

Sales Promotions as an Effective Tool for Inventory Management

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Abstract

This study is an attempt to understand sales promotions and Inventory Management and thereby identify related prospects and problems. Sales Promotion, a short-term inducement, offered to a consumer or trade has gained momentum as a promotional tool world over. Tougher market conditions and complexity of modern business have led managers to make frequent use of sales promotions. Inventory management at the same time as been a major issue for almost all sellers, be it any level in the supply chain, i.e. manufacturer, wholesaler, or the retailers. These sellers have a platform to offload their inventories but it involves the tough decision of cutting prices. But at the same it becomes an excellent choice to do away with older stocks. The interesting point in the entire scenario is that “inventory management” during sales promotions is also a strategic decision making situation for the customers as it gives them a scenario to revamp their inventories, and possibly at lower prices. This paper attempts at identifying avenues which would lead to a win-win situation for both parties across the counter, i.e. the sellers as well as the customers.

Keywords: Sales promotions, inventory, purchase, customers

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