

IMPACT OF MARKETING STRATEGIES ON SACHET PRODUCTS IN BANGLADESH

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Abstract:

A product is anything that can be accessible to the market for satisfaction. The basic objective of marketing is maximum satisfaction since satisfaction of consumer and business performance is positively related to each other. For satisfaction, product is diversified in different categories i.e. generic product, product type product, substitute product and product line etc. Sachet product is one of the expansions of product line. The term 'Sachet' is originated from the French word which means "mini". In Bangladesh, sachet product has a strong market share. Thus, this study attempts to determine the exiting share of sachet product and measure the impact of marketing strategies on sachet product in Bangladesh. This study uses the selective 22 dimensions to favor the sachet product on the basis of 4Ps (Product, Price, Place and Promotion). To accomplish the study, 125 samples have been taken from selective markets in Cosmopolitan city, Chittagong. The study found that sachet product has strong market position comparative with other categories of products, where promotional effect is the dominant factor who played the vital role to sustain the sachet product in Bangladesh. The results of this study will be constructive for executives and policy-makers of business organization who works with fast moving consumer good (FMCG) items effectively in Bangladesh.

Key words: Sachet Product, Sales-Profit Pyramid and Marketing Strategies.

JEL classification: M31, L11

1. INTRODUCTION

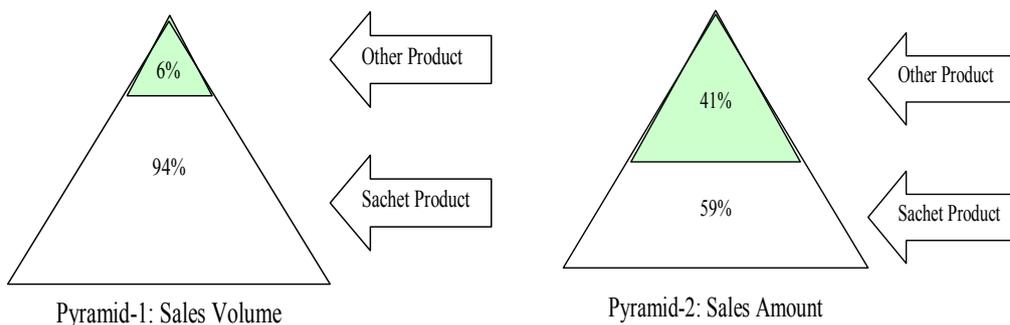
Consumers are the key element of product/service industry. Consumer satisfaction is the prime enhancing factor of 'revenue and profit' generation. Consumers are predominantly attached with business in case of delivering different types of products or services (Nichols, 1998). Therefore, in order to get the competitive advantage (Porter, 2010), it is necessary to offer new dimension of products in the market which would assist in ensuring sustainability of the market performance of an organization. Sharma (2005) suggested that new dimension of product or service leads to the efficiency of consumer satisfaction and creates huge scope for business sustainability. Therefore, the innovated product, sachet is the current issue that lug apex priority in the field of sustainability of business performance of any organization in Bangladesh.

The French Word, 'sachet' means the mini. Application of sachet product is much better in developing countries like Bangladesh than developed countries (David, 2004). In Bangladesh, maximum company use sachet product concept in their business operation (Examples: Clear Shampoo Mini pricing with Taka 2). Sachet product is a powerful category to attract a huge number of consumers mainly for its price, size, packaging, user-friendliness, cost incentive, more profitable, attractive demonstration of sales etc (Granger and Billson, 1972; Wansink, 1996; Krishnan, 2001; Prahalad, 2004; Rundh, 2005; Crockett and Wallendorf, 2004; Ramirez, 2006; Lee, 2006; Jardine, 2006; Santoz, 2006 and Sing, 2009). Sen (2001) suggested that scope of sachet product is included in the following fields i.e. Soap (Lux-mini), Biscuits, Aerated drinks (Coca-Cola and Pepsi-Cola), Toothpaste (Pepsodent-mini), Chocolate (Dairy Milk), Tea (Ispahani tea bag), Detergents (Surf Excel-mini), Wheat Flour (Atta-200 gms pack), Shampoo (Clear Tk.2), Grocery Items, Oil, Bread etc. Therefore, Sachet is identified as the micro form of existing product/s offered to the market for faster business performance both in consumers and company perspective. In Bangladesh, maximum people maintain their living standard below the poverty level that's why government declares

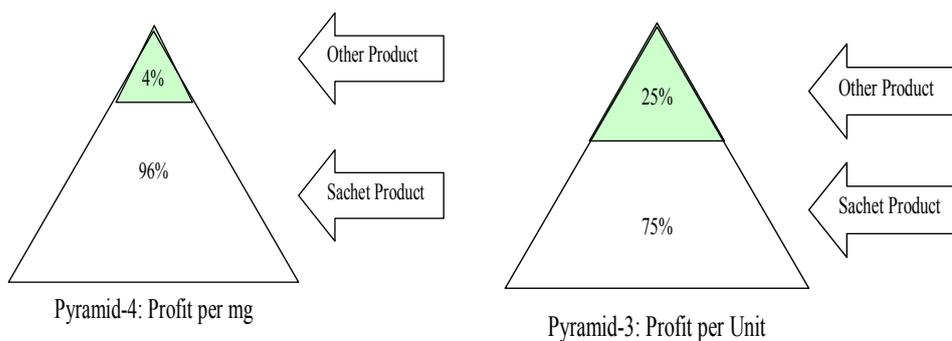
Vision-21 to establish Bangladesh as mid-level country in the world. From the survey report, it is found that at present, Sachet product's share is 94% of total sales volume, 59% of total sales amount, 75% of profit per unit and 96% of profit per gram. This study is supported by Prahalad (2004) and Hammond (2007). Now a day, all sorts of production oriented business organizations use sachet product concept in their business operation in Bangladesh.

2. STATEMENT OF THE PROBLEMS

The problem of the study has been developed by an extrusive survey in different business points in Chittagong city. It was found that business performance of sachet product market is much better than other product available in the market. We have conducted the survey to find the comparative market structure of sachet products on the basis of sales volume, sales price, cost price and profit (Wansink, 1996; Prahalad, 2004; Crockett and Wallendorf, 2004; Mahajan and Banga, 2006). 25 outlets are selected on the basis of transaction of business on the sample business points. We consider 30 sachet product from the area of Soap (Lux-mini), Biscuits, Aerated drinks (Coca-Cola and Pepsi-Cola), Toothpaste (Pepsodent-mini), Chocolate (Dairy Milk), Tea (Ispahani tea bag), Detergents (Surf Excel-mini), Shampoo (Clear Tk.2), Grocery Items, Oil, Bread etc to determine the market position of sachet product. We explain the finding by using pyramid techniques i.e. sales volume pyramid, profit per unit pyramid, profit per mg pyramid and sales amount pyramid.



Pyramid-1 & 2 expresses the comparative position of sachet product and other product on the basis of sales volume and sales amount. It is worth mentioning here that sachet product market position is much better than other product. That indicates that sachet product position is 94% and 51% on sales volume and sales amount where other product position is 6% and 41% respectively.



Pyramid-3 & 4 expresses the comparative position of sachet product and other product on the basis of profit per mg and profit per unit. It would mention here that sachet product market position also better than other product. That indicates that sachet product position is 96% and 75%

on profit per mg and profit per unit where other product position is 4% and 25% respectively. The above explanations create a question why consumer are habituated in using sachet product though their expenditure (Business Profit) level of living is going to be high in perspective of using sachet products than others. Then, the study attempts to determine the effect of marketing strategies i.e. 4Ps concept of marketing (Product Strategy, Pricing Strategy, Placing Strategy and Promotional Strategy) on the existing business performance of sachet product in Bangladesh.

3. THEORETICAL FRAMEWORK AND METHODS

We developed a theoretical framework on the basis of evidence available in the above-mentioned literature and market survey. At the first time, we conduct a survey to determine the share of sachet product. Secondly, we use another quarry behind the consumer tendency towards the sachet product tendency of consumers. In this perspective, dependent variable is consumer's tendency on sachet product and independent variables are marketing strategies i.e. 4Ps expressed in Figure 1.

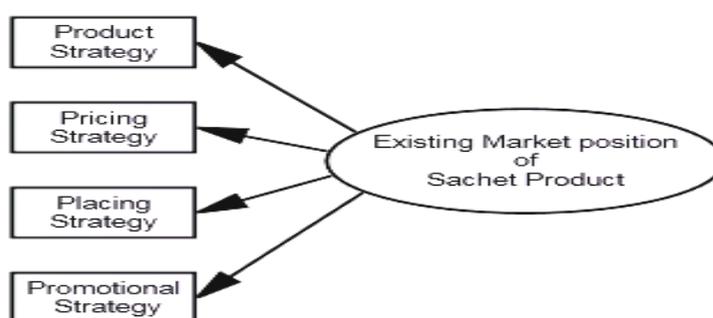


Figure 1: The Research Framework (Figure shows the imagination of effect of marketing strategies on the business performance of sachet product in Bangladesh)

4. OBJECTIVES OF THE STUDY

The broad objective of this study is to identify the market position of sachet product in Bangladesh. The more specific objectives in this regards are as follows:

1. To identify the present market position of sachet product in Bangladesh.
2. To measure the level of effectiveness of marketing strategies on sachet product in Bangladesh.
3. To analyze, the extent of dependence of 4Ps (Marketing Strategies) on business position of sachet product in Bangladesh.

5. HYPOTHESES OF THE STUDY

Considering the objectives of the study, the following operational hypotheses have been developed and tested:

H₁: There is no market position of sachet product existed in Bangladesh.

H₂: There is no significant association among the components of 4Ps irrespective with sachet product in Bangladesh.

H₃: There is no significant dependency of the dimensions related to 4Ps on effect of performance of sachet product in Bangladesh.

6. DATA COLLECTION METHOD

For this study, data was collected by using two self-administrative questionnaires. The first questionnaire was used to determine the market position of sachet product in Bangladesh, specifically some selected points in cosmopolitan city, Chittagong. This survey questionnaire was

determinately used for businessman. The second questionnaire was used to measure the consumer perception on sachet product consisting of basic two sections. The first section has been designed to collect the information about the respondents regarding their demographic and socio-economic characteristics along with some other factors such as gender, sex, marital status, age, education, income level while second section consists of 22 dimensional questions with four constructs related with 4Ps to measure the effect of marketing strategies on the performance of sachet product available in Bangladesh. The responses of the respondents were collected by using the Likert non-comparative five-point scale of the range of attitude; from 1-strongly disagree to 5-strongly agree.

7. SAMPLING

There are two types of questionnaire were used in this study. Firstly, a total of 50 questionnaires were distributed purposively to the businessman for determining the market position of sachet product comparative with other products consisting with basic four identity i.e. Sales volume, Sales amount, Voucher cost price, MRP then calculate the profit per unit and profit per gram. Secondly, a total of 200 questionnaires were distributed for measuring effect of marketing strategies on sachet product and out of them, only 125 questionnaires were received useable for analysis (63% response rate). Specifically, questionnaires were distributed to the selective consumers considering the shopping hour of the respective points of shopping (Usually from 4 PM to 10 PM) or their convenience time. However the data were collected from five (05) businesses points/shopping points of Chittagong i.e. New Market, Agora Super Store , Agrabad, Bohoddar Hat and Kornophulli Market.

8. STATISTICAL TOOLS USED IN THE STUDY FOR ANALYZING

The statistical techniques were used in this study are as follows: descriptive and frequency analyses were conducted to determine the market position of sachet product and represent the respondents' demographic and socio-economic characteristic. In addition, reliability tests to check for the "internal consistency" of the questionnaire by applying Cronbach's coefficient, Alpha. Normality distribution was tested using Skewness and kurtosis. Finally, Multiple Regression Model (MLM) is used in this study to measure the effect of 4Ps on the business performance of sachet product in Bangladesh.

9. RESULTS

9.1 RESPONDENTS' DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE

Consumer is the blood circulation of business organization. So, the demographic characters and socio-economic profile must qualitatively qualify due to the proper justification of respondent's responses. In this study, the majority of respondents are males (57.06%) followed by female (42.94%) from which 82% are educated in which 18% respondents come from housewife group. It is worth mentioning here that 56% respondents are incorporated in this study whose expenditure level is more than BDT 30,000 per month.

9.2 RELIABILITY TEST

The results of Cronbach's alpha coefficient of all variables having multi dimensions item shows a moderate to very high coefficient ranging from 0.59 to 0.89.

Table-1: Shows the Cronbach's alpha coefficient of constructs for reliability test

SL	Marketing Strategies	No. of Items	Cronbach's alpha coefficient
1	Product Strategy	7	0.716
2	Pricing Strategy	4	0.586
3	Placing Strategy	4	0.596
4	Promotional Strategy	7	0.697
Total Items		22	0.878

Source: Calculated by Authors

Table-1 explore the Cronbach's alpha coefficient of constructs used in the study for measuring the normality of the data are found little bit lower to standard but in an acceptable form which is supported by earlier study 0.59 to 0.83 (Finn & Lamb, 1991).

9.3 DESCRIPTIVE STATISTICS

Descriptive statistic is explained using mean, standard deviation, variance, skewness and kurtosis.

Table-2: Shows the descriptive statistics of the variables/constructs used in the study

Variables/Constructs	Mean	STD	Variance	Skewness	Kurtosis
Product Strategy (P1)	3.78	0.65	0.42	-0.30	0.30
Absolute Product (P11)	3.71	1.38	1.92	-0.77	-0.67
Innovated Product (P12)	3.74	1.02	1.03	-0.22	-0.52
Affordable Product (P13)	4.08	1.13	1.28	-1.24	0.91
Friendly Usable Product (P14)	3.60	1.35	1.82	-0.66	-0.66
Comfortable Product (P15)	4.00	0.99	0.98	-0.91	0.30
Easy Carry Product (P16)	4.34	0.94	0.89	-1.31	0.93
Full Consuming Product (P17)	4.04	0.99	0.97	-0.80	-0.16
Pricing Strategy (P2)	4.49	0.68	0.46	-1.13	0.69
Cost Incentive (P21)	4.25	1.00	0.99	-1.21	0.75
Profitable (P22)	3.71	1.38	1.92	-0.77	-0.67
Low MRP (P23)	4.55	0.73	0.54	-1.67	2.32
Affordable Price (p24)	4.18	0.81	0.65	-0.82	0.74
Place Strategy (P3)	4.25	0.76	0.58	-0.90	0.71
Available (P31)	3.60	1.35	1.82	-0.66	-0.66
Found in all Location (P32)	3.92	1.06	1.12	-1.24	1.47
Easy Demonstration (P33)	4.12	0.85	0.72	-1.04	1.25
Comfortable Transporting (P34)	3.83	1.04	1.08	-0.49	-0.55
Promotion Strategy (P4)	4.19	0.67	0.45	-0.57	0.64
Attract by sachet Interior Decoration (P41)	3.55	1.15	1.31	-0.19	-0.92
Create awareness (P42)	3.84	1.11	1.23	-0.79	0.07
Encourage to retain (P43)	4.01	1.23	1.51	-1.08	0.15
Simplest Communication (P44)	3.86	1.01	1.01	-0.82	0.25
Auto demo	3.75	1.06	1.12	-0.56	-0.24
Assist for Comfort Living	3.56	1.03	1.07	-0.27	-0.03
Create perception on Changing Habit	3.74	0.99	0.99	-0.55	0.14

Source: Calculated by Authors

Table-2 explores the various parameters of descriptive statistics of variables or constructs using in this study. There is no evidence found these statistics to indicate abnormality of respondent's responses used in this study.

9.4 CORRELATION AMONG THE CONSTRUCTS

Correlation explores the power of relationship among the constructs. Table-3 indicates the Pearson coefficient of correlation at 1% level of significant.

Table-3: Pearson Coefficient of Correlation (r)

4Ps	Product	Price	Place	Promotion
Product	1			
Price	0.582**	1		
Place	0.625**	0.577**	1	
Promotion	0.381**	0.431**	0.494**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Calculated by Authors

Coefficients of correlation (r) of the constructs are found positively significant expressed in the table-3 that means constructs i.e. product, price, place and promotion are positively correlated to the market tendency of sachet product in Bangladesh. But, high correlation is existed between product and place ($r_{\text{product-place}} = 0.625$) and low correlation is existed between product and promotion ($r_{\text{Product-promotion}} = 0.381$).

9.5 DEPENDABILITY OF MARKETING STRATEGIES (4PS) ON SACHET PRODUCT

The study uses multi-regression model to determine the effect of marketing strategies i.e. product strategy, pricing strategy, placing strategy and promotional strategy on the business performance of sachet product in Bangladesh. Standardized Regression Weight (β) is expression power of the variables. Table-4 expresses the standardized regression weight of different constructs used in the study. In order to identify the relative effect of marketing strategies (4Ps) on the business performance of sachet product, Multi-Linear Regression model (MLM) is attempted. Retrospective data collected from the sample are used to run this model. The regression model in this regard is as follows:

$$\text{BPSP} = f(\text{Product, Price, Place, Promotion}) \dots\dots\dots(1)$$

Where:

BPSP = Business Performance of Sachet Product

Thus the linear equation is assumed fit for the regression as

$$\text{BPSP} = \alpha + \beta_1 \text{Product} + \beta_2 \text{Price} + \beta_3 \text{Place} + \beta_4 \text{Promotion} + e \dots\dots(2)$$

Where α , β_1 , β_2 , β_3 and β_4 are the parameters and e, refers the stochastic error term that is the deviation of the observed value of BPSP from the value of respondent’s score on 22 dimensions of 4Ps on the regression line, which well represented all the factors affected BPSP but e is not take into account explicitly. Table-4 represents the regression Output of equation-2.

Table-4: Effect of 4Ps Strategies on Sachet Product

4Ps Strategies	Standardized regression Weight (β)	t-Statistic	Sig.
	Constant(α)= 0.129	0.496	0.621
Product	0.171 ⁴	2.463	0.015
Price	0.272 ²	4.020	0.000
Place	0.260 ³	3.603	0.000
Promotion	0.340 ¹	5.673	0.000
F-Statistic	66.519		0.000
R2	0.689		
D-W	2.138		

Source: Calculated by Authors

For better performance of sachet product than other product, 4Ps are significantly effective. High values of t-statistics with low level of p-values (0.000) indicate the significant relationship among the constructs that is supported by F-statistics (66.519, $p=0.000$). This findings are also recognized by standard R-squire value ($R^2=0.689$) and D-W value shows the stationary nature (Rule of thumb, $DW < 2$, $DW = 2$, $DW > 4$) of the finding.

$$\text{BPSP} = 0.129 + 0.171 \text{ Product} + 0.272 \text{ Price} + 0.260 \text{ Place} + 0.340 \text{ Promotion} \quad \dots(3)$$

From the equation-3, it is found that promotional strategy is the highest effective ($\beta_{\text{Promotion}}=0.340$) factor of better business performance of sachet product in Bangladesh followed by pricing strategy ($\beta_{\text{Price}}=0.272$), placing ($\beta_{\text{Place}}=0.260$) and product strategy ($\beta_{\text{Product}}=0.171$) consecutively.

Table-5: Orderly Arrangement of factors affecting to the performance of sachet product in Bangladesh

Variables	Mean	SRW(β)	t-Statistic	Sig.	F-Statistic	R ²	D-W
Promotional Strategy (P4)		$\beta_{\text{Promotion}}=0.340^1$					
Encourage to retain (P43)	4.01	0.25	5.17	0.00	68.990 (0.000)	0.860	1.819
Attract by sachet Interior Decoration (P41)	3.55	0.24	5.38	0.00			
Simplest Communication (P44)	3.86	0.24	4.67	0.00			
Auto demo	3.75	0.24	4.53	0.00			
Assist for Comfort Living	3.56	0.22	4.61	0.00			
Create perception on Changing Habit	3.74	0.16	3.29	0.00			
Create awareness (P42)	3.84	0.16	3.17	0.00			
Pricing Strategy (P2)		$\beta_{\text{Price}}=0.272^2$					
Highly benefited (P22)	3.71	0.55	13.88	0.00	156.870 (0.000)	0.839	1.593
Low MRP (P23)	4.55	0.32	6.80	0.00			
Cost Incentive (P21)	4.25	0.26	6.50	0.00			
Affordable Price (p24)	4.18	0.23	5.02	0.00			
Place Strategy (P3)		$\beta_{\text{Place}}=0.260^3$					
Available (P31)	3.60	0.43	12.06	0.00	186.485 (0.000)	0.861	1.752
Comfortable Transporting (P34)	3.83	0.40	11.21	0.00			
Easy Demonstration (P33)	4.12	0.28	6.96	0.00			
Found in all Location (P32)	3.92	0.26	6.41	0.00			
Product Strategy (P1)		$\beta_{\text{Product}}=0.171^4$					
Friendly Usable Product (P14)	3.60	0.28	4.76	0.00	80.065 (0.000)	0.827	2.103
Absolute Product (P11)	3.71	0.27	4.84	0.00			
Innovated Product (P12)	3.74	0.25	5.43	0.00			
Full Consuming Product (P17)	4.04	0.21	4.96	0.00			
Affordable Product (P13)	4.08	0.18	3.05	0.00			
Easy Carry Product (P16)	4.34	0.17	3.97	0.00			
Comfortable Product (P15)	4.00	0.10	2.22	0.03			

Source: Calculated by Authors

Table-5 explores the orderly arranged of factors affecting the business performance of sachet product in Bangladesh on the basis on their standard regression weight. All the arranging factors are significantly effect to the business performance of sachet product.

10. RESULTS

From Pyramid-1,2,3,4, it is shown that 94% of Total sales volume, 59% of total sales amount, 75% of profit per unit and 96% of profit per gram position of sachet product is existed in Bangladeshi market. So, hypthesis-1 is rejected. From the table-3, Pearson coefficient of correlations among the constructs i.e. product, price, place and promotion are significantly positive.

Therefore, hypothesis-2 is rejected that means the constructs are significantly attached for the present situation of sachet product and finally, table-4 & 5 explore that hypothesis-3 is also rejected that indicated that pro-determined factors are significantly affected to the market position of sachet product in Bangladesh.

11. CONCLUSION

In Bangladesh, consumers of sachet product have been performed themselves on the basis of promotional effectiveness of sachet arrangement supported by Ramirz (2007), where consumer's retention, internal decoration on outlets, Simplest communication, and comfort living natures are treated as more priority effective factors. Moreover, it would be mentioned that auto demonstration nature of sachet product is significantly effective to attract the consumers. Pricing is the second significant strategy to attract the consumers of sachet product where consumers feel that sachet is more benefited product. In case of placing strategy, consumers favor product availability and comfort bearing to choose sachet product. Finally, product strategy is the little effective factors for better business performance of sachet product where friendly use pattern is the highest favorite criteria to select sachet product in Bangladesh. The entities that are offered sachet product in Bangladesh must consider social and ethical factors to survive in the market since promotional facts are most effective factors rather than product criteria to favor sachet product in Bangladesh.

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