



CONSUMER STANCE ON CASH CONCESSION AS A SALES PROMOTION SCHEMES

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ABSTRACT

A typical sales promotion budget covers almost 70% of the total consumer sales promotional budget. It is also considered as a brand differentiator by many big players like Coca-Cola, Pepsi, Heinz and many more. For many business experts and academics, sales promotion is regarded as typical marketing techniques that add value to a product in order to achieve specific marketing goals. In this paper we perform the Hypothesis Testing to know the attitude of customers towards cash discount with respect to Demographic variables.

KEY WORDS: Brand Differentiator, Sales promotion

INTRODUCTION

The primary intention of sales promotion is to tempt the consumers to make a quick buying-decision in order to create increases sales. Typical example of sales promotion is to offer customers to take chance of winning a prize or offering some extra products with the same price. Sales promotion and marketing are inter-related but not have the similar purpose. It is advertising which makes a platform for sales promotion where customers can see the direct added value of buying your product. On the other hand, advertising is an intangible promotion of your products to send the marketing message to the customer-base.

Sales Promotion: Advantages & Disadvantages

The main advantages associated with promotional sales are-an easy way to learn customer response and it work fast. It is also an inexpensive marketing technique. Sales promotion does not always bring positive impact to business, sometime this type of promotion cause negative brand impact to customers mind in the long-term. So, a promotional campaign needs to be designed taking into account the consequences of losing brand value. A PIMS study of 1991 suggests that overuse of sales promotion brings low ROI, almost 15% less, in comparison to balanced and calculated promotional offers. It is advisable not to use sales promotion as a tool of brand imaging; advertising is always the best way as far as branding is concerned. So, marketers need to be careful and must understand the difference between the sales promotion and advertising[6]

Objective of sales promotion

Before designing a promotional campaign, you must identify the target groups. This is done by breaking up of your product markets and identification of small groups of consumers whose wants and needs are not the same as the mass market as a whole- this is one of the key to success in sales promotion. For finding the target group you need to take a qualitative research on the market to

determine your groups of customers, if the target group exists then find out their needs & wants, and what drives them to buy your product. After learning about the target groups, you must set the objectives of sales promotion which is all about why you want to achieve in sales promotion campaign and how your customers will be benefits. Other aspects of sales objectives are: budget of the promotion and duration of the promotional offer[2].

Examples of Sales objectives

1. Many marketers use the promotional sales as a tool to learn the response of the first time users, by offering reduced price, sales coupons, or money-back guarantees.
2. To increase the repeat purchase from the existing users.
3. It can work as an introductory platform for a new product. But a hosing plan and get a domain name free.
4. Sales promotion is a vehicle to defend your business against your competitors.
By giving your users free coupons upon buying every products so as they can get considerable discount on the next purchase with a specified time will certainly bind your customers with your products and it will unlikely that they will switch on a new brand, even if it being highly competitive.
5. Try to target and find a new segment in the market by focusing geographic and psychology of users such as users with high and low purchasing needs. Normally, arranging a competition or contents are very helpful for targeting a specific interest group[3].

MOTIVATION FOR THE STUDY

With the growth of population and spending power of the consumer has created the opportunities and challenges for the FMCG companies in the world market[1]. Simultaneously, competition to win consumers has been increased drastically. World is becoming the small village and Many MNC's have entered in India and other countries. Marketing paradigm is shifting from consumer

satisfaction to consumer delight. Enticing consumers with the various sales promotion schemes is the order of the day. If this tool is not used strategically, company has to follow the trend of promotions to maintain the market share[5]. Considering almost universal applications of designing the sales promotion schemes and understanding its impact on business has motivated to take the steps in the direction to study this crucial aspect of promotion management[4].

RESEARCH DESIGN

Sampling Element:

Each and every individual who purchases the FMCG products in the state of Uttar Pradesh and neighboring states has been identified as a sampling element.

Sampling Design & Data Collection:

The universe of the study consists of all FMCG consumers in the state of Uttar Pradesh and neighboring states.

Sample Size: 500

Sampling Method: Convenient Sampling Method

Data Type: Primary Data & Secondary Data
 Data Collection Tool: Structured Questionnaire
 Scope of Research : Uttar Pradesh and neighboring states.

The buyer may belong to any age group and any sex of metropolitan cities.

ANALYSIS AND INTERPRETATION OF DATA

Testing Hypothesis:

Testing hypothesis provides the scientific base for the interpretation. Herewith, stated hypothesis are tested with the help of various parametric and non parametric tests as mentioned below.

H₁: There is no significant difference between Consumer attitude towards the cash discount as a sales promotion scheme and demographic variables.

H₁₁: There is no significant difference between Consumer attitude towards the cash discount as a sales promotion scheme and Gender.

Group Statistics
Attitude towards Cash discount According to Gender

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Attitude towards Cash Discount	Male	281	3.0859	.98839	.05896
	Female	179	3.1014	.98887	.07391

If we perform One-Sample Kolmogorov-Smirnov Test (Test of Normality) it is found that the sample distribution is not the normal (0.001 < 0.005) distribution. Hence Normality of the sample does not validate the Z test for testing the hypothesis.

Here, it is to test whether two samples are coming from the same population. More clearly, there is any significance difference between the mean of two samples. It is a comparing of two means with large sample size. If

the distribution of the attitude towards the cash discount is normal probability distribution, Z test as a test of comparing two means should be used. But the interested variable is not normally distributed.

In this context, it is advisable and required to apply non parametric test to test the significance difference between two samples. So, Non parametric tests have been used to test the hypothesis as mentioned below.

Mann-Whitney Test

Gender	N	Ranks	
		Mean Rank	Sum of Ranks
Attitude towards Male	281	229.78	64568.50
Cash Discount Female	179	231.63	41461.50
Total	460		

Test Statistics^a

Attitude towards Cash Discount	
Mann-Whitney U	24947.500
Wilcoxon W	64568.500
Z	-.145
Asymp. Sig. (2-tailed)	.884

Two-Sample Kolmogorov-Smirnov Test

Test Statistics ^a		
Attitude towards Cash Discount		
Most Extreme Differences	Absolute Positive	.048
	Negative	.048
Kolmogorov-Smirnov Z		-.041
Asymp. Sig. (2-tailed)		.502
		.963

a. Grouping Variable: Gender

Here, at 5 % level of significance the value of the Mann Whitney and Kolmogorov- Smirnov tests are greater than 0.05 (0.884 > 0.05 & 0.963>0.005, respectively) it is concluded that there is no significant difference between Consumer attitude towards the cash discount as a sales promotion scheme and gender as one of the demographic variables.

Ho12: There is no significant difference between Consumer attitude towards the cash discount as a sales promotion scheme and employment status.

To check the assumption that all the employment status have equal variance Levene test is performed.

Test of Homogeneity of Variances

Attitude towards Cash Discount			
Levene Statistic	df1	df2	Sig.
1.667	4	455	.157

Significance value is 0.157 > 0.10, So Levene test accept the assumption of equal variance among the various employment status. So, ANOVA is used to test the hypothesis.

Descriptives								
Attitude towards Cash Discount								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Mini	Max
					Lower Bound	Upper Bound		
Self employed	106	2.9838	.92168	.08952	2.8063	3.1613	1.29	5.71
Government Employee	45	3.0635	1.13207	.16876	2.7234	3.4036	1.43	5.71
Non Government employee	47	2.9179	.88201	.12865	2.6590	3.1769	1.71	6.29
Not employed	262	3.1718	1.00169	.06188	3.0499	3.2936	1.29	6.57
Total	460	3.0919	.98753	.04604	3.0014	3.1824	1.29	6.57

ANOVA					
Attitude towards Cash Discount					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.368	3	1.456	1.498	.214
Within Groups	443.256	456	.972		
Total	447.623	459			

It is observed that the significance value is 0.214 > 0.05, Null Hypotheses is not rejected and concluded that there is no significant difference between Consumer attitude towards the cash discount as a sales promotion scheme and employment status.

Ho13: There is no significant difference between Consumer attitude towards the cash discount as a sales promotion scheme and Education Qualification

To check the assumption that all the Educational Qualification categories have equal variance Levene test is performed.

Test of Homogeneity of Variances

Attitude towards Cash Discount			
Levene Statistic	df1	df2	Sig.
.421	5	454	.834

Significance value is 0.834 > 0.10, So Levene test accept the assumption of equal variance among the various employment status.

Descriptive

Attitude towards Cash Discount								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Below primary	15	3.0762	1.02855	.26557	2.5066	3.6458	1.57	5.57
Primary	42	2.9150	1.08937	.16809	2.5755	3.2544	1.57	6.29
Higher secondary	76	3.1165	.91747	.10524	2.9069	3.3262	1.57	5.43
Graduate	199	3.1558	.96765	.06859	3.0205	3.2910	1.29	6.29
Post graduate	122	3.0703	1.02954	.09321	2.8857	3.2548	1.29	6.57
Above postgraduate	6	2.3810	.64944	.26513	1.6994	3.0625	1.57	3.14
Total	460	3.0919	.98753	.04604	3.0014	3.1824	1.29	6.57

ANOVA

Attitude towards Cash Discount					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	5.267	5	1.053	1.081	.370
Within Groups	442.357	454	.974		
Total	447.623	459			

It is interpreted that the significance value is $0.370 > 0.05$, Null Hypotheses is not rejected and concluded that there is no significant difference between Consumer attitude towards the cash discount as a sales promotion scheme and Educational Qualification.

CONCLUSION

Cash discount is one of the widely used Sales promotions Scheme on various FMCG Products. Testing the hypothesis, it is found that male and female attitude towards the cash discount as one of the sales promotion schemes do not differ significantly. In other words, both gender categories have same attitude towards cash discount. Also, it does not differ according to various Employment statuses, family size, (Number of family members), family type (joint or individual family) and marital status (Married or Unmarried) of the respondents.

Educational Qualifications as one of the Categorical Independent variable does not have any significant difference in terms of attitude towards the cash discount. While, it is found that there is a significant difference among various family income categories towards cash discount offered on various FMCG products. So, Family income is one of the variables which should be considered while designing sales promotion schemes more specifically cash discount.

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