

A STUDY ON THE EFFECTIVENESS OF SALES PROMOTION IN SELLING FAST-MOVING CONSUMER GOODS IN HYDERABAD

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Abstract

Fast-Moving Consumer Goods (FMCG) constitute one of the most competitive and dynamic sectors in the Indian retail market, characterized by low-margin, high-volume products and intense brand rivalry. In such an environment, sales promotion has emerged as a critical marketing tool used by companies to stimulate demand, encourage trial, and drive short-term sales growth. This study examines the effectiveness of sales promotion strategies, including discounts, price-off offers, free samples, gifts, and buy-one-get-one (BOGO) schemes, in influencing consumer purchase decisions for FMCG products in Hyderabad. The research explores how these promotional tools affect brand switching, purchase quantity, impulse buying, and overall consumer satisfaction within the local retail environment. A descriptive research design was adopted using both primary and secondary data. Primary data were collected through a structured questionnaire administered to FMCG consumers across various retail outlets and demographic segments in Hyderabad, while secondary data were obtained from marketing journals, industry reports, company publications, and credible online sources related to FMCG marketing and consumer behaviour. The collected data were analyzed using percentage analysis, mean analysis, and graphical representation to evaluate the perceived effectiveness of various sales promotion techniques. The findings indicate that discounts and price-off offers remain the most influential promotional tools, followed closely by BOGO offers and free samples, all of which significantly encourage purchase and, in many cases, brand switching. However, challenges such as promotion fatigue, perceived reduction in brand value, and preference for genuinely useful offers over generic discounts continue to affect long-term promotional effectiveness. The study concludes that a well-balanced mix of financial incentives and value-added promotions is essential for FMCG companies operating in Hyderabad to sustain consumer interest and drive profitable sales growth.

Keywords: Sales promotion, FMCG, fast-moving consumer goods, consumer buying behaviour, discounts, free samples, BOGO offers, brand switching, Hyderabad, retail marketing.

I. INTRODUCTION

Fast-Moving Consumer Goods (FMCG) represent a category of products that are sold quickly and at relatively low cost, including items such as packaged food, beverages, personal care products, and household essentials. Given the high level of competition, low brand differentiation, and frequent repeat purchases characteristic of this sector, companies rely heavily on marketing communication and promotional strategies to capture consumer attention and drive sales volume. Among the various marketing tools available, sales promotion has become one of the most widely used

and immediately impactful methods for stimulating short-term demand.

Sales promotion encompasses a range of short-term incentives designed to encourage the purchase of a product or service, including discounts, price-off offers, free samples, gifts, coupons, and buy-one-get-one (BOGO) schemes. Unlike advertising, which primarily builds long-term brand image and awareness, sales promotion is typically aimed at generating immediate action, whether that be trial of a new product, increased purchase quantity, or a switch from a competitor's brand. In the FMCG sector, where consumer loyalty is often price-sensitive and purchase decisions are frequently

made at the point of sale, promotional strategies play a particularly significant role in shaping buying behaviour.

Hyderabad, as a rapidly growing metropolitan market with a diverse consumer base spanning multiple income segments and shopping preferences, presents a valuable context for examining the effectiveness of FMCG sales promotions. The city's retail landscape includes a mix of traditional kirana stores, organized supermarket chains, and online grocery platforms, each employing varying promotional strategies to attract and retain customers. Understanding how consumers in this market respond to different types of promotions can provide valuable insights for FMCG companies seeking to optimize their marketing spend and promotional mix.

Despite the widespread use of sales promotions, their effectiveness is not uniform across all consumer segments or promotional types. Factors such as promotion frequency, perceived value, product category, and consumer income level can significantly influence how responsive individuals are to specific promotional tactics. Additionally, excessive reliance on discount-based promotions can lead to promotion fatigue, erosion of brand equity, and reduced consumer willingness to pay full price once promotional periods end. Understanding these nuances is essential for FMCG companies to design promotional strategies that drive sales without compromising long-term brand value.

Therefore, this study aims to examine the effectiveness of various sales promotion strategies in influencing the purchase decisions of FMCG consumers in Hyderabad. The research focuses on evaluating consumer awareness, perceived effectiveness, and satisfaction with promotional tools such as discounts, free samples, gifts, and BOGO offers. The findings of this study are expected to provide valuable insights for FMCG marketers, retailers, and researchers in designing more effective and sustainable sales promotion strategies tailored to the Hyderabad market.

Research Objectives

The primary objective of this study is to examine the effectiveness of sales promotion strategies in selling fast-moving consumer goods in Hyderabad. The study aims to evaluate consumer awareness of various promotional tools, including discounts, price-off offers, free samples, gifts, and BOGO schemes, currently employed by FMCG companies. It seeks to assess the relative effectiveness of these promotional strategies in influencing purchase decisions, encouraging brand switching, and driving impulse buying among consumers. The research also aims to identify the key challenges affecting the long-term effectiveness of sales promotions, including promotion fatigue and perceived erosion of brand value. Furthermore, the study intends to provide practical recommendations for FMCG companies and retailers to design more effective, balanced, and sustainable sales promotion strategies that enhance consumer engagement and drive profitable sales growth in the Hyderabad market.

Research Methodology

This study adopts a descriptive research design to examine the effectiveness of sales promotion strategies in selling FMCG products in Hyderabad. The research is based on both primary and secondary data. Primary data are collected through a structured questionnaire administered to FMCG consumers across various retail formats, including kirana stores, supermarkets, and online grocery platforms, within the Hyderabad metropolitan area. The questionnaire focuses on various aspects such as awareness of sales promotion schemes, effectiveness of discounts and price-off offers, influence of free samples and gifts, impact of BOGO offers, and overall satisfaction with FMCG sales promotions. Secondary data are collected from marketing journals, industry reports, company publications, and credible online sources related to FMCG marketing and consumer behaviour.

A convenience sampling technique is employed to select the respondents, with a sample size of 130 respondents for the purpose of analysis. The collected data are organized, classified, and analyzed using statistical tools such as percentage analysis, mean analysis, and graphical

representations including bar charts and pie charts. The analysis helps evaluate the perceived effectiveness of various sales promotion tools and identifies the factors that most significantly influence consumer purchase decisions. Based on the findings, appropriate recommendations are provided to help FMCG companies and retailers design more effective and sustainable sales promotion strategies for the Hyderabad market.

II. REVIEW OF LITERATURE

1. Title: Sales Promotion and Its Impact on Consumer Buying Behaviour

Authors: Kotler, P., & Keller, K. L. (2016)

Abstract: This study provides a foundational framework for understanding sales promotion as a component of the marketing mix, examining its short-term and long-term effects on consumer buying behaviour. The authors highlight that sales promotions such as discounts and coupons are highly effective at generating immediate purchase action but may not build lasting brand loyalty. The study concludes that sales promotion should be strategically balanced with brand-building activities.

2. Title: The Effects of Sales Promotion Techniques on Consumer Buying Behaviour Towards FMCG Products

Authors: Nagar, K. (2009)

Abstract: This research examines the effectiveness of various sales promotion techniques, including price discounts, free gifts, and premium offers, on consumer purchase behaviour for FMCG products in the Indian market. The findings indicate that price-based promotions have the strongest immediate impact on purchase decisions, while premium offers are more effective for building brand engagement. The authors emphasize the need for product-category-specific promotional strategies.

3. Title: Consumer Response to Sales Promotion in Emerging Markets

Authors: Palazon, M., & Delgado-Ballester, E. (2009)

Abstract: This study investigates how consumers in emerging markets respond to different types of sales promotions, including monetary and non-monetary incentives. The findings reveal that monetary promotions such as discounts generate stronger short-term sales response, while non-monetary promotions such as free samples build stronger long-term brand attitudes. The authors conclude that a mix of both promotion types yields optimal results.

4. Title: Impact of Sales Promotion on Brand Switching Behaviour

Authors: Gupta, S. (1988)

Abstract: This research examines the role of sales promotion in encouraging brand switching among FMCG consumers. The findings indicate that price promotions significantly increase the likelihood of consumers switching from their regular brand to a promoted alternative, particularly in low-involvement product categories. The author highlights those repeated promotions can, however, lead to reduced brand loyalty over time.

5. Title: Sales Promotion Strategies and Retailer Performance in the FMCG Sector

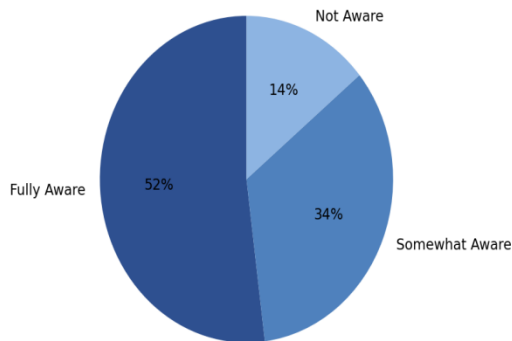
Authors: Blattberg, R. C., & Neslin, S. A. (1990)

Abstract: This study analyzes the relationship between sales promotion strategies and retailer sales performance in the FMCG sector. The findings indicate that well-timed and well-targeted promotions significantly boost short-term sales volume and store traffic. The authors conclude that excessive or poorly planned promotions can erode profit margins and diminish long-term brand equity if not managed strategically.

III. DATA ANALYSIS & INTERPRETATION

1. Awareness of Sales Promotion Schemes

Awareness of FMCG Sales Promotion Schemes



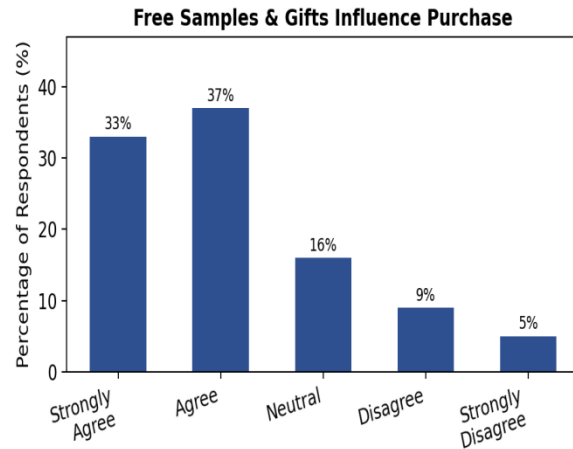
Interpretation: 52% of respondents reported being fully aware of the sales promotion schemes offered on FMCG products, while 34% were somewhat aware and 14% were largely unaware. This indicates a generally high level of promotional awareness among Hyderabad's FMCG consumers, though a segment of the market remains under-informed.

2. Effectiveness of Discounts & Price-Off Offers



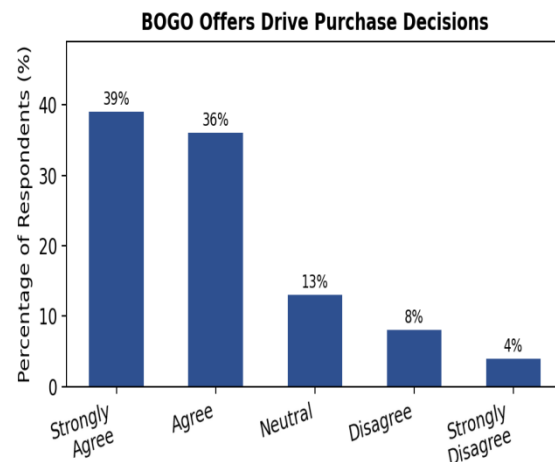
Interpretation: A combined 74% of respondents rated discounts and price-off offers as effective or highly effective in influencing their purchase decisions, while only 12% found them ineffective. This confirms that price-based promotions remain the single most impactful sales promotion tool for FMCG products in the Hyderabad market.

3. Influence of Free Samples & Gifts



Interpretation: 70% of respondents agreed or strongly agreed that free samples and gifts positively influence their decision to try or purchase an FMCG product, while 14% disagreed. This highlights the effectiveness of trial-based promotions in encouraging consumers to experiment with new or unfamiliar brands.

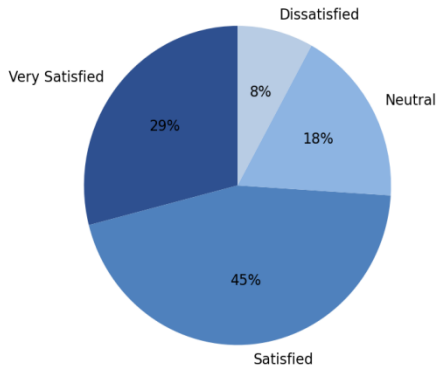
4. Impact of Buy-One-Get-One (BOGO) Offers



Interpretation: 75% of respondents agreed or strongly agreed that BOGO offers significantly influence their purchase quantity and brand choice, while only 12% disagreed. This reinforces that value-driven bundled offers are highly effective at increasing basket size and encouraging bulk purchases among FMCG consumers.

5. Overall Satisfaction with Sales Promotions

Satisfaction with FMCG Sales Promotions



Interpretation: 74% of respondents reported being satisfied or very satisfied with the sales promotions offered on FMCG products, while 8% expressed dissatisfaction. This indicates strong overall consumer approval of current promotional practices, with a small segment desiring more relevant or higher-value offers.

IV. FINDINGS

The findings of the study reveal that sales promotion plays a significant role in influencing the purchase decisions of FMCG consumers in Hyderabad. Most respondents indicated that discounts and price-off offers are the most persuasive promotional tools, driving immediate purchase action and, in many cases, encouraging a switch from their regular brand to a promoted alternative. The study also found that free samples and gifts are particularly effective in encouraging trial of new products, while BOGO offers strongly influence purchase quantity and perceived value for money.

The study further identified several challenges affecting the long-term effectiveness of sales promotions, including promotion fatigue resulting from excessive or repetitive discounting, a perceived reduction in brand value associated with frequent price cuts, and a preference among some consumers for promotions offering genuine additional value rather than generic price reductions. Respondents emphasized the

importance of well-targeted, relevant, and appropriately timed promotions over blanket discounting strategies. Overall, the findings indicate that a strategically balanced mix of monetary and non-monetary sales promotion techniques is most effective in driving sustained FMCG sales in the Hyderabad market.

V. CONCLUSION

The study concludes that sales promotion is a highly effective and widely influential marketing tool in driving the purchase of fast-moving consumer goods in Hyderabad. The findings indicate that price-based promotions such as discounts and price-off offers exert the strongest immediate influence on consumer purchase decisions, while non-monetary promotions such as free samples and gifts play a valuable role in encouraging product trial and building brand familiarity. Bundled offers such as BOGO schemes further enhance perceived value and encourage higher purchase volumes.

The study also concludes that the long-term effectiveness of sales promotion depends on maintaining a careful balance between short-term sales stimulation and long-term brand equity preservation. Although challenges such as promotion fatigue and consumer scepticism towards frequent discounting remain, these can be addressed through more targeted, creative, and value-added promotional strategies rather than reliance on generic price cuts alone. Overall, the research demonstrates that FMCG companies and retailers in Hyderabad can achieve sustainable sales growth by adopting a well-diversified sales promotion mix that balances immediate consumer appeal with long-term brand health.

VI. FUTURE SCOPE

The scope of this study can be extended in several directions to develop a more comprehensive understanding of sales promotion effectiveness in the FMCG sector. Future research could incorporate a larger sample across multiple cities beyond Hyderabad to compare regional variations in consumer responsiveness to different types of promotions, given that cultural and economic

factors may significantly influence promotional preferences across markets. Longitudinal studies tracking actual purchase data, rather than self-reported perceptions, would provide stronger evidence of the real sales impact and return on investment of specific promotional campaigns over time. Further investigation is also needed into category-specific promotional effectiveness, comparing how promotional responsiveness differs across food and beverage, personal care, and household product segments within the FMCG basket. Additional research could explore the growing role of digital and app-based promotions, including personalized discounts and loyalty program integration through e-commerce and quick-commerce platforms, which are rapidly transforming FMCG retail in urban markets such as Hyderabad. Finally, future studies could examine the psychological and behavioural mechanisms underlying promotion fatigue, helping companies design promotional calendars that sustain consumer interest without eroding long-term brand value.

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