

SALES PROMOTION APPROACHES & MARKETING STRATEGIES FOLLOWED IN DOMESTIC LPG SECTOR OF INDIA

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Domestic LPG sector in India is operating with its massive network of distributors. The Indian oil sector PSUs stand-out in performance, both in terms of the operational efficiencies and profitability. LPG Marketing Information System (MIS) is an analytical tool for LPG industry that seeks to find an instrument for systematization of information, automation of routine processes and facilitation of decision-making processes. Oil sector sets the highest standard for itself, yet most are not achieved or public perception differs from that of company is perusing a value strategy offering its products at relatively lower prices. Although, LPG sector distribution network try to maintain an image of high ethical responsibility; yet major gaps have been identified.

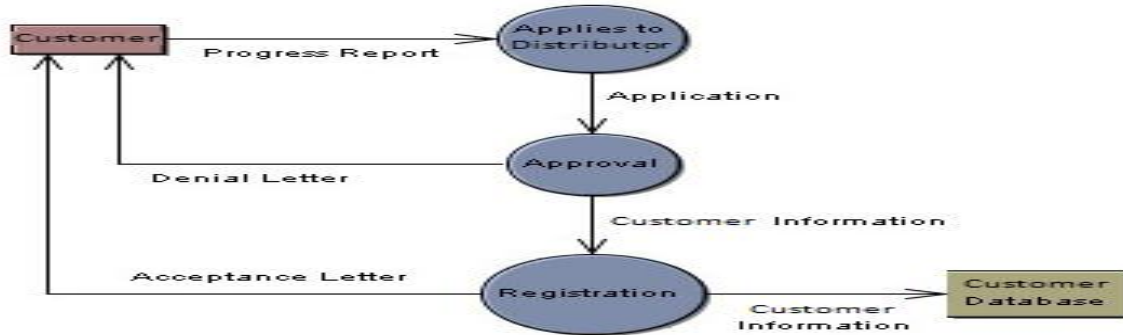
Oil Marketing Companies whether in PSU or Private sector, requires a sales force to perform the marketing function properly. There are several reasons including the top management not appreciating influence of the sales person. Another possible problem is that sales staffs sometimes make a distinction between sales and marketing when actually there is no great difference at all. This perception problem might become an issue in setting the sales objectives. The following factors are involved in effective **LPG Sales Plan** viz.:-

- How many sales people are required to achieve sales objectives?
- What should be the personal selling objectives?
- How should the personal selling staff be managed?

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The sales call that is made, should be made effectively so as to ensure that the sales objectives are achieved and good deal of the marketing planning will go into this.



The Structural framework of MIS in LPG Distribution Company includes:

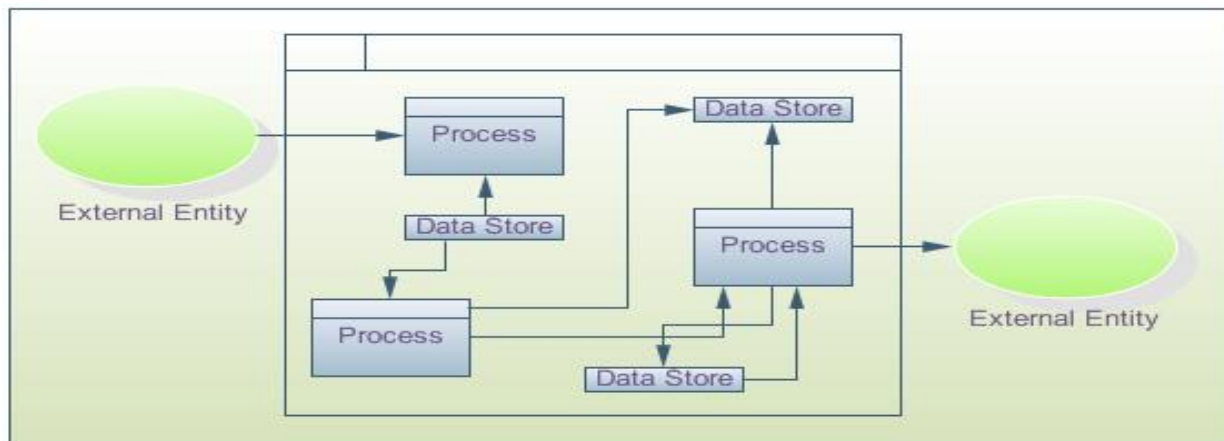
- a) Factual Orientation (purchase, accounting) &
- b) Management Level (operative, tactical, strategic).

The below mentioned Quantitative Objectives needs to be considered for an effective **LPG Sales Plan** viz.:

- How much to sell - the value of unit sales volume
- What to sell - the mix of product lines to sell
- Where to sell - which markets to sell to so as to achieve marketing objectives
- Desired profit contribution - where relevant
- Selling costs - compensation, expenses, supervision & quantitative objectives which can be set for the sales force:
- Number of point-of-sales displays
- Numbers of letter to prospects
- Number of telephone call to prospects
- Number of trade meetings held
- Use of sales aides in presentations
- Number of service calls made

- Number of customer complaints
- Safety record
- Collections made
- Training meetings conducted
- Role of personal selling in LPG Marketing Mix

In order to determine role of personal selling in communications mix, organization must identify major influencers in each purchase decision and find out information they are likely to need at different stages of buying process. The organization should begin its consideration of how many sales people it needs, by finding out exactly how work is allocated?



Rebates: Distributor has to make the reports to enhance their functioning and to make themselves an extended aim of the company in true sense. Distributor need to analyze the reports and enhance his performance.

Report Analysis: It includes the following attributes:-

- Territory Mapping: Divide area of each customer in customer location codes.
- All domestic customers to be tagged with respective sub-segments.
- Segregate territory wise sales reports based on sub-segments to identify the untapped or potential segments that can be focussed on, to generate business.
- Sales trend to be analyzed to understand customer consumption pattern and buying behaviour.

The **Qualitative Objectives** have been a source of problems if measures such as **good performance, enthusiasm and loyalty** are used & very difficult to measure. However, managers can set and measure qualitative objectives which actually relate to the performance of the sales force, on the job. This can be seen how it is used to overcome objections during sales interviews. Sales managers has to ensure high performance of sales force & if performance is a function of incentives minus disincentives, then more disincentives can be reduced and incentives increased better will be performance. In other words desire for praise & recognition, the avoidance of boredom and monotony, the enhancement of self-image, freedom from fear and worry. Remuneration should be a important part of motivation. In drawing up a remuneration plan, this would normally include a basic salary plus some element for special effort, such as a bonus or commission the following should be considered:

- To attract and keep effective sales people
- To remain competitive
- To reward sales people in accordance with individual performance
- To provide a guaranteed income plus a orderly individual growth rate
- To generate individual sales initiative
- To encourage teamwork
- To encourage the performance of essential non-selling tasks
- To ensure that management can fairly administer and adjust compensation levels as a means of achieving sales objectives.
- Not to make the sales personnel to do the unproductive work.

A key concept in sales force motivation is that individual salesperson will exert more effort if these are led to concentrate on:-

- Their expectations of accomplishing their sales objectives
- The personal benefits derived from accomplishing those objectives
- Motivational functions of sales manager consists of increasing personal benefits to sales people for work goal attainment, making path to pay-offs easier.

- LPG Marketing Information System (MIS):
- It is an analytical tool for LPG industry who seek to find an instrument for

systematization of the information, automation of routine processes & facilitation of decision-making processes. To prepare **LPG Distribution Plan**, no. of functions need to be considered and should be integrated into oil company system which should benefit from information and data stored. The system should integrate provide information collected systematically on the competitors of all kinds, i.e. it is an analytical tool for LPG industry who seek to find an instrument for systematization of information, automation of routine processes and facilitation of the decision-making processes:-

- Existing, Direct Competitors,
- Once Marketer identifies potential Competition this is also to be added,
- Substitute Producers,
- Suppliers and
- Customers.

All the categories of LPG marketing companies thrust upon factors like concentration of competitors, differentiation and range of products, intensity of competition / customer's willingness to change brands will be the core of this function. Based on analysis of processed information system should facilitate process of setting competition strategy.



The sales personnel should submit sales report / plan on fortnightly basis to marketing office; giving details of monthly target, pro-rata target, actual deviation, deviation analysis, expected sales in next fortnight, action plan for next fortnight and assistance required from marketing office to achieve the target. The **Pre-requisite Characteristics of a LPG Distributor** includes following factors:-

- Should have a strong desire for autonomy as well as flexibility and follow with company guidelines.
- Should be an independent self-starter, not needing or wanting others to tell you what to do.
- Should have a powerful drive to make money and accumulate wealth.
- Should be a calculated risk-taker with a higher-than-normal tolerance for failure and consider failure a non-issue.
- Should like to be in control and call the shots.
- Should be highly self-motivated and are indefatigably fearless when it comes to getting the job done.
- Should be a budding entrepreneur with entrepreneurial skills.
- Should have a high level of energy which must be sustainable over a long period of time.
- Should be creative and innovative, a strong decision maker and able to think quickly and set things in motion.
- Should be a big-picture thinker capable of seeing how everything relates to each other.

The following **Consultative Selling Knowledge** and **Skills Abilities** are required:-

- Use social networking to gain prospects and referrals
- Craft an account specific consultative selling strategy
- Formulate communication strategies based on personality style tendencies
- Establish and maintain credibility to be considered a Trusted Advisor
- Use a unique Value Analysis diagnosing model to establish value
- Use business acumen to quantify the measurable value in the solution
- Know how to identify the "gap" in the performance of the current suppliers
- Use consultative selling influencing techniques so the customer gains a benefit or avoids a loss.
- Apply win-win negotiating techniques to get results and maintain relationships

Macro-Economic LPG Environment: Besides the information about the forces in the market the marketer has to have at his/her disposal information on the factors which he may not influence. This category names information ranging from

- a) Demographic trends (e.g. number or age of inhabitants),
- b) Socio-economic trends (connected to culture, un/employment leisure time),
- c) Ecological trends,
- d) Technological factors (fast progress in production) up to
- e) Political factors (restructuring programs, taxation).

Although these qualitative information items are less convenient for entry into the system, it may include legislation norms, information resources and secondary resources of information.

LPG Market analysis: The market may be characterized & analyzed in following ways:

- a) Market in units (e.g. money, visitors),
- b) Effective demand, i.e. a total number of really sold products,
- c) Potential demand i.e. number of items which might be sold.

The system should be able to count the market volumes in different ways and units as well as provide with the figures on penetration (also cumulative) and market share.

LPG Customer's Behaviour: The decisive factor in this category is whether we operate at a consumer or industrial market. When operating on the industrial market we will tend to specify in which stage of purchase the customer is at the given point (specification of the problem, product, searching for suppliers and so on). We will classify three stages of purchase:

- a) Initial (original market),
- b) Alternative, modified or
- c) Direct repeated, routine.

Another decision is whether to produce or purchase, the manager will specify possibilities of external supply, risk rate, quality requirements and others. The individual customer will be classified and described according to the following criteria

- a) Culture and subculture (divided according to e.g. age, religion),
- b) Social status (based for instance on occupation, education),
- c) Social impacts (family, life cycle),
- d) Individual factors (income, personality), and
- e) Psychological factors,

such as physiological needs, social security and so on. Additionally, it is important to identify the purchase role, for instance initiator, decision-maker, customer or user.

LPG Distribution Analysis: Information gathered in this section concerns alternative distribution channels, analysis of customer's preferences and a sort of product (every day, luxurious). Distribution, similarly to other company activities, has to be revised regularly in order to ensure a continuous improvement.

LPG Marketing Strategy: One need information on the company activities compared in different times, compared to competition, plan and marketing strategy. This information will be provided based on

- a) Analysis of the sales,
- b) Analysis of the market share, the whole market or a sector where company operates,
- c) Analysis of the sales, costs and profit,
- d) Analysis of marketing policy,
- e) Analysis of target group,
- f) Analysis of the marketing mix (policy of product, prices, distribution, marketing communication) and last but not least
- g) Analysis of marketing activities.

Besides the above-mentioned analyses the system should serve as a supportive tool in making more strategic decisions based on intuition and professional background of the manager. The following categories should provide with basic alternative solutions for the manager who would finally make the special decisions.

LPG Product Policy: First the product has to be identified – we distinguish between the physical, extended and total product. This function should facilitate definition of assortment policy – which products to add, remove –, policy of a group of products and policy of product attributes. Regarding assortment we will focus on the length and depth. Quite an important feature of the product is product cycle and marketing policy. All the marketing activities, i.e. product strategy, price strategy, commercial strategy and so on, vary in the stages of introduction, growth, stagnation, saturation and fall. Moreover, for marketer, it is priceless information to know retrospectively development of sales in comparison with activities, tools and remedies applied.

LPG Price policy: For LPG, the marketer needs to deal with price fixing. He has at his disposal the demand curve and to know the demand elasticity. Also, the analysis of the break-even point is convenient. Out of the basic information it is possible to determine the price strategy that is strategy in terms of

- a) Price Policy,
- b) Price and assortment,
- c) Price Variability,
- d) New Price for new products,
- e) Competition,
- f) Maintaining the price.

The system should offer a range of methods for price fixing. Among them belong

- a) Methods oriented at costs (e.g. based on the break-even point),
- b) Methods oriented at the demand and customer (based on research, analyses),
- c) Methods oriented at competition (e.g. imitation).

LPG Distribution Policy: It aims at fixing the distribution channel based for instance on the characteristics of the customer, product, competition and so on. Then the distribution targets should be determined – intensive, selective or exclusive distribution. Finally, the distribution costs, numerical distribution and indicators like market share will be calculated.

Sales and Commercial Policy for LPG sector: It includes communication marketing mix, commercials and their impacts, direct marketing, promotion policy and the targets of promotion. The commercial policy will be based on information on the target group, setting aims, selection of the commercial strategy, setting the message, selection of the media, budget and evaluation of the effect.

LPG Consumer Behaviour: It refers to selection, purchase & consumption of goods and services for the satisfaction of their wants. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as social, cultural, personal and psychological.

1. Cultural Factors: Consumer behaviour is deeply influenced by cultural factors viz:-

Culture: Basically, culture is the part of every society and is the important cause of person wants and behaviour. The influence of culture on buying behaviour varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

Subculture: Each culture possesses different subcultures viz. religions, nationalities, geographic regions, racial groups. Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular geographic group.

Social Class: Every society possesses some form of social class which is important to the marketers because the buying behaviour of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. Here we should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc.

2. Social Factors: Social factors also impact the buying behaviour of consumers. The important social factors are: reference groups, family, role and status.

Reference Groups: Reference groups have potential in forming a person attitude or behaviour. The impact of reference groups varies across products and brands. Reference groups also include opinion leader (a person who influences other because special skill, knowledge or other characteristics).

Family: Buyer behaviour is strongly influenced by the member of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. LPG buying decision is influenced by wife then marketers has to target the women in their advertisement. Here, we should note that buying roles change with change in consumer lifestyles.

Roles and Status: Each person possesses different roles and status in the society; depending upon groups, clubs, family, organization etc. to which he belongs. For example a woman is working in an organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore her buying decisions will be influenced by role & status.

3. Personal Factors: Personal factors can also affect the consumer behaviour. Some of the important personal factors that influence the buying behaviour are:

Age: Age and life-cycle have potential impact on the consumer buying behaviour. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.

Occupation: The occupation of a person has significant impact on his buying behaviour. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

Economic Situation: Consumer economic situation has great influence on his buying behaviour. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

Lifestyle: Lifestyle of customers is another important factor affecting the consumer buying behaviour. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.

Personality: Personality changes from person to person, time to time and place to place. Personality is not what one wears; rather it is the totality of behaviour of a man in different circumstances. It has different characteristics such as: dominance, aggressive-ness, self-confidence etc which can be useful to determine the consumer behaviour for particular product or service.

Psychological Factors: There are four important psychological factors affecting the consumer buying behaviour.

Motivation: The level of motivation also affects the buying behaviour of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction.

Perception: There are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

Beliefs and Attitudes: Customer possesses specific belief and attitude towards various products. Since such beliefs and attitudes make up brand image and affect consumer buying behaviour therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regards.

Direct Selling: Direct selling is the sale of products by face-to-face contact with the customer, either by having salespeople approach potential customers in person, or through indirect means.

- Artificial Intelligence Marketing
- Direct response marketing
- Database marketing
- Advertising mail (Direct mail)
- Customer relationship management

- Direct Marketing Associations
- Personalized marketing
- Predictive analysis
- Telephone Preference Service
- Leaflet Distribution
- Street Marketing

LPG Sales Promotion: Successful promotion campaigns don't happen by chance. To realize goals, promotional products programs must be carefully planned, taking into consideration the audience, budget and, of course, the ultimate result to be gained. Sales promotion can be used for consumer promotion and Trade Promotion. Consumer promotions are targeted towards end consumers. Trade promotion is directed to the retailer and/or wholesaler. The point of a trade promotion is to persuade resellers to carry a brand, give it shelf space, promote and push it.

1. Define a specific objective: Whether the goal is to increase traffic at a trade show exhibit or to boost sales with current clients, the first step in any campaign is to clarify purpose of program.

2. Determine a workable distribution plan to a targeted audience: Distribution of promotional product is as important as the item itself. Research shows that a carefully executed distribution plan significantly increases effectiveness of promotional products.

3. Create a central theme: Linking a recognizable logo and color to all aspects of the campaign, from promotional products to sales sheets to product packaging, helps to create an instantly recognizable image.

4. Develop a message to support the theme: Supporting a campaign's theme with a message helps to solidify a company's name, service or products in target audience's mind.

5. Select a promotional product that bears a natural relationship to profession or communications theme.

Direct Marketing in LPG sector: It is a form that reaches its audience without using traditional formal channels of advertising, such as TV, newspapers or radio. Businesses communicate straight to LPG consumer with advertising techniques such as fliers, catalogue distribution,

promotional letters and street advertising. There are two main definitional characteristics which distinguish it from other types of marketing.

- It sends message directly to consumers, without use of intervening commercial communication media.
- It is the core principle of successful Advertising driving a specific "call to action."

It includes trackable, measurable, positive responses from consumers regardless of medium. Direct marketing is predominantly used by small to medium-size enterprises with limited advertising budgets that do not have a well-recognized brand message. **Benefit of direct marketing:** The Internet has made it easier for marketing managers to measure the results of a campaign. Advertisers often refine direct mail practices into targeted mailing, in which mail is sent out following database analysis to select recipients considered most likely to respond positively.

Telemarketing: Another common form of the direct marketing is telemarketing, in which marketers contact consumers by phone.

Email Marketing: There are a range of e-mail service providers that provide services for legitimate opt-in e-mailers to avoid being classified as spam.

Door-to-Door Leaflet Marketing: Leaflet distribution services are used extensively on a local catchment. Similar to direct mail marketing, this method is targeted purely with the names of home occupants.

Broadcast Faxing: It is now less common than the other forms.

Voicemail Marketing: Due to ubiquity of e-mail marketing & expense of direct mail and telemarketing, voicemail marketing presented a cost effective means by which to reach people directly, by voice.

Coupons: Coupons in newspapers and magazines cannot be considered direct marketing, since the marketer incurs the cost of supporting a third-party medium (the newspaper or magazine); direct marketing aims to circumvent that balance, paring the costs down to solely delivering their unsolicited sales message to the consumer, without supporting the newspaper that the consumer seeks and welcomes.

Summary: LPG customer don't pick an item based solely on the uniqueness, price or perceived value; it also includes advertising, sales promotion, publicity, personal selling, branding and refers to various methods of promoting product, brand etc. All of LPG consultative selling training workshops includes ongoing coaching to re-enforce learned consultative selling techniques, strategy and process. LPG Sales promotion thrust upon four aspects of promotional mix which are designed to have an immediate impact on sales. Media and non-media marketing communications are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Understanding what prospect / client perceives as value is an important element in knowing how to enhance this value solution so prospect cannot resist. The consultative selling skills, strategy & knowledge of industry conditions are used to solve LPG customer problems & provide value based solutions. A consultative selling approach process permits the sales person to partner with the prospective customer / client in a manner with emphasis on a benefit to gain or a loss to avoid value proposition that they may not have considered. A well-executed LPG direct advertising campaign can offer a positive return on investment as the message is not hidden with over-complicated branding. The consultative skills techniques focus on enhancing the relationship by leveraging the credibility gained by the supplier through knowledge and performance. When the goal is to increase LPG market share, a basic principle and foundation of consultative selling skills process is to assume incumbent has inside track and a wedge must be driven between prospect & incumbent. LPG information functions should be integrated into the main company system. It should benefit from information and data stored.

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