Rs.30,000, 20% belongs to Rs.31,000-Rs.50,000 and 16% belongs to above Rs.50,000



DIAGRAMATIC INTERPRETATION:

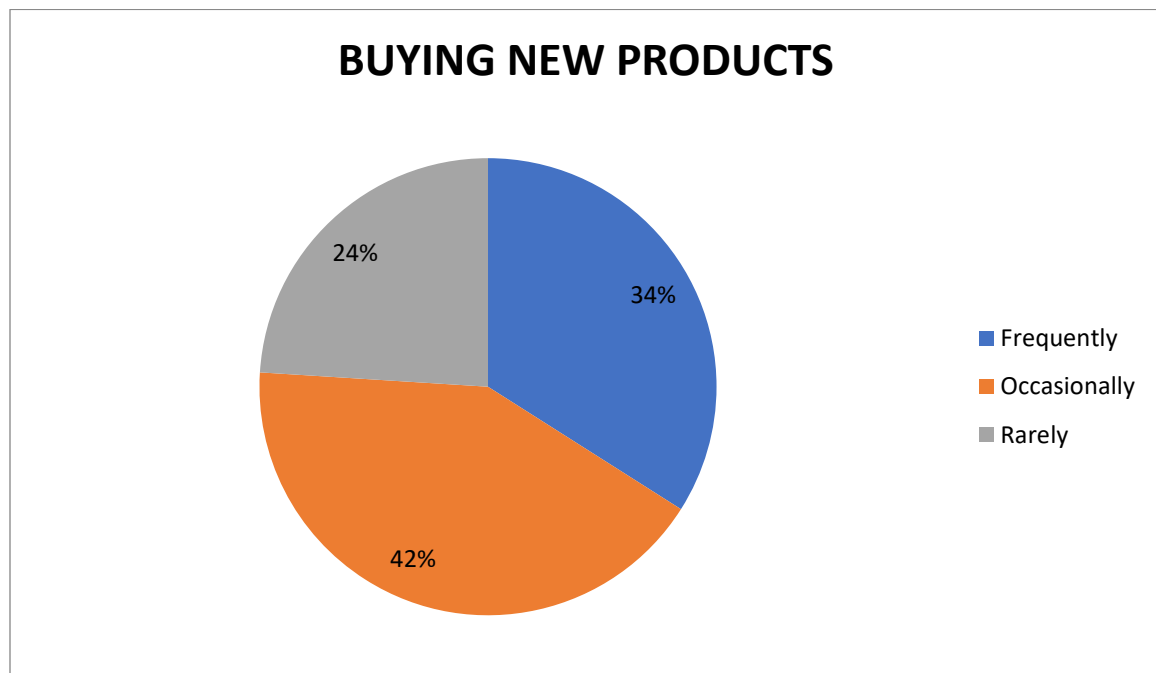
From the pie chart it is seen that majority of the area is covered by BROWN, thus indicating majority of the people income falls under the category of Rs.11,000 to Rs.30,000.

TABLE 4: BUYING NEW PRODUCTS

PARTICULARS	No. OF RESPONDENTS	PERCENTAGE
Frequently	17	34%
Occasionally	21	42%
Rarely	12	24%
TOTAL	50	100

INTERPRETATION:

Out of 50 respondents, 42% of respondents will buy occasionally, 34% will buy frequently and 24% will buy rarely.



DIAGRAMATIC INTERPRETATION:

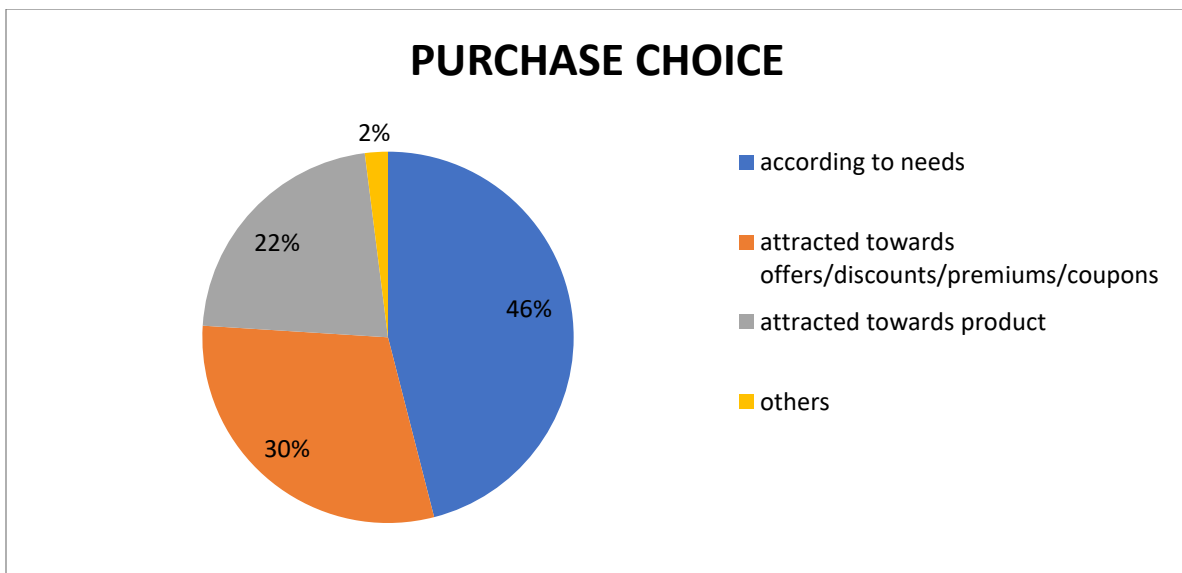
From the pie chart, it is seen that majority of the area is covered by BLUE and BROWN, thus indicating the majority of the people buy the new products frequently or occasionally

TABLE 5: PURCHASE CHOICE

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
According to needs	23	46%
Attracted towards offers/discounts/premiums/coupons	15	30%
Attracted towards product	11	22%
Others	1	2%
TOTAL	50	100

INTERPRETATION:

Out of 50 respondents, 46% of people purchase choice is towards needs, 30% of respondents attracted towards offers/discounts/premiums/coupons, 22% of respondents purchase choice is attraction towards product and 2% of respondents choose others.



DIAGRAMATIC INTERPRETATION:

From the pie chart we can find that majority of the area is covered with BLUE and BROWN, thus indicating majority of the people's purchase choice is according to their needs and attraction towards offers/discounts/premiums/coupons.

TABLE 6: REGULAR CUSTOMERS OF SPECIFIC BRANDS

TYPES OF GOODS	YES	NO	TOTAL
Groceries	25	25	50
Soft drinks	24	26	50
Soaps & Detergents	30	20	50
Electronics	38	12	50

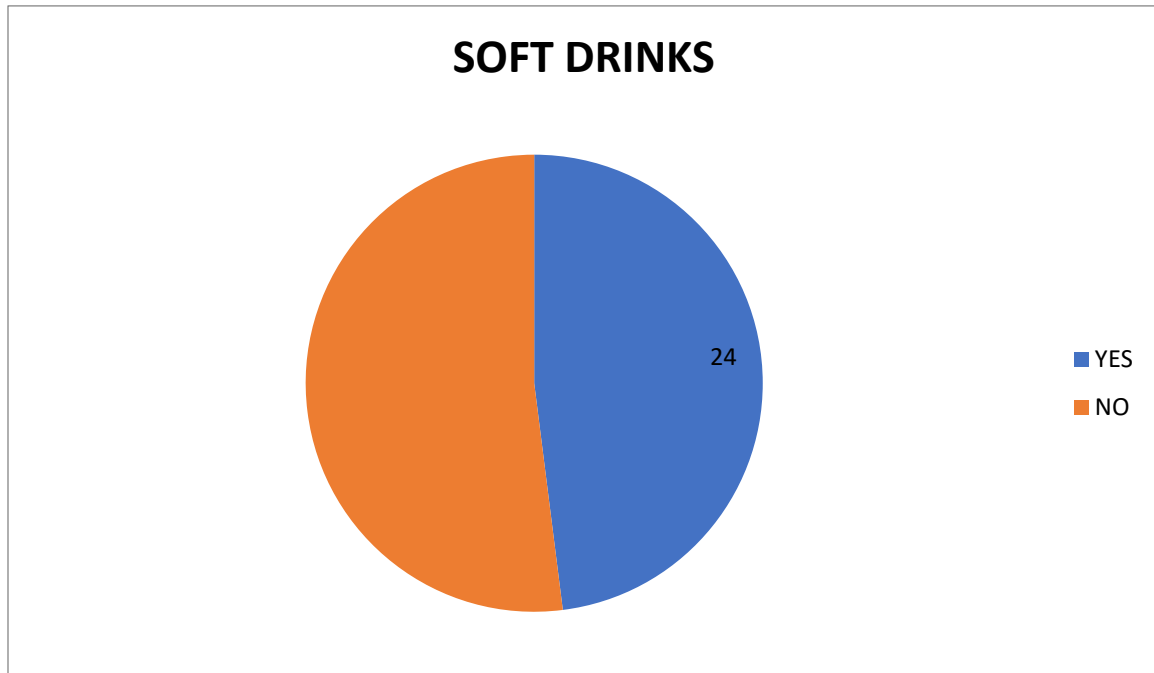
INTERPRETATION:

Out of 50 respondents, 25 respondents buy specific brands of groceries, 24 respondents buy specific brands of soft drinks, 30 respondents buy specific brands of soaps & detergents and 38 respondents buy specific brands of electronic goods.



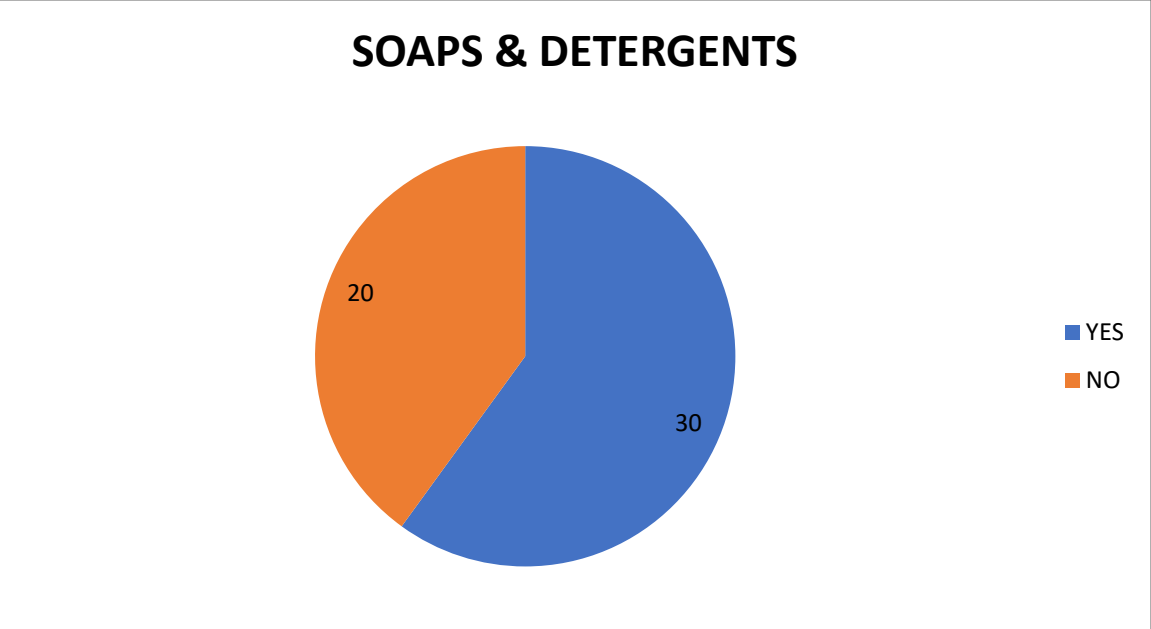
DIAGRAMATIC INTERPRETATION:

From the pie chart the BLUE and BROWN are equally covered, thus indicating 25 numbers of people are regular customer of specific brand of grocery products and 25 numbers of people wont be the regular customer of specific brand of grocery products.



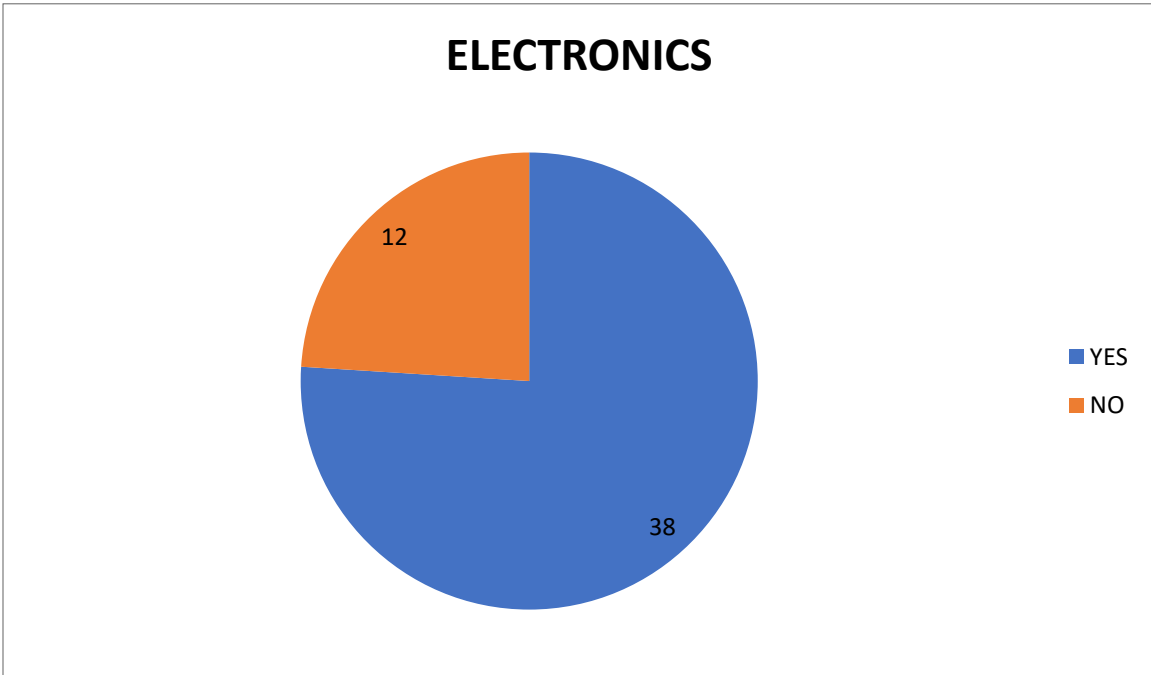
DIAGRAMATIC INTERPRETATION:

From the pie chart we can find that 26 people are regular customer of specific brand of soft drinks product and 24 people are not regular customer of specific brand of soft drinks.



DIAGRAMATIC INTERPRETATION:

From the pie chart we can find that 30 people are regular customer of specific brand of soaps and detergents product and 20 people are not regular customer of specific brands of soaps and detergents products.



DIAGRAMATIC REPRESENTATION:

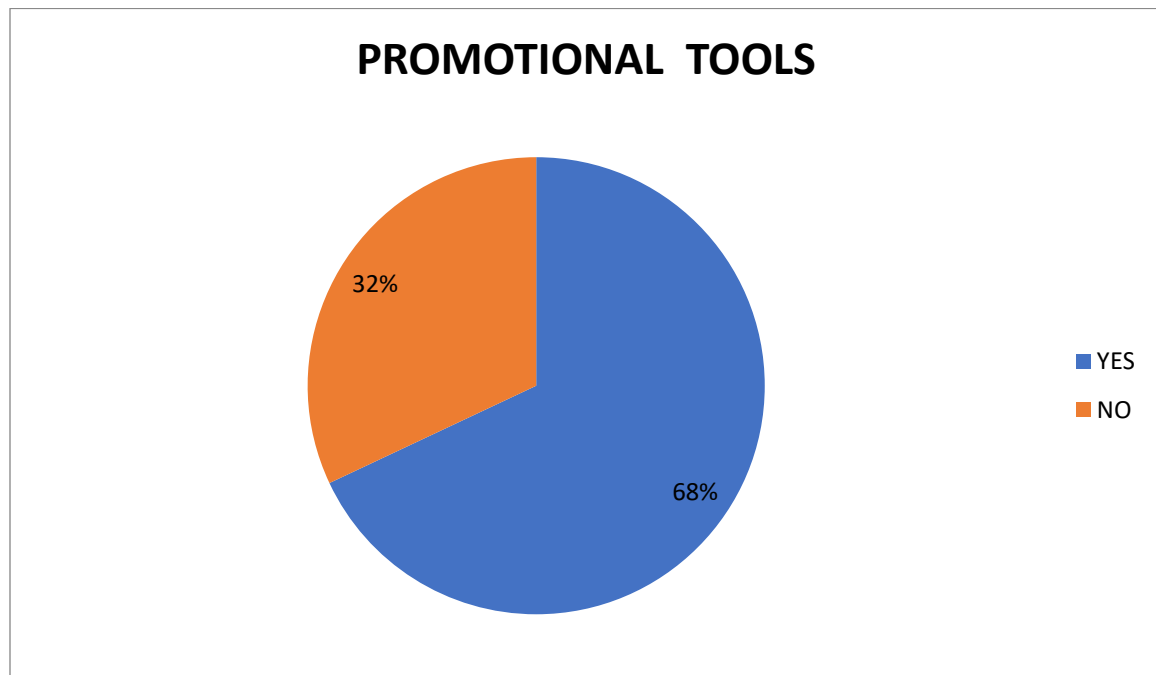
From the pie chart, it is seen that majority of the people are a regular customer of specific brand of electronic goods and only few people are not regular customer of specific brand of electronic goods.

TABLE 7: BUYING BECAUSE OF PROMOTIONAL TOOLS

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
YES	34	68%
NO	16	32%
TOTAL	50	100

INTERPRETATION:

Out of 50 respondents, 68% of respondents answered yes and 32% of respondents answered no.



DIAGRAMATIC INTERPRETATION:

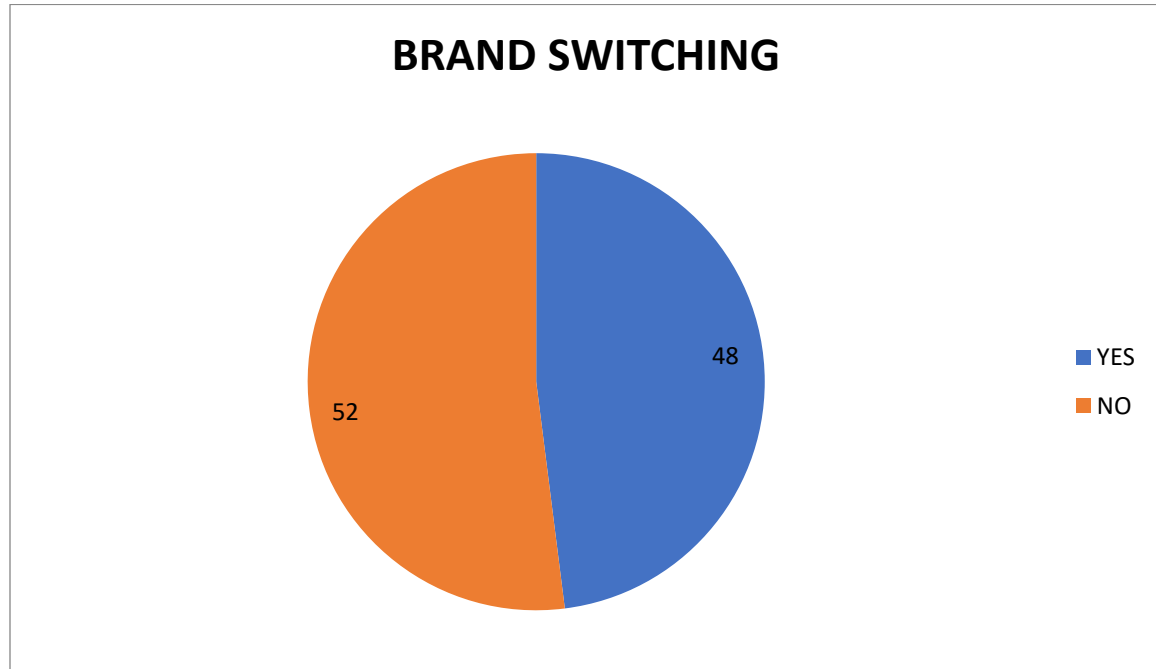
From the pie chart majority of the area is covered by BLUE thus indicating the majority of the people buy because of sales promotional tools and BROWN is covered by a lesser area indicating a lesser number of people won't buy because of sales promotional tools

TABLE 8: SWITCHING TO OTHER BRANDS BECAUSE OF THESE OFFERS:

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
YES	24	48
NO	26	52
TOTAL	50	100

INTERPRETATION:

Out of 50 respondents, 48% of respondents will switch to other brands if there is no offer and 52% of respondents will not switch to other brands because of these offers.



DIAGRAMATIC INTERPRETATION:

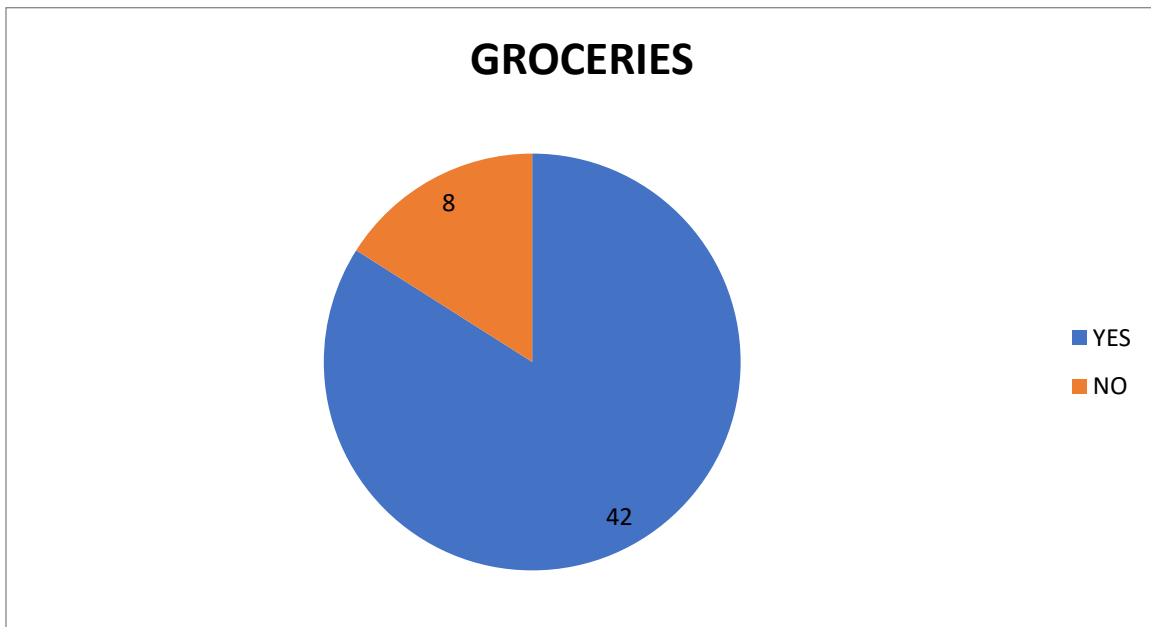
From the pie chart majority of the area is covered by BROWN thus indicating majority of the people won't switch to other brands because of these offers and lesser area is covered by BLUE indicating a lesser amount of people will switch to other brands because of these offers.

TABLE 9: BUYING THE SAME BRAND IF THERE IS NO OFFER

TYPES OF GOODS	YES	NO	TOTAL
Groceries	42	8	50
Soft drinks	26	24	50
Soaps & detergents	21	29	50
Electronics	36	14	50

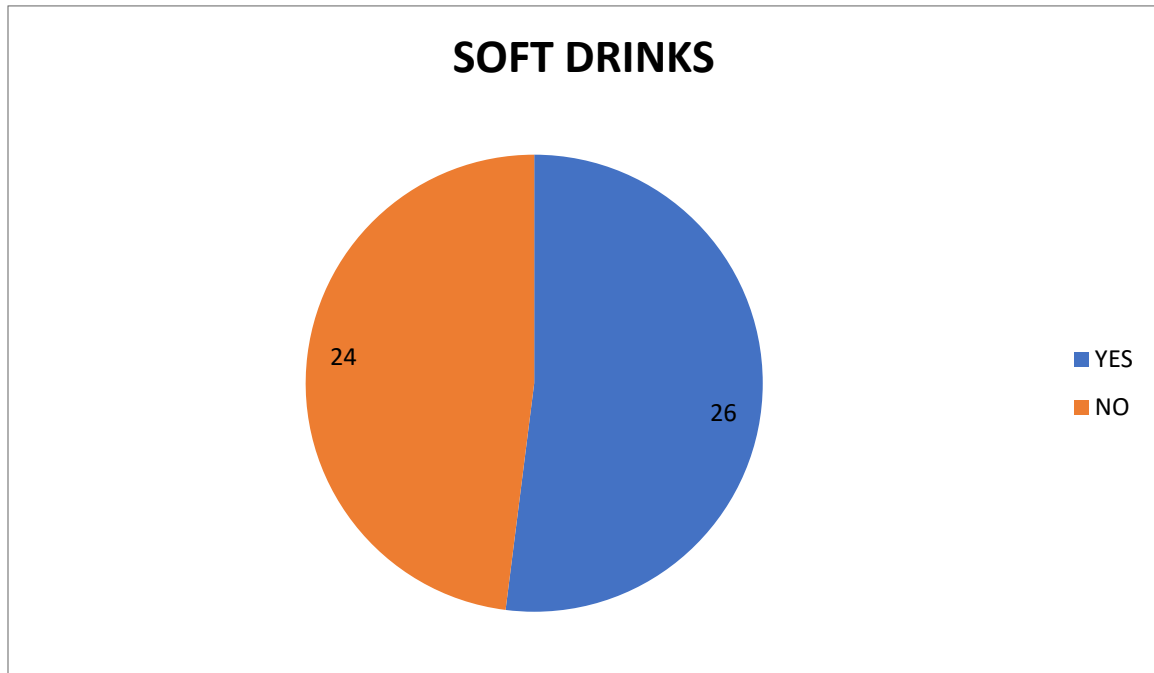
INTERPRETATION:

Out of 50 respondents, 42 respondents will buy the same brand of grocery products if there is no offers, 26 respondents will buy same brand of soft drinks products if there is no offers, 21 respondents will buy same brand of soaps & detergents if there is no offers and 36 respondents will buy same brand of electronics products if there is no offers.



DIAGRAMATIC INTERPRETATION:

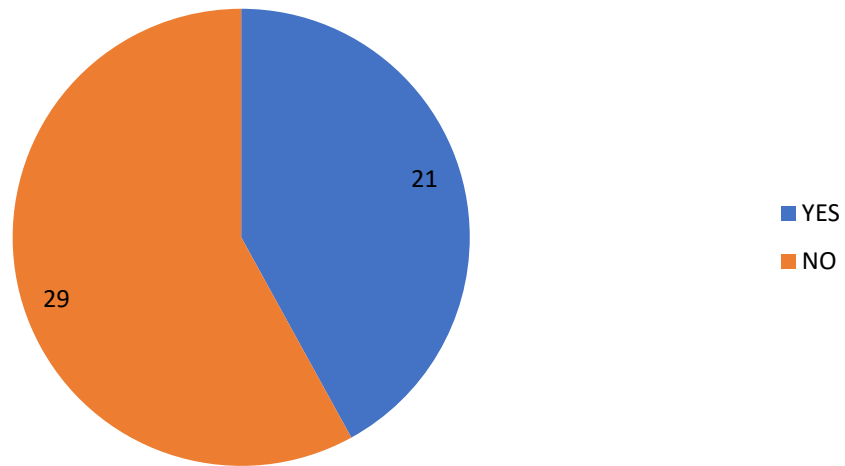
From the pie chart the majority of area is covered by BLUE thus indicating majority of people will buy the same brand of grocery products if there is no offer and lesser amount of area is covered by BROWN thus indicating lesser amount of people won't buy the same brand of grocery products if there is no offer.



DIAGRAMATIC INTERPRETATION:

From the pie chart majority of the area is covered by BLUE indicating majority of the people will buy the same brand of soft drinks products if there is no offer and lesser area is covered by BROWN indicating lesser amount of people won't buy the same brand of soft drinks products if there is no offer.

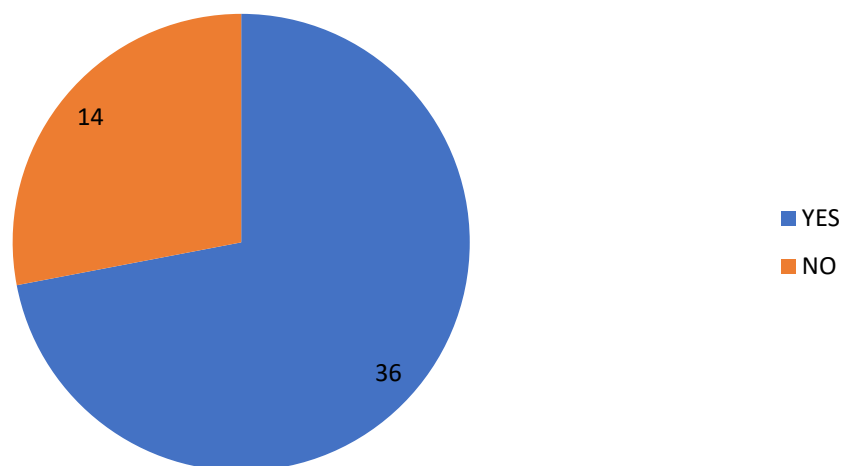
SOAPS & DETERGENTS



DIAGRAMATIC INTERPRETATION:

From the pie chart majority of the area is covered by BROWN indicating majority of people won't buy the same brand of soaps and detergents products if there is no offer and lesser area is covered by BLUE indicating lesser number of people will buy the same brand of soaps and detergents if there is no offer.

ELECTRONICS



DIAGRAMATIC INTERPRETATION:

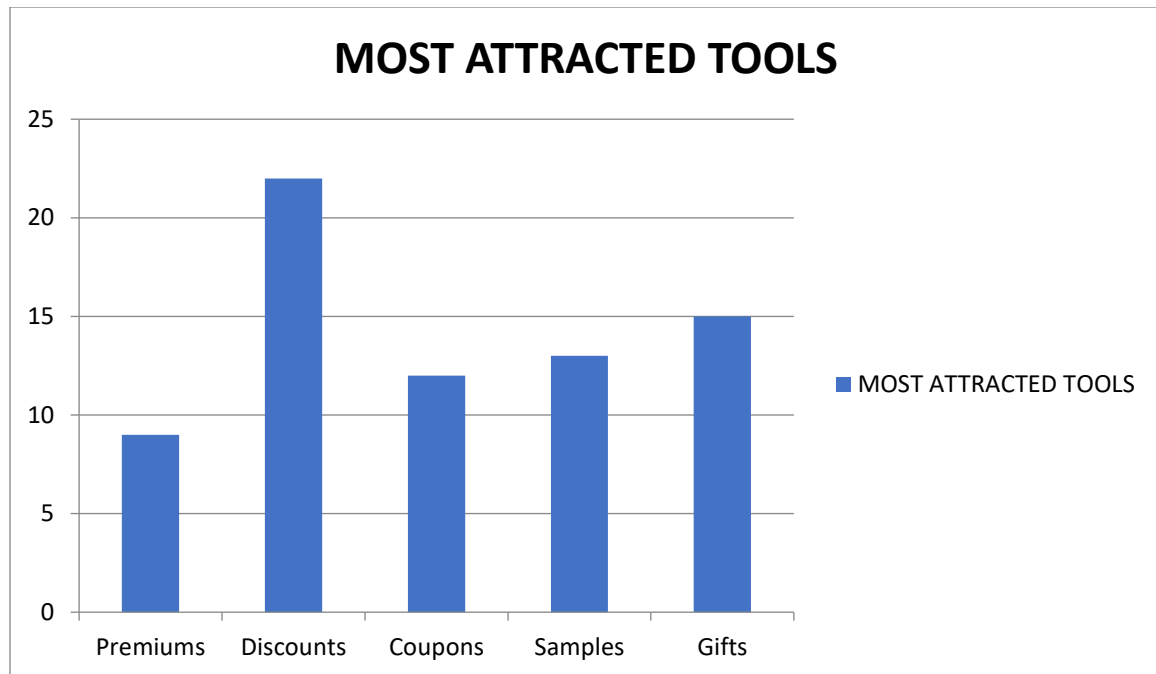
From the pie chart majority of the area is covered by BLUE indicating majority of the people buy the same brand of electronics goods if there is no offer and lesser area is covered by BROWN indicating lesser number of people won't buy same brand of electronic goods if there is no offer.

TABLE 10: MOST ATTRACTED TOOLS

KINDS OF TOOLS	NO. OF RESPONDENTS
Premiums	9
Discounts	22
Coupons	12
Samples	13
Gifts	15

INTERPRETATION:

22 respondents have said that discounts are the most attractive promotional tool, 15 respondents have said that gifts is the most attracted tool, 13 respondents have said that samples is the most attracted tool, 12 respondents have said that coupons are the most attracted tool and 9 respondents have said that premiums are the most attracted tool.



DIAGRAMATIC INTERPRETATION:

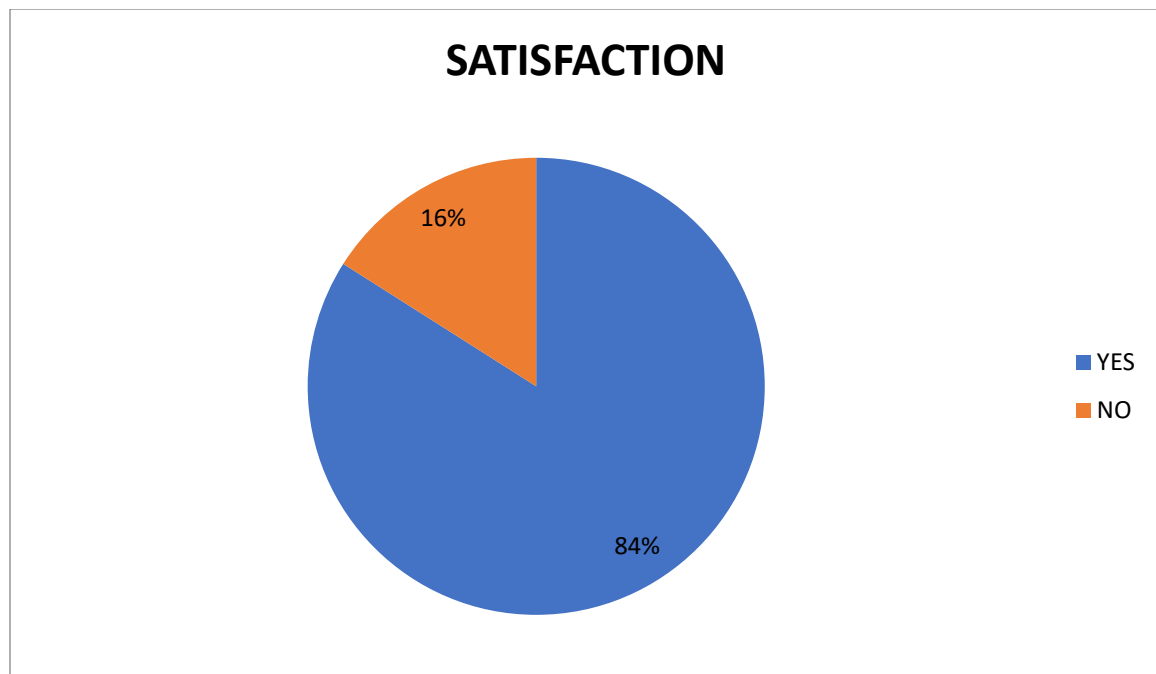
From the pie chart we can find that majority of the people opted discounts as the most attracted promotional tool.

TABLE 11: SATISFACTION

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
YES	42	84%
NO	8	16%
TOTAL	50	100

INTERPRETATION:

Out of 50 respondents, 84% of respondents satisfied with quality of premiums/discounts/coupons/gifts and 16% are not satisfied with the quality.



DIAGRAMATIC INTERPRETATION:

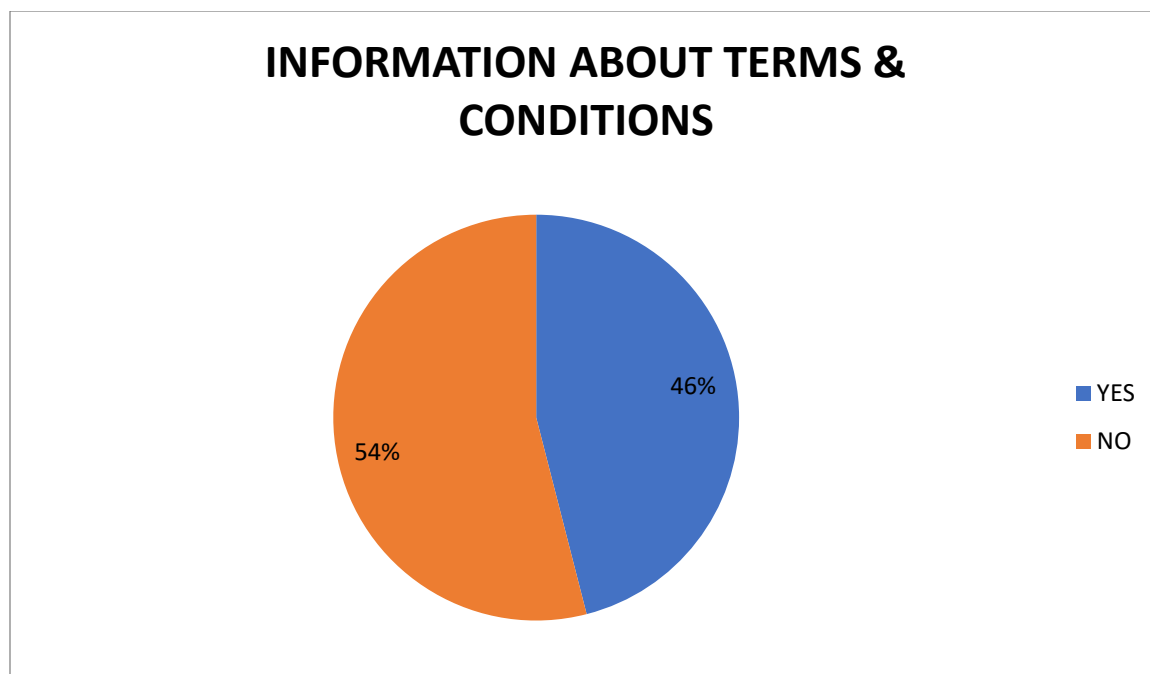
From the pie chart majority of the area is covered by the BLUE indicating majority of the people are satisfied with quality of premiums/discounts/coupons/gifts.

TABLE 12 A: CLEAR INFORMATION ABOUT TERMS & CONDITIONS

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE
YES	23	46%
NO	27	54%
TOTAL	50	100

INTERPRETATION:

Out of 50 respondents, 46% of respondents are clearly informed about terms & conditions of discounts/premiums/coupons/gifts and 54% of respondents are not clearly informed.



DIAGRAMATIC INTERPRETATION:

From the pie chart majority of the area is covered by BROWN indicating majority of people are not clearly informed about the terms and conditions of discounts/premiums/coupons/gifts and lesser area is covered by BLUE indicating lesser amount of people are clearly informed about the terms and conditions of discounts/premiums/coupons/gifts.

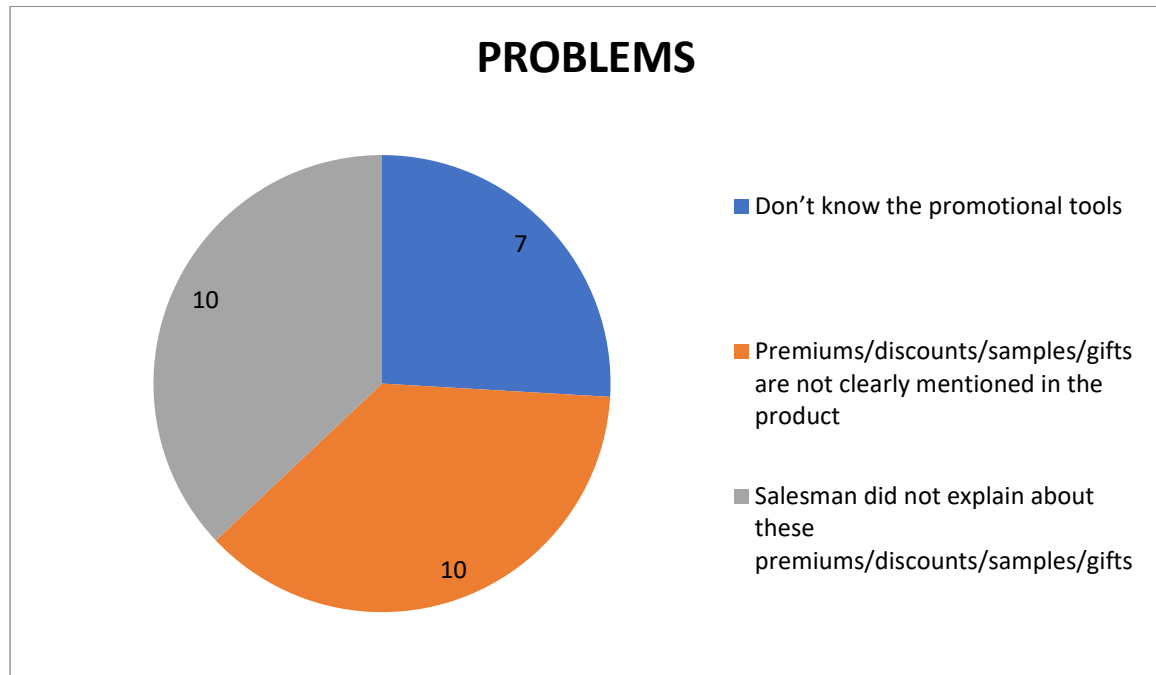
TABLE 12B: PROBLEMS IN UNDERSTANDING TERMS & CONDITIONS

PROBLEM	NO. OF RESPONDENTS
Don't know the promotional tools	7
Premiums/discounts/samples/gifts are not clearly mentioned in the product	10
Salesman did not explain about these premiums/discounts/samples/gifts	10

INTERPRETATION:

Out of 27 respondents who are not clearly informed about the terms and conditions of discounts/premiums/coupons/gifts, 7 respondents don't know the promotional tools, 10 respondents said that premiums/discounts/samples/gifts are not clearly mentioned

in the product and 10 respondents said that salesman did not explain about these premiums/discounts/samples/gifts.



DIAGRAMATIC INTERPRETATION:

From the pie chart GREEN and BROWN are equally distributed thus indicating equal number of people have opted that their problems as premiums/discounts/samples/gifts are not clearly mentioned in the product and Salesman did not explain about these premiums/discounts/samples/gifts. Lesser amount of people has mentioned their problem as they don't know the promotional tools.

4.2 ANOVA ANALYSIS:

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
scale1 * scale2	7	100.0%	0	0.0%	7	100.0%

ANOVA

H0 – there is no relationship between respondent regular customer of specific brands and purchase choice.

H1 – There is relationship between respondent regular customer of specific brands and purchase choice.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.029	1	1.029	1.206	.275
Within Groups	81.879	96	.853		
Total	82.908	97			

INTERPRETATION:

Since the value is higher than 0.05, we accept H1 and reject H0. Therefore, there is a significant difference between respondents of respondent regular customer of specific brands and purchase choice.

CHAPTER - IV

FINDINGS, SUGGESTIONS & CONCLUSION

FINDINGS:

- From the study we can find that 52% of people are under the age group of 18-25 years who are young people and have good knowledge about sales promotion.
- From the study we can find that 40% of people are private employees who are more attracted towards promotional tools.
- From the study 42% of people buy the products occasionally.
- 46% people purchase choice is according to their needs of the product which is a good decision for purchasing the product.
- Out of different types of goods such as groceries, soft drinks, soaps and detergents and electronic goods 38 people are regular customer of specific brand of electronic goods, 30 people are regular customer of specific brand of soaps and detergents, 25 people are regular customer of specific brand of grocery products and 24 people are regular customer of specific brand of soft drinks products.
- From the study we can find that 68% of people buy the product because of sales promotional activities. Thus sales promotion plays a major role in buying the product
- 48% of people switch to other brands because of these promotional tools thus indicating the importance of promotional tools in selling a product.
- From the study of 50 people, 42 people will buy the same brand of grocery products when there is no offers, 36 people will buy the same brand of electronic products when there is no offers, 26 people will buy the same brand of soft drinks products when there is no offers and 21 people will buy the same brand of soaps and detergents products. Thus indicating these people's loyalty towards particular brand.
- 22 people have stated that discounts are the most attracted promotion tool than any other tools. People are easily getting attracted towards discounts promotional tool.

- From the study we can find that 84% of people are satisfied with the quality of premiums/discounts/offers offered by the producers or dealers.
- 54% of people are not clear about terms and conditions of the promotional tools.
- From the study majority of the people find it difficult in understanding the terms and conditions of these promotional tools because salesman didn't clearly explain these terms and conditions and the terms and conditions are also not clearly mentioned in the product.

SUGGESTIONS:

- 30% of the people have stated that they buy the product because of these promotional activities undertaken by the producers. This should be increase so that majority of people will buy the product because of these promotional tools
- Only 48% of the people are switching to other brands because of these promotional tools. Thus, brand loyalty places an important role than the promotional tool undertaken by the producers.
- 42 people stated that they will buy the same brand of grocery products if there is no offer. Thus, extra care should be taken by the manufacturers in providing promotional activities to the grocery products.
- 36 people stated that they will buy the same brand of electronics products if there is no offer. Thus, more promotional tools should be provided to electronics goods because many people are loyal towards their particular brand than enjoying these promotional activities.
- Only few people have stated that their most attracted promotional tools are premiums, gifts and samples. So, the producers should make necessary steps to make sure that these promotional tools will also easily get attracted by the people
- 54% of people said that they are not clear with the terms and conditions of the promotional tools. Thus the terms and conditions should be clearly mentioned to the people while purchasing the product.

CONCLUSION:

From the study on the effect of sales promotional activities in selling fast moving consumer goods, I would like to conclude:

- Majority of the people are loyal towards particular brand thus there should be improvement in sales promotional activities
- More promotional activities should be provided for grocery and electronic products
- The promotional tools such as premiums/gifts/samples should be increased for selling the product
- Majority of the people are not clear about the terms and conditions. Hence, the terms and conditions of the promotional tools must be clearly explained to sell the product

QUESTIONNAIRE:

Name:

Gender: MALE/FEMALE

1. Age:
(a) 18-25 years (b) 26-40 years (c) 40-60 years (d) above 60 years
2. Occupation:
(a) Government (b) Private (c) Business (d) Professionals
3. Income (per month)
(a) Less than Rs.10,000 (b) Rs. 11,000-30,000 (c) Rs. 31,000-50,000
(d) above Rs.50,000
4. How often do you buy new products?
(a) Frequently (b) occasionally (c) Rarely
5. How do you make your purchase choice?
(a) according to needs
(b) attracted towards offers/discounts/premiums/coupons
(c) attracted towards products
(d) others

6. Are you a regular customer of specific brands?

Types of goods	Yes	No
Groceries		
Soft drinks		
Soaps & detergents		
Electronics		

1. A. Do you buy because of premiums/discounts/coupons/samples/gifts?
(a) Yes (b) No

B. If yes, specify

Types of goods	
Groceries	
Soaps & detergents	
Electronics	

2. Have you switched from any other brand because of these offers?
(a) Yes (b) No

3. If offers are not there will you buy the same brand?

Types of goods	Yes	No
Groceries		
Soft drinks		
Soaps & detergents		

Electronics		
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4. Which tools are attracted to you?
 (a) Premiums (b) Discounts (c) Coupons (d) Samples (e) Gifts
5. A. Are you satisfied with quality of premiums/discounts/coupons/gifts?
 (a) Yes (b) No

B. If No, specify the reason_____

12. A. Are you clearly informed about terms and conditions of discounts/
 premiums/

Coupons/gifts.etc?

(a) Yes (b) No

B. If No, why are you not clear?

Problem	
Don't know the promotional tools	
Premiums/discounts/samples/gifts are not clearly mentioned in the product	
Salesman did not explain about these premiums/discounts/samples/gifts	

1. Suggestion_____

Reference:

Newspapers

1. Hindu
2. Economic times

Books

1. Advertising and Salesmanship by Saravanel and Sumathi

Websites

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2. [www.wiki/sales promotion.com](http://www.wiki/salespromotion.com)
3. www.fmcg.com