

A STUDY ON EFFECTIVENESS OF PROMOTIONAL STRATEGIES IN INCREASING SALES PERFORMANCE

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ABSTRACT

Promotion is one of the key elements of the marketing mix that enable organizations and businesses meet their goals of creating awareness of a product, selling, and maintaining clients over time. In the current highly-competitive industrial market, companies cannot advance while ignoring the need and importance of promotional strategies in promoting their products or services. Advertising, promotions, personal selling, digital media, trade fairs, and exhibitions, and customer relationship management are some of the promotional aspects that influence a company's sales and purchase decisions.

YG Cutting Tools Corporation Pvt. Ltd. is among the leading manufacturers and suppliers of cutting tools in India. It provides quality cutting tools and machining solutions to the auto, aerospace, engineering, and general machineries industries. The company sustains its position by consistently employing promotional strategies to enhance its brand image, sales, and profit margins. Understanding the effectiveness of these promotional strategies can help the business meet the needs and improve future customer relations. Therefore, this paper aims to assess the effectiveness of promotional strategies of YG Cutting Tools Corporation Pvt. Ltd. in the progression of sales of the company. The study will focus on the effectiveness of different promotional strategies, awareness, sales, and interest in the company's products. Additionally, the paper will review the effect of the promotional campaign on customer satisfaction, brand image, recognition, and purchase decisions.

The primary data will be collected through questionnaires directed to customers, distributors, and salespeople. Besides primary data, the study will use articles, journals, books, the company's website, magazines, and existing research. The paper will utilize statistical tools, including percentage, correlation analysis, and Chi-square to examine the gathered information and interpret the result in the context of the research problem, thus unveiling the effectiveness of the promotional strategy.

Keywords: Promotional Strategies, Sales Performance, Sales Promotion, Advertising, Personal Selling, Customer Satisfaction, Brand Awareness, Marketing Effectiveness, Industrial Marketing.

INTRODUCTION

Promotion is an essential aspect of marketing that facilitates the presentation of products and services offered by firms to current and prospective customers. The role of promotions is undeniable, as they aid in creating awareness of products and services, influencing customers' choices, building the image of a firm, and increasing profits. In the context of a highly competitive market environment, the implementation of effective promotional strategies is critical to ensure the competitive advantage of a firm and promote its products and services differentiation from competitors.

There is a variety of promotional strategies that may yield positive results for a firm, including advertising, personal selling, sales promotion, public relations, direct marketing, digital marketing, trade exhibitions, product placements, and customer relationship management. In general, these activities enable firms to engage in dialogue with customers and inform them about the characteristics, quality, and advantages of products and services offered by the firm, thus promoting their purchase.

The company offers a variety of promotional strategies for building relationships with customers and increasing sales. Understanding the impact of these promotional strategies is essential for the management to assess marketing effectiveness and promote the development of more effective promotional strategies. The main purpose of this study is to determine the role of promotional strategies, promoting sales and creating awareness among customers about the products offered. Furthermore, this study aims to identify which promotional strategies yield the most significant impact on sales and customer satisfaction.

Statement of the Problem

In the current competitive industrial market, it is essential for organizations to constantly improve and develop their promotional strategies to meet the rising demand for their products and services. Engages in a wide range of promotional activities. However, it is important to analyse whether they are contributing towards an increase in sales performance and overall level of satisfaction among its customers. Failure of the promotional strategy can lead to poor sales performance, low level of market share, lack of interest from customers, and can provide competitors with an opportunity to gain more market share.

Significance of the Study

The research will enable the company to identify the promotional mix strategies which are most effective in terms of sales and building customer relationships. The study will also help the management to develop effective marketing communication strategies, improve digital marketing strategies, and promotional campaigns to support dealers and distributors better and enable the company to utilize its promotional budget in the best possible way. Moreover, it will provide customers with comprehensive information about the products and services the company offers, technical support, and effective communication about the company's promotions. Finally, the research will be helpful for academics studying promotional strategies and industrial marketing.

LITERATURE REVIEW

1. Kotler and Keller – 2023

Promotional strategies are vital in creating awareness of products and services offered by a company, building brand image, and ultimately, boosting sales of the entity. The authors emphasized that integrated marketing communication strategies such as advertising, sales promotion, personal selling, public relation, and digital marketing help organization create a long-term relationship with customers resulting in increased sales performance of the firm.

2. Sharma and Gupta – 2022

The relationship between sales promotion and buying behaviour of customers in the manufacturing industry. The authors concluded that schemes such as demonstration, product exhibition, dealers' incentives, and customer awareness programs have a significant impact on the buying behaviour of customers which eventually boosts sale. The authors recommended that companies should continuously conduct promotional activities to increase dealer involvement and awareness of the products among customers.

3. Ramesh and Kumar – 2021

The impact of digital marketing techniques on sales growth in the industrial sector. The researchers concluded that digital marketing helps in creating more engagement with customers and prospects which leads to an increase in sales of products and services offered. Similarly, the authors emphasized on the significant role of social media marketing, email, and marketing software that aid in SEO and online marketing.

4. Meena and Patel – 2020

The impact of personal selling techniques on customer relationship in the industrial sector. The paper revealed that personal selling helps in creating good relations between the sellers and industrial buyers through direct interaction. This has a significant effect on the buying behaviour of industrial customers, thus increasing sales of the firms. The authors recommended more adoption of personal selling techniques in business to boost customer relations and sales performance.

5. Chandrika – 2020

The effectiveness promotional strategies in manufacturing industries. The authors concluded that advertisements, seminars, technical presentation, exhibition, dealing and customer development programs, and relationship-building activities have a great potential in boosting the sale of goods and services. The paper recommended that manufacturers should constantly review and evaluate the promotional strategies used to increase sales and profitability of the firm.

Research Gap

Research has demonstrated the role of promotional mixes in enhancing customer awareness, image, and sales of products and services. Researchers have identified various promotional mix elements, including advertising, sales promotion, personal selling, digital marketing, public relations, exhibitions, and dealer support, as key influencers of customer buying behaviour. Nevertheless, most of the previous studies have been done in the consumer goods, retails, and service industries, not in the industrial cutting tools sector.

Objectives of the Study

1. The promotional strategies adopted by YG Cutting Tools Corporation Pvt. Ltd.
2. The effectiveness of promotional strategies on the sales of the organization.
3. The impact of promotional strategies on the awareness of the customers and their buying behavior.
4. Relationship between the promotional strategies and the sales of the company.
5. To suggest measures that can be implemented to improve the promotional strategies and in turn boost the sales of the company.

RESEARCH METHODOLOGY

Research methodology is a systematic strategy of conducting research, The research will explore the promotional mix options including advertisement, personal selling, digital marketing, trade fairs, technical seminars, dealer incentives programs, customer relationship management, and product demonstrations. The research will focus on investigating the impact of the promotional mix on customer awareness, purchase behaviours, satisfaction, and sales growth. The study will involve the collection and statistical analysis of primary and secondary data. Various statistical tools will be used to analyse the data. They include percentage analysis, correlation analysis, and Chi-square analysis.

Research Design

The study will adopt a descriptive research design to examine the relationship that exists between promotional activities and increased sales of YG Cutting Tools Corporation Pvt. Ltd.

Sources of Data

Primary Data

Primary data will be collected from employees, sales personnel, distributors, dealers, and customers using a questionnaire.

Secondary Data

Secondary data will be obtained from books, journals, company reports, annual reports, magazines, research papers, websites, and articles on promotional strategies and sales.

Sampling Technique

Convenience Sampling Technique will be used to ensure that the data collected suits the researcher's needs.

Sample Size

The study will use 100 employees, sales executives, and customers will be selected for the study.

Data Collection Instrument

A questionnaire containing multiple-choice questions will be used to collect data from respondents. Questions will be directed towards the effect of promotional strategies on customers, advertising, personal selling, use of social media, sales promotion, and the general level of awareness among the

customers and whether it has affected their purchasing pattern. The questionnaire will incorporate a five-point Likert scale ranging from strongly agree to disagree.

HYPOTHESES OF THE STUDY

Null Hypothesis (H₀)

There is no significant relationship between promotional strategies and sales.

Alternative Hypothesis (H₁)

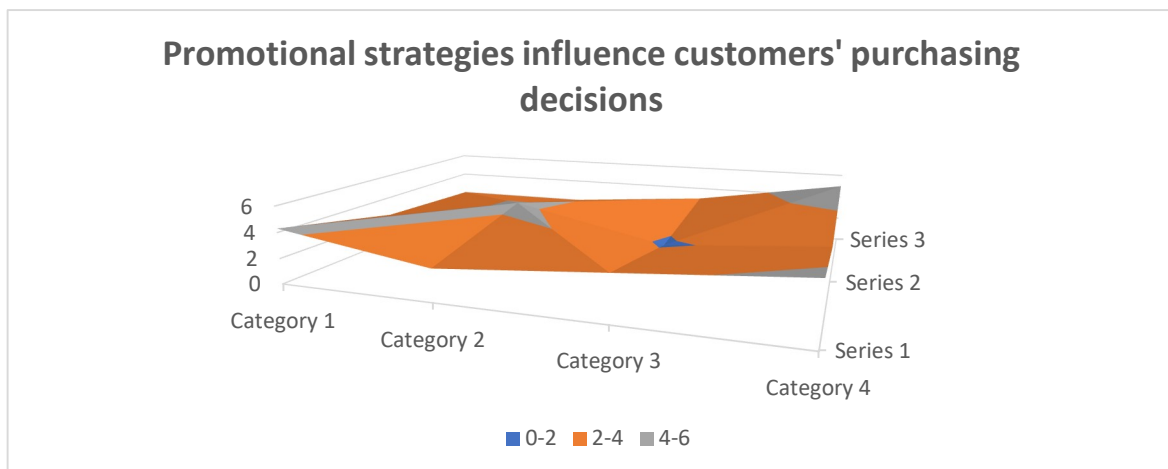
There is a significant relationship between promotional strategies and sales.

DATA ANALYSIS AND INTERPRETATION

The data analysis section entails classifying and interpreting the data collected from the respondents to reveal insightful conclusions. The data collected were analysed using percentage analysis, correlation analysis, and Chi-square analysis to reveal the relationship between the variables of interest.

1. Promotional strategies influence customers' purchasing decisions

Particulars	No. of Respondents	Percentage
Strongly Agree	34	34%
Agree	41	41%
Neutral	14	14%
Disagree	7	7%
Strongly Disagree	4	4%
Total	100	100%

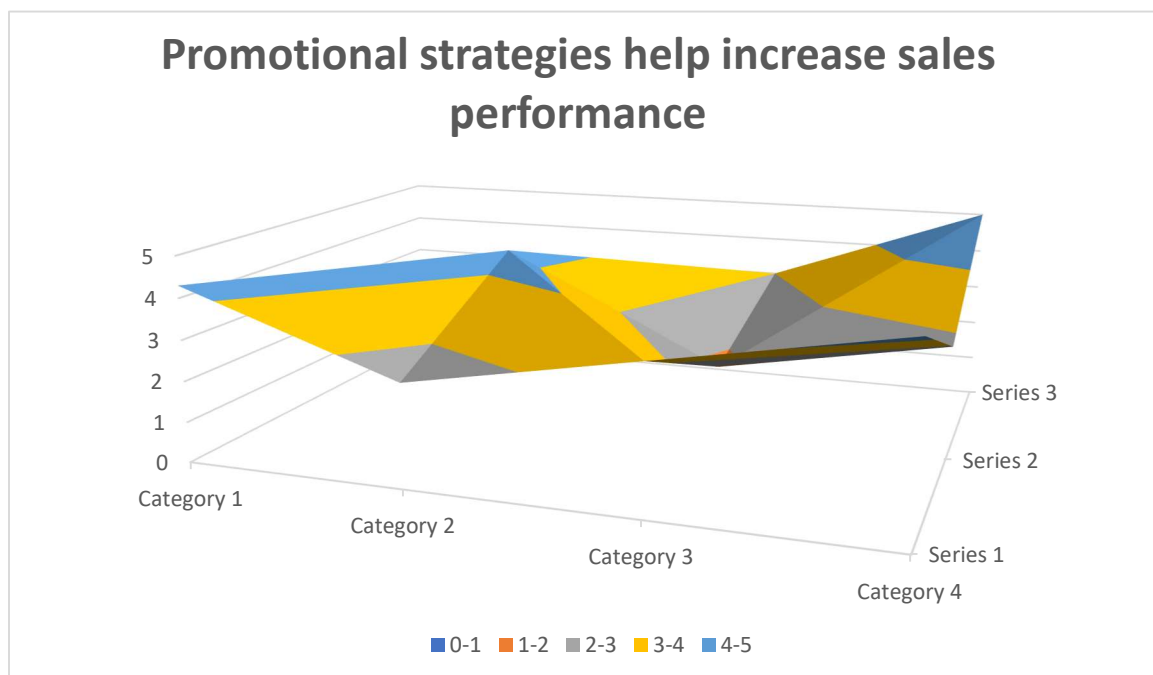


Analysis

The table above shows that 41% of respondents agreed and 34% strongly agreed that promotional efforts influence customers on their buying decision amounting to 75% positive responses. On the other hand, 14% were neutral whereas 7% disagreed and 4% strongly disagreed. In general, I would say that promotional efforts have a great impact on customers' buying behaviour.

2. Promotional strategies help increase sales performance

Particulars	No. of Respondents	Percentage
Strongly Agree	38	38%
Agree	40	40%
Neutral	11	11%
Disagree	7	7%
Strongly Disagree	4	4%
Total	100	100%



Analysis

The table shows that 40% of respondents agreed and 38% strongly agreed that promotional strategies have improved sales performance, which sums up to 78%. At the same time, 11% of the respondents stayed neutral, and 11% disagreed with the statement. It may be concluded that appropriate promotional strategies have a positive effect on sales performance.

Correlation Analysis

Variables	Correlation (r)
Promotional Strategies and Sales Performance	0.89
Advertising and Customer Awareness	0.84
Personal Selling and Customer Satisfaction	0.81
Digital Marketing and Sales Growth	0.86

Analysis

The results of the correlation analysis reveal that there is a strong positive relationship between promoting strategies and sales. In particular, the correlation between promotional strategies and sales performance is the highest (0.89). At the same time, it should be noted that such strategies as digital marketing, advertising, personal selling have a strong positive correlation with customer awareness, customer satisfaction, and sales growth, respectively.

Chi-Square Analysis

Particulars	Value
Chi-square Calculated Value (χ^2)	20.84
Degrees of Freedom (df)	4
Level of Significance	0.05
Table Value	9.49

Analysis and Interpretation

The calculated Chi-square value (20.84) is greater than the table value (9.49) at 5% level of significance with 4 degrees of freedom. Thus, the Null Hypothesis (H_0) is rejected while the Alternative Hypothesis (H_1) is accepted. This implies that promotional activities have significant effect on the sales.

RESULTS AND DISCUSSION

The analysis further shows that digital marketing and personal selling approaches are the most effective promotional strategies in terms of targeting industrial clients and sustaining the existing relationships. Technical presentations and participation in industrial shows enable the company to inform more clients about the characteristics and benefits of its products. As a result, it increases the confidence of customers in YG cutting tools and their potential to meet the requirements and resolve the issues experienced in their operations.

The statistical analysis also demonstrates that the promotional activities have a positive correlation with sales success. Despite the company's effective promotional approaches, most respondents indicated a need for more investment in social media marketing, conducting engagement programs for customers, dealer compensation initiatives, and technical training sessions to enhance sales performance. In general, the study reveals that proper promotion of products and services plays an essential role in meeting customer expectations and gaining competitive advantage.

Findings of the Study

1. Asking explained that the use of advertisements and digital marketing has improved customer awareness of the cutting tools and machining services provided by the company.
2. Personal selling has helped develop long-term relationships with industrialists and has influenced their buying behaviour.
3. Moreover, product demonstrations and technical seminars have enhanced customers' knowledge about the machinery and improved their trust in the brand.
4. Industrial exhibitions and trade fairs have also helped develop the company's reputation and market reach.
5. Dealer and distributor support programmes have improved the supply of goods and services and increased sales, especially in different geographical locations.
6. The use of digital marketing tools has helped the company acquire high-end leads and engage with customers effectively.
7. Promotional campaigns have also had a positive impact on customer satisfaction levels, loyalty, and repeat purchases.

8. The analysis revealed that there is a significant relationship between promotional strategies and sales.
9. Therefore, the company should continuously review its promotional strategies to ensure that it maintains a competitive advantage and improves sales performance.

Suggestions

1. The company should invest more in digital marketing to tap into a large audience and boost sales.
2. It should utilize social media, SEO, email, and online ads to market its products and services.
3. The company should conduct more technical seminars, trade shows, and live demonstrations to educate customers on the best uses of its products.
4. Moreover, the firm should participate in more local and international industrial fairs and exhibitions to strengthen its image and attract more buyers.
5. YG Cutting Tools Corporation Pvt. Ltd should develop attractive dealer programs and motivate its distributors to help sell more products.
6. The company should develop a robust customer relationship management system to stay connected with its customers and potential buyers.
7. It should collect customer feedback to reveal gaps in its promotional campaigns and improve its future marketing strategies.
8. Moreover, the firm should provide training to its sales personnel to enhance their presentation skills, negotiation techniques, and technical expertise.
9. The company should allocate funds to support promotional campaigns that have captured a large audience and boosting sales.
10. It should invest in monitoring the market trends and its competitor's promotional strategies to stay ahead and increase sales.

Conclusion

Promotional campaigns are vital to most organizations because they help develop relationships with customers, boost sales, and increase profits. As highlighted in the research report on the effectiveness of promotional strategies at YG Cutting Tools Corporation Pvt. Ltd., promotional campaigns have a significant impact on a company's sales performance. This paper aimed to reveal the effect of promotional strategies on the sales of YG Cutting Tools Corporation Pvt. Ltd. The findings showed that the company has benefited from personal selling, advertisements, digital marketing, product demonstrations, technical seminars, trade fairs and exhibitions, and dealer support programmes. The analysis also revealed that these promotional tools have helped the firm strengthen its competitive advantage and market position. Moreover, the quantitative results demonstrated that promotional campaigns and sales have a significant relationship.

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