

## IMPACT OF SALES PROMOTION STRATEGIES ON CUSTOMER PURCHASE INTENTION IN FMCG PRODUCTS

**Dr. J. Kumar**

Assistant Professor, Department of Commerce ,Faculty of Science and Humanities, SRM Institute of Science and Technology, Ramapuram Campus, Chennai-89, India.

**Dr. S. Lakshmi**

Assistant Professor , Faculty of Management, SRM Institute of Science and Technology, Ramapuram Campus, Chennai 600 089. India.

**Dr. V. Vetrivel**

Assistant professor, Department of Business Administration, School of Management Studies, Vels Institute of Science, Technology and Advanced Studies, Pallavaram, Chennai-600117.

Email id: [vvetrivel.sms@velsuniv.ac.in](mailto:vvetrivel.sms@velsuniv.ac.in).

### Abstract

Sales promotion is a popular marketing technique that has been used by businesses for decades to boost sales, increase revenue and gain new customers. One of the industries where it's most commonly used is fast-moving consumer goods (FMCG). FMCG products are those that are sold quickly and at relatively low cost, such as food items, toiletries, and household cleaning products. The impact of sales promotion on these types of products can be significant, often resulting in increased brand awareness and loyalty. In this paper, we will explore the need and importance of sales promotion in FMCG products and investigate the impact of sales promotion techniques on consumer buying decisions and purchase intention. Descriptive research designs were used for this study. Simple random sampling method was adapted for this study and the samples are chosen from areas of Chengalpattu District, Tamil Nadu. The responses were collected from those who shopped frequently with FMCG products. A Total of 317 consumers were approached. Finally, 300 consumers are considered as a sample size for the study. Descriptive statistics, correlation, and regression analysis are applied to describe the samples. It is found that aesthetic appeal, Exchange offers, Quiz Contests, Demonstrations, samples, Free Goods, Premium, Prices off, and Coupons discounts are the sales promotion tools having the more relationship with excitement purchase behaviour of customers in the purchase of fast moving consumer goods.

**Keywords:** Sales Promotion, Consumer buying behaviour, Purchase intention. FMCG Products

### Introduction

Sales promotion is an essential tool for any business looking to increase its sales and revenue. The need for sales promotion arises from the fact that businesses face intense competition in today's marketplace, making it challenging to stand out from the crowd. Sales promotion helps businesses differentiate themselves from their competitors by offering customers incentives such as discounts, free samples, or giveaways. These promotions help create brand awareness and customer loyalty, which are critical factors for long-term success. In addition to increasing sales,

sales promotion also helps businesses achieve other objectives such as clearing excess inventory or launching a new product line. For example, if a business has too much stock of a particular product that is not selling well, it can offer discounts as part of its sales promotion strategy to clear out the inventory quickly.

Moreover, with increasing consumer demand and evolving market trends in FMCG products like toiletries and food items; companies have started focusing on innovative ways through which they could attract more consumers to their products. An effective sales promo campaign can significantly impact the purchase decisions of prospective consumers while simultaneously retaining existing ones. The importance of sales promotion cannot be overstated in today's competitive business environment. It offers numerous benefits ranging from increased brand visibility to achieving specific marketing goals while effectively influencing consumer purchasing behavior at various touch points and building strong relationships between brands and customers.

### **Various types of sales promotion**

Sales promotion is a marketing strategy that aims to increase the demand for goods or services by offering incentives to customers. There are various types of sales promotions, and each has its unique benefits. One popular type of sales promotion is price discounts. This involves reducing the cost of a product temporarily to encourage more purchases. It's an effective way to attract budget-conscious shoppers who are always looking for good deals. Another type of sales promotion is coupons, which offer customers discounts on specific products or services. Coupons can be distributed through various channels such as newspapers, magazines, emails and social media platforms. Free samples are also another popular form of sales promotion used in FMCG products. Customers get free samples when they purchase certain products or participate in promotional events like trade shows. Loyalty programs are another type of sales promotion that rewards loyal customers with points, discounts, and other exclusive offers based on their purchasing behavior over time. Choosing the right type of sales promotion depends on your target audience and business goals. Businesses need to understand their customers' needs and preferences before implementing any promotional campaign successfully.

### **We take the tools for this study are given as follows**

- i. Samples** – The distribution of samples is suitable for introducing new products. But this scheme is very costly.
- ii. Price off** – Many producers introduce the price of the offer to the buyers. DRISH SHOES introducing a 50% discount scheme on shoes.
- iii. Free Goods** – It is an offer of a certain amount of product free of cost on purchases of a particular product. For example, Free Car Stereo with every UNO CAR.
- iv. Premium** – It is an offer of a certain amount of product free to the customers who buy a specified quantity of a product. For example, buy any two Excalibur shirts or trousers, and get a cotton shirt worth Rs. 545/- Free.
- v. Demonstrations** – Demonstrations are arranged in-store, at fairs, and at exhibitions. These are most often employed for household appliances.

**vi. Coupons discount** – A coupon is generally a certificate that offers a price reduction to consumers on a particular product.

**vii. Quiz Contests** – There may be customer quiz contests and dealers contests. These contests are held on the radio, in newspapers, and T. V. For example, the “JEETO CHAPPAR PHAAD KE” contest of VEDIOCON BAZUCA dealer and other dealers

**viii. Exchange offer** – Recently, several companies have been using exchange offers to promote their products. For example, Akai 21” new coloured T.V. in exchange for any old colour T.V. and save up to Rs. 6000/- KINETIC EXCHANGE OFFER. Exchange your old scooter for a brand new Kinetic without paying anything, balance at 0% interest.

**ix. Money Refund Offer** – Offer of a refund of money to consumer, for mailing in a proof of purchase of a product.

**x. Display of Products** – The retailers organize attractive displays of certain products in the windows of their shops

### **Sales promotion activities in FMCG products**

Sales promotion activities play a vital role in promoting FMCG products to the customers. These activities are designed and implemented with the aim of generating short-term sales for the product on offer. Various sales promotion techniques such as discounts, coupons, free samples or tastings, buy-one-get-one-free offers, contests, and sweepstakes are used by FMCG companies to attract consumers. Discounts offered on popular FMCG products tend to increase their sales numbers significantly (Vetrivel et.al 2022,2023). Coupons and vouchers also entice customers to purchase these products more frequently. Free samples or tastings help consumers try out new products without having to commit financially. Buy-one-get-one-free offers to encourage bulk buying while creating brand awareness among consumers who may not have initially considered purchasing that particular brand. Contests and sweepstakes create excitement around the product and generate buzz through social media channels. Sales promotions can be highly effective in increasing demand for FMCG products if designed correctly. However, it is essential for companies to ensure that they balance short-term gains with long-term brand objectives when designing these campaigns.

### **Reviews of literature**

Reviews of literature for sales promotion are essential in understanding the impact and effectiveness of various marketing strategies. It involves analyzing past studies, research papers, and articles to identify patterns and trends in consumer behavior. One study showed that offering discounts is one of the most effective types of sales promotion for FMCG products (Vetrivel et.al. 2015,2017,2018,2019) Consumers tend to choose discounted items over regular-priced ones, leading to increased sales volume Nema et.al(2012). Another review found that limited-time offers also have a significant impact on customer buying behavior. Scarcity creates a sense of urgency among consumers, making them more likely to make a purchase before the offer expires Ramya N, Ali SM (2016). However, it's crucial to note that not all sales promotions work equally well across different industries or product categories. For example, free samples may be highly effective in promoting cosmetics but less so for food products. Reviews of literature provide valuable

insights into successful sales promotion strategies and can help companies make informed decisions about their marketing campaigns Chandon(2000).

**Research Methodology**

The objective of the paper is to investigate the impact of the sales promotion techniques on consumer buying decisions and purchase intention. The descriptive research designs were used for this study. The researchers proceeded over all of the reviews and had personal interactions with the customers and collected their views. Based on the information, it is considered some sales promotion tools namely free samples, coupons, demonstrations, contests, cash refund offers, buyback allowances, and discounts research schedule is framed on a five-point scale where 5 stands for strongly agree, 4 stands for agree, 3 for neutral, 2 for disagree and 1 stands for strongly disagree. A simple random sampling method was adopted for this study and the samples are chosen from Chengalpattu District, Tamilnadu. The responses were collected from those who made shopping frequently with FMCG products. A Total of 317 consumers were approached. Finally, 300 consumers are considered as a sample size for the study. Descriptive statistics, correlation, and regression analysis are applied to describe the sample, to show the features that highly influenced the consumers, and measure the linear association between the dependent and independent variables.

**Result and Analysis**

**Table -1 Customers' attitude towards purchase intention**

Statements	Mean	Std. D
Sales promotion helps in buying	4.27	1.12
Sales promotion products are better	4.26	1.06
Sales promotion influences positively	4.28	1.05
Ease of purchase	4.03	1.22
Simplicity of sales promotion influences positively	3.88	1.38
Consistency in sales promotion of different products influences positively	4.01	1.18
Transparent in purchasing preference	4.11	1.16
Ease of choosing products	4.02	1.10
Sales promotion helps to identify and distinguish the product	4.01	1.25
Sales promotion helps in avoiding pilferage	3.90	1.33
Label is an important part of sales promotion	3.94	1.33

Source: Primary data computed;

Table 1 shows the customer's opinion towards their purchase intention in the purchase of sales promotion fast moving consumer goods. The customer's purchase intention was measured

with eleven statements on a five-point scale. The customers are asked to rate their opinion on a five-point scale. Where five stands for strongly agree and one stands for strongly disagree. Mean and standard deviation values are calculated based on the collected data. The mean values are between 4.28 and 3.88.

From the mean value, it is observed that the customers are rated higher that sales promotion influences positively (4.28) followed by sales promotion help in purchase (4.27), better sales promotion products are better (4.26), and transparent sales promotion is preferred (4.11). But, the simplicity of sales promotion secured the least means score value. It is found that customers decide to purchase fast-moving consumer goods based on sales promotion. Sales promotions positively influenced the buyer to purchase fast-moving consumer goods.

**Table-2 Relationship between sales promotion tools and purchase intention**

Sales promotion tools	Purchase intention	
	r-value	P-value
Samples	0.843	0.001*
Price off	0.665	0.001*
Free Goods	0.782	0.001*
Premium	0.681	0.001*
Demonstrations	0.853	0.001*
Coupons discount	0.619	0.001*
Quiz Contests	0.894	0.001*
Exchange offer	0.904	0.001*
Money Refund Offer	0.936	0.001*

Source: Primary data computed; \*significant at one percent level.

*H<sub>0</sub>: Sales promotion tools are not having a relationship with the purchase intention of customers in the purchase of sales promotion fast-moving consumer goods.*

Table 2 explains the relationship between sales promotion tools and the purchase intention of customers. In order to examine the above-stated hypothesis, the Pearson correlation is executed. From the correlation value, it is noted that samples, Prices off, Free Goods, Premium, Demonstrations, Coupons discount, Quiz Contests, Exchange offers, and Money Refund Offers of the sales promotion are positively correlated with the purchase intention of customers. Therefore, the hypothesis is rejected. From the correlation value, it is observed that the Money Refund Offer (0.936), Exchange offer (0.904), Quiz Contests (0.894), Demonstrations (0.853), samples (0.843), Free Goods (0.782), Premium (0.681), Price off (0.665) and Coupons discount (0.619) are the sales promotion tools have the strong relationship with purchase intention of customers in the purchase of fast moving consumer goods. It is found that the aesthetic appeal, Exchange offers, Quiz Contests, Demonstrations, samples, Free Goods, Premium, Prices off, and Coupons discount are the sales promotion tools having more relationship with excitement purchase behaviour of

customers in the purchase of fast moving consumer goods.

**Table -3 Effects of sales promotion tools on purchase intention**

R	R Square	Adjusted R Square	F-value	P-value
0.946	0.896	0.894	448.532	0.001*

Predictors	B	Std. Error	Beta	t-value	P-value
(Constant)	0.432	0.080	-	5.398	0.001*
Samples	-0.059	0.046	-0.056	-1.281	0.201(NS)
Price off	0.252	0.036	0.255	7.081	0.001*
Free Goods	-0.022	0.044	-0.021	-0.508	0.611(NS)
Premium	-0.218	0.044	-0.251	-4.920	0.001*
Demonstrations	0.145	0.043	0.146	3.387	0.001*
Coupons discount	0.116	0.041	0.137	2.840	0.005**
Quiz Contests	0.369	0.097	0.328	3.804	0.001*
Exchange offer	0.509	0.074	0.454	6.869	0.001*
Money Refund Offer	0.869	0.025	0.856	4.089	0.001*

Source: Primary data computed; \*significant at one percent level, \*\* significant at five percent level, NS- non-significant.

H<sub>0</sub>: Sales promotion tools have not influenced the urge to purchase behavior of customers in the purchase of sales promotion fast-moving consumer goods

Table 3 indicates the customers' opinion towards the influences of sales promotion tools on the buying behavior of customers in the purchase of FMCG. Here, sales promotion tools namely, samples, Prices off, Premium, Demonstrations, Coupons discount, Quiz Contests, Exchange offers, and Money Refund Offers are treated as independent variables, and the urge to buying behavior of customers is treated as the dependent variable

Further, regression analysis is applied to know the effect of independent variables on the dependent variable. From the adjusted r-square value, it is inferred that the independent variables are influenced at 0.894 levels. It is revealed that the independent variables influence the urge to purchase behavior of customers at 89.4 percent level. Hence, the stated hypothesis is rejected.

The unstandardized coefficient beta value indicates the strength of the relationship between dependent and independent variables. It is expressed by the equation.

$$\text{Purchase intention} = 0.432 + 0.869 (\text{Money Refund Offer}) + 0.509 (\text{Exchange offer}) + 0.369 (\text{Quiz Contests}) + 0.252 (\text{Price off}) + 0.145 (\text{Demonstrations}) + 0.116 (\text{Coupons discount}) - 0.218 (\text{Premium})$$

From the regression beta value, it is inferred that to have a one-unit increase in the urge to buy behavior of customers, the aesthetic appeal of sales promotion is influenced at 0.869 levels

when other factors remain constant. Similarly, Exchange offers are influenced at 0.509 levels by the urge to buy behavior of customers and followed by sales promotion Quiz Contests, Price off Demonstrations, and Coupons discount. It is found that the Money Refund Offers Exchange offer, Quiz Contests, Prices Off, Demonstrations, and Coupons discount are positively influenced by the urge to buy behavior of customers. But, the Premium of the picture negatively influenced the buying behavior of the customer.

### **Suggestion and recommendation**

When it comes to FMCG product sales promotion, it's crucial to create a strategy that effectively attracts and retains customers. Here are some suggestions and recommendations for FMCG product sales promotion. Firstly, consider using social media platforms as one of your marketing channels. With the rise of social media usage, especially during the pandemic period when most people stayed at home, advertising on social media can be an effective way to reach out to potential customers. Secondly, offering discounts or promotional deals is another great way to attract customers. For example, buy-one-get-one-free offers or 20% off on certain products can entice customers into making a purchase. Thirdly, loyalty programs are also popular in FMCG industries. By rewarding loyal customers with special discounts or exclusive deals, they will feel appreciated and more likely to continue purchasing from your brand. Fourthly, partnering with other brands for co-promotion campaigns can help increase visibility for both companies involved while providing added value for consumers. Always analyze the effectiveness of your promotions through metrics such as conversion rates and ROI so you can make data-driven decisions about future campaigns.

### **Conclusion**

It is concluded that sales promotion can be an effective tool for FMCG product marketers to increase their sales and attract customers. The different types of sales promotion activities such as discounts, coupons, sampling, contests, and loyalty programs offer a variety of options to choose from based on the target audience and marketing objectives. Moreover, reviews of the literature have shown that successful implementation of these promotions requires careful planning, execution, and evaluation. Marketers should leverage digital channels alongside traditional media to reach a wider audience. The importance of monitoring the effectiveness of each promotional activity cannot be overstated. Analyzing metrics like ROI and customer response rates helps in identifying what works best for your brand. It is important to keep in mind that while sales promotions may help boost short-term revenue numbers; they shouldn't always be relied upon as long-term solutions. It is essential to strike a balance between promotional activities and regular product value propositions so that consumers remain loyal even when there are no ongoing offers or discounts. By keeping these key points in mind during the planning and execution phases; FMCG brands can make the most out of their sales promotion efforts while building lasting relationships with their customers.

### **Reference**

1. Abdul MC. A study of the effect of sales promotion on consumption of fast moving consumer goods in Kerla (Unpublished thesis). Department of commerce & Management studies,

- University of Calicut, India, 2007.
2. Aderemi SA. Marketing Principles and Practice. Mushin: concept Publication Limited, 2003.
  3. Bagavathy, RSN. Pillai. Modern Marketing, S.Chand & Co., New Delhi, 2000, 13.
  4. Brandweek. Promotional influence spurs buyers to try something new. Brandweek,1994:35(12):32-34.
  5. Brown C, Varley P, Pal J. University course selection and services marketing, 2009.
  6. Chandon P, Wansink B, Laurent G. A benefit congruency framework of sales promotion effectiveness, Journal of Marketing,2000:(64):65-81.
  7. Clow KE, Baack D. Marketing Management: A Customer-Oriented Approach. Canada: SAGE publications, 2010.
  8. Gilbert DC, Jackaria N. The efficacy of sales promotions in UK supermarkets: a consumer view. International Journal of Retail & Distribution Management,2002:30(6):315-322.
  9. Kardes FR. Consumer Behaviour: Managerial Decision Making, New York: Addison Wesley Longman, 1999.
  10. Kotler K, Keller KL, Koshy A, Jha M. Marketing Management, Pearson Education Inc, Printice Hall, India, 2013.
  11. Kotler P. Marketing Management and Asian Perspectives, 5th edition Pearson Education, 2008.
  12. Nema G, Nagar D, Shah M. Impact of Sales Promotion Techniques on Consumer Buying Decision with Respect to Personal Care Products Among College Teachers of Indore, Arash. A journal of ISMDR,2012:12(1):29-35.
  13. Peattie K, Peattie S. Social marketing: A pathway to consumption, Marketing Intelligence & Planning,2009:27(3):310-325.
  14. Raaij WF, Strazzeri A, Woodside A. New Developments in Marketing Communications and Consumer Behaviour, Journal of Business Research,2001:53(2):59-61.
  15. Ramya N, Ali SM. Factors affecting consumer buying behavior. International Journal of Applied Research,2016:2(10):76-80.
  16. Sam AK, Buabeng EY. The effects of Price Promotions on building A customer base within the Ghanaian Mobile Telecommunication Industry; The Case of Vodafone Ghana. (Unpublished Masters Thesis).Blekinge Institute of Technology (BTH), Sweden. Journal of Business Research,2011:62(2):260- 268.
  17. Vetrivel V, Solayappan AN (2015). “Brand determinants on customer based brand equity in television industry”. International journal of management science, volume 7, Issue 1, Oct, 2015.

18. Kumar. J and S.Lakshmi (2023). “The Significant Factors Of Employees Work Stress In Pharmaceutical Industry” European Chemical Bulletin Vol. 12. special .1, pp 80 – 89.
19. Vetrivel V, Solayappan AN(2015). Effect of Customer Based Brand Equity Determinants on Brand Extension in Television Brands, International Journal of Business and Administration Research Review, Vol. 3 Issue.10, April- June, 2015. Page 55-60.
20. Vetrivel V (2019), “Customer satisfaction and trust of private bank ATM’s in Rural Areas”, International Journal of Commerce and Management Research, Volume.5, Issue.5, Pages-97-101.
21. CH. Nandini Kishore Babu, V Vetrivel (2023). “Impact of Service Quality on Brand Equity and Brand Extension in The Automobile Industry, With Special Reference to Service Centers”, Journal of Survey in Fisheries Sciences 10(1S) 5225-5234.
22. CH. Nandini Kishore Babu, V Vetrivel (2022).” The influence of service quality on customer satisfaction,trust, and loyalty in service centers of the automobile industry”, Ann. For. Res. 65(1): 5203-5211, 2022.
23. Vetrivel V (2017).Financial problems of unorganized retail sector, International journal of applied research, Volume 3, issue 12, 161-164.
24. Vetrivel V (2018).Effect of manufacturer based problems on retail sector, International Journal of Academic Research and Development, Volume 3;Issue 2; P.No.319-321.