

A Study on Sales Promotion Practices in Apparel Retailing

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Purpose of study: Sales are the lifeblood of a business, without sales there would be no business in the first place; therefore it is very important that if a business wants to succeed, it should have a sales promotion strategy in mind. The primary objective of a sales promotion is to improve a company's sales by predicting and modifying your target customers purchasing behavior and patterns. Sales promotion is very important as it not only helps to boost sales but it also helps a business to draw new customers while at the same time retaining older ones. There are a variety of sales promotional strategies that a business can use to increase their sales, however it is important that first to understand what a sales promotion strategy actually is and why it is so important.

Design/methodology/approach: A structured questionnaire consisting of 15 questions was prepared, distributed to 100 retail customers in apparel stores by using convenience sampling method.

Major Results: Most of the respondents i.e., 48% who visit Visakhapatnam apparel retail outlets are private employees. 49% of the respondents visit Visakhapatnam apparel retail outlets for every 2-4 months. Most of the respondents i.e., 83% of the respondents said that they walk into the store by looking at the flexes displaying promotional offers at the front of the store.

Managerial Implications: Visakhapatnam apparel retail outlets have to be active on Social Media, in order to know their promotional offers by the customers. Clearly presentation of offers through display boards, as it a part of Visual Merchandising. So, VM should focus on the arrangement of items. Visakhapatnam apparel retail outlets need to focus on the attractive display of items for better sales. Sales persons have to inform about the uses of payback card and future pay wallet regularly to the customers.

INTRODUCTION

A sales promotion strategy is an activity that is designed to help boost the sales of a product or service. This can be done through an advertising campaign, public relation activities, a free sampling campaign, a trading stamps campaign, through demonstrations and exhibitions, through prize giving competitions, through temporary price cuts, and through door-to-door

sales, telemarketing, personal sales letters and emails. The importance of a sales promotion strategy cannot be underestimated this is because a sales promotion strategy is important to a business boosting its sales. When developing a sales promotion strategy for your business, it is important that you keep the following points in mind. Consumer attitudes and buying patterns follows brand strategy, competitive, advertising strategy, and other external factors that influences the availability of products and their pricing. Sales promotion consists of those marketing activities other than advertising publicity and personal selling that stimulate customer purchasing.

Some of the most common methods of sales promotion strategies used in apparel retailing include: [1] Coupons, [2] Price discounting, [3] Gift with purchase offers, [4] Free Samples, [5] Mail in offers and rebates, [6] Refund and premium offers, [7] Group promotions, [8] Frequent user/loyalty incentives, [9] Point-of-sale display, [10] BOGO (Buy One Get One) etc.

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 (Kotler¹1988, p.645). 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 (Schultz and Robinson² 1982, p.8). Sales promotion, deals, and display can be defined under the general term of 'short-term inducements to customer buying action' (Webster³ 1971, p.556). Sales promotion represents those marketing efforts that are supplementary in nature, are conducted for a limited period of time, and seek to induce buying (Davis⁴ 1981, p.536).

NEED OF THE STUDY

The success of the organization is highly dependent on the sales. The organization has to implement the effective sales promotion to improve the sales to increase profits. Sales promotional activities not only satisfy the organizational goal, it fulfills the customer and helps in acquiring new customers. Building an effective sales promotion strategy helps

¹ Kotler, Philip (1988), Marketing Management: Analysis, Planning, Implementation, and Control, 6th ed., Englewood Cliffs, NJ: Prentice-Hall.

² Schultz, Don E. and William A. Robinson (1982), Sales Promotion Management, Chicago: Crain Books.

³ Webster, Frederick E. (1971), Marketing Communication, New York: Ronald Press.

⁴ Davis, Kenneth R. (1981), Marketing Management, 4th ed., New York: John Wiley.

organization in acquiring new customers to consume the product. The aim of sales promotion is also to introduce a new product in the market. This study attempts to assess the promotional activities of the organization. Importance to consumer increased buying confidence and also to distribution of free samples is probably the faster and best way through which used for manufactures can push consumers to try a product. One can satisfied with the quality of the sample product, consumers become more confident about buying a new product and also reduced rates during promotional campaigns, companies offer their products at discounted rates. Consumers like to make use of such occasions to buy larger quantities of such products. A sales promotion campaign makes the job of the sales team much easier. Keeping in the view the importance of the sales promotion, it is proposed to study the concept of sales promotion in retailing.

REVIEW OF LITERATURE ON SALES PROMOTION

William & Ferrell⁵ (1987), sales promotion is an activity that act as a direct inducement, offering added value or incentive for a product to resellers, salesperson or customers. Mercer⁶ (2002) The Advertising Standard Authority's (ASA) code of sales promotion defines sales promotion as: Those marketing techniques which are used, usually on a temporary basis to make goods and services more attractive to the consumers by providing some additional benefit whether in cash or in kind. According to Zallocco & Kincaid⁷ (2008), promotion is the deliberate attempt on the part of the individual business or other institution to communicate the appropriate information in a manner persuasive enough to include the kind of acceptable response desired. Kotler & Armstrong⁸ (1990) said that all functions in the satisfaction systems are equally important, if any one system is missing, the system breaks down. The same can be said about the ingredients in the marketing mix, those activities that go together to make the bundle of utility and promotion is important element of the mix. In general, the relative importance of advertising, personal selling, sales promotion and publicity in specific marketing programmes will vary with the nature of the product, the buying

⁵ William M. Pride and Ferrel. (2008), Marketing, New York Press, 14th edition, page 565.

⁶ Mercer, N. (2002). Developing Dialogues. In G. Wells, & G. Claxton (Eds.) Learning for Life in the C21st: Sociocultural Perspectives on the Future of Education. Oxford: Blackwell.

⁷ Zallocco, perreult and Kincaid.(2008), Promotion, Persuasive Communication in Marketing (Irwin-Dorsey Limited, White, Senecal, Morgan, Blackwell & Miniard).

⁸ Kotler, P. and Armstrong, G.(2008). Principles of Marketing. (12th Edition). Prentice Hall Inc, New York.

behavior of customers, the competitor practices in industry and the manner in which marketing managers choose to apply resources. Each type of promotional activity will attain maximum effectiveness, if only co-ordinated with others Kotler⁹ (1994). The constantly expanding rivalry in the worldwide market has provoked associations to be resolved and guarantee absolute gratification to the customer's need and wants more proficiently and viably than ones competitions (Kotler¹⁰, 1988).

OBJECTIVES OF THE STUDY

- To find out the various sales promotional activities carried in Visakhapatnam apparel retail outlets.
- To identify which sales promotional activity mostly attracting the customers.
- To identify the key metrics for improvement in the sales promotion to achieve customer delight.
- To study customer perception towards sales promotion activities of Visakhapatnam apparel retailing.
- To offer suggestions for improve the sales promotion practices in apparel retailing.

METHODOLOGY OF THE STUDY

Business research: Investigation and analysis focused on a better or fuller understanding of a subject, phenomenon or a basis law of nature instead of on a specific practical application of the result. Business research can be classified into qualitative research and quantitative research.

Qualitative research: It presents a non quantitative type of analysis. It is a collecting; analyzing and interpreting the data by observing what people do and say. It refers to meanings, definitions, characteristics, symbols, metaphors and description of things.

Quantitative research: The research is based on numerical figures or numbers. It aims to measure the quantity or amount and compare it with past records and tries to project for future periods.

⁹ Kotler, P.(2008). Marketing. (12th Edition). Prentice Hall Inc, New York.

¹⁰ Kotler, P.(1988). Marketing Management, Prentice Hall Inc, New York.

Sources of data: The two main sources of data for the present study been used are primary and secondary data.

Primary data: This data was collected from the respondents. It collected from customers, who visited Visakhapatnam apparel retail outlets.

Secondary data: Under this the sources were taken from books, company brochure, various reports, personal experiences, journals, and websites.

Research Design:

Research type	: Descriptive
Sampling Technique	: Convenience sampling
Sampling Size	: 100
Data Collection Instrument	: Questionnaire
Study Area	: Visakhapatnam apparel retailing
Study Period	: 10-05-2018 to 10-07-2018

ANALYSIS & FINDINGS

The gender of the customers is concerned, most of the customers visiting the Visakhapatnam apparel retail outlets are male (58%) and women (42%).

Most of the people visiting the Visakhapatnam apparel retail outlets belong to the age group of 18-25 years (22%), followed by 26-40 years (40%), 41-60 years (18%), above 60 years (4%) and less than 18 years (3%). The store is attracting more youngsters; this is because the store consists of more branded and fashionable merchandise.

The analysis on education of the respondents revealed that most of the customers are graduates (53%), post graduates (11%) and customers having education less than graduation (36%). It was identified that most of the customers visiting Visakhapatnam apparel retail outlets are having educational levels at least graduation.

On the basis of occupation of the respondents, most of the customers of Visakhapatnam apparel retail outlets outlet are belonging to the private sector employees (48%) followed by students and unemployed people (22%) whereas 13% are public sector employees and others 5%. It can be found out that most of the customers visiting Visakhapatnam apparel retail outlets are private sector employees.

The analysis on income of the respondents revealed that most of the customers (23%) visiting Visakhapatnam apparel retail outlets are having monthly income between Rs.30000/- to Rs.50000/-, 23% customers are having income above Rs.50000/-, 16% customers are having income between Rs.10000/- to Rs.30000/-, 8% customers are having income less than Rs.10000/- whereas 27% customers in this study are refused to reveal their income. It can be observed that most of the customers visiting Visakhapatnam apparel retail outlets are high income group customers.

The frequency of shopping/visiting the Visakhapatnam apparel retail outlets outlet is identified as, once in a month (24%), 2-4 months (49%), 6 months (10%), yearly (11%) and rarely (6%). It is identified that most of the apparel customers visiting the store (49%) once in 2-4 months.

It was observed in the study that 83% of the customers walk into the store by looking at the flexes at the front of the Store and 17% of the respondents are entering the store even they do not look at the flexes.

It was found in the study that 32% of respondents said that they came to know about the offers by direct SMS communication, 25% of the respondents know through in-store communication, 24% of the respondents said that by hoardings/ newspaper, 12% of the respondents cam to know about the offers from friends and relatives, 7% of the respondents from social media. It can be said that most of the respondents are aware about the offers by direct SMS.

The perception of the customers towards quality of merchandise was analysed in this research, majority (46%) of the respondents opined that the quality of apparels are good, followed by 33% of the respondents are opined as excellent, 14% of the respondents are

opined as very good, followed by 5% of the respondent very bad, 2% of the respondents are opined bad. It can be concluded that most of the respondents opined about the quality of the apparels are very good.

It was found that 61% of the customers said that shopping experience in Visakhapatnam apparel retail outlets is good, 18% said that it is great, 7% said that they are not satisfied with the promotional offers, 12% said that they are not satisfied with arrangement of items, 2% of the respondents are not satisfied with range of products.

SUGGESTIONS

- Visakhapatnam apparel retail outlets have to be active on Social Media, in order to know their promotional offers to the customers.
- Clearly presentation of offers through display boards, as it a part of Visual Merchandising. So, VM should focus on the arrangement of items.
- Visakhapatnam apparel retail outlets need to focus on the attractive display of items for better sales.
- Sales persons have to inform about the uses of payback card and future pay wallet regularly to the customers.
- Visakhapatnam apparel retail outlets have to Starting Omni Channel retailing, in order to attract more number of customers.
- Visakhapatnam apparel retail outlets have to making aware about the updated services available. Ex: Pay your bill through axis card and get 10% off on your purchase.

LIMITATIONS

- The possibility of respondent bias is more and accuracy of the study is based on the information given by the respondents
- The study is limited to Visakhapatnam only and the findings cannot be generalized.
- Time is the main constraint otherwise more detailed and wide data would have been collected.
- Many customers are not interested in responding to the questionnaires as they are busy in shopping. Difficulty in differentiate the actual shoppers to window shoppers.

SCOPE OF THE STUDY

- The study of the retail consumer behaviour is limited to one area in Visakhapatnam apparel retail outlets only; the same studies can be conducted in other cities.
- Scope of the study is limited apparel retail outlets; the same study can be conducted in other retail outlets like FMCG, Consumer Durables etc.
- Scope of the study is limited retail sales promotions; the same study can be conducted in for the product sales promotions also.

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