

## Effect of Sales Promotion on Consumer Brand Preference: A Case Study Of Laundry Detergent in Dhaka City Consumers

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### Abstract

*The implementation of an adequate sales promotion may guarantee an increase in sales in a short period of time. But sales promotion does not eventually create brand loyal customer group. This study is based on Dhaka city consumers and focuses on detergent product. In this report the researchers tried to find out detergent consumers' evaluation of sales promotion and their brand association with respect to detergent product. A sample of fifty detergent consumers was selected for this study. Respondents expressed their opinion on structured questionnaire. It was found from the analysis that consumers were satisfied with the sales promotion but it does not create long term assurance toward brand preference. It is found that consumers choose the detergent brand with an effort. Detergent is a low involvement purchase product and buyer basically follows habitual buying pattern for this product. Mostly consumers are passive learners about the detergent. But Dhaka city detergent consumers are aware of the different detergent brands and do not switch to other brands because of sales promotion. There is no impact of sales promotion on brand loyalty of detergent consumers. The study should be extended to different product categories. The profiles of the respondents in terms of geographic and psychographic are to be considered for further studies is suggested.*

**Key words:** Sales promotion, Detergent, Brand preference, Brand loyalty

### Introduction

Sales promotions have become a vital tool for marketers and its importance has been increasing significantly over the years (Manalel *et al*, 2007). Prices are used by retail establishments as an advertising appeal to attract consumers. This is shown by the increasing presence of product prices in the media and advertising campaigns. This is aimed at providing the consumer with a comparative element to judge the different alternatives he or she has at his or her disposal when making a purchase (Alvarez, *et al*. 2005). In India, sales promotions expenditure by various marketing companies is estimated to be Rs 5,000 crores and the emphasis on sales promotion activities by the Indian industry has increased by 500 to 600 percent during the last 3 to 5 years (Economic Times, June 15, 2003). In the year 2001, there were as many as 2,050 promotional schemes in the Rs 80,000 crore FMCG Industry (Dang *et al*, 2005). Given the growing importance of sales promotion, there has been considerable interest in the effect of sales promotion on different dimensions such as consumers' price perceptions, brand choice, brand switching behaviour, evaluation of brand equity, effect on brand perception and so on (Manalel *et al*, 2007).

Manufacturers and retailers wish to understand the way marketing variables like price, loyalty or promotions may affect their sales and therefore the market share of the products they commercialise (Alvarez, *et al*. 2005). Research evidence suggests that sales promotions positively affect short-term sales (Priya, 2004). Studies have shown that price promotions enhance brand substitution within a product category (Dodson *et al*, 1978). However, there have also been studies that suggest that sales promotion affects brand perceptions (Manalel, *et al* 2007). Researchers have found out that promotions, especially price promotions, have negative effect on brand equity (Mela *et al*, 1997). In another study, Schultz (2004) argues that over dependence on promotions can erode consumers' price-value equation. The results of a study by Jedidi *et al* (1999) indicates that in the long term, advertising has a positive effect on brand equity whereas price promotions have a negative effect. Similarly, Yoo *et al* (2000), based on structural equation model, suggests that frequent price

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promotions, such as price deals are related to low brand equity, where as high advertising spending, high price, good store image and high distribution intensity are related to high brand equity.

It is necessary for the establishment to determine clearly the objective to be reached through sales promotion. It is also relevant to distinguish between short-term and long-term objectives. The former are generally aimed at responding to the competition's promotion incentives or getting rid of stock. However, long-term objectives usually focus on increasing the market share, the benefits and on developing an adequate image to win renown (Alvarez , *et al.* 2005).

The objective of this study to identify the relation between sales promotion and brand loyalty of detergent consumers in the Dhaka city. Detergent is a low involvement product . normally buyers of detergent practices habitual buying behavior ( Kotler, P,2003). Consumers of detergent do not search extensive information before purchase. Detergent consumers are passive recipients of information in television or in print advertisement. So advertisement and promotion offers creates brand familiarity rather brand conviction. Switching of detergent brand is very easy . In this study authors' test the strength of sales promotion on brand preference.

### Laundry Detergent and Toiletries Industry in Bangladesh

Bangladesh has a detergent market of about 11.5 billion taka of which Unilever occupies a share of 30% making it the market leader. The major competitor brands in the detergent market for Unilever are Keya, Chaka and Tibet. To fight this steep competition the above mentioned companies constantly run consumer promotion in hope to sell more than the respective competitors. Although this strategy worked well at first but with the passage of time, the intense consumer promotions have done little to prevent Unilever from loosing shares to its competitors. In 2004, Wheel, Unilever's largest detergent brand ran about nine consumer promotions where as in 2005 it ran no consumer promotions at all.

Locally produced toiletries now play a significant role in a sector that has been dominated by imports in the past. Most of the products in this sector are common consumer goods which have a large demand in the domestic market. Imports of cosmetics and toiletries are targeted mostly to the middle and high-end segments of the market. Most of the local customers are quite happy with the domestic products as long as product performance is satisfactory and the price is reasonable. While most of the manufacturers focus primarily on meeting the demands of the local market, some firms have started exporting cosmetics and toiletries products from Bangladesh.

Most local manufacturers focus on the middle-to-low price market segments. The production figures of major toiletries firms over a five-year period suggest that all the major firms have experienced steady growth.

Although the toiletries industry consists of a large number of firms, Table 7 clearly shows that seven firms possess 95 percent of the market share for toilet soap, laundry soap and detergent.

*Table I : Market Share of Beauty Soap of Bangladesh*

| Sl. No.             | Company                      | Brand Name                    | Yearly Market Share on Toilet Soap |             |
|---------------------|------------------------------|-------------------------------|------------------------------------|-------------|
| 1                   | Unilever (BD). Ltd           | Lux International Beauty Soap | Tk. 312 Crore                      | 43.33%      |
| 2                   | Square (Toiletries Division) | Meril Beauty Soap             | 48 Crore                           | 6.66        |
| 3                   | Keya Cosmetics Ltd.          | Keya Beauty Soap              | 72 Crore                           | 10.00%      |
| 4                   | Aromatic Cosmetics Ltd.      | Aromatic Beauty Soap          | 48 Crore                           | 6.66%       |
| 5                   | Lily Cosmetics Ltd.          | Lily Beauty Soap              | 72 Crore                           | 10.00%      |
| 6                   | Kohinoor Chemical Co.        | Tibet Beauty Soap             | 72 Crore                           | 10.00%      |
| 7                   | Marks & Allys Ltd.           | Camelia Beauty Soap           | 60 Crore                           | 8.35%       |
| 8                   |                              | Others                        | 36 Crore                           | 5.00%       |
| <b>Total Market</b> |                              |                               | <b>720 Core</b>                    | <b>100%</b> |

Source: Competition Scenario in Bangladesh ((Draft) Bangladesh Enterprise Institute July 2005

**Table II : Market share of Laundry soap and detergent of Bangladesh**

| Sl. No. | Company                      | Brand Name               | Yearly Market Share on Laundry Soap & Detergent |             |
|---------|------------------------------|--------------------------|---|-------------|
| 1       | Unilever (BD). Ltd           | Laundry Soap & Detergent | Tk.696 Core                                     | 60.42%      |
| 2       | Square (Toiletries Division) | "                        | 60 Core   | 5.21%       |
| 3       | Keya Cosmetics Ltd.          | "                        | 96 Core   | 8.33%       |
| 4       | Aromatic Cosmetics Ltd.      | "                        | 72 Core   | 6.25%       |
| 5       | Lily Cosmetics Ltd.          | "                        | 60 Core   | 5.21%       |
| 6       | Kohinoor Chemical Co.        | "                        | 84 Core   | 7.300%      |
| 7       | Marks & Allys Ltd.           | "                        | 24 Core   | 2.08%       |
| 8       |                              | Others                   | 60 Core   | 5.21%       |
|         |                              | <b>Total Market</b>      | <b>1152 Core</b>                                | <b>100%</b> |

Source: Maxwell Stamp PLC

Unilever Bangladesh Ltd. is the market leader with more than 43 percent of the yearly market share of toilet soap and 60 percent of the laundry soap and detergent market. Table 8 shows the estimated combined market share of the total toiletries market of major five toiletries firms. Approximately 50 percent of the toiletries sector is controlled by one company and consequently could have substantial market power.

**Table III: Estimated Market Share (consider all toiletries items) of major five toiletries firms**

| Sl. No. | Name of Firm                     | Market share 2002 |
|---------|----------------------------------|-------------------|
| 1       | Unilever (BD) Ltd.               | 48%               |
| 2       | Kohinoor Chemicals Co. Ltd.      | 8%                |
| 3       | Square Toiletries Ltd.           | 8%                |
| 4       | ACI (Cosmetic) including Colgate | 5%                |
| 5       | Keya Cosmetic Ltd.               | 5%                |

Source: Square Toiletries Limited

## Research questions

### A. Consumer evaluation of Sales promotion on Brand preference

#### I. Satisfaction and Sales promotion

H<sub>0</sub>: Promotional offers with detergents do not satisfy the customer

H<sub>1</sub>: Promotional offers with detergents satisfy the customer

#### II. Sales promotion and Brand preference

H<sub>0</sub>: Promotional offers do not interest the customer about the brand of detergent

H<sub>1</sub>: Promotional offers interests the customer about the brand of detergent

#### III. Influence of Sales promotion on Purchase intention

H<sub>0</sub>: Promotional offers with detergents do not influence the customer to buy the product

H<sub>1</sub>: Promotional offers with detergents influence the customer to buy the product

### B. Consumers' evaluation on Detergent branding

#### IV. Consumers' put effort in choosing detergent brand

H<sub>0</sub>: The customer does not put an effort while choosing a detergent brand

H<sub>1</sub>: The customer put in an effort while choosing a detergent brand

## Research design

### Methodology

It is an exploratory research in nature. For this exploratory research, we use external primary data. This study reflects the perspectives of both male and female consumers. We followed convenient sampling method.

### Data analysis

Data collected through questionnaire will be analyzed through computer software.

#### Questionnaire issues:

##### 1. Interviewee

- Age
- Gender
- Employment status
- Average monthly income

### Sample design

A survey of 50 individuals were constitute the sample.

## Results and Findings

**Table –IV ( Sample description)**

| Variables                     | Frequency , N =50 | Percentage |
|-------------------------------|-------------------|------------|
| <b>Gender</b>                 |                   |            |
| Male                          | 33                | 66%        |
| Female                        | 17                | 34%        |
| <b>Age</b>                    |                   |            |
| 15-20                         | 2                 | 4 %        |
| 21-25                         | 4                 | 8 %        |
| 26-30                         | 5                 | 10%        |
| 31-35                         | 13                | 26%        |
| 36-40                         | 13                | 26%        |
| 40+                           | 13                | 26%        |
| <b>Profession</b>             |                   |            |
| Self employed                 | 4                 | 8%         |
| Private job                   | 21                | 42%        |
| Public jib                    | 10                | 20%        |
| Home maker                    | 2                 | 4 %        |
| Others                        | 13                | 26 %       |
| <b>Average monthly income</b> |                   |            |
| Less than 10,000 taka         | 3                 | 6 %        |
| 10,000-20,000                 | 7                 | 14%        |
| 20,000-30,0000                | 22                | 44 %       |
| 30,000-40,000                 | 17                | 34%        |
| Above 40,000                  | 1                 | 2%         |

**Table –V Test results**

*Likert scale is used ( 1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly agree)*

#### **I.**

H<sub>0</sub>: Promotional offers with detergents do not satisfy the customer

H<sub>1</sub>: Promotional offers with detergents satisfy the customer

**One-Sample Statistics**

|                                     | N  | Mean | Std. Deviation | Std. Error Mean |
|-------------------------------------|----|------|----------------|-----------------|
| Sales promotion offers satisfies me | 50 | 4.06 | .793           | .112            |

**One-Sample Test**

|                                     | Test Value = 3 |    |                 |                 |   |       |
|-------------------------------------|----------------|----|-----------------|-----------------|---|-------|
|                                     | t              | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference |       |
|                                     |                |    |                 |                 | Lower                                     | Upper |
| Sales promotion offers satisfies me | 9.451          | 49 | .000            | 1.06            | .83                                       | 1.29  |

Since the probability is (.000) and the significance value is (.05), we can conclude that  $H_1$  is accepted. As the alternative hypothesis is accepted, we can say that promotional offer with detergents satisfy the customer.

**II.**

$H_0$ : Promotional offers do not interest the customer about the brand of detergent

$H_1$ : Promotional offers interests the customer about the brand of detergent

**One-Sample Statistics**

|   | N  | Mean | Std. Deviation | Std. Error Mean |
|---|----|------|----------------|-----------------|
| Sales promotion offers interests me about the brand | 50 | 3.14 | 1.088          | .154            |

**One-Sample Test**

|   | Test Value = 3 |    |                 |                 |   |       |
|---|----------------|----|-----------------|-----------------|---|-------|
|   | t              | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference |       |
|   |                |    |                 |                 | Lower                                     | Upper |
| Sales promotion offers interests me about the brand | .910           | 49 | .367            | .14             | -.17                                      | .45   |

Since the probability is (.367) and the significance value is (.05), we can conclude that  $H_0$  is accepted. As the null hypothesis is accepted, we can say that promotional offers do not interest the customer about the brand of detergent.

**III.**

$H_0$ : Promotional offers with detergents do not influence the customer to buy the product

$H_1$ : Promotional offers with detergents influence the customer to buy the product

**One-Sample Statistics**

|   | N  | Mean | Std. Deviation | Std. Error Mean |
|---|----|------|----------------|-----------------|
| Sales promotion offers influences me to buy the product | 50 | 3.00 | 1.030          | .146            |

### One-Sample Test

|   | Test Value = 3 |    |                 |                 |   |       |
|---|----------------|----|-----------------|-----------------|---|-------|
|   | t              | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference |       |
|   |                |    |                 |                 | Lower                                     | Upper |
| Sales promotion offers influences me to buy the product | .000           | 49 | 1.000           | .00             | -.29                                      | .29   |

Since the probability is (1.000) and the significance value is (.05), we can conclude that  $H_0$  is accepted. As the null hypothesis is accepted, we can say that promotional offers with detergents do not influence the customer to buy the product

IV.

$H_0$ : The customer does not put an effort while choosing a detergent brand

$H_1$ : The customer put in an effort while choosing a detergent brand

### One-Sample Statistics

|   | N  | Mean | Std. Deviation | Std. Error Mean |
|---|----|------|----------------|-----------------|
| I put effort while choosing detergent brand | 50 | 3.62 | .530           | .075            |

### One-Sample Test

|   | Test Value = 3 |    |                 |                 |   |       |
|---|----------------|----|-----------------|-----------------|---|-------|
|   | t              | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference |       |
|   |                |    |                 |                 | Lower                                     | Upper |
| I put effort while choosing detergent brand | 8.267          | 49 | .000            | .62             | .47                                       | .77   |

Since the probability is (.000) and the significance value is (.05), we can conclude that  $H_1$  is accepted. As the alternative hypothesis is accepted, we can say that the customer put in an effort while choosing a detergent brand

**Table VI: Mean and Standard deviation on four variables of detergent**  
(5 point liker scale, 1 = Strongly disagree, 5 = strongly agree)

|  | Mean   | Std. Deviation | N  |
|--|--------|----------------|----|
| Consumer evaluation on sales promotion (detergent) | 3.1120 | .40236         | 50 |
| Price  | 4.0994 | .18080         | 50 |
| Quality  | 4.7200 | .64015         | 50 |
| Brand Loyalty of detergent                         | 3.2246 | .18448         | 50 |

Above table gives a structured view of the means and standard deviations of the variables under study in this research. The survey was done with a questionnaire having a 5 point scale as the response format. The means have been calculated by taking the average of all the answers of the questions in each variable. The calculated mean for consumer promotions is 3.11 with a standard deviation of 0.40. This shows that on an average people think positively about consumer promotions as the value is slightly above 3 which is a point that shows the indifference of people's opinions. The mean for price perception of detergent on promotion is 4.09 and has a standard deviation of 0.18. So it can be interpreted that people generally have positive perceptions about fairness of price of the brands of detergent on promotion. Product quality perception has a mean of 4.72 and a standard deviation of 0.64. This shows that people have very positive quality perception about the brands of detergent that is available in the market. The mean value for brand loyalty is 3.22 with a standard deviation of 0.18. This shows that the general loyalty of people towards detergents is reasonably high.

### Sales promotion and Detergent Brand Loyalty

**H<sub>0</sub>:**  $\beta_1 = 0$  There is no relationship between consumer promotion and brand loyalty in the detergent market of Bangladesh.

**H<sub>1</sub>:**  $\beta_1 \neq 0$  There is significant relationship between consumer promotion and brand loyalty in the detergent market of Bangladesh.

#### Model Summary

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .004 <sup>a</sup> | .000     | -.021             | .18639                     |

a. Predictors: (Constant), Consumer\_Promotion

#### Coefficients<sup>a</sup>

| Model |                    | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|--------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                    | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)         | 3.218                       | .208       |                           | 15.500 | .000 |
|       | Consumer_Promotion | .002                        | .066       | .004                      | .031   | .975 |

a. Dependent Variable: Brand\_Loyalty

Regression model:  $y = \beta_0 + \beta_1 x_1$

[y = Brand Loyalty], [ $\beta_0$  = Constant], [ $\beta_1$  = Consumer Promotion]

Regression model:  $y = 3.218 + 0.002x_1$

R value is (0.004) and  $R^2$  is (0.000) which means there is no strong relationship between the two variables. Here keeping constant value (3.218), for each extra unit change of  $x_1$ , the value of y will be change by (0.002)

So there is no relationship between brand loyalty and consumer promotion in the detergent market in Bangladesh.

### Conclusion

Detergent consumers are passive learners. Advertisement and Sales promotion offers create brand familiarity rather than brand conviction. When the consumer faces a purchase decision, he/she assigns a utility to each one of the available alternatives, opting finally for the alternative that provides him/her with the largest utility (Guadagni and Little, 1983; Kamakura and Russell, 1989). In this utility function, there are two types of components, one is deterministic and one is random (Alvarez, *et al.* 2005). In this study we find that Sales promotion may act to increase random component of the utility equation but do a little on the deterministic component.

Consumers find themselves satisfies with the sales promotion message, but objective of the sales promotion must be concrete. there are different types of sales promotion tools are available, the techniques that provide the best result that should be used.

This study we find that sales promotion will not related to brand loyalty or brand preference. In this case it is mentioned that the study was conducted on Dhaka city consumers (sample). The present work needs to be extended to other product categories. Sales promotion may increase the sales for a short time or may be the message satisfies the consumers but it has no impact to convince the customer to became loyal towards the promoted brand or in other words it will not increase the deterministic component if the customer utility equation.

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