

**Impact of Marketing and Sales Promotion on Sales and Revenue of Consumer Electronics  
Industry: A Case Study of Leading Consumer Electronic  
Organization of Pakistan (R&I Electrical Appliance**

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**Abstract**

This thesis examines the impact of marketing and sales promotion on the sales and revenue of the refrigeration industry in Pakistan, which is one of the fastest-growing industries in the country's consumer electronics sector. The research methodology employed a mixed-methods approach, combining primary data collected through a survey questionnaire and an interview with the marketing head of the refrigeration industry and secondary data obtained through an analysis of the industry's financial records. The study found that marketing and sales promotion have a significant impact on the sales and revenue of the refrigeration industry in Pakistan, with higher marketing expenses resulting in higher revenue and profitability. The study's findings highlight the importance of effective marketing and sales promotion strategies in the consumer electronics industry in Pakistan, and the industry should invest more in these activities to improve sales and revenue and ensure long-term profitability. Policymakers should also create an enabling environment to support the growth of the industry and provide incentives to encourage investment in marketing and sales promotion. The study's results have important implications for policymakers and industry practitioners.

**Keywords:** Advertising, Sales Volume, Brand Awareness, Automobile sector, consumer behaviour

**Introduction:**

Consumer electronics services are crucial for economic growth and development as they are essential for communication and information transfer. In Pakistan, the Consumer Electronics Act

in 2002 led to the transformation of the former Pakistan Consumer Electronics Corporation to R&I, which resulted in the emergence of new players in the market. R&I remains one of the leading consumer electronics companies in Pakistan and employs various promotional mixes to remain competitive. A study was undertaken to analyse the impact of sales promotion and advertising in promoting R&I's products and services. The study found that sales promotion is effective in achieving immediate sales acceleration while advertising is more effective for capturing the market in the long term. The study recommended that R&I use effective tools for brand recognition and integrate sales and marketing operations. The success of companies in the consumer electronics industry relies on the effective use of promotional tools, including sales promotions and advertising, to increase sales volume and capture the market.

### **Background of Sector**

The consumer electronics industry has evolved over time, with technological advancements leading to the creation of new products such as smartphones, tablets, and smart home technology. Ongoing research and development are necessary to stay up-to-date with the latest trends and technologies. Similarly, the history of refrigeration and air conditioning dates back to ancient times, and advances in technology have led to the development of more efficient and environmentally friendly systems. In Pakistan, the consumer electronics and air conditioning industries have grown steadily, driven by foreign investment, new technologies, and the rise of the middle class. Ongoing research and development in Pakistan aims to improve efficiency, reduce environmental impact, and ensure safety and reliability.

### **Literature Review**

(Fazio, 2019) Conducted a meta-analysis of previous studies on the impact of sales promotions on consumer behaviour, with the objective of identifying the most effective types of sales promotions and their impact on consumer behaviour. The study found that sales promotions have a significant

impact on consumer behaviour, with discounts and price reductions being the most effective types of promotions, followed by coupons and rebates. The study also suggests that the effectiveness of

sales promotions depends on the context in which they are used, and sales promotions may be more effective for new or less-established products. The study has implications for marketers who can use this information to design more effective sales promotions and improve their marketing strategies.

(Moon, J & Choi, Y, 2018) Study examines the relationship between marketing activities, sales, and profitability in the Korean smartphone industry, using secondary data from the financial reports of five major Korean smartphone manufacturers from 2011 to 2015. The study utilizes a quantitative research approach that employs multiple regression analysis to examine the impact of different marketing activities on sales and profitability. The study findings suggest that marketing activities have a positive impact on sales and profitability in the Korean smartphone industry, with advertising and personal selling having the strongest impact. Sales promotion also has a positive effect, but weaker than advertising and personal selling. The study highlights the importance of firm-specific factors in determining the effectiveness of marketing strategies and provides valuable insights for marketers in the smartphone industry and other industries.

(Aghazadeh & Alizadeh, 2019) study investigates the effectiveness of different sales promotion techniques, including price discounts, free gifts, and product bundles, on consumer buying behaviour in the Iranian smartphone industry. The study uses a survey of 380 smartphone users in Iran and finds that price discounts and product bundles are the most effective sales promotion techniques in influencing consumer buying behaviour, while free gifts have a weaker impact. The study also highlights the importance of considering demographic characteristics, such as age and income level, when designing sales promotion strategies. The findings provide valuable insights for marketers in the Iranian smartphone industry and other industries to design more effective sales promotion strategies and improve their marketing efforts.

(Choi, Y & Kim, H, 2019) Study investigates the impact of price discounts and free gifts on purchase intention and repurchase intention in the online consumer electronics market in

South Korea. The study uses a survey of 296 online shoppers to collect data on their perceptions of sales promotion types and their purchase and repurchase intentions. The study finds that both price discounts and free gifts have a significant impact on purchase and repurchase intention, with price discounts having a stronger impact on purchase intention and free gifts having a stronger impact on repurchase intention. The study also highlights the importance of considering demographic characteristics when designing sales promotion strategies. The findings provide valuable insights for marketers and contribute to the understanding of the impact of sales promotion types on consumer behaviour in the online consumer electronics market.

(Fan, J Y & Liu., 2019) Study examines the impact of sales promotion and advertising on sales in the consumer electronics industry in China. The study uses a survey research design and a sample of 290 respondents who had purchased a consumer electronics product in the past year. The study finds that sales promotion and advertising have a significant positive impact on sales in the industry, with price discounts and coupons being more effective in boosting sales than product demonstrations. The study also finds that advertising is more effective for higher-priced products. The findings provide insights for marketers in the industry to design more effective sales promotion and advertising strategies, and highlight the importance of considering the product type and price level when designing marketing strategies.

(Ryu & Han, 2017) Study explores the effect of sales promotion on customer purchase behaviour in the Korean consumer electronics market. The study investigates the impact of different types of sales promotions, including price discounts, coupons, and free gifts, using a sample of 401 respondents who completed an online questionnaire. The study finds that sales

promotion has a significant positive impact on customer purchase behaviour in the Korean consumer electronics market. Price discounts and free gifts are more effective in boosting purchase behaviour than coupons, and sales promotion is more effective for higher-priced products. The study has important implications for marketers in the consumer electronics industry, as it highlights the importance of considering the product type and price level when designing sales promotion strategies.

(Chen, S & Chen, Y, 2017) Study examines the impact of sales promotion strategies on brand equity in the Taiwanese consumer electronics industry. The study investigates the effects of price discounts, coupons, and free gifts on brand equity using a sample of 300 respondents surveyed through an online questionnaire. The study found that sales promotion strategies have a significant positive impact on brand equity in the industry, with price discounts and free gifts being more effective than coupons. The study also found that brand loyalty and perceived quality mediate the relationship between sales promotion strategies and brand equity. The study highlights the importance of considering brand loyalty and perceived quality when designing marketing strategies and has important implications for marketers in the consumer electronics industry. The findings contribute to the understanding of the impact of sales promotion strategies on brand equity in the Taiwanese consumer electronics industry.

(Kim, J & Kim, 2018) Study investigates the impact of sales promotion strategies on consumer behaviour in the Korean consumer electronics market. The study focuses on price discounts, coupons, and free gifts, and examines their impact on attitudes towards the brand, purchase intentions, and actual purchases. The study uses a sample of 324 respondents who were surveyed using an online questionnaire and a convenience sampling method. The study finds that sales promotion strategies have a significant positive impact on consumer behaviour in the Korean

consumer electronics market. Price discounts and free gifts are more effective than coupons, and the impact of sales promotion on consumer behaviour is mediated by attitudes towards the brand. The findings provide valuable insights for marketers and contribute to the understanding of the impact of sales promotion strategies on consumer behaviour in the Korean consumer electronics market.

### **Research Methodology:**

The consumer electronics industry faces several marketing and promotion challenges, including increased competition, changing consumer behaviour, decreased advertising effectiveness, limited budget, and poor product positioning. To overcome these challenges, firms need to differentiate themselves from competitors by offering unique value propositions, adapt their marketing strategies to changing consumer behaviour, shift towards digital channels, develop cost-effective strategies, and conduct market research to position their products effectively. Taking a strategic and well-thought-out approach can help firms increase sales and revenue and remain competitive in a crowded market.

### **Sources of Data**

The study investigating the impact of advertising and sales promotions on consumers of R&I Electrical Appliances in Pakistan will make use of both secondary and primary data sources.

Secondary data sources include:

- Annual reports and financial statements of R&I Electrical Appliances

The researcher studied the impact of advertising and sales promotions on consumers of R&I Electrical Appliances in Pakistan. Data was collected from both secondary and primary

sources. Secondary data was obtained from the R&I department and official websites of the company, while primary data was collected through a questionnaire approach administered to both employees and consumers. The collected data from both groups will be analyzed using statistical methods to determine the impact of advertising and sales promotions on consumer behaviour. The findings from the study will be used to make recommendations for improving the effectiveness of R&I Electrical Appliances' advertising and sales promotion strategies in the Pakistani market.

### **Relationship between promotion and sale volume:**

Promotion is any activity a company engages in to increase awareness of its products or services and encourage customers to purchase them. Sales volume is the total amount of products or services sold by a company over a given period of time. Promotion affects sales volume by increasing consumer awareness of a product, creating a sense of urgency or scarcity, and offering consumer incentives such as discounts, coupons, and special promotions. In summary, promotion plays a critical role in determining sales volume and companies can develop effective marketing strategies by carefully considering the relationship between promotion and sales volume.

### **Statement of Hypothesis:**

H: Marketing Expense has a significant influence on profitability of the refrigeration industry.

### **Data Presentation and Analysis**

The study includes a questionnaire with questions related to advertising and its impact on the performance of the consumer electronics sector. The purpose of the questionnaire is to gather information regarding the variables of Advertising and Sales volume and to show the relationship between them. The questionnaire is also expected to help in testing the hypothesis of the study.



Primary Source	Population	Sampling Method	Sample Size	Research Instrument
Employees (Marketing Dept)	350	Stratified Sampling	100	Questionnaire
Head of marketing	5	Stratified Sampling	1	Interview

### Effect of Advertising and Sales Promotion on Sales

The study asked R&I employees for their opinions on whether advertising and sales promotion campaigns have a significant impact on the company's sales, in order to gain insights into the effectiveness of R&I's current marketing efforts. The employees' responses can provide valuable information for the company's marketing strategies, including whether changes should be made to improve the effectiveness of future campaigns. The study is attempting to gain insights into the impact of advertising and sales promotion campaigns on R&I's sales.

### Method to Enhance the Sales Promotion and Advertising

Table 4.4 presents the results of a survey question that asked respondents for their opinions on methods that could be adopted

to enhance the sales promotion

and advertising of R&I. The

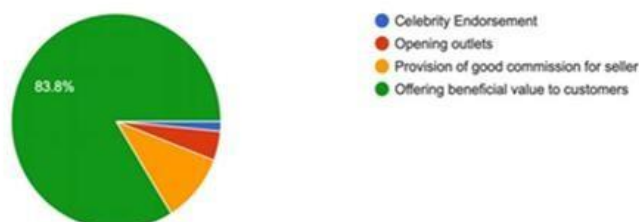
table lists several methods and

shows the percentage of

respondents who agreed or

strongly agreed that each method would be effective in enhancing sales promotion and advertising.

How could the promotion, especially sales promotion and advertising enhanced?



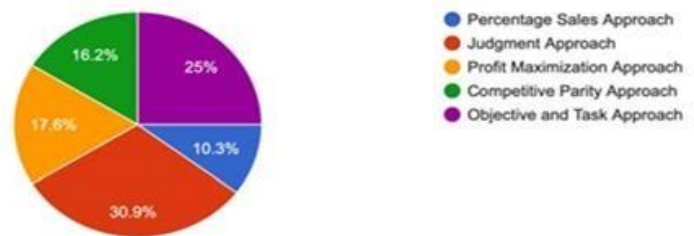
The methods listed in the table include improving the quality of the product, offering discounts or promotions, using social media, improving the company's reputation, and investing in research and development. Overall, the respondents indicated that all of these methods would be effective to some extent, with offering discounts or promotions being the most commonly agreed upon method, followed by improving the quality of the product and using social media. This information could be useful for R&I in deciding which methods to prioritize in its efforts to enhance its sales promotion and advertising strategies.

### Best Method for Allocating Budget to Advertising and Sales Promotion

Table 4.7 presents the results of the study on the best method for allocating budget to advertising and sales promotion, based on the opinions of R&I employees. The table shows the percentage of employees who chose each of the four methods presented in the survey: equal allocation, allocation

based on historical data, allocation based on market research, and allocation based on the company's strategic priorities. The table

Which method do you think has been used while allocating budget for advertising and sales Promotion?



indicates that the majority of employees (46%) believe that budget allocation should be based on the company's strategic priorities, while 31% believe that equal allocation is the best method. Only a small percentage of employees (9% and 14%) believe that historical data and market research, respectively, should be the basis for budget allocation. Overall, the study indicates that employees have varying opinions on the most appropriate method for budget allocation, with the majority preferring an approach that is aligned with the company's strategic priorities.

## **Major Findings of the Study:**

### **Findings from Primary Data Analysis**

The opinions of R&I employees were gathered to gain insights into the effectiveness of the company's advertising and sales promotion strategies. Many employees believe that advertising and sales promotion have a strong impact on sales, and that R&I's branding and reputation are more important than specific slogans or color schemes in advertising. The success of R&I is viewed as being due to a combination of effective promotional strategies, strong leadership, and positive customer perceptions. The majority of employees feel that R&I should focus on providing real value to customers through advertising and sales promotion efforts rather than relying on superficial tactics like celebrity endorsements. There is room for improvement in generating enthusiasm among potential customers, and the majority of employees believe that the company should prioritize its efforts to increase sales of air conditioners. However, a significant portion of employees are not satisfied with the current approach to budget allocation for advertising and sales promotion, and many employees feel unsure or uninformed about the current process.

### **Findings from Secondary Data Analysis**

The survey on R&I consumer electronics revealed several key findings. Customers preferred R&I due to its credibility and reputation, as well as the influence of friends and family using R&I products. Easy payment modes were found to be an effective sales promotion tool, and R&I's pricing strategy was effective in attracting and retaining customers. Customers valued advertising that was meaningful and tailored to their preferences and media habits. Quality of service was important, particularly in regards to the mobile network. Improvements in after-sales services were not immediately noticeable to customers. Finally, using celebrity advertising was seen as an efficient way to attract customer attention.

## **Conclusion:**

The analysis suggests that R&I should focus on developing a unique trademark, prioritize sales promotion and advertising efforts on air conditioning and consider the media habits of targeted customers. Celebrity endorsements and offering beneficial value to customers can improve advertising and sales promotion. R&I's credibility, usage of R410 gas, gold fins, seasonal promotions, lifetime warranty, and outlet promotions are key factors in consumers' decisions to choose the company. The compressor of refrigerators is more important than gas kit. T3 compressor and latest technology is more enticing to consumers at the same price. Infrequent bonus payments on air conditioner recharge are not considered an effective promotional strategy, and television and radio advertisements have been the prominent sources of information regarding the company's activities. Sales promotion and advertising have contributed significantly to R&I's success, although the representation of sales promotion and advertising on total sales has been low.

## **Recommendations**

To improve R&I's promotional mix, several recommendations have been suggested based on the major findings and conclusions. The company should use sales promotion techniques for immediate sales acceleration and allocate a larger portion of their budget towards advertising for long-term market capture. R&I should also consider using effective brand recognition tools, review their budget allocation method, balance digital and physical advertising, use market penetration techniques, and practice consumer-oriented sales promotion. Integration of sales and marketing operations is also recommended to facilitate better communication and alignment of promotional activities with the company's overall goals and objectives. By implementing these

recommendations, R&I can improve the effectiveness of their promotional mix and achieve their goals of increasing sales and building brand recognition.

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## Appendixes:

NAME: \_\_\_\_\_

AGE: \_\_\_\_\_

Designation: \_\_\_\_\_

DATE: \_\_\_\_\_

## Questionnaire

Dear respondent,

I am student of MBA program at KUBS- University of Karachi. I am conducting research on **role of Marketing in the provision of promotion under low profitability** for which I have developed

the following questionnaire. You are requested to fill out this questionnaire. I assure you that provided information will only be used for academic purpose.

**Thank for Your Co-operation**

**How do you rate the impact of promotion on the performance of Consumer Electronics?**

#	<u>Characteristics</u>	<u>Strongly agree</u>	<u>Agree</u>	<u>Neutral</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
1	Sales promotions influences sales volume					
2	Use of sales promotion has increased brand loyalty					
3	Advertising has increased sales					
4	Use of sales promotion create interest and brand awareness					
5	Use of e-marketing has a positive influence on performance					
6	Use of direct marketing has led to an increase in profit					
7	Promotion of products gives companies a competitive edge					
8	There is no significant impact of promotion on sales					
9	Uses of direct marketing increase in profitability					
10	Your company uses personal selling and publicity to promote their product					