



ISSN: 2454-9940



**INTERNATIONAL JOURNAL OF APPLIED
SCIENCE ENGINEERING AND MANAGEMENT**

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www.ijasem.org

A STUDY ON IMPACT OF SALES PROMOTION ON NEW PRODUCTS WITH SPECIAL REFERENCE ITC, LIMITED

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Abstract:

“A study on impact of sales promotion of new products and services in ITC done at ITC LTD, at secundrabad.”

This study explains promotions have been utilized in ITC, in new product launch for a long time as they are a viable method for making buzz and drive deals. They can take many structures, from discounts to service agreement offers, unconditional presents with purchases. The effect of sales promotion on sales can fluctuate depending upon the particular advancement and the item being sent off. Individuals love standard and will quite often adhere to what they know. A business sales promotion is a valuable chance to make an engaging deal that starts a client's advantage to attempt another item.

This study in ITC gave us a path to understand any problems facing by the company by implementing the promotional strategies ,recreating them with new trends and advancements for increasing the sales of new products launched by the company.

KEY WORDS :Sales promotions,Target audience,Competitors,New advancements,Advertising.

INTRODUCTION

sales promotion is a short term incentive to be a magnet for the purchase or offer of new products and services. It incorporate activities of every sort that are performed by the makers or by sellers or by finance managers to help its deal throughout some undefined time frame. Reason behind sale promotions is to propel and convince the customers to purchase a specific item and to encourage repetitive purchase of that every item. As sales promotion is broad term it incorporates

- consumer oriented sales promotion
- Trade oriented sales promotion

From above special devices consumer oriented sales promotion is the central region for this review. Gone are the days when Deals Advancement was utilized by advertiser for a transient advantage just, in present day truly changing global journal of Business Organization and The executives showcasing consumer oriented sales promotion currently is considered as a necessary piece of advancement key.

The primary goal of deals advancement is to expand the deals of the item in present moment by affecting the way of behaving of the purchasers. Deals advancement strategies are numerous and these are chosen according to the objective gatherings. For this reason, a deals advancement methodology is to be ready to really accomplish the targets.

Impact of sales promotion:

Promotions are the part of the advertising blend procedure that stresses the utilization of different specialized instruments to advance the worth of your organization, items or administrations. While a lot of advancement is centered around long haul correspondence goals, deals advancements have a particular intention of making prompt deals.

Sales promotions are normally utilized as a value prompting to draw in cost cognizant purchasers not keen on items an ordinary costs. This is normal when organizations need to fabricate a client base, for example, at an excellent opening, when a contender leaves business, or in a profoundly cutthroat industry. At times, sales promotions on one item, known as a value chief are utilized to get clients into the store so you can sell them other, more productive things.

Expanded Income

Expanding income is a shared objective for sales promotions. Frequently, promotions limit your benefit potential, yet they permit you to create more income in the short run because of expanded deals volume. This likewise implies more income, which is the reason organizations battling to meet close term monetary commitments frequently go to limits. To acknowledge more prominent income, you really want more clients to purchase more item at the scaled down cost.

Price orientation

One of the more hazardous or adverse consequences of sales promotions is that they can prompt a cost direction among clients. This is particularly obvious in the event that you abuse them or keep up with limits for a drawn out period. Clients mentally interface the advancement cost with the worth of the item, and a cost climb not too far off may not work.

Stock Decrease

Successful sales promotions lead to stock decreases since clients purchase more item. Truth be told, for this reason organizations hold them consistently toward the finish of a purchasing season. For instance, when Halloween is finished, you frequently see retailers markdown style and candy to make room on the racks for different items.

NATURE OF SALES PROMOTION

To qualify as a sales promotion, somebody should be offered something far in excess of the center item or administration, as opposed to simply being offered something a regular part of exchange. It incorporates every single limited time movement and materials with the exception of individual selling, promoting and exposure zeroing in explicitly on momentary benefits. sales promotion are the instruments to work on the adequacy of the ad planned with the photos, images and messages that show up with the promotion. The advertisers track down the promotions as valuable instrument to conquer the different transient impediments with the deals. With the transient nature, not sturdy and long haul can measure up to promotion and individual selling. As the publicizing and the individual selling are exceptionally related even wholesalers frequently direct the retail deals staff for the deals special exercises. The way the sales promotions exercises are profoundly assorted and are past the premium have particular qualities; correspondence, motivations and greeting.

REVIEW OF LITERATURE :

KOTLER claims that while advertising is used as a long term technique for enhancing the brand value,sales promotions are mostly used in order to create a short term demand for the products ,hence the sales promotions are actively increasing used by brand managers for effectiveness. Taking into this account it is worthwhile for every marketer to review such an important tool as sales promotions.

DIAMOND AND CABELL (1989): together with **LOWENGART** propose the definition of sales promotion ,characterizing it as a sales promotion stimulations of purchase or sales of a product or services .to add lowengart ,after the analysis of many sources suggest more comprehensive suggestion ,describing it as a number of tactical tools as a part of strategic marketing framework with the aim of adding value to the products or services .In addition to the relative ease of measuring this effectiveness (K WORK AND UNCLES 2005,BROOKINS 2009, ODUNLAMI). It is considered as an effective technique while targeting the sales promotion to a range of particular niches,and also while trying to increase the differentiation,in order to develop more precise campaign with high chances of success.However Uva (2000)and Lichtenstien (1997)give notice about the dangers related to decreased perceived value if the sales promotions are improperly targeted ,Uva also notices that the most effective implementation of sales promotion can be done by providing the superior product quality and value.

According to Shultz, et al. (1998) also behavior is influenced directly by promotional techniques. It has little impact on attitude changing factors related to consumers. According to Kwok & Uncles(2005) role of sales promotion is observed in final stages of buying. When the customer is about to finalize from the chosen choice list sales promotion may trigger the activities.

Blattberg, Peacock and Sen (1976)define a purchase strategy as a general buying pattern which "incorporates several dimensions of buying behaviour 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 as well as provide new insights for consumer behaviour theorists who seek to understand the influence of different types of environmental cues on consumer behaviour.

Wilson, Newman, and Hastak (1979)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 and Little 1983 have found promotions to be associated with brand switching.

Davidson et al, (1984), purchase decision may be between objective or emotional motives ; nevertheless, in all cases, the sale is made or not made in the customers mind and not in the mind of the seller.

Blattberg and Neslin, (1990)Sales promotions are action-focused marketing events whose purpose is to have a direct impact on the behavior of the firm's consumers. There are three major types of sales promotions: consumer promotions, retailer promotions and trade promotions. Consumer promotions are promotions offered by manufacturers directly to consumers. Retailer promotions are promotions offered by retailers to consumers. Trade promotions are promotions offered by manufacturers to retailers or other trade entities

Stanton et al,(1994) According to them, the consumer may act quickly, especially if sales promotional tools are used or the consumer may postpone making any purchase. Whenever the consumer makes a purchase, they find out what products and services are available, what features and benefits they offer, who sells them at what prices, and where they can be purchased.

Churchill and Peter (1995) sales promotion is designed to produce quick results that will not only boost sales in the immediate future, but will translate to loyal customers in the long run 8.George, 1998 Sales promotion is therefore a direct inducement that offers an extra value or incentive for the product to the sales force, distributors or the ultimate consumer with the primary objective of creating an immediate sale

Chandon, Laurent, and Wansink, (1997). Opined consumers like promotions. They provide utilitarian benefits such as monetary savings, added value, increased quality, and convenience, as the relationship value of the brand.

Brassington and Pettitt(2000)provide a revised definition for sales promotions: ‘... a range of marketing techniques designed within a strategic marketing framework to add extra value to a product or service over and above the “normal” offering in order to achieve specific sales and marketing objectives. This extra value may be a short-term tactical nature or it may be part of a longer-term franchise-building program.

NEED OF THE STUDY :

There is a need for sales promotions largely to promote new products and services so as to –

- Create awareness about the newly launched product to the public.
- To make sure that customers are aware of the product existence and positioning of the product.
- Increasing exposure and for capturing attention.
- Stimulating the demand for the products and to encourage purchases.

SCOPE OF THE STUDY:

Sales promotions are a great way to grab the attention of customers easily to promote their brand ,like to promote new products and services ,to increase sales by way of some sales promotional tools like –

- Offers
- Discounts
- Encouraging pre orders
- Press releases,contests etc...

Sales promotion has wide scope in as they frequently used as promotional mix and influence the final stage of purchase process in customer journey .

OBJECTIVES OF THE STUDY:

1. To create brand awareness and brand loyalty.
2. To reach buyers expectations.
3. To influence the perceived value of product.
4. To maximize long run profit.

5. To study the effect of sales promotion on fmcg customers.

RESEARCH METHODOLOGY

A research methodology depicts the methods and systems used to recognize and investigate data in regards to a particular examination point. It is an interaction by which scientists plan their concentrate so they can accomplish their targets utilizing the chose research instruments. It incorporates every one of the significant parts of exploration, including research plan, information assortment techniques, information investigation strategies, and the general system inside which the examination is directed. While these focuses can assist you with understanding what is research procedure, you additionally need to know why picking the right methodology is significant.

RESEARCH DESIGN:

Descriptive research design is a useful asset utilized by researchers and specialists to accumulate data about a specific gathering or peculiarity. This sort of exploration gives a definite and precise image of the qualities and ways of behaving of a specific populace or subject.

The type of research design used here is Descriptive research, by asking questionnaires to the employees of the ITC LTD company to get required information useful for the study.

Sample size: The sample size taken here for the study was 51 members whom the questions has been asked to get required information for the purpose of the study.

Sampling method: Random sampling .

SOURCES OF DATA: There are two types of data :

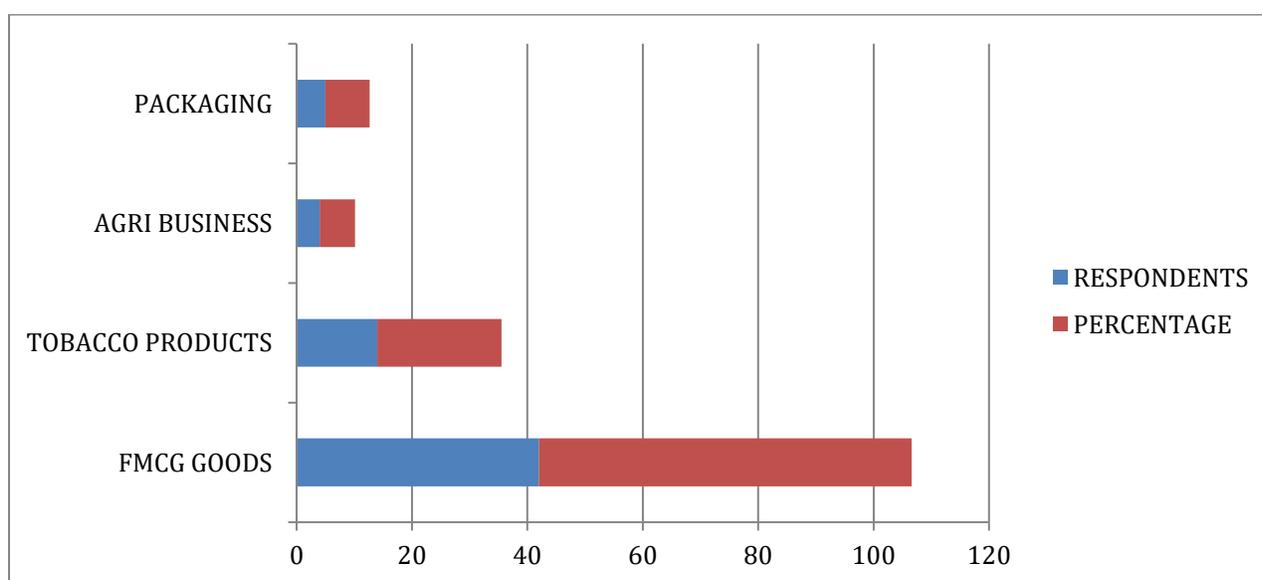
1. Primary data
2. Secondary data

Primary data is the data which is collected freshly, in the form of surveys, interviews, questionnaires etc.. In this study we collected primary data from the employees in the form survey questionnaires to get the required information, where as secondary data regarding the study is collected from past literature reviews, journals, websites, books etc...

DATA ANALYSIS:

1.What makes ITC brand more recognizable ?

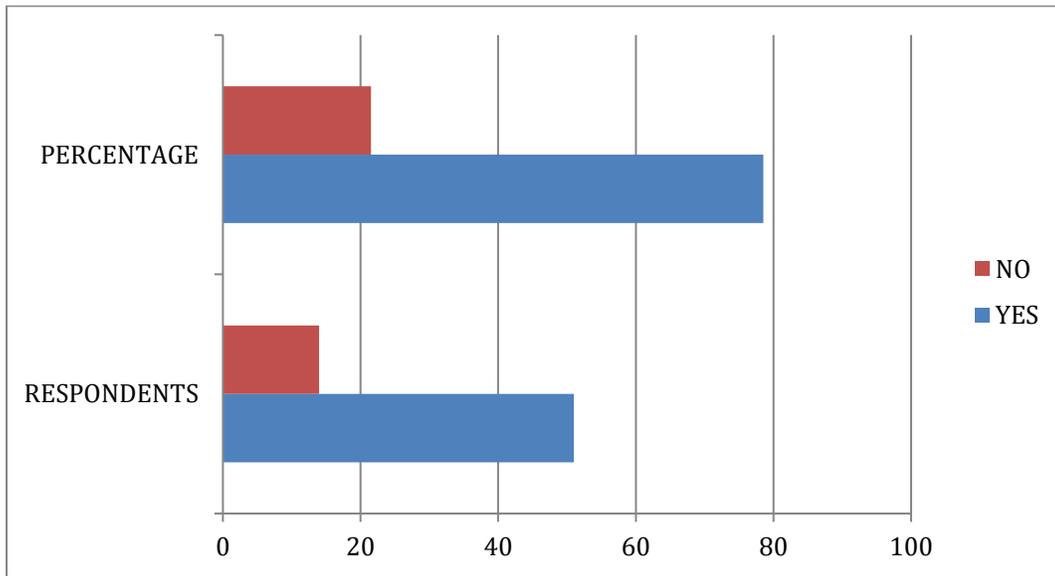
CATEGORY	RESPONDENTS	PERCENTAGE
FMCG GOODS	42	64.61
TOBACCO PRODUCTS	14	21.5
AGRI BUSINESS	4	6.15
PACKAGING	5	7.69



INTERPRETATION:From the above study it is clear that 64% of the customers explained that they come to know about ITC by FMCG goods,21% from tobacco products ,6%from agri business and 7% from packaging.

2.Do ITC able to create Brand awareness for its various products and services?

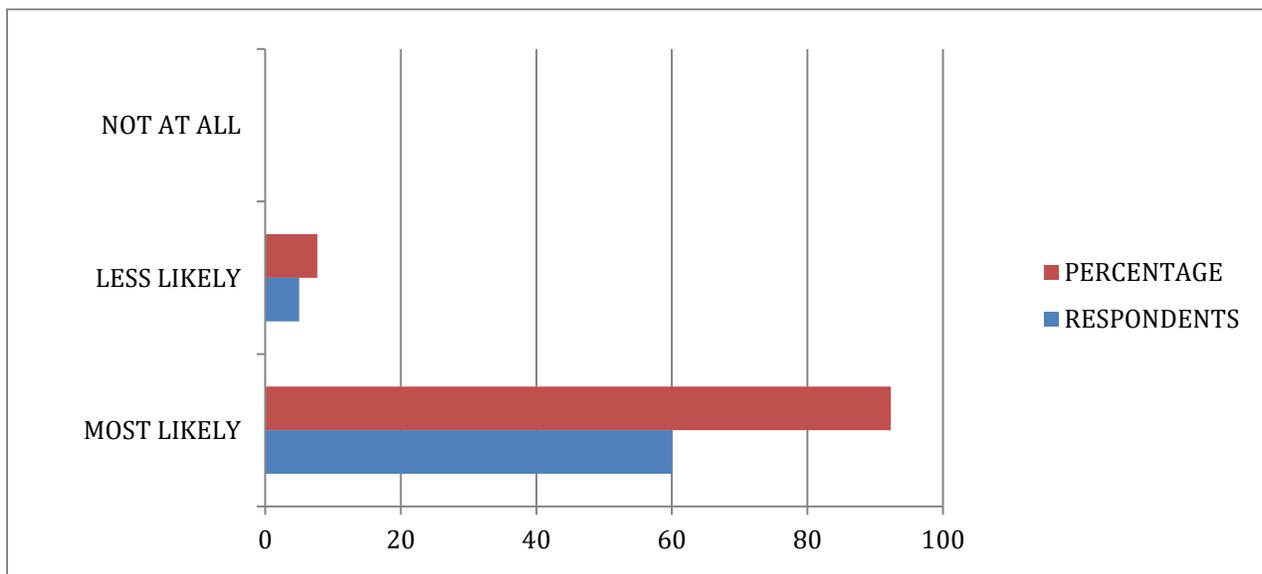
CATEGORY	RESPONDENTS	PERCENTAGE
YES	51	78.5
NO	14	21.5
TOTAL	65	100



INTERPRETATION: From the above inference it is clear that ITC able to create brand awareness for its products mostly as 78 % of them responded towards it .

3.How likely are you to recommend ITC to others based on your current experience?

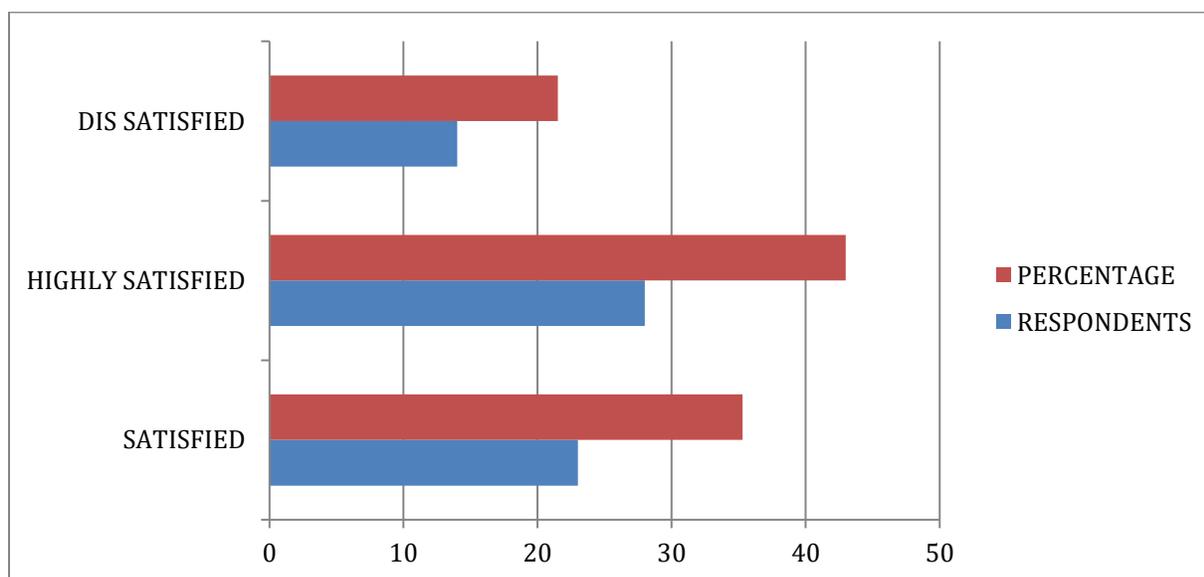
CATEGORY	RESPONDENTS	PERCENTAGE
MOST LIKELY	60	92.3
LESS LIKELY	5	7.69
NOT AT ALL	0	0



INTERPRETATION:From the above analysis it is clear that 92% of the people recommend ITC , 8% of the people does not recommend ITC because of some reasons.

4.Are u satisfied with the Sales promotional activities adopted by ITC?

CATEGORY	RESPONDENTS	PERCENTAGE
SATISFIED	23	35.3
HIGHLY SATISFIED	28	43
DIS SATISFIED	14	21.5



INTERPRETATION: 35% of the customers are satisfied with the promotional activities adopted by ITC ,where as 43% of the customers are highly satisfied and 21.5% of the customers are dissatisfied.

Conclusion:

From the study it is very clear that ITC brand is market leader of cigarette manufacturing industry and large producer of FMCG products.The company has to make some promotional strategies to create brand awareness for the customers to buy the product and to increase revenue.The study was successful in identifying the major loopholes and the activities which promote the brand to a large extent.

