

IMPACT OF PROMOTIONAL STRATEGIES ON CONSUMER PERCEPTION AND PURCHASE BEHAVIOR IN THE FMCG SECTOR

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ABSTRACT

The study "Impact of Promotional Strategies on Consumer Perception and Purchase Behavior in the FMCG Sector" investigates how marketing promotions influence consumer sentiment and influence purchasing choices. Promotional tactics including discounts, buy-one-get-one deals, digital campaigns, and point-of-sale ads are essential for drawing customers and influencing their purchasing decisions in the fiercely competitive FMCG (fast-moving consumer goods) sector. In order to determine how these characteristics influence customer decision-making, this study examines the interactions between different promotional methods and consumer demographics, such as age, income, and degree of urbanization.

The study assesses how well various promotional tactics increase brand remember, customer loyalty, and total sales performance using a mixed-method approach that includes surveys and case studies of top FMCG brands. The results show that consumer engagement is greatly enhanced by promotional programs catered to demographic preferences, with digital advertising working especially well for younger, tech-savvy audiences. The study's conclusion provides FMCG marketers with practical advice on how to create compelling and focused promotional campaigns that suit changing customer demands and market conditions. This study aims to investigate the complex effects of price reductions on consumer perception and buying habits in the FMCG industry in India. The results of this study will aid in the creation of successful sales tactics that respect brand integrity while catering to Indian consumers' tastes.

Keywords: FMCG (Fast Moving Consumer Goods) Sector, Promotional Strategies, Consumer Perceptions, Purchase Behavior, demographic preferences, price discounts.

INTRODUCTION

Promotional tactics are essential marketing tools that help companies engage with customers, convey value, and increase sales. These tactics, which are all designed to accomplish particular corporate goals, include public relations, digital marketing, direct marketing, sales promotions, and advertising. Promotional tactics are especially important in the very competitive FMCG (fast-moving consumer goods) industry for setting businesses apart, drawing in customers, and swaying their decisions to buy. Consumer psychology is used by successful promotions to meet wants, preferences, and behaviors in order to produce campaigns that are captivating. For example, loyalty programs improve client retention, while discounts and incentives might spur instant sales. Social media and tailored marketing have become essential tools in the digital age for connecting with a wide range of demographics, particularly younger, tech-savvy consumers. Businesses may improve their strategy and ensure that it is in line with market expectations and achieve sustainable growth by knowing how these strategies affect consumer perception and behavior.

One of the most effective strategies for drawing in and keeping consumers in the ever-changing Indian fast-moving consumer goods (FMCG) market is offering price breaks. Due to increased competition and the growth of a variety of brands, price reductions serve as a stimulant to change consumer perception and encourage buying. Price reductions provide value for money and increase the perceived affordability of products, giving customers an instant incentive. These campaigns frequently influence brand impression, encourage impulsive purchases, and foster customer loyalty. Their influence, however, differs depending on demographics, income brackets, and local marketplaces, underscoring the complexity of consumer behavior in a nation with such a diverse population as India. Therefore, promotional methods are essential to successful marketing in the FMCG industry and in the larger business world since they not only increase short-term sales but also develop long-term brand equity.

In the FMCG industry, which includes necessities like food, drinks, personal care, and home goods, price reductions affect not just sales volume but also market share and brand positioning. Marketers hoping to maximize their promotional efforts and attain long-term sustainability must comprehend how price reductions impact consumer behavior in India, given the rapid growth of e-commerce platforms and the popularity of digital marketing techniques.

REVIEW OF LITERATURE

Vanitha, A. (2024). This study investigates the effectiveness of marketing strategies in India's FMCG sector, focusing on consumer perceptions in urban and rural markets. Using data from 850 respondents (60% urban and 40% rural), it highlights key differences in advertising preferences: urban consumers favor social media, while rural consumers rely on traditional channels like TV and print. Discounts and "buy-one-get-one-free" offers were found to significantly impact purchasing decisions. Additionally, product quality, price, and brand image emerged as critical factors shaping consumer preferences. The research underscores the value of a multi-channel approach and tailored strategies to cater to India's diverse demographic landscape, providing actionable insights for businesses to enhance satisfaction and competitiveness.

Shahzad, A., & Munir, A. (2024). This study explores how promotional strategies influence consumer perception in the FMCG sector, highlighting the critical role these tactics play in a competitive market. It examines methods such as advertising, price discounts, loyalty programs, and in-store promotions, finding that their impact on consumer awareness, perceived value, brand image, and purchase decisions varies by product type, demographic characteristics, and brand alignment. A shift from traditional to digital promotions was noted, with online interactions increasingly shaping consumer perceptions. The research also cautions against overly aggressive promotions, which may harm brand trust if they clash with consumer expectations.

Ali, A., & Muhammad, K. (2021). The study highlights the evolving global socio-economic landscape characterized by rapid technological advancements and increased market competition, compelling businesses to adopt innovative marketing strategies to attract and retain customers. In the context of the FMCG sector, the research focuses on analyzing the effectiveness of promotional tools such as price reductions, free samples, coupons, and "buy one get one free" offers in influencing consumer buying behavior. Conducted in Karachi, Pakistan, with 208 respondents selected via systematic random sampling, the study uses data from structured questionnaires analyzed through statistical tools like SPSS and SmartPLS3. Key findings emphasize that strategic promotional tools can significantly enhance consumer

engagement, boost sales, and improve market share while helping organizations manage costs effectively.

Ali, M. A., Thumiki, V. R. R., & Khan, N. (2012). The study focuses on understanding rural consumer behavior in South India concerning FMCG purchases, emphasizing the need for customized marketing strategies distinct from urban approaches. Conducted across eight districts, the research identifies five key influencing factors derived from 24 variables through factor analysis. Retailers' recommendations emerged as the most significant trust-building factor for rural consumers. Additionally, the findings reveal that rural consumers perceive FMCG usage as a contributor to their lifestyle improvement, reflecting aspirational buying behavior. This research highlights the importance of region-specific strategies to address the unique preferences and purchasing dynamics of rural markets.

IMPACT OF PROMOTIONAL STRATEGIES ON BUYING BEHAVIOR OF CONSUMERS IN INDIA

Promotional tactics are essential in India since they help shape consumer perceptions, preferences, and purchasing decisions. Promotions aid consumers in becoming acquainted with products in a competitive market by raising awareness and improving brand recall. Discounts, "buy-one-get-one-free" offers, and temporary promotions frequently generate impulsive purchases by instilling a sense of urgency. By giving the impression that things are more reasonably priced, they can improve perceived value, particularly for consumers who are price conscious. By rewarding repeat business, loyalty programs—another important promotional tool—create enduring relationships and boost brand affinity and client retention. Customers can try products through promotions like free samples or trials, which can improve their preferences and help them make future purchases. Furthermore, in a competitive market, advertising efforts can help firms stand out and get attention by differentiating them. Offerings along with retailer recommendations are a powerful way to establish trust and influence consumer behavior, especially in rural markets.

These impacts are supported by research findings. Purchase intentions are strongly influenced by price discounts and bundling, particularly in emerging markets, according to studies conducted in the FMCG industry. Promotions on social media and digital platforms have also been demonstrated to increase sales and customer engagement. Businesses must, however, match their promotional methods to customer expectations and brand identity because excessive or badly done promotions might weaken brand value or not have the intended effect. Well-planned, data-driven marketing initiatives can successfully pique customers' attention, increase revenue, and cultivate brand loyalty. In the Fast-Moving consumer Goods (FMCG) industry, promotional methods have a big impact on customer behavior since different marketing strategies affect perceptions, decisions to buy, and brand loyalty. This impact has been examined by numerous scholars: **Price Promotions and Discounts:** Price-based promotions, such discounts and "buy one, get one free" deals, have a significant impact on the purchasing decisions of customers. According to research by Johan, Laorens, and Liongianto (2023), customers are extremely sensitive to price, and many of them interpret reductions as an indication of greater value, which frequently results in impulsive purchases. Price cuts also promote brand switching since customers are drawn to instant value, particularly in competitive FMCG marketplaces.

- **Brand Perception:** Although promotions have the potential to boost sales right away, their effects on brand perception over time are more nuanced. Excessive dependence on price promotions can damage a brand's premium image and, if not well managed, result in decreased brand loyalty, according to studies like those conducted by Chan et

al. (2021). Conversely, brand equity and customer trust can be strengthened through intentional advertising alignment with brand values.

- **Digital vs. Traditional Promotions:** The perception of promotions has changed as a result of the move to digital media. Online promotions, such as customized advertisements and e-coupons, are more successful in urban areas with high levels of digital literacy, according to researchers like Kiran and Gupta (2022). However, in rural markets where physical retail touchpoints predominate, conventional promotional strategies like free samples and in-store discounts still work well.
- **Demographic Influence:** Demographic characteristics also affect the efficacy of promotions, according to a study by Sharma and Jain (2022). For instance, e-commerce incentives and dynamic digital pricing are more likely to be embraced by younger, tech-savvy urban consumers, but conventional marketing and personal recommendations are more likely to have an impact on older, rural consumers.

In summary, these results highlight how important it is for FMCG companies to customize their promotional strategy according to demographic and geographical information in order to maximize consumer involvement. Understanding these nuances guarantees that promotional efforts foster long-term brand loyalty in addition to increasing immediate sales.

RELATIONSHIP BETWEEN PROMOTIONAL STRATEGIES AND CONSUMER PERCEPTION: INDIA

In India, consumer perceptions of products, especially in the Fast-Moving Consumer Goods (FMCG) industry, are strongly correlated with promotional techniques. Numerous research sources have provided insight into the dynamic between promotional methods and consumer perception, which can be interpreted from a variety of angles.

- **Price Sensitivity and Consumer Perception:** Discounts and package deals are examples of price promotions that are frequently used in India. These incentives have a substantial impact on how consumers perceive value, according to studies. For example, Indian customers are very receptive to price-based promotions, particularly in metropolitan areas, and frequently associate lower prices with superior product value (Sharma & Gupta, 2020). However, excessive price reductions might reduce a product's perceived quality since buyers may conclude that the product is not worth its full price or link frequent discounts to inferior quality (Sahu & Meena, 2021).
- **Regional and Cultural Differences:** Given the great cultural and regional diversity of India, marketers must modify their promotional tactics appropriately. In India's cities, digital marketing—such as social media and e-commerce platforms—has a greater impact, but in rural areas, conventional marketing strategies like free samples, in-store promotions, and word-of-mouth still work better. Rural customers in South India, according to a study by Sahu and Meena (2021), place more trust in the advice of local merchants and prefer in-person encounters over digital ones, which influences how much they value and trust marketing.
- **Digital Shift in Consumer Behavior:** India's urban consumers are becoming more involved with digital promotions, which are dominated by targeted advertising and personalized incentives. Digital promotions, especially those incorporated into e-commerce platforms, have an impact on urban consumer behavior by offering ease and a more customized buying experience, according to studies by Kumar and Rathi (2022). Due to their desire for more personalized and immediate brand encounters,

urban consumers' perceptions of brands and their promotional initiatives have been profoundly impacted by this change.

- **Brand Perception and Promotional Consistency:** The way that promotional tactics complement a brand's overall positioning has a big impact on how consumers perceive it. Promotions that complement a brand's image—for example, a high-end brand offering temporary discounts—help strengthen the business's value proposition, claim Rao and Singh (2021). Promotions that aren't aligned, like frequent price reductions by luxury brands, can confuse customers and harm a brand's reputation. This is especially true when the marketing approach fails to meet the expectations that customers have based on their prior interactions with the business.

Overall, customer preferences, geographical variations, and the alignment of promotional methods with brand positioning all affect how effective promotional strategies are in India. In order to preserve a positive brand image and cultivate enduring customer loyalty, FMCG companies must comprehend these subtleties and adjust their promotional strategies accordingly. Businesses can maximize their marketing efforts and improve customer engagement by understanding how certain consumer segments—such as urban vs rural—respond to particular promotional techniques.

CONCLUSION

In conclusion, promotional strategies have a big impact on Indian consumers' purchasing decisions, especially when it comes to the FMCG (fast-moving consumer goods) industry. These tactics are crucial for influencing long-term brand views and client loyalty in addition to boosting sales right away. By generating a sense of urgency and elevating the perceived value of products, promotional strategies like discounts, bundling, and time-limited offers encourage impulsive purchases, especially from consumers who are price-sensitive. Additionally, by encouraging repeat business, loyalty programs and in-store promotions—such as free samples—improve client retention.

According to research, it's critical to match promotional tactics with consumer preferences and company identity. If not properly controlled, an over-reliance on price-based promotions can damage brand value, particularly for high-end brands. Customers' perceptions of promotions are also greatly impacted by the transition from traditional to digital platforms; urban consumers are more receptive to digital campaigns than rural ones, who continue to favor old strategies like word-of-mouth and in-store promotions. India's urban and rural consumers' varying responses show how important region-specific initiatives are. While rural consumers rely more on conventional media and reliable retailers, urban areas have higher levels of engagement with online promotions. Furthermore, the efficacy of promotions differs according to demographic characteristics, with older consumers gravitating toward more intimate, offline experiences and younger, tech-savvy consumers favoring internet connections.

In conclusion, knowledge of the various regional and consumer segment preferences is essential to the success of promotional efforts in India. Sales, customer engagement, and long-term brand loyalty can all be increased by FMCG companies by customizing promotions to fit local expectations and consumer behaviors.

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