

Impact of Promotional and New Product Strategies: A study based on Paints and Coatings Industry of Pakistan

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Abstract

The purpose of the study is to promote new or improved promotional strategies along with new products relative to the market's current requirement. It helps companies to understand influential factors that have an impact on sales as well as on the opportunities and threats of the market. Data is collected from three primary resources viz. customers, dealers, and doctors. A survey questionnaire was used to collect data from all primary resources along with some interviews from the dealers and Google Analytics has been used for data analysis. This study helps companies to understand influential factors that have an impact on sales, as well as on the opportunities and threats for the market. It takes the events e.g. coronavirus pandemic as an opportunity to improvise the company policies regarding promotion and new products. The study goes in favor of new promotional strategies with new products according to the current events happening in the country. It draws the attention of companies towards Government initiatives for construction and environments. In addition, it encourages promotion through them. It also describes the same initiatives taken by international organizations in pandemic crises as promoted by the study.

KEYWORDS: Pandemic, Coronavirus, Promotion, Strategy, New Product

Introduction

Paints and coating industry is one of the most growing industries in the world. It grows along with the construction, automotive, furniture, electrical and other segments. It is estimated to grow up to \$232.1 Billion US Dollars by 2027, at a growth rate of 4.4575 percent each year. Asia Pacific is the largest and fastest growing market of paints and coating industry in the world. The developing economies China, Pakistan, Bangladesh and India will play an important role in growth of this industry. It is also the most controlled industry regarding health and environmental concerns. Pakistan is an emerging market for paints and coating industry and has a great potential in decorative, industrial and automotive as its economy is developing.

There are many local and multinational Paint and coating producers present in Pakistani market viz. ICI Paints (Akzo Nobel PK), Nelson Paints, Berger Paints, Nippon Paints, Buxly Paints Super kote, Brighto Paints, Master Paints, Quality paints and Rainbow Paints etc.

The study purpose is to know the market intensions about new market strategies and new products for sales growth. The study starts with an insight of the annuals reports of Berger Paints Pakistan of 10 years, which shows a sales decline in the 2018-19. In addition, the corona crises in 2019 hit the sales very badly in many sectors all around the world including paints and coatings industry. To increase the sales in the crises and upcoming events, the research is focused on new products with new promotional strategies.

The research is divided into different aspects of marketing strategies such as promotion, pricing, environmental aspects and anti-microbial properties. The population is from middle class and below the age of thirty. The sample size taken is relatively small due to the pandemic limitations. Data is collected in the form of questionnaire and interviews from the three primary sources viz.

customers, dealers and doctors, which include medical students, pharmacists and MBBS degree holders. A five-point Rating scale is used for the analysis of data from the respondents, which goes from very high, high, average, and low to very low responses. Pie charts are the main analytical tools for understanding the responses in this study.

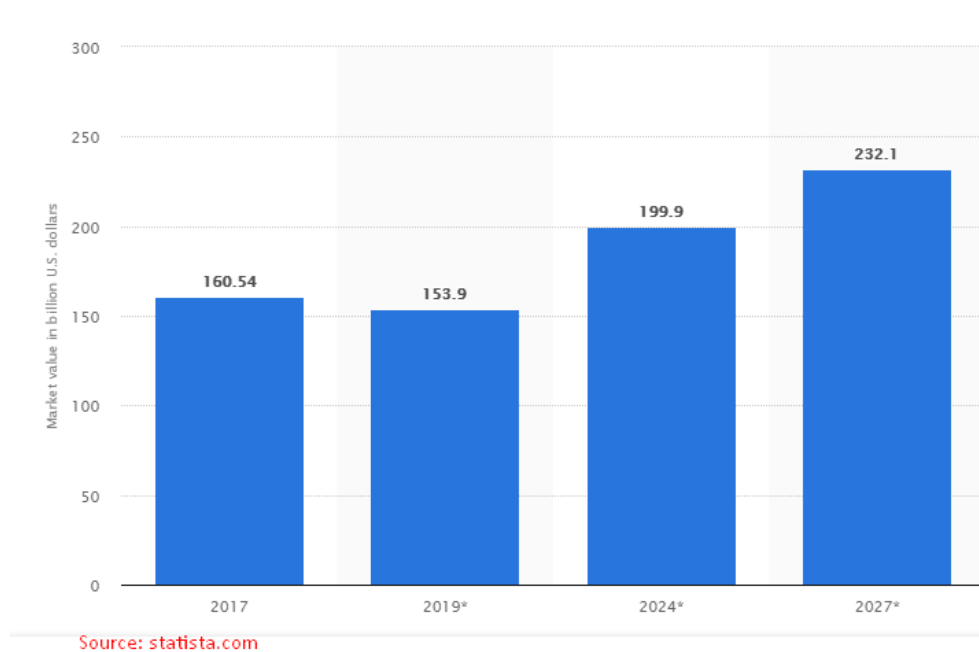
Promotional strategy is mainly focused on advertising and discounts. Majority of respondents supports advertising in a paints and coatings product. They expect their product to be advertised in different media. OOH advertising specially companies even by Berger Paints mostly neglect wall painting. Local companies occupy most of the wall ads. Pricing is highly concerned point in paints and c coatings market customer want high quality with less price. They are noticed to be comparative while buying in terms of pricing.

Environmental and health concerns are getting bigger day by day in Pakistan. The research includes the environmentally friendly and anti-microbial products for consumers by considering the response of the customers.

Industry profile

The global paint and coating industry was valued US\$160.54 billion in 2017 and it is projected to grow up to US\$232.1 billion by 2027, at a growth rate of 4.4575 percent each year. This rapid increase is driven by the growing construction industry, following by the automotive, general industry, electrical cable, wood, steel, packaging coating markets.

Fig: Estimated Growth of Paints and Coating Industry



Research and development have been a very crucial part of the coating industry for the past 40 years and has introduced remarkable technologies in the industry. Therefore, particularly designed or specifically purposed coatings are also available in the market such as nanocoating's, hydrophilic, hydrophobic, and antimicrobial coatings. Nanotechnology is a highly interesting area in the coating industry with thousands of patents registered globally.

Coating industry is also the most regulated industry globally. Therefore, companies are forced to have low solvent and solvent less technology because of the environmental and health issues. To limit emissions of volatile organic compounds (VOCs) and hazardous air pollutants (HAPs) the environmental laws are getting stricter on coating industries.

Pakistan is an emerging market for the international paints and coatings producers. The classification of paints in Pakistan is divided into three categories; decorative, industrial and automotive. The dominant category is the decorative paints, which has the highest share of about

60-70% of all production. Decorative paints are of two types oil-based and water-based and are further divided into emulsion, enamels, distempers, and deco paints. Unofficially, Pakistani paints and coatings industry worth PKR 37 billion, which is according to most of the stakeholders. The rising magnitude of the industry is about 4-7% a years on a value basis. The driving force behind the rise is the growth of construction industry of Pakistan, which has grown quite fast in the past few years. Akzo Nobel Pakistan is the largest producer of paints and coatings industry in Pakistan. After Akzo Nobel PK, Berger is the largest paint and coating producer in Pakistan. Berger was born two centuries ago, but in Pakistan, it started its operations in 1950 and was the first organized Paint Company to provide premium quality products imported from the United Kingdom. Berger has risen to become one of the largest paint producers in the world.

Berger Paints went to a public limited company 1974, when Pakistani investors acquired its 48.38% shares, and the leftover shares were acquired by the parent company, Jenson & Nicholson Limited. Afterwards, Slotrapid Limited, gained control of Berger Paints Pakistan Limited and now Slotrapid has 52.05% shares of the company.

Research methodology

Research methodology is a systematic and scientific way of solving research problems. It describes, explain and predict the research procedures. All these parameters together are called as a research methodology. It is a method of study to gain knowledge. The main objective is to give a work plan for the study.

Research must include three points otherwise; it cannot be termed as research viz.

1. The issue or the problem or it can be an opportunity, which is needed to be solved.

2. The systematic procedure, which means there must be, steps to do research.
3. Applications of scientific methods for data collection and problem solving.

Various Stages of Research:

- Statement of Problem
- Statement of Hypotheses
- Sampling and Subject
- Research Instruments
- Data Analyses
- Significance of study
- limitations of the study

Problem statement

Promotional activities have a significant impact on the company sales in paint industry. Effective planning and execution of promotional activities can lead to increase in sales and vice versa. Amount invested in promotions can have a direct impact on sales. Current events can be a great source to increase sales via related and improved promotional strategies with new in demand products delivered with customer satisfaction.

Hypothesis

A sales drop has been recorded in 2018-19 sales of Berger Paints Pakistan in spite of 10 years of inclining. However, because of the global economic crisis caused by COVID-19, it is difficult to maintain sales volume. With improved or new promotional strategies, we can maintain or increase sales. The Pandemic has also provided new ways to increase sales by creating new in-demand products and employing relevant or improved promotional strategies for the Paint and Coating Industry of Pakistan.

Berger Paints Pakistan can utilize the pandemic situation and increase sales by making new products such as antiviral, anti-bacterial and environment-friendly paints and coatings with new promotional strategies.

Primary sources of data

The primary sources of data include customers, dealers, and doctors. The population of customers includes Karachi's middle-class people having a household income of about 90,000-120,000, males and females with good educational background, and age below 30.

Table 2.0 Sampling table

S.no	Primary sources	Population	Sampling method	Sample size
1	Customers	888000	Random	500
2	Dealers	200	stratified	30
3	Doctors	11300	stratified	100

Literature review

LIU, C. L., RUAN, X. D., & LIU, Y. Z. (2008) a formulation of interior wall conditioning and anti-bacterial paint coating with organic and inorganic binders, conditioners and other additives, the paint performed well as ordinary wall paints along with additional special features such as humidity control, condensation resistance, anti-bacterial properties, elimination of harmful gases, purification of air etc. It serves as environmentally friendly wall paint.

Kanwal H. Lakhani, Hammad Tahir, Ghulam Mustafa, and Waleed Warsi (2016) suggested that the advertisement is considered as a differentiator in Pakistani market nowadays. It helps creating loyalty and brand awareness after consumption of the product. Good advertising creates repeat buying because it provokes the satisfaction feeling that the customer had on the previous experience.

The study admits the positive impact of advertisement on customer satisfaction and helps in firm's growth. The study concludes that the paint industry has been successful in creating creative advertisements to impact the buyer's sales decision. Customer satisfaction in ads must be the same as promised in advertisement; otherwise, customer will not respond to your ads. Packaging also attracts the consumer in buying decision. The whole idea is to create a perception of customer satisfaction in customer's mind before buying and to maintain the customer satisfaction level after buying if the customer is convinced.

Laroche, M., Bergeron, J., & Barbaro-Forleo, G. (2001). In a market that is increasingly concerned about the environment, the concern for environmentally friendly products is obvious. Now, most consumers have realized that their buying behavior directly affects many environmental issues.

Certainly, the most convincing evidence, for the fact that the environmentally friendly consumer behavior is growing, is that more and more people are ready to invest higher amount for eco-friendly products. Companies that think seriously about environmental problems may create long lasting competitive benefits.

Huang, L., Li, D., Lin, Y., Evans, D. G., & Duan, X. (2005) The wall coating, modified with nano-magnesium oxide, has about 97% germicidal efficiency. It has high anti-bacterial activity against spores, bacteria and viruses after gas absorption (Halogen).

Promotional Strategy

Promotion is a comprehensive word, which is widely used in marketing as promotion mix, which comprises of advertising, sales promotion, personal selling, publicity and direct marketing.

There are three main objectives of promotion:

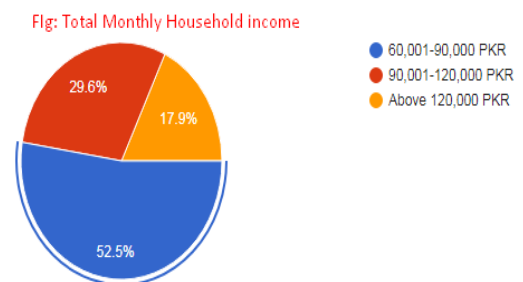
- To give information to customers
- Create demand
- Product differentiation from competitors

An Advertisement is any non-personal, paid form of promotion of ideas, products and services through media by an identified sponsor (Philip Kotler, Gray Armstrong, 2009). Advertising is used mostly by businesses, a wide range of NGOs, social agencies and professionals use

advertising to promote their cause to the target audiences. Today, social media advertising has a huge potential to uplift any business through effective communication.

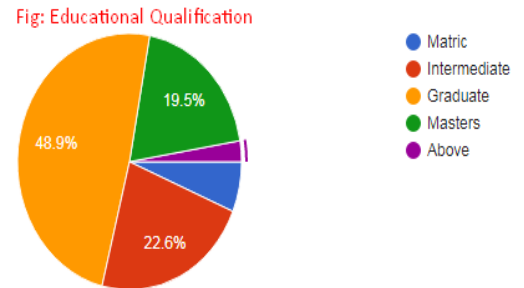
Discounts are used in sales promotion for both consumers and whole-sellers to increase sales. Sales promotion is short-term incentives to encourage the purchase and sale of a product or service (Philip Kotler, Gray Armstrong, 2009). In our case of Paints and Coatings market, discounts have a huge impact on the consumers of Paints and Coatings market. Each company has its own policy of giving discounts to its customers in different ways mainly coupons, price cut, complementary gifts etc.

The survey involves five hundred customers from Karachi city and questions were asked in accordance with the decorative and industrial paints and coatings side. The male respondents are 51.6% and female are 48.4%. It was also asked that whether females take part

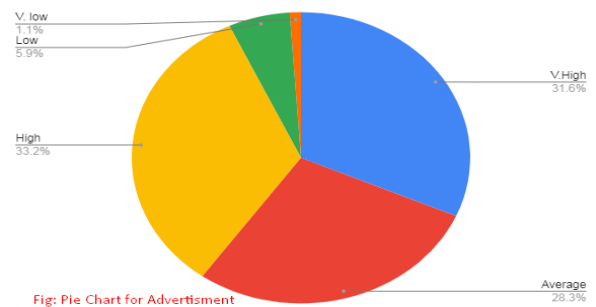


in the paints selection in their house or workplace or not because it is useful while targeting promotional campaign. From all respondents 68.3% selected yes and 31.7% selected no. The family income of the respondents was set between 60000 to 120000 and above according to the targeted consumers. Majority of the respondents that are 52.5% were from the 60 to 90 thousand category. 29.6% respondents were from the 90 to 120 thousand category. In addition, 17.9% respondents were from the above 120 thousand categories. Which means the majority of them belongs to the middle-middle and lower-middle class category.

The educational qualification of majority respondents is graduation i.e. 48.9%. 22.6% respondents have intermediate level qualification and 19.5% of them have masters level qualification. The majority of respondents belongs from below 30 age group that is 80%. 11.5% respondents belong to 31 to 40 age group. 4.7% of them belongs to 41 to 50 age group and 3.1% of them belongs to 51 to 60 age group. The reason to ask those questions was to know the true demographics for the promotion of a specific social class target market.



Survey results for advertisement shows that advertisements produce a very high impact on respondents when buying a decorative paints and coatings product. It shows most of the respondents want the products to be advertised in media. For 31.6% respondents of all, advertisement has a very high impact on their buying decision of a paint and coatings product. For majority of them i.e. 33.2% it has a high impact on their buying decision. 28% for average, 5.9% for low and 1.1% accounted for very low impact on their buying decision. In the survey, dealers voted for an average response of TV advertisement from the customers those who come to buy products on their shops. Creative advertisement plays an important role in gaining the interest of the customers in the products.



The survey outcome shows that discounts have an average impact of about 44.1% on respondents when they purchase products. According to dealers, it is due to a perception among customers that

discounted products have low quality. 28% voted for high impact on buying decision, 13.3% for very high, 5.3% for very low and 9% accounted for low impact on buying decisions for discounts on decorative paint and coatings products. The chart

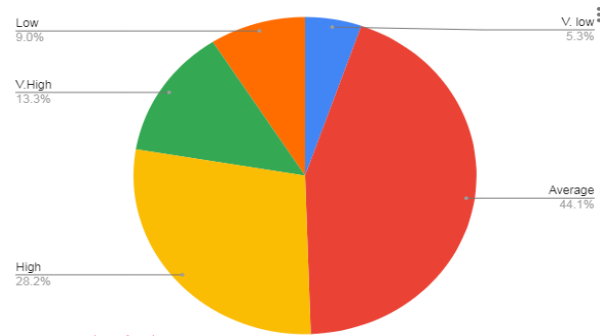


Figure: Pie chart for discounts

favors average response towards discount on the consumers when they buy the product. Complementary gifts have a close similarity to discounts as it says that 42.9% respondents have an average impact of gifts on their buying decision. 19.2% respondents still voted for high impact on buying decisions. According to dealers, the average response towards discounts is due to the perception of low quality product. Because multinational brands stands on their high quality instead of giving discounts or gifts they convince the consumers towards higher quality. The chart favors average response on the consumers when they buy the product.

According to dealers, customers watch the advertisement in media but it does not have much impact on them except few of the customers. Mostly, dealers and painters drive paints markets. They are the key activators in Paints sales. Because dealers provide space and pushes, the product towards customers and painters helps them in buying through recommendations. Customers mostly prefer to ask painters about which color brand to apply on the walls. Because people think, they have been painting and are professionals so they know which brand is giving good quality with affordable price nowadays. Except many customers who prefer to buy brands for a good quality. Other key influencers are house builders (thekedar), those who recommend paints products to customers. The recommend those brands which have low prices and they have their commissions from the dealers. Big project builders use paints in bulk quantities with low prices. Most of the local with some multinationals brands use wall painting advertising which is a (OOH)

out of home advertising. It helps to remind the consumer of the brands so that it recalls when they go to buy the product. In Karachi, local brands e.g. reliance, nelson, and brighto use wall painting more than multinational brands like Berger Paints for the same target market. The profit margin is relatively low for the multinational brands but their dealers are much more satisfied due to the high business standards. Profit margin in local brands is relatively high and supported by high sales promotion budget for dealer and painters.

The discounts offers are mostly targeted towards painter to increase buying. Most of the companies use coupons to attract painters e.g. Gobi's. According to dealers, Gobi's market share is increasing due to the good quality, effective pricing and market policy, which revolves mostly around painters. The coupon tactic of sales promotion has given local paint brands an edge in competition from multinationals. Complementary gifts are also put forward to attract the painters and dealers.

Survey results shows that advertisement has a high impact on buying decision as it creates brand value in consumers mind and they buy those products from which they are familiar with. Advertisement helps to remember the brand in off seasons. TV ads are mostly targeted to specific social class but out of home advertising specially wall painting can be targeted to many social classes and it creates brands recall value more often. Similarly, discounts and complementary gifts have an average response on consumers mind but it has a great impact on Painters, who are the key influencers in decorative paints and coatings market. Dealers are mostly influence by promotional schemes and profit margins. So, most of the companies make their policies around painters and dealers.

In addition, the customers are highly sensitive when it comes to price. Customers are comparative while buying a paint product. People buy the products with moderate prices and good quality.

Environmental aspects and Anti-microbial properties

Paints, varnishes and coatings are everyday products that have a significant impact on environmental and health. Paints are major source of indoor air pollution. Solvents, monomers, softening agents, and biocides are some of the components of these products that have the potential for serious ecological and toxicological risks during their production, manufacture, application, use, and ultimate disposal. Typical oil-based paint averages 350g/L VOCs, or between 35-50% of the paints volume. Even water-based acrylics, which are much less toxic, still contain 3-7% solvent content. Paints products contain compounds that are hazardous to nature and health e.g. volatile organic compounds (VOCs), lead compounds, petroleum, arsenic and formaldehyde. Volatile organic compounds are compounds that easily become vapor or gases.

Microbes are tiny living things, which cannot be seen by the naked eye. They are found all around us, and they live in water, soil and air. Some microbes are harmful and cause diseases and some microbes are important for our health. The most common types are bacteria, viruses and fungi. It is estimated that 1% of all bacteria are responsible for diseases. Bacteria, for instance, cause tuberculosis. Similarly, viruses have no cells of their own; they need healthy cells of other organisms to reproduce. They invade our cells and make us ill. Some viruses cause diseases such as influenza, measles or inflammation of the liver (viral hepatitis). While other causes deadly diseases like Ebola or AIDS etc. A recent virus, which has caused +20 million people affected and caused over +700K deaths around the world is known as SARS-CoV-2. Severe Acute Respiratory Syndrome Coronavirus-2 (SARS-CoV-2) is the strain of Corona virus that causes

Corona virus disease 2019 (COVID-19), the respiratory illness responsible for the COVID-19 pandemic. Anti-microbial property is quality or trait of a thing to kill and control the spread of microorganisms specially bacteria and virus. Disinfectants are great antimicrobial agents such as bleach, which kill a wide range of microbes on non-living surfaces to curb the disease spread and illness. Alcohol is an excellent and widely used disinfectant. You can disinfect a surface by spraying a disinfectant but today's research says that viruses can live on different surfaces up to many days for instance corona virus. Researchers are heavily interested into special surface coatings, which have the ability to stop the growth and kill the microbes when they get into contact with the surface. Some elements have naturally antimicrobial properties e.g. titanium, cobalt, nickel, copper, zinc etc. they are used in special coating surfaces to kill and stop the growth of microbes.

Nanoparticles are used for a variety of different antimicrobial applications due to their extraordinary behavior. They are effective due to their highly reactive nature

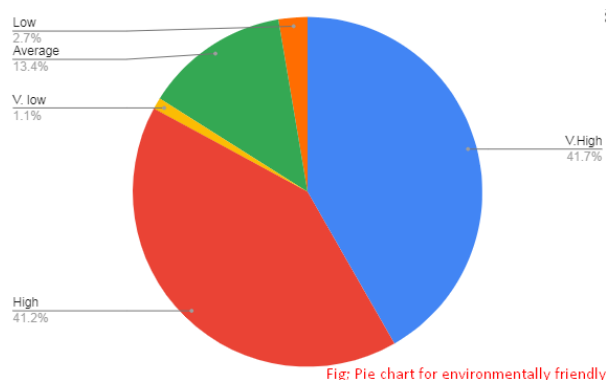
Table 3.0 Nano Particle Material

Nanomaterial	Characteristic	Application
Titanium dioxide	low cost	anti-bacterial, environmental purification, self-cleaning, solar cell efficiency, UV protection
Organosilane	low cost, prevent adhesion by abrasive surface,	antimicrobial coating with long-term effectiveness
Silver	low toxicity, electrical Conductivity,	anti-microbial activity - bind and destroy cell membrane
Zinc oxide	photo catalytic activity	used in textile industry, anti-microbial activity,
Copper	electrical conductivity	anti-microbial additive, UV protection properties,

Fig: Antimicrobial nano-materials Source: Dastjerdi, R.; Montazer, M. (2010)

The pie chart obtained from survey results for an environmentally friendly product clearly shows the behavior of people towards the environment. It clearly shows that their product must be environmentally friendly and free from all indoor and outdoor pollutants. A very high percentage that is 41.7% of respondents voted for a very high response. The second-largest percentage of respondents that is 41.2% voted for a high response for environmentally friendly paint and coatings products. 13.4% voted for an average response, 2.7% low, and 1.1% very low response given by the respondents to an environmentally friendly product. Weather protection has also been given a very high response by the majority of the respondents.

Most paints products available are anti-bacteria in the market but nowadays anti-viral products are more in demand. According to the survey, the respondents were highly in favor of anti-viral properties to be included in paints and special coatings. In addition, because of the destruction of coronavirus, it is now an essential property to be added in paints and coatings products for decorative and industrial purposes. 44.4% of respondents gave a very high response to the anti-viral properties. 25.7% of them selected High response, 20.3% respondents gave an average response, 5.3% voted for low and 0.5% voted for a very low response for anti-viral properties in a paints and coatings product. This shows the demand among the people of an anti-viral property within a paint and coating product in the decorative paints segment.



As mention earlier, there are very low percentages of bacteria that cause harmful diseases like tuberculosis, etc. More people know bacteria than viruses. Therefore, the majority of respondents i.e. 36.2% gave a high response to anti-bacterial paint product. 32.8%

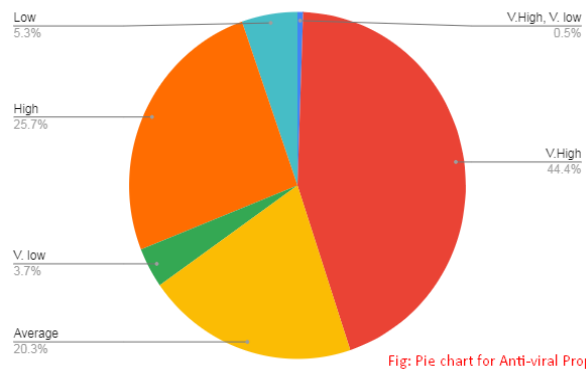


Fig: Pie chart for Anti-viral Prop.

22.0% voted for an average response, and 4.3% for both low and very low response recorded for anti-bacterial paints and coating products, which show that most of the respondents are concerned about protection from diseases. Most products available in the market are promoted as anti-bacterial but companies lack the anti-viral products for both decorative and industrial segments.

According to the interview, dealers do not support the idea of an antimicrobial paint such as antiviral and anti-bacterial products for houses and hospitals because they thought that the disinfectants are widely used in these areas. Besides, when asked about the coronavirus

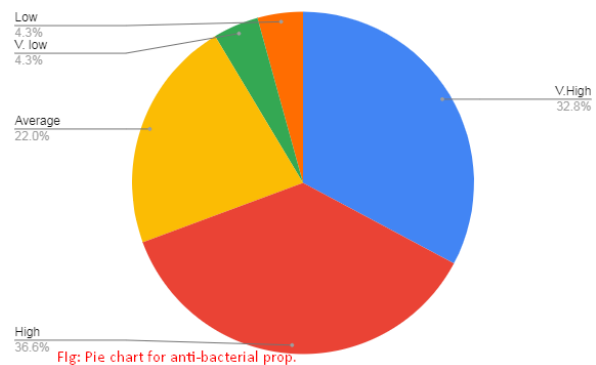


Fig: Pie chart for anti-bacterial prop.

pandemic, they said, it is temporary and has not much affected Pakistan. Therefore, an anti-microbial product would not be a good idea for Pakistan. However, according to the world health organization, we have to learn to live with the viruses. Doctors, who include medical students, pharmacists, and MBBS, supported this idea of anti-microbial paint and surface coating products. According to them, the anti-microbial surface coating for hard to reach spaces in lab, hospitals, and other areas is phenomenal. They have shown their support in anti-microbial coated surfaces

to kill and stop the growth of viruses and bacteria in public places like schools, universities, bus stops, hospitals, and labs. It is noted that most of the local companies are not environmentally friendly but they have been promoting the product with an eco-friendly tag. Consumers are concerned with the exterior walls paints due to weather protection but they are not concerned with the washability because most paints are washable up to some extent.

Results show that consumers are optimistic about the environmentally friendly and anti-microbial properties paints and coating products along with doctors but dealers are a bit skeptical about microbial paints and coatings Surfaces. World Health Organization urges us to take precautions as they have estimated that we can face new pandemics and old ones like coronavirus with a modified version.

Conclusion

The study evaluated the impacts of different variables on sales of paint and coatings products in pandemic crises by obtaining the perceptions of customers, doctors, and dealers through questionnaire and interview. The research is focused on increasing sales by improving the promotional strategy and introducing new in-demand products. This research will not only help in current pandemic crises but it is also helpful for future events.

The customers and doctors who include medical students, pharmacists, and MMBS degree holders agreed on suggested new promotional strategies, new anti-microbial products, and environmental and health concerns, but the dealers were skeptical. However, the research goes in favor of the hypothesis as two of three primary sources have shown their agreement on the strategies. It discovered that the market needs new products and improved promotional and new product strategies. It discovered that customers are influenced by relevant promotional tactics and

environmental and health concerns. The lack of promotional strategies and new in-demand products in an event like pandemic crises shows the inactive behavior of the company towards growth. It can become their weakness and strength for competitors. Paint companies should use the current event for promotions and new product developments for maintaining sales, the rub-off effect of an event can increase and maintain the sales.

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