

ROLE OF SALES PROMOTION ON SALES VOLUME IN THE CONTEXT OF FAST MOVING CONSUMING GOODS (FMCG) INDUSTRY IN DERA GHAZI KHAN

Nadeem Iqbal

Faculty of Management Sciences, Baha Uddin Zakariya University Multan, Pakistan

Naveed Ahmad

Faculty of Management sciences, Indus international institute, D. G. Khan, Pakistan

Muhammad Ateeq

MBA student Baha uddin Zakariya university, Pakistan.

Komal Javaid

MBA student Baha uddin Zakariya university, Pakistan.

Abstract:

In this study we find out the role of sales promotion dimensions on sales volume in the context of Fast Moving Consuming Goods (FMCG) industry. Two numbers of research objectives are in that study and we have two numbers of hypotheses. Structure questionnaire is used to collect information from (120) respondents through simplerandom sampling method. Data is analyzedwith the help ofSPSS. There are the two dimensions of sales promotion which are bonus pack and premium.Results show there is the Positive relationship between bonus pack and sales volume and also there is the Positive relationship between premium and sales volume.

Keywords: *Sales promotion, Sales volume, Bonus pack, Premium*

Introduction:

Sales promotion has become an effective marketing tool that assists organizations to wax stronger in a global competitive environment. (Oyedapo et al, 2012) identify sales promotion as a key ingredient in marketing campaigns which assist organization to achieve its objectives. Dimensions of sales promotion which are identified by (Blattberg & Neslin, 1990) are following: Bonus packs, coupons, free samples, price promotion and premium. According to various authors sales promotion can be defined as: -“Sales promotion means any step that are taken for the purpose of obtaining an increased sales” By, A. H. R. Delens, “Sales promotion as a tool of market promotion gives rise to increase in production usage as well as expansion of market for a product or introduction of a new product” By, John. L. Luickkandand William Lee Ziegler. Sales Volume is used to measure the amount, usually incartoons/crates, etc, of the product being sold at a given point in time. This is commonly used as well with products but it could be as used within aservice company.

Research Objectives:

There are two research objectives of that study:

These are included:

- i. To see the impact of bonus packs on the sales volume.
- ii. To see the impact of premium on the sales volume.

Research Questions:

There are two research questions of that study:

Q1. What is the relationship between bonus and sales volume?

Q2. What is the relationship between premium and sales volume?

(Oyedapo et al, 2012) identify sales promotion as a key ingredient in marketing campaigns which assist organization to achieve its objectives. The main aim of any organization is to maximize profit, have largest market shares and to become leader in a market competitive environment. (Okoli, 2011) confirmed that the essence of setting up a business organization is to make profit. Sales promotion simply exists to have a direct impact on the behavior of the firm's customers (Blattberg & Neslin, 1990). (Aworemi, 2008) in his research finding said that sales promotion plays a significant effect on sales volume which helps in achieving the organizational objectives. The role of sales promotion in achieving organizational stated objectives cannot be underestimated. The purpose of sales promotion is to motivate the customers to immediately purchase a particular product thus enhancing its sales volume (Sadia and Syeda, 2012; Odunlami and Ogunsiji; 2011; and Aderemi, 2003).

Literature Review:

Sales Promotion:

The main aim of any business is to earn maximum profit and this is possible only through maximum sales. The maximum sales can be achieved by using various techniques of sales promotion. Sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase of a particular product by consumers or the trade (Kotler, 2003). Sales promotion is the direct inducement or incentive to the sales force, the distributor, or the consumer, with the primary objective of creating an immediate sale. Sales Promotion is unique in that it offers an extra incentive for action (Adrian Palmer, 2004). Sales promotion refers to those promotion activities other than advertising, publicity and personal selling that stimulate interest, trial or purchase by final customers or others in the channel (Bagavathi Pillai, 2007). The American Marketing Association (AMA) define sales promotion as those marketing activities other than personal selling, advertising, 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. Sales promotion represents those marketing efforts that are supplementary in nature, are conducted for a limited period of time, and seek to induce buying (Davis et al, 1992).

Dimensions of Sales promotion:

- i. **Bonus packs**
- ii. **Premium**

Bonus packs:

- i. To reward existing loyal customers

- ii. To off-load inventory at factory and distribution level (to attain push)
- iii. Bonus pack schemes (Buy one get one free/more for the same price) is used to load the consumers so that they would not buy competitive brand at least for short period.

Factory bonus pack according to (Lee, 1963) is used to increase consumer trial of the brand. Although pro-motions tend to be preferred to regular offerings, consumers react differently to price discounts than to bonus packs. Specifically, in general, people prefer a bonus pack to a price discount (Diamond & Sanyal 1990). From Bonus packs people get something “free” at same price (Chan- dran & Morwitz 2006).

Premium (Free Gifts):

- i. To reward and retain existing loyal customers and to enhance brand image through interactions/associations.
- ii. To act as a constant reminder of the brand.
- iii. To encourage brand switching amongst deal prone consumers through innovative gifts.
- iv. To induce trial of new products of the company by leveraging on the existing brand and its equity.

Premiums: are promotional items—toys, collectables, souvenirs and household products—that are link to a product, and often require box tops, tokens or proofs of purchase to acquire (Lamb, Hair & McDaniel 2008, pp. 540). The consumer generally has to pay at least the shipping and handling costs to receive the premium. Premiums are sometimes refers to as prizes, although historically the word "prize" has been used to denote (as opposed to a premium) an item that is packaged with the product (or available from the retailer at the time of purchase) and requires no additional payment over the cost of the product (Kotler & Armstrong 2010, pp. 504).

Sales Volume:

While some researchers believe that sales promotion dimensions have positive effect on sales volume (Ailawadi, 2001; Ailawadi & Neslin 1998; Oyedapo et al, 2012; Odunlami & Ogunsiji, 2011; Bamiduro, 2001). (Bamiduro, 2001) confirm that there is positive significant relationship between sales promotion dimensions and sales volume of the beverage industry. Moreover, (Wayne, 2002) found a link between sales promotion dimensions and product trial which eventually lead to increase in sales volume. (Pauwels et al, 2002) also discovered that sales promotion dimensions have permanent effect on sales volume.

Theoretical Framework:

Combination Theory: This theory requires both theories work together. The "push" is used to get more products into the hands of retailers and wholesalers while sales promotion dimensions and product tie-ins with other products are used as a "pull" to get more people to want to buy the product. Grocery stores often use this tactic.

Hypotheses:

H1: There is a positive relationship between bonus packs and sales volume.

H2: There is a positive relationship between premium and sales volume.

RESEARCH METHODOLOGY:

Research design: The survey research design method is used in this study. Self-design questionnaire is used in collecting data from the respondents.

Population of the study: The population of the study covered selected Fast moving Goods(FMCG) industry in D.G Khan. Pass in the **table 1 to table 5.**

Table 1: Frequency:

Statistics				
		GENDER	AGE	LOE
N	Valid	120	120	120
	Missing	0	0	0
Mean		1.1833	1.8833	2.5167

Table 2:

What is your gender?

GENDER					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	98	81.7	81.7	81.7
	2.00	22	18.3	18.3	100.0
Total		120	100.0	100.0	

Table 3:

What is your age?

AGE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	34	28.3	28.3	28.3
	2.00	66	55.0	55.0	83.3
	3.00	20	16.7	16.7	100.0
Total		120	100.0	100.0	

Table 4:

What is your education?

LOE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	15	12.5	12.5	12.5
	2.00	28	23.3	23.3	35.8
	3.00	77	64.2	64.2	100.0
Total		120	100.0	100.0	

Table 5:

Descriptive Statistics:

Descriptive Statistics			
	Mean	Std. Deviation	N
Bonus	1.0310	.10005	120
Premium	1.0111	.05174	120
Volume	1.0036	.02240	120

Sample size: The sample size for this study is one hundred and twenty (120) respondents select randomly from fifteen marketing managers of selected Fast Moving consuming Goods (FMCG) industry in D.G. Khan.

Research Instrument: The instrument used Likert scale fifth choice from 1= strongly agree to 5= strongly disagree in that appraisal design by the researcher.

Reliability and Validity: To check the validity of the appraisal we review the hypotheses, by means of correlation and regression analysis. SPSS software is used to study statistical facts of the survey. Reliability of the appraisal is done by a sample having 120 respondents of Fast Moving Consuming Goods (FMCG) industry in Dera Ghazi Khan.

IMPLICATIONS:

The results also have important implications for practitioners. One of the major implications of this research is that firms can increase sales by offers the right promotional tools to attract trial customers. Therefore organizations should carefully plan their promotional strategies, and allocate promotional budget over the different promotion tools, giving preference to the more effective tools. Promotions that emphasize in bonus pack and premium (free gift/extra incentives) are likely to be more effective than coupon In-store display, free sample, price discount.

CONCLUSION AND RECOMMENDATION:

This research shows the effect of sales promotion dimensions on sales volume. The result shows that all sales promotion dimensions are independently and jointly predict sales volume. This implies that premiums, bonus, have significant effect on sales volume. The study finds that bonus pack and premium have strong influence on sales volume which means if Fast Moving consuming Goods (FMCG) industry wants to achieve its objectives, they should take off bonus as well as other dimension premiums.

8: Appendix A:

Table 6:

		Correlations		
		Bonus	Premium	Volume
Bonus	Pearson Correlation	1	.706**	.256**
	Sig. (2-tailed)		.000	.005
	N	120	120	120
Premium	Pearson Correlation	.706**	1	.311**
	Sig. (2-tailed)	.000		.001
	N	120	120	120
Volume	Pearson Correlation	.256**	.311**	1
	Sig. (2-tailed)	.005	.001	
	N	120	120	120

** . Correlation is significant at the 0.01 level (2-tailed).

Table 7:

Regression:Hypotheses1: There is the Positive relationship between Bonus packs and sale volume.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.256 ^a	.066	.058	.02174

a. Predictors: (Constant), Bonus

Table 8:

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.004	1	.004	8.303	.005 ^b
	Residual	.056	118	.000		
	Total	.060	119			

a. Dependent variable: volume
b. Predictors: (Constant), Bonus

Table 9:

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.944	.021		45.775	.000
	Bonus	.057	.020	.256	2.881	.005

a. Dependent Variable: volume

Table 10:

Regression:

Hypotheses2: There is the Positive relationship between premium and sale volume.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.311 ^a	.097	.089	.02138

a. Predictors: (Constant), Premium

Table 11:

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.006	1	.006	12.618	.001 ^b
	Residual	.054	118	.000		
	Total	.060	119			

a. Dependent Variable: Volume
b. Predictors: (Constant), Premium

Table 12:

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized	t	Sig.

		Coefficients			
		B	Std. Error	Beta	
T	(Constant)	.868	.038		22.622 .000
	Premium	.135	.038	.311	3.552 .001

a. Dependent Variable: Volume

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