

EFFECT OF SALES PROMOTION IN AN ORGANISATION
CASE STUDY: NAKUMATT-NYALI (KENYA)

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A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS
AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF A BACHELORS
DEGREE IN BUSINESS ADMINISTRATION
OF KAMPALA INTERNATIONAL
UNIVERSITY

DECEMBER 2009

DECLARATION

I, Jonathan Baraka Dennis , declare that this research paper is my own work and never been submitted to any Institution or University any award.

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Researcher Signature.....

Date.....18th Dec 2009

APPROVAL

This is to acknowledge that Jonathan Baraka Dennis 's work has been under my supervision and is now ready for presentation for the award of a Degree of Bachelor of Business Administration, Kampala International University.

Signature.....



Date.....

18-12-09

MR OMARA THOMPSON.
SUPERVISOR.

DEDICATION

I dedicate this project to God the Almighty and my family especially dad and mum, Evangelist Johnson Chanzera and his wife as it is through their guidance and support (both spiritual and financial) that it was a success.

Special thanks go to my course mates Lilly, Shaddy, Jaffer, Edna as it is through their support and encouragement that gave me morale to work hard and succeeded in my research dissertation.

ACKNOWLEDGEMENT

I would especially recognize the contribution of my parents who used all possible means to meet all my expenses throughout my entire course in the university.

I also would like to thank my supervisor Mr. Omara Thomson though on a busy schedule offered some of his time to supervise me thereby contributing greatly in the effective and efficient completion of this research dissertation.

I would also like to thank management of Nakumatt and staff for making my project a success through the responses I got from the questionnaires I administered and the interviews I conducted.

I can't forget to thank my friends Amos, Mwatsuma, Mwamburi Eliud, Salim, Flex Abby, Kevo, Juma, Mayige, Justin, Victor, Kakembo, my sisters Mercy, Purity, Vidzo, and brothers Lemmy, Muvera, Radhi, for their encouragement during my stay and writing of my research project.

Thanks and may God Almighty bless them all.

ABSTRACT

The study was about the effect of sales promotion on sale of Nakumatt Nyali. The specific objective of the study was to analyze the sales promotion performance in Nakumatt.

Chapter one established the background of the study, the statement of problem, the purpose of the study which was to determine the relationship sales promotion and sales, the research objectives; to determine the relationship between sales promotion and sales, to analyze the different forms of sales promotion and their impact on sales and to find the effect of sales promotion on sale s volume. The research objectives were used to formulate the research questions, scope of study was restricted to Nakumatt Nyalli branch and the significant of study; giving an insight into sales promotion of Nakumatt as well as recommendations to help better their performances, to benefit scholars and academicians with particular interest in sales promotion in Nakumatt as well as acting as secondary data for future researchers; the conceptual frame work, that showed the independent (sales promotion), dependent variable(sales).

Chapter two was about the literature review of sales promotion, and also discussed the research objectives in depth.

Chapter three was about the research methodology employed, the research design used was both qualitative, study population was employee of Nakumatt Nyali from various departments. The sample design used was random sampling and the sample size was 100 respondents. Primary and secondary data were used for data collect ion through the use of interviews and questionnaires. Limitation of the study; inadequate information, time and financial constraints

Chapter four was about the presentation and analysis of data. Data was presented through tables with the use of frequency and percentage mode and analyzed using bar graphs and pie charts.

Chapter five included; the summary of the findings which were based on the research objective, the conclusion which were based on research objectives of the study and the recommendation made in relation to the study.

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CHAPTER ONE

1.0 Introduction

Modern marketing calls more than developing a good product, pricing, it attractively, and making it accessible to target customers. Companies must also communicate with their customers (Philip Kotler 1996).

Virtually everything that a company or any organization says or does is a form of communication. The advertisements it creates, the package it designs even the uniform its employees wear contribute to the picture people have of the company and its products or services (Michael R. Solom, Elnora W. Stuart 2000).

To communicate effectively companies hire advertising agency to develop effective advertisement, sale promotion specialist to develop sales incentives programs, and public relation firms to develop corporate image. Due to intense competition in their industries, numerous firms are aggressively seeking every marketing edge possible; this has led to increase use of sales promotion (Joel R. Evans, Barry Berman 2002).

Sales promotion is an important tool or instrument in marketing to lubricate the marketing efforts. Today, sales promotion is a necessity and not merely a luxury or a fashion. It is an investment which can pay rich dividends. It is an integral part of marketing effort (S.A. Sherlekar 2001).

Joseph P Guiltinan 1991 records that sales promotion includes short term offer (or incentives) directed at buyers, retailers, or wholesalers and designed to achieve a specific, immediate response.

Sales promotion comprises a wider variety of tactical promotional tools of short term incentive nature, designed to stimulate earlier and or stronger target market response (Philip Kotler 1981).

Sales promotion was also defined as demand stimulating device designed to supplement advertising and facilitating personal selling. Examples of sales promotion include, coupons, premiums,

Sales refer to the quantity or amount of goods and or services sold (Judy Pearsal 1998)

Sales promotion offers consumers (incentives are something of financial value added to an offer to encourage some obvious behavior response). Rather than emphasizing on product features to make consumers feel good about their purchase, these promotions are likely to stress on price advantages (Boone and Kurtz 2002)

Sellers use incentives –type promotions to attract new triers, to reward loyal customers, increase repurchase rates of occasional users (Philip Kotler 1994)

Despite the benefits as result of conducting sales promotion some organizations view or perceive the activity as a second resort, view the tool as playing a secondary role to major tools of advertising and personal selling . Yet these tools can make major contribution to marketing performance (Philip Kotler 1981)

Failure or minimal use of sales promotion has affected a number of organizations as the competition in the market stiffens day by day. The researcher was compelled to undertake the study in Nakumatt Nyali mainly because most organization have been affected by reluctance in carrying out sales promotion which is justified by lack of awareness, less repurchase by customers, less patronization by the customers to the organization

Background to the case study.

Nakumatt, a Kenyan supermarket chain has 18 stores across Kenya and employs 3,200 people. It was planned to expand to Uganda, Rwanda and other East African countries. Nakumatt is a wholly Kenyan company owned by the Atul Shah family and Hotnet Ltd. Nakumatt Nyali is located along Mombasa- Malindi highway twenty kilometers from town, opposite Bamburi cement: Haller-park.

Turnover in 2006 was over US\$300m, up 150% on the previous year. The company was alleged to be involved in tax evasion in 2006, although to date no charges have been filed.¹ Nakumatt is an abbreviation for Nakuru Mattresses.

1.1 Statement of problem

Sales promotion is a bridge or a connecting link covering the gap between advertising and personal salesmanship – the two wings of promotion (S.A Sherlekar 2001). It was thought to be a special aggressive selling effort to accelerate sales.

Nakumatt Nyali being a large scale business has paid less attention on sales promotion activities; coupons, contests and sweepstakes.....These activities contribute a great deal in sales volume. Basing on consumer research carried by the nation media revealed that customers from Nyali bought their products from town, repurchase among customers were least, and in addition to that there was less trial of new products among most customers.

This therefore pushed the researcher to undertake the study on the effect of sales promotion on sales, from which the findings will benefit different parties in the society.

1.2 Purpose of the study

The purpose of the study was to determine the relationship between sales promotion and sales.

1.3 Specific objectives

1.0 To determine the relationship between sales promotion and sales.

2.0 To analyze the different forms of sales promotion and their impact on sales

3.0 To find the effect of sales promotion on sales volume

1.4 Research questions

- What is the relationship between sales promotion and sales?
- What are the different forms of sales promotion and what is their impact on sales
- What is the effect of sales promotion on sales?

1.5 Scope

The study on the effect of sales promotion and sales was carried out between August, 2006 and December 2009 by the use of a sample of employees at Nakumatt Nyali. The study was carried out in Nakumatt Nyali, data was collected by the researcher using questionnaires, interviews and document analysis. The study sought to determine the effect of sales in Nakumatt Nyali.

1.6 Significance of the study

The study findings were to benefit to the following:

- **Scholars and learning groups;**

Scholars and other learning groups would be able to learn the different types of sales promotion, their effects and furthermore fill the gaps in the existing literature.

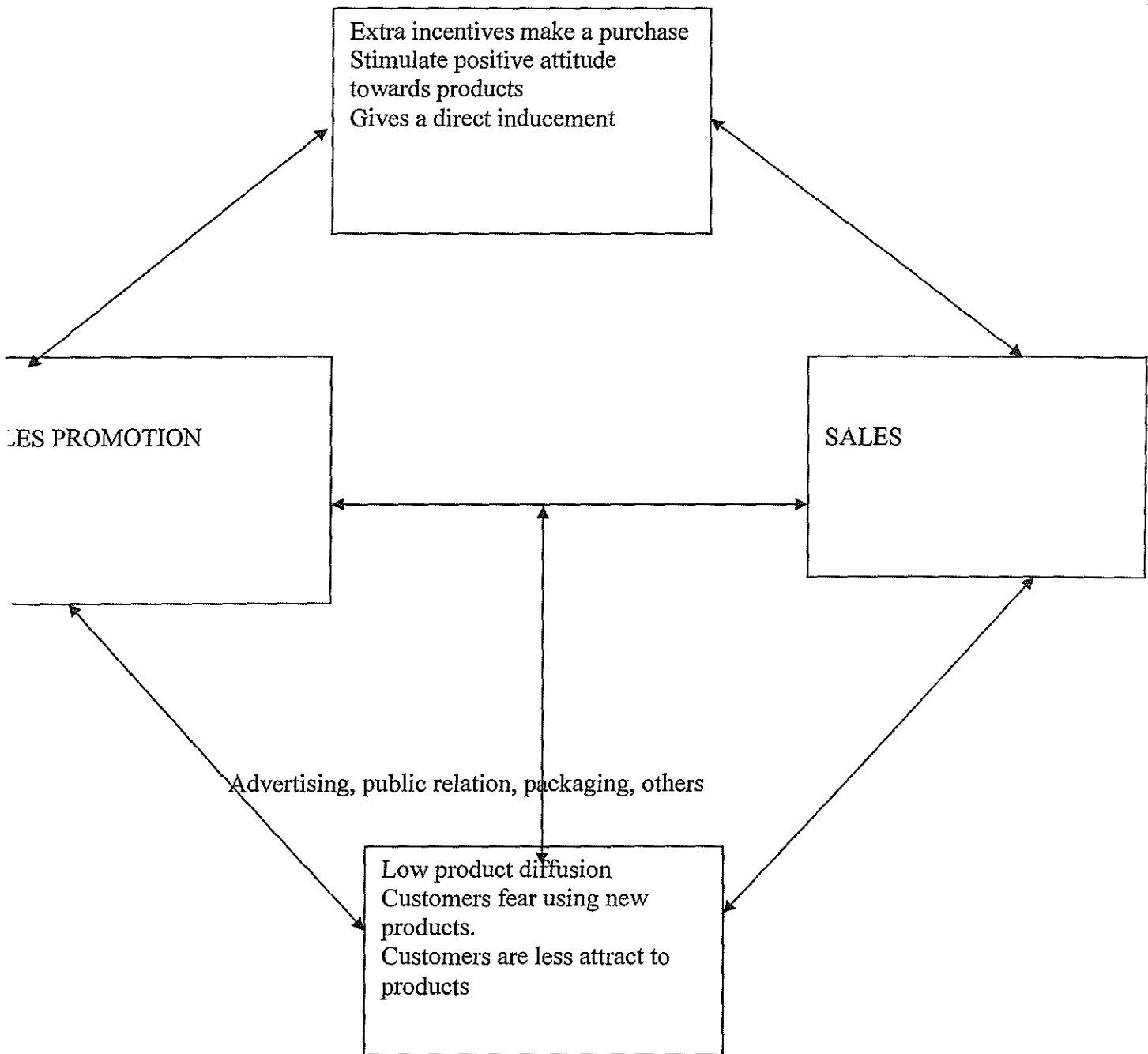
- **Organizations**

Both profit and non-profit organization, government was to be enlightened on the importance of sales promotion, how it can bridge the gap between other promotional activities such as advertisement, salesmanship, and others.

- **The researcher**

The study was to assist the research acquire his bachelor degree being one of the course unit

1.7 Conceptual framework



Source: self initiated

Implication:

Sales promotion was the independent variable; meanwhile sales the dependent variable. Examples of sales promotion are coupons, bonus packs, premiums samples and others. If sales promotion is effectively and efficiently conducted an organization enjoys benefits such as; adds extra incentives for consumers to make a purchase, stimulates positive attitude towards products and even the store, fast product diffusion.

Increase or decrease in sales volume depends on the degree of sales promotion done in the organization (Nakumatt Nyali). However apart from sales promotion there are other intervening or extraneous variables that affect sales; other types of communication, advertising, public relation including the other p's (pricing, product, place).

When there is no sales promotion an organization suffers; low product diffusion, low sales, stiff competition.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 Introduction

In this chapter, the researcher reviewed related literature to the effect of sales promotion and sales, the objectives of the study were explored at length.

2.1 Related literature

2.1.1 Relationship between sales promotion and sales

Marketers have recognized sales promotion as integral part of many marketing plans, and its focus have changed from short term goals to long term aims of building brand equity and maintaining continuing purchases. This therefore increases sales and improving organization image (Boone and Kurtz 2006). For example frequent flyer programs enables a new store to build a base of loyal customers.

Sales promotion complements other types of promotion and often produces the best results with other marketing activities. Advertisement creates awareness, sales promotion leads to trial or purchase.

Sales do not take place automatically without promotion or persuasive marketing communication, even though the product may be superb, with fair price, people will not buy if they have never heard of the product (S.A. Sherlekar 2001)

2.1.2 Analysis of the different forms of sales promotion

The researcher found that there were two kinds of sales promotion:

- Activities intended to educate or inform the consumers and those intended to stimulate the consumer. These are called consumer sales promotion.
- Activities to increase the interest or enthusiasm of dealers and distributors. These are called dealer or distributor sales promotion.

Under consumer sales promotion, the devices or forms of sales promotion include the following

Coupons; this is the most widely form of sales promotion, offer discounts on purchase price of goods and services (Boone and Kurtz 2006). Coupon is certificate that reduces price. Cent off coupon placed either in the media or in the product package provides a catalyst for consumers to choose one brand over another when homogeneity between brands is perceived (Richard J Semenik, Gary J Bamossy 1995).

A coupon is a sales promotion technique that usually offers a discounted price on the product to consumer to encourage trial (Berkowitz, Crane, Kerin, Hartley, Rudelius 1991).

Coupons make it possible to offer a price reduction to those consumers who are price sensitive without having to reduce the price for everyone (George E Belch, Michael A Belch).

Coupons also make it possible to reduce the retail price of a product without relying on retailers for cooperation which can often be a problem. Since a coupon lowers the price of a product it reduces consumer's perceived risk associated with trial of new brand. Coupons can encourage repurchase after initial trial.

Coupons can be disseminated to consumers in a number of ways, including newspapers and magazines, direct mail and packages. The most popular method is through the Free Standing Insert (FSI), a preprinted coupon (sometimes contained in an advertisement) placed into a separate publication such as a newspaper (Bearden, Ingram Laforge 2001). Distribution of coupon through magazine can take advantage of selectivity of the publication to reach specific target audience (George E .Belch, Michael A Belch).

Refunds; refunds offer cash back to consumer who send in proof of purchasing one or more products. Refunds help packaged goods companies to increase purchase rates, promote multiple purchase, and reward product users. They can also reinforce brand loyalty (Boone and Kurtz 2001).

Samples, Bonus packs and premiums; marketers are increasing adopting the purchase their goods and services.

Sampling refers to the free distribution of a product in an attempt to obtain future sales. Samples may be distributed door to door, by mail, via demonstration in stores or at events, or by including them in packages with other products (Boone and Kurtz 2001). Sampling is offering the product free or at a greatly reduced price, often used on new products, sampling puts the product in the consumer's hands. If the consumer likes the sample, it is hoped they will remember and buy the product (Berkowitz, Crane, Kerin, Hartley, Rudelius 1991). Sampling is fast, one knows the result as soon as the consumer has had time to use the sample up and buy the brand on his or her own.

A **bonus pack** is a special packaged item that gives the purchaser a large quantity at the regular price, for example offering three bars of soap for the price of two. A bonus pack also known as a special pack can be a separate product given away along with other product (Michael R. Solomon, Elnora W. Stuart 2003). Bonus packs encourage repurchase of the products hence customer retention.

Premiums are items given free or at reduced cost with other products, for example purse size bottle of hair spray attached to the side of its other hair care product (Boone and Kurtz 2001). Premiums have proven to be effective in motivating consumers to try new products or different brands.

Contests and sweepstakes; A contest is a test of skill (Michael R. Solomon, Elnora W. Stuart 2003). Contest requires entrants to solve problems or write essays, or they may also require proofs of purchase (Boone and Kurtz). Sweepstakes on the other hand, choose winners by chance; therefore no product purchase is necessary. According to George E. Belch, contests and sweepstakes get the consumer involved with a brand by making the promotion product relevant.

Games are similar to sweepstakes, but they cover a longer period. They encourage consumers to continue playing in order to win. The future of contests, sweepstakes and games is promising, consumers seem to enjoy the friendly competition and technology is lending hand, contest and games frequently appear on the internet, where marketers are trying to spend more time, thus increasing involvement and interest on the product or service (Bearden, Ingram, Laforge 2001)

Specialty advertising; the origin of specialty advertising has been traced to Middle East ages, when artisans gave wooden pegs bearing their names to prospects, who drove them

into the walls at home to serve as convenient hangers for armor (Boone and Kurtz 2006). Specialty advertising is a sales promotion technique that places the advertiser's name, address, and advertising messages on useful articles that are then distributed to target consumers. Advertising specialty or specialty advertising, is an item of useful or interesting merchandise given away free of charge and typically carrying an imprinted name or message (Ingram, Laforge 2001). Examples of specialty advertising include pens or pencils, note books, calendars, hats, jackets, coffee mugs, T-shirts, and many more. Unique specialty advertising item can attract interest among target audience members and perhaps stimulate action. In addition, useful specialty item can create a positive attitude toward the provider.

Point of purchase displays; these product displays take the form of advertising signs, which sometimes actually hold or displays the product, and are often located in high traffic near the register or the end of an aisle (Berkowitz, Kerin, Hatley, and Rudelius 2000). For example supermarket shopping cart displays, video screens in the aisle and audio messages reminding shoppers about products they might consider buying. The advantage of this method of promotion is that they do not rely on the consumers' ability to remember the message for a long period of time (Berkowitz, Kerin, and Hartley 2000). Event sponsorship is another consumer oriented promotion that is so popular. Company develops sponsorship relations with a particular event (George E. Belch, Michael A. Belch 1995). Among the most popular sporting events for sponsorship are include; golf and tennis tournaments, foot ball tournaments, auto racing and running events, bicycle racing, beach volley ball and others. By choosing the right event for sponsorship, companies get visibility among their target market, consumers mostly buy product that sponsor their favorite sport.

2.1.3. Impact of sales promotion and sales

Sales promotion is a marketing communication activity other than advertising, personal selling, and public relations, in which a short term incentive motivate consumers or members of the distribution channel to purchase a good or a service immediately, either by lowering price or by adding value (Lamb, Hair, Mc Daniel 2004). Sales promotion stimulates interest, trial, and purchase by final consumer or others in the channel. For

example sales promotion at the of purchase can be much targeted at potential customers and increase the likelihood of prompting action (William D Perrault, Jr McCarthy). Much of the sales promotion aimed at final consumer or users tries to increase demand – perhaps temporarily – or speed up the time of purchase. Such promotion might involve developing material to be displayed in retailer's store- include banners, sample packages, calendars and various point of purchase materials.

Obtaining trial and repurchase; One of the most important uses of sales promotion is to encourage consumers to try new product or service (George E Belch and Michael A. Belch 2001).Its therefore true to say that sales promotion enable companies acquire new customers. Many products fail due to the fact that the new product or brand lacks the promotional support needed either to encourage initial trial by enough consumers or to induce enough of those trying the brand to repurchase it. Many new brands are merely new versions of existing products without unique benefits, advertising alone cannot induce trial. Many consumers would never try new product without these promotion inducements (Terence A.Shimp 1990).

Increase consumption of an established brand; Sales promotion generate interest in an established brand to help increase sales or defend share against competitors. For example attracting non users of a product category can be very difficult, as consumers may not see a need for a product (George E Belch, Michael A Belch 2001). Sales promotion can appeal non uses by providing them with extra incentive to try new product, but a more common strategy for increasing sales of an established brand is to attract consumers who use a competing brand.

Defending current customer; with more new brands entering the market every day and competitors attempting to take away their customers through aggressive advertising and sales promotion efforts, many companies are turning to sales promotion programs to hold present customers and defend the market share.

Sales promotion enhances integrated marketing communication and build brand equity; according to American Marketing Association (AMA) a brand is a name, mark, or a combination of them which is intended to identify goods or services of one seller or a group of sellers and to differentiate them from those of competitors (S.A Sherlekar).Sales promotion technique such as contests or sweepstakes or premiums offers

often draw attention, increase involvement with the message and product or service and help build relationship with customers. In addition, sales promotion results into increased rate of purchase. Often the major desired effect of promotion is to get more purchases from existing consumers. Sales promotion increases the amount of a product that the present customers are purchasing (R.F. Warmke, G.D Palmer)

Stimulating inquiries; inquiries can include returning a form requesting additional information about a product or service or visiting an exhibit at a trade association meeting (Joseph P. Guiltinan, Gordon W. Paul 1990). All prospective buyers must be attracted, urged and even persuaded to buy a given product . Sales promotion stimulates consumer purchasing at appoint of sale (S.A. Sherlekar 2001). Furthermore sales promotion leads to traffic building in stores, it stimulate more store traffic from new buyers as well as for repurchase objective. For example by establishing price specials on so called leader products, retailers draw customers who buy the leader plus other items at non sales prices

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

In this chapter the researcher explained the research method that will be employed during the study and are categorized as follows; research design, area of study, survey population, sampling design and sample size, data source, data collection methods and data analysis.

3.1 Research Design

The research was based on qualitative and quantitative that will be carried out throughout Nakumatt Nyali on the effect of sales promotion and sales. This will enable the researcher to obtain a better understanding, comprehensive and intensive data collection on practices, procedures, impacts and importance of sales promotion to the organization.

3.2 Study Population

The survey population were the employees of Nakumatt Nyali. The researcher used purposive sampling technique in obtaining data from the respondents (employees), who are categorized as; managers, accountants, human resource personnel, financial analysts and the clients.

3.3 Population sample

The sample size comprised of (20) twenty employees from every department; marketing, accounting, human resource, purchasing, finance. A total of 100 staff were interviewed. The researcher felt this was enough representation of the population simply because it was in position to constitute equal presentation of male and female, old and new staff of all departments. This organization composed of (200) two hundred staff.

3.4 Data collection method

To achieve the research objective and minimize errors, both primary and secondary data were used on the study.

The main primary data source was in depth from interviews which was conducted on the employees and questionnaires administered.

Secondary data sources were obtained from monographs (Text book), annual reports of Nakumatt Nyali and quarterly reports, newsletters, and other publications will provide a yardstick against responses from primary data gathered in order to deliver meaningful objective interpretation of the effect of the existing sales promotion on sales in Nakumatt.

3.4.1 Interviewing method

Both structured and unstructured interview were used to collect data, this was due to the fact that interviews provide in depth data, are more flexible and personal interviews can be carried out by the researcher as a follow up of the questionnaires so that the interviewee was aided in the areas of difficulty and provide more information by using probing questions. This availed the researcher with reliable, detailed data.

3.4.2 Questionnaires Method

A number of closed questions were given to the cross section of respondents to facilitate information gathering, implying that the questions were asked in the format of both closed questions utilizing check lists format to enable respondent consider all possible responses. . The questionnaires were sent to the department heads, staff and other subordinate staff. This technique was used because all the respondents were literate. The major advantages of this method include; free of biased information, are easier to analyze, are economical in administering them in terms of money and provide enough time for the respondent to consider his or her points carefully before responding than in an interview.

3.4.3 Data Analysis and processing

Data was collected from the field and were analyzed both qualitatively and statistically in order to describe the results. Data was analyzed using percentages, tables and graphs and to facilitate easy interpretation. Quantitative data analysis was performed in relation to the research question. Statistical findings were interpreted in light of the objectives of study and conclusion was based on the literature review to attach more meaning.

3.5 Limitation of the study

Researcher faced the following limitation;

- (a). Inadequate information as a result of confidentiality; some respondents had tendency of not willingly giving out information due to lack of trust on the side of researcher or even failing to articulate issues.

- (b). Time; the fact that most of university lecturers were too busy, this means that they had inadequate time for the researcher and his questions. The timeframe set for submission of the report did not allow further review of other literature.

- (c). financial constraints; some respondents wanted to be paid in turn of their time and information they gave to researcher. The study required financial resources to meet costs like; typing, printing, transport costs for information from the case study and different libraries, airtime at internet cafes plus co-coordinating with the supervisor among others and being a student, these resources were not readily available at the researcher's disposal.

However the researcher overcame the above limitations by assuring the respondents that the data obtained were to be kept confidential, no third party was to access the information. The researcher cooperated with the supervisor, was willing to work according to the busy schedule of the supervisor, and work with minimal supervision. To finance, the researcher made sure that he sacrificed the small budget to meet the need of the project as it was an investment.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

4.0 Introduction

This chapter analyses data collected from the field based on the questions proposed in the objectives in the first chapter. The research involves presentation, interpretation and analysis of the collected primary data. The presentation is done in tables with illustration to make sure that the research biases are eliminated. It continues in presenting the findings of the study by use of responses, frequencies and percentages in order to reach at the true findings. The findings, interpretation and analysis are presented under the following areas:

4.1 Bio Data

4.1.1 Respondents by sex, Age and Educational Level

Table 1. Respondents by sex categories

sex	Frequency	Percentage (%)
Male	65	65
Female	35	35
Total	100	100

Source: Primary data

Findings showed that majority of the respondent 65% were males where as 35% of the respondent were females. This revealed that majority of the employees were male 65% while the rest 35% of the employees were females.

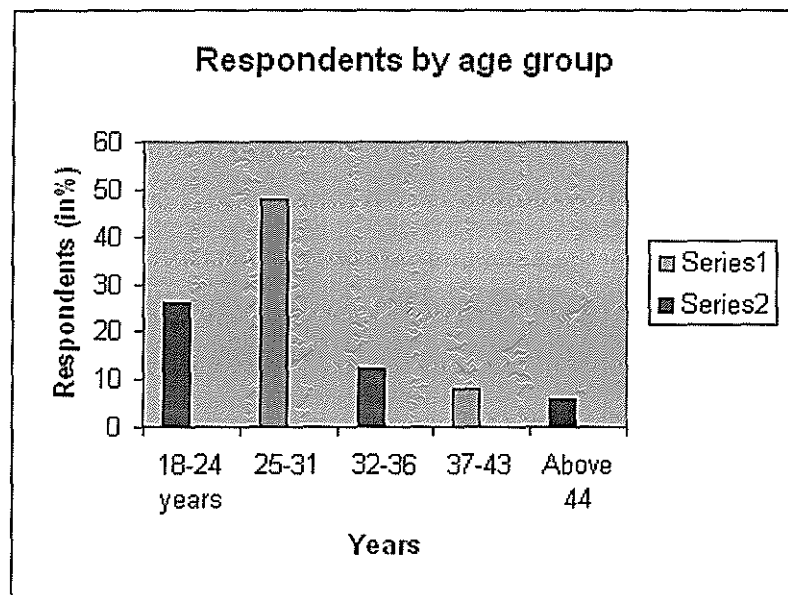
Table 2: Respondent by age group

Age group	Frequency	Percentages
18-24	26	26
25-31	48	48
32-36	12	12
37-43	8	8
Above 44	6	6
Total	100	100

Source: Primary data

Findings revealed that most of the respondents 48% were aged between 25-31 years old while 27% were aged between 18-24 years old, 12% of the respondents were aged between 32-36 years old while the rest of the respondents 6% were above 44 years old.

Figure1: Graphically presentation of respondents by age group



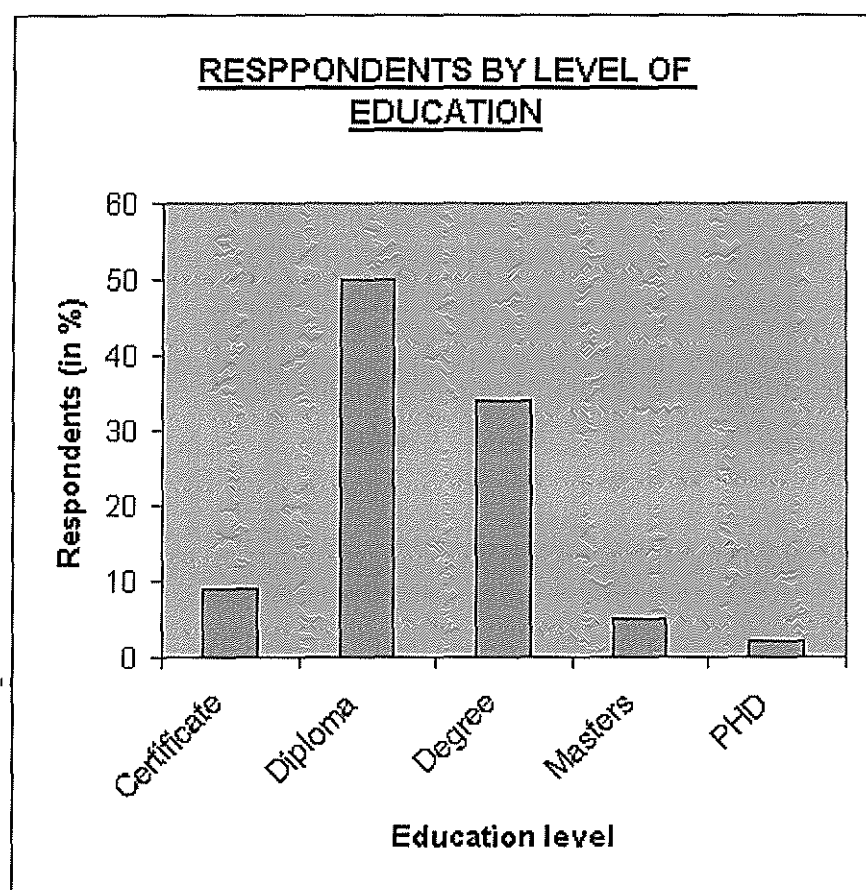
From the analysis it can be deduced that majority of the respondents 48% were aged between 25-31 years old, 26% aged between 18-31 years old, 8% aged between 37-43 years old while the rest 6% aged above 44 years old.

Table 3: Respondent by education level.

	frequency	Percentage (%)
Certificate	9	9
Diploma	50	50
Degree	34	34
Masters	5	5
PHD	2	2
Total	100	100

Source: primary data

Findings from table 3 showed that majority of the respondents 50% were diploma holders, 34% were degree holders, 9% were certificate holders, 5% were at masters level and 2% at PhD level.



From the above presentation it showed that the researcher had respondent from different level of education that implied the he was able to obtain adequate, reliable data which was used to critically analyze the organization.

4.1.2: Respondents' designation

In this study the respondent sought to understand the respondents were by designation. Table 4 below presents this information and figure 2 presents a diagrammatically presentation of the same.

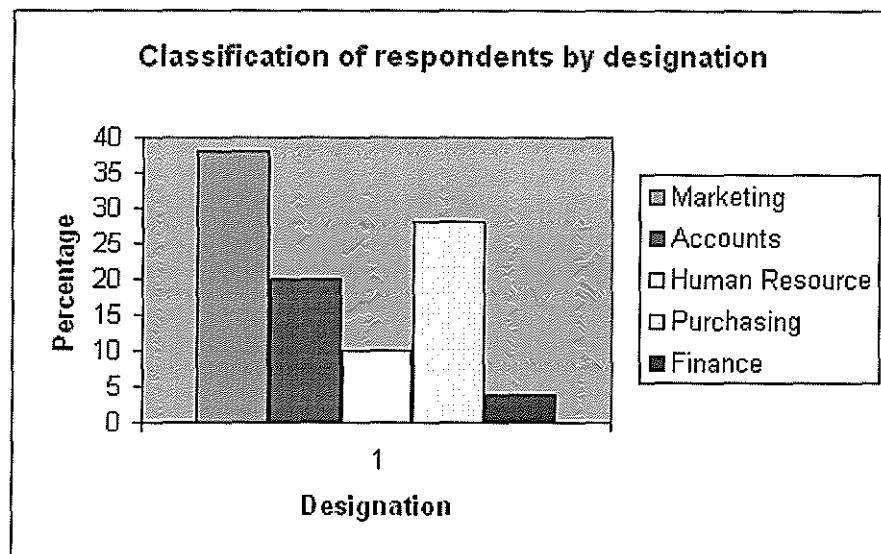
Table 4; Classification of respondents by designation

DESIGNATION	FREQUENCY	PERCENTAGE
Marketing	38	38%
Accounts	20	20%
Human Resource	10	10%
Purchasing	28	28%
Finance	4	4%
Totals	100	100%

Source: primary data

The result the table 4 shows that majority of the respondents 38%are from the marketing department, 28% of the respondent are from the purchasing department, 20% of the respondents are from the accounts department and 10% from human resource department, and 4% are from finance department.

Figure 3: Graphically representation of the respondents by designation



From the above analysis, its easily deduced that the highest number of respondent were staffs from marketing department 38%, Purchasing department 28%, accounts department 20% and human resource department 10% and lastly but not least finance department 4%.

4.1.3 Respondents length of service

The researcher was interested to find out how long the (duration) the respondents had worked with the organization so as to effectively interpret their views in relation to the performance of Nakumatt Nyali.

Table 4; Respondents length of service

Period of service	Frequency	Percentage
1-4	30	30%
5-9	40	40%
10-14	28	28%
Above 15	2	2%
Total	100	100%

4.2 The relationship between sales promotion and sales in Nakumatt

The first objective to this study was to establish the relationship between sales promotion and sales of Nakumatt Nyali.

The findings were based on the research questions from the specific objectives of the study, the first objective being “What is the relationship between sales promotion and sales in Nakumatt Nyali”.

To achieve this objective, the respondents were asked if the organization carried out sales promotion

Table 5(a) showing if the organization practiced sales promotion.

Response	Frequency	Percentage
Yes	96	96%
No	4	4%
Total	100	100%

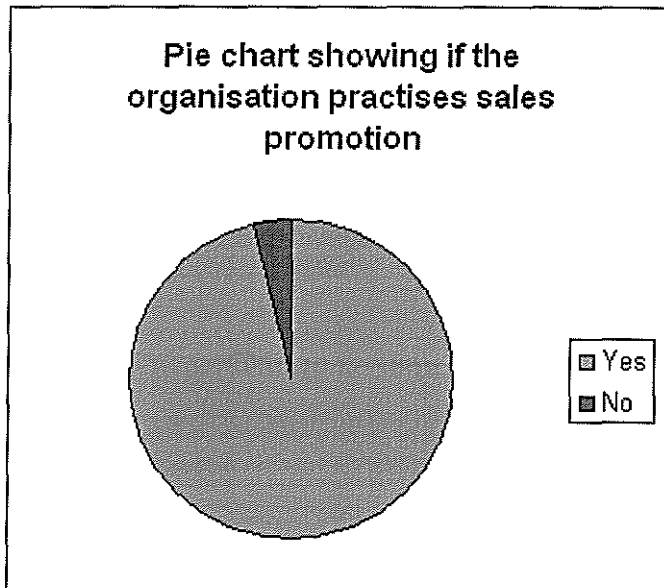
Source: primary data

The results in table 5(a) above reveal that 96% of the respondents were of the opinion that the organization do carry out sales promotion. The remaining 4% were of the opinion the organization do not carry out sales promotion.

This therefore indicated that the organization did sales promotion as one of tool to survive the dynamic business world, proved by the opinion from the respondents of the employee96%, the opinion of the other respondent could be so due to more use of other tools other than sales promotion making it unpopular.

Majority of the respondents also commented that sales promotion leads to repurchase, awareness, customer patronization amongst other benefits.

Figure 4: Pie chart presentation showing if the organization practiced sales promotion



From the above the graphs summarize the opinion of the employees about if the organization carried out sales promotion. The study revealed that 96% of the respondents were of the opinion that the organization practiced sales promotion to ensure more sales and higher profit

Table 5(b) Opinion on the contribution of sales promotion to repurchase of new products.

Response	Frequency	Percentage
Strongly Agree	30	30%
Agree	60	60%
Disagree	0	0%
Strongly Disagree	0	0%
Not necessary	10	10%
	100	100%

Source: primary data.

The results in table 5(b) above revealed that 60% of the respondents agreed that sales promotion contributes towards repurchase of new products as it gave them incentives to buy and patronize the organization, where as 30% of the respondents strongly agreed with the opinion that sales promotion contributes to repurchase of new and even existing products. The remaining 10% were of the opinion that sales promotion does not contribute towards repurchase of new products because they perceive sales promotion as a weaker tool to promise repurchase of products. Majority of the respondents were of the opinion that sales promotion attracts customer to the organization, give the customer the reason to buy and furthermore they de enjoy free give- aways.

Figure 5 Opinion on the contribution of sales promotion to repurchase of new products

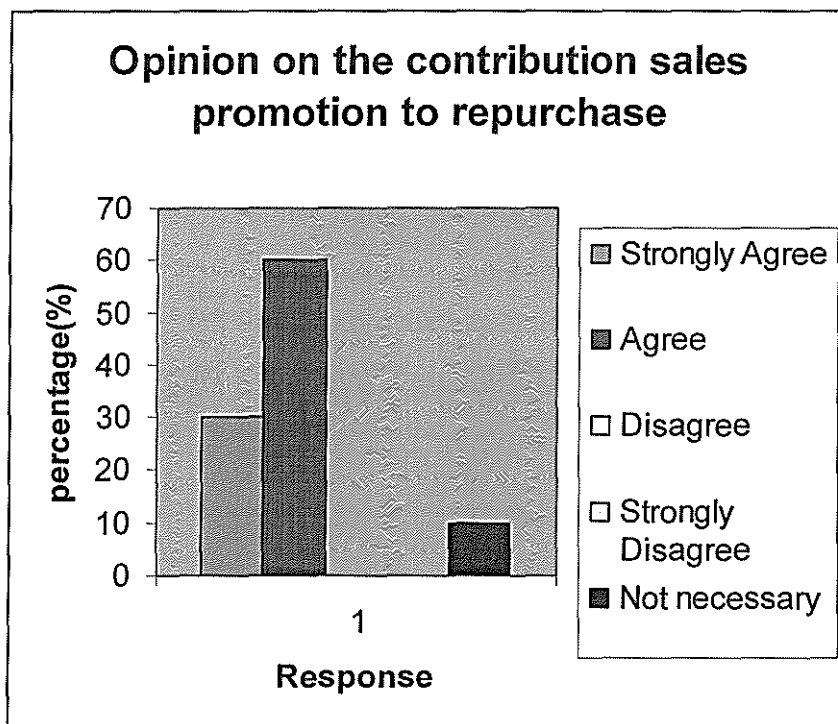


Figure 5 revealed that majority of the respondents 60%agreed to the opinion that sales promotion contribute much to repurchase of products, this is because of the added value which customers get for example free give- aways, where as 30 % of the respondent

agreed to the opinion mean while 10% of the respondents were of the opinion that sales promotion did not contribute to repurchase of new products.

Table 5(c) Opinion if sales promotion can be used to combat competition

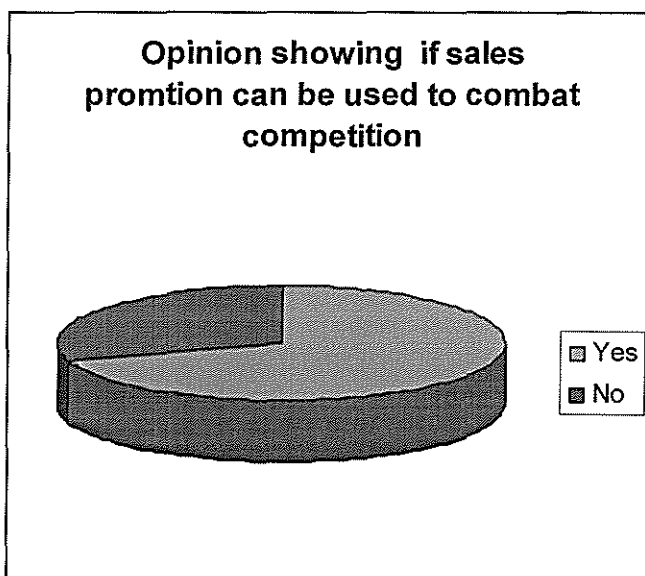
Response	Frequency	Percentage
Yes	70	70
No	30	30
Total	100	100

Source: primary data

The result in table 5 (c) above shows that 70%of the respondents were of the opinion that sales promotion is a vital tool that the organization uses to combat competition, the majority commented that uniqueness of the sales promotion practiced and creativity makes the organization survive stiff competition from competitors.30%of the respondents were of the opinion that sales promotion cannot be used to combat competition.

This therefore indicated that sales promotion was so vital to the survival of the organization and especially in the dynamic business world.

Figure 6 Opinion if sales promotion can be used to combat competition in the organization.



Pie chart

Figure 6 revealed that majority of the employees 70% were of the opinion that sales promotion could be used to combat competition. They commented that much as there was competition in the world of business organization with attractive incentives had an added advantage, whereas 30% of the respondents were of the opinion that sales promotion could not be used to combat competition, they were of the opinion that advertisements were the best to deal with competition.

Table 5(d) showing if sales promotion has an effect on sales volume

Response	Frequency	Percentage
Yes	80	80%
No	20	20%
Total	100	100%

Source: Primary data

The result in table 5(d) shows that 70% of the employees agreed that sales promotion increases sales volume, the respondent argued that sales promotion gave their customers more than they usually expect, like buying more products than they could afford, enjoying free give aways.30% of the respondents were of the opinion that sales promotion had no effect on sales volume.

Majority of the respondent were of the opinion that coupons, free give- aways and other types were so useful as they attract customers, maintain the existing customer, all these affect the sales positively thus increasing sales.

4.3 Forms of Sales Promotion and Effects

The second objective of the study was to find out the forms of sales promotion and their effects. The findings were based on the research question from the specific objectives of the study two, “What are the different forms of sales promotion and their effect on sales in Nakumatt Nyali”.

To achieve this objective the respondents were asked if the forms of sales promotion help in sales performance.

Table 6(a). Opinion if the forms of sales help in sales performance

Response	Frequency	Percentage
Yes	80	80
No	20	20
Total	100	100

Source: primary data

The results in 6(a) revealed that majority of the respondents 80% were of the opinion that the different forms of sales promotion help to improve sales of the organization by attracting customer who due to incentives end doing impulse buying thus increasing sales of the organization. Meanwhile 20% of the respondent were of the opinion that the forms of sales promotion do not help in sales, that is they had no impact on sales performance of the organization.

The results revealed that the forms of sales promotion were so important as majority of the respondent said that it was through sales promotion that the organization is able to defend the current customer and attract new ones which is agate way to customer long term relationship.

Figure 6. Opinion if the forms of sales promotion help in sales performance.

Graph:

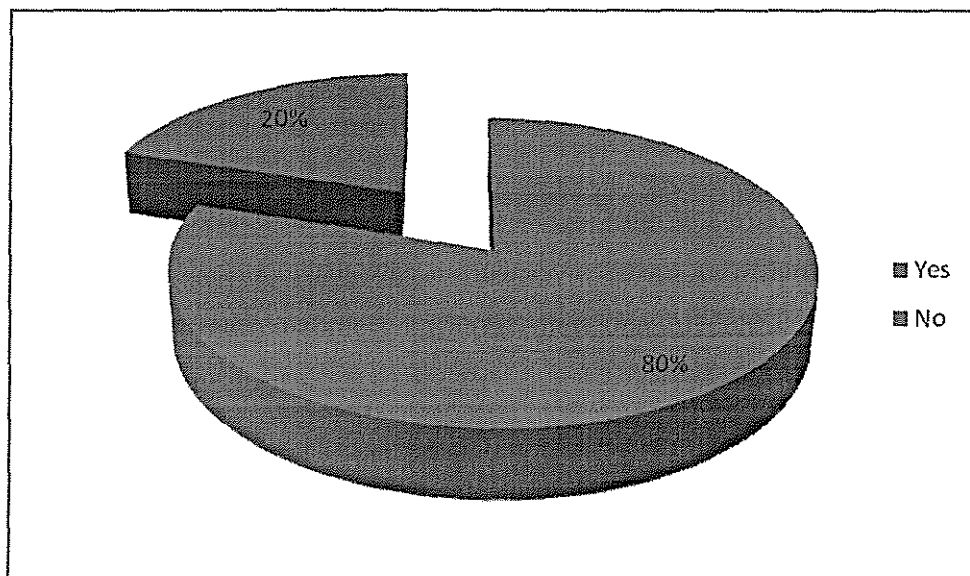


Figure 6 above showed that majority of the respondents 80% were of the opinion that the various forms of sales promotion are beneficial the organization and therefore cannot be ignored by the organization, they recorded that sales promotion made the products attractive, rich in more value, and even contribute improve the positioning of the organization as whole. On the other hand 20% of the respondents were of the opinion that sales promotion did not have any help towards sales performance of the organization.

6(b). The respondents were asked to mention some of the forms sales promotion used by the organization.

Majority of the respondents mentioned bonus packs, coupons, free give-aways, sampling, games among others. Respondents were of the opinion that sales promotion help to retain customers, attract and some customers patronized the organization due the use of incentives.

4.4 EFFECT OF SALES PROMOTION

The third objective of the study was to find out the effect of sales promotion to the organization. The findings were based on the research question from the specific object three, “What is the effect of sales promotion on sales in market Nyali”.

To achieve this objective, the respondents were asked if the organization can still survive without the use of sales promotion.

7(a) Opinion if the organization can survive without the use of sales promotion.

Response	Frequency	Percentage
Yes	90	90%
No	10	10%
Total	100	100%

The result in table 7(a), showed that majority of the respondents 90% were of the opinion that the organization depends on sales promotion to stimulate demand of the customers, attracting and more important build long term relationship with customers.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introductions

This chapter presents the summary of the findings, conclusion and recommendation with suggestions for future research in the study objectives and research questions related to the studied topic of the effects of sales promotion in Nakumatt.

5.1 Summary of the findings

The summary of the findings were presented in accordance with the research objectives of the study. The first objectives were to establish the relationship between sales promotions and sales in Nakumatt.

The study revealed that majority of the employees (100%)-were of the opinion that the organization uses sales promotion as a tool to enhance customer retention, customer awareness about new products. The study also revealed that (60%) of the employees agreed that sales promotion contributes to repurchase of new products, while (30%) of the employees strongly agreed that sales promotion contributes to repurchase of new products. Meanwhile (10%) of the respondents were of the opinion that sales promotion was unnecessary mainly because they saw other tools like advertisement, public relation, publicity as more important towards customer retention and repurchase of products.

The second objective of the study was to analyze the different forms of sales promotion and their impact on sales. The study revealed that there are a number of methods used in sales promotion. Respondents mentioned free give a ways, sampling, bonus packs, and price reduction amongst others. 80% of the respondents were of the view that the different forms of sales promotion give customer the incentive to buy, stimulate positive attitude toward products and also give a direct inducement to buy the products. 20% of the respondents were of the opinion that the forms of sales promotion do not have any effects on sales promotion, the research being that the other types of communication are stronger than sales promotion. In addition majority of the respondents commented that

although the organization doesn't practice sales promotion to the maximum, the extent they pretend it has a visible effect on the sales performance of the organization.

The third objective of the study was to find the effect of sales promotion on sales. The study revealed that forrus packs, price discounts, free give a ways, coupons, sampling are widely used in the organization. Majority of the respondent (50%) were of the opinion that the organization cannot survive without the sales promotion tools. They argued that sales promotion gives customer incentives added value to the goods and services thus customer sales. It is from the effect of the sales promotion that has made the organization employee the tool in order to improve and increase sales performance this is because sales is the most important metric to measure the achievement of the organization. The remaining 10% of the respondent were of the opinion that not only sales promotion that has an effect to sales but other tools are also vital.

5.2 conclusions

The conclusions of the study are presented in accordance with the research question as the relationship between sales promotion and sales of Nakumatt-Nyali.

The first research question was what in the relationship between sales promotion and sales in Nakumatt-Nyali. It was revealed from the study that majority of the respondents 95% agreed that the organization carry out sales promotion. 10% of the respondents were of the opinion that the organization does not carry out sales promotion, instead it was other forms of communication. It was also revealed that majority of the respondent 60% agreed that sales promotion contributes towards customer repurchase of both new and existing products, whereas 30% strongly agree with the opinion, thus indicating that sales promotion is an effective tool towards sales improvement and repurchase of products . It was also revealed that 70% of the respondents were of the opinion that sales promotion could be used to combat competition. Majority of the respondents said that attractive incentives like coupons, sampling price reduction drew customers closer to the organization which could lead to wining new customers.

5.3 Recommendations

According to the findings and conclusions of the study, the researcher found it necessary that the following recommendations would be of importance;

Marketers of Nakumatt should consider improving on the degree to which they do conduct sales promotion, use their creativity to come up with new ways of making the tool attractive to the customer so that it is effective enough to achieve the goal of the organization.

The organization should view sales promotion as an asset, which benefits it and therefore enough funds should be allocated to it in order to get better results.

5.4 Areas for further research

Despite all the efforts made by the researcher, he cannot claim that he has 100% accurately and exhaustively tackled all the problem areas hence bringing in areas requiring future research.

First of all, this study mainly focused on the effect of sales promotion and sales. It was however evidently discovered that it is not only sales promotion that has an effect on sales in Nakumatt Nyali, other factors like advertising, public relation, packaging and others, also affected sales. So therefore a very comprehensive research that will focus on a wide range of factors as opposed to only one factor (sales promotion) might be required, to get an accurate gist of the various factors affecting sales in Nakumatt Nyali.

Nakumatt is a very big business entity composed of very many workers in different branches but the study was concentrated much at Nyali branch meaning that there is still room for research in other branches open for researchers even when using the exact same variable that the researcher used in the study.

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APPENDIX A

TIMEFRAME FOR STUDY

ACTIVITY	PERIOD/MONTH	OUTPUT
Proposal writing	July	Submit proposal
Field familiarization	June	Initial data collection
Data collection	July	Data coding& editing
Data collection	August	Data analyzing
Preparation of report	September	Editing of dissertation
Submission of report	December	Submitting dissertation

APPENDIX B

BUGDET OF THE STUDY

ACTIVITY	COST(Amount in UGshs)
Transport costs	30,000
Data analysis costs	20,000
Designing study instruments	25,000
Stationery	15,000
Data typing,printing&binding costs	75,000
Miscellaneous	45,000
TOTAL	210,000

APPENDIX C
QUESTIONNAIRE

Dear respondent,

I' am JONATHAN BARAKA DENNIS a student of Kampala International University carrying out a study in your organization as a requirement for my degree in business administration. This questionnaire is designed to study the relationship between sales promotion and sales in Nakumatt Nyali.

Your response will be kept strictly confidential.

At this point I would like to express my utmost gratitude for your participation.

Instructions: Tick where appropriate.

SECTION A: INFORMATION ABOUT YOURSELF (PERSONAL DATA)

1. SEX

Male

☐

Female

☐

2. AGE BRACKET

18-24

☐

25-31

☐

32-36

☐

37-43

☐

Above 44

☐

3. MARITAL STATUS

Married

☐

Single

☐

4. LEVEL OF EDUCATION

Certificate

☐

Diploma

☐

Degree

☐

Masters

☐

PHD

☐

5. DEPARTMENT

Marketing

☐

Accounts

☐

Human resource

☐

Purchasing

☐

Finance

☐

6. FOR HOW LONG HAVE YOU SERVED THE ORGANISATION

- 1-4 years ☐
- 5-9 years ☐
- 10-14 years ☐
- Above 15 years ☐

SECTION B: RELATIONSHIP BETWEEN SALES PROMOTION AND SALES

7. Do your organization carry out sales promotion?

- Yes ☐
- No ☐

Why?.....
.....
.....

8. Does sales promotion in the organization help in improving sales performance of the organization?

- i strongly agree
- ii Agree
- iii Disagree
- iv strongly disagree
- V Not necessary

9. Do you believe sales promotion in the organization as a tool for combating competition?

- Yes ☐ No ☐

Give reasons.....
.....
.....
.....
.....

10. Does sales promotion in the organization change sales volume?

- Yes ☐ No ☐

How?specify.....
.....
.....
.....

SECTION C: FORMS OF SALES PROMOTION AND EFFECTS

11. Do the forms of sales help in sales performance?

Yes ☐ No ☐

How?(specify).....
.....
.....
.....

12. Which are some of the forms of sales promotion that organization uses?

.....
.....
.....
.....
.....
.....
.....
.....

Which ones are mostly used?

.....
.....
.....
.....

Give

reason.....

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.....
.....

SECTION D: IMPACT OF SALES PROMOTION

14. Can the organization survive without sales promotion?

yes ☐ No ☐

Explain

.....

.....

.....

.....

.....

.....

.....

15. Is it of any significance to have sales promotion program in the organization?

Yes ☐ No ☐

Why?(specify).....

.....

.....

.....

.....

.....

APPENDIX D

INTERVIEW GUIDE

Interviewees; Employees of Nakumatt, Nyali (Kenya)

Subject; Relationship between sales promotion and sales

Time Allocated	Interviewer Question and objectives	Interviewee response
1-2 minutes	Objective Open the interview -Introduce my self -Thank the interviewee for his/her time -State the purpose of the interview	
5minutes	Question one What is the relationship between sales promotion and sales in your organization? Follow up	
5minutes	Question two What are the forms of sales promotion that your organization uses? Are there some you intend to adopt Follow up	
5minutes	Question three Which type or form of sales promotion that you mostly practice Follow up	
1-3minutes	What are the effects of sales promotion Follow up	
1-3 minutes	Question four What do you think is the best way of determining performance of AIS on the organization? Follow up	
2 minutes	Objective	
28 minutes	Conclude the interview Thank the interviewee for his cooperation. Time allocated for the question and answers.	