

# CHAPTER - 1

## INTRODUCTION

### 1.1 Background

In the world business is becoming complex day to day . Competition in every sector is increasingly high . In this situation, companies; especially manufacturing companies find the situation very tough to sell their product in the market smoothly. So, the businessmen are using various tools and techniques to sell their products.

Nepal is a small, developing country sandwiched between two large countries china and India. It has a lot of problems as well as prospectus too. After the establishment of democracy in 1951, new industries emerged and production quality also increased. It is positive indication for the nation because it helps in the economic development of the nation. Different types of industries are producing different products to fulfill the diverse needs of the consumers. Production of goods and services only, does not guarantee success in business world. When the goods have been produced people must be communicated about the products and persuade them for their acceptance. People do not accept the product unless they realize about the benefits from the usage of the products. This offering of the products or services to the consumers is only possible through promotion and publicity. Sales do not occur automatically but has to be pushed towards the consumers through the use of different tools of the promotion blend.

Today market is growing so rapidly due to globalization, privatization and liberalization process .Not only this much they have made a world wide pressure on planner and policy maker to design to rapid growth. Market was growing means that a plentiful of supply of new customers and company could attract those new costumers without worrying of losing old ones. But now competition is tough and market is sophisticated and companies are facing some marketing realities.

In such situation, whether if it is to retain their current customers or to attract new one, there is need to apply promotion tools. Sales promotion is a one of the promotional tools which is a very popular marketing technique is becoming a very popular among the manufacturers. The concept of consumer promotion /sales promotion is not new. This technique is being used by the manufacturers since as early as 19th century. This technique for the first time was used by John H. Paltan of United states, a founder of the National cash Register Company. He thinks that sales of the product can be increased if monetary advantages are given to the consumers. Since then the technique, consumer promotion is being used by many companies. Several researches have been conducted by experts on consumer's promotion. The conclusions derived by them showed that the consumers get attracted and act to buy the product if extra advantages are given to them with the product. These activities of consumers forced manufacturers to make frequent use of different new and attractive promotional tactics. In fact in any business cost of inventory rates and sky rocketing cost of raw materials. So, the manufacturers want the fast sales of their products. For this, they always seek new techniques and ways to sell their products. Sales promotion has come as a panacea for all before-said marketing problems.

A review of sales promotion as conceived here suggested that it is an important sector of marketing activities the amount allocated to sales promotion often is hidden in advertising budget, field sales budget and various kinds of service funds. Nevertheless, studies indicate that manufacturer spend as 50% of their marketing-money on sales promotion. As example of the amount of money spent for sales promotion, the following are indicative: A leading food manufacturer spent \$42million in media advertising plus and addition \$54million in sales promotion activity. A leading radio and television manufacture budget 80% of its promotional budget for sales promotion activities. So importance of sales promotion is increasing day by day.

Many businessmen opine that there are not any fundamental differences between advertisement and consumer promotion. Very few business

organization, which are supported to be leading organization in Nepal, who are applying this (sale promotion) marketing tools for promotion of product. For example: instant noodles, tea, bear, cold drink etc. Sales promotion is very important to attract consumer towards the product in a highly competition market.

## **1.2 Meaning**

The term sales promotion is widely used In business but with a great confusion to some business met it is synonymous with the entire marketing function while to other only a minor activity related to either personal selling or advertising. Different scholars have defined as sales promotion different. Sales promotion may be defined as any device or arrangements that are not formally classifiable as advertising, personnel selling or publicity, used by a firm at some cost intended to draw the attention of potential buyers to its products and services. Consumer promotion basically concentrated on the consumer to buy products. The promotion activities are mostly short-term, designed to stimulate quicker and /or greater purchase of product/ services by consumers.

Sales promotion is fairly broad term embracing a variety of marketing techniques .The price purpose of sales promotion is to stimulate sales; but the activities also include methods of introducing new products or consolidating the market, for example, by providing good after sales services.

For our purpose, sales promotion is define as those activities that supplement personal selling, advertising and publicity, coordinates them, and helps to make them more effective. It concludes relationship between a manufacture and his consumers intended to assist them in purchasing more intelligently and to maintain customer satisfaction with his products thereby stimulating further sales.

Some marketing men describe the differences between sales promotion and advertising "brings the consumer to the product" whereas sales promotion " brings the products to the consumer " in the other words, advertising aims at creating a demand even before the consumer enters shop while sales promotion

will generally seek to make the product more interesting and attractive once the consumer sees it. Most sales promotion activities take place at the point of sales. So advertising is essentially a method of influencing customers indirectly through public media, while sales promotion is regarded as a direct method in the sense that it usually presents the products directly to the consumer.

**Advertisement:-** A messages composed gy the advertiser to persuade whoever it to accept an idea, buy a product or take some other action desired.

**Sales promotion:-** A promotion of limited duration or not the encourages sales by alteration of the price or received value of product.

As a whole, the clear distinction can be made on the basis of durational In fact,the sales promotion's effect is very short term in mature whereas advertising is made to make a long effect on consumers. So the sales promotion is different from advertisement.

### 1.3 Ways of promotion/Mode/Terminologies

As a sales promotion is being frequently done to boost the market sales for consumer product the manufactures select various ways of promotion. It the mot true that one way mode of consumer is used on only type of product, in contrary, manufacturers use the mode of promotion according to the consumers demand and other factors. Generally the following mode/ways of consumer's promotion are on use:-

- ) Displays
- ) Premiums
- ) Sampling
- ) Price of rebates
- ) Fashion show of parades
- ) Exhibition cum sales
- ) Advertising specialties

) Rebates

) Coupons

The discussions in brief of above modes are hereunder:-

1. Displays:- Any displays at shop which offer the product in reduction price is know as 'displays'.
  2. Coupons:- A coupons is assurance provided by the manufacturer to the consumer which contains a promise from manufacturer that the prize is awarded if demanded, in any retail outlets showing that coupon.
  3. Premium:- Premium is an offer of a specific product without cost or even reduced price if consumer makes a certain level of purchase of that product.
  4. Samplings:- Sampling is word refers to the free distribution of the product to have taste of that product on trial basis.
  5. Price off:- This is an offer given by the manufacturers of the product to its consumer if consumer if consumers make purchase of same product. They get the size, height, of the product in cheap price.
  6. Fashion shows and parade:- This is an demonstration of the product by the manufacturer where consumer has multiple choice of the product and consumer get the product In discounted price.
  7. Exhibition-cum-sales:- This is a demonstration of the product by the manufacturer where consumer has multiple choice of the product and consumer get the product in discounted price.
  8. Advertising specialties:- Specialty advertising offers articles of merchandise and some typical gifts as pen, T-shirts etc. to the users. Manufacturers use these techniques with many objectives for example on the occasion of opening branch or new product launching or in the anniversary of the company or the product. These techniques are not proper for mass propaganda but can be on a supplement for other tool.
- This way the manufacturer use suitable tools of promotion. The tools modes of promotion are not constraint but promotion can develop new according to the needs and necessity of the manufacturers or the products.

#### **1.4 Introduction of Nepal bottlers Ltd.(NBL Coca-cola)**

Bottlers Nepal Ltd. is a leading private sector company working in Nepal. It was established in 1979. It was initially established as private company and later converted to public limited in Nepal stock exchange on 1986A.D.(2043/07/19B.S.) It first distributed its shares to public through NIDC capital market. The numbers of issued shares are 3700000. This company earns highest profit in fiscal year 2052/53 of Rs.15.6 million.

NBL is product different types of products. It started production on 1984. Its initial production capacity was 80 bottles per minute which was later increased and from 1986 240 bottles per minute. The principle activity of NBL is to manufacture and sale soft drink under the registered trademark of coca-cola company, USA and still It is getting same help from that company. The company continued to invest heavily in expanding the domestic business. The company has products of truly international standard.

The company provides employment to 182 to above Nepalese citizens and indirect employment for 2000 peoples through its network of supplier, distributors and local agencies. There have been many innovative have also been focused on building long-term equity for brands.

#### **1.5 Statement of the problem:-**

Nowadays, Nepalese cold drink market is very competitive cold drinks are available in the market. They all want to achieve the high market and go ahead than competitors. From this purpose they spend large amount of money for advertisement and sales promotions. Only advertising Is not working these days, various brands of cold drinks available in Nepalese market.

Consumers have many options to choose their favorable brand. The producers find very tough to sell their products. So they started to use sales promotion techniques to capture large market share.

Nepalese management is still in underdevelopment stage. Manufacturers can not say definitely that their promotion is effective or not. What are the impact being seen in the sales of cold drinks due to the use promotion? It is also very important to know that what sort of tools is effective to enlarge the market share. The present study is trying to answer all above questions.

### **1.6 Objective of the Study:-**

Sales promotion concept is new in Nepal. There is lot of things to search and find out the practice of sales promotion. The following are the main objective of the present study.

1. To find out which promotion tools are widely practiced by Nepalese business organizations.
2. To evaluate the impact of sales promotion activities in sales of Coca-cola Kathmandu.
3. To evaluate and analyze the relationship between sales promotion package and consumers behaviors towards Coca-cola in Kathmandu.
4. To recommend future course of actions for related organization.

### **1.7 Significance of the Study:-**

Today's market has become very competitive because of globalization, whether marketers are facing the problem of not getting target market share, over stocking and competition. Different types of product with a large number of alternative brands are available in Nepalese cold drink market. In this situation sales promotion is one of short-term incentive tools which helps to increase sales and achieve target in the Nepalese market, There are different brand of cold drinks such as coca-cola(coke, fanta, and sprite) every brand have own

promotion strategy for increasing the sales. But there is not fixed define sales promotion tools will be suitable. So there is need to find out the impact of different sales promotional tools to increase sales of cold drinks.

The finding of these study may provide guideline for making strategies of successful marketing activities and sales related activities. These study also provides valuable references to the students and researchers who are in tested in conducting further researchers of sales promotion.

### **1.8 Limitations of Study:-**

This research would be conduct for only study purpose. The research to be done by a student has very limited time and resources. This study will be combined with In Kathmandu. So it may be giving the all Nepalese cold drink market. The sample size will be taken for this study is small in comparison to the population of the study.

### **1.9 Organization of the Study:-**

According to the generally prescribed format this study has been organized into five different chapters.

Chapter I	: Introduction
Chapter II	: The review of literature
Chaprer III	: The research methodology
Chapter IV	: Analysis and Interpretation
Chapter V	: Summary, conclusions' and recommendations

The first chapter deals with the introduction that includes background, meaning, ways of promotion, stateme3nt of the problem; objective of the study ; organization of the study.

The second chapter is for literature review, this chapter, discusses about the theoretical concepts of sales promotion.



In the research methodology chapter, methodology employed in the present study is described. This chapter includes introduction, research design, nature and source of data, population and sampling data collection procedures: Data processing, tabulation and data analysis technique.

The fourth chapter is the pivotal chapter of this study. This chapter deals about the presentation, tabulation interpretation and analysis if data. This chapter also presents major findings of the study.

In the last chapter, we present the summary of the study, conclusions and suggestion and recommendation.

## CHAPTER - 2

### REVIEW OF LITERATURE

#### 2.1 Concept of sales promotion

Promotion is an element in an organization marketing mix that serves to inform, persuade and remind the market of the organization or its products. Basically promotion is an attempt to influence whether a particular promotion activity is designed to inform, persuade or remind. The ultimate objective is to influence the recipient's feelings, belief or behavior. In our socio-economic system, this is not only acceptable but has become essential as the whole modern marketing world is passing through cut-throat competition. Demand will grow. But these days it is believed that if a company can retain its current customers and build a lasting relationship, its demand will automatically grow.

Whether it is to attract a new customer or the one, promotion played a vital role. As the marketing grew larger and the number of customers increased along with the innumerable number of products in the market, the importance of attracting them grew. In such a situation, different methods of promotion like sales promotion can help a lot. Similarly, in a case when a company needs to retain its current customers in this competitive market, they need to be reminded with the products' presence through advertisements and other means of promotion time and again. So promotion is a supporting component in a marketing mix.

Promotion has its own objectives and functions. Basically, promotion has three objectives which play a vital role in the marketing of any products. This direct contact in personal selling is a method which is different from other forms of promotion.

- a. Informing
- b. Persuading
- c. Reminding

**Informing:** One of the most important objectives of promotion is to inform consumers about the usage, benefits and features of the product.

The information may include the name and address of the advertiser or the seller also. If a new product is to be launched, pre-information may be communicated to the consumers in the market.

**Persuading:** Only informing the consumers about the products may not influence the consumers towards the products. In order to influence them, the advertiser must be able to assure consumer satisfaction. In a competitive market, communication to the consumer is very important, This type of communication is known as persuasive communication.

**Reminding:** The advertiser can not rest after communicating the information about the product consumer may forget about the availability of the product in the market. So the advertiser should repeat the communication process to remind consumer that the product are still available and can still fulfill their desires. The major reason of reminding consumers is to retain their preference for the products.

For the purpose of effective marketing, it is imperative that there are promotion efforts from the side of the advertiser. The advertisers aspire to check their performance by promoting their products in the competitive market.

A product can be presented and promoted in a variety of ways and advertising is one of them. Advertising as compared to other aspects of promotion, reaches a large group of consumers through the vehicles of mass communication, the advertisement message is directed towards a large group of services who are scattered in different markets. It is a decisional factor for the marketing manager to blend all promotion tools like advertising, personal selling, publicity and sales promotion to arrive at a right promotion mix. Each element of the promotional tools has its unique characteristics and each is complementary and supplementary to each other.

**Advertising:** Advertising is non-personal presentation of marketing message through various Medias such as newspapers, magazines, cinema, outdoor posters and signs, direct mail, radio, television catalogues etc.

Advertising is both a means of communication as well as an important tool of promotion. Communication is an integral part of daily life of the human being. In the business world, effective transmission of communication is a vital need. A manufacture needs to communicate with the present and potential consumers. He has to have information about the market relating to what terms. With this information, he could inform the consumers about the availability of the products. In absence of this information, producer can not produce as per the demands of the consumers who will only buy the products they already know.

Advertising is one of the important tools of promotion and it is also the most important aspect of marketing programmed. The products offer benefits and distributors create place utility.

Price indicates the value of the products and promotion communicates these aspects to the potential buyers. "Promotion is any form communication used by a firm to inform, persuade or remind people about its product, services. Image, ideas, community involvement or impact on society."

Similarly, "Promotion is the element in an organization's marketing mix that serves to inform, persuade, and remind the market regarding the organization's product and services."

**Personal selling:** Personal selling uses salesman to communicate verbally with the prospective customers. In addition salesmen many use various means like the telephone, mail internet E-commerce or other Medias to send receive message. The basis of personal selling is the face to face presentation between the salesman and the customer.

**Sales promotion:** It covers other sales activities that supplement the function of personal selling and advertising. It includes displays, shows and exhibition demonstrations, sales contests samples and other activities which are usually non-recurrent in nature but it is geared to generate new sales and create market demand.

**Publicity:** Publicity is that form which cultivates good-will towards products or creates company image. To gain good-will, advertiser should supply the media with interesting news items about a company or its products which has commercial significance involving non-payment for space or time given by such media. Evaluation the various tools of the promotional bend this study tries to answer, what role dies advertising play in the promotion of two products VIZ coca-cola product by bottlers Nepal and Pepsi cola produced by Pepsi-cola co. Ltd.

Sales promotion is one of the most useful and result oriented technique in business. Different executives are applying various sorts of sales promotion tools. First, they research about target consumers need, demand, interests and habits. For this we make clear concept about consumer buying behavior research as separate department. For clear about sales promotion and consumer buying behavior we can analyze various definitions about it.

"Sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and /or greater purchase of particular products/ services by consumers or the trade".<sup>1</sup>says Phillip Kotler in his book "Marketing Management". In fact sales promotion works as a quick stimulator, which stimulates the consumer on the trade to buy the particular products. The tools of sales promotion vary from the consumer and product to product. Same

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<sup>1</sup> Kotler Philip, Marketing Management, prentice Hall of India Pvt. Ltd.,New Delhi, 1997, p.630

nature of sales promotion could not be used in the product. Likewise, same tools of sales promotion might not be effective to all the consumers and markets.

Phillip Kotler further describes, "Companies uses sales promotion tools to create a stronger and quicker response. Sales promotion can be used to dramatize product offer and boost sagging sales. Sales promotion effects are usually short run brand preferences"<sup>2</sup>. He has rightly quote that any promotion aims at getting quicker response. In real promotions are very short run Manufactures use promotions if they want to change their sales within very short time period.

Frank Jefkins says in his book "Advertising today", "Sales promotion is sometimes described as the bridge between advertising and sales"<sup>3</sup>. In real sales promotion have a method of making communication other then advertising and personnel selling. Although in marketing communication mix, the entire element like advertising, personal selling, publicity and sales promotion come together. However, sales promotion activities are entirely different from those all.

C.B Mamoria and R.L joshi in this book "Principles of practice of marketing in India" described as the objectives of sales promotion as" Sales promotion serves as a bridge between advertising and personal selling and it supplements an coordinates efforts in these two areas "<sup>4</sup>. In modern time, the importance of sales promotion has increased tremendously. Sales promotion device are often the only promotional materials available at the point of purchase. Advertising

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<sup>2</sup> Ibid No. 1

<sup>3</sup> Jefkins Frank, Advertising today, International Textbook company, Glas Glow, 1998,p.258.

<sup>4</sup> Mamoria C.B.and Joshi. R.L. Principles and Practice of marketing in India. Kit a Mahal Allahabad, 1982, P. 274.

media reach the consumer at their homes, office or while in travel and they many soon be forgotten but sales promotional devices at the point of purchase remind or stimulate the consumer to make purchase promptly on the spot.

"Sales promotion refers to activities of a non recurrent nature which is used to reinforce personal selling and advertising for stimulating consumer purchasing and dealer.

Royer A. String has give the reasons why the promotion is increasing or why more and more manufactures spending more on consumer promotion, written in his article "Sales promotion- fast growth, faulty management" as "Failure to analyze or effectively management promotion spending will prove damaging because promotion likely to remain an important elements in marketing strategy. The executive interviewed cited a number of reasons, reflecting both internal and external factors. For the growth in the area" Pointing some of reason he further describes.

### **Internal Developments**

1. Promotion has become more acceptable.
2. More executives are better qualified.
3. The product manager looks for quick returns.

Actually, what happens if some rebate is given, the people will pay their bill on time? This has been successfully used by our public enterprises. Likewise, executives also convinced with the effectiveness of the consumers promotion.

### **External Changes**

1. Brands have increased in numbers.
2. Competitors are becoming promotion minded.
3. Economic conditions have been troubling.
4. Trade pressure has grown<sup>5</sup>.

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<sup>5</sup> Steang, Robert A. Sales Promotion. Fast Growth Faulty Management. Harvard Business Review, July- Aug. 1976, USA, p.321

Wilkinson, Mason and Paksoy (1982) systematically compared the impact of varying levels of price reductions, display and promotion on the sales of our products in one store of a large supermarket chain. They established that prime level and display level offered the strongest impact. Other studies on the price elasticity of various goods in the market, Hawkins 1957 have found that there is usually a significant but unpredictable effect on unit sales from a price promotion<sup>6</sup>. In this way, the conclusions of the different researchers are varying. Looking into the variation Kenneth H. Hardy draws the summary of this study, in his article " Key success factors for manufactures" sales promotion in package goods published in journal of Marketing (July 1986) as "the only definite conclusion from most of the studies is that prices deals have some impact on sales in the short run but no disturbing effect beyond its actual duration"<sup>7</sup> (Charton and Enrenbery 1976). In his article published in Havard Business Review, Roger A Strang says "Since the late 1961, expenditures in the united states on sales promotion have been greater than those advertising and have been growing at a faster rate as well"<sup>8</sup>

In the short run, the proliferation of monetary promotion erodes capacity to rent market share, which explain why so many are unprofitable (Abraham and Lodish 1990, Kahan and Mc Aliste 1997). In the long run, it is feared that sales promotions increase price sensivity and destroyed brand equity- both with retailers and consumers (Mela Gupta and Lehmann, 1993)<sup>9</sup>.

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<sup>6</sup> Magnus Seipel, Carl, Premium Forgotten by Theory, of Marketing, April 1971. USA, p.532

<sup>7</sup> Hardy, Kenneth G. Key Success Factors for Manufacture's Sales Promotion in Package Goods. Journal of Marketing, Vol. 50, 9<sup>th</sup> July 1986,USA, P 274.

<sup>8</sup> Ibid, No.1.

<sup>9</sup> Journal of Marketing, vol.64. Number 4(October, 2000), p.56.



Most analytical and econometric models of sales promotion simply assume that monetary saving is the only benefit that motivates consumers to respond to sales promotion (Blattberg and Neslin 1993)<sup>10</sup>.

They divide promotion into short run and long run. In short run monetary promotion is effective and in long run non-monetary promotions, tools are effective to retailers and consumers.

Besides sales promotion, there are other various tools in promotion mix i.e. advertising, publicity, personal selling. To clear about sales promotion we most know about other promotional mix tools because sales promotion is one of them. So there are some definitions, which make clear about relations and difference to them.

Parasar Koirala describes the difference between sales promotion and advertising in his book "Sales promotion and advertising differ in terms of objectives as well as the frequency, duration and purpose of users. Advertising informs, persuades and reminds the target market, whereas sales promotion goes to encourage purchase by the brand loyal consumers and attracts new and competitors' brand users. For effective sales promotion are required creative talent, time and money. It becomes expensive with frequent operation, while excess sales promotion with respect to a branded product may hurt that product's brand image. Advertising creates awareness in the market place and may be repeated several times to acquaint and remind the target market. Thus, advertising is designed to create an image or to carry a sales message about a product or the consumer, while sales promotion is an

activity used to generate and immediate sales of the product or service."<sup>11</sup>

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<sup>10</sup> Ibid, No.1.

<sup>11</sup> Koirala Parasar. Sales Promotion in Nepal, Policies and Practices. Nirala Publication. New Delhi. 1991,p.21.

"Sales promotion and advertisement are two distinct area of marketing every thought the both tools sometimes, used for the same purpose. To get maximum return out of both, the use of sales promotion and advertising may or should lead different situation. In other words both sales promotion and advertisement should be used according to the situation because sometimes advertisement may be more effective than the promotion likewise; these might be lot of situations when the promotion can not yield fruitful results." <sup>12</sup>We can say that both sales promotion and advertisement leads to maximum return by increase sales but differ in terms of objectives as well as frequency, duration and purpose of uses.

Edward M. Mazze says in his book "Personal selling" as " the objectives of sales promotion and personal selling are different sales promotion is as supporting activity to influence consumer buying and to attract them, whereas personal selling aims at selling and makes efforts to match selling with buying sales promotion uses the sales force for a highly selection form of communication that is to educate the trade channels about the product and to help in display and exhibition. Personal selling ids used to build up buyers preference, convection and action."<sup>13</sup>

"Sales promotion is occasional in nature which attracts the consumers to the point of purchase and encourages them to purchase more through incentive offers. Whereas sales personal visit the target market and educate then about the benefit and use of products and services as a promotion concentrate on a specific brand for specific period of time. Sales people have never been involved with the retailer's promotion needs or with building a solid business relationship between the company and retailer and they prepared, apparently to

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<sup>12</sup> Ingene Charles A. and Levy Michael. Cash Discounts to Retail Consumers and Alternative to Credit and Sales, Journal of Marketing, Spring, 1982,p.62.

<sup>13</sup> Edward M. Mazze. Personal Selling; choece against Chance St. Paul, West Publishing Company, 1990,p.321.

do so."<sup>14</sup> Says Bud Frankel and H.W. Phillips in his book "Your advertising Great.....How business? In conclusion, we can say that personal selling is more effective in the case of highly selective brands which san penetrated the market through opinion leaders. At the point of purchase a trained sales personal can impress more customers than an amateur individual.

Parasar Koirala writes the difference between sales promotion and publicity in his book "Sales promotion in Nepal that "publicity and sales prom0tion so not together. A non-controlled media is coincident with an event. It is an additional voluntary effort for sales promotion, which can improve the image of a product or service to the people. So, please them, public relations officers tries to make the bridge of media publicity. If it becomes paid promotion, the image of publicity is killed and will be an element of advertising, So publicity can be an element of promotion mix but not an element of paid or controlled promotion mix."<sup>15</sup> In fact, we can say that publicity is non-paid promotional tool. It expected to promote brands, products, persons, places, ideas, activities and organization.

There are many tools/mode of sales promotion available in market. However, it is mot necessary that the same tool is equally effective to all the products or the consumer. Many author have been described the term Phillip Kotler in his book "Marketing Management" says, "The min consumer promotion tools include samples, free trails, products warranties, tie-ins and point of purchase displays and demonstration"<sup>16</sup>. Phillip Kotler describing individual tools as:

### **1. Sample**

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<sup>14</sup> Bud Frankel and H.W.Philips:Your Advertising Great..... How is Business?" Homewood Illinois,Dow jones Irwin 1986,p.171.

<sup>15</sup> Koirala, Parashar, Sales promotion in Nepal, Policies and Practices. Nirala Publications. Jaipur. New Delhi,1991,p.22

<sup>16</sup> Ibid, no.1.

Samples are offer of a free amount or trail of a product to consume. The sample might be delivered door to door, sent in the mail, picked up in a store, found attached to most expensive way to introduce a new product.

## **2. Coupons**

Coupons are certificates entitling the bearer to a stated saving on the purchase of a specific a product. Coupons can be mailed, enclosed in or on other products or inserted in magazines and newspapers ads.

## **3. Cash Refund offers (Rebates)**

Cash refund offer (rebates) is as coupons expect that the price reduction occurs after the purchase rather than at the retail shop. The consumer sends a specified proof of purchase to manufactures, which in turn "refunds" part of the purchase price by mail. Cash refunds have been used for major products such as automobiles as well as for package goods.

## **4. Prizes:-**

Prizes are offers of the chance to win cash, trips, or merchandise as a result of purchase something, Pepsi-cola offered the chance to win cash by matching numbers under the bottle cap with numbers announced on television.

## **5. Patronage Rewards:-**

Patronage rewards are values in cash or in other forms that are proportional to one's patronage of a certain vender or group of vendors most airlines offer "frequent flyer plans providing points for miles traveled that can be turned in for free airlines trips.

## **6. Free Trails:-**

Free trails consist of inviting prospective purchasers to try the product without cost in hope that they will buy the product. Thus, auto dealers encourage free vests drives to stimulate purchase interest, product warranties. Product warranties are an important promotional tool especially as consumers become more quality sensitive. When Chrysler offered a five-year car warranty than GM's and Fords, customers took notice they inferred

that Chrysler's quality must be good or else the company would in deep trouble.

#### **7. Tie in Promotions:-**

Tie in promotion are becoming increasing popular. In a tie- in- promotion, two or more brands or companies team up on coupons, refunds, and contests to increase their pulling power companies pull funds with the hope of broader exposure, while several sales forces push these promotions to retailers, giving them a better shot at extra display and ad. Space.

"Sales promotion consists of a various tools with different objectives and implications and function differently in the mix. To match them with the stage of product life cycle or the type of product and to the nature of product requires full knowledge of each tool. Sales promotion is technical and creative in nature"<sup>17</sup>. Says Parasar Koirala. Further describes important tools of sales promotion.

#### **8. Point of Purchase Displays:-**

A wide variety of point of purchase materials, such as posters, banners, streamers, price cards, racks, signs, displays and cartoons are placed at one in retail stores. These materials are distributed to retailers through whole sellers, the sales force, or by mail.

#### **9. Premiums:-**

Premium is merchandise item provide free of cost, or at reduced price, as an incentive to the buyer of a specific product. Different kinds of premiums, free mail in premium, continuity coupon premiums, and free give ways are in practice.

#### **10. Sales Brochures:-**

These are visual presentation of different products and services in the form of diagram or literature like photograph, product availability time, models, colors etc. distributed to the channels and consumers.

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<sup>17</sup> Koirala parashar. Sales Promotion in Nepal, Policies and Practices, Nirala Publications Jaipur. New Delhi, 1991,p.22

"Sampling, one of the oldest tools said to be older than even the marketing concept. It is trail to the consumer before a financial commitment of its purchase."

### **11. Advertising Specialties:-**

Especially advertising offers article of merchandise and some typical gift such a pen, calendar, ashtray, T-shirt, key ring etc. to the customers. The promoter offers these tools with a variety of objectives in view e.g. branch opening promotion, new product introduction, building an image, new sales personnel introduction, trade show, traffic development and activating passive clients.

"Advertising specialties are not considered to be appropriate tools for most propaganda but can be used separately and as a supplement to other promotional tools and are popular selective market infiltration."<sup>18</sup>

In this way the tools are discussed in a variety a of ways. The objectives of sales promotion has also been described by the different author in different ways but the most acceptable objectives have dealt by.

"Consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products, services and ideas that expect will satisfy their needs". The study of consumer behavior is concerned not only with what consumer buy but also why they buy it, when, where and how they buy it and how often buy it.

#### **2.1.2. Sales Promotion and Advertising**

Advertising and sales promotion are obviously not amenable to any clear line of demarcation. There is no convenient criterion to draw a dividing line between the two . Allocation of funds for advertising and promotion

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<sup>18</sup> Quelch Johan A. its Time Make Trade Promotion more productive. Harvard business Review. Jan.- Feb, USA, p.221.

expenditure is often made on trial and error basis. The most popular distinction between them is the dimension for a product. Products on sale have two dimensions- the intangible and tangible.<sup>19</sup> Advertising is used to create awareness, image, and attitude, and sales promotion is aimed at specific action (buying and selling). Advertising is used to build long- term brand preference, and sales promotion for the decision to buy. During the period of introduction as a product its brand name is unknown to the consumers. To make the product known, intangible aspects need to be exposed more. As the brand name is widely known the approach needs to be replaced slowly by tangible action. The relationship may be depicted diagrammatically as follows:

Advertising may degenerate in to intellectual hypocrisy if it overemphasizes only the attractiveness of a product. Advertising efforts are more intensive during the introductory and growth stages of the product life cycle. But there is no hard and fast rule to decide when advertising should handover and sales promotion should take over. All activities result from experience and depend on the creativity of approach. However, the relationship of both with the product life cycle makes it easy to decide on their application at different stages. Marketing research is as much required to evaluate the effectiveness of communication as the promotion mix with regard to sales. Research helps the marketer to decide what is appropriate at different stages in the life cycle of the product.

Advertising as a popular communication tool is said to have maintained its primacy until recently as a means of making goods or services known for purchase or lose.<sup>20</sup> This assertion does not convey the strength which

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<sup>19</sup> William M. Kincaid, jr. Promotion: Products, Services and Ideas, p.349.

<sup>20</sup> Dan Ailloni. Charas, Promotion: A Guide to Effective Promotional Planning. Strategies, and Execution, p. 50.

advertising carries for the time being and to a certain extent. However, its main objective making known to people-is clearly depicted.

Sales promotion and advertising differ in terms of objectives as well as the frequency, duration, and purposes of uses. Advertising informs, persuades, and reminds the target market, whereas sales promotion goes to encourage purchases by the brand loyal consumers and attracts new and competitors' brand users. For effective sales promotion are required creative talent, time, and money. It becomes expensive with frequent operation, while excess sales promotion with respect to a branded product may hurt that product's brand image.

Advertising creates awareness in the market place and may be repeated several times to acquaint and remind the target market. Thus, advertising is designed to create an image of, or to carry a sales message about a product or service to the consumer; while sales promotion is an activity used to generate an immediate sale of the product or service.

### **2.1.3 Sales Promotion and Personal Selling**

Personal selling, in a broad sense, refers to communication aimed at generating customers for products, services, or ideas. Personal selling invariably means face to face communication. It is defined as oral presentation in a conversation with one or more prospective buyers for the purpose of making a sale.<sup>21</sup> Both the respondent and communicator meet and communicate the views about the product. The process of their meeting and talking makes for more effective communication. Business managers and educators agree that selling is more than providing a good or service.<sup>22</sup> If the purpose of personal selling is only to sell more rather than providing other services, it is not something desirable.

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<sup>21</sup> William M.Kincaid, jr., Promotion: Products, Services and Ideas, p. 350.

<sup>22</sup> Don E. Schultz and William A. Robinson, Sales promotion Management, p. 251.



Selling word itself is unpopular among consumers. However, the specific functions of personal selling include:

1. To get an order for the product;
2. To induce retailers to promote and to display the product at the point of purchase;
3. To persuade wholesalers to promote the manufacturer's products actively;
4. To educate those who may influence purchasers to favor the company and its products;
5. To satisfy customers.<sup>23</sup>

The objectives of sales promotion and personal selling are different. Sales promotion is a supporting activity to influence consumer buying, and to attract them, whereas personal selling aims at selling and makes efforts to match selling with buying.

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The equation of bonus packs is with the quantity of purchase and the incentives are offered accordingly. They are used to convert tries into users, and to meet price competition. Bonus packs hold the new customer. Basically, it is an offensive tool that is offered when the need arises and is taken out after the solution of the problem. Bonus packs can be offered as an alternative to a price-pack it is an off- shelf promotion in the store.

Bonus packs are found effective in packaged goods. It is used commonly in such products as vitamins, Coffee, Bar soaps, and foods for pets.

Refunds and rebates are similar to price-off promotion in principle. They differ only as regards the rewarding system. Objectives are more or less the same.

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<sup>23</sup> Norman Govoni, Robert Eng, Morton Galpers, Promotional Management, p. 423.

However, refunds and rebates are offered with some specific objectives, such as,

To attract the consumers,

To stimulate in-store displays,

To offset the impact of competition

Price-off promotion is a low cost promotion device linked with the quantity of purchase. Generally packages are made of different quantities and the consumers are offered greater incentives for purchase of larger packages.

Combination offers include cash and opportunity benefits allowed to stimulate new consumers and to strengthen the media of promotion. Opportunities may consist of a coupon, or an entry ticket for contest, or other types of privileges. For example, with every three empty cartons along with two off- coupons, the buyer may be offered cash refund of Rs. 2.

#### **2.1.4 Advertising Specialties**

Specially advertising offers articles of merchandise and some typical gifts such as pen, calendar, ashtray, T-Shirt, Key chain etc, to the customers. The promoter offers these tools with a variety of objectives in view e.g. branch opening promotion, new product introduction, building an image, new sales personnel introduction, trade show traffic development, and activating passive clients.

Advertising specialties are not considered to be appropriate tools for mass propaganda, but can be used separately and as a supplement to other promotional tools, and are popular in selective market infiltration.

#### **2.1.5 Sales Promotion Vis a Vis Dealers and Sales Personnel**

Sales promotion besides motivating consumers, can also motivate the Company's sales force, and provide general support to retailers, dealers,

wholesalers, distributors, jobbers, and other intermediaries in the channel.<sup>24</sup> Manufacturer's sales promotion targets are their sales forces, the intermediaries in the channel, and the consumers. Consumer response cannot be easily obtained. They have their own objectives. The gap between the objectives can be narrowed down through mutual understanding. Intermediaries in the channel of distribution can only be motivated through the benefits accruing to them. They channel of distribution can only be motivated through the benefits accruing to them. They have very powerful influence on many products.<sup>25</sup> Non-cooperation of the channel affects the manufacturer's extensive distribution policy more than exclusive distribution policy. Sales promotion tools are the only effective tools to get their cooperation.

The manufacturer's policy of encouraging increase inventory to be held by dealers needs adequate support to the dealers. Failure to offer proper incentives may lead to the may have to keep a minimum stock with respect to the product line as to size, color, and style, so that availability of the products of different brands whenever needed.

To accommodate and to some extent encourage, increase and accelerate consumer takeout of the product, the manufacturer, working through trade channels seeks to achieve the following.

- i. To exercise good stock management at the retailers level, increasing the distribution of line and individual items and preventing out-of stock conditions for both;
- ii. To obtain trade support through special featuring events-providing mention of, and consumer price incentives in best possible ads and display activities and generally increased pipelining to the retail floor during such events;

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<sup>24</sup> William m Kincaid, JR., Promotion: Products, Services and Ideas, Columbus, Ohio, A Bell and Howell Company, ed. 2<sup>nd</sup>, 1985,p.328

<sup>25</sup> Leonard and Lodish, The advertising and Promotion Challenge, Vaguely Right or Precisely Wrong. New York, Oxford university press, 1986, p 42

To exercise good stock management at the retailers level, increasing the distribution of line and individual items and preventing out-of stock conditions for both;

- iii. To obtain trade support through special featuring events-providing mention of, and consumer price incentives in best possible ads and display activities and generally increased pipelining to the retail floor during such events;
- iv. To inform and sensitize all retail personnel, down to the aisle clerks about the need to recognize and support proper and sufficient stoking of the product;
- v. To offset competitive drives for new and old product;
- vi. To support renewed listing and broad distribution of seasonal merchandise.<sup>26</sup>

Sales promotion directed towards channels includes many tools, the most important among them being trade deals and promotional allowances, co-operative advertising, contests. Sales meetings, sales brochures, and trade shows and exhibits.

#### **2.1.6 Advertising and Merchandising Allowances**

To move the product to the channels at more than the normal rate, manufacturers offer an incentive in cash equivalent to a percentage (e.g. 1.5 percent) of the amount of gross product purchased over a specified time period (e.g. per quarter) with the objective of successfully implementing their advertising program. Parties involved in the programmed are paid under different heads of expenses g. display and demonstration allowances are paid to the expert for his services for demonstrating the product, its features, or its advantages, while retailers are paid for space utilization. It is an axiom to the display that the more visible, the larger the quantities, and the better the product location in terms of store traffic, the faster will the consumer take out the product enjoy. Display is used mainly by cigarette and cosmetic companies an amount as a monthly fee per brand to the retailers.<sup>23</sup> The

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<sup>26</sup> Dan Ailloni Charas, Promotion, A Guide to Effective Promotional Planning, Strategies, and executions, New York John Willey and Sons, 1984,pp 231-232.

material needed for display is supplied at the point of display. Display is a sub-ordinate offer used along with other promotional activities and it is popular in all types of consumer goods promotion.

### **2.16.1 Co-operative Advertising**

Co-operative advertising may be horizontal and vertical. Manufacturer's participation in the channel's advertising expenses fall under vertical advertising, because vertical co-operative advertising is particularly related to the stimulation of retailer support of the manufacturer's promotion effort. Generally, the manufacturer and the retailer share on a 50-50 basis the expenses incurred by the retailer up to a certain limit, which may increase or decrease as required by the parties. The advertising is expected to meet certain specifications as to size, type, and medium before the manufacturer's financial involvement.<sup>27</sup> The target of co-operative advertising is the ultimate consumer and its goal is to increase sales of a profitable product or line and to create a consumer demand that will pull the goods out of the store.

Co-operative advertising is used more often when there is a particular place for the product's availability in the market, and the retailers are not interested in the manufacturer's brand. It is used commonly in the clothing, furniture, major appliances, and automobile categories.

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<sup>27</sup> Norman Govoni, Robert Eng and Morton Galper, *Promotional Management*, p.434.

### **2.1.6.2 contests**

contests among the retail sellers are conducted with their prior consent to develop a better understanding with them. A winner is offered a cash prize, or merchandise, or a special award, or recognition. Although all sales contests, in one way or another, have the broad purpose of increasing the level of sales and profitability, most have specific goals too. Such as promoting slow moving or seasonal items, securing new accounts. Obtaining increased sales on high-margin products, pushing new products, gaining additional display space, and increasing order size.<sup>28</sup>

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<sup>28</sup> Ibid, pp 439-445.

### **2.1.6.3 Sales Force Meeting**

Store buyers in most situations; see the product position through promotion, temporary price reeducation, incentives, all in monetary terms. To bring them to the right track is the duty assigned to the sales force. So, the sales force is armed with appropriate tools and programmers to motivate the distributors or dealers to stock, finance promote and sell the products through the sales force. The distributors' sales force is assigned the task of motivating the retailers through promotion tools and programmer provided by the distributor to stock, promote, feature, and actively sell the product to the consumers. Promotion directed at the sales force many help to motivate and generate desirable long-term behavior.

To make known their duty, sales force meetings are arranged. They are explained the working procedures, promotion campaign date, the basis of receiving promotion incentive, and contests and exhibitions which may be held. Thus, sales personnel for promotion activities.

#### **2.1.6.4 Sales Brochures**

Sales brochures are short term promotional tools and the brochures are made available to the trade channels especially to motivate the demand for new products. They are prepared so as to be attractive explaining the product's usage and value to the consumers. These are found effective when used along with advertising, or sales promotion materials in the introductory stage of product life.

#### **2.1.6.5 Trade-Shows and Exhibits**

Trade-shows and exhibits promote different product lines at a time. Trade-shows are said to be one of the most effective, interesting, exciting and expensive sales promotion devices. They create excellent selling environment and make it easy to sample merchandise to the prospective customers, materials to interested people. At the same time, slides, filmstrips and motion picture can be shown to passers-by of the exhibitors' booths.

Exhibitions constitute a personal form of communication. They serve multiple purposes; advertising, sales, public relation, and educational purposes. Exhibitions focuses on the subject matter in the customer's favor through different media like press, radio, TV, etc. exhibition have been popular in the industrial market. However, in the case of consumer' goods, exhibitions may be helpful in securing orders for clothing, furniture and toys, or as a sampling distribution occasion for new drinks, or food products.

Trade-shows and exhibits are used for many purposes, the most important being to introduce new products make sales, generate sales leads, attract new distributors, promote the corporate image, conduct marketing research,



observe the competitors reaction, train sales personnel, and to get immediate customer feedback

## **2.2 Promotional Environment in Nepal**

The environment includes part of people as well as part of what they do. It influences how we operate and how our clients are serviced. This is because people perceive the information communicated to them for the environment. Promotion involves communication in an environment about goods and services. The flow of information from promoter to consumer and consumer to promoter to consumer and consumer to promote can be effective if they know each other's environment. In this context, environment may be regarded as an opportunity to act smoothly. It is constantly changing, providing new opportunity to some business, delimiting the prospect of others.

The complexity and diversity of environment make it difficult to define it in the precise term, Frederick E. Wevster and Yoran Wind have described the nature and pattern of influences of environment as follows:

'Environmental influences are subtle and pervasive as well as difficult to identify and to measure. They influence the buying process by providing information as well as constraints and opportunities. Environmental influences include physical, legal, and cultural factors. These influences are exerted through a variety of institutions including business firms ( suppliers, competitors, and customers), governments, trade unions, political parties, educational and medical institutions, trade associations, and professional groups.

The environment surrounding the consumers, censors the information communicated to them . If the promoter fails to adapt his strategy to the environmental opportunity while making any promotional offer, he will be a failure by profession., promotional function are designed to shape and

sometimes distort consumer demand, it cannot create demand . While economic demand is based on utility, the objective of promotion goes one step further, that is, it involves supply which is based on money or purchasing power . so, promotional environment is evaluated in terms of forces closely connected with buying behavior . Norman Govoni, Robert Eng and Morton Galper analyzed the environmental context as external and internal environmental context as external and internal environment. Economic, social-cultural, political-legal, and technological factors are categorized under external environment while internal environment is said to be semi-controllable, operating on environment.

Changes in promotional strategy reflect some major environmental influences. Brand promotion like advertising specialties, sweepstakes, direction on the package and utilization, can not be effective unless the environment is literate. Again, mass information objective may be rendered difficult to achieve due to non-availability of media services. Promotion of goods and services may not be possible if that is prohibited by law e.g. promotion of cigarettes through media services.

Promotion is a means of social communications which has been effectively used by the business community since 1853 when tax on advertising was abolished followed by an increase in newspaper circulation. The importance and effectiveness of advertising in influencing consumer decision . The importance and effectiveness of advertising in increase in newspaper circulation. The importance and effectiveness of advertising in influencing consumer decisions became a source of concern to society . in 1924, at

Wembley, England, the Associated Advertising communication did not stop. Critics pointed out that advertising was responsible for making people buy products they did not need. This at once revealed the strength of communication through advertising and reaction of environment to its function. Reinforcement to buy more is one of the objectives of a changing social value(environment)of a modern society . for example, in the early 1980s. American management was greatly influenced by Japanese management style. American music was influenced by Caribbean music, and fashion was influenced by Europe.

### **Structure of Environmental Influence**

Promotional incentives could be very useful means of communication in the effective stage of consumer behavior in Nepal. But that was not offered in appropriate manner through retailers. Retailers were neither knowledgeable nor promotional incentives but they were not offered the same. The manufacturers were found using advertising at the cognitive and the effective levels. So the effect of the consumer deals on market share was negatively significant at 25 percent level. The effect of advertising on market share was insignificant. In principle, advertising should be aimed at evoking consumer response. And it was continuously used at every stage of the product life cycle. It was offered some time in palace of sales promotion tools. However, advertising was necessary as a vehicle of information on sales promotion. It should not have been used continuously.

Consumer deals, in principle, were not expected to be offered at the maturity stage . in practice, it was used to hold current users, to build brand loyalty. And to reward or load present users. Consumer deals are normally offered to consumers through trade channels in the later stages of introduction and growth stage. For effectiveness, it requires the right kind of relation of manufacturers with retailers, retailer's knowledge about the product, their behavior towards consumers, and the controlling mechanism of manufacturers. The negative effect of consumer deals on market share shows that the flow of deals to ultimate consumers was not properly maintained. However, buying allowances

are offered to trade channels to promote the distribution of products, and to increase retail merchandising support and special display activity.

Free group offered to ultimate consumers through retailers was not generally effective at any stage of the product life cycle. But in practice it was used as an effective promotion tool to serve different objectives. Thus it didn't have any significant effect on the market share.

Sample was offered to consumer mostly at the introduction stage. This proved to be an effective tool. By the effect of sampling on the market share was significant negatively at 5 percent level. Consumer who were interviewed and who responded to the questionnaire were not aware of any sample offered to them it is likely that sample were offered to wrong persons who could be consumers by sample, not by purchase.

Coupons were not regarded as effective tools. However it was offered by few companies at the introduction, growth and the maturity stages. In principle it should have been at the growth and the maturity stage. The effectiveness of coupon depends on its redemption rate which in turn depends on different factors. Whatever be the reasons. Coupons were not found to have any significant effect on sales. Along with other factors, the insignificant effect of coupons on the market share was perhaps due to its application without due consideration of its appropriateness at various stage of the product life cycle.

Advertising specialties are normally expected to be used at the introduction stage. Most of the companies used advertising specialties at the introduction stage to serve specific objective. Its impact on market share was significant at 50 percent level.

Contests and sweepstakes are considered to be suitable at the introduction and maturity stage. These were offered by a few companies at the growth stage. Its

effect on market share was negatively significant at 50 percent level. Contest and sweepstakes were expected to be based on skill, knowledge and the chance which required careful planning prior to announcement, these were lacking in most companies. Nor did the tools match with the objectives. There may be many reasons for the negative effect of contests and sweepstakes on market share, but lack of planning and absence of matching \were two major reasons of the negative effect.

### **2.3 IMC-The New Promotional Concept**

During the 1980, many companies came to the need for more of a strategic integration of their promotional tools. These firms began moving towards the process of Integrated Marketing Communications(IMC),which involves coordinating the various promotional elements and other marketing activities that communicate with a firm's customers. As markets embraced the concept of integrated marketing communications, they began asking their ad agencies to coordinate the use of variety of promotional tools rather than relying primarily on media advertising. A number of companies also began to look beyond traditional advertising agencies and use other types of promotional specialists to develop implement various components of their promotional plans. <sup>29</sup>

Many agencies responded to the calls for synergy among the various promotional tools by acquiring PR, sales promotion, and direct marketing companies and touting themselves as IMC agencies that offer one – stop shopping for all of their client's promotional needs. Some agencies became involved in these non advertising areas to gain control over their clients' promotional programs and budgets and struggle to offer any real value beyond creating advertising. However the advertising industry soon recognized that IMC was more than just a fad. Terms such as new advertising, orchestration, and seamless communication were used to describe the concept of integration.

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<sup>29</sup> George E. Belch and Michael A. Belch, Advertising and Promotion, Op. Cit., p-18

A task force from the American Association of advertising Agencies (the 4 As) developed one of the first definitions of integrated marketing communication.<sup>30</sup>

A concept of marketing communications planning that recognizes that added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines for examples, general advertising, direct response, sales promotion and public relation and combines these disciplines to provide consistency, clarity, and maximum communication impact.<sup>31</sup>

The 4 As' definition focus on the process of using all forms of promotion to achieve maximum communication impact. However, advocates of the IMC concept, such as Don Schultz of Northwestern University, argue for an even border perspective that consider all sources of brand or company contact that a consumer or prospect has with a product or service. Schultz and other notes.

That integrated marketing communications calls for a 'big-picture' approach to planning marketing and promotion programs and coordinating the various communication functions. It requires that firms develop the total marketing communication strategy that recognizes how all of a firm's marketing activities, not, just promotion, communication with its customers.

Consumers' perception of a company and or its various brands are a synthesis of the bundle of message they receiver contacts they have, such as media advertisement, price, package design, direct marketing efforts, publicity, sales promotion, websites, point of purchase displays, and even the type of store where the product or service is sold. Integrated marketing communications seeks to have the company's entire marketing and promotional activities project a consistent, unified image to the market place. It calls for a centralized

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<sup>30</sup> Ibid. p-19

<sup>31</sup> Ibid. p-19

messaging function so that everything a company says and does communicates a common theme and positioning.

Many companies have adopted this broader perspective of IMC. They see it as a way to coordinate and manage their marketing communications programs to ensure that they give customer a consistent message about the company and its brand. For these companies, the IMC approach represents an improvement over the traditional method of treating the various marketing and communication elements as virtually separate activities. However, as marketers become more sophisticated in their understanding of IMC, they recognize that it offers more than just ideas for coordinating all elements of the marketing and communication programs. The IMC approach helps companies identify the most appropriate and effective methods for communicating and building relationships with their customer as well as other stakeholders such as employees, suppliers, investors, interest groups, and the general public.

Tom Duncan and Sandra Moriarty note that IMC is one of the 'New generation' marketing approaches being used by companies to better focus their efforts in acquiring, retaining, and developing relationships with customers and other stakeholders. They have developed a communication-based marketing model that emphasizes .

## 2.4 Review of Related Studies

### 2.4.1 Lamichane, Hari 'Marketing of Cold drink in Kathmandu' (1998)

The study undertaken in 1998 with the following objectives :

- a. To examine the potential consumers in purchasing cold drinks.
- b. To identify the purchasing behavior of consumers who purchase cold drinks.
- c. To estimate demand of cold drink in Kathmandu.

- d. To identify the best choice of consumers on cold drink on the basis of selecting brands advertising habitual testing, asking question and personal inspection.
- e. To find the relationship between the brand preference and advertising.
- f. To find out the popular media of advertising for the cold drinks, which can easily attract the potential consumers on each company, branded cold drink .
- g. To estimate sales of cold drink in Kathmandu.

The study has concluded that advertising is considered as the primary source of information. The advertisement of Coke, Pepsi and other branded cold drinks are found in Kathmandu. Coca-Cola brands is more popular than other brand. A consumer gives more preference to the brand but less preference to quality and test. Television is the mostly favorite media for advertisement. The major reasons of brand swathing are the taste of the product.

The study has recommended that advertising should be more believable and effective, so manufactures are suggested to advertise their product through television and other media. Most of consumers are found brand loyal. Of they suggested to give proper attention on their distribution system. It is suggested that the manufactures of cold drink should try to fulfill consumer's demand on cold drinks of their choice.

#### 2.4.2 Bhatt, Shree Chandra, in 1998 conducted a study on 'Sales Promotion and its Effect on Sales'

A case study of Beer Market of Nepal with the objectives of analyzing the sales promotion and its effect on sales is the main focus of the study. Though the concept of sales promotion is relatively new in Nepal, there are lots of things to be researched and find out on the practice of sales promotion. The study had the following specific objectives.

- 1. To find out whether the sales promotion does impact on sales of beer.



2. To find out what mode of sales promotion is more acceptable by the Nepalese consumers.
3. To find out what mode is more wisely used by the manufactures as a sales promotion tools.
4. To evaluate effectiveness of sales promotion activities in the sales of beer in Nepal.
5. To find out which media is suitable to advertise about the sales promotion.
6. To predict the sales of coming year if every factors would be the same.

On the bases of analysis of the consumers view point and sales data separately. The following findings are drawn. The people with high-income group highly educated and from business people tend to drink beers more. The people drink beer at restaurants for relaxation rather than other cause. The people prefer San Miguel brand other beers. In the case of sales promotion the cash prizes out of all the tools insist people. in advertising, electronic media is very popular among the people. If the expenses on sales promotion increase the sales increase in the high speed. From the regression it is clearly seen that if the expenses on the sales promotion increases the sales of the product will be drinkers. Most people, who are not so educated, are not loyal towards any particular brand. Due to this, the sales promotions easily quench the attention of those beer drinkers and as a result the sales of the beer will increase.

The people who drink beers accept electronic media most. So far sales promotion purpose, the electronic media is very suitable. The sales promotion is very powerful tools which can easily boots the sales. The study has recommended that low-income group as well as low education group should be launched beer. In advertising, the electronic media is very popular. So the heavy media coverage should be acquired. People like cash prizes so company should cut down the prize like motorcycles, fridge, TV, etc. findings proved that the sales promotion have positive impacts on the sales of the beers. But the companies launched the sales promotion programmers should be launched at

least for 6 months. At last, sales promotion is very important if the use would be in a proper way.

2.4.3 Shrestha, Purushottam has conducted research study on 'the role of advertising in sales' (study of Bottlers Nepal Ltd.), Bottlers Nepal(Terai) Ltd., and Nepal Lever Ltd. In 2005 with following objectives.

- i. To measure the advertising expenditure of Bottlers Nepal Limited, Bottlers Nepal(Terai)Ltd. And Nepal Lever Limited and its impact on sales.
- ii. To analyze the impact of advertising on total performance of Bottlers Nepal Limited, Bottlers Nepal (Terai) Ltd.
- iii. To measure the advertising expenditures as percentage of company sales.

The study has concluded that the only purpose of advertising is to sell something a product, a service or and idea. It is very powerful tool for the creation and retention of consumer demand and it is pivot of modern industry and commerce. Finally, the sales has positive relationship with advertising expenditures and advertising plays a significant role on the total performance of company as well as concerned companies devoted a very small percentage of sales to advertising.

The study has recommended that the quality of advertisement should be improved, television advertising ts more popular and among the consumers of Kathmandu valley etc.

2.4.4 **Adhikari, Amita** in 2005 has conducted '**A Study on Promotion Effectiveness through Television**' with the following objectives.

- J To assess the television viewing habits of Nepalese consumer and present a complete viewing Profile of Nepalese consumer.
- J To identify top Nepalese programs broadcasted along with its comparison with foreign channels broadcasted through cable network.
- J To identify product promotion effectiveness through television.
- J To identify top Nepalese program being broadcasted so that organization and advertising agencies planning their media campaign through television can rightly identify the best time slots for promotion their product and services.

) To suggest for people and institution for improvements based on research findings.

She has concluded that the survey conducted was basically to identify the television viewing habits of the Nepalese consumers and identifies portrayal traits in terms of their viewing habits such that organization and advertisement agencies could effectively and efficiently plan their media approach for the promotion of their products and services in the television. As the effectiveness of TV advertisement heavily depends upon the viewer ship hence organizations and agencies need to be careful while showing advertisement. For example if an advertisement for beer is only broadcasted early in the morning when people are in a mood for holy things than it is sure that people might not prefer the beer to much. This may be due to the advertisement being broadcasted against the culture (drinking alcohol in many homes is almost a sin in our country, that too advertise it in early morning is sure to call for its end) or may be because of the low level of target viewers in the morning hours. Hence identifying preferred time slots for the target audience is of utmost importance to the organization and advertising agencies. Now to understand and identify the preferred time slot of promoting the products and services of consumers as outlined in this research report. Hence television viewing habits of consumers bears a direct relationship with when and how to promote products and services through television channels. With this view the research conducted revealed that:

- ) That most of the people i.e. 98 percent have their own TV set at home and access to cable network.
- ) Among the total sample about 81.33 percent have access to cable television justifying the popularity of the cable network in the country.
- ) There are 53.7 percent of people who live in nuclear family and 42.3 percent in joint family.
- ) The educational background of the sample seems impressive with 36.3 percent of respondents being at least bachelor level pass considering the overall education level in the country.
- ) Most of the people 53.3 percent are working as full time irrespective of their age group.

## **CHAPTER - 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The basic objective of this study is to know the impact of sales promotion tools on the sales of the particular product. Change in sales due to use of sales promotion techniques or the mode of sales promotion. To achieve this objective, this research mainly based upon the sales data collected from the dealer of cold drinks and also the observation taken from Kathmandu. The questionnaire distribution to the different level of person who general by using various tools and techniques like wise the sales data collected from different sources and analysis by means of different useful statistical tools mainly regression to see the relationship between the sales and cost involved in sales promotion and chi square(  $\chi^2$ )test.

#### **3.2 Research Design**

The present study is based on the survey research design. The research was concentrate to find out whether the sales promotion affects the sales of cold drinks negatively or positively and what mode of sales promotions more effective for the sales of cold drink. In spite of above, this study is also trying to find out what media is effective to give the messages about the sales promotion, which tool is more acceptable for consumer to accomplish these work, we were use exploratory research method. Because of we are checking something in two different way i.e. sales data of consumer and direct observation of the cold drinkers. The exploratory research is more effective.

#### **3.3 Nature and sources of data**

The two types of data are used in this study, one is from consumers and other is sales data from the manufacturers. Mainly, the nature of this study is based on the primary data. The primary data collect from the different places of Kathmandu valley and secondary data are collected from the dealer of Coca-cola Kathmandu office. And from the annual report of Nepal Bottlers Ltd.

### **3.4 Population and Sampling**

The population of this study is the whole drinkers of cold drink in the Kathmandu valley and some respondent are sample. There were 150 samples from the whole population of the study. Samples were taken from different places of Kathmandu valley Kalanki, Chabhil, Koteshwor and Lagankhel. Different age group male as well as female and sales related personnel were included in samples. A random sampling method is used and various brand of Coca-cola such as coke, sprite, fanta will be used for the study purpose.

### **3.5 Data Collection Procedures**

The data were collected from the primary source consist of extensive field survey containing application of questionnaire, personal contact, observation, interview and discussion with different persons. Some information was collected from published and unpublished documents. The techniques used for collection is questionnaire and verbal communication with different person who drink cold and related persons.

### **3.6 Data Processing and Presentation**

The collected data were processed by different statistical measure such as mean, percentage, frequency. The data can be presented by using different table, chart, figure and bar diagram.

### **3.7 Data Analysis Tools**

Data are analyzed by different statistical measure such as mean, percentage, frequency the data can be presented by using different table, chart, figure and bar diagram.

### **3.8 Data Analysis Techniques**

The data collection from the consumers through questionnaire is analyzed through the percentage and chi square test and the sales data of Coca-cola have been analyzed using regression method.

## Chi-square Test

Chi square test of goodness of fit is used for this study. Chi-square test is analyzing more than two populations. It is helpful test whether a preference for a certain product differ from state to state and region to region. It also enables to determine whether a group data described by the normal distribution does conform to the patterns.

### Use of Chi- quare Test

Chi-square test is used to test whether more than two populations can be considered equal. Actually, Chi-square test allows us to do a lot more than just test for the equality of several proportions. If population are classified in to several categories with respect to two attributes(for example advertisement and brand preference): One can use a Chi-square test to determine if the two attributes are independent of each other.

Steps of the computation of Chi-square(  $\chi^2$  )test:

- i Compute the expected frequencies  $E_1, E_2, \dots, E_n$  corresponding to the obser1ved frequencies  $O_1, O_2, \dots, O_n$  under some theory of hypotheses.
- ii Compute the deviations(  $O-E$  )for each frequency and then square them to obtain  $(O-E)^2$
- iii Divide tne square of the deviations  $(O-E)^2$  by the corresponding expected frequency to obtain  $(O-E)^2 / E$
- iv Add the value obtained in step (iii) to compute  $\chi^2 =$
- v Under the null hypothesis that the theory fits the data well, the above statistic follows  $\chi^2$  distribution  $v=n-1$  df
- vi Look up the tabulated (critical) values of  $\chi^2$  for  $(n-1)$ df. At certain level of significance, usually 5 percent from the table of "significance value of  $\chi^2$  "given the table.

If calculated value of  $\chi^2$  obtained in is less than the corresponding tabulated value obtained in step(iv) than it is said to be non- significant at

the required level of the significance . i.e. fluctuation of sampling. In other words data do not provide us any evidence against the null hypothesis [given in the step (v)] which may therefore, be accepted at the required level of the significance and we may conclude that there is good correspondence (fit) between theory and experiment.

- vii On the other hand, if the calculated value of  $\chi^2$  greater than the tabulated value. It is said to be significant. In other words, the discrepancy between the observed and expected frequencies can not be attributed to chance and are in the situation can reject the null hypothesis, this, we can conclude that the experiment does not support the theory.

### **Regression Analysis**

Regression is another popular tool in the statistics. This analysis is mathematical measure of the average relationship between two or more variables in term of original units of data. It also clearly indicates the cause and effect relationship between the variables. The variable corresponding to cause is taken as independent variable and the variable corresponding to effect is taken as dependent variables.

In our calculation, we denote x as expenses on sales promotion and y as sales as per actual basis.

Our required equation  $y - Y = b_{yx} (x - X)$

## CHAPTER - 4

### PRESENTATION AND ANALYSIS OF DATA

#### 4.1 Presentation

This research is mainly of exploratory type so the researcher tried to give more accurate picture of the impact of the sales promotion on actual sales. So two way of collection and interpretation of data is considered and given in this study. First type is a survey conducted in Kathmandu to explore what the consumer think about the promotional activities which gave been doing by the Coca-Cola manufacturing company (NBL) and second type is of sales data of the coca-cola, promotional campaigns and it's promotional Activities impact on the sales of the coca-cola in Kathmandu.

We first analyze, and interpret the survey data and response taken from the market place from the real consumer.

##### 4.1.1 Respondent's Profile

Only 150 questionnaires distributed for collection data. The researcher has taken response from the market place from the real consumer. All 150 questionnaires distributive in Kathmandu and cent percent questionnaire collected, the following table given the details.

**Table No.1**  
**Demographic Analysis**

<b>Gender</b>	<b>No.</b>	<b>percent</b>
Female	90	60
Male	60	40
Total	150	100

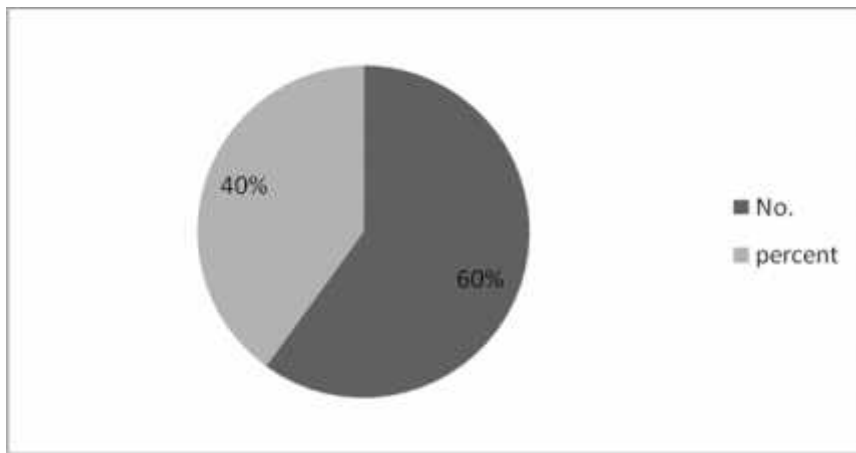


The above table shows that out of total respondents male respondents are 60 percents and female respondents are 40 percent.

**Table No. 2**  
**Age level of Respondents**

<b>Age</b>	<b>No.</b>	<b>percent</b>
15-30	90	60
31-45	60	40
<b>Total</b>	<b>150</b>	<b>100</b>

**Age Level of Respondents**



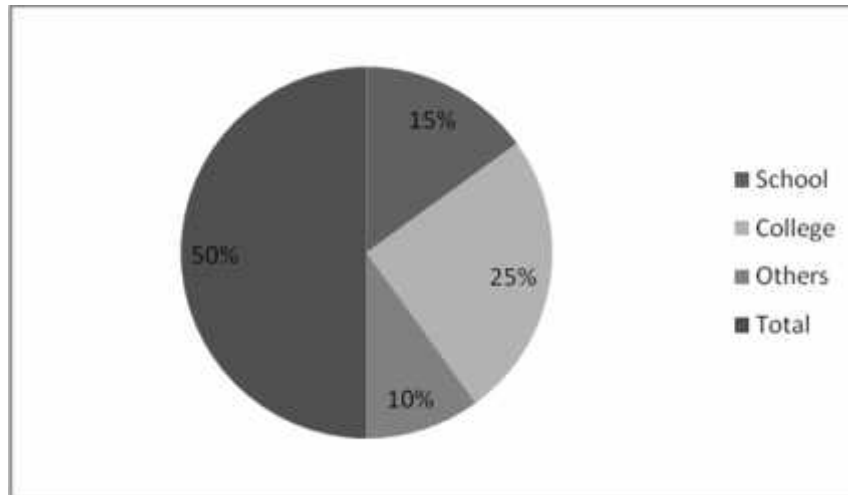
**Fig-1**

The above table shows the age level of the respondents. As shown out of total 60 percent fall in to the age group of 15-30 and remaining 40 percent in to age group of 31-45.

**Table No. 3**  
**Education Level of Respondents**

<b>level</b>	<b>No.</b>	<b>Percent</b>
School	45	30
College	75	50
Others	30	20
<b>Total</b>	<b>150</b>	<b>100</b>

### Education Level of Respondents



**Figure -2**

Out of total respondents 30 percent are school level students. College level students are 50 percent and remaining are jobholders and other workers.

#### 4.1.2 Consumers Cold Drink Drinking Habit and Behavior

To know about consumer habit the researcher start from very preliminary questions like “Do you drink cold drinks”? To the very specific question like “Do you stick on any special brand of cold drink?” The following series of table presents the response behavior.

**Table -4**  
**Drink Habits**

particular	No.	percent
Yes	144	96
No	6	4
<b>Total</b>	<b>150</b>	<b>100</b>

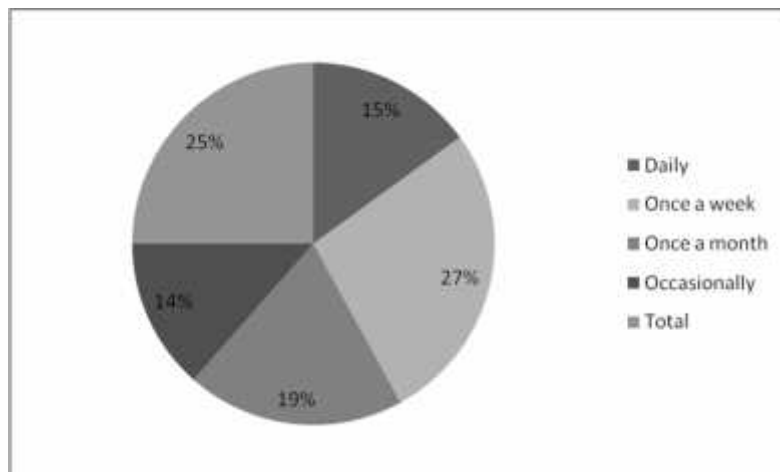
*Source Direct Field Survey, 2006*

The response on above table shows that out of total respondents 96 percent drink cold drink and only 4 percent responded do not drink.

**Table No. 5**  
**Drinking Frequency**

<b>Particular</b>	<b>No.</b>	<b>percent</b>
Daily	30	20
Once a week	54	36
Once a month	39	26
Occasionally	27	18
<b>Total</b>	<b>50</b>	<b>100</b>

**Drinking Frequency**



**Fig. 3**

The table shows the frequency of drinking cold drink of the people 20 percent of the people drink daily, 36 percent people drink once a week, 26 percent people drink once a month and 18 percent of people drink cold occasionally in Kathmandu valley.

**Hypothesis No. 1**

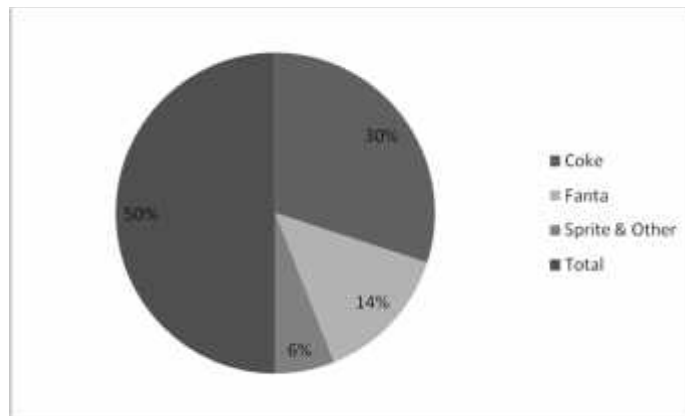
H0: There are no significance differences among frequency of drinking.

H1: There are significance differences among frequency of drinking.

The tabulated value of  $\chi^2$  at 5 % level of significance for 3df is 7.81. Calculated value 11.76 is greater than tabulated value (7.81) . So H0 is rejected so we can say that there are significant differences among frequency of drinking.

**Table No 6**  
**Brand Preference**

<b>Product</b>	<b>No</b>	<b>Percent</b>
Coke	90	60
Fanta	42	28
Sprite & Other	18	12
<b>Total</b>	<b>150</b>	<b>100</b>



**Fig. 4**

The above table shows that the brand preference of the individual. 60% choose coke, 28% people choose Fanta and 12% people choose Sprite and other brands.

### **Hypothesis No.2**

H0: Consumer is brand loyal

H1: Consumer is not brand loyal

The calculated value is 53.92 . The tabulated value of  $\chi^2$  at 5% level of significance for 2df is 5.99 . Calculated value is much greater than tabulated value . So, H0 is rejected i.e. Consumers are not brand loyal

#### **4.1.3 Sales Promotion of Cold drinks(Coca Cola)**

To know consumers opinion and their think about promotional work that cold drink company perform. The researcher has picked up the subject with very

simple question such as “Do you know about the promotional work that cold drink manufacturers perform?” The following is the table relation with promotional work.

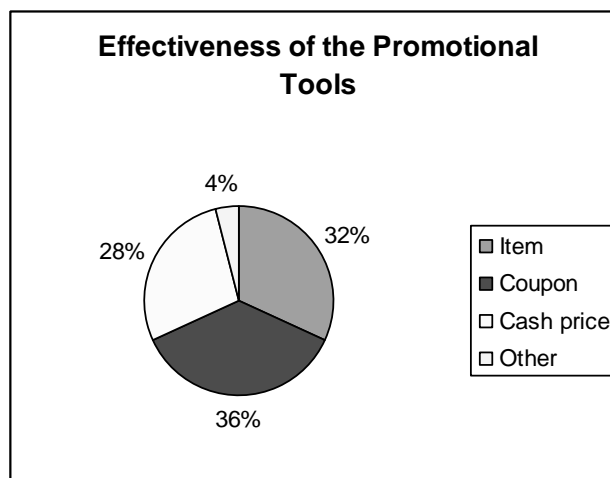
**Table No. 7**  
**Popularity of Promotion**

<b>Particular</b>	<b>No</b>	<b>%</b>
Yes	135	90
No	15	10
<b>Total</b>	<b>150</b>	<b>100</b>

The above table reveals the popularity of promotional work which provide by manufacturer of cold drinks. According to the table 90% of people know about the promotional work and the only 10% of people are unknown about the promotion.

**Table No. 8**  
**Aware of Promotion**

<b>Particular</b>	<b>No.</b>	<b>%</b>
Item	48	32
Coupon	54	36
Cash price	42	28
Other	6	4
<b>Total</b>	<b>150</b>	<b>100</b>

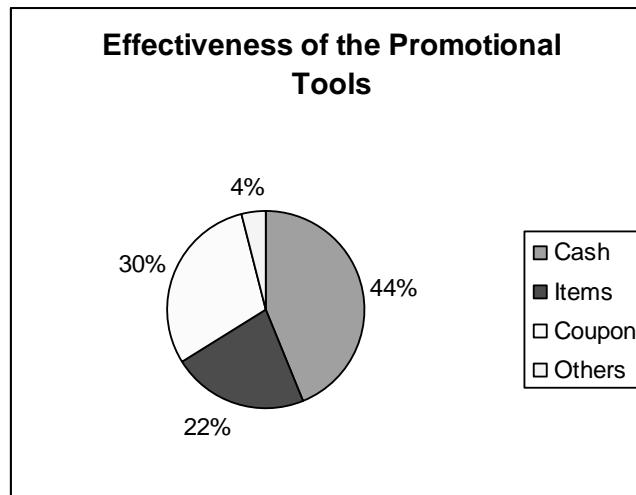


**Fig 5**

Out of the total respondents 36% people are aware of the item price, 32% aware of coupon 28% cash and remaining 4% of people aware of other promotional works.

**Table No. 9**  
**Effectiveness of the Promotional Tools**

<b>Particular</b>	<b>No.</b>	<b>%</b>
Cash	66	44
Items	33	30
Coupon	45	22
Others	6	4
<b>Total</b>	<b>150</b>	<b>100</b>



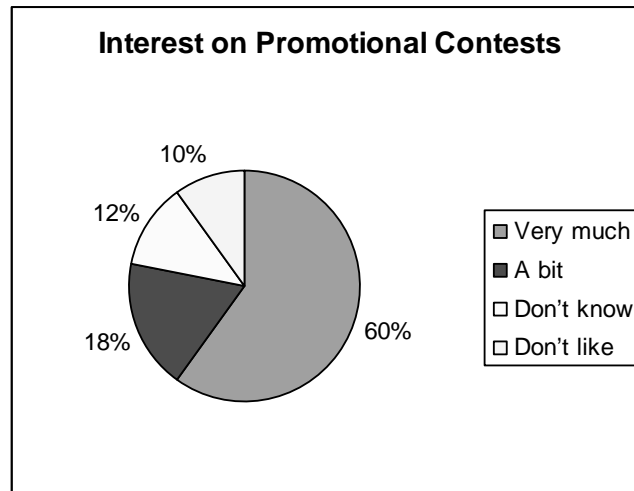
**Fig 6**

The table shows the effectiveness of the promotional tools. Out of the Total respondents 44% of people choose cash price. 30% item, 22% coupon and 4% of people choose other promotional tools.

**Table No. 10**  
**Interest on Promotional Contests**

<b>Particular</b>	<b>No.</b>	<b>%</b>
Very much	90	60
A bit	27	18

Don't know	18	12
Don't like	15	10
<b>Total</b>	<b>150</b>	<b>100</b>



**Fig. 7**

The above table shows the interest of the people on promotional contents. Out of the total respondents 60% of people like these contests very much. 18% like a bit, 12% of people are indifferent to these contests and 10% of people are against these contests.

### **Hypothesis No. 3**

H<sub>0</sub>: There is no relationship between contents and consumer behavior.

H<sub>0</sub>: There is a relationship between contents and consumer behavior

Calculated value of  $\chi^2$  is greater than tabulated value (33.36 > 7.8). So null hypothesis (H<sub>0</sub>) is rejected. So we can say that there is a relationship between contents and consumer behavior i.e. consumers like sales promotion contents.

**Table No.11**

### **Participation in contents**

<b>Particular</b>	<b>No</b>	<b>%</b>
Yes	108	72
No	42	28
<b>Total</b>	<b>150</b>	<b>100</b>

The table depicts that 72 percent of people taking parts in contents and 28 percent of people do not taking any parts in contents.

**Table No. 12**

**Win Prizes**

<b>Particular</b>	<b>No.</b>	<b>Percent</b>
Yes	36	24
No	114	76
<b>Total</b>	<b>150</b>	<b>100</b>

**Table No. 13**

**Encourage to Consumer More**

<b>Particular</b>	<b>No.</b>	<b>Percent</b>
Yes	84	56
No	66	44
<b>Total</b>	<b>150</b>	<b>100</b>

The above table shows that if promotion scheme should be change 56 percent of people are encouraged to consumer more cold drink and 44 percent of people are not affected by any scheme.

**Table No.14**

**Brand switching**

<b>Particular</b>	<b>No.</b>	<b>Percent</b>
Yes	111	74
No	39	26
<b>Total</b>	<b>150</b>	<b>100</b>



The above table shows that 74 percent of people switch their brand if they do not provide any promotion package. And 26 percent of people are brand so they do not change their usual brand.

#### 4.1.4. Media Graphic

To know which media is suitable to convey the messages of sales promotion, which media is more popular, the researcher wants to ask some question like. "Do you watch/read/listen the programs and news from T.V. paper and Radio?" The following is the table relation with media.

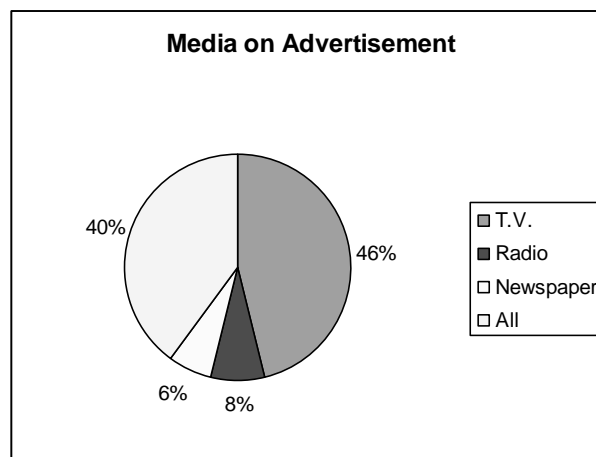
**Table No. 15**  
**Habit on Watching Programs**

Particular	No	Percent
Yes	150	100
No	0	0
<b>Total</b>	<b>150</b>	<b>100</b>

The table shows that cent percent of people watch/listen/read the programs and news on T.V. radio and paper respectively.

**Table No. 16**  
**Media on Advertisement**

Particular	No.	Percent
T.V.	69	46
Radio	12	8
Newspaper	9	6
All	60	40
<b>Total</b>	<b>150</b>	<b>100</b>



**Fig. 8**

The table shows that 46 percent of people choose T.V. 8 percent choose radio, 6 percent choose newspaper and 20 percent of people choose all these media to which/listen/read the programs and news.

**Table No. 17**

**Interest on advertisement**

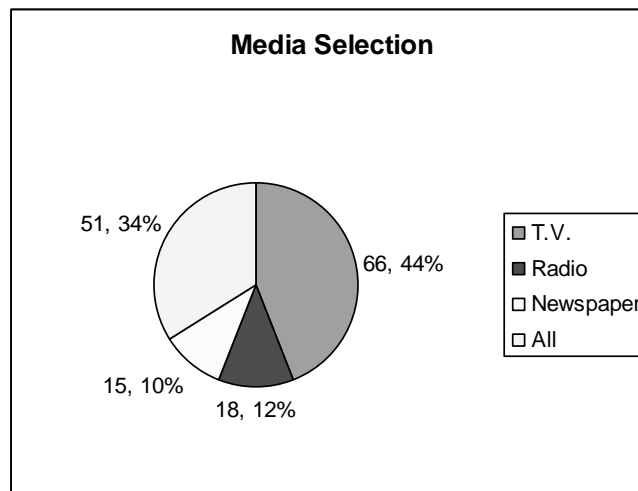
<b>Particular</b>	<b>No.</b>	<b>Percent</b>
yes	135	90
No.	15	10
<b>Total</b>	<b>150</b>	<b>100</b>

Out of total 50 respondents 90 percent of people show interest on advertisement and 10 percent of people not interest on advertisement.

**Table No. 18**

**Media selection**

<b>Particular</b>	<b>No.</b>	<b>Percent</b>
T.V.	66	44
Radio	18	12
Newspaper	15	10
All	51	34
<b>Total</b>	<b>150</b>	<b>100</b>



**Fig. 9**

The above table indicates that 56 percent of people select electronic media (newspaper) and 34 percent of people select both print and electronic media

**Hypothesis No. 4**

H0; There is no relationship between media selection and consumer habit.

H0; There is a relationship between media selection and consumer habit.

Tabulated value of  $\chi^2$  for 3df at 5 percent level of significant is 7.81.

Calculated value of  $\chi^2$  is greater than tabulated value (16.72>7.81) . So null hypothesis (H0) is rejected i.e. there is relationship between media selection and consumer habit.

**4.1.5 Retail Shopkeeper's Opinion**

To know what shopkeeper think about sales promotion program the researcher ask some question to them. The following is the table relating with sales person.

**Table No. 19**

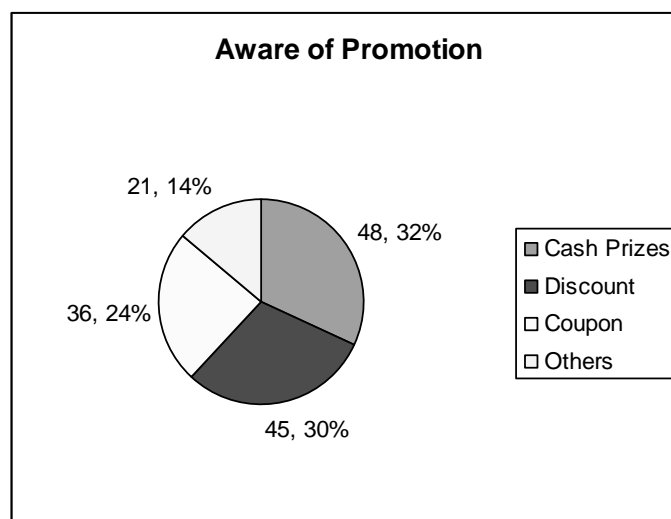
**Know about promotion Task**

<b>Particular</b>	<b>No.</b>	<b>Percent</b>
Yes	144	96
No	6	4
<b>Total</b>	<b>150</b>	<b>100</b>

The above table shows the coverage of promotion 96 percent of people know about at any one promotional work that manufacture promote and only 4 percent of people do not know about promotion

**Table No. 20**  
**Aware of promotion**

<b>Particular</b>	<b>No</b>	<b>Percent</b>
Cash Prizes	48	32
Discount	45	30
Coupon	36	24
Others	21	14
<b>Total</b>	<b>150</b>	<b>100</b>



**fig. 10**

Out of total respondents 32 percent retailer are aware of cash prizes, 30 percent aware of discount, 24 percent coupon and remaining 14 percent of people aware of others promotional works.

### **Hypothesis No. 5**

H0 : There is no significant difference between promotion and retailer i.e., retailers are aware of promotion.

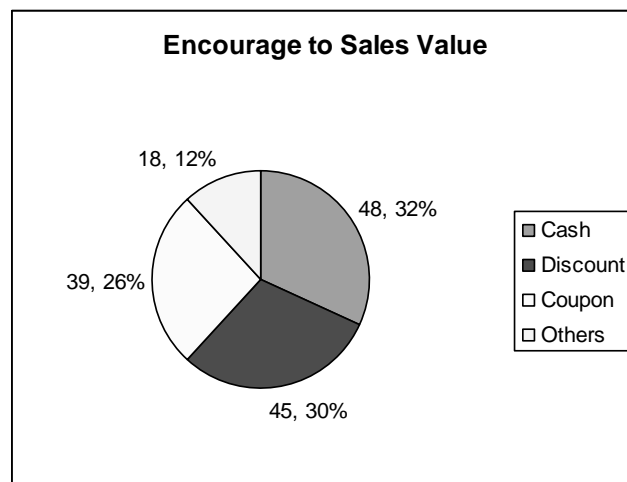
H1 : There is significant difference between promotion and retailer i.e. retailers are not aware of promotion.

Tabulated value of  $\chi^2$  at 5 percent level of significance for 3df is greater than calculated value (7.81>3.90). So we accept null hypothesis.

(H0) i.e. consumers are aware of promotional tasks.

**Table No.21**  
**Encourage to Sales Value**

<b>Particular</b>	<b>No.</b>	<b>Percent</b>
Cash	48	32
Discount	45	30
Coupon	39	26
Others	18	12
<b>Total</b>	<b>150</b>	<b>100</b>



**Fig. 11**

The above table shows that the coverage of promotional tools 32 percent of retailer is encouraged by cash prize. 30 percent encouraged by discount. 24 percent encouraged by coupon and remaining 14 percent of retailer are encouraged by others tools to sales more.

H0: There is no significances difference between promotion and sales.

H1: There is significances difference between promotion and sales.

Tabulated value of  $\chi^2$  at 5 percent level of significance for 3df is greater than its calculated value ( $7.81 > 3.90$ ). Null hypothesis (H0) is acceptable i.e. sales and sales promotion is related.

**Table No. 22**

**Know about promotion Task**

<b>Particular</b>	<b>No.</b>	<b>Percent</b>
Yes	147	98
No	3	2
<b>Total</b>	<b>150</b>	<b>100</b>

The above table shows that 98 percent of sales person (Shopkeepers) are involving at one contents and only 2 percent of are not taken parts on these contents.

**Table No. 23**

**Win Prizes**

particular	No	percent
Yes	138	92
No.	12	8
Total	150	100

The table show that 92 percent of people win prize and only 8 percent of people do not win any prize.

**Table No.24**

**Effectiveness of Sales promotion**

<b>Particular</b>	<b>No.</b>	<b>Percent</b>
Yes	114	76
No.	36	24
<b>Total</b>	<b>150</b>	<b>100</b>

The above table shows that effectiveness of sales promotion. 76 percent of retailers are affected by promotion but 24 percent of retailers are not affected by promotion.

**Table No. 25**

**Effect of Sales promotion on Sales**

<b>Particular</b>	<b>No.</b>	<b>Percent</b>
Yes	120	80
No.	30	20
<b>Total</b>	<b>150</b>	<b>100</b>

80 Percent of retailer of says that they are affected by promotion work. If any product do not provide any promotion package they switch their brand but 20 percent of retailer are brand loyal.

**4.2 Trends of Sales of Coca-Cola Group**

Sales data of co-cola has taken from distribution located in Kathmandu distributor give data yearly basis not on monthly basis. So research divided this data on monthly on the brand of distributor report and according to season.

All sales data of the coca-cola taken from distributors only. The researcher already presented the data taken from consumer in earlier part. In this part 9 percent and evaluate the data of sales of coca-cola. Out Of total cold drink that has been in market the researcher look only there brands of Coca-cola an example i.e., coke, fanta and sprite.

The collected data have been presented using group and bar diagram. Graph and bar diagram is simple and easy to understand actual picture. The researcher use only previous year's data.

**4.2.1 Sales Data of Coke**

**Table No. 26**  
**Sales Data of Coke**

Year/Month	2001	2002	2003	2004	2005
January	2690	3080	3520	3540	4040
February	3960	4620	5280	5310	6060
March	7920	9040	10560	10620	12120
April	18480	21560	24640	24780	28250
May	22440	26180	29920	30090	34340
June	23760	27720	31680	31860	36360

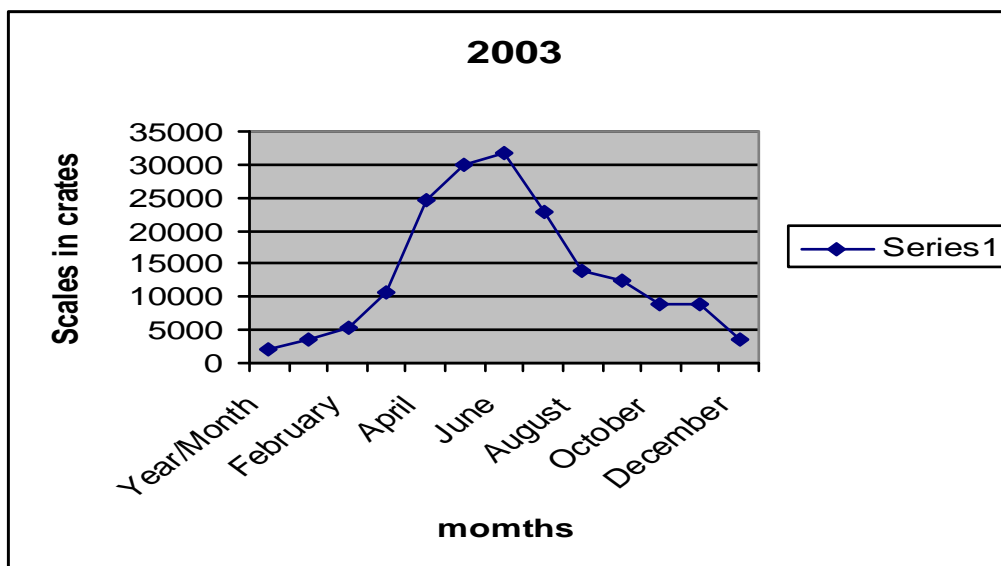
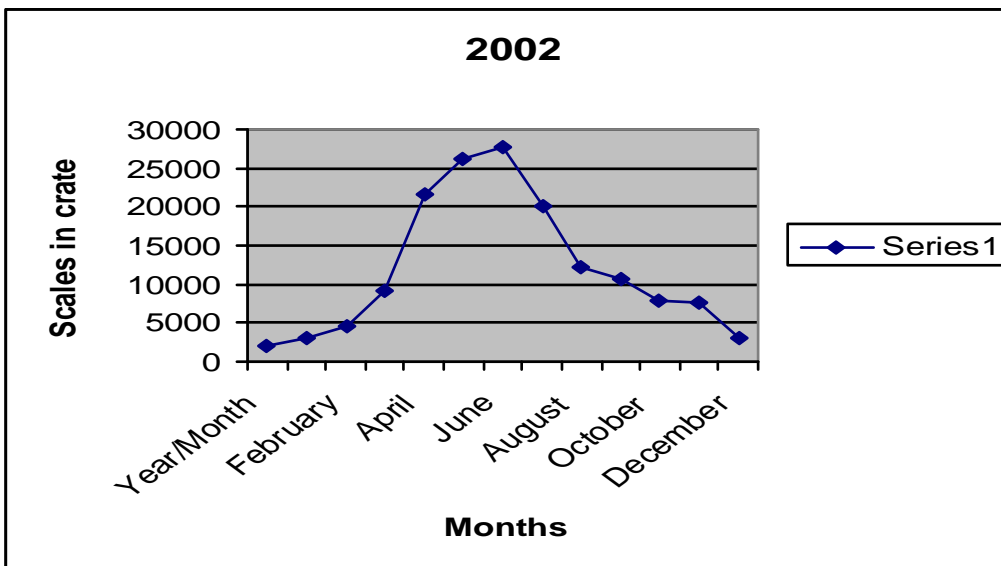
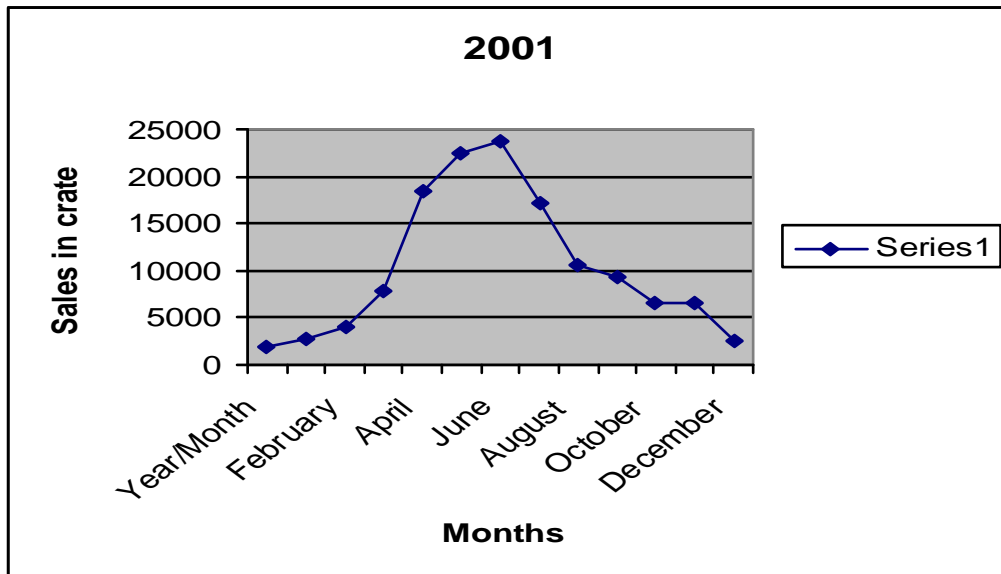
July	17160	20020	22880	23010	26260
August	10560	12320	14080	14160	16160
September	9240	10780	12320	12390	14140
October	6640	7780	8820	8850	10140
November	6600	7700	8800	8850	10100
December	2600	3000	3500	3540	4030
Total	132000	154000	176000	177000	202000

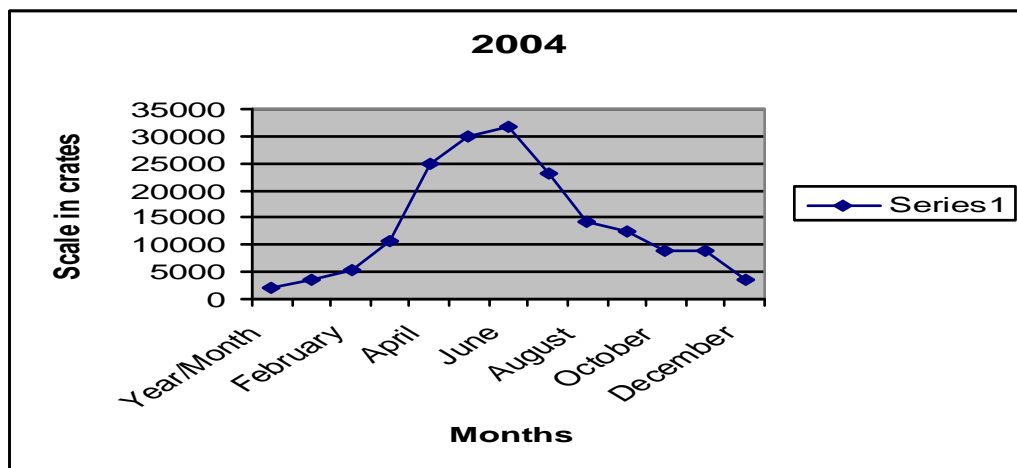
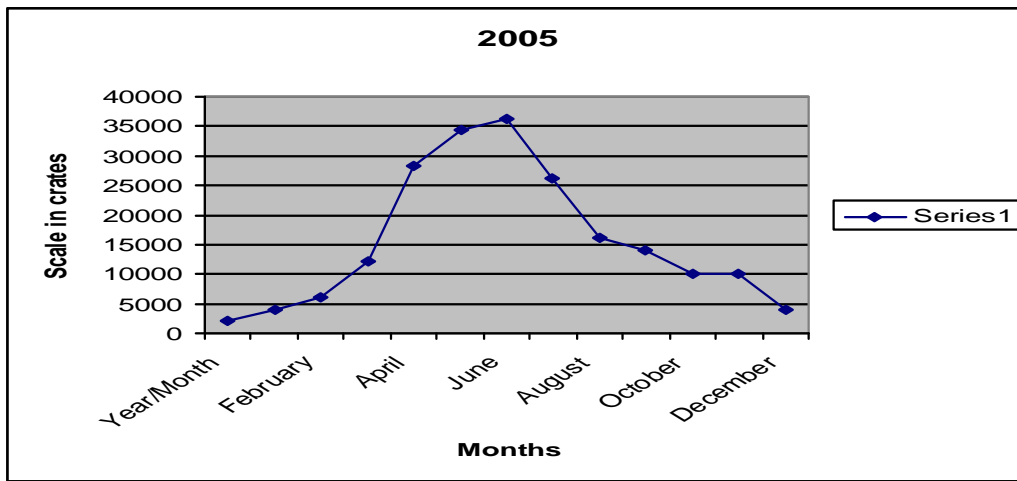
*Source: Cock Distributor Kathmandu*

(One crate =24 bottles)



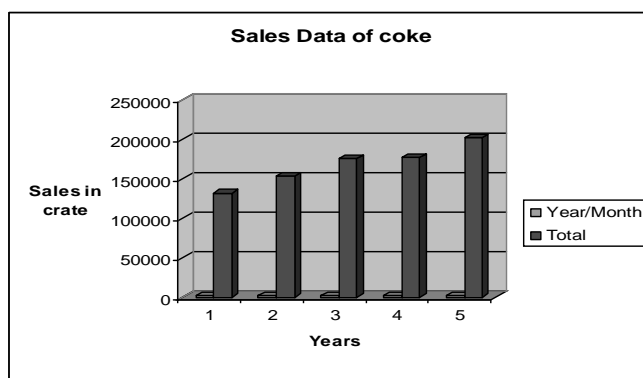
## Graphical Analysis of Sales Data of Coke





**Figure-12**

Sales of coke have gone same way on each year. Maximum sales month is April. May & June. In this month company provide special promotional package and increased sales by 50 percent first and last two months sales are very low because of cold season. After March sales season started. On October Nepalese main festival Dashain and Tihar comes. In this time sales have increased than after gone down. According to marketing manager of coke April May June is the main season. In this time they achieve 50 percent sales target.



**Figure 13**

In 2002 coke sales only 154000 crates coke. In year 2003 sales goes up 176000 crates. On year 2004 Sales have gone upward slow motion. But in year 2005 sales has research 202000crate in year 2004 company has not provide any new special promotional program. So sales has increased slowly. In year 2005 Coke Company provide special freeze scheme, discount scheme, free coke scheme (liquid only), coupon scheme, etc.

#### 4.2.2 Sales Data of Fanta

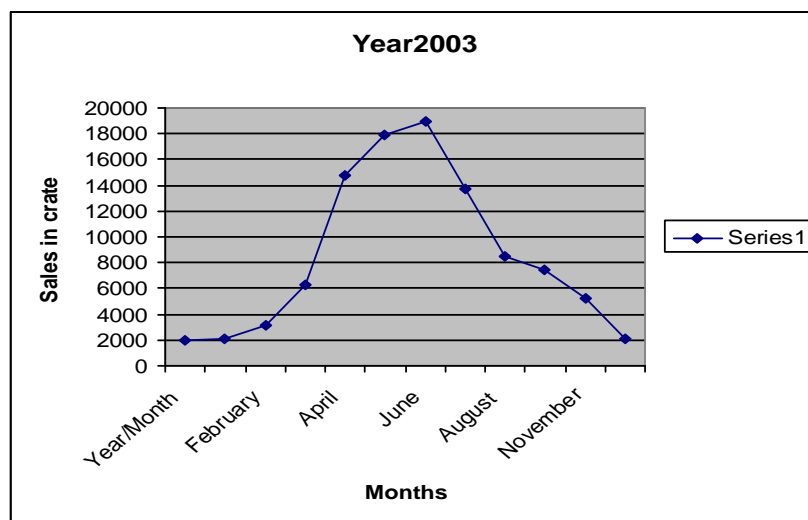
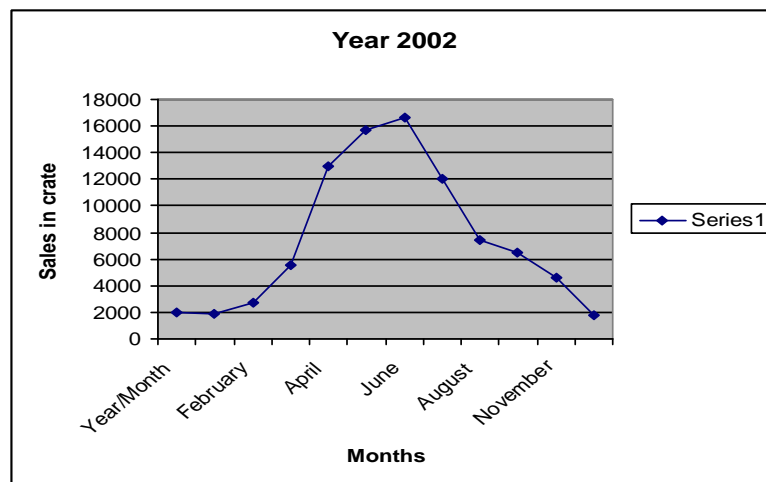
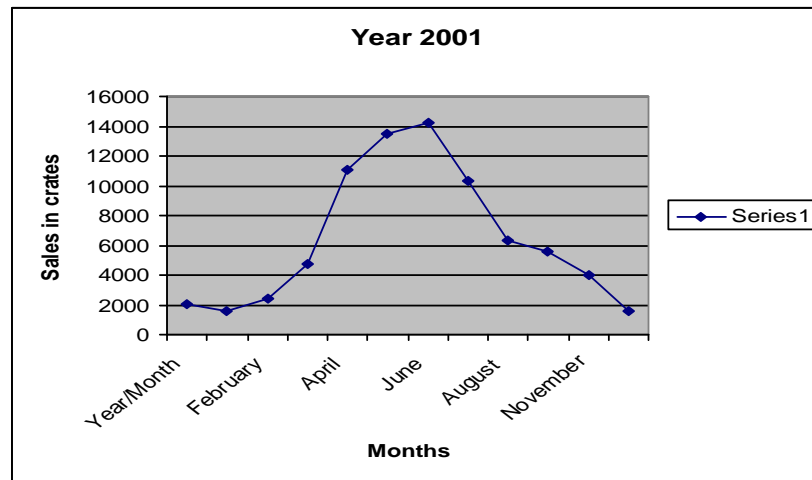
**Table No.27**  
**Sales Data of Fanta**

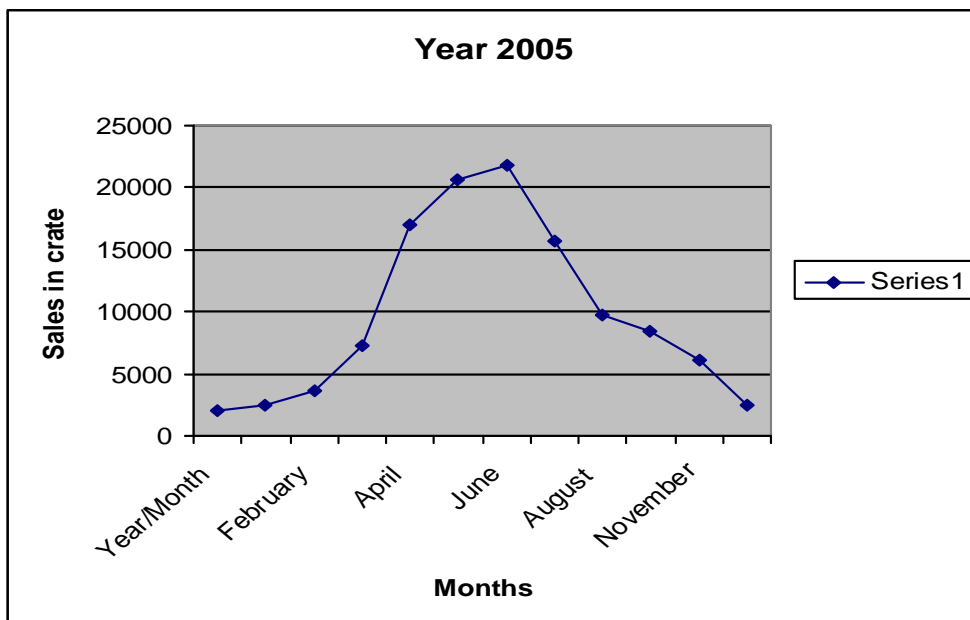
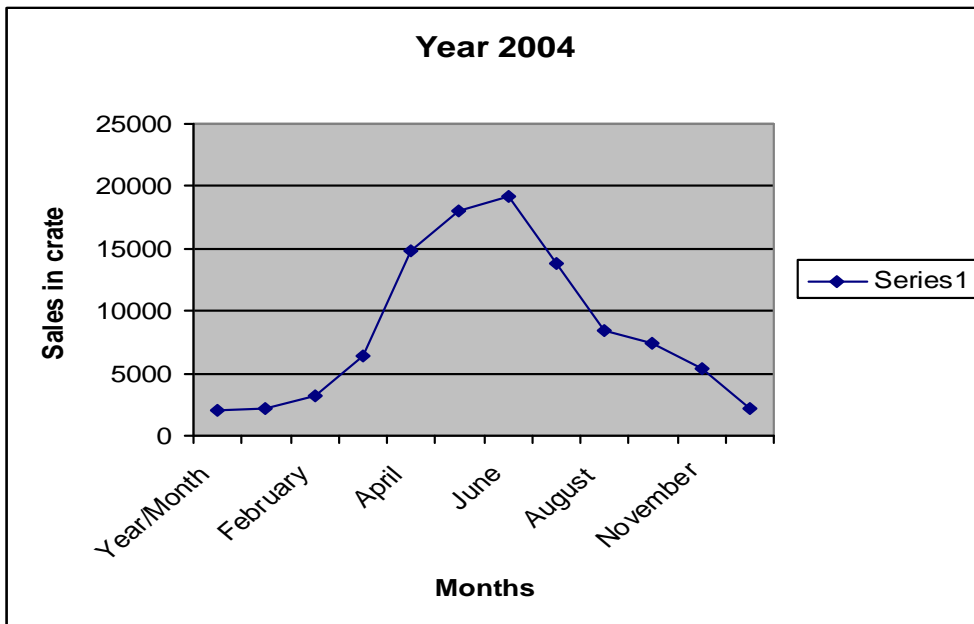
Year/Month	2001	2002	2003	2004	2005
January	1584	1848	2112	2124	2424
February	2376	2772	3168	3186	3636
March	4752	5544	6336	6372	7272
April	11088	12936	14784	14868	16950
May	13464	15708	17952	18054	20604
June	14256	16632	19008	19116	21816
July	10296	12012	13728	13806	15756
August	6336	7392	8448	8496	9696
September	5544	6468	7392	7434	8484
November	3960	4620	5280	5310	6060
December	1560	1800	2100	2124	2418
Total	79200	92400	105600	106200	121200

*Sources: Coca-cola distributor, Kathmandu*

(1 crate-24 bottles)

## Graphical Analysis of Sales Data of Fanta

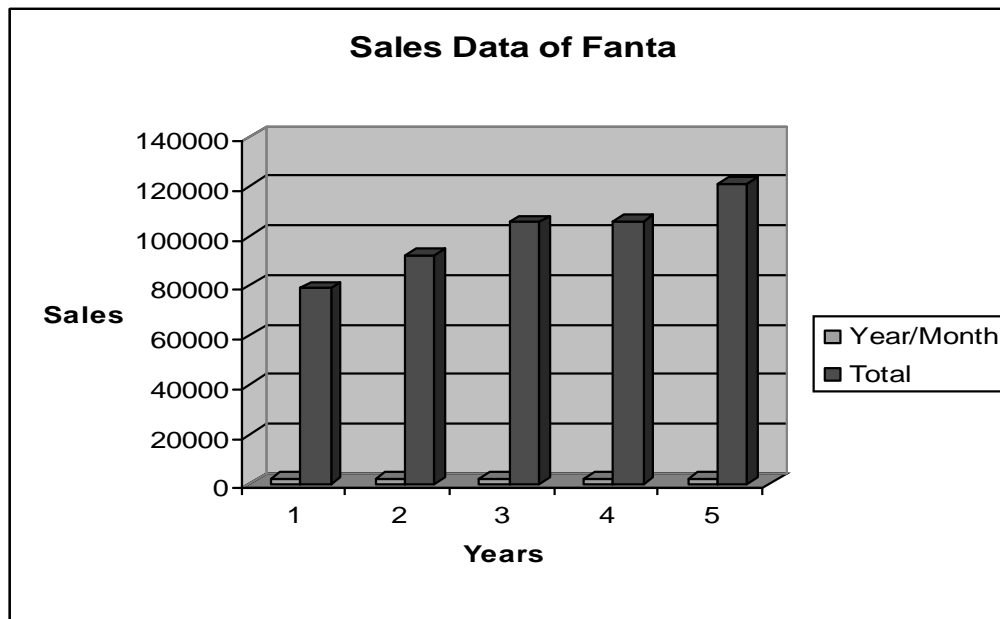




**Fig-14**

Sales of Fanta have gone same way on each year. The company achieve maximum sales target on April, May, June and October. On this four months comopany sales above 50 percent out of total years sales. In this season company provide various consumer and dealer promotion program has clearly show that sales are increased on April, May and June then decrease on October sales is again go up because of Dashain and Tiwar. The biggest festival of Hindus.

### Annual Sales Status of fanta for each year



**Fig. 15**

In 2002 sales fanta is only 92400 crates. In 2003 its sales gone 105600 crate likewise in 2004 sales has reached 106200 crates and in 2005, it achieve its target on 121200 crates. Fanta is second largest selling of coca cola Company in Nepal. Every year fanta also provide any one special promotion program freeze, free drink, coupon contents and other various programs has done by the company. So fanta has increased its sales every year.

### 4.2.3 Sales Data of Sprite

**Table No. 28**

**Sales Data of Sprite**

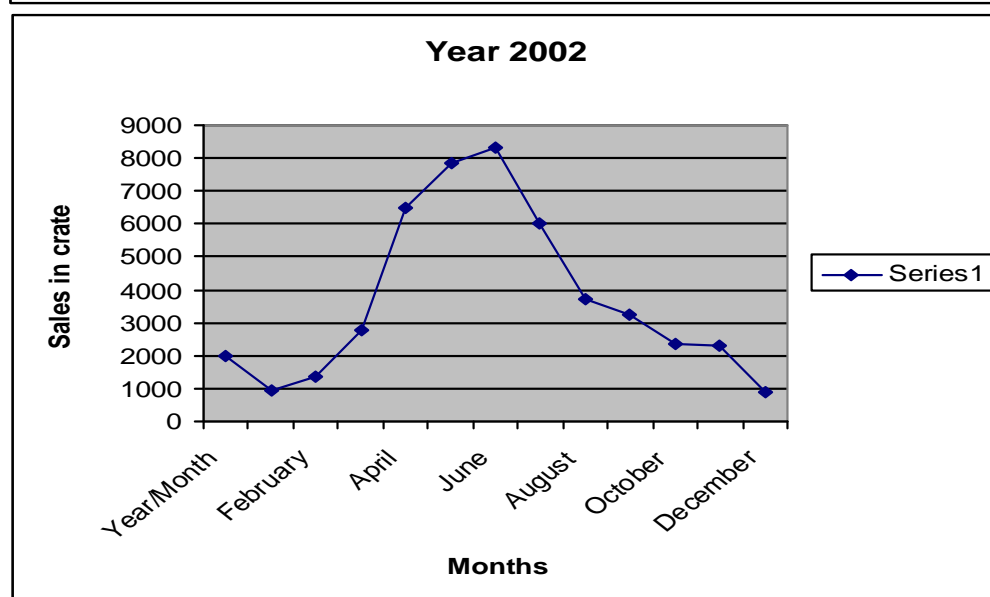
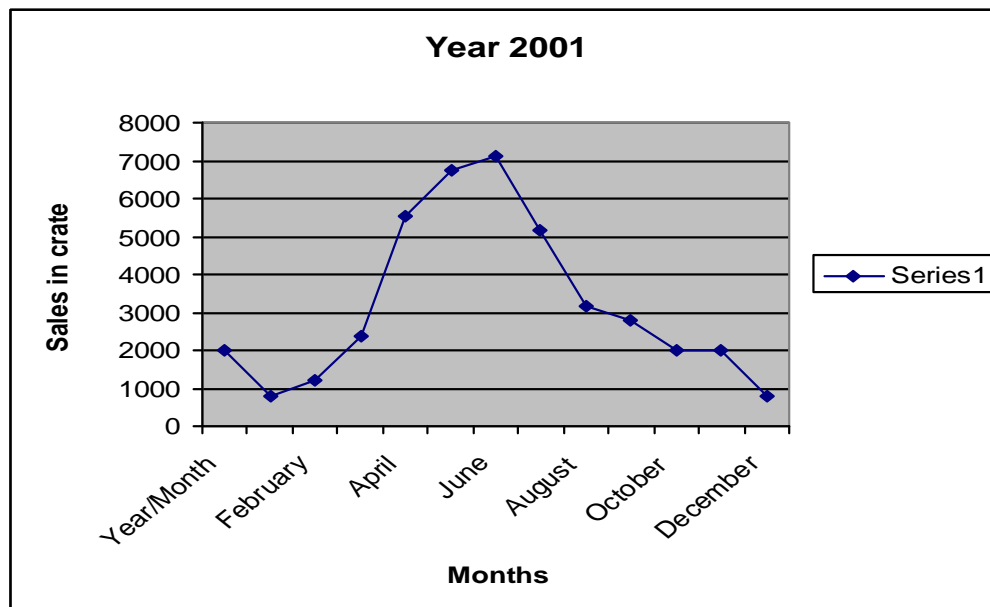
Year/Month	2001	2002	2003	2004	2005
January	792	924	1056	1062	1212
February	1188	1386	1584	1593	1818
March	2376	2772	3168	3186	3636
April	5544	6468	7392	7434	8475
May	6732	7854	8976	9027	10302

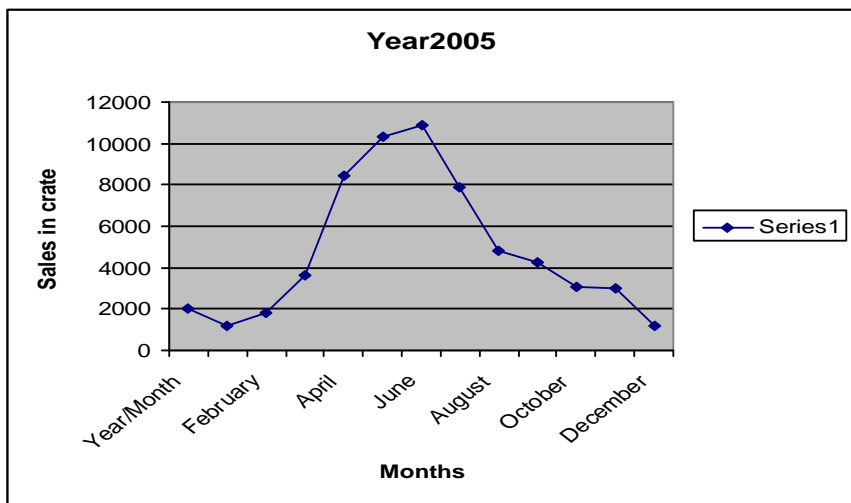
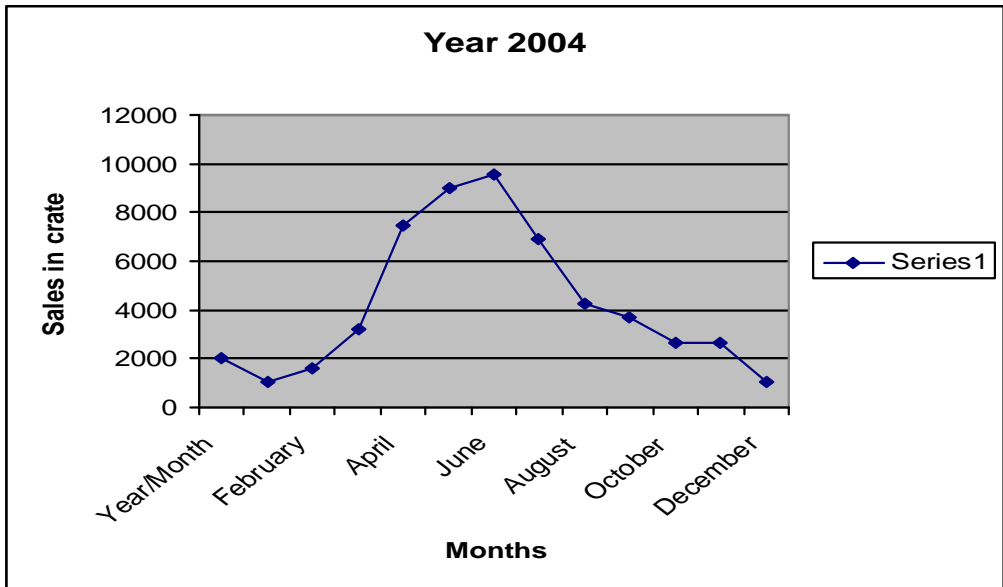
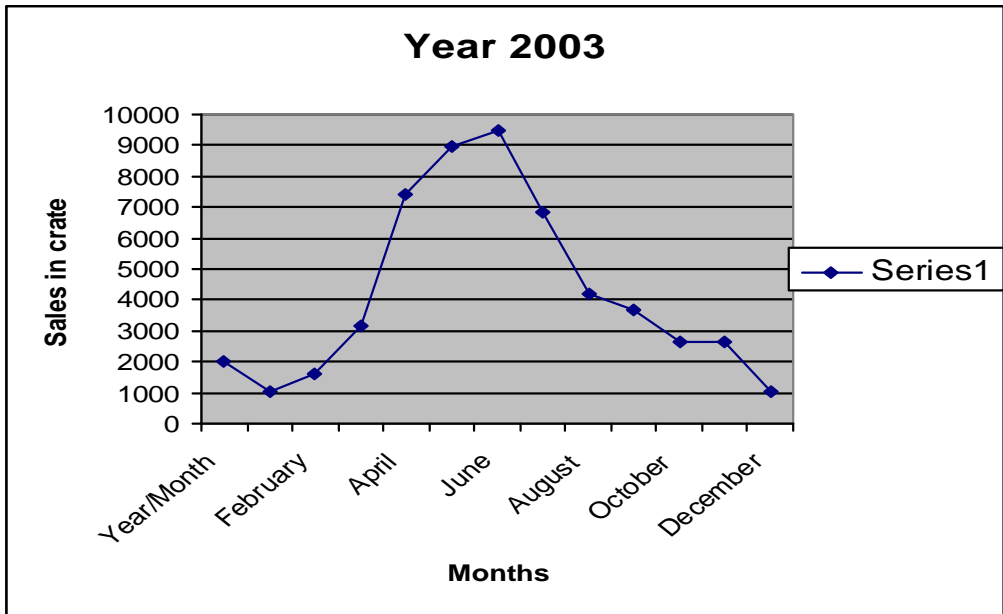
June	7128	8316	9504	9558	10908
July	5148	6006	6864	6903	7878
August	3168	3696	4224	4248	4848
September	2772	3234	3696	3717	4242
October	1992	2334	2646	2655	3042
November	1980	2310	2640	2655	3030
December	780	900	1050	1062	1209
Total	39600	46200	52800	53100	60600

Source: Cock Distributor Kathmandu

(One crate =24 bottles)

### Graphical Analysis of Sales Data of Sprite



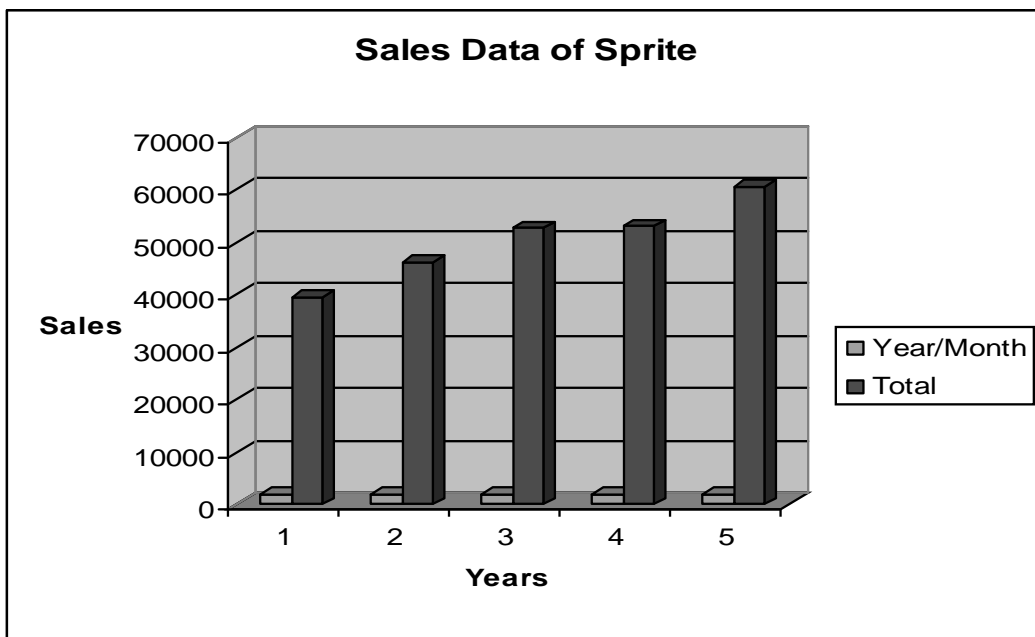


**Fig. 16**



Sales of Sprite have also gone same way on each year. The company achieve maximun sales target on April, May, June and October. On this four month company sales above 50 percent out of total years sales. In this season company provide various consumer and dealer promotion progrtam has clearly show that sales are increased on April, May and June then decrease on October sales is again go up because of Dashain and Tiwar. the biggest festival of Hindus.

### Annual Sales Status of Sprite for each year



**Fig. 17**

In 2002 sales Sprite is only 46200 crates. In 2003 its sales gone 52800 crate likewise in 2004 sales has reached 53100 crates and in 2005, it achieve its target on 60600 crates. Sprite is third largest selling of coca-cola Company in Nepal. Every year Sprite also provide any one special promotion program freeze, free drink, coupon contents and other various programs has done by the company. So Sprite has increased its sales every year.

### 4.3 Sales promotion Expenses

#### Sales promotion Expenses of Coca-Cola Group

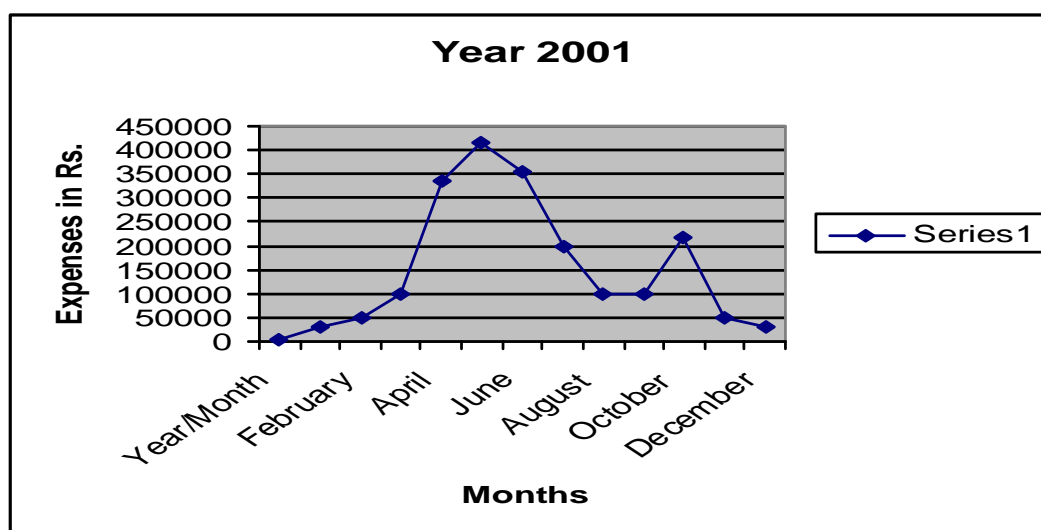
Table No. 29

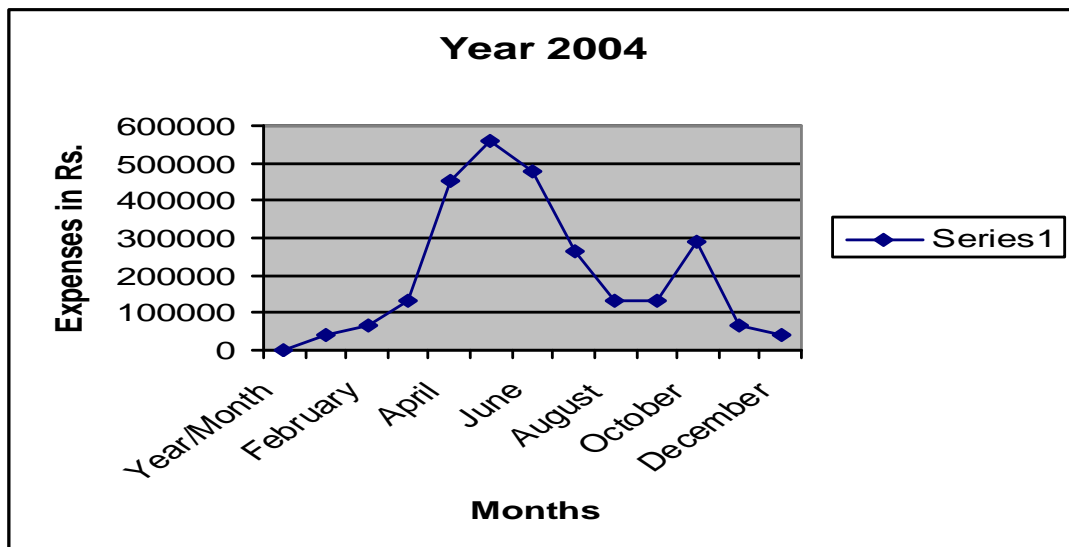
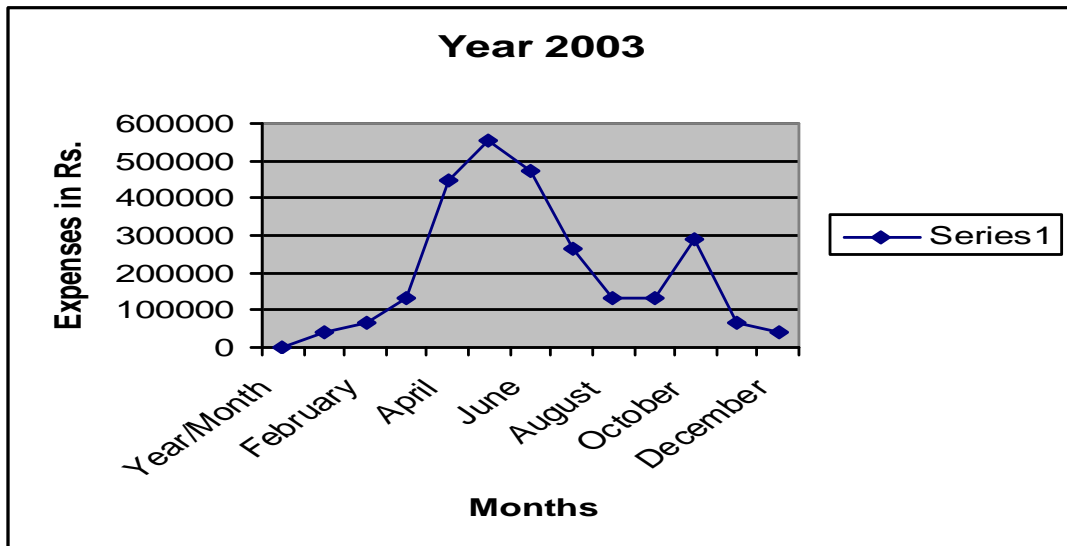
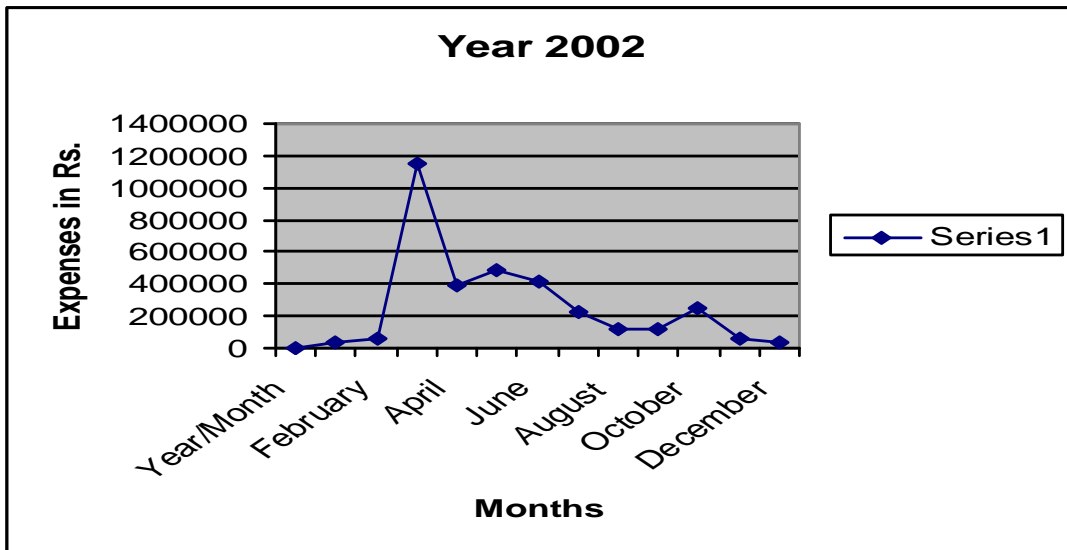
#### Sales promotion Expenses of Coca-Cola Group

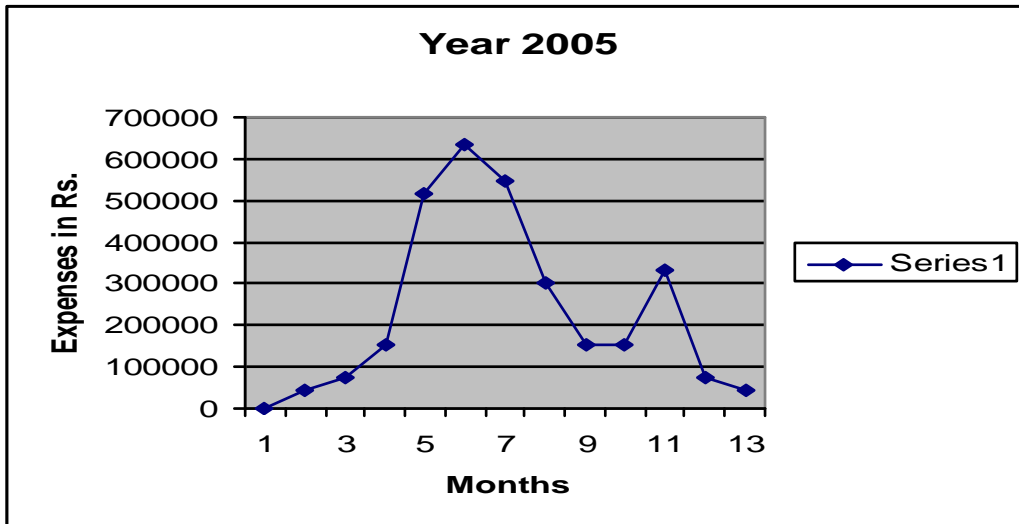
(In Rs.)

Year/Month	2001	2002	2003	2004	2005
January	29700	34650	39600	39825	45450
February	49500	57750	66000	66375	75750
March	99000	1155000	132000	132750	151500
April	336600	392700	448800	450135	515100
May	415800	485100	554400	557550	636300
June	356400	415800	475200	477900	545400
July	198000	231000	264000	265500	303000
August	99000	115500	132000	132750	151500
September	99000	115500	132000	132750	151500
October	217800	253500	290400	292050	333300
November	49500	57750	66000	66375	75750
December	29700	35250	39600	39825	45450
Total	1980000	2310000	2640000	2665000	3030000

#### Graphical Analysis



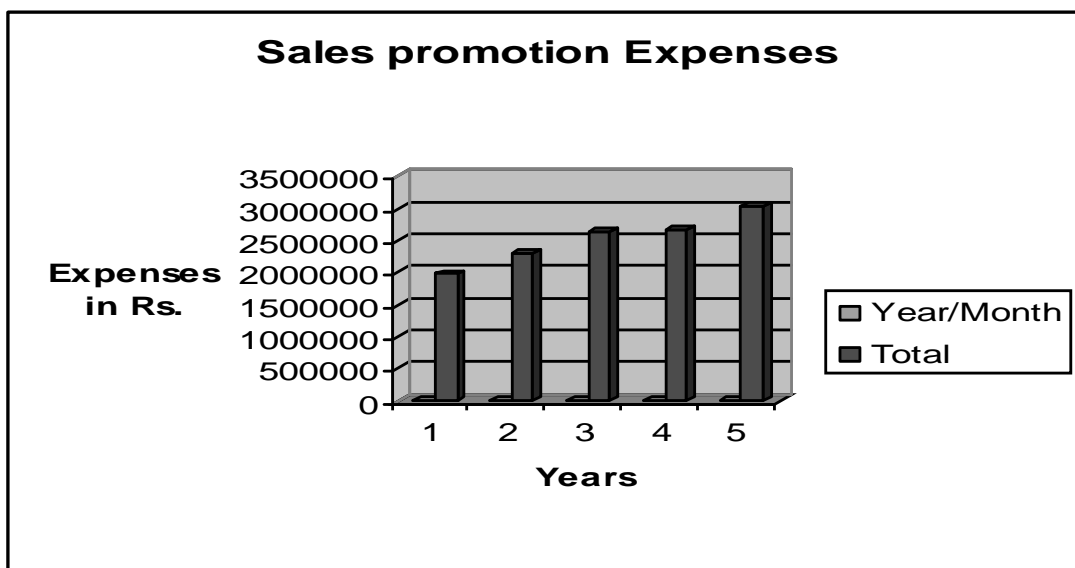




**Fig. 18**

The Coca-Cola Company spends on sales promotion program same schedule each year. Company provide special promotion package on April, May and June each year. This time is pick season for cold drinks. In this three months company want to achieve 50 percent sales target on overall year. For achieve this target distributor make sales schedule and provide various dealer and consumer promotion program. On October again company provide Dashain and Tiwar special program. We can see on graph that the maximum sales months are April, May, June and October.

**Sales promotion Expenses of Coca-Cola for each year**



**Fig. 19**

Coca-Cola is the largest selling company in Nepalese cold drink market. Coca-Cola spend large amount on its sales promotion program. In 2002 it spends Rs. 2310000 and on 2003 spends Rs.2640000. Likewise, it spends Rs.2655000 on year 2004 and 2005 respectively. The company already made schedule of sales and promotional expenses. Every year it increased its promotion budget. To capture new market and kept safely present market it is necessary to provide various consumer and dealer promotion package.

#### **4.4 Impact of Sales Promotion**

Impact of sales promotion on sales of Coca-Cola is measured though regression analysis. The regression analysis between sales of Coca-cola and sales promotion expenses of Coca-cola. In the regression analysis the following results have been seen (see appendix 6).

##### **4.4.1 Regression Analysis of the Data**

Regression is a popular tool in the statistics. This analysis is a mathematical measure of the average relationship between two or more variables in term of original units of data. It also clearly indicates the cause and effect relationship between the variable. The variable corresponding to effect is taken as dependent variables.

Here in our calculation, we denote x as expenses on sales promotion and y as sales per actual basis. We have considered the data for the period when the sales promotion is on the market. So only 3 months data have been taking for the calculation purpose. These months are April, May and June. All data in thousand ('000).

#### **4.4.2 Analysis of the Result of Regression**

On regression analyses the research try to show the relationship between the sales data and the expenses done sales promotion. Now the analysis Coca-cola brand (appendix 6).

Coca-cola's sales promotion and the sales data had shown that positive relation between the expenses and the sales. Both the data is dependent on each other if one goes down the other automatically comes down. In the year 2002 when sales expenses is Rs. 392700 the sales on an average is 40964 crates per month. It shows that if the company wants more sales than 40964 crates they have to spend more then Rs.392700 likewise the results of the year 2003, 2004 and 2005 all have shown the same impact. A sale goes down to the minimum if the sales expenses would be Rs. 0.96 i.e. No. expenses on sales promotion.

#### **4.5 Finding of the Study**

The major objective of the present study to see sales promotional tools are effective not on the sales of the cold drink. The whole research is sub divided on the basis in interpretation and analysis into two parts i.e. first effect of sales promotion from the consumer and shopkeepers view point and second effects on sales promotion from the calculation of sales data.

On the basis of analysis of the consumer view point and sales data separately. The major findings are:

1. The person who drinks occasionally and prefers coke brand more than others.
2. People are aware about sales promotion activities out of them most people know about item prize than coupon than cash prizes. But cash prize is effective than others tools.
3. The sales of coca-cola increasing month by month but the ratio of sales is higher is the months when the companies launched sales promotion program. This indicated that is positive relationship between the sales and

the sales promotion. If expenses on sales promotion increases the sales increase in a high speed.

4. The sales of one brand does not affect negatively to the sales of other brands. As the observation shows that the trend of all two brands are increasing.
5. The coca-cola drinker's have not particular choice of brands. So the concept of brand loyalty is not founding Nepalese cold drink market. So they can easily be directed towards one particular brand through proper marketing net.
6. All media is not popular among the people. Only electronic media(specially) is very popular among the people and the people who watch and listen media notice the ads, the percentage of the people notice ads for entertainment are higher than for information
7. It is found that coca-cola distributor generally conduct 3 months special promotion package one times in a ear. In this time they achieve 50 percent sales target of year.
8. From the regression it is clearly seen that if the expenses o the sales promotion increases the sales of the product will be increases.
9. Large number of people is interested on promotional contents that the manufacturer launches various occasions.
10. Retailers are interested on promotional program. They are aware of cash prizes then other promotional work.
11. Sales promotion programmed has positive impact on retailers and must of them taken parts on contents and win prizes.

## **CHAPTER - 5**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary**

Due to the globalization of the business, the world has become so close that a company can easily access to the market of the other part the world. The companies are facing through challenges to market their product. Over the years, the thrust has shifted from efficient production to the swift marketing. Marketing department in return, developed different techniques to market the products.

Publicity, advertisements personal selling etc. have all become so usual that the consumer hardly get excited by the these techniques. In the meantime, sales promotion came as a panacea for the manufacturer as the number of brands increases in the market. Advertising, personal selling and publicity create more noise for the consumer on the contrary. The rewarding offers, made through sales promotion methods prove be more attractive to consumers. As a result, sales promotion has received greater attention and afford of the sales force the encourage sales to stock the product and to persuade consumer to try the product. The use and practice of sales promotion method in Nepal is relatively very late.

Nepal is country of rural markets which are far from modernized system. The economy is characterized by low average per capita income. Though the concept of buying Nepali products is nowhere, because of low availability of local brands, consumers have been buying foreign products and brands since very long. So the practice of sales promotion methods within the country is very limited. Promotion as an element of marketing mix demands other elements to be equally effective. The reputation which is earned by value sold is and asset to the follow up program of promotion. But the availability of the non branded products at cheap price from the manufactures have created an environment of



competition with few industries especially liquors and beer, soft drinks, soap, instant noodles, tea etc.

The concept to pickup this subject for research came into mind because the Nepalese companies are using this technique very much but nobody has tried to do research and find out its effectiveness in Nepalese market the researcher work on this topic as because this is virgin and challenging area for research. In Nepal the increasing importance of sales promotion in marketing, as compared to media advertising, over the past fifteen years is the result of success achieved thoroughly sales promotion. The reason behind this has been the challenge of competition faced by business and industry during the latter part of this century. Sales promotion refers the use of different promotion tools stimulate or to create immediate sales.

Coca-cola company (brands:-coca-cola, sprite and fanta) which was established in the private sector who constantly offer prizes and other tools as a promotional techniques. This companies practice the sales promotion method to achieve the following objectives.

- ) To offset the impact of a new competitive products.
- ) To create demand for a new product.
- ) To pursue other brands users.
- ) To get rid of competition.
- ) To establish purchase habit to the initial users.
- ) To increase immediate sales.
- ) To recover loss in sales.
- ) To meet competition.
- ) To simplify and encourage to work of salesmen to sell.

Cold drinks companies in Nepal are primarily using the general tools like contents price cash prized and item prizes. And the cold drink company somewhat is able to achieve the basic objective of the sales promotion.

Sales promotion offers consists of various tools. The tools which have been taken onto consideration for the purpose of this study include free goods offer, coupon, premiums, sampling, contests, cash prizes advertisement specialties etc. The objective of promotion in relation to the consumers is to reach new users, to load current users, to increase product usage, to reinforce brand advertising and to introduce new products. These objectives may be further divided to four categories with a number of subordinate objectives. Such tools as sampling, coupons, consumer dials, advertising specialties and contest may be offered at the introduction stage to introduce new products, to produce for trials and to convert tries into regular users. Two of the above promotional tools, coupons and consumer deals may be suitable at the growth stage besides premium at this stage. Thus coupons premiums and consumer deals may be contemplated to load current users, to load regular users, to increase usage by present users and get rid of competition at growth stage. Similarly sampling, coupons, premiums and contests are considered suitable to hold current users against competition activity, and to stimulate impulse buying at me maturity stage. during the latter part of the maturity stage, when the product shows a declining trend, sales promotion tools like coupon and premiums may be introduce to increase product usage to reach large number of prospects, to gain increased display area and shelf space in the store, to offset seasonal slumps, and to offset the impact of new competitive products. Above all the promotional tools are popular and effective sales promotion tools in all level of product life cycle in Nepal.

The questionnaires were distributed in Kathmandu and the sales data taken from distributor. Out of collected data, chi square( $\chi^2$ ) method and regression method of statistic were used to see the different result. Chi square test's result show that electronic media is popular and the regression result shows that the increase in promotional expenses causes the overall of the coca-cola is very high.

## 5.2 Conclusion

The overall conclusion of this study would be the following.

The sales promotion activities do positive impact on sales of coca-cola. From the regression analysis it became so clear that if sizeable amount is spent on promotional activities the sales would increase accordingly.

The studies find that besides other cash prize is most accepted as well as effective and widely used mode of sales promotion.

Electronic media is most accepted by the people. So far sales promotion purpose the electronic media is very suitable.

The present study finds that besides the consumers have not particular choice of brands. So the concept of brand loyalty is not found in Nepalese consumer. So, they can easily be directed towards one particular brand through proper promotional activities.

In summary, increasing sales of one brand does not effect negatively to the sales of other brand. They all can increase their sales through promotional activities and create own separate new market.

The sales promotion is very powerful tools which can easily occur the sales. However, the study clearly prevails that the sales of coke would be very high and the sales of fanta & sprite would be lower than coke, provided every promotional activities would be the same.

### 5.3 Recommendations

Sales are the very pivotal activities of any industries. The success and failure of the industries depend on the sales of the products. The whole world is running after the sales. Companies expense huge amount for research on consumer habit and effective sales activities. So the sales promotion is the key factor to increase sales.

On the basis of findings of the present study, the following recommendations are advised to the industries. If the recommendations are properly applied the positive impact can be seen.

- The electronic media is very popular among the people. So the heavy media coverage should be acquired. The advertisement should be more entertaining which can able to cater the need of brands information too, should be introduced.
- Proper tools/mode of sales promotion has to be selected. It is proved that cash prizes are effective both consumer and sales person's view. So thrust n cash prizes than item prizes should be given cold drinks companies. Sometimes items like audio system, cycle etc. They should be cut down and cash prize, free drinks should be introduced. If done so more people will get the prizes. Findings have already shown that the persons, who get the prize can be easily indeed to have cold drink.
- Findings proved that the sales promotion have impacts on the sales of the coca-cola. But the company launches the special sales promotion package for only 3 or 4 months. It is strongly advised that sales promotion programs should be launched at least 6 months, be it, the programs has to be broken into two parts, and the expenses made on the promotion should be lower down a bit. If it is done the overall average sales for the year will be increased substantially.
- Through the increase in the sales expenses have positive impacts on coca-cola. The expenses should be made wisely, the selection of the mode of sales promotion, the section of period to launch sales promotion program

should be made wisely. It is advised that the monthly sales promotion expenses should be longer than present so that the yearly sales would be increased.

If the suggestions are to be followed properly by the industries, the positive impact on the sales as well as on the image of the companies and also the image of the cold drinks among the consumers would be positive.

At the last, sales promotion covers a wide range of short term incentive tools designed to stimulate the consumer market, the trade, and the organizations own sales force. Sales promotion expenditures now exceed advertising expenditures and are growing at a faster. So as in Nepal too, the use of this marketing techniques is increasingly high. Thus, the use of sales promotion is very important if the use would be in a proper way.

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## Appendix-1

Ho: There are no significant different among consumer

H1: There are significant different among consumer

Particular	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Daily	30	37.5	-7.5	56.25	1.5
once a week	54	37.5	16.5	272.25	7.26
Once a month	39	37.5	1.5	2.25	0.06
Occasionally	27	37.5	10.5	110.25	2.94
<b>Total</b>	<b>150</b>				<b>11.76</b>

Degree of freedom = (n-1)=4-1 = 3

Tabulated value of  $\chi^2$  at 5% level of significance for 3d.f.is 7.81

## Appendix-2

Ho: Consumers are brand loyal

H1: Consumers are not brand loyal

Cold drink	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Coke	90	50	40	1600	32
Fanta	42	50	-8	64	1.28
Sprite & Others	48	50	32	1024	20.64
<b>Total</b>	<b>150</b>				<b>53.92</b>

Degree of freedom=(n-1)= 3-1=2

Tabulated value of  $\chi^2$  at 5% level of significance for 2 degree of freedom is 5.99

### Appendix-3

Ho: There is no relationship between contend and consumer's behavior i.e.

Consumer's are like Sales promotional contend.

H1: There is relationship between contend and consumer's behavior i.e. Consumer's

are like Sales promotional contend.

Interest	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Very much	90	37.5	52.5	2756.25	73.5
A bit	27	37.5	-10.5	110.25	2.94
Don't know	21	37.5	-16.5	272.25	7.26
Don't like	15	37.5	-22.5	506.25	13.5
<b>Total</b>	<b>150</b>				<b>97.2</b>

Degree of freedom  $= (n-1) = 4-1=3$

Tabulated value of  $\chi^2$  for 3 d.f. at 5% level of significance is 7.81

### Appendix-4

Ho: All Types of media are equal popular among consumer.

H1: All Types of media are not equal popular among consumer

Media	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
T.V.	66	50	16	256	5.12
Radio	18	50	-32	1024	20.48
News paper	15	50	-35	1225	24.5
All	51	50	1	1	0.02
<b>Total</b>	<b>150</b>				<b>50.12</b>

Degree of freedom  $= (n-1) = 4-1=3$

Tabulated value of  $\chi^2$  for 3 d.f. at 5% level of significance is 7.81



### Appendix - 5

Ho: There is no significance difference between promotion and consumer

H1: There is significance difference between promotion and consumer

Promotional tool	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Cash	41	37.5	3.5	110.25	0.32
Discount	4.5	37.5	7.5	56.25	1.5
Coupon	3.6	37.5	-1.5	2.25	0.06
Other	28	37.5	-9.5	90.25	2.41
Total	150				4.29

Degree of freedom =(n-1)= 4-1=3

Tabulated value of  $\chi^2$  for 3 d.f. at 5% level of significance is 7.81

### Appendix-6

**coca-cola**

**2002**

Let, X= Sales promotion expenses

Y= Sales

x	y	xy	x <sup>2</sup>	y <sup>2</sup>
393	40	15720	68644	1600
485	49	23765	104329	2401
416	52	21632	76729	2764
x = 1294	y = 141	xy =61117	x <sup>2</sup> =562730	y <sup>2</sup> =6705

Required equation is  $y - \bar{y} = byx(x - \bar{x})$

$$\bar{X} = \frac{\sum X}{N} = 431.33$$

Calculation of y series

Calculating mean of Series

$$\bar{y} = \frac{\sum y}{N} = 47$$

Calculating regression coefficient by x

$$b_{xy} = \frac{\sum xy}{\sum x^2} = \frac{61117}{562730} = 0.108$$

Now, Substituting the values in the equation

$$y - \bar{y} = b_{yx} (x - \bar{x})$$

$$y - 47 = 0.108x (x - 43133)$$

$$y = 0.108x + 0.416$$

Thus, We x = 250

$$y = 0.108x + 0.416$$

$$y = 0.108 (250) + 0.416$$

And when, x = 350

$$y = 0.108 x + 0.416$$

$$y = 38.216$$

Hence, the sales would increase when sales prevention expenses will be increased in our calculation:-

When sales promotion expenses = 250

Sales = 27.416

Where,

$$350 > 250$$

$$28.04 > 20.04$$

$$38.216 > 27.416$$

### 2003

x	y	xy	x <sup>2</sup>	y <sup>2</sup>
449	46	20654	59409	625
554	56	31024	136161	900
475	59	28025	100489	1024
x=1478	y = 161	xy = 79703	x <sup>2</sup> = 326051	y <sup>2</sup> = 2549

Required equation is  $y - \bar{y} = b_{yx} (x - \bar{x})$

Calculating mean of x Series

$$\bar{x} = \frac{\sum x}{N} = 492.67$$

Calculating mean of y series

**2004**

X	Y	XY	X <sup>2</sup>	Y <sup>2</sup>
450	47	21150	90601	576
558	57	31806	137641	900
478	60	28680	101124	1024
X=1486	Y = 164	XY = 81636	X <sup>2</sup> = 742348	Y <sup>2</sup> =9058

Required equation is  $y - \bar{y} = b_{yx} (x - \bar{x})$

Calculating mean of x series

$$\bar{x} = \frac{\sum x}{N} = 495.33$$

Calculating mean of y series

$$\bar{y} = \frac{\sum y}{N} = 54.67$$

Calculating regression coefficient byx

$$b_{yx} = \frac{\sum xy}{\sum x^2} = \frac{81636}{742348} = 0.11$$

Now, Substituting the value in the equation

$$y - \bar{y} = b_{yx} (x - \bar{x})$$

$$y - 54.67 = 0.11x (x - 495.33)$$

$$y - 54.67 = 0.11x - 54.48$$

$$y = 0.11x + 0.19$$

When,  $x = 1$

$$y = 0.11 \times 1 + 0.19$$

$$y = 0.3$$

When,  $x = 400$

$$y = 0.11 \times (400) + 0.19$$

$$y = 44.19$$

### 2005

x	y	xy	$x^2$	$y^2$
515	53	9604	117649	784
636	65	14416	179776	1156
545	69	13068	131769	1296
$x = 1696$	$y = 187$	$xy = 37088$	$x^2 = 429194$	$y^2 = 3236$

Required equation is  $y - \bar{y} = byx (x - \bar{x})$

Calculating mean of x series.

$$\bar{x} = \frac{\sum x}{N} = 565.33$$

Calculating mean of y series

$$\bar{y} = \frac{\sum y}{N} = 62.33$$

$$byx = \frac{\sum xy}{\sum x^2} = \frac{106240}{966746} = 0.11$$

Now,

$$y - \bar{y} = byx (x - \bar{x})$$

$$y - 62.33 = 0.11 (x - 565.33)$$

$$y - 62.33 = 0.11x - 62.18$$

$$y = 0.11x + 0.15$$

$$y = 0.11(100) + 0.15$$

$$y = 11 + 0.15$$

$$y = 11.15$$

## Questionnaire to Sales Persons

1. Do you know about promotional work that Coca-Cola manufacture provided?
  - a. Yes ( )
  - b. No ( )
2. What form of promotion you are aware of?
  - a. Cash prize ( )
  - b. Coupon prize ( )
3. What sort of promotion include you to sale more Coca-cola?
  - a. Cash prize ( )
  - b. Coupon prize ( )
4. Have you ever taken the part of any contents?
  - a. Yes ( )
  - b. No ( )
5. If yes have you got any prizes?
  - a. Yes ( )
  - b. No ( )
6. Do this promotional work you have to encourage to sales any special brand more?
  - a. Yes ( )
  - b. No ( )
7. Do you change your special brand if your brand is not providing any prize and other brands offer?
  - a. Yes ( )
  - b. No ( )

## Questionnaire to consumers

Name:

Age :

Address:

**Please tick ( ) the answer.**

### A. Consumer habit.

1. Do you drink cold drink?
  - a. Yes ( )
  - b. No ( )
2. How often do you drink coca-cola?
  - a. Daily ( )
  - b. Once a week ( )
  - c. On e ina mid day ( )
  - d. Occasionally ( )
3. Do you stick on any special brand of coca-cola? If yes give name sequence wise.
  - a. Coke ( )
  - b. Fanta ( )
  - c. Sprite ( )
  - d. Others ( )

**B. Sales promotion:**

1. Do you know about promotion work that Coca-cola manufactures perform?  
a. Yes ( )                      b. No ( )
2. What form of promotion you are aware of ?  
a. Cash prize ( )              b. Coupons prize ( )  
c. Item prize ( )              d. Others ( )
3. What sort of promotion include you to consumer more cold drinks?  
a. Coupons prize ( )      b. Cash prize ( )  
c. Item prize ( )              d. Others ( )
4. Do you like the contests that the Coca-cola company organizes on various occasions?  
a. I like very much ( )              b. I like a bit ( )  
c. I don't know ( )              d. I don't like it ( )
5. Have you ever taken the part in these contents?  
a. Yes ( )                      b. No ( )
6. If yes have you got any prizes?  
a. Yes( )                      b. No ( )
7. Do you scheme should be changed so that you'll have more Coca-cola?  
a. Yes ( )                      b. No ( )
8. Do you change your usual brand of your brand in not providing any prizes and other brands offer?  
a. Yes ( )                      b. No ( )

**C. Media graphic:**

1. Do you watch, read, listen the programs and new from T.V. paper and radio?  
a. Yes ( )                      b. No ( )
2. If yes, which media do you select?  
a. T.V. ( )                      b. Radio ( )  
c. News paper ( )              d. All ( )
3. In which media do you notice cold drinks advertisements?  
a. T.V. ( )                      b. Radio ( )                      c. News papers ( )