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## UNIT 15 APPLICATION OF MARKETING RESEARCH IN INDIA -- SOME CASE STUDIES

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### Objectives

After going through this unit, you will be able to

- appreciate some of the selected areas in which the techniques of marketing research are being applied

### Structure

- 15.1 Introduction
- 15.2 Illustration on 'Consumer Research'
- 15.3 Illustration on 'Demand Forecasting'
- 15.4 Illustration on Sales Promotion Campaign'
- 15.5 Other Potential Applications
- 15.6 Summary
- 15.7 Self-Assessment Exercises
- 15.8 Further Readings

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### 15.1 INTRODUCTION

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In the last few units we have given an indepth background of the univariate and multivariate procedures for analysing marketing research problems. Let us now address ourselves of the task. of this unit, by seeing how far the techniques of marketing research are effectively put to practice in India; what are their common applications?; what are their potential applications?

Our selected applications would include (1) 'Consumer Research'--- a study on refined oils, (2) 'Demand Forecasting' - Forecasting Demand for light Commercial Vehicles (LCV); and (3) 'Sales Promotion Campaign' - a campaign successfully launched by 'Richardson Hindustan' (now Proctor .& Gamble India Ltd.)

We would like to highlight the other potential applications of marketing research methods in the areas of new product introduction, advertising and media planning.

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### 15.2 ILLUSTRATION ON 'CONSUMER RESEARCH'

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Consumer Research is one area where the marketing research firms are very active. A number of market surveys are being carried out at regular intervals both by the agencies as well as by big organisations selling consumer products. The focus of any consumer survey is to find out 'what does the consumer want?' 'What are his, preference, 'his own perception of the product', 'his loyalty' etc. Consumer Research is a powerful aid in the introduction of any new product. It also provides a database to understand the consumer buying behaviour and enables organisations to take remedial actions regard to marketing strategies when called for.

The present illustration is concerned with a market study on 'refined oil' in New Delhi carried out a couple of years ago as an exploratory research study.



## Research Objectives

- 1 To assess the awareness level of the existing brands of refined oil by the consumers and also to identify the source of awareness.
- 2 To analyse the consumption pattern of cooking medium with particular emphasis on refined oil.
- 3 To analyse the purchase pattern of refined oil in terms of 1 Kg. tin, 2 Kg. tin, etc. and also loose purchasers.
- 4 To analyse and identify important factors that are considered while purchasing any refined oil.
- 5 To analyse the consumer perception of the important attributes in respect of the various brands of refined oil.
- 6 To test for the statistical hypothesis of no association between brand preference and income level.

## Methodology

A probability sampling had been adopted covering about 160 households (161 to be exact) in all important areas of Delhi. Data collection involved a questionnaire (specimen copy attached) to meet the research objectives.

The questionnaire was administered through personal interview in the households allowing full participation from the respondents.

Data analysis, interpretation of results and conclusions, drawn from the study are being discussed here.

## Data Analysis

### 1 Awareness of brands as revealed from memory recall.

No. of respondents = 161

Name of	Frequency of Awareness							
	Income Groups				Lower income	Middle	Total	(161)
	(44)	(77),	(40)					
(Upper income)	Middle income	income						
	No. of Res-	%	No. of Res	%	No. of Res-	%	No. of Res-	%
	pondents		pondents		pondents		pondents	
Postman	38	86.4	42	54.5	34	85.0	114	70.8
Dalda	19	43.2	53	68.8	19	47.5	91	56.5
Ruby	28	63.6	32	41.6	17	42.5	77	47.8
Diamond	23	52.3	33	42.9	14	35.0	70	53.5
Suffola	25	56.8	24	31.2	11	27.5	60	37.3
Cornola	8	18.2	2	2.6	3	7.5	1.3	8.1
Cornelia	3	6.8	-	-	-	-	3	1.9
Markfed	2	4.	-	-	1	2.5	3	1.9
Others		2.3	-	-	7	17.5	8	5.0
Total reactions	147		186		116		439	

Figures (44), (77) and (40) indicate number of households or respondents interviewed. The percentages awareness is worked out to these figures.



**Note :** Because one respondent can recall more than one brand and even than 3 or 4, the percentage are not additive.

Distribution of awareness to Total Frequency.

Name of brand	No. of times a brand is mentioned	% of total no. of calls
Postman	114	25.97
Dalda	91	20.73
Rubv	77	17.54
Diamond	70	15.95
Suffola	60	13.67
Coronola	13	2.96
Cornello	3	0.68
Markfed	3	0.68
Others	8	1.82
Total No. of calling	439	100.00

### 2 Source of awareness : Total Respondents = 161

Source	No. of times each source is mentioned	% of total no. of frequency	% to Total Response
Advertisement	80	40.61	49.69
Friends	55	27.92	34.16
Market/Shop	18	9.14	11.18
Personal use	33	16.75	20.50
Others	11	5.58	6.83
Total	197	100.00	

### 3 Consumption Pattern

#### Monthly Consumption in Kg.

Income Class	Refined Oil	Vanaspati/Ghee	Raw Oil
Lower middle income Total family size = 203 Per capita consumption	82.5 0.41	104.00 0.51	35.5 0.17
Middle income Total family size = 368 Per capita consumption	164.00 0.45	177.5 0.48	35.3 0.10
(Upper Income) Total family size = 149 Per capita consumption	145.50 0.98	95.5 0.64	29.0 0.19
<b>Overall</b> Total family size = 720 Per capita consumption	392.0 0.54	377.0 0.52	99.8 0.14

### 4 Purchase pattern (No. of households buying)

Income group	Loose Buyers	1 Kg	2 Kg	4 Kg	Bulk (15.5 Kg)	Total %
Lower middle	6 (24)	3 (12)	8 (32)	5 (20)	3 (12)	25 (100)
Middle income	16 (23)	6 (9)	25 (36)	20(28);	3 (4)	70 (100)



Upper income	8 (23)	4 (11)	6 (17)	13 (37)	4 (12)	35 (100)
Total	30(23)	13 (10)	39 (30)	38 (29)	10 (8)	130 (100)

### 5 Rank distribution (based on 130 households consuming refined oil out of 161)

Particulars	Weighed Average Rank
Odourless	2.37
Taste of food cooked	2.52
No cholesterol	3.21
Purity	3.29
Good for heart	4.22
Price	5.30
Colour	6.55

### 6. Rating of attributes for different brands on a '0' to '10' Scale.

	Postman	Dalda	Ruby	Doamond
Odourless	8.26	8.42	7.60	7.53
Taste of food-cooked	8.44	8.02	8.75	7.59
Purity	8.45	7.88	8.55	7.19
Good for heart	7.69	7.50	6.46	5.43
No smoke	8.24	7.48	7.40	6.44
No cholesterol	7.70	7.51	6.65	5.44
Total observations on which weighed average is worked	58	43	20	32

### 7 Testing of Hypothesis set up in our problem dimension

$H_0$  : Brand preference and income levels are independent (i.e. not associated)

$H_1$  : Brand preference and income level are associated.

### Cross classification data (Figs. in each cell indicated no. of persons using a brand)

	Income level/ Month			
Brand	upto 2000	2000-3000	Above 3000	Total
Postman	18	17	13	48
Dalda	3	11	19	33
Ruby	2	8	4	14
Diamond	6	22	4	32
Total	29	58	40	127

$\chi^2 = \sum (O_{ij} - E_{ij})^2 / E_{ij}$  where  $O_{ij}$  is the observed frequency in the  $i, j$ th cell and  $E_{ij}$  is the expected frequency in the  $i, j$ th cell.

We calculate

$$\begin{aligned} \chi^2 &= \frac{(18-11)^2}{11} + \frac{(3-8)^2}{8} + \frac{(2-3)^2}{7} + \frac{(6-7)^2}{7} + \frac{(17-22)^2}{22} + \\ &+ \frac{(11-15)^2}{15} + \frac{(8-6)^2}{6} + \frac{(22-15)^2}{15} + \frac{(13-15)^2}{15} + \frac{(19-10)^2}{10} + \\ &\frac{(4-5)^2}{5} + \frac{(4-10)^2}{10} \end{aligned}$$

$$= 26.17 \text{ degrees of freedom} = (4 - 1) \times (3 - 1) = 6$$

$X^2$  at 5% level from table = 12.592

Reject  $H_0$  and accept  $H_1$

Let us also calculate  $X^2$  considering only the income levels 2000-3000 and above 3000.

In this case

Let us also calculate  $\chi^2$  considering only the income levels 2000-3000 and above 3000.

In this case

degrees of freedom =  $(4 - 1) \times (2 - 1) = 3$

$$\chi^2 = \frac{(17-18)^2}{18} + \frac{(11-18)^2}{18} + \frac{(8-7)^2}{7} + \frac{(22-15)^2}{15} + \frac{(13-12)^2}{12} + \frac{(19-12)^2}{12} + \frac{(4-5)^2}{5} + \frac{(4-11)^2}{11} = 15.01$$

$\chi^2$  at 5% level from table = 7.815

Reject  $H_0$  and accept  $H_1$

### Interpretation of results (based on data analysis)

#### Awareness

- The study revealed that Postman had the highest level of awareness of 70.8% followed by Dalda of 56.5%, Ruby of 47.8%. Diamond of 43.5% and Suffola of 37.3% CORNOLA, came next in the awareness level of a low 8.1%. This indicated that the probable cause for its poor sales could be lack of awareness. A further perusal indicated that out of the 13 respondents who answered they were familiar with CORNOLA, 8 respondents came from posh locality.

The same trend was seen in the next table where the level of awareness was worked out as % to total frequency (No. of Calls) Postman 25.97%, Dalda 20.73%, Ruby 17.54%, Diamond 15.95%, Suffola 13.67%, and CORNOLA 206%.

Therefore one thing was conjectured that the awareness level of CORNOLA which was low could be the probable cause for its poor sales. If better sales performance and additional sales were to be generated, the present level of awareness should be increased 'to a reasonably higher level.

- How to increase awareness? This was answered from table 2 which gives sources of awareness, frequency of awareness, % of awareness' source measured to total frequency and to total respondents. Advertisement was maximum 40.61%, followed by friends 27.92%, market shop 9.14% and personal use 16.78%. It was, therefore inferred that effective advertisement campaign could be the best method for increasing awareness. It was felt that it would be a good idea that the advertisement was not only in T.V. but also given in a magazine like 'Femina' which had a larger volume of circulation and was widely read by housewives. The advertisement should highlight the special attributes of CORNOLA.

Before we talk of consumption pattern, it maybe mentioned in the passing that only.12 out of 161 respondents answered they were using refined oil on the advice of medical doctor. This was not a significant and encouraging figure. Therefore 'CORNOLA' could not gain much sales on this ground. With regard to the base of the oil namely Groundnut, Corn, or/any other, all people answered it (excepting one or two) correctly.

#### 3 Consumption Pattern

It was significant to note from the table that the monthly per capita consumption of refined oil was increasing from lower-middle income to middle income and upper income group. Let us look at the following table giving the per capita consumption for each group and for each type of cooking medium.

##### Per capita consumption (Kg.)/Mouth

	Relined Oil	Vanaspati Ghee	Raw Oil
Lower middle income	0.41	0.51	0.17
Middle4ncome	0.45	0.48	0.10
Upper income	0.98	0.64	0.19

As per capita consumption of refined oil was maximum in upper income group, it was decided to concentrate on a priority basis on this income group, for promoting



new refined oil like CORNOLA. It maybe mentioned in the passing that people are using more and more of refined oil and -less and less of ghee in the posh localities.

#### 4 Purchase pattern

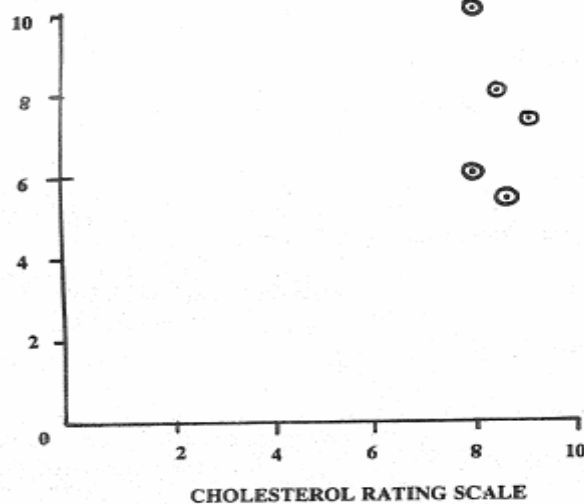
2 Kg. tin and 4 Kg tin appeared to be more popular in term of purchase. The purchase were 30% and 29% respectively for 2 Kg. tin and 4 Kg. tin About 23% were purchasing in loose. It was also revealing to note in posh locality 4 Kg. tin was more popular.(37% purchase). So concentration should be on 4 kg. tin and 2 Kg. tin with respect to purchase because they were more widely purchased.

#### 5 Important Factors (Ranked)

Odour, taste and cholesterol were the three most important factors that go with the purchase of any refined oil. Certainly if CORNOLA could match with others in respect of odour and taste of food cooked, it would definitely have a differential advantage in respect of cholesterol over the existing brands. This factor should be highlighted more in the advertisement as a special feature. Opinions based on people who used CORNOLA suggested, that with respect to ordour and taste, it was equally good if not better than others. Average rank for odour was 2.37 , taste 2.52 and cholesterol because it has 0% cholesterol.

#### 6 Attributes Rating

The rating on 0 – 10 scale revealed again that Postman and Dalda were perceived better than others. Let us draw perceptual map on the basis of the weighted average scores already worked out for the two attributes 'odour' and 'Cholesterol'. Let us superimpose CORNOLA in the perceptual map based on opinion expressed by the users who are of course not falling in our sample list .It should ideally score 10 points for cholesterol because it has 0% cholesterol.



\*CORNOLA is superimposed in the map. Thought should be given as to how to readjust brand positioning and enable consumer to have proper perception of this product.

#### 7 Hypothesis Testing

- i) Taking all income, level calculated  $X^2 = 26.17$  which exceeds table  $X^2$  at 5% level = 12.592. Therefore reject  $H_0$  which means brand preference is associated with income level.
- ii) Taking Rs. 2000 - Rs. 3000 and above Rs. 3000 income calculated  $\chi^2 = 15.01$  Table  $X^2$  at 3 degree of freedom at 5% level = 7.815. Reject  $H_0$  which means again that income level and brand preference are associated.

In both cases we found income level and brand preference were associated and were not independent. This also meant that there was a strong brand loyalty. This would be difficult to break unless followed by aggressive advertising campaign. It was



inferred that there was scope for creating good sales in view of refined oil getting more and more popular, provided effective advertising campaigns were launched which would improve consumer acceptability and awareness.

### Concluding remarks

- 1 Sales of CORNOLA was poor due to lack of awareness of this brand by consumers. Awareness level should be increased by proper advertising campaign including advertising in a magazine like 'Femina'.
- 2 Consumption pattern on the basis of per capita consumption suggested that on a priority basis posh localities should be fully concentrated upon and exploited in respect of promoting 'CORNOLA
- 3 Purchase pattern suggested that the most popular packed tins were 2 Kg. and 4 Kg. CORNOLA should be packed and marketed initially in these sizes.
- 4 Three important factors for the purchase of refined oil were odour, taste of food cooked and cholesterol. With respect to cholesterol free. This should be highlighted in all advertisements. Perceptual map of attributes (odour, cholesterol) revealed that CORNOLA could be ideally on top with respect to cholesterol and reasonably good with respect to taste/odour. It should be pushed towards postman and Dalda by vigorous advertisements.
- 5 Brand preference and income levels were associated as validated by statistical test of  $X^2$ . This should be countered by vigorous advertisements.

To sum up, a bad product cannot sell however effective the advertisement is, but at the same time a good product cannot sell unless backed up by effective advertisements.

### Activity 1

Briefly discuss what other models can you use for analysing the consumer profile on refined oil in this illustration.

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### Questionnaire

A survey is being conducted on refined oil, would you please take a few minutes of your time to answer the following questions? Thank you.

- 1 i) Please list the names of the brands of refined oil which you are aware of  
Indicate against each brand that you have mentioned  
  
ii) Whether it is groundnut oil/Corn oil/Any other  
  
iii) Whether you have used one or more of the brands (You may tick the brands you have used)  
  
.....  
.....  
.....  
  
2 How have you come to know these brands of refined oil you have mentioned?  
(Source may be indicated)  
  
3 What cooking medium do you use for cooking?

Vanaspati      Refined      Raw Oil      Any other  
(Mention the Medium)

Name of the Brand

Monthly Consumption (Kg.)

**Refined Oil Consumers**

a) Are you using refined oil on the advice of Doctor?

Yes.....No. ....

b) Indicate :

Name of the brand which you are using at present .....

Monthly consumption (Kg.) .....

c) What size do you buy everytime?

1 kg tin    2 kg tin    4 kg tin    Bulk

d) If you are buying in loose, how much do you buy everytime?

e) Please rank the following factors in the order of most important to least important (you may assign ranks 1,2,3, etc. 1 means most important 2 next most important etc....)

- Odourless (No smell)
- Retains taste of food cooked
- No cholesterol
- Purity
- Good for heart
- Priced reasonably
- Colour

f) For any two brands of refined oil which you have used, rate the following attributes on a 0 to 10 scale. If you feel any attribute according to you gets a grade of —

Very good	assign	10 marks
Good	assign	8 marks
Somewhat good	assign	4 marks
Not so good	assign	2 marks
Bad/absent	assign	0 marks

Brand 1 (Mention brand)      Brand 2 (Mention brand)

- Odourless (No smell)
- Taste of food cooked
- Purity
- Good for heart
- No smoke while cooking
- No cholesterol

**5 Demographic Data**

a) Family size (indicate total members in your family)

b) Income/Month (Rs.) Upto 2000    2000-3000    above 3000

c) Age group of all members (Put the No. of members against each age group)    Less than 10    10-20    20-30    30-40    40 & above





Name.....Address.....

### 15.3 ILLUSTRATION ON 'DEMAND FORECASTING'

Demand forecasting is perhaps the most frequently used tool of Marketing Research in India. All organisations want to forecast the industry demand first and then applying their market share as multiplier arrive at their sales forecast. In India both long range and short range demand forecasting studies are being undertaken from time to time.. However analytical models like regression and time series analysis are not always used. Simple growth rate coupled with past average and extrapolation using graphs are the most popular methods of making forecast in Indian organisations.

In this illustration we propose to discuss the demand forecasting of Light Commercial Vehicles (LCVs) in India. With the advent of new generation of LCVs introduced by TELCO, DCM and Eicher, LCVs forecast assumes greater importance. On behalf of 'Ministry of Industry', A.F. Ferguson & Associates did a study on long term demand projections for automotive vehicles. We will discuss the regression model attempted by A.F. Ferguson and Associated and another independent study based on time series model.

#### Selected model of Fergusons

$$\text{LCV Sales} = -136999 + 19657.2 (\Delta \text{ POP I}) + 2.62686 (\Delta \text{ SRL}) + 194 (\Delta \text{ CCE})$$

where  $\Delta \text{ POP I}$  = Change in the population of Class I towns

$\text{SRL}$  = Change in surfaced road length

$\text{CCE}$  = Change in the amount of Credit extended to road transport operations by public sector banks.

Based on past data LCV sales is treated as a function of these three variables and a multiple regression model was attempted.

$$R^2 = 0.99$$

$$F (\text{test value}) = 163.5; (\text{equation significant statistically at 5\% level})$$

#### Sensitivity analysis

5% increase in	Corresponding change in LCV Sales
Population of Class I towns	21.6% (increase)
Surfaced road length	7.9% (increase)
Credit extended to the road transport operators	2.3% (increase)

Based on this equation, LCV sales in 1989-90 was forecast after substituting the forecast values of the independent variables in the equation. The LCV forecast arrived at was 81000 units. in 1989-90. If the current level of LOV production is any indication (around 48000 units Y, it is unlikely that the demand will reach anywhere near 81000 units. The model has not been able to predict the LCV demand with any accuracy. This is primarily because of the inherent problem -associated with any ' regression model.. If you make any mistake in forecasting tie independent variables, your demand will be wrongly forecasted. Also for long term projections, the regression model will work only in certain ranges of value of independent variables. Therefore it is imperative that for continued accuracy of the model, actual values of the independent variables as and when become available should be fed back in to the system.

#### Time Series Model

In this model, we have taken past data on LCV sales for the period 1976 to 1985 (10 years dim) and treated time as independent variable. After the model is fitted, we have made forecast for 1986, 87 and 88. Since actuals are available, for 1986, 87 and 88, we can compare the forecast and actual sales to measure the power of the model to forecast. Here also we use the simple regression of LCV sales as function of-time

Period	Time	LCV Sales
1976	1	8000
77	2	7000
78	3	10000
79	4	12000
80	5	17000
81	6	20000
82	7	25000
83	8	27000
84	9	33000
85	10	35000

**Results of the analysis (based on computer output)**

Variable	Mean	Variance	Standard Deviation
X (Time)	5.5	9.17	3.03
Y (LCV Sales)	19400	1.056 E+ 08	10276.19

Fitted Linear regression equation

$$Y = 1000 + (3345.45) x \text{ (Significant at 5\% level)}$$

Correlation coefficient	=	0.99
Coefficient of Determination	=	0.97
t ratio	=	16.52
Degrees of freedom	=	8
Std. deviation of errors	=	1838.97

Period	LCV Sales	Estimated
1976	8000	4345
77	7000	7691
78	10000	11036
79	12000	14382
80	17000	17727
81	20000	21073
82	25000	24418
83	27000	27764
<b>84</b>	33000	31109
85	35000	34455
	<b>Forecast using the model</b>	<b>actuals available</b>
1986	37800	38000
1987	41145	41000
<b>1988</b>	44491	46000

The acid test for any forecasting model is its ability to forecast values closer to actuals there by minimising errors. The time series forecast model has given a much better reliability than the multiple regression model of A.F. Ferguson. You must remember one thing that if in-any subsequent year, there is a sudden and steep upward swing in the LCV sales, the time series model may fail totally. Also there are situations where the multiple regression forecast may give better reliability. It is the responsibility of the market researcher to choose the appropriate model by doing a thorough exploratory study.

**Activity 2**

Suggest how you would improve the above forecasting models used in this illustration.

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## 15.4 ILLUSTRATION ON SALES PROMOTION CAMPAIGN

It is not necessary that one should always use analytical tools of marketing research which a great deal of sophistication. Even analysis involving simple arithmetic and descriptive statistics can bring the essence and lead to effective decisions. What is important is conceptualisation of the problem with clarity of thought. The present illustration will bring out this fact.

Sales promotion consists of a wide variety of tactical promotion tools of a short term incentive nature, designed to stimulate strong target market response. Among the more popular ones are premiums, couponing, contests, incentives and deals.

Sales promotion in the marketing mix assumes greater importance due to emergence of new product, growth of self service retailing, and heightened competition.

Evaluation of a sales promotion programme depends upon the nature of the product viz, consumer or industrial, objectives set forth like greater market share or sustaining the market share if the product is a matured *one*, nature of the market and competitive conditions. Evaluation may involve comparing the targets with the actual where the targets aimed at are based on the promotion scheme, or comparing the market share before the sales promotion, immediately after the promotion and say 6 months after the promotion.

In this assignment, we will evaluate sales promotion programme (SPP) of a consumer product launched by Richardson Hindustan Limited (RHL now P&G India Ltd.) during winter 1981-82. The product is VICKS VAPORUB'.

### Objectives

The main objectives of the sales promotion programme campaigns were :

- 1 To achieve large scale jar upgrading with a view to sustaining the overall market share,
- 2 To encourage consumers to buy VICKS VAPORUB,
- 3 To sample Inhaler to new users and hence develop an independent inhaler franchise, and
- 4 To sample Vicks cough drops.

### The SPP Offers

The promotion tool had three basic offers each having different pack/incentive combinations. Only one of them was applicable to a specific market, which had been decided, based on critical characteristics of the market vis-a-vis Vaporub.

The Combinations were :

1	With purchase of	Consumer gets a strip of	States
	Vaporub 19 Gm	2 vicks cough drops	Maharashtra, MP, West Bengal
	Vaporub 35 Gm	4 vicks cough drops	Assam, Orissa, Bihar
	Vaporub 60 Gm	1 Inhaler Free	Punjab/Haryana, UP and Nepal
2	Vaporub 36 Gm	Soap Dish Free	AP, Kerala, Rajasthan
	Vaporub 60 Gm	Soap Dish Free	
3	Vaporub 60 Gm	1 Inhaler-Free	Bombay, Calcutta, Madras Delhi and Gujarat.



### Why there offers of SPP of different types.

**Offer 1:** Aimed at upgrading the consumers of these states to Vaporub 19 Gm, 35 Gm and 60 Gm as the contribution of Vaporub 5 'Gm, in terms of share was very high in these states.

**Offer 2 :** These were salient vaporub 19 Gm markets and hence the consumers of these states were to be upgraded to 35 Gm and 60 Gm.

**Offer 3 :** All these were well developed jar markets and/or metro markets with high a purchasing power, hence focus was on upgrading consumers to the largest pack and achieve collateral sampling of 'Inhaler'

#### Timing of SPP

##### December Cycle

Madras, Tamil Nadu, Karnataka Kerala, Andhra Pradesh

##### January Cycle

Bombay, Maharashtra, Gujarat, MP, Delhi, Punjab/ Jharkhand, Rajasthan, UP, Calcutta, West Bengal, Assam, Orissa, Bihar, Nepal

#### Inputs for SPP

To extend full support to the campaign, considerable inputs were given

- 1 Attractive posters mentioning the gift , offer, had been allocated to each town in liberal quantities. For each offer, appropriate posters were printed.
- 2 In Bombay/Delhi, special TV spots were arranged on the air during prime time to indicate the offer.
- 3 There were press ads in Gujarat, Assam and Karnataka, to create awareness about the offer.
- 4 Vaporub cycle coincided with the SPP to enable RHL to get maximum impact through merchandising.
- 5 In addition to all these, the regular vaporub winter film was on full thrust.

#### Packaging of Stocks/Incentives

With vaporub 19 Gm, 2 Vicks cough drops were given free. The vicks cough drops were packed in the foil with message 'free sample - Not for Sale' printed across it. These foils were packed alongwith Vaporub 19 Gm jars, within a shrink wrap tray. Similarly 2 foils of 2s (4 Vicks cough drops) were offered free with Vaporub 35 Gm Jars, and packed in the same manner. The inhaler given free with Vaporub 60 Gm was taped on the jar.

On the cap of each SPP Jar, the free offer message had been printed, so that the consumers were aware of what was given free, when they bought it.

Soap dish incentives for Andhra Pradesh, Kerala, and Rajasthan were packed separately like in the normal merchandising SPP Scheme.

The cornerstone for success of this campaign was its ability to attract by superb display at the outlet any visitor or even somebody passing by.

#### **Our Evaluation of the sales promotion scheme launched by Richardson Hindustan Limited now Procter & Gamble India Ltd. (Vicks Vaporub)**

We would consider the scheme to be a very creative one as well as a very effective sales promotion programme for the following reasons:

- 1 For the first time Cough drops/Inhaler were given as incentive at National Level This certainly ensured a large scale jar upgrading and sustainability of existing market share at any rate. It may be pointed out here, the offtake of vaporub tied up with cold products (Inhaler) went up by a spectacular and staggering figure of 200% in test markets during the Vaporub 60 Gm Inhaler offer..
- 2 It is important to note that during the offer period of the above incentive, inhaler offtake was not at all affected. On the contrary the offtake of inhaler picked up in the subsequent months and hence paved the way for independent consumer franchise which was one of the *objectives* set forth in the sales promotion programme.



- 3 In case of Vaporub 60 Gm, consumer got a fantastic 30% worth of purchase as a free offer.
- 4 This offer had been supported with fantastic point of sales and media in selected areas.

### Quantitative Evaluation

#### Background

The Company (RHL now P&G India Ltd.) is highly professionalised in its marketing setup and uses the modern tools of evaluation. It does compare the estimated, and actual figures in respect of market share, oftakes, distribution and stock turnover ratio before and after any promotion. It also gets a feedback from external source like ORG, pioneer in retail audit. In view of the fact, the latest information in the above lines could not be parted with by the company, we give below certain quantitative data which highlights the fact that RHL is a market leader in this product, head and shoulder above its main competitors namely 'Amrutanjan' and 'Rubex'.

Before giving the quantitative evaluation of this particular sales promotion scheme, it may be pointed out in the passing that the company had been able to sustain its market share consistently only due to its systematic and creative sales promotional activities which are of continuous nature. A decline in sales is followed by a sales promotion programme with creative incentive offer to induce the consumer to buy more. The data with regard to sustained market share, distribution and stock turnover ratio of RHL (now P&G India Ltd.) in comparison with Amrutanjan and Rubex is given below (sufficient gap in time was given after the campaign was launched).

#### i) % Market Share in Urban Market

Region	RHL	Amrutanjan	Rubex	others
All India	62	35	2	1
North	84	14	1	1
East	73	22	1	4
West	69	26	3	2
South	46	53		

It may be seen from above that RHL was not only sustaining its all India market share of 62% and was not only the market leader in every region except south, but also it was catching up fast in South by getting 46% of the market as against 53% by Amrutanjan which is situated in the heart of Madras City. This commendable achievement was entirely due to its sales promotion programme and incentive offers incorporated in the scheme as discussed earlier.

- ii) With regard to the number of retail outlets (urban) RHL had 179 thousand outlets at the National Urban Market as against 121 thousand outlets of Amrutanjan and 24 thousand outlets of Rubex.
- iii) If we define the stock turnover ratio index as

$$\frac{\text{STR (RHL)}}{\text{STR (Competitors)}} \times 100, \text{ it worked out to } 146.$$

The interpretation is that the Stock Turnover Ratio of Richardson Hindustan Ltd., was 146 times as that of competitors or RHL was able to turn out a sales volume of 146% of its competitors.

To sum up, the present sales promotion programme of Richardson Hindustan Limited (now P&G India Ltd.) was effectively in every sense of market response and the company would continue to be a market leader in this line of Rubs and Balms because of the creativity involved in the scheme. The present sales, promotion programme which had been in vogue for some time, achieved the major objective of upgradation of jars and sustained market share as well as an independent franchise for inhaler.

#### Activity .3

Can you use analysis of variance tool in this example? If so, what kind of field experiment would you conduct?




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## 15.5 OTHER POTENTIAL APPLICATIONS

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The illustrations we have covered so far on the application of Marketing Research in India are the most popular ones in the sense that they are being frequently used by the organisations and research firms. However there is still a vast reservoir of untapped potential that exists in terms of marketing research applications. We shall list below the potential areas of applications.

- 1 **New product launching and test marketing in India**, require marketing research 'tools to aid decision making. Hindustan Lever did a classic test marketing before introducing 'LIRIL' soap at all India level. The organisation tested this product in two typical cities-Hyderabad in South and Lucknow in the North. Since this type of study involves experimental research, analysis of variance is the appropriate tool to use.
- 2 **Measuring the advertising and sales promotion effectiveness** involves good field experiment. Therefore if the objective is to measure the improvement in sales contributed by the campaign, it is important to use analytical tools like analysis of variance and paired t test. Currently the practice is to use simple arithmetic to calculate market share before and after the campaign. It is important that one should test the significance statistically.
- 3 **Media planning and determination of media mix** is being handled exhaustively by advertising firms and many private organisations. Stimulation techniques and linear programming models are being attempted to decide optimal media mix. Because of the conflicting goals encountered in reality, "Goal Programming model" is perhaps potentially the answer to the problem of media mix.
- 4 **Communicating research** offers good scope for marketing research to find out whether the communication is effective. For example one may be interested in finding out whether the message conveyed through an advertisement is perceived properly by the target audience. Suppose through a questionnaire, if you can collect data on the understanding aspect of the consumer on some suitable scale. you can use discriminant analysis to classify the consumer into two groups-one which has understood the campaign - another which has not understood the campaign.
- 5 **Plethora of marketing data** bewilders marketing managers and acts as a bottleneck for extracting relevant information for decision making. Factor analysis could be used to collapse the data and reduce them into fewer factors for analysis. Stepwise regression can also be used for this purpose.

It may be mentioned here that the above applications are only indicative and certainly not an exhaustive list. Further scope exists which should be fully exploited. However the above mentioned applications are the typical areas of potential applications.

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## 15.6 SUMMARY

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We have then covered three typical illustrations on 'consumer research', 'demand forecasting', and 'sales promotion campaign' in the Indian Scene. 'Consumer Research' illustration on refined oil has focused on problems concerning consumer buying behaviour and the strategies needed to take appropriate actions when called for. 'Demand Forecasting' illustration attempts to forecast realistically the demand for light Commercial Vehicles (LCV). With actual example, the strengths and limitations of the multiple regression model and simple linear regression based on



time series data have been highlighted. 'Sales Promotion Campaign' illustration has brought out the importance of descriptive aspect of communication research and using simple calculation in the context of evaluating the campaign. The illustration is on the sales promotion campaign launched by RICHARDSON HINDUSTAN' or 'VICKS VAPORUB'. We have then moved on to 'other potential applications' 'marketing research in India. We have listed some typical areas of application involving marketing research where the potential is vast. They include -- new product launching and test marketing - measuring the advertising and sales promotion effectiveness, - media planning and determination of media mix, communication research, and 'collapsing data' for meaningful interpretation. It has also been mentioned that this list is only indicative and could include other areas as well which will require marketing research help.

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## 15.7 SELF-ASSESSMENT EXERCISES

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- 1 A well established consumer oriented company is engaged in the manufacture of detergent cakes and powder. The Company wants to do in depth study on the consumer profile of detergent cake to readjust its brand positioning. How would you go about doing this
- 2 Suppose you are the marketing manager of a newly established electronic industry interested in manufacturing Televisions (TVs). How would you go about assessing the present demand for TVs in the country and the forecast for the next five years?
- 3 Suggest your own methods for overcoming the resistance to using market research if you are employed as marketing head of a large manufacturing organisation,

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## 15.8 FURTHER READINGS

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- 1) F.E. Brown, *Marketing Research* Addison-Wesley Publishing Company,
- 2) Paul F. Green and Donald S. Tull, *Research for Marketing Decisions*, Prentice Hall of India.