



FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

An assessment on sales promotional activities as key fundamentals in the improvement of a company performance: a case of BIMCO in Redcliff

By

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DEDICATION

To my beloved mother, dad, daughter 'Keisha', wife 'Faith' and sister 'Shelly'

ABSTRACT

The study sought to analyse the sales promotional activities as key fundamentals in the improvement of BIMCOs' performance. The objectives of the study were to: identify the sales promotional activities being used by BIMCO, to determine the impact of sales promotional activities on sales turnover, to determine the impact of sales promotional activities on market share, to determine the impact of sales promotional activities on customer retention, to establish weaknesses of the current promotional activities and finally to identify other factors other than sales promotional activities that can improve on the company's' performance. The literature review was used to gain a more in-depth knowledge of the researched problem. The descriptive research design was used to review literature from different authors and websites in relation to the sales promotional activities to improve the organisation. The literature review chapter will focus on the following subtopics: the definition of sales promotional activities, the objectives of sales promotional strategies, growth of sales promotion, some types of promotional activities, impact of sales promotion on company performance, other factors that influence changes in company performance and the summary of the chapter. The representative population was the employees and customers (credit and cash) in Zimbabwe. The researcher used descriptive and exploratory research. The data used was collected through questionnaires and secondary data sources and a sample of 30 individuals who included both employees and customers at BIMCO. 20 questionnaires were distributed and 15 were returned, giving a response rate of 75% and 10 interviews were carried out and 8 were successful giving a response rate of 80%. Questionnaires and interviews were used as data collection instruments. Microsoft Excel was used in data presentation. In the analysis and interpretation, frequencies, percentages was used and closed and open ended questions were used to gather data from the respondents. Presentation then followed through the use of tables, in an attempt to make the data usable by decision makers. Data collected from the respondents was presented in the form of tables, bar graphs and pie charts. The data was also analysed and interpreted in a descriptive way. In view of the findings of the research study, it is evidenced that price discounts, exhibitions and free samples are the most common sales promotional activities being used by BIMCO. The findings revealed that the company's current sales promotional activities are ineffective therefore there is need to improve the promotional activities to curb the problem accruing for not improving the company performance. The findings also revealed that, other factors to consider that might help in improving the companies' performance include the price, quality, brand image, flexibility of payment terms, advertisements as well as skills training. On the conclusions the sales promotional activities currently in use at BIMCO may not be effective in improving company performance as they have a relatively low influence to the variations in sales performance. It was observed in the study that BIMCO is not concurrently active in sales promotion and yet maintain higher sales volume and profitability. The researcher recognized that sales promotion has a great impact on customers and performance of the organisation as well. Irrespective of the sales increasing it is short lived because there is excitement among customers on price discounts. Recommendations are also suggested for the improvement of the current problem. A number of strategies were recommended which include adding more sales promotion activities, knowing when it is time to use promotional activities and on-the-job training for employees to enhance their experience. Since it has immerged that sales promotion alone can not increase the company's market share, it is recommended that the company should produce quality products for their customers. For BIMCO to avoid customers from switching brands unnecessarily, the organisation should embrace more relationship strategies.

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LIST OF ACRONYMS AND DEFINITION OF KEY TERMS

BIMCO – Buchwa Iron Mining Company

ZISCO – Zimbabwe Iron and Steel Company

Sales promotion – those sales activities that supplement both personal selling and advertising and coordinate them and make them effective, such as displays, shows and expositions.

CHAPTER ONE

INTRODUCTION

According to Kotler (2003), the key ingredient in marketing campaigns is sales promotion and consists of a various collection of enticement tools, mostly short term designed to arouse quicker or greater purchase of particular products or services by customers. Those activities that will stimulate consumer purchase are known as sales promotional programmes. This chapter presented a general overview of the investigation into the assessment of the sales promotional activities as key fundamentals in the improvement of a company performance. Chapter one contextualized the research by outlining the background of the study, articulating the main research problem, formulating the research objectives and clearly showing delimitations, assumptions and finally highlighting the limitations of the study. With the rapid changes in the business environment, for an organisation to survive and stay competitive, BIMCO should assess sales promotional activities to improve its performance and increase its market share.

1.1 Background of the study

Buchwa Iron Mining Company (BIMCO) is entirely owned subsidiary of the Zimbabwe Iron and Steel Company (ZISCO) and carries every single one of the mining operations to meet the ore requirements of the Steelworks. In 2000, BIMCO took a decision to diversify its operations to include the manufacture of iron ore and limestone based products for markets other than ZISCO so as to reduce its financial and resources dependence on ZISCO. These products include:

- High magnesium ground limestone for liming soils
- Low magnesium ground limestone as a calcium source in Stock feeds
- Burnt Lime
- Stone aggregates for construction
- Ground granulated blast furnace slag
- Red oxide & Black oxide

According to the yearly sales reports of BIMCO from 2010 to 2013, sales of the company have been going down steadily as shown by the figures below.

Table 1: Sales figures for the four years:

Year	2010	2011	2012	2013
\$ (millions)	1 446 035	1 387 354	0.897 565	0.798 345

Source : BIMCO finance department data

As indicated in the table above the sales of all products were \$1 446 035 in December 2010 and went down by \$58 681, which is 4% decrease in the year ending 2011. The sales went down in the year 2012 by \$489 789, which was 35% decrease and further went down by \$99 220, 11% in the year 2013. This decrease has been attributed to the increase in competition and the continual use of the same promotional activities namely exhibitions, free samples, telemarketing and price 'volume' discounts. This has affected the performance of the organisation and the sales respectively.

The diagrams below show the total market consumption of the different products produced by BIMCO and its market share. The diagrams and graphs are showing the percentage market share that BIMCO holds against its competitors namely G&W Minerals, African Mills and Imports & Others. The diagrams look at the four products through their life cycle from January 2010 to June 2014. The introduction of foreign currency has brought with it relief but at the same time a very competitive landscape which has to a certain extent made the organisation lose market share as shown below.

Table 1.2: Agrilimestone Market share 2010 -2014

	2010	2011	2012	2013	2014
BIMCO	35%	32%	29%	24%	23%
G&W MINERALS	33%	37%	36%	39%	38%
AFRICAN MILLS	20%	23%	25%	24%	26%
IMPORTS	12%	8%	10%	13%	13%

Source: Zimbabwe farmers' union journal

The table above looks at a product known as Agrilimestone from 2010 to 2014 showing the market share of BIMCO against its competitors. In 2010 BIMCO had the highest market share of 35% against the closest rival G&W Minerals who had 33%, while African Mills controlled 20% and lastly the imports had 12% of the total market share in Zimbabwe. BIMCOs market share started to decrease in 2011 steadily and continued to do so up to 2014 and it has reduced with 12% for the past 4years, while G&W Minerals' market share has gained with 5% over the 4years, while African Mills has gone up by 6% in the last 4years and finally the imports have gained a 1% market share. This trend has shown that BIMCO is losing Market share to its rivals and hence the need for the research, to try and improve its performance and gain market share.

Table 1.3: Agrimaglimestone Market share 2010 -2014

	2010	2011	2012	2013	2014
BIMCO	53%	49%	43%	38%	35%
G&W MINERALS	40%	43%	45%	48%	51%
AFRICAN MILLS	6%	5%	8%	10%	11%
IMPORTS	1%	2%	4%	4%	3%

Source: Zimbabwe farmers' union journal

Agrimaglimestone is a product that is used in soil PH control and mostly used by farmers and is seasonal, it is also used by window putty makers like PG Glass Zimbabwe. As shown in the table above BIMCO held 53% of the market share in 2010 and G&W Minerals held 40%, while African Mills had 6% and imports had 1%. As the years went by BIMCOs market share decreased steadily through the years to the current 35% meaning in the past 4 years it has lost 18% of the market share, while G&W Minerals has gained by 11% in the last 4years. The African Mills went up with 5% and the imports gained 2% of the total market share. This might have been contributed with volume discounts that G&W Minerals offers and also the location of the rival company, since it is located in Harare.

Table 1.4 : Burnt Lime Market share 2010 -2014

	2010	2011	2012	2013	2014
BIMCO	30%	25%	20%	10%	5%
G&W MINERALS	0%	0%	0%	0%	0%
AFRICAN MILLS	10%	12%	15%	15%	17%
IMPORTS	60%	63%	65%	75%	78%

Source: Industrial Chemicals Journal

Burnt lime is a product that is used in gold processing and water purification. This product is mainly supplied from Ndola Zambia and South Africa. BIMCO used to supply it as shown by the table in 2010 and the company used to enjoy a 30% market share, mainly in the gold mine industry, while the imports took 60% of the market share and African Mills got 10% and G&W Minerals had zero. Due to the economic melt down and the introduction of United States Dollar, competition increased and the imports took over the market because they supplied a better quality product, though expensive than BIMCOs lime customers still preferred it especially in water treatment. Harare city council alone requires almost 700tonnes of lime per month.

Table 1.5: Red and Black Oxides Market share 2010 -2014

	2010	2011	2012	2013	2014
BIMCO	49%	43%	33%	28%	23%
G&W MINERALS	31%	35%	40%	45%	46%
AFRICAN MILLS	11%	12%	15%	14%	16%
IMPORTS	9%	10%	12%	13%	15%

Source: Zimtrade journal

Red and Black oxides are colour pigments used in colouring bricks, pavers, tiles, paint. BIMCO in 2010 enjoyed a 49% higher than all the rivals, but the market share has since gone down in the last 4 years with 26% and this has been attributed mainly to cheap substitutes. G&W Minerals has looked for new markets outside Zimbabwe and it has paid off because they gained their market share by 15%, hence the prompting a research to improve the market share.

This research focused on evaluating the sales promotional activities as key fundamentals in the improvement of BIMCO's performance. However, lately most companies in Zimbabwe have not given the sales promotion the importance it deserved; rather have viewed it as an expense.

The study will mainly focus on the need of having sales promotional activities at BIMCO to assist the organisation to increase sales while remaining competitive in this economic climate. The organisation is carrying out the following promotional activities to fight competition and defend market share: personal selling and telemarketing. The budget set aside for these activities is \$600.00 per month for travelling to visit customers anywhere in the country. When the marketing team visits the potential customers free sample products are also provided. This monthly budget is mainly for travelling and is divided into four weeks per month and the marketing team is supposed to travel at least once a week. The telemarketing budget is set at \$150.00 per month and for the internet the budget is set at \$100.00 worth of internet bundles.

BIMCO is operating in a fairly unstable environment where customer wants and needs prevail while preferences are ever changing. These changes are sometimes due to factors that may include general economic melt down, technological advancements, political instability, availability of substitutes, increased levels of market entry by new players, increase in customers buying power as well as changes in climate among others.

1.2 STATEMENT OF THE PROBLEM

Since the introduction of the United States Dollar and the general economic melt down, competition has intensified in the industrial products business. This has further resulted in the constant decline of BIMCOs level repeat business. The coming in of substitutes has also given the customers a greater bargaining power and tends to erode on the profit. The economic melt down has also played a part in affecting the company's market share. This problem has prompted the researcher to carry out a study on the assessment of the sales promotional activities as key fundamentals in the improvement of a company performance. The company has been using mainly the same promotional activities which are telemarketing, free sample provision, volume discounts and a bit of exhibitions for some time, hence the need to add more and improve on the activities.

1.3 RESEARCH OBJECTIVES

- To determine the impact of sales promotional activities on sales turnover.
- To determine the impact of sales promotional activities on market share.
- To determine the impact of sales promotional activities on customer retention.
- To establish weaknesses of the current promotional activities.
- To identify other factors other than sales promotional activities that can improve on the company's' performance.

1.4 RESEARCH QUESTIONS

- What sales promotional activities are currently being used by BIMCO and are they effective enough to gain competitive leverage in the industrial products business?

- What is the effect of the sales promotional activities on improving sales?
- What is the effect of the sales promotional activities on market share?
- What is the relationship between promotional activities and other marketing mix elements employed by BIMCO?
- What is the best promotional activity to use that is suited for this organisation?

1.5 SIGNIFICANCE OF THE RESEARCH

1.5.1 To the Organisation

The research will be used in decision making by top management as it highlights the importance of sales promotional activities to the organization's performance. This will also bring out the importance of sales promotional activities as a marketing mix element over others. The research will help to identify the organizations' strength and weaknesses and strive to turn the weaknesses into strengths, while using the opportunities in gaining competitive advantage over competitors. The information is also vital because it is a source of market intelligence for the organisation.

1.5.2 To Midlands State University

This research is of importance to Midlands State University as it will assist other students who will carry out a research on the same topic, so this study will act as secondary data.

1.5.3 To the Researcher

It is important to the researcher as helps him in identifying organisational problems and find solutions to those problems thereby enhancing the competence of the researcher, thus equipping the researcher with the necessary knowledge that he can apply in the industry.

1.6 DELIMITATIONS OF THE STUDY

Geographical delimitation

The research focused on operations at BIMCO, ZISCO steel works, Musgrave road, Redcliff. The research was restricted to Redcliff which is a small mining town in the Midlands province

which is central to both the capital city Harare and Bulawayo. This geographical location was used because that is the centre of all the operations, mining, manufacturing and marketing.

Period of focus

The data that the researcher used date back from 2010 to the present moment to avoid dealing with issues that were overtaken by events. The areas of sales promotional activities that the researcher looked at are the types of sales promotional activities, the weaknesses of the current sales promotional activities.

Theoretical aspects

The researcher also looked at the information in various sources related to effectiveness of sales promotional activities, other activities besides sales promotion that can improve the company performance, the sales promotional activities that adds value to the customers and to the organisation. This information was used as literature.

The following participants were implored since they know the current sales promotional activities being implemented by BIMCO:

- Employees from BIMCO
- Customers (Credit and Cash)

The results of this study are limited to BIMCO, and it entails that the results cannot be generalized with accuracy for the parent company ZISCO.

1.7 LIMITATIONS OF THE STUDY

- Employee and customers commitment was very low and some of them were unwelcoming. Most of the time, they were usually very busy and some of them were always away from their work places. The researcher made an effort to overcome this

problem through being punctual to appointments and also made use of the internet for quick responds from the customers. Time was a limiting factor as well but the researcher took two weeks off duty for administering questionnaires and conducting interviews.

- The limited financial resources to cover travelling costs, phone calls and other related costs constituted a major hold back in conducting this research. The researcher solved this issue by resorting to get short term loan for funding the exercise.
- The researcher also had very limited access to confidential information and this constituted another limitation on conducting the research. Many customers were unwilling to provide the information required for various reasons. The researcher made efforts to alleviate this challenge by producing a cover letter from MSU, explaining and expressing the importance of all the information the researcher was looking for.

1.8 ASSUMPTIONS

- The assumption of this research is that the marketing environment variables remain constant during the time of the research.
- The other assumption is that the respondents will answer the questionnaires and will respond to the interviews accurately and without bias.
- The one carrying out the research assumes that he may have access to all information necessary for him to carry out the research work.
- The research methodology being used for the study is believed to be the most appropriate and efficient in giving accurate results so much that the objectivity of the study is not compromised.

1.9 CHAPTER SUMMARY

The background of the research was critically outlined in this chapter, the statement of the problem, objectives and research questions, statement of hypothesis, significance of the study, delimitations and limitations of the study and finally the assumptions of the research.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapters' focus is to examine the theoretical part of the research meaning that it will look at perceptions and knowledge generated from different authors or scholars. The researcher reviewed literature that was used previously in other researches done and published by other researchers, was reviewed because it is the same field being studied. The literature being reviewed will help reduce duplication and bring out the gaps that have been left out in the previous researches in the same field of study. This literature has assisted the researcher to answer and address his objectives and

questions. A convincing argument as to why the research is important will be brought out in this chapter. This chapter will focus on the following subtopics: the definition of sales promotional activities, the objectives of sales promotional strategies, growth of sales promotion, some types of promotional activities, impact of sales promotion on company performance, other factors that influence changes in company performance and the summary of the chapter.

2.1 Definitions of sales promotion

Luick and Ziegler (1968:11) defines sales promotion as those activities which augment and support mass and personal selling and which help complete and or bring together the entire promotional mix and make the marketing mix more effective. The American Marketing Association defines sales promotion as those sales activities that complement both personal selling and advertising and organize them and make them efficient, such as displays, shows and expositions, demonstrations and other non current selling efforts not in the ordinary routine. Haugh (1983:44) implies that sales promotion is a “stand alone” marketing activity. According to Haugh (1983:44) he looks at sales promotion as a direct enticement that offers extra value or incentive for the product to the sales team, distributors, or the final customer with the main objective of creating an instant sale. A definition that supports that of Haugh comes from Rossiter and Percy (1987: 309) as they define sales promotion as an element of marketing that consists of a range of techniques designed to “sway sales forward” more quickly than would otherwise occur.

According to kotler (2003), the key ingredient in marketing campaigns is sales promotion and it consists of a diverse collection of incentive tools. The tools are mostly short term and designed to stimulate quicker or greater purchases on particular products or services by consumers. Achumba (2002) defined sales promotion as those marketing activities, other than personal selling, advertising and publicity that arouse consumer purchasing and dealer effectiveness, such as displays, shows and expositions, demonstration etc. Sales promotion has been defined as a straight inducement that offers an extra value or incentive for the product to the sales team, distributors or the ultimate customer with the main objective of creating an immediate sale that is according to (George, 1998). Adrian Palmer (2004) defines sales promotion as one of the other ways that firms use to communicate with intended target markets. Sales promotion offers an extra incentive for action and that is what makes it unique. According to Bagavathi Pillai (2007) sales promotion refers to those promotional activities other than

advertising, publicity and personal selling that arouse interest, trial or purchase by final customers or others in the channel.

The few above definitions have failed to mention that sales promotion is not only a promotional activity, but that it also makes use of specially designed materials. These materials are wide ranging in scope and they vary from simple “give away” like inexpensive ball point pens (with the marketers’ name or logo on it) or a diary that has the customers’ name on the far right corner of the cover page and the marketers’ logo on the middle part.

From an analysis most of these definitions focus largely on materials used in sales promotion and it seems the following factors have come up as being important considerations in defining sales promotion:

- It seems there is no doubt that sales promotion is action focused
- It seems that sales promotion is a premeditated precise marketing event which often has tangible components or precise sales promotional material.
- Finally sales promotion can be targeted to three different audiences namely, Internal, Intermediaries and Customers and it is designed to achieve short term goals.

Kotler (2011-2013) defines sales promotion as any suggestion undertaken by an organisation to promote an increase in sales, usage or trial of a product or service (that is initiatives that are not covered by the other elements of the marketing communications or promotional mix).

In light of the above one can argue that the definition of sales promotion is a mix of marketing communications activities and materials designed to strengthen the efforts of the sales team. It is also meant to encourage intermediaries to sell and stock the marketers’ product being offered and convince customers to buy the product on offer within a specific limited time.

2.2 FACTORS LEADING TO THE INCREASE OF SALES PROMOTION

Many reasons can be found that are positive to the increase in companies using sales promotion. Of the many reasons Kazim and Batra (2004) looked at the following reasons: an increase in competition, there is immediate impact on the increase on sales, adverts are now expensive and less effective, trade has become more powerful, and consumers are now more sensitive on prices being charged, products have also become more standardised and this will make an organisation gain a competitive advantage.

2.2.1 Customers price sensitivity

Customers worldwide are now very conscious about prices being charged. According to Kinnear and Bernhardt (1990) the economic melt down had a direct impact on customers to become more price sensitive, liquidity crunch and also the frequent sales promotion because consumers become accustomed to sales promotions. Some authors say that sales promotions are only a symptom of price sensitivity and not a cause.

When customers get one free pizza every Tuesday at pizza inn, they are definitely going to make an increase in purchasing pizza because of being price sensitive they want value for their money. Continuous promotions have affected price perceptions of consumers across the product categories and today the situation is such that customers in general look or wait for more attractive promotional deals on their preferred brands.

The consumers are not moved by advertising that might extol about the highly advanced features, quality of most brands. However William et al (1998) argue that the move towards sales promotion is a result of the pricing cycle. They go on to suggest that, retail pricing has become influential in creating opportunities for the increased use of sales promotion, particularly in the highly volatile economic environment. Prices soared during the hyper inflation era of the year 2009, as a result of increased costs of labour, raw materials and manufacturing. This situation led to the growth of private label brands with low prices and the coming out of basic products. Having adjusted to these low priced goods thus, consumers are now accustomed to look forward to regular short term reductions in prices such as coupons, sales and price reductions.

2.2.2 Increasing competition

After observations of the market trends, it is becoming increasingly apparent that the air of transformation is gaining impetus after the introduction of economic liberalization. According to Kinnear and Bernhardt (1990) the increase in competition means organisations are finding it more and more difficult to compete on product quality. They are now resorting to more creative methods of sales promotion. For example Levis, Lee jeans and others for them to have a competitive advantage over their competitors they hold a grand sale of up to 50% every end of year . Some ten or so years ago customers would book a certain brand of a Rolls Royce and wait for a year before the customer becomes a proud owner of the car, but because of competition from other top of range cars, it takes far lesser to become a proud owner of a Rolls Royce Ghost. TVs, computers and cordless telephone

sets brought to India and if sold would fetch a substantial profit. The poor customers found themselves at the receiving end having hardly any alternative choices in most product categories. It was easy for most firms to sell whatever they would produce. The gap between demand and supply was very wide and it was quiet favorable for the practitioners of the “production concept”. Times are changing and so is the macro environment, marketers are trying to gain customers attention, win their confidence and retain them by providing value and service for their money. Perhaps the customer is slowly gaining his rightful place and is on the verge of becoming a king.

2.2.3 Consumer acceptance

While the competition increases and promotions flourish, customers have learnt to earn the rewards of being smart shoppers. Experience has also taught consumers that brands on promotion are not automatically of inferior quality. (Samsung has a promotion of its new release the Samsung phone S5 that a customer can trade inn with the older versions like the S4). Experience from learning this is also transferred to other product brands as well. Consumers have become aware that promotions are being extended to other product categories where such promotion types were unheard of.

Brassington and Pettitt (2003) also support this view, they say that the reason towards the growth of sales promotion reflect changes in the market place. Today’s shoppers are well educated and do a lot of research and become more selective and less loyal to brand names than in the past. The authors go on to extend their view and suggest that, many new markets are developing because of demographic shifts, for instance the constant increase in the number of working women.

2.2.4 Products have become standardized

In most product categories, there is a proliferation of brands, and many of them are line extensions and me-too brands. Most brands are being perceived by consumers to be more or less similar within a given price range because of the inability of manufacturers to develop truly differentiated products. Under such circumstances, advertising messages are unable to strongly influence the consumers’ perceptions and create brand franchise. As a result of these perceptions of similarity among brands, marketers have no choice but to compete on the basis of extra benefit offered through sales promotion for example Chicken inn and chicken slice quarter

chicken and chips, the chicken slice offers more chips than chicken inn hence the extra benefit. Companies competing are struggling to capture market share even if they use every tool that is likely to bring sales success.

2.2.5 Advertising has become more expensive and less effective

Most advertising media have become quite expensive for example audio-visual medium is the most effective but expensive for the short-duration ads like a 10 second exposure during prime time. Consumers come to a point of being annoyed and bored of repetition coming from advertising companies when they flight excessive advertising on TV. Advertising has actually been labeled as an intrusion into privacy by some consumers and leads to zapping (surfing channels) or switching off the TV for that duration of time. Sales promotion is a more effective promotional method to get mileage for small budget firms, while adverts are for the big companies who can afford to spend huge sums of money on advertising.

Baker (1999) supports the view that the growth of sales promotion is a result of increased advertising costs and reduced effectiveness of most advertising media. William W et al (1998:535) also gave the same sentiments on this view and suggest that advertisers also cite economic reasons for the shift to sales promotion. For example, the cost of mass media advertising increased approximately by 5% in 1998 world wide compared to sales promotion cost.

2.2.6 Trade has become more powerful

According to Kinnear and Bernhardt (1990) the Retailers and wholesalers are now too powerful to an extent that they demand extra services from the companies. The retailers and wholesalers do not hesitate to play off one manufacturer against the other and in bigger cities retailing has become more sophisticated and competitive for example, the shelf space in any retail outlet is limited and every manufacturer wants prime shelf space in the retailers' showroom. This will create more demand for prime position in retail outlets than what is available and the retailer obviously can not oblige every company by allocating price shelf space. Companies introducing new products are often under pressure to get a prominent shelf position to make the product attractively visible. The channel members these days demand more incentives to acquire the desired results. The manufacturing sector does not seem to have any choices but to agree to the

retailers and wholesalers' demands because of the competitive market situation, for example Pepsi drink will give coins to their dealers stocking Pepsi cases during Diwali season.

2.2.7 Sales promotions create an immediate positive impact on sales turnover

William et al (1998) said some promotional activities like: Advertising and personal selling produce slower sales response compared to sales promotion. Sales promotions are more often than not for short duration, within a specific period and this gives customers a sense of urgency to buy immediately. An immediate increase in sales is realized and with careful planning, it would be easier to measure the impact on sales volume and profit and see the consequences of running the sales regularly like on weekly and daily basis.

2.2.8 Expectations of price decrease

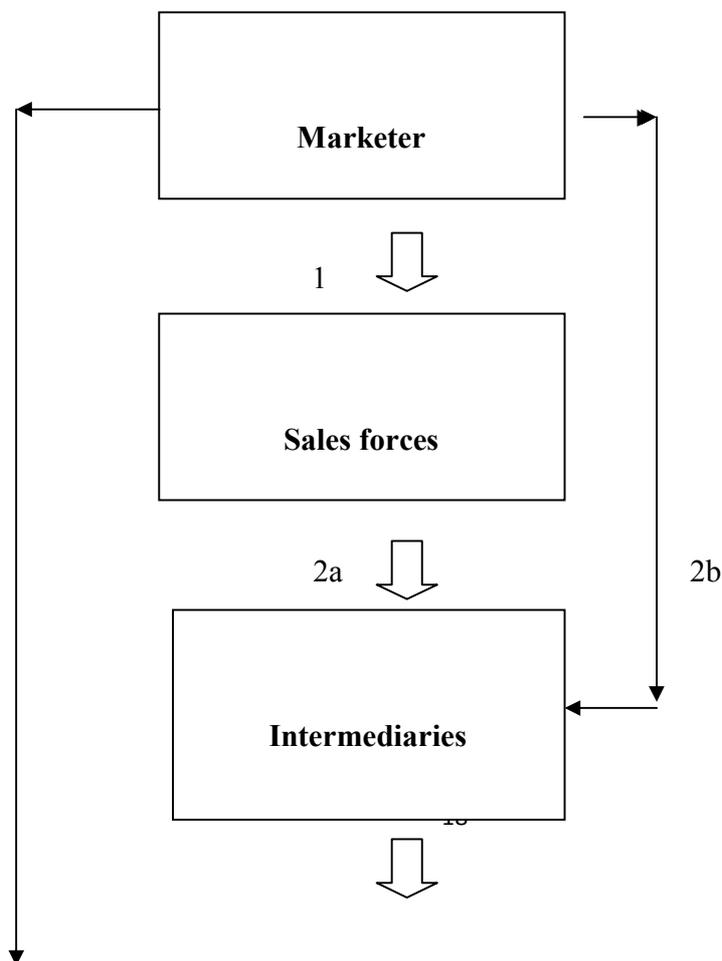
According to Kazim and Batra (2004) stated that with the entry of many different brands of consumer durable products in the same product category, consumers anticipate that the prices of durable goods will come down. This encourages them to postpone their purchases. To speed up the purchase in this segment of consumers, sales promotions are an effective and attractive method. Consumers evaluate the incentives associated with their purchase decision and are motivated to act now, rather than wait for the anticipated decrease in price. The marketers should ensure that the extra benefit is attractive enough to create a sense of urgency in consumers. For example Samsung offers up to \$ 200.00 off on exchanging an old refrigerator for a new Samsung refrigerator.

2.3 TYPES OF PROMOTIONAL ACTIVITIES

Koekemoer (2004: 272) argues that sales promotional activities, fall into three categories, that is, internal, to the trade and to the targeted consumers or end users. Figure 2.0 is an extract from Koekemoer (2004:273) that supports his argument concerning the types of promotional activities that can be used by an organisation. This diagram show the sequence of sales promotional activities and their respective audiences involved. First, the company's' own sales force is targeted (1). Next, it will be noted that there is one line (2a) from the sales force to the intermediaries and another (2b) from the marketer direct to the intermediaries. Finally, marketers

will target consumers or customers either directly, as indicated by line 3b, or more usually, via intermediaries, as indicated by line 3a. However, regardless of the diversity of sale promotion activities discussed above, it is clear that they have a great impact towards the purchase of certain products under promotion.

Therefore the implications of the model in figure 2.3 are that, there are ‘push’ implies a forward thrust whereby the marketer encourages channel members or intermediaries (the trade) to stock and promote products. This is accomplished by means of trade oriented sales promotional strategies that is, from producer to wholesalers to retailers. Pull suggests demand by consumers for the product at the retail level. This demand or pull is the result of the marketers’ sales promotion efforts directed to the consumer. Thus successful marketing involves a combination of the two forces namely: the exerting push to the trade in-order to make the product available where consumers would expect to find it and stimulating pull from consumer to actually buy the product. Therefore it stands to reasons that one without the other would be ineffective.



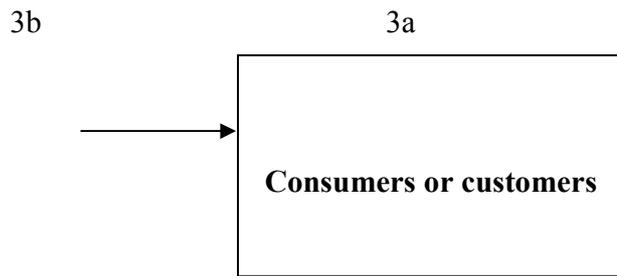


Figure 2.1 A Model of sales promotion sequence and audiences.

Source: Koekemoer (2004:273)

However on the other hand Kazmi S.H and Batra S.K (2004:536) and several other authors that follow, proposed that, one approach to categorise sales promotion is to look at the sources offering promotion and the fundamental appeals. These put forward that there are two major groups that offer sales promotion and they are the manufacturer and the retailers and they looked at the sales promotional activities with a rather more customer oriented perspective.

2.3.1 Price discounts

This price discount can be used as a defensive as well as an offensive tool. More often discounts are offered to match or be better than the competitors' prices. Price discounts are made aware to consumers through advertising, at point of purchase by listing the reduced price on the package or the signs near the product or window display and or by the sales team. Such discounts may also come out in newspapers, magazines and television adverts. Similar discounts are often advertised by retailers in local media (called feature advertising) and by manufacturers in national print and audio-visual media. Retailers announce price discounts to increase store traffic and manufacturers offer them to retailers as incentives to gain their cooperation.

Blattberg and Scott (1990) also concur to the observation that buyers may learn about price discounts either at the point of sale or through advertising. The authors further support that, at the point of sale, reductions in prices may be shown on the package or on the signs close to the product or near in store front windows.

Many types of advertisements can be used to notify consumers of upcoming discounts, including fliers, newspapers and television adverts. The food industry is most common with price discounts where local supermarkets run weekly specials. Price discounts may "pre-price" a product and

then persuade the retailer to participate in the short term discount through extra incentives. For effective results from price reduction strategies, support must be garnered from all distributors in the channel. Rewards are perceived as discounts by existing customers and they often respond to them by purchasing in larger quantities. When price discounts are alone they usually do not bring on first time buyers.

2.3.2 Price packs

According to Kazim and Batra price packs are the same with value-packs and these usually take any of the two forms namely bonus-packs and banded-packs. In case of a bonus-pack offer, an additional amount of the same product is presented for free when the standard pack size of the product is purchased at the usual price. The kind of deal is often viewed in case of laundry products, food products and personal care products. This is a way to reward the present consumers and may not have any impact on the users of competitive brands. Price-pack is termed as a branded pack offer when two or more units of the products are sold at a price discount as compared to the regular price. The products are usually tied together physically, or put together in a blister pack. Bonus packs are generally limited to low bulk, low price products. The consumer appreciates additional quantity of some product or additional unit of the product as a reward.

2.3.3 Refunds and Rebates

A promotion offering refund or rebate by a marketer is a promise to give back a certain amount of money after the purchase. The offer may be for a product purchased by itself or in a blend with other products. Depending on the objectives, refund offers are used to encourage trial of a new product, purchase of increased quantity or increasing the frequency of purchase, or to encourage the customers to purchase those products whose purchase can be postponed such as consumer durable products. Refunds are quite effective in competitive situations where consumers perceive little or no differentiation among brands, thus the refund offer may sway the decision in favour of the promoted product.

Ladish (1986) also argues that a money back or rebate promotion is an offer by a marketer to return a certain amount of money when the product is purchased on its own or in combination

with other products. Refunds are mainly meant to increase the quantity or the purchase frequency so as to persuade customers to hoard the product. This approach dampens competition by momentarily taking competitors out of the market, it also stimulates the buying of postpone-able goods such as major appliances and it creates in self excitement by encouraging special displays. Refunds and rebates generally appear to build brand loyalty rather than diminish it.

2.3.4 Coupons

Coupons can be considered as certificates offered by retailers or manufacturers that entitle the owner to some stated savings or claim on the specific things. A date of expiry is found on a coupon and that coupon can not be redeemed after the cut off date. Coupons can be delivered directly to consumers by hiring a team of promoters. They can be distributed to consumers at a point where product demonstration has been arranged for example, at retail stores check counters, exhibition or and trade fairs. Coupons are also included in advertising appearing in a newspapers and magazines. Product distributed coupons are delivered with the product and on-pack coupon is attached to the exterior of the product pack. The coupon can be product distributed or media distributed.

Similarly, Quelch (1989) suggests that are legal certificates offered by manufacturer and retailers. They grant specified savings on selected products when presented for redemption at the point of purchase. Manufacturers sustain the cost of advertising and distributing their coupons, redeeming their face value and paying retailers a handling fee. Retailers who offer double or triple the amount of the coupon shoulder the extra cost. Retailers who offer their own coupons incur the total cost, including paying the face value. In this way, retail coupons are equivalent to a cent off deal.

2.3.5 Contests and Sweepstakes

According to the American Association of Advertising Agencies a contest is an event that invites the customer to apply skill to solve or complete a special problem. The same agency says “a sweepstakes does not call for the application of skill on the part of the consumer. Winners are determined by a draw from all entry forms. In other words, prizes are awarded on the basis of chance. These are part of interest promotions because such sales promotions create not only

interest but also produce excitement and enthusiasm in customers. A contest requires the participants to perform same task, for example the participants may be required to write a slogan, choose a name or create a design. A sweepstake is a random drawing and is sometimes called a chance contest. This too may or may not involve the purchase of any product or service.

Tellie (1997) says that the main difference between contests and sweepstakes is that contests need entrants to perform a task or display a skill that is judged in order to be deemed a winner, while sweepstakes involves a random drawing or chance contest that may or may not need an entry requirement. Contests were more usually used as sales promoters and due to legal restrictions on gambling many marketers feared this might apply to sweepstakes. The use of sweepstakes as a promotional method has grown dramatically in recent years, partly because of legal changes and the lower costs. The cost of administering a contest once cost about \$350.00 per thousand entries, compared to just \$2.75 to \$3.75 per thousand entries in a sweepstake. Furthermore, participation in contests is extremely low if compared to sweepstakes since they require some sort of skill or ability.

2.3.6 Premiums

Kazmi and Batra (2004) define a premium (gift) as a reward to a customer for carrying out a particular act, normally buying a product or service. The premium may be free or offered to a customer by paying a price lower than the usual market price. There are different types of premiums which are sometimes known as direct and mail premiums. Therefore premiums take the following forms: in pack, on pack and container premiums, free in mail premiums and self liquidating premiums. Marketers chose premiums that have much appeal to the consumers or products that are related in some way to the products of a marketer. Mason et al (1986), on the other hand define a premium as a tangible compensation that is given as an incentive for performing a particular act like buying a product. The premium may be given for free, or may be offered to consumers for significantly reduced price. Some of the examples of premiums include receiving a price in a cereal box or a free garden tool if one visits a grand opening of a new hardware store. Incentives that are given for free at the time of purchase are all direct premiums. These offers provide instant gratification plus there is no confusion about returning coupons, box tops or saving bar codes and proofs of purchase.

2.3.7 Continuity plans

Baker (1999) says that continuity programmes are seen in many different forms, however all such programmes have a common objective of improving repeat purchases or customer retention to certain retail stores, or continued patronisation of some service. Often such promotions are used to encourage visiting the same retail store a number of times to collect the same items. Continuity programmes requires consumer to keep on collecting and saving something before they become eligible to claim the reward.

A rather more detailed description comes from East (1990), he argues that continuity programs maintain brand users over a long period of time by offering ongoing motivation or incentives. Continuity programs insist that consumers keep purchasing the product in order to get the premium in the future. Trading stamps which were popular in the 1950s and 1960s are prime examples. One stamp is usually received by customers who would have visited a participating store. The stamp company provided redemption centres where the stamps were exchanged for merchandise. A catalogue lists the quantity of stamps required for each item will be available at the stores taking part. Airlines these days frequent flyer clubs while hotels frequent traveller plans with retailers frequenting shopper programs and also bonus paying credit cards are ordinary continuity programs. When competing brands have reached parity in terms of price and service, continuity programs might prove as a deciding factor among those competitors. Continuity programmes reward long time customers for their loyalty and this helps to reduce the threat of new competitors entering a market.

Regardless of the diversity of sales promotional activities discussed above, it is clear that they have the power to influence the purchase of a product under promotion and to influence changes in the firms' position. All the views above, put together indicate that sales promotional activities are designed to reach quiet a number of target audiences and directly contributes towards the achievement of the firms' short term sales objectives. From analysis of the views looked at it shows Kazmi S.H et al failed to identify sales force as an integral part of the audiences targeted by sales promotional activities. However all the authors cited above failed to recognise trade or reseller sales promotional activities. These include trade allowances, point of purchase displays, buying allowances, deal loaders and trade shows. The authors rather assumed the promotional

activities discussed above as the most common types and not considering that there are sales promotional activities that are directed to the resellers of goods and services.

2.4 OBJECTIVES OF SALES PROMOTIONAL STRATEGIES

Objectives of sales promotion could either be proactive or reactive. The following common sales promotional objectives are evident in any given organisation.

2.4.1 Increase in sales volume

Koekemoer (2004) states that, sales volume of any product depends on many basic factors of marketing such as product quality, price of the product, distribution, effectiveness of marketing communication and macro environmental factors (political, economic, technological, legal, demographic etc). Brand switchers or marginal buyers that is, those that buy when the product is on promotion, contribute more towards increasing sales volume. Nearly all sales promotions that offer immediate value at the time of repeat purchases may contribute to increasing sales volume. These immediate value sales promotions can be directed towards those who like trying new products and those who are regular users of that product. These promotions can be particularly useful in new markets and can be used to introduce urgency in customers or trade to buy the new products.

However Joel and Barry (2003) looked at this particular objective with a different perspective and their view on increasing sales volume was more of creating or attracting new target markets and they supported that view with this example: during the March school break, Princess Town Cinemas in uptown Waterloo, offered Matinees that is, “the showing of a movie or a theatrical performance in the afternoon” for \$2.50 and popcorn \$2.50. Movies such as the Chronicle of Narnia and Chicken Little were promoted via fliers in the daily newspaper. At only \$2.50 per movie, the break even point was fairly high, says princess owner John Tutt, but felt it was worth it to introduce a whole new target market, familiar with young children, to the theatre. The result that came out of this promotion was that not only was matinee sold out, everyone bought popcorn as well. When John reflected back on what he calls, a hugely successful promotion, his only regret was booking two screening times per cinema instead of three.

2.4.2 Launch new products and increase trial

According to Kazmi and Batra (2004), small budget firms who cannot afford sustained advertising expenditures to introduce new products or match the competitive advertising blitz, find sales promotion to be more cost effective and helpful in generating sales volume companies, who have a small market share, cannot match the substantial advertising budgets of market leaders in the same industry. It is also difficult for them to get proper shelf – space in retail shops without offering incentives to resellers or encourage trial by consumers without offering some immediate or extra benefit. A free sample, along with a coupon of attractive value, may prove to be more effective in inducing trial of a new product by consumers and may also lead to purchase of the regular pack from the market. Consumers often use samples that are distributed free with or without a coupon, to introduce a new product or induce trial of even an existing product.

2.4.3 Encourage repeat purchase

Blattberg and Scott (1990) suggest that, repeat purchase by customers leads to increased sales volume. Such sales promotion is communicated to encourage existing consumers to forward buy. Promotions such as discount coupons do not only encourage existing consumers but may also stimulate purchase by infrequent buyers, or even new customers. Extra benefit offers and delayed value promotion are effective in encouraging repeat purchases. There could be specific incentives, such as “get one free on purchase of three or get two for the price of one”.

A rather more detailed example to support the view above was cited by Appleby (1994), and is based on attracting repeat business. Global Pet Foods in Kitchener has been in business just one year and the owner Doug Kennedy says he is still trying to get his name known and attract repeat customers to the store and although he has not had any luck with sales promotions, he is currently running an advert with coupons for \$10 removed from any purchase of \$50 or more and 20% of all accessories valid until April 30. An expiry date is key to an effective sales promotion because it increases the sense of urgency for action to be taken. Kennedy says a previous door hanger sales promotion which offered \$10 off a bag of dog food, backfired because there was no expiry date. One dog owner collected multiple door hanger coupons from neighbours and used them for months. Some critics claim that the coupons attract butterfly customers who are price sensitive and fly from one shop to another looking for similar deals.

Gary Miller, owner of Two Petals and Pots flower shops in Kitchener and Waterloo, regularly run coupons, he says, “the beauty for me is that once i get customers in the store, they tend to come back”. According to Miller, “People like to get good value for their money”. The coupon stimulates an impulse buy and gets people who may not be thinking about buying flowers to come into the store that time after knowledge of the promotion.

2.4.4 To block competitors’ moves

In business warfare, it is very common that sometimes challenges will make organisations to resort to offering discounts. Aggressive adverts and sales promotional campaigns back up new product launches by competing companies. A firm that feels threatened would like to protect its loyal customers from switching to new competing brands. To accomplish the objective, normally a combination of push and pull strategy is used. To pre-empt competition, presence of certain favourable conditions is necessary. Inter purchase interval, that is, the interval between two successive purchases should be long for the consumer. The product should not be bulky so that it can be stocked without occupying much space and there should be reliable information about the competitive move.

However, Koekemoer (2004) identified some sales promotional objectives most of which are generalised from a sales perspective and he came up with the following different angle of objectives, to encourage sales people to intensify their efforts to sell slow moving products in the range, to challenge sales people to sell more of a certain product to existing customers, to encourage sales people to locate and quantify more prospects, to encourage sales people to set up more in store displays and finally to encourage sales people to train more distributor sales people. He further argues that the objectives of sales promotion are aimed at persuading intermediaries and consumers to purchase more of the product, and he also came up with the following objectives to induce whole sellers to carry a particular product line, to persuade retailers to give a particular brand shelf space, to minimise brand switching by the consumer and to induce product trial by consumers.

2.5 IMPACT OF SALES PROMOTION ON COMPANY PERFORMANCE

Sales promotion can have either a negative or positive impact on company performance. The negative impact emanates from the disadvantages of sales promotion whilst the positive impact is drawn from its advantages. The following advantages and disadvantages of sales promotion from various authors are mentioned below:

2.5.1 Advantages or Positive Impact of sales promotion

According to Kotler (2004) sales promotion has a significant effect on the behaviour of consumers and trade people. The author cited the following advantages of sales promotion and also outlined examples of sales promotions that had positive outcome.

2.5.1.1 Price Discrimination

Sales promotions can be used to introduce price discrimination and they can charge different prices to different consumers and trade segments depending on how sensitive each segment is to particular price. Coupons, special value events, clearance sales and discounts are examples to explain the occurrence. Mostly such price discriminations are offered in precise towns in a particular country say in Zimbabwe the same product can be sold with different prices for example the same room at Holiday Inn Beitbridge charges \$35.00 for a double room, while the same room in Mutare the resort charges \$60.00 and in Bulawayo the same room one pays \$70.00.

2.5.1.2 Luring New Customers with Price

When an organisation offers a reduced price on a popular item, it lures customers away from competitors, which may ultimately help turn them into regular shoppers. For example, when owners of a medium sized dairy product company like Den Dairy in Kwekwe started competing with Dairy Board a large dairy producer, they offered a discounted price on a popular ice cream for a limited time. Customers were served with care and in time during the promotional period. The customers kept coming back for more purchases till the company grew to become a household name in and around Zimbabwe.

2.5.1.3 Gaining Community Favour

There is need for an organisation to create a good name for the business by staging a promotion that supports a worthy cause. For example, if the town needs a new fire engine or police car, there is need to donate a portion of customer purchases from the business to the community cause. This will help the community, which is a win-win for everyone and may lead to more business for the organisation this in turn becomes a positive impact to the organisation.

2.5.1.4 Encourage Repeat Purchases

Air Zimbabwe and Pathfinder and some Rainbow hotels successfully use rewards programs to encourage customer loyalty, and this can be done for any business. If you own a coffee shop, for instance, give customers a rewards card that you hole-punch each time they make a purchase. After they make five or 10 purchases, they can redeem the card for a free cup of coffee.

2.5.1.5 Entice Reluctant Consumers

Most consumers are reluctant once in a while and there is need of giving away free products or services and this is a good way to get people to try them for the first time, which may lead to a purchase. For example one owns a deli and they added a new sandwich to the menu, there is a need to pass out small samples to each of the customers as they come through the door. For companies that operate health clubs, they should offer free trial membership or free personal training sessions to get people to give you a try.

2.5.1.6 Providing Information

A sales promotion will help an organisation in providing information to potential customers that aids them in making a decision. This can be beneficial for products or services that are complicated or are unfamiliar to consumers. For example, if one is a financial planner and he or she is attempting to gain clients in the area of retirement planning, a free seminar allows the planner to explain what the organisation does and how some of the organizations' investment products work.

2.5.1.7 Sales promotion impact on consumer behaviour

Mostly sales promotions are announced for a limited period of time and consumers may feel a sense of urgency and might stop comparing the alternatives. The consumers are convinced to act

at this moment rather than later. On every 2 litre bottle of Coca-Cola bought, one gets a free water glass with a coca cola logo on it. Offer valid only till stocks last.

2.5.1.8 Impact of sales promotion on trade customers

Encourage dealers to forward buy. This forward buying ensures that retailers will not go out on stocks. As dealers have more than normal stocks they think it is advisable to advertise in local media, arranged displays and offer attractive promotional deals to consumers. These actions help in increasing the stores traffic for example, buy 2 dozen shampoo sachets and get 2 sachets free.

Yeshin (1998) supported Kotler's view and proposed that producers can introduce price discrimination through the use of sales promotions. They can charge different prices to different consumers and different trade segments depending with their price sensitivity. This price discriminating sales promotion will assist consumers and traders to pay less in certain market areas or stores and usually bring in more contributions than if one price is charged to all. They also help in adjusting to fluctuation in demand and supply situation without disturbing any changes in the price list. As sales promotions are usually announced for a limited period of time, customers will stop comparing alternatives because they feel the sense of urgency. Sales promotion deals like discounts, rebates, coupons or premiums will increase the attention, awareness of a particular brand and will also bring out the advantages, benefits and price of the brands. Short term promotions present an opportunity and encourage dealers to forward-buy from producers. More customers get exposed faster to new product introductions and retailers perceive less risk in stocking new products. Some customers buy new brands and if satisfied may become loyal users and repeat purchasers.

However, Danks (1995) cited the following positive impact of sales promotion and this was rather directed more to a market share point of view. Thus he goes on to say, the benefit of sales promotions is that they induce choice. However, this benefit maybe offset by undermining preference for the brand when it is no longer promoted. Despite the fact that sales promotions have long been employed in marketing practice and researched academically, clear understanding of the impact of sales promotion on post – promotion brand preference continues to evade brand managers and marketing scholars alike. This document attempts to provide

insight on the effects of sales promotion on brand preference by integrating results from different studies on the subject. An analysis done suggests that on average, sales promotions do not affect post-promotion brand preference. However depending upon characteristics of the sales promotion and the promoted product, promotions can either increase or decrease preference for a brand and thus an increase in brand preference means an increase in the overall market share. The empirical results provide insights for crafting promotion strategy and for understanding the process by which promotions influence brand preference.

2.5.2 Drawbacks or Negative impact of sales promotion

Kotler (2004) says that while sales promotion is a powerful and effective tool to produce immediate short term positive results, it is not a cure for a bad product or bad advertisement; in fact the sales promotion will speed up the killing of a bad product. According to Kotler (2004) the following examples of drawbacks will be looked at:

2.5.2.1 Increase price sensitivity

Consumers will wait for the promotional deals to be announced and then purchase products and it is true even for brands where loyalty exists. Customers wait and time their purchases to coincide with promotional offers on their preferred brands. Thus, the routine sales at the market price are lost and the profit margin is reduced because of the discounts to be offered during sales season. An example is the Diwali Bonanza offers on electronic goods.

2.5.2.2 Quality image may become tarnished

If the promotions in a product category have been rare, the promotions could have a negative effect about its quality image. Consumers may start suspecting that perhaps the product has not been selling well. Consumers will ask if the quality of the product is true compared to the price and the product might be discontinued because it might have become outdated. Another example to justify the disadvantage is the Smyle powder offer of 'buy 1 and get 2 free' went on and on. Ultimately people stopped asking for the product as the on going sales promotion strategy made the customers perceive it to be a cheap and inferior product.

2.5.2.3 Merchandising support from dealers is doubtful

In many cases, the dealers do not cooperate in providing the merchandising support nor do they pass on any benefit to consumers. The retailer might not be willing to give support because the product might not be selling well in his shop or maybe he feels the effort required is more than the commission or benefit derived.

2.5.2.4 Short term orientation

Sales promotions are generally for a short duration and this normally gives a boost to sales for that short period. This short term orientation might sometimes have a negative effect on long term future prospects of the organisation. Sales promotions mostly build short term sales volume, which are difficult to maintain. Heavy use of sales promotion, in certain product categories may be responsible for causing brand quality image dilution.

2.5.2.5 Dealers forward buy and divert stocks

A number of dealers will forward buy stocks surplus to their inventory requirements and this normally happens when the holding costs are favourably low, if the product is low bulk and also if the product is in much demand. This is mainly done by both wholesalers and traders. This forward buying of surplus stocks on quantity discounts frequently leads to diversion of some of the stocks in non-deal areas. The wholesalers and the retailers do not hesitate in selling these surplus stocks in the non-deal areas on prices that are far less than the list price, but will always keep some logical margin for themselves. This will have a negative outcome on price discrimination efforts of the company as dealers in those areas would not be buying even the usual requirements from the company.

Kinnear and Bernhardt (1990) say that, there are certain limitations of sales promotions which may also produce negative effects on company performance. The major objective of many sales promotions is to encourage brand switching, especially for low involvement products. This therefore leads to a decrease in brand loyalty. Frequently promoted brands in a product category, make customers and traders more sensitive on prices not only for the promoted brand but for

other brands as well in the same product group. If the promotions in a product category have been uncommon or the product happens to be of high involvement group, the quality will be affected negatively because of these promotions.

Mostly dealers forward buy and then redirect stocks, that is, in case of deals for the trade; many dealers forward buy in surplus of their inventory requests. Merchandising support from dealers is doubtful during sales promotions. Sales promotions are generally for a short duration. This gives a boost to sales for a short period. This short term orientation may have negative effects on long term future goals of the organisation.

Yeshin (1998) and Barry (2003) together cited the disadvantages that come as a result of sales promotions and thus therefore the limitations are summarised as follows: sales promotion is an approach that is handy in producing quick, short term, positive results but it is will never be a cure for a poor quality product, poor advertising or an inferior sales force. After a customer uses a coupon for the initial purchase of a product, the product must then take over and induce them to become repeat buyers. Further more, sales promotion activities may bring a number of negative consequences including clutter, due to the numerous numbers of competitive promotions. Competitors will copy new approaches as each and every marketer tries to be more innovative, more attention attainment or more efficient in attracting the awareness of consumers and the trade.

Lastly, customers and resellers have learned how to benefit from the sales promotion game. Consumers are patient these days will wait to purchase certain products in anticipation that prices will virtually be reduced, resellers on the other hand are now experts at negotiating deals while manipulating competitors against one another.

Most of the advantages of sales promotion discussed above show that sales promotion maintains customer loyalty, creates excitement and facilitates price discrimination according to Yeshin (1998) and Barry (2003). It is clear also that sales promotion enhances communication with customers and intermediaries. Most of the limitations of sales promotion point to the view that sales promotions encourage brand switching thus marketers should not only count on sales

promotion as a factor that puts the organisation in a better position. However both advantages and disadvantages identified by the relevant authors do not look at the advantages and disadvantage of sales promotion from an employee point of view. That means, successful sales promotions boost the sales forces morale and fail to promote a product de-motivates sales force and other supporting departments of an organisation.

2.6 OTHER FACTORS THAT INFLUENCE CHANGES IN COMPANY PERFORMANCE

Here are some of the factors (other than sales promotion) that have influence on the performance of any organisation (that is in terms of market share, sales turnover or customer retention). These take the following forms product related, customer related, organisation related and situation related factors.

2.6.1 Product related factors

The following product related factors were cited by Barker (1999):

2.6.1 Product type

Generally certain types of products lend themselves to sales promotion more than others. In this manner sales promotion is frequently used by marketers of fast moving consumer goods such as groceries and personal care products. However this does not mean that other types of products, such as consumer durables are excluded.

Price

Depending on the price elasticity of a particular type of product, sales promotion will be more effective or less effective. Sales promotion will generally be more effective with products that have a very high elastic demand (a reduction in price will lead to an increase in sales) and less effective with products that have a very low elastic demand.

Brand image

Marketers can pursue two types of brand image strategies, although it must be recognised that there are many variations between these two 'extremes'. The first is an exclusive brand image and the other is a value oriented brand image. A greater focus on sales promotion would certainly harm an exclusive brands' image while it may enhance that of a value-oriented brand.

Product stage in its life cycle

The promotional strategy used by a marketer will vary significantly in the different stages of the product life cycle. The objectives in the introduction stage are to introduce the product to the market and generate initial interest and product trial, whereas the objectives in the maturity stage are to remind consumers of the product and to maintain market share.

2.6.2 Customers related factors

Mason et al (1986) proposed the following customer related factors characteristics of the target market. It should be clear that the profile of the individuals that make up the target market will be significant factor in developing the sales promotional strategy. Thus the sales promotional strategy used for target market is made of say women, will be very different from that used for a target market of male citizens. The same would apply to income levels and all other relevant demographic and psychographic characteristics of the target market.

Type of buying decision involved

If a consumer is buying a product that is regularly and frequently used, the type of buying behaviour is most probably routine response. On the other hand, if the consumer is buying a product that is purchased infrequently, then the customer will most probably engage in what is called extensive problem solving.

Involvement level

In a low involvement product purchase design the consumer attempts to maximise benefits rather than minimise risk. As the purchase frequency rises, the performance risk associated with any one purchase falls and the consumer looks more towards getting the most value for money. Thus sales promotion is best suited to low involvement products that are purchased frequently.

Psychological risk level

High involvement products associated with purchasing decisions imply that consumers will focus and minimise their exposure to economic, psychological and performance risk. This implies a very different set of criteria that will be considered in the overall purchase decision.

2.6.3 Organisation related factors

Churchill (jnr) and Peter (1995) discuss some of the following organisation related factors:

Overall marketing communication strategy

One of the six elements of the marketing communications mix available to a marketer is sales promotion, it must be used in strict compliance with the customers overall corporate and marketing communications strategy.

Resources available

The selected marketing activities must be within the organisations' means. The resources can be labour, financial, plant and equipment and raw materials.

2.6.4 Situation related factors

Depending on how prominent a company is in its environment it may well have to indulge in a certain amount of sales promotional activities, simply because its target market expects it to. On the other hand, if a company wants to maintain a low profile it would certainly not participate in any promotional activities since they would automatically attract the publics' attention.

Conclusions that are being drawn from the above discussion are that there are factors (other than sales promotion), that can have an influence on the firms performance and thus determine organisations' position. These factors could be related to the customers, organisations, situation and the product itself. But however the authors left out some other factors that have an impact on the performance of an organisation and they include the physical evidence, people and the processes.

Physical evidence

The physical appearance or ambiance of the offices and this gives customers' confidence. This looks at how a product is presented to the customer, including the surroundings. It is most crucial to most service providers as they must be welcoming, easy to navigate, and very spacious.

People

These are people in and outside the organisation who are responsible for every element of sales and marketing strategy and activities. This could be experience of the sales force and the nature of service delivery from the organisations' people. The relationships between employees and customers are also vital. Building and maintaining meaningful relationships with the organisations stake holders may increase loyalty and increase business in the long run.

Processes

This deals with customer service, and a company's ability to offer a service, handle complaints, and foresee any issues before they actually happen. Processes when clearly defined and efficient they should garner customer confidence in the company's ability to handle any issues. Synergy among all departments in the organisation should increase the organisation's performance.

2.7 CHAPTER SUMMARY

This chapter carries values of literature gathered from various texts that will help the researcher for reference sake in pursuit of his study. The various authors used to present the arguments above helped the researcher to cover much ground on issues such as, the definitions of sales promotion, the objectives of sales promotions, other factors that influence the selection of the sales promotional strategy to be used in a firm, types of sales promotional activities likely to be used by firms and some limitations and benefits that can be brought about as a result of sales promotions. The researcher also managed to identify gaps amongst the various authors in most of the arguments presented under this chapter. The next chapter will look at how the research work was carried out, that is the research methodology or data collection procedure used for the research project.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

Methods and procedures used in this chapter provide an insight for the researcher to conduct the research. The researcher in this chapter will put more attention on the research design, analysis plan, target population, the data presentation, research instruments such as questionnaires, and sampling techniques. The researcher justified the collection of these and outlined their advantages and disadvantages conclusively and the chapter summarises the most essential techniques of gathering data used in this research.

3.1 EXPLANATORY RESEARCH DESIGN

Cooper and Schindler (2003) define a research design as a happening and a plan based on time, relying on research questions to guide the selection of sources and information types to be used in this research. According to Trochim 2003, a research design is all the activities and procedures that are selected by the researcher for studying a particular set of questions or hypothesis. Copper and Schindler also said that, research design is a structure for specifying the relationships among the study's variables and outline of procedures for every research activity. The research design will however provide answers for questions like: to gather data what techniques will be used? To get samples what kind of sampling method will be used? Cost and time constraints how will they be dealt with?

Cooper and Schindler (2003) have gone ahead to suggest that a research design should be classified using some of the following eight points:

1. The power of the researcher to produce effects in the variables under study (the two major types of research are experimental and ex post facto),
2. The degree to which the research question has been crystallized (the study may be either exploratory or formal),
3. The time dimension (research may be cross-sectional or longitudinal),
4. The method of data collection (studies may be observational or communication based),
5. The purpose of the study (research studies may be descriptive or causal),
6. The topical scope breadth and depth of the study (a case or statistical study),
7. The environment of the research (like a number of business researches are conducted in field settings, although laboratory research is not strange; imitation can be another option).
8. The perceptions of the subjects of the research (do they notice deviations from their day to day ways).

Appreciating both views discussed earlier, the researcher then, settled for the positivism philosophy which involves working with observable social reality (Saunders et al, 2009), for which the findings can be generalized, which is associated with an objectivist view of the objects studied (Greener, 2008); an explanatory research with the combination of the survey and archival research strategies; a multi-method quantitative and longitudinal study a deductive approach to testing theory.

There are a variety of research designs such as descriptive, correlation, quasi experiment and experimental. These can be quantitative or qualitative in nature, quantitative uses statistical methods to analyse data and to draw up conclusions and the qualitative research design makes use of the research instruments such as observations, interviews or questionnaires for data collection

3.1.2 Explanatory / Causal research

Redman and Mary (1989) viewed it as a design used to obtain evidence of cause-and-effect relationships which is otherwise known as the independent-dependent relationship or the predictive relationships. This is an important type of research useful for marketers as this allows marketers to base their decision on assumed causal relationships. The researcher used a number of methods and procedures for collection of raw data and creation of data structures that describe the promotion system of BIMCO and evaluate the sales promotional strategy which has the ability to contribute to the organisations' objectives achievement. The rationale for using this research is that, it enabled the researcher to generate a lot of qualitative data and quantitative methods were used to present and analyse the findings. Raw data was obtained through the use of questionnaires and interviews. The rationale of using research designs is for the researcher to plan his work so that the validity of the research is enhanced. This helped the researcher to have an in-depth analysis and understanding of various research strategies prior implementation. This increased efficiency and reliability of the research findings. This research design was adopted because it enhances the reliability, credibility and validity of the research projects because it aims to solicit a complete and accurate description of the entire situation.

Numerical information was used to support the written evidence gathered. This data was further summarised using graphs and tables and charts. The researcher found the design to be the most appropriate for the study because it compared perceptions of various participants in providing data about the sales promotional activities used by BIMCO, the impact that the sales promotion exerts on the masses as customers, their frequency of purchase at BIMCO, their level of loyalty to the companies' brands or products and other factors that they would consider when making a purchase decision. It was also ideal because it suited the conditions that the researcher was situated in, that are the sample size and the frames sampling technique used and lastly the research instruments used to solicit information from the intended respondents.

Justification

For the purpose of this study, the researcher made use of the causal design because of the secondary data that the researcher relied heavily on. Troachim (2003), states that this research method goes beyond the mere gathering and tabulating of data. It involves describing, recording, analysing and interpretation of data for specific purposes.

3.1.3 Research Strategy

The major issue to be realised about research strategies is that the strategies allow the researcher to answer research questions and gather objectives. The research strategies should be mixed because there is no particular strategy that can be said to be best than the other. The researcher used the survey and to some extent archival research strategies. According to (Saunders et al, 2009), the survey strategy will allow the researcher to collect large amounts of quantitative data from a substantial population which can be presented and analysed quantitatively using descriptive and inferential statistics. Models for the relationships can be made from the data collected from a survey and possible reasons to particular relationships between variables can be suggested. It will be possible to generalize findings that are representative of the total population at a lower cost using a sample than having to collect data from the population. Archival research strategy involves the use of administrative records and documents, which are a product of the daily activities, Hakim (2000 cited in Saunders et al, 2009).

3.1.4 Data Sources

There are two types of sources of data namely secondary and primary sources.

3.1.4.1 Primary Data

Borg and Gall (1989) suggests that, primary data involves direct description of occurrences by individuals who actually observed, witnessed or are participants in the occurrences. For the purpose of this research, primary data is information collected by the researcher during the course of the study and this was made possible by the use of questionnaires and interviews. The data was obtained mainly from cash and credit customers as well as Bimco employees and management.

Justification

Questionnaires were used to data by the researcher so as to complement the weaknesses that may be associated with survey and archival studies. Questionnaires were also used to help provide some of the useful data that can be missing or difficult to extract from published data (Saunders, et al, 2009). Because of the current and relevant data obtained from the use of primary data the

researcher then preferred this compared to archived data (Greener, 2008). This in turn rendered the collected data valid, authentic and reliable for this research.

3.1.4.2 Secondary Data

Data that was collected for other purposes and published in some form that is fairly readily accessible is secondary data (leedy 1980). Secondary sources of data that were used for this research include company publications of financials, company journals, industry journals and weekly, monthly and yearly sales reports. Secondary data was of paramount importance in this research study since it led to the compiling of various publications into a single publication. This therefore means that, secondary data paved way for the researcher to better understand the effect of sales performance of the company in terms of sales turnover, market share and level of repeat business.

Justification

Secondary data was used in this research by the researcher as the main source of data since the study in a way adopted the archival research strategy. Saunders, et al (2009) supported the use of secondary data stating that, it is inconspicuous, cost effective and time saving as it has fewer resource requirements and because of the fact that the data was collected over a long period of time it enables longitudinal studies to be feasible. The authors further said that, when secondary data is used it enables comparative and contextual data to be collected; using the secondary data may lead to unforeseen and new findings; and out of all this there is high degree of permanence and availability in secondary data and it is ideal for future references.

3.2 TARGET POPULATION

Nisbert and Entwistle (1972) define a population as any group of individuals that have one or more characteristics in common that are of interest to the researcher. In studying the effect of sales promotional activities on a companies' performance to boost sales at BIMCO, the population of interest to the researcher is all employees including management in the relevant departments that work hand in had with the marketing team, cash and credit customers at BIMCO. The population element is any individual in the marketing department and is working towards bringing about a sale.

Table 3.1 – Target Population.

Description	No. of people
Bimco Employees	80
Customers	40
Population size	120

Source: BIMCO Reports

Justification

In studying the sales promotional activities to improve performance at BIMCO, the population of interest to the researcher is all employees in relevant departments that work hand in hand with the sales and marketing department and those directly involved in decisions regarding sales and manufacturing of the products, like the finance department and the production department and finally the cash and credit customers (Table 3.1) at BIMCO and Zimbabwe as a whole.

3.2.1 Sampling

When one selects some of the elements in a population, conclusions can be drawn about the entire population (Cooper and Schindler, 2003). Greener (2008) will also support this saying stating that, sampling is where one takes a part (representative) of a population chosen and findings from the study of this part can be used as a basis for the whole population. Saunders, et al (2009) goes on to say that sampling saves time and as few people are involved it makes the data collected manageable and also it will enable the collection of more detailed information.

Sjankowics (1995:155) define sampling as the deliberate choice of a number of people, the sample who are to provide the researcher with data from which one will draw conclusions about some larger groups, the population whom these people represent. Sampling is generally a process of selecting a representative or small proportion or subset of the population. It is carried out to conveniently analyse and observe the characteristic of the population. It is from sampling that the researcher can better determine the characteristics of the population.

3.2.2 Sampling Methods

There are two ways in which one can draw a sample and these are, none probability and probability sampling methods. None probability sampling involves identifying and questioning informants because one is interested in their individual positions, roles or background experience. Probability sampling involves identifying and questioning people because they are members of some population, a section, department or organisation and the researcher would want to ensure that his assertions are valid for the respondents and are directly general without interference to that population according to Jankowicz AD, 1995). None probability sampling methods include quota sampling, convenience sampling and judgemental sampling whilst probability methods include stratified, cluster, systematic and simple random sampling methods. For this research, the researcher opted for simple random sampling because of the nature, location and distribution of the firms' customers.

3.2.2.1 Probability Sampling

The researcher adopted probability sampling techniques to draw a sample from the target population. A probability sampling techniques is any method of sampling that utilizes some form of random selection that assures that the different units in your population have equal probabilities of being chosen (Saunders, et al, 2009).

Justification

Probability sampling ensures maximum representation of the total population by the sample as it based on the concept of random selection that assures that each population element is given a nonzero chance of selection (Cooper and Schindler, 2003), and the chances are usually equal for all population elements meaning it becomes possible to answer research questions and to achieve objectives that require you to estimate statistically the characteristics of the population from the sample. (Saunders et al, 2009).

3.2.3 The sampling frame

The sampling frame for employees comprised of those supervisors and managers who work under the sales and marketing department, finance department and the production department. The sampling frame of customers included the cash customers and the credit customers.

3.2.4 Sample Size

Bovee and Thill (1992) cited that the most appropriate sample size that will reliably represent the intended population with less reasonable doubt should be at least 20% or greater of the target population. For this research a sample size of 25% of the target population was used, thus sample size of 30 members was used as shown by the (Table 3.2) below. These were interviewed in order to solicit the necessary information for the research project. The following formula was used to calculate the sampling fraction:

$$\text{Sampling fraction} = \frac{\text{Actual Sample Size}}{\text{Total Population}} = \frac{30}{120} = 0.25$$

Table 3.2 – Sample size

Description	Population	Sample Size	Percentage
Employees	80	10	0.13%
Credit customers	20	12	0.6%
Cash customers	20	8	0.4%
Total	120	30	0.25%

Source: BIMCO Reports

3.3 RESEARCH INSTRUMENTS

Amongst the various instruments that can be used to gather information for a research project, the researcher chose to use questionnaires and interviews.

3.3.1 Personal Interviews

According to Khan and Cannel (1957) an interview is a powerful discussion between two or more people. The researcher conducted face to face or one on one interviews for the purpose of gathering primary data. The interviews were conducted with management that is the marketing supervisor, marketing section manager, marketing officer, finance manager, operations manager and projects managers. Face to face interviews were also done with the employees of BIMCO.

The use of interviews guides allowed the researcher to be guided on the form and sense of questions to ask, thereby reducing the risk of asking questions out of the context or that are immaterial for the study. The researcher was able to draw out further clarification on performance of the company during a sales promotion period as opposed to a zero promotion period and also on whether sales promotion induces customers to buy or it rather makes them suspicious of the quality of the product instead.

Justification

The advantage of interviews with prearranged questions is that they will give the researcher a guide and will assist one from moving away from his pre selected questions hence there is need on the part of the researcher to carefully plan and design the questions to ensure that nothing that is important will be left out. The researcher is very flexible and uses his inventiveness to arouse respondents to bring out more of their attitudes and motives. The interviewer can use penetrating questions to get information especially on complex and emotional questions. The interviews will enable the researcher to gather in depth information by redefining issues in order to come up with complete data, due to the instrument flexibility in terms of being able to interpret non verbal reactions of respondents. The interviews also enabled the researcher to attaining immediate responses from employees in the sales and marketing department at once.

On the other hand Saunders (2007) noted that the interviewer's presence may influence the way in which the questions are going to be answered. Some of the respondents may feel challenged, uneasy and intimidated by the questions and this may produce biased data. The respondent may not divulge some crucial information if they believe that it would not be in their best interest should it be known that they disseminated the information.

3.3.2 Self Administered Questionnaires

Sanders et al (1997:106) defined a questionnaire as a term that includes all techniques of data collection in which each person is asked to respond to the same set of questions in a predetermined order. This instrument was used to gather data from a number of both cash and credit customers, large and small included. This allowed the researcher to collect data from a relatively large number of respondents while maintaining uniform responses. These questionnaires included both open ended and closed questions. Open ended questions were meant to encourage the cash and credit customers to widen up their responses thereby providing greater room for opinions in the spaces given. Closed ended questions provided a basis for the respondents to choose a category that matched their views.

There was also a high degree in attaining true and unbiased information or facts as the researcher had to ask respondents not to disclose their identity and promised to treat the information confidential and only used for the purpose of this research study. This reduced the fear of disclosure of some information deemed private which could also contribute much to this research project.

Justification

According to Fraenkel and Wallen (2003), the use of questionnaires will definitely assist in the speeding up of the data analysis process. The completed questionnaires will be subjected to careful screening where the researcher will check for inconsistency and the pre-coded nature of the questionnaires to be circulated will also facilitate the entry of data for statistical analysis in the research. The researcher will have a wider coverage of respondents at minimum expense, through the use of questionnaires, and this will also help individuals to iron out their inconsistencies. Cooper and Schindler (2003) stated that questionnaires are inexpensive and save time as a way of surveying a number of people. The researcher will use internet and physical distribution to get in touch with participants. A questionnaire will act as a guide line to respondents and will draw them along a certain line of thought.

However, Fraenkel and Wallen (2003) saw limitations of this technique as that it limits the researcher from interpreting non verbal reactions of the respondents and also that it can be costly

for the researcher if s/he will produce a large quantity of questionnaires if the targeted population is large. Interviews will then be used in conjunction with questionnaires to complement on such limitations. Cooper and Schindler (2003), states that failure to interpret questions by respondents might also be a problem with questionnaires. If the respondents fail to understand the question, the answers given will be accordant but wrong data may be collected. Even if the expression is wrongly interpreted, the results from the conclusion being drawn up will not be correct. This is unlike with interviews; the researcher will never know the emotions of the respondent.

3.4 DATA COLLECTION PROCEDURES

Data used was mainly secondary sourced and from publications of financials for the 1st, 2nd and 3rd quarter of the year, company journals and monthly sales reports. Primary data was gathered through the use of questionnaires and interviews. Data that is observed or collected directly from 1st hand experience is called primary data and published data or data collected in the past or other parties is known as secondary data.

For the questionnaire, they were dropped off so that respondents could fill in the necessary answers and were picked up by the researcher at a later agreed date without inconveniencing the customers during operating hours. This was advantageous in that it avoided the issue of pressure on the respondents thus guaranteeing reliability of responses of the research findings. The interviews were carried out on a face to face basis and some of them were done over the telephone. Appointments with the necessary individuals were put in place way ahead of time to avoid pressure on the part of respondents.

3.5 DATA PRESENTATION

Data will be presented in the form of tables by the researcher. The researcher will use tables because they are easy to draw and to will convey the necessary information. Presentation of data should be done in a manner that will communicate the utmost information in the most efficient manner. According to Blumberg (2008: 415), having a visual interpretation on data is the major purpose of putting results into tables and bar graphs, see what happened and make interpretations.

Justification

The researcher used tables as a form of data presentation because they are easy to draw, convey and interpret the information. The tables are used to visualise and interpret that data.

3.5.1 Data analysis

Descriptive analysis

Data analysis is the organization of data to extract useful information. It is the process of evaluating data using analytical and logical reasoning to examine each component of the data provided (Blumberg 2008: 418). The researcher intends to use descriptive analysis to analyze data. Descriptive narration will be used to analyse the qualitative data collected from respondents whilst graphs, tables and pie charts were used to present, interpret and analyse the quantitative data collected.

Justification

The researcher used descriptive analysis in describing the raw data into understandable form, which is, answering the questions asked in the questionnaire and interviews.

3.6 VALIDITY

Validity means that the method used should be applicable to situation at hand. Saunders, et al, (2009) also suggested that validity is concerned with whether the findings are really about what they appear to be about. Robert (2002) pointed out that there are threats to validity and hence the need pay special attention to this attribute in research studies. To ensure validity, pre-testing will be done in order to identify weaknesses and strengths in the possible responses in comparison with data extracted from secondary data.

Questionnaires will carry both close-ended and open ended questions. Close-ended questions invite predetermined responses and this motivates respondents to quickly complete the questionnaire and at the same time providing necessary information. Open-ended questions give room to probing of some areas which may not be categorized or group hence allowing respondents to fully express themselves and provide the necessary information for the researcher.

3.7 RELIABILITY

Reliability refers to the consistence with which a research instrument measures something. The reliability of a research method entails that the outcome would be believable to the fact that the method used was considered to be reliable. The researcher can ensure reliability as assessed by Easter by-Smith et al. (2008: 109), by posing that the measure will yield the same results on other occasions and there is transparency in the sense made from the raw data. According to Robson (2002), the researcher will ensure there is no participant error. The researcher will find a neutral time where it is permissible to yield correct results from the participants especially when dealing with questionnaires. Also the researcher will ensure that there is no participant bias. Robson (2002) enlightened that the researcher should be aware of potential problem when designing research questions. The researcher will ensure reliability in a questionnaire and structured interviews if it yields the same results if repeated over and again, thus consistence of the study.

3.8 CHAPTER SUMMARY

This chapter gave an insight on the methodology that the researcher used for data collection. The chapter took the researcher through the descriptive design and the sampling procedures which were clearly outlined. Questionnaire, face to face and telephone interviews were identified as a data collection technique. Research instruments used were described as well as the data presentation and analysis procedures. The researcher justified the choice and suitability of the methodology of the research used

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 INTRODUCTION

This chapter presents and analyses the findings from the primary research conducted through questionnaires and interviews tailor made to the research questions and objectives highlighted in

chapter one as well as the literature in chapter two. Tables, bar graphs and pie charts will be used in the presentation of data.

4.1 RESPONSE RATE

The response rate for the survey conducted per each stratum in the selected population both for the interviews and the questionnaires.

4.1.1 Questionnaire Response Rate

Table 4.1 shows the questionnaire response rate for the survey conducted per each stratum in the selected population:

Table 4.1 – Questionnaire Response Rate

Targeted Responses	Questionnaires sent	Questionnaires Returned	Response Rate (%)
Cash customers	8	7	90
Credit customers	12	8	66.66
Total	20	15	75

Source: Primary Data

A total of twenty questionnaires were distributed among the customers both cash and credit: eight to cash customers and twelve to credit customers. On the twenty questionnaires sent only fifteen were returned. Cash customers had a 90% return, one questionnaire was not completed because the customer was illiterate. The other four from the credit customers, two were rejected on the basis of time and two no known reasons were given. The response rate of the questionnaires was 75%, which was considered satisfactory for the study considering the busy schedules of our customers.

4.1.2 Interview Response Rate

Table 4.2 shows the interview response rate for the survey conducted per each stratum in the selected population:

Table 4.2 – Interviews Response Rate

Description	Interviews	Interviews	Response
Employees	Arranged	Conducted	Rate %
Sales and marketing	6	5	83.33
Finance executive	1	1	100
Operations executive	1	1	100
General manager	1	0	0
Project manager	1	1	100
Total	10	8	80

Source: Primary Data

As shown by the above table 80% respondents were interviewed. The General Manager could not be interviewed because he was on a business trip when data was collected. On the sales and marketing team one of them was on sick leave when data was collected. Since the researcher did not manage to collect data from all the respondents, the data is still sufficient for the representation of the total population.

4.1.3 The employee experience and Length of service with BIMCO

The researcher found it necessary to find out the employees' experience, that is how long the employees have been with BIMCO, the experience will be good for the research findings. It has also been of great importance to figure out the length of service of each customer. The table below shows the results obtained.

Table 4.3: The employee experience and Length of doing business with BIMCO

Description	Time (years)	No. Of people	Response rate %
Employee Experience	1 – 5 years	1	12.5%
	6 – 10 years	2	25%
	11 – 15 years	1	12.5%
	15 and above years	4	50%
Length of doing business with BIMCO	Less 1 year	4	26%
	1 – 2 years	3	20%
	3 – 4 years	6	40%
	5 years and above	2	13%

Source: primary data

As shown in Table 4.3, there are four main categories: 1-5 years, 6-10 years, 11-15 years and plus 16 years of employee experience which the employees fall under, one employee is in the range 1–5 years, two employees are in the 6 – 10 years, while the 11 – 15 years has got one employee as well and the majority fall within the plus 16 years range where we find four of them. Employee experience from 1 year and above is too long a period that one can be able not to come up with ideas on promotional activities. This experience being shown means that most of the employees have seen the promotional activities being employed at BIMCO and are in a position to tell which ones work and which ones do not. According to the interview responses seven of the employees have heard and used sales promotional activities and only one is not really sure what the sales promotional activities are. Of the customers both credit and cash, 26% have been doing business with BIMCO for less than a year and are still considered new

customers, while 20% have been doing business with the company for over one year but less than two years, the three to four year old customers occupy the 40% mark and have been with the organisation for quiet a while and show their commitment and loyalty with working with BIMCO, and finally the customers who have stayed the longest with five years and have 13% and have stood by the company in its trials and tribulations. The most experienced customers have seen promotional activities coming and going and have concurred to say price discounts have mostly made an impact over all other promotional activities which the company has had.

Majority of the employees have rated price discounts as the most used of the sales promotional activities and the other two exhibitions and free samples are also being used by the organisation. According to employees, this means that it is possible to improve the company performance by use of sales promotional activities but there is need to take note of other demographics, work experience and level in positions for individual employees as to achieve better results.

4.1.4 Trend in purchase of customers

From the respondents, the researcher came up with Table 4.4 below that shows the responses on the trend in purchase of customers.

Table 4.4 Trend in purchase of customers

	Population	Response rate %
All the time - promotion or not	7	46%
sometimes	5	33%
When products are on promotion	3	20%

Source: primary data

As shown in Figure 4.4, represents the trend of purchase of the customers, do the customers only buy when the products are on promotion or they buy even when there is no promotion? From the results of the respondents it shows that 46% of the customers will buy the products all the time promotion or not, while 33% will sometimes buy because there will be a promotion taking place and finally 20% will only buy when there is a promotion and mainly it is the cash customers who buy in this category. With this it shows that the types of promotional activities being used are really not much of a motivational factor.

4.3 SALES PROMOTIONAL ACTIVITIES BEING USED BY BIMCO

From the findings it is evidenced that the sales promotional activities being used by BIMCO are mainly Price Discounts, Free Samples and Exhibitions which are only confined to Kwekwe and mainly done once in year at Kwekwe Expo. These discounts are done for both cash and credit customers. The findings were concurred by both the customers and the employees, the most popular promotional activity being the price discounts and followed by free samples and exhibitions. The findings were able to really look at promotional activities that are able to add value to the customers and to the organisation in general.

4.3.1 Sales promotional activity mostly used by BIMCO

From these statistics, the researcher came up with Table 4.5 below that shows the responses from customers of the sales promotion tools used by BIMCO.

Table 4.5 Sales promotional activities BIMCO uses that add value

	Cash customers		Credit customers	
	Population	Frequency %	Population	Frequency %
Price discounts	5	71%	4	50%
Exhibitions	2	28%	2	25%

Free samples	3	43%	3	38%
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Source: Primary Data

From the respondents, four of the credit customers and five of the cash customers revealed that price discounts are most commonly used by BIMCO and thus also the most important in influencing changes in the companies' market share, sales turnover as well as its level of repeat business. Only two of the cash customers said that exhibitions add value to their organisations, while two of the credit customers concurred to that as well. Finally on the free samples three cash and three credit customers mentioned that they do add value to their organisations. The data that was gathered from BIMCO employees reveal that price discounts are mainly used, but only in conjunction with telemarketing where old and new customers are phoned and informed about the price discount. From the questionnaires, the credit and cash customers felt that the exhibitions and free samples did not add value as much as the price discounts. Price discounts add value because they save on their costs through reduction in production costs and in turn increase profits.

However exhibitions help to make customers aware of the brands on promotion and also giving free samples have become a phenomenon with most customers because it gives them a practical idea on the product they will purchase. Agrimaglimestone is used for window putty manufacturing, but among the respondents there was one who was given limestone flour that is used for stock feed as a sample and after testing he felt it was better than the Agrimaglimestone, this has added value to his organisation.

According to the respondents it was noted that of the three promotional strategies being used by BIMCO, there is a gap that exist in the understanding of sales promotion by employees and other stakeholders in the manufacturing sector. Obi (2002) described sales promotion as related promotional activities that are necessary to supplement personal selling. Some of these include distribution of sample products to customers, exhibitions, or demonstration of products at stores or trade fairs or shows and preparation of printed materials used by sales people or for point-of sale displays. According to Banabo and Koroy (2011), a combination of the above variables cited

by Obi defines a firm’s promotional programme that hopes to influence consumers to patronize and become loyal to the organizations offering.

4.4 IMPACT OF CURRENT SALES PROMOTION ON COMPANY PERFORMANCE-MARKET SHARE, SALES TURNOVER AND CUSTOMER RETENTION

From the findings of the interviews it was found that it is evident that the impact of sales promotion takes the form of gradual increase in the frequency of purchase by customers, a repeat purchase phenomenon and a growth in sales at times during the promotional period, and a impact negatively on customer loyalty because it leads to brand switching.

4.4.1 Impact of current sales promotional activities on market share

It was important for the researcher to establish the effectiveness of the current sales promotional activities by looking at whether the adoption of sales promotional activities increased market share in the highly competitive business environment.

Table 4.6 Effect of sales promotion on market share.

	Population	Response rate %
Greater extent	4	50%
Lesser extent	3	37.5%
Neutral	1	12.5%

Source: Primary Data

The results from the above table showed that majority of the respondents of 50% were of the opinion on the statement that sales promotion increased market share. Out of eight respondents, four of the respondents representing 50% said to a greater extent sales promotion improved the companies' market share and three representing only 37.5% said to a lesser extent and one of the respondent representing 12.5 % remained neutral; either supported or did not know if it improves the market share. The 50% of the respondents said there was an increase in the overall market as a result of the sales promotional activity especially free samples and price discounts used by BIMCO. 50% of the respondents representing the neutral and the lesser extent respondents said that market share and profits increased but not mainly from sales promotion, but from other marketing mix variables.

The researcher noted that a few of the employees in the finance and marketing departments respondents provided their companies' market share figures which were empirical evidence that they appreciated the matter very well. The researcher also noted from the above table that 50% of the respondents said there was little growth in market share, yet only 50% accepted the view that market share increased. This could possibly be attributed to the fact that BIMCO enjoys a bit of advantage because its competitors are not innovative and take advantage and enjoys the market share.

The marketing manager further explained that, market share is not guaranteed by the sales promotion outcome only. Sales promotion is usually responded to by already existing customers and sometimes new customers as well. The customers who are new and buy during promotional periods are called the 'fly by nights', because they come and buy once and when the price goes back to its original they will return to their loyal brands. Therefore the BIMCO market share is not really increased by sales promotion, it does increase sales turn over, but does not build loyalty which is market share.

The organisation is able to increase market share if it uses sales promotional activities with other marketing mix elements. Kotler (2001) went on to describe sales promotion as adverse collection of incentive tools, mostly short-term, designed to stimulate quicker and or greater purchase of particular brand, products, or service by consumers or the traders. He added that sales promotion

had more impact at mature stage of a product and that product managers might try to stimulate sales by modifying one or more marketing mix elements. The marketing mix elements used in conjunction with the promotional activities should be nurtured time and again to build loyalty which in turn will increase market share.

4.4.2 Impact of current sales promotional activities on sales turnover

From the findings that were gathered it is evident that the impact of sale promotion takes the form of increasing sales over time from the time the promotion starts and decreases to a certain extent when it expires. Below is Table 4.7 that shows sales turnover positions for BIMCO before the sales promotion, during the sales promotion and after the sales promotion. The figures were collected from October 2013 to January 2014.

Table 4.7 - Sales turnover positions for BIMCO for October 2013 – January 2014

	October 2013	November 2013	December 2013	January 2014
Sales in US\$	\$70 000.00	\$90 000.00	\$120 000.00	\$78 000.00

Source: Primary Data

According to the sales manager, BIMCO sales turnover, before sales promotion period were \$70 000.00 in October 2013, for the all the products in the product range. When sales promotion was introduced the sales went up gradually to \$90 000.00 and steadily rose to \$120 000.00 in that month because of the two products which were put on price discounts namely the BIMCO 14mm (stone aggregates) and Burnt lime. In the previous months the stone aggregates were not bought that much and so is the Burnt lime and this was mainly to competition from superior products. This then shows that sales promotional activities results in an increase in sales, but the sales increase gradually. The information gathered as shown by the diagram above also indicates that in January 2014 the sales dropped to \$78 000.00 because the sales promotional activity had ended.

Rotimosho (2003) agrees with the above statement when he says, sales promotion consists of diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase of products or service by consumers for example the use of product discounts stimulate consumer purchase in larger quantities meaning there is a significant increase in sales on the sales of the organisation.

4.4.3 Impact of sales promotional activities on customer retention

As indicated below in Table 4.8 the opinions of both credit and cash customers were taken into account.

Table 4.8 Impact of sales promotion on customers – (cash customers and credit customers)

	Population	Response rate %
All the time	10	67%
When goods are on promotion	5	33%
Total	15	100%

Source: primary data

The sales promotion period is characterized by an increase in customer traffic, some of whom intend to buy the product for the first time, while others would want to buy the product because it is on promotion. This is supported and evidenced by the respondents that were gathered by the researcher from both the cash and credit customers. 33% of the cash customers were of the opinion that they purchase when the products are on promotion, while 67% of the credit customers including 13% of some cash customers are of the opinion that, they will buy always regardless there is a sales promotion or not and will return to purchase some other things. Of the credit customers it is more to do with loyalty to the brand and to the company as long as there is no prompt price increases. The cash customers can switch brands anytime if they can get a discount, only 13% said they will come back to purchase even when the sales promotional

activities are taking place or not. Sales promotion is usually responded to by already existing customers and customer retention lies heavily on several of the marketing mix. So as for the customers from BIMCO they are not moved that much by the current promotional activities.

The quantity of purchase differs during sales promotional activities this is according to information gathered that says sales promotion activities are not really drivers for customers to come back and make repeat purchases, rather the volume of purchase remains the same according to 46% of the respondents who make up seven customers and while another seven customers representing 46% said they might increase the volume of purchase on that particular time of promotions and the remaining 0.06% which is one customer said they reduce their consumption because they believe that when goods are put on promotion they might be of poor quality. According to employees they indicated that for the new customers they will come back to purchase when there is a sales promotion, but they will stop coming once that promotion is over.

Shira (2003) differs with the respondents; he says sales promotion helps to build brand loyalty by giving the seller the opportunity to attract a loyal and profitable set of customers which provides sellers some protections from competition and greater control in planning their marketing mix. However the researcher agrees with the respondents in that it does not create brand loyalty always because some of the buyers will be 'fly by nights', those that just buy because the product is cheaper and will proceed back to their routines.

4.4.4 Stock piling during the sales promotional period

Sales promotion aims to communicate with customers and encourage networking between the organisation and the customers in order to maximize value on both parties, but however customers tend not to understand the underlying motive of the promotion as they tend to stock pile during this period. This view is supported by Church hill and Peter (1995) who said that, because they involve short term price break, sales promotions erode brand loyalty by encouraging consumers to purchase more of the product.

4.5 THE WEAKNESSES IN THE CURRENT SALES PROMOTIONAL ACTIVITIES

As indicated below in Table 4.9 the following are the weaknesses of the current sales promotional activities.

Table 4.9 Weaknesses of the current sales promotional activities

	Population	Response rate %
Discounts giving a wrong impression	2	13%
Exhibitions targeting the wrong audience	5	33%
Free samples not enough	8	53%

Source: primary data

The respondents cited a number of weaknesses in the current sales promotional activities which includes 13% who said that it gives customers a wrong impression on product quality if price discounts are carried out, 33% said the exhibitions mainly target the local people since BIMCO attends the expo that is mainly held in kwekwe and when it comes to free samples 53% said the quantity of product usage is quiet large to an extent that for it to be a success there is need to give out approximately anything above 0.5 tonnes of the product on most types of the products that BIMCO manufactures. The employees that were interviewed also cited the same weaknesses but the finance manager had an exception of them. He believes that the activities are not being used to the maximum, he feels the sales promotional activities can actually make a big difference if implemented fully and correctly and if used together with marketing mix tools. He was of the opinion of doing exhibitions in Bulawayo and Harare, and discounting products not only when the company has a product that's not moving, but always and finally he supports the other employees in saying free samples have not done much to improve the company's performance.

According to Pauwels et al. (2002) through his recent studies he examined that there is lack of permanent effects of sales promotion. Furthermore it is revealed that effects of sales promotion are short lived and that sales promotion makes only benefits which are temporary for the established brands.

Dekimpe et al. (1999) also show that there are rarely any permanent effects of sales promotions on the volume of sales and the promotion does not change the structure of sales over the long run. They suggest that the diminishing impact of sales promotion may be because of choice of brand, quantity which is purchased and category incidence.

4.5.1 The extent to which these weaknesses negatively affecting the company

The respondents from questionnaires highlighted that the weaknesses are affecting the company in a number of ways. The company has at times increased costs because of the reduction of prices in some goods. Some of the customers do not believe that sales promotion can be done mainly to assist the customer with cheaper products and building a relationship rather they feel the products on discounts are of poor quality. The profit margin to be realized from the sales promotional activities are not really cushioning anything rather leave the company in a deficit.

This has been supported by Aworemi et al (2008) who made a research and concluded that sales promotion (price discounts) had a negative impact on profitability of Niger State Transport Authority.

4.6 OTHER FACTORS THAT INFLUENCE CHANGES IN COMPANY PERFORMANCE

Most of the information concerning this subject was gathered from the views of BIMCO employees. The marketing manager emphasized on price as a major determinant in improving the consumer's position. He went on to stress that the reputation of a firm is crucial in guaranteeing repeat business with customers. The other fact he mentioned was that of the quality of the service offered to the customers. He said customers want to be handled in a manner that will make them feel like they are the only ones the company is dealing with and this will make

them come back tomorrow again for repeat business. Product quality plays a very vital role in making sure that the organisation increases its sales and that it increases its market share.

The human resources manager was asked the same question and he suggested that employees' training is key in effecting changes in company performance. The manager further explained that if workers are well equipped with the right skills to handle customers through training them regularly, they are bound to be sources of success for the organisation. He said this is so because if workers are trained in customer care and handle the customers with respect, the customers will come back for a repeat purchase. The manager also outlined that if workers are experienced in their work, the customer base will expand and increases market share which has a positive effect on sales turnover as well as the firms' overall position. The other point that the manager stressed is that of networking with relevant stakeholders that are of concern to BIMCO. He gave an example about why it is important to create a relationship with other competitors, he says competitors can benefit from each other through economies of scale by working together in sourcing and purchasing raw materials from the same supplier(s). The competitors will come together to be offered a volume price discount on their purchases.

According to Bagavathi Pillai, 2007 sales promotion refers to those promotion activities other than Advertising, Publicity and Personal selling that stimulates interest, trial or purchase by final customers or others in the channel. Katz and Kahn (1966) cited by Ogundele (2012) defined other factors that can improve on the company's performance as a totality of organization goodness, a sum of such elements as production, cost performance, turnover, quality of output, profitability, efficiency and the like. The other factors that the organisation is supposed to look at to influence changes in company performance are the 7ps Product, Price, Place, Promotion, Physical evidence, People and Processes.

4.6.1 Views of Cash Customers

The Table below presents views of individual customers concerning other factors (other than sales promotion) that influence changes in company performance.

Table 4.10 Views of cash customers

	Population	Response rate %
Advertising	4	57%
Skills training	2	28%
Brand image	1	14%

Source: primary data

The information that was gathered from cash customers reveal that the other factors to consider other than sales promotional activities are advertising, skills training and brand image among others. 57% of the respondents picked advertising as a factor to consider other than sales promotional activities. The cash customers suggested that, it is critical for BIMCO as an organisation to advertise extensively so that potential customers are well versed with what business the company is into. The adverts can be print, electronic and should always target the whole nation as its target market. 25% of the respondents said skills training can be a major asset the company can have and can be the driving force for the organisation. This is mainly training employees to be relevant in their positions, the employees should be taught on customer care, time management and maximization of resources. 25% of the least remaining said branding has an impact on the positioning of the companies' products in the customers mind.

4.6.2 Views of Credit Customers

The Table below presents views of credit customers concerning other factors (other than sales promotion) that influence changes in company performance.

Table 4.11 Views of the credit customers

	Population	Response rate

Terms of payment	2	25%
Price	3	37.5%
Quality	3	37.5%

Source: primary data

37.5 % of the credit customers revealed that the price is a key consideration in promoting repeat business with BIMCO. The customers revealed that because of competition, the price will really determine if they should buy from the company. With the sort of products sold by BIMCO, they are used to produce other products, meaning they are raw materials and the higher the price the higher the cost of production. However 25% are of the idea that terms of payment are of utmost importance in promoting repeat purchases. Terms of payment will give the credit customers time to produce and sell their products before they pay BIMCO and finally the other 37.5 % of the respondents revealed that the quality of products is another factor to consider and is a major determinant in effecting a purchase decision. Quality of the product is very essential because if an out of specification product is sold, this will jeopardize the whole production line of the customers.

4.7 CHAPTER SUMMARY

The researcher noted in this chapter that price discount, exhibitions and free samples are the most commonly used sales promotional activities, but he also found out that the most effective activity is the price discount and that it can influence customers to make purchase decisions. The researcher also noted that the sales promotion period has a positive effect on customer traffic, market share and sales volume. Though it is short lived, the impact goes to an extent of leading to brand switching and eroding brand loyalty at times. The researcher also found that there are other factors that influence changes in company performance and they include the 7Ps. Lastly, the researcher also looked at the weaknesses of the current sales promotional activities as cited by Bamiduro (2001) who noted that more often than not, organisation tends to use sales promotion activities in concert with the other promotional efforts in order to facilitate personal

selling in advertising or both. The next chapter will look into the summary of the research findings, conclusions for the research as well as recommendations by the researcher to BIMCO.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter serves to highlight the major conclusions drawn from this research on the assessment of the sales promotional activities as key fundamentals in the improvement of a company performance at BIMCO. It is also in this chapter that the researcher will give

recommendations on the subject under probe. These recommendations are based from the information gathered during the course of the research and are believed to be helpful for the company to improve its sales, and in turn overall company performance.

5.1 SUMMARY OF FINDINGS

The study intended to assess the sales promotional activities as key fundamentals in the improvement of BIMCOs performance since January 2010 up to date. The researcher used data obtained from questionnaires and interviews. 20 questionnaires were distributed and 15 were returned, giving a response rate of 75% and 8 out of 10 interviews were carried out, giving the researcher a response rate of 80%.

In view of the findings of the research study, it is evidenced that price discounts, exhibitions and free samples are the most common sales promotional activities being used by BIMCO. Among the sales promotional activities carried out by the organisation the most activity that adds value to both the customer and BIMCO is the price discount as evidenced in the response rate of 40% of credit customers and 60% of cash customers in support of the view. There is evidence to also support that a sales promotional period is characterised by sudden increase in sales as sales move steadily upwards from \$70 000 to \$120 000 in the month of October to January 2014 when sales promotion was in progress. Sales promotion has an impact on customers' purchasing decisions as indicated by the respondents with 33% of the customers purchasing goods when they are on special offer, how ever the credit customers will still buy the products all the time irrespective of the fact that the goods are on promotion or not as indicated by 67% respondents. A number of customers also tend to stock pile during a sales promotion period as this is evidenced in chapter 4 were customers agree to the view that they increase their purchase during this period.

The researcher also found out that there are weaknesses with the current sales promotional activities namely the exhibitions and the free samples and this has been highlighted by both the customers and the employees. It was also revealed that effects of sales promotion are short lived and that sales promotion makes only benefits which are temporary for the established brands. The sales promotional activities being used at BIMCO mainly create huge short term sales, but rarely create loyalty among the customers. The respondents cited a number of weaknesses in the

current sales promotional activities which includes 13% who said that it gives customers a wrong impression on product quality if price discounts are carried out, 33% said the exhibitions mainly target the local people since BIMCO attends the expo that is mainly held in kwekwe and when it comes to free samples 53% said the quantity of product usage is quiet large to an extent that for it to be a success there is need to give out approximately anything above 0.5 tonnes of the product on most types of the products that BIMCO manufactures.

The findings also revealed that, other factors to consider that might help in improving the companies' performance include the price, quality, brand image, flexibility of payment terms, advertisements as well as skills training. The major driving force amongst these factors is price charged on the products as this is evidenced by a 67% response rate by customers in support of their value.

5.2 CONCLUSIONS

Based on the findings of this research, the researcher concluded that:

- ✓ The sales promotional activities currently in use at BIMCO may not be effective in improving company performance as they have a relatively low influence to the variations in sales performance. The most noteworthy sales promotion technique that contributed to higher performance in the company is price discounts. The low significant techniques are exhibitions and free samples which are used but not being utilized fully. When there is any sales promotion exercise, management should strategically facilitate the exercise so that customers do not doubt the reality of the programme by using credible techniques. Several other sales promotion activities mentioned in the theoretical chapter of this research are rather not applied by BIMCO due to the low faith the organisation has on promotional activities.
- ✓ It was observed in the study that BIMCO is not concurrently active in sales promotion and yet maintain higher sales volume and profitability. This may be accounted to by its strategic central positioning of the company (midway Harare and Bulawayo) and quality product that meet consumers' value. Everyone believes that they manufacture and supply quality products to gain market share above competitors. The researcher then noted that

sales promotion is not a sufficient condition for greater sales and higher profitability in the company but a combination of many variables.

- ✓ The researcher recognized that sales promotion has a great impact on customers and performance of the organisation as well. Irrespective of the sales increasing it is short lived because there is excitement among customers on price discounts. This happens like so, because sales promotion has the ability to stimulate demand via goodwill and awareness building. East (1990) embraced this view by stating that sales promotion can multiply turnover in a huge way, sometimes even ten fold during this period. The outcome produced by sales promotion comes from brand switchers, new customers willing to make trial purchase, existing loyal customers and also from customers who make impulse purchase decision.

- ✓ Another establishment is that sales promotion is characterized with increases in customer traffic, market share as well as sales turnover as indicated in figure 4.5 were sales will rise steadily during the month of November 2013 when sales promotion took place. The researcher gathered that the frequency of purchase of the customers has a high probability of increasing during a sales promotional period and usually decrease when the promotion period is over. This establishment is supported by Rotimosho (2003), who says sales promotion is there to encourage purchase of large size unit and goes further to say it consists of diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase of products or service by consumer.

- ✓ The researcher also established that sales promotion has a potential of leading customers to switching from one brand to another. The reason being that customers of today have become more dynamic, are well informed and take time to research, thus their expectations are ever changing to an extent that this has increased the intensity of competition and the need for organisations to respond aggressively. Today's customers are seeking instant gratification and because of this sales promotion seeks to address their existing demand for value in terms of convenience, quality and other short term beliefs. It is safe to conclude that sales promotion greatly affects customers to behave positively

towards certain brands and products and thus also towards the improvement of the organization's overall position.

- ✓ Another trend that was noted is that, customers tend to stock pile products during promotional periods. Most of the products that will be under promotion will be customers' favorites and tend to purchase and stock pile for use in the future. The researcher also found some evidence that sales promotion persuades retailers to carry new items and higher levels of inventory and also encourages retailers to give shelf space to new products and finally the researcher noted that some manufacturers provide retailers with financial incentives to stock new products.

- ✓ Another item that the researcher has managed to establish is that sales promotion is not a stand alone activity because its benefits are usually confined to the period that sales promotion takes place. This means there are other several factors, apart from sales promotion that have the ability to influence changes in performance of the company as well as influencing on purchase decisions made by customers. From the findings from customers and employees the other factors involved include: product quality, the price, place, physical evidence, people and the processes. These are not the only ones but one major one in BIMCOs case is the price charged for the product. This is to say regardless of the sales promotion, the price of the product must be attractive enough to promote repeat purchases with customers and should be competitive enough to fight away competition. This is in line with the opinion of Bamiduro (2001) who noted that more often than not, organisations tend to use sales promotion activities in conjunction with the other promotional efforts in order to facilitate personal selling in advertising or both.

- ✓ From the interviews the researcher had with the employees and questionnaires with the customers, the researcher managed to reach the conclusion that, the organisation's reputation is of utmost importance and this is embraced by offering superior service delivery as well as managing the firms' brand image, which have a great impact on the level of repeat business that the organisation is likely to receive.

The researcher also found out that the quality of the product is crucial as it goes hand in hand with building the companies' reputation in the market place. Promotions do not guarantee quality, if the product is of poor quality it will fail, so there is need to make sure that the product being sold is of good quality.

Skills training is of importance as well to the organisation's competence, the workers need to be well equipped with necessary skills especially with today's ever changing technology. The rationale behind training of employees is that it instills confidence in them and minimizes returns meaning the organisation will not lose on breakages or defective products. This has a positive effect on the firm's profit margin as well as its sales turnover. Well trained employees have a high probability of delivering service to customers in the most satisfactory way and this will increase customer traffic, sales turnover as well as market share.

The last factor that the researcher was able to draw from the findings, is the issue of networking and net weaving (relationship building). The researcher managed to conclude that, building relationships with stakeholders has become more meaningful and the stakeholders include competitors. This means companies in the same industry can form alliances so as to capitalize on factors that lead to the increase of their profit margins. Utilization of the same technology may help to reduce costs of purchasing raw materials and maybe transport costs either in supplying or bringing in the raw materials and this has a positive impact in the business in general. Also companies in the same line of business can capitalize by using the same supplier and this reduces the bargaining power of the supplier and thus these companies will determine the price of purchasing the raw materials and this tends to have a positive effect on the firms' overall position.

5.3 RECOMMENDATIONS OF THE STUDY

Taking into consideration the findings and the conclusions made the researcher suggest the following in effort to make sales promotional activities improve the company's performance. Based on the findings of this study, it is recommended that BIMCO and other manufacturing

organizations in general, may engage always in more promotional mix strategies, and also there is need to be creative to consumers; this in turn would enhance and boost sales revenue.

5.3.1 BIMCO needs to produce quality products

Since it has immerged that sales promotion alone can not increase the company's market share, it is recommended that the company should produce quality products for their customers. BIMCO should make sure its production processes are properly managed to achieve quality standards. Thus, the products being manufactured should be fit for the customer's purpose and this can only be achieved through quality control and quality assurance. According to Bamiduro (2001), it may therefore be noted that sales promotion is not a sufficient condition for greater sales and higher profitability in the company but a combination of many variables.

Through quality control, BIMCO should inspect its product throughout the production process to ensure that they meet the required standards. There is a need to introduce a quality department which will oversee all the quality aspects of its products. This will help enhance the quality of all its products as the products pass through quality check points before being distributed to the customers, this ensures good quality products that will past through quality assurance where they should ensure that the production process ensures quality that meets customer requirements. This is also called doing it right the first time. According to Chandler (1999), over the long run, customer service is an important determinant or a customer's perception of product quality, and the quality of products in relation to the competition, is the most significant factor that affects performance of an organisation. This will assist in lessening returns because of inferior quality and it in stills confidence in the customers.

5.3.2 Relationship building management

For BIMCO to avoid customers from switching brands unnecessarily, the organisation should embrace more relationship strategies. Building relationships with customers will enable customers to become loyal to the products to the extent of resisting promotion of competitor brands. Customers should be viewed as part of the system and the customers should become business partners. The researcher also recommends that this should be achieved by embarking on more rewarding sales promotion activities like refunds, gifts, rebates, displays, coupons and many more. Conclusively, sales promotion has been seen to focus on customer relationship

management, free gifts, relationships are formed and cemented and these lead to the spreading of positive word of mouth about the company and this enhances reputation. BIMCO should effectively implement sales promotion techniques, this will not only encourage large purchase but it will also increase the sales performance of an organization, invariably leading to the achievement of the stated objectives this is according to Odunlami et al, (2011).

5.3.3 Other forms of promotion

The researcher also recommends the organisation to use sales promotion alongside other forms of promotions like advertising, personal selling and publicity which have long lasting effects as customers can always come and buy any time. The other factor that can be used to support sales promotion is the issue of skills training. The researcher recommends the initialization of a training centre at BIMCO that will be run officially by the Human Resources Department in conjunction with other relevant supporting departments like the Marketing, Finance and Production. This is meant mainly to keep employees equipped so that even after the promotional period, customers will get service for their money through unique quality service This is in line with the suggestion of Ogunsiji and Odunlami (2011) that organizations should set up more and effective sales promotion departments with experienced staff with the view of developing more promotional strategies in line with the company's objectives. In addition, sales promotions budget should always be adequate in organizations. This would also give sales representatives and consumers alike performance to participate.

5.3.4 Research and Development Department

The researcher also recommend BIMCO to establish a Research and Development department that concentrates on identifying customers needs, before embarking on any promotions. Research and Development access creates value to the organisation in that it avoids duplication of competitors unworthy efforts and guarantees the realization of the sales promotion goal. Another factor that BIMCO should consider is that of forming New Product Development Department. This will help when new products are well developed and promoted, they become a source of new customers and thus increasing market share and that will lead an increase in sales turn over.

5.3.5 Timing

The researcher also recommended to the company that they should be aware of the fact that there are times when the effective use of sales promotions are needed for example during festive season. BIMCO should take full advantage of such peak seasons by developing an effective and efficient sales promotion campaign that can arouse consumer's awareness, thereby leading to increase in sales. This in line with Odunlami and Ogunsiji, (2011) who said that timing is of importance when launching sales promotional activities and highlights the need for timing in these situations: BIMCO should aim to increase sales of product, especially at the time when normal sales are sluggish to periodically (e.g. annually or semi-annually). The organisation should also aim to clear goods in warehouses before new inventory taking and restocking, the other time will be when BIMCO wants to introduce new products to afford the opportunity of being accepted into the market and finally when the organisation tries to encourage off season buying and building brand loyalty.

5.3.6 Product life cycle

Another recommendation to BIMCO is that sales promotion should be done at all levels of the product life cycle but it is more important at the Introductory and Growth stage and this should be maintained. A different view on when the sales promotion will have a an impact comes from Kotler (2011) who added that sales promotion had more impact at mature stage of a product and that product managers should try to stimulate sales by modifying one or more marketing mix elements.

5.3.7 Use of open office system

The researcher also urges BIMCO to embrace the open office type of system rather than the closed type system. This helps to improve on the service delivery system as it reduces the time spent by a customer when making a purchase. The open office type of system is also advantageous in that when problems arise between the customers and employees they are easily noticed and are quickly resolved and this is likely to be handled in the most professional manner so as to avoid losing business and thus guarantees customer retention. The open office system creates a customer friendly environment as it allows for fast attendance to customers thus improving on the service delivery system of the organisation.

5.3.8 Gender Composition

The researcher recommended that the organization should also adopt some of gender equality policies on recruitment so as not to become gender biased. This will definitely help eliminate the risk of loss of expertise from some individuals failing to operate to their full potential by mere reason of feeling inferior to the other sex.

The researcher suggests that, building strategies along the recommended areas will give BIMCO a competitive advantage over its competitors since it was evidenced by previous researchers mentioned earlier in this research.

5.4 SUGGESTIONS FOR FURTHER RESEARCH

Future studies should focus on analysing other promotional mix elements that will improve on the performance of the organisation. Further studies should also investigate the impact of customer relationship management on organisations' performance.

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APPENDIX 1

INTRODUCTORY LETTER



FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

Midlands State University
Private Bag 9055, Gweru

To whom it may concern

I am a student at Midlands State University, studying a Bachelor in Commerce Business Management Honours degree. My student number is R12440R. I am carrying out a research on the assessment of sales promotional activities as key elements in improving company performance, a case of BIMCO.

The objectives of the research are, to identify sales promotional activities currently used by BIMCO, to ascertain the impact it has on market share, sales turnover and customers retention, identify the weakness of the current sales promotional activities and finally to identify other than sales promotion, that influence changes in company performance.

The research is in partial fulfilment of the requirements of the degree program. I therefore seek your assistance in carrying my research by completing the attached questionnaire. The information collected will be treated with strict confidentiality and used only for academic purpose.

Yours Faithfully

R12440R

APPENDIX 2



Interview Guide for BIMCO Employees

My student number is R12440R and I am carrying out a research on an assessment on sales promotional activities as key fundamentals in the improvement of a company performance: a case of BIMCO in Redcliff. May you please assist me by answering the following interview questions? Your response will be treated with utmost confidentiality and will be used for this purpose only. Please ask where you need clarity on the questions I will ask.

Instructions to respondents

Please tick against the response of your choice for each question and write additional information in the spaces provided.

1. Gender
 - a. Female
 - b. Male

2. What is your position in the organization?
 - a. Senior Management
 - b. Middle Management
 - c. Supervisory
 - d. Shop Floor

3. How long have you been working for the organization?
 - a. 1-5 years
 - b. 6-10 years
 - c. 11-15 years
 - d. 16 years +

4. Have you ever heard about sales promotional activities?
 - a. Agree
 - b. Disagree
 - c. Not sure

If you agree, what do you understand by sales promotional activities?

5. Which sales promotional activities do you use for this organisation?
6. Which sales promotional activities present the greatest impact on the organisations performance?
7. What is the behaviour of sales turnover before, during and after a sales promotion period?
8. How would you describe customer traffic before, during and after sales promotion?
9. What is the criterion of selecting products to be promoted when coming up with a promotion?
10. In light of your experience in sales promotion does sales promotion guarantee positive sales turnover?
11. Comment on the view that, sales promotion contributes heavily on product switching.
12. What weaknesses do you come across with current sales promotional activities?
13. What do you think is the reason of customers' for purchasing products that are on special offer?
14. What other performance factors would you suggest might help to improve the companies' position?

APPENDIX 3



Questionnaire For Customers

My Student number is R12440R and I am carrying out a research on an assessment on sales promotional activities as key fundamentals in the improvement of a company performance: a case of BIMCO in Redcliff. May you please assist me by completing the questionnaires? Your response will be treated with utmost confidentiality and will be used for this purpose only tick were appropriate. Please tick against the response of your choice for each question and write additional information in the spaces provided.

1. Where are you located?

- | | | | |
|-----------|-----|-------------|-----|
| a. Gweru | [] | c. Bulawayo | [] |
| b. Harare | [] | d. Mutare | [] |

2. Which category of customers are you?

- | | |
|---------------------|-----|
| a. Cash Customers | [] |
| b. Credit Customers | [] |
| c. Both | [] |

3. For how years have you been doing business with the organization?

- | | |
|----------------------|-----|
| a. Less than 1 | [] |
| b. 1-2 years | [] |
| c. 3-4 years | [] |
| d. 5 years and above | [] |

4. Amongst the sales promotion activities used by BIMCO, which ones do you think add value to your company?

- | | | | |
|------------------------|-----|----------------------|-----|
| a. Price discounts | [] | b. Exhibitions | [] |
| c. Refunds and rebates | [] | d. None of the above | [] |

e. Free samples []

5. When do you usually purchase goods from BIMCO?

a. All the time [] b. Sometimes [] c. When goods are on promotion []

6. Do the quantities you purchase differ during a sales promotion period and during a non-sales promotion period?

a. Yes [] b. No [] c. Sometimes []

7. How does sales promotion impact on your buying decision?

a. Increase volume of purchase [] b. Volume of purchase remain the same []

c. Reduce volume of purchase [] e. Other []

8. How would you rate your loyalty to the companies' products?

a. Excellent [] b. Good [] c. Poor [] d. Very poor []

9. If a product that you are loyal to is not promoted, would buying another brand on promotion imply switching to the brand?

a. True [] b. False [] c. Maybe []

10. To what extent is product price important to you?

a. Very little extent [] b. To a little extent [] c. Great extent []

d. To a very great extent []

Please fill your responses in the spaces provided

11. What other factors besides sales promotion, do you think would induce a buying decision?

a. product quality [] b. consistent in supply [] c. accessibility of the product []

d. price [] e. Other []

.....
.....

12. Comment on the impact of sales promotion to you as a customer.

- a. It increases your repeat purchase []
- b. It does not make any difference []
- c. It makes you have more questions about the quality of the product []

.....
.....

13. Which other sales promotional activities do you think will assist your organisation's performance?

- a. patronage awards [] b. Coupons [] c. Cash refund awards []
- d. premiums [] e. Sweepstakes and gifts []
- f. any other (fill in)

.....