

A Study on Effective Trade Promotion Practices (TPP) of Brand Bourbon in Bengaluru City, Karnataka.

Dr. D. Ravindran, Assistant Professor, School of Management, Kristu Jayanti College, Bengaluru, Karnataka.

Dr. Arul Senthil, Assistant Professor, Department of Management Studies (PG), Acharya Bangalore B School (ABBS), Bengaluru, Karnataka.

Mr. G. Krishnan, Manager, Centre for Entrepreneurship Development and Incubation, National Institute of Technology (NIT-Trichy), Tiruchirapalli, Tamil Nadu.

ABSTRACT

This study examines how the trade promotion practices offered and sales of the products are related and the preference of retailers towards trade promotion practices offered by the company. In this study 220 sample size is taken from the population. The study is taken in the south area of Bangalore to know how retailers are giving preference for trade promotion practices. From the analysis, it helps in finding out the effect of trade promotion in increasing the sales of products, especially in Bourbon Biscuits. Biscuit product sector is one of the fastest-growing sectors in India and also competitors are very high therefore to sustain in this field different strategically tool is needed, trade promotion can act as an effective tool in sustaining in market. This study helps to relate how the preference for trade promotion practices varies and how it depends on the demographic factors taken for the study.

Keywords: Trade Promotion Practices, Branding,

1. INTRODUCTION

Trade Promotion Practices are directed towards the retailer or wholesaler. Business Trade Promotion activities are executed between the manufacturer and the retailer. In a trade promotion, wholesaler and retailers offers special price discount, credit payment, free display racks, stands or gift or other incentives. The Bourbon biscuit is a sandwich style biscuit consisting of two thin rectangular dark chocolate-flavoured biscuits with a chocolate buttercream filling. The biscuit was introduced in 1910 by the biscuit

company Peek Freans, of Bermondsey, London, and originator of the Garibaldi biscuit. This brand is silently growing among the youth and kids segment. Trade promotion practices influence the retailer or the wholesaler to stock more and to push the products to customers. This technique helps to increase the demand for the product. When the technique is designed correctly, promotions can become tools that build revenues, profits and even trust all along the channel.

Trade promotions often generate conflict in the distribution channel (Ailawadi et al. 2009). Trade promotion budgets may directly impact the effective wholesale price paid by retailers and profit sharing among members of the distribution channel. Moreover, manufacturers and retailers also decide on budget allocation. trade promotions should benefit everyone involved. The manufacturer offers the retailer a product temporarily at a lower price; in return for selling its goods at a lower unit cost, the manufacturer intends to earn new customers and build the loyalty of current ones. Likewise, the retailer, by selling the product at a discount, should enjoy increased sales during the promotion, while bearing little in the way of extra costs. And consumers, of course, should save money on their purchases.

Trade promotion helps in planning and controlling of promotion and helps to track the promotion very accurately. Sometimes trade promotion act as a means to measure the effectiveness of the strategy taken by the company. this study is examining how the trade promotion practices affect the sales of the products

as well as how it influences the retailers to make a brand preference and brand loyalty towards the brand. Trade promotion practices have an invaluable role in the marketing field of FMCG, it helps in spreading about the brand name as well it makes the goods to sell quicker than any other marketing strategy. It is clear that trade promotion push products within a short while than any other long term strategy. Generally consumer goods bound with a complex system, where there is more competition is present, in this system the use of trade promotion helps to make the product to sustain in the market with the help of retailers. Trade promotion practices differ from the nature and competition of the product and the system. Retailers' choice of trade promotion also differs. Trade promotion can be classified according to the business but generally trade promotions are like cash discounts, in-store displays, Temporary Price Reductions, sampling, quantity discounts, gifts and offers, slotting allowance and so on. This study helps in analyzing which are the factors that influence the retailers, what are the other factors which make the retailers in brand preference by trade promotion practices.

2. REVIEW OF LITERATURE

Hong Yuan, Miguel I. Gómez (2012) have conducted a market study on "Trade Promotion Decisions under Demand Uncertainty. The researcher has derived propositions by comparing wholesale and retail prices, retailer order quantities, and profits given the same trade promotion discount.

Bruce, Desai Prayas et al, (2005) found important insights about the effects of trade promotions and the effect of product durability on the promotion strategies of manufacturers. It pointed out that manufacturers of more durable products benefit more from running trade promotions and give deeper discounts. The authors find empirical support when they test the theoretical results.

David R, Xaviar (2002) research on retailers and suggested they have to be rewarded for the number of products they sell, not how much they buy from the manufacturer. the authors feel that pay-for-

performance trade promotions have the potential to produce benefits for all parties the manufacturer, retailer, and consumer.

Lal, Rajiv (1990) conducted a study on Manufacturer Trade Deals and Retail Price Promotion, The researchers examined the phenomenon of manufacturer trade deck described as off-invoice and/or bill-backs in markets for frequently purchased consumer goods. From the study, the analysis affords a new explanation for why offering such deals may be in the best interest of manufacturers.

Vincent Nijis, Kanishka Mishra (2010) have conducted a study on Channel Pass-Through of Trade Promotions, in this paper; the researchers assemble a unique data set containing information on prices, quantities, and promotions throughout the entire channel in a category. This study has done empirical literature on pass-through in three important ways.

Tony Haito, Jagmohan Raju (2008) studied that while offering all retailers the same pricing policy, price discrimination can be implemented through trade promotions because they induce different inventory ordering behaviours on the part of retailers. Differences in inventory holding costs have been shown to be an important determinant of consumer promotions. From the analysis, it suggests that differences in holding costs are also potentially an important driver for the use of trade promotions.

Migueli Gomez, Timothy j Richards et al (2013) stated that retailers could reduce consumer search costs, perhaps by directly communicating trade promotions to consumers. Other researchers have shown that these strategies are effective in increasing deal pass-through rates.

Kumar, N., Rajiv, S., Jeuland, A. (2001) indicated that if one brand is sufficiently stronger than the other and if advertising is cost-effective, then the stronger brand loyalty requires less advertising than weaker brand loyalty, but a larger loyal segment requires more advertising than a smaller loyal segment.

Agrawal, Deepak (1996) focused on the FMCG sector.

In this study the manufacturer directly advertise to the consumer and given offers to the retailers

Nelsin, S. A., Powell, S. G., & Stone, L. S. (1995) explained how retailers and consumers are influenced by trade promotion practices. Willingston I F, L G Matts (2000) have done a study the role and importance of trade promotion policies across the national levels.in this study the network is classifieds as a potential international market and local market and given different promotions strategy and analyzed the impact of the implementation. Gomez.I. Mguel, Rao R Vithala (2007) has done a study on joint determination of trade promotion budget for supermarket brands and their allocation across trade and promotion practices is discussed in this study.

3. STATEMENT OF THE PROBLEM

The right development of the trade promotion technique attracts and motivates the retailers and wholesalers. The movement or demand for the product increases, only if the retailers get attractive trade promotions from the manufacturer. Powerful tools and techniques are necessary to attract retailers, but there are many factors that affect these techniques as well. This study is undertaken to study the factors and techniques related to trade promotion practices and how it works as a tool for improving the sales of Bourbon Biscuits Food products.

4. OBJECTIVES

- ♦ To study how retailers give preference on different trade promotion practices offered by the Bourbon biscuit manufacturer.
- ♦ To identify the factors influencing retailers' preference on trade promotion practices.
- ♦ To offer suggestions to biscuit company and channel partners in applying effective trade promotion practices by the retailers.

5. RESEARCH METHODOLOGY

5.1. Research Design:

The descriptive research methodology is used to conduct the study.

5.2 Sources of Data: Primary data are those which are newly collected and happen to be genuine. The primary data is collected from the retailers of Bourbon Biscuits food products through structured questionnaire.

5.3. Sample Size:

The samples taken for the study is 220. All the respondents were retailers of Bourbon Biscuits in Bangalore city.

5.4. Data Collection

The data will be collected with the help of a questionnaire. The survey will be done at Bengaluru among the retailers. The questionnaire will be designed in a way to collect information about the effect of trade promotion practices and their preference for trade promotion practices of Bourbon Biscuits food products. The respondents will be given options from strongly disagree to strongly agree (Likert Scale) for each question and answer according to their preference towards the trade promotion of Bourbon Biscuits.

5.4. Sampling Method

Convenience sampling method will be used to conduct the study

5.5. Hypothesis Testing

Hypothesis Testing - H_0 : There is no significant difference between trade Promotion and Demographic Factors of biscuit retailers.

Hypothesis Testing - H_2 : There is no significant difference between Trade Promotion and Retailers' Loyalty with Bourbon brand.

5.6. Plan of Analysis

Statistical Package for Social Science (SPSS) tool is used to analyze the data collected for the study. The tools used for the analysis is One way ANOVA, factor analysis and frequency tables.

6. LIMITATIONS

- ♦ A casual conversation was developed to make the respondents answer freely. Hence the

conclusions are based on the conditions and situations that prevailed in Bangalore during this time.

- ◆ For the survey data were collected only from a particular region of Bangalore.
- ◆ The views of the respondents may be biased in nature due to differences in individual opinion.
- ◆ The time limit was less to conduct a detailed study

as the population is very high in the Bangalore region.

7. DATA ANALYSIS AND INTERPRETATION

7.1. Testing of Hypothesis - H_1 - using ANOVA

Hypothesis Testing - H_1 : There is no significant difference between Trade Promotion and Demographic Factors (Retailer Location)

		Sum of Squares	df	Mean Square	F	Sig.
The suggestion of the biscuit brands to customers with TP	Between Groups	6.832	6	1.139	3.185	.005
	Within Groups	76.150	213	.358		
	Total	82.982	219			
Perception on factors affecting customer preference by TP	Between Groups	4.354	6	.726	1.054	.391
	Within Groups	146.641	213	.688		
	Total	150.995	219			
Satisfaction on net margin of Bourbon Biscuits with TP	Between Groups	40.315	6	6.719	1.817	.097
	Within Groups	787.663	213	3.698		
	Total	827.977	219			
Brand preference for sales with TP	Between Groups	3.607	6	.601	.930	.475
	Within Groups	137.752	213	.647		
	Total	141.359	219			
Satisfaction on Credit period allowed with TP	Between Groups	.708	6	.118	.845	.536
	Within Groups	29.742	213	.140		
	Total	30.450	219			
Satisfaction on Display racks allocationalong with TP	Between Groups	8.192	6	1.365	6.942	.000
	Within Groups	41.894	213	.197		
	Total	50.086	219			
Type of outlet	Between Groups	3.750	6	.625	1.596	.150
	Within Groups	83.427	213	.392		
	Total	87.177	219			

Table 1: Trade Promotion (TP) and demographic Variable

Interpretation

From the table.1, it shows trade promotion depends on the variables like the brand preference of the retailer and the ownership of display racks, higher the trade promotion is given more the retailers' brand preference of biscuit. Therefore H_0 is accepted.

7.1. Testing of Hypothesis- H_2 - using ANOVA

Hypothesis Testing - H_2 : There is no significant difference between Trade Promotion and Retailers' Loyalty with Bourbon brand.

		Sum of Squares	Df	Mean Square	F	Sig.
The suggestion of the biscuit brands to Total	Between Groups	4.155	10	.416	1.102	.362
	Within Groups	78.827	209	.377		
	Total	82.982	219			
Perception of factors affecting customer preference by TP	Between Groups	24.209	10	2.421	3.991	.000
	Within Groups	126.786	209	.607		
	Total	150.995	219			
Satisfaction on net margin of Bourbon Biscuits with TP	Between Groups	19.280	10	1.928	.498	.890
	Within Groups	808.697	209	3.869		
	Total	827.977	219			
Brand preference for sales with TP Total	Between Groups	9.815	10	.982	1.559	.121
	Within Groups	131.544	209	.629		
	Total	141.359	219			
Satisfaction on Credit period allowed with TP	Between Groups	4.396	10	.440	2.011	.034
	Within Groups	45.691	209	.219		
	Total	50.086	219			
Satisfaction on Display racks allocation along with TP	Between Groups	4.197	10	.420	1.057	.397
	Within Groups	82.980	209	.397		
	Total	87.177	219			
Type of outlet	Between Groups	6.104	10	.610	2.105	.025
	Within Groups	60.606	209	.290		
	Total	66.709	219			

Table 2: Trade Promotion(TP) and Retailers' loyalty with Bourbon brand

Interpretation

From the table.2, it can be inferred that there is a significant relation between retailers' preference, credit facility and type of outlet and brand loyalty with bourbon biscuits... Therefore, retailers will prefer specific brands and become loyal when more discounts and offers, credit periods, etc are provided.

8. FINDINGS OF THE STUDY

- ♦ The respondents were retailers. The majority of the location of the outlet belongs to Urban and semi-urban areas with 56.4% and 40.9% respectively, a minor percentage of outlets are taken from rural area for this study. Most of the customer outlets of Bourbon Biscuits can be categorized under convenience stores then the customer of Bourbon Biscuit comes under supermarkets, the number of wholesaler customers is less compare to other categories.
- ♦ The display capacity of stores is around 10 boxes because most of the stores are convenience stores it has very less storage capacity, every supermarket has display capacity of 10-50 boxes more than 50 boxes of display capacity are only for wholesale stores. From the study most of the respondents gets 10-20% margin from Bourbon Biscuits products, a minority customers gets more than 20% of margin as non-monetary also.

- ◆ it is clear that every customers of Bourbon Biscuits gets more than 10% of margin. 15 days is the allowed credit period of Bourbon Biscuits , major customers gets 15 days as credit period for payment, a minority gets less than 7 days of credit period and more than 15 days as credit period. The customers responds to 7 days is due to they pays the amount within one week and sometimes it can be extended also. The respondents with more than 15 days credit period are due to their inability to pay the amount.
- ◆ From the study it is found that retailers usually prefer Parle Biscuits to their customers because the retailers have a target to sell the Parle Biscuit products in order to get the additional amount and other offers from the company. Few retailer preferences goes to Bourbon Biscuits as they get a good margin from the products. The trade promotion of munch has less influence on retailers. From the study 43.2% of retailers buy Bourbon Biscuits products because it gives good margin to the customers, 32.3% of the retailers buy Bourbon Biscuits because of the offers and gift provides by the company, 20.9% buys because it has good demand among the customers, retailers have a least preference towards the quality of the products. From the retailer's point of view consumers of Bourbon Biscuits prefer the products because of the taste and flav ors offer by Bourbon Biscuits. From the study it is found that company does not own display racks of the stores.
- ◆ From the one way ANOVA test it is found that that there is a relationship between brand loyalty and brand preference, retailer prefers those brand which they have faith and loyal towards the brand. Trade promotion has a relationship with ownership of display racks brand preference that means ownership of display racks plays a vital role as a trade promotion practices, and trade promotion also influences the retailers in brand preference towards the products.
- ◆ It is found that there are a relation POP displays that display racks, types of outlet, location, storage capacity of outlets capacity. That means we can interpret that location of the outlet and POP is related if the outlet is located in urban areas it needs more POP display settings to grab the attention of customers. display racks and type of outlet also related to the POP display, display rack plays as a point of promotion. It is easy to push the product if the products are kept at the eye level. there is a relation between discounts and offers and location, display rack, customer preference. Preference towards the offer has a relation with the location, if the outlet is located in the urban area prefer more offers for the product.
- ◆ Samples are given and margin, brand preference, type of outlet, location and storage capacity. The stores have a large capacity to store the product helps to buy the new product variant. Brand preference plays a vital role in selecting new products offers by the company. Retailers also prefer the product variants by getting samples with the influence of margin they get from the products. Competitors and margin, location, type of outlets, brand preference, storage capacity have a relation with all these.
- ◆ If the Bourbon Biscuits products give more margin than other competitors the retailers will prefer this brand, and the retailers also prefer this brand if the other nearby retailers have the same products.
- ◆ From the factor analysis, the preference of retailers towards the trade promotion can be classified as Display
 - Product promotion and customer demand
 - Benefits getting from the company
 - Company's effort to increase sales
 - Brand loyal
 - Customer preference

- Competitive advantage
- Promotion strategies
- Discounts offer and samples have given
- Customer and retailers satisfaction

All these can be considered as factors for retailers' preference towards the products.

9. SUGGESTIONS

- ♦ The company should focus on trade promotion practices like ownership of display racks and providing a POP display for retailers to push the products in the market.
- ♦ Should take some kind of advertisement to increase the familiarity to customers as the demand increases from the consumers, retailers preference also increases.
- ♦ The company can give offers or monetary benefits to the retailers for achieving a certain target set from the company side.
- ♦ The company can focus on the give more quantity discounts to those retailers who purchase as bulk quantity.

10. CONCLUSION

From this study, it can find that retailers are willing to buy the products if they get more offers and discounts from the company and the retailers also try to push the product to the customer by setting POP display and another catchy way. A few parts of the retailers buy the products because of the good margin they are getting from the products. More product variants lead the customers to brand preference. The location of the outlet also influences the purchasing if the products. Retailers prefer those types of trade promotion practices which they get monetary advantages that enables manufacturer to maintain rapport with retailers.

REFERENCES

1. Ailawadi, Kusum and Scott A. Neslin (1998) Blattberg, Robert C. and Alan Levin (1987), "Modelling the Effectiveness and Profitability of Trade Promotions," *Marketing Science*, Vol. 6 (2), 124-146.
2. DelVecchio, Devon, David H. Henard, and Traci H. Freling (2006), "The effect of trade promotion on post-promotion brand preference: A Meta-Analysis," *Journal of Retailing*, Vol. 82 (3), 203-213.
3. Gerstner, Eitan and James D. Hess (1991), "A Theory of Channel Price Promotions," *The American Economic Review*, Vol. 81 (4), pp.872-886.
4. Kumar, V. and Robert P. Leone. (1988) "Measuring the Effect of Retail Store Promotions on Brand and Store Substitution," *Journal of Marketing Research*, 25(May) 178-185
5. Ravindran,D., and Venkatesakumar,V.,(2015), "SDM-An Emerging Promotional Tool in Retailing of Softdrinks", *Jamal Academic Research Journal*,60(7) , 41-49.
6. Ravindran,D., and Venkatesakumar,V.,(2017), "Retail Preference of Promotion in Cashless Economy - FMCG Products" *Shanlax International Journal of Commerce*,104(93) : pp. 457-462.
7. Ravindran,D., and Venkatesakumar, V.,(2017), "Differences in Evaluation of Trade Promotional Schemes -A Comparison of Self- Service Stores Vs Non-Self Service Stores". *Asia Pacific Journal of Research* ,17(1): pp. 1-5.
8. Totten, J. and M. Block (1987), "Analyzing Sales Promotion: Test and Cases", Chicago, IL: Commerce Communications.
9. Van Heerde, Harald J., Peter S.H. Leeflang, and Dick R. Wittink (2002), "How Promotions Work: Scan*Pro-Based Evolutionary Model Building," *Schmalenbach Business Review*, Vol 54. (Jul), 198-220.