

# Role of Advertising and Promotion in Retail Market

**Dr. Sunil Karve**

Director, Maratha Mandir's Babasaheb Gawde  
Institute of Management Studies, Mumbai, India  
Email: drkarve@gmail.com

## **ABSTRACT**

*Advertising is a growing business in India today and plays an important role in promoting goods and services. But the growing market-size, intense competition and changing life style and aspirations of people are challenges faced by manufacturers and marketers in sustaining competition. This research paper looks at the advertisement and promotional strategies adopted by retailers and their effectiveness. Field surveys using structured questionnaires were used to collect primary data from retailers and customers in the city of Mumbai.*

**Keywords:** Advertising, retailing.

## **INTRODUCTION**

Advertising is a growing business in India more so after the opening up of the economy. With more players, intense competition and expanding market in both urban and rural areas it is only natural that the marketers and manufacturers would like to reach the vast multitude of customers. The customer purchasing power, life style, and attitudes are all changing rapidly. Rising income and young and growing population would need to be tapped so that the manufacturers and retailers can retain if not increase their market share.

Retailers try to attract the attention of target consumers to their goods and services by providing attractive promotional schemes. To attract consumers, retailers offer inducements such as credit facilities, after sales service, extended warranty, free home delivery, free samples, discounts, gift offers, etc.

Retailers adopt a mix of marketing and promotional strategies to withstand competition. Consumers however make informed purchase decisions by sifting through various advertisements and promotional offers.. Indian consumers are maturing and therefore the retailers find it increasingly difficult to influence the purchase decisions of customers merely with promotional offers. Innovations in sales promotion techniques are required to acquire new customers and to retain existing customers, especially the youth, who have no qualms switching brands and or shops.

## **LITERATURE REVIEW**

- Panchali Das (2007) in his paper "A conceptual review of advertising and standards –case study in Indian Scenario" observed that advertising does not function in a

vacuum but in a market environment where several forces like consumer needs, business interest and regulation are at work. It is powerful force in terms of its persuasiveness and function a critical social life.

- Bogart (1986) reviewed Peckham's rule which suggest that for new brands advertising during the past two years should be 150% of desired sales. After two years advertising should be set at whatever level is required to maintain sale.
- Henry Saffer in his Tobacco Advertising and promotion describes that if tobacco advertising and promotion increase cigarette consumption they are issue for public health policy. Although public health ads cater assets that tobacco advertising does increases cigarette consumption there is significant empirical literature that finds little or no effects of tobacco advertising on smoking.
- Economic issues in advertising, according to Becker and Murphy (2000), are an information complement to the good itself. Cigarette advertising is designed to create fantasy, of sophistication, pleasure and social success.

The above studies highlight the importance of advertising as a powerful tool of persuasion.

### **Need**

With the crowding of the urban market place with too many retailers with a mix of organized and unorganized formats competing among and between each other for a slice of the urban market. This research paper therefore looks at the advertisement strategies adopted by retailers and their effectiveness in Mumbai region with the help of field survey.

### **OBJECTIVES OF THE STUDY**

1. To examine customers attitude towards advertisement and promotional strategy
2. To study retailers attitudes towards advertisements and promotional strategy
3. To know challenges faced by retailers
4. To understand advertisement and promotional strategies adopted by retailers

### **RESEARCH METHODOLOGY**

#### **1. Coverage of the study**

The research study covers the retail shops and customers in Mumbai and Thane.

#### **2. Sources of Data**

Data and information were gathered from primary source by means of field survey using structured questionnaires covering retail shops and customers on random sample basis in Mumbai and Thane and from secondary published sources. Primary sources included personal interviews, questionnaires and visits to shops. While the retailers were interviewed at their shops, customers were met at shop floors and bus stops. Secondary sources included books, journals, newspapers, websites, and research studies.

### **3. Sample Size**

Sample size was 50 retail shops and 50 customers. Separate questionnaires were prepared for the retail shopkeepers and the customers through whom the primary data was collected keeping the objectives of the study in mind.

### **4. Data Analysis**

Critical analysis of the data and information collected from primary sources as well as from published sources were made keeping the objectives of the study in mind.

## **DATA ANALYSIS**

### **1. Customers' attitude towards advertising and promotion**

#### **(a) Type of Retail Shop Visited by Customers**

It can be seen that customers generally visit multi-utility stores (42%) (Kirana, grocery, family stores, and convenience stores) and Big Bazaar (20%). Supermarkets (12%) and shopping malls (12%) are visited less frequently

#### **(b) Frequency of visit to shops**

48% of the respondents said that they visit shops once a month and 28% said that they visit weekly.

#### **(c) Influence of promotional offers for making quick purchases**

Promotional offers do not influence customers from making impulsive purchases. 80% of the respondents are influenced only 'sometimes' with promotional offers.

#### **(d) Source of Information about promotional offers**

Retail customers get information about promotional offers through various media. But the major sources are newspaper (24%) and TV (20%). Others are radio (2%) pamphlets (10%) neighbours (14%) etc.

#### **(e) Impact of promotional offer on purchase quantity**

Retailers make promotional offers to induce customers to make purchase in large quantities. But the survey reveals that promotional offers influence customers only 'sometimes' (76%).

#### **(f) Types of promotional schemes that attract customers**

Various promotional offers attract customers to make purchase decisions. However, more than 1/4<sup>th</sup> of the respondents (26%) are attracted by discount offers.

#### **(g) Influence of Advertisements on Purchase Decisions**

76% of the respondents are influenced by advertisements only 'sometimes' for making purchases.

#### **(h) Mode of Shopping**

More than 2/3rds of the respondents carry out shopping through personal visits to shops. Though many of the multi utility shops take telephone orders and shops like Big Bazaar have inline shopping facility, people still prefer to go to shops.

## **2. Retailers' attitude towards advertisement and promotional strategy**

### **(a) Timing of Promotional Offers**

Retailers generally provide promotional offers during festival seasons (46%). One third of the respondents make such offers to increase their sales target.

### **(b) Types of Promotional schemes Offered**

Retailers make different types of promotional offers to attract the customers. But the most prominent among them is the discount offer (32%).

### **(c) Attitude of customers to promotional offers**

Attitude of customers towards promotional offers are 'positive' as experienced by the retailers (66%). However it is significant to note that 1/5<sup>th</sup> of the respondents (i.e. retailers) feel that customers are 'neutral' to promotional offers.

### **(d) Ad Media used by Retail shops for Promotional offers**

Retail shops use pamphlets (24%) and newspapers (22%) to announce their promotional offers such as limited period sales, exhibition, etc.

### **(e) Type of Goods on which promotional offers are made**

30% of the retailers are making promotional offers on food products / snacks followed by FMCG products (20%). Food products, snacks and perishable products are the products regularly consumed and on which promotional offers are made to induce repeat purchase

### **(f) Reason for Promotional Offers**

Large majority of retailers are providing promotional offers in order to attract customers (34%) and to increase their sales (34%)

## **3. Correlation of Responses of Retailers and Customers**

Closer examination of the responses of retailers and customers reveals the following:

- One of the significant finding of the survey among retailers and customers is that customers are not always motivated by promotional offers. 80% of the respondents are motivated to take quick purchase decisions on the basis of the promotional offers only 'sometimes'
- The study also reveals that it is only 'sometimes' that the customers buy more than the required quantity when a promotional offer is made.
- While the retailers feel that the attitude of the customers to promotional offers is 'positive', the customers are only 'sometimes' motivated to make quick purchases or they buy more than the required quantity to take advantage of the promotional offer
- Discount offers are the predominant promotional choice of retailers (32%); customers are also attracted towards discount offers (26%).
- The study also reveals that only 'sometimes' the customers are influenced by advertisements for making purchases

- The survey reveals that 1/5<sup>th</sup> of the retailer respondents feel that customers are 'neutral' to promotional offers.
- The study also reveals that the customers prefer to visit shops themselves to make purchases. Tele-orders and on line shopping are still at its nascent stage with very few takers.
- The study reveals that there is a 'disconnect' between the retail shops advertising and promotion strategy and the consumer behaviour. Indian consumers are maturing and therefore the retailers find it increasingly difficult to influence the purchase decisions of customers merely with promotional offers. They would therefore need to innovate

#### **4. Challenges faced by retailers**

- There is intense competition among the retailers which is putting pressure on the retailers' margin.
- Retaining customers has become a challenge due to changing lifestyle, consumer behaviour, needs and wants, values, and mobility. Youth customers do not mind traveling distances to the shop of their choice which again changes from to time.
- Physical décor, maintenance, appropriate window displays / POP displays influences consumer audience and hence play an important role in advertising and promotion.
- Right type of promotional offers and ad media mix are challenges effecting sales.

#### **5. Advertisement and Promotional Strategies adopted by retailers**

- Retailers make use of all media mix combinations while advertising to different consumer audience. All types of customers' viz., children, college students, working men and women, housewives and senior citizens visit all types of retail shops in both organized and unorganized sectors. Therefore promotional strategies are important to influence the buying decisions of heterogeneous consumers.
- Retailers generally provide promotional offers during festival seasons.
- Retailers make different types of promotional offers to attract the customers and non customers. The study reveals that the most prominent among them is the discount offers.
- Retail shops use pamphlets and newspapers to announce their promotional offers such as limited period sales, exhibition, etc.
- Food products, snacks and perishable goods are the products regularly consumed and on which promotional offers are made by retail shops to induce repeat purchase as well as to build and create brand loyalty.
- Large majority of retailers are providing promotional offers in order to attract customers and to increase their sales

## CONCLUSION

Advertising is a growing business in India today and it plays an important role in promoting goods and services. But the growing market-size, intense competition and changing life style and aspirations of people are challenges faced by manufacturers and marketers in increasing their turnover. The study reveals that

- Retailers try to attract the attention of the target consumers to their goods and services by providing promotional schemes.
- To attract consumers, retailers offer inducements such as credit facilities, after sales service, extended warranty, free home delivery, free samples, discounts, gift offers, etc.
- Customers are attracted only 'sometimes' to the promotional offers of the retail shops.
- Indian consumers are maturing and therefore purchase decisions are not influenced merely by media advertisements and promotional offers.
- While promotional offers help retailers increase sales, it is at the cost of their margins.
- Discount offers are the most commonly accepted form of promotional offer made by retailers and preferred by customers as well.

Retailers adopt a mix of marketing and promotional strategies to withstand competition. Consumers however often make informed purchase decisions by sifting through various advertisements and promotional offers. Innovations in sales promotion techniques are required to acquire new customers and to retain existing customers as the customers have no qualms to switch over to other brands and shops.

## REFERENCES

1. Becker, G.S., Murphy, K.M., 2000. Social Economics: Market Behavior in a Social Environment. Harvard University Press, Cambridge, MA.
2. Bogart, L. (1986). Strategy in Advertising. NTC Business Books: Lincolnwood IL.
3. Ghosal, S. N. (2009) Innovations in Advertising – Creating Added Values in Advertising. *Marketing Mastermind*, November, pp 41-44
4. Henry Saffer <http://siteresources.worldbank.org/INTETC/Resources/375990-1089904539172/215TO236.PDF>
5. Mrudula, G. P. (2009) Advocacy Advertising – Generating Sales by Promoting an Opinion, *Marketing Mastermind*, January, pp 63-66
6. Panchali Das (2007), *International Marketing Conference on Marketing & Society*, Part VII – Regulations & Marketing, 8-10 April, 2007, IIMK
7. Roy, S., Lall, S. (2008) The New Humour in Advertising, *Marketing Mastermind*, September, pp 45-48
8. Srivastava, M. K., Kochar, B. (2009) Women in Indian Advertising – From 'Lalita' to 'Lolita', *Marketing Mastermind*, July, pp 29-32.