## KOFORIDUA TECHNICAL UNIVERSITY FACULTY OF BUSINESS AND MANAGEMENT STUDIES DEPARTMENT OF MARKETING



### ROLE OF SALES PROMOTION ON CUSTOMER LOYALTY IN THE RETAIL INDUSTRY : A CASE STUDY OF Y & K LIMITED-KOFORIDUA

# A PROJECT WORK PRESENTED TO THE DEPARTMENT OF MARKETING IN THE FACULTY OF BUSINESS AND MANAGEMENT STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF BACHELOR OF TECHNOLOGY IN MARKETING

 $\mathbf{BY}$ 

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#### **DECLARATION**

We hereby declare that, except for references to people's work which have been duly acknowledged, this work is a result of our own painstaking research carried out, that no part of this research has been presented for another certificate in this University or elsewhere.

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#### **CERTIFICATION**

I hereby certify that this project work was supervised in accordance with the Koforidua Technical University guidelines for the supervision of the project work.



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#### **DEDICATION**

We are happy and privilege to say this research is dedicated firstly to the Almighty God and our parents for their spiritual and financial support given to us throughout our tertiary education.

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#### **ABSTRACT**

Through a case study of Y & K Limited-Koforidua, this study examined the impact of sales promotions on customer loyalty in the retail sector. The study is built around three main goals: The researchers are investigating the relationship between sales promotion and customer loyalty, the function of sales promotion in retaining customers, and the impact of sales promotion on customers' ability to find information about Y & K Limited-Koforidua.

Purposive and convenience sampling techniques were utilized to choose seventy (70) respondents (workers and customers) for the descriptive survey that served as the research design. According to the study's conclusions, in order to keep clients, the business provides customers with free samples, price breaks, and coupons. However, it was discovered that they do not employ premiums and extra packs as a sales promotion method to keep clients, though.

From the results, it was clear that sales promotions provide useful information about a company and its products, sales promotions make it easier to learn about a company's offerings, sales promotions frequently include detailed product descriptions and specifications, sales promotions can also be an effective way to introduce new products to consumers, and after discovering a sales promotion, customers tend to research the company further. According to respondents, sales campaigns offer better value for money, a higher level of life, lower costs for products, and grant incentives that help Y & K Limited retain clients.

The following advice is given to Y & K Limited based on the study's findings and drawn conclusions: The business must continue its existing sales promotion tactics since they have helped Y & K customers stay loyal to the brand, but it should also broaden its appeal by offering bonus packs and premiums because doing so is likely to both help customers stay with the brand and attract new ones.

#### **CHAPTER ONE**

#### INTRODUCTION

#### 1.0 Introduction of the Study

The introduction to the research for this study covers the study's background, statement of the problem, research objectives, research questions, scope of the research, research limits, and study of the organization.

#### 1.2 Background to the Study

Due to globalization and technology advancements, it is getting extremely competitive to sell a good or service to other businesses. Manufacturers are under enormous pressure to match consumers' expectations in an effective and efficient way as national borders blur and customer demand rises daily (Jana, 2015).

Due to constant changes in consumer preferences, intense market competition, the entry of new competitors, and the availability of substitute products, marketers frequently struggle to articulate their marketing objectives (Kabu & Soniya, 2017).

Because sales promotion is more focused on the short term than advertising, people's needs and perceptions of stimuli change depending on the environment in which they are experienced (Ajan, 2015). As a result, sales promotion has replaced advertising as the primary method of marketing. Sales promotion is one of the crucial elements of the promotional mix that is regularly employed by companies functioning in a fiercely competitive global market, according to academics, industry experts, and marketers. Sales promotion was described by Obi (2002) as the related promotional activities necessary to amplify personal selling. Distribution of sample products to customers, product displays at shops, exhibitions, or trade events, and the production of printed materials for use by

salespeople and point-of-sale displays are a few examples. Numerous studies have examined how consumers respond to promotions (Oyedapo, Akinlabi, & Sufian, 2012; Kotler & Kelvin, 2006; Robinson & Carmack, 2007). The promotional budget is allocated along with the marketing budget, demonstrating the significance of the latter (Blattberg, 2009). Promotion has always been an essential part of industrial marketing and is the go-to method for connecting with consumers (Schultz, 2009). Businesses in the retail sectors use a number of sales promotion methods to influence customers' purchase decisions at this age of fierce worldwide competition.

In a context of ferocious rivalry, sales promotion is essential for keeping current customers and drawing in new ones. This study's goal is to assess how sales promotions impact customer loyalty using a case study of Y & K Limited in Koforidua.

#### 1.3 Situation of the Problem

The regular employment of consumer advertising strategies has sparked a great deal of interest and debate regarding how effective they are. Consumer sales are ineffective, claim critics (Esfahani & Jafarzadeh, 2012), because they make consumers more susceptible to promotions, which ultimately leads to market share losses. However, according to other studies (Mbaga, 2016), consumer sales promotions actually enhanced sales and profit.

This discrepancy demonstrates that there can be conditions and factors that affect the effectiveness of sales and marketing. It has been proven, for instance, that customer sales promotions are most effective when they provide benefits that are consistent with consumers and their purchasing habits, particularly with regard to how they respond to the various sales promotional strategies used by marketers of alcoholic beverages.

Additionally, there is fierce competition for some retail enterprises to market their products. The management of these companies must deal with clients switching to competitors as a result of

ineffective sales marketing. According to Esfahani and Jafarzadeh (2012), there have also been complaints regarding the incorrect use of sales promotion techniques including price packs, coupons, and competitions in the advertising of goods. Therefore, it is unlikely that consumer sales promotion has a significant positive effect on customer spending. Hence, this study seeks to close these identified gaps.

#### 1.4 Objectives of the Study

The purpose of the study is to evaluate how sales promotions affect consumer loyalty. The study specifically aims to accomplish the following goals.

- 1. To determine relationship between sales promotion and customer loyalty.
- 2. To investigate the role of sales promotion in retaining the customers at Y & K limited.
- 3. To assess the influence of sales promotion in helping the customers to search for information about Y&K Limited-Koforidua.

#### 1.5 Research Questions

Given the aforementioned study's goals, the following research questions are created to direct the investigation:

- 1. What is the relationship between sales promotion and customer loyalty?
- 2. What is the role of sales promotion in retaining customers at Y & K limited?
- How can sales promotion help customers to search for information about Y&K limited, Koforidua.

#### 1.6 Significance of the Study

> It will be helpful for businesses or retail industries to recognize how their sales promotion campaigns influence the behaviour of their customers and the status of the effectiveness of

their activities in a particular way. This is why the study on the role of sales promotion on customer loyalty in the retail industry specifically Y & K limited is of significant value.

- This study will be valuable for understanding the function of sales promotion in altering consumer behaviour in this dynamic business for policy makers and regulatory agencies.
- ➤ It may offer additional literature to academic scholars seeking to understand consumer behaviour in the retail sector.

#### 1.6 Scope of the Study

Using the Koforidua branch of Y & K Limited, this study was conducted in Koforidua, in Ghana's Eastern Region. This was due to the fact that the researchers were locals of Koforidua who resided close to the business, making it straightforward for them to obtain the information they required to carry out the study. The study will exclusively focus on sales promotion. This is done so that researchers can discover more about the factors that influence consumers to remain loyal to a particular brand or business.

#### 1.7 Limitation of the Study

Due to the following issues, the study may be difficult to comprehend:

Illiteracy, the inability to read is a problem in poor nations like Ghana. According to the 2021 population and Housing Census conducted by the Ghana Statistical Services, the illiteracy rate in the country is about 30% preventing some people from undertaking any kind of serious study.

Respondents' personal prejudices also affected how they answered the questionnaire.

The absence of financing suggests that conducting research is a very costly endeavour that typically requires significant financial outlays. Money is a significant obstacle for our endeavor in this area.

Even though it's crucial to give the research enough time, the majority of studies are finished swiftly and rarely make the best use of accurate data in hurry to meet official end date.

#### 1.8 Organisation of the Study

This work is divided into five chapters. Chapter one contains an introduction to the study. The context, problem description, primary aims, secondary goals, research questions, significance of the study, and study scope are all included. Chapter two discusses the literature on models of consumer behaviour, sales promotion, and patronage. The issues with the literature from Ghana and other countries are examined and analyzed. The research approach is examined in the third chapter. Included are population analysis, sample preparation, and data analysis. It included both the procedure and the instrument used to get the data. The study's conclusions, discussions and recommendations were covered in the fifth chapter.

#### 1.9 Chapter Summary

This chapter touched on the introduction of the study, background of the study, problem statement, research objectives, research questions, significance of the study, scope of the study as well as the limitations of the study and the study's organization.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.1. Introduction

Before finishing with a review of the study's organization, the previous chapter discussed the study's history, problem statement, objectives, importance, and scope. The theoretical literature that is currently accessible on sales promotion and promotions in general is examined in this chapter. Additionally, it provides an empirical examination and the study's conceptual foundation.

#### 2.2 Company Overview

The business was started in Accra, Ghana, under the name Y & K farms. Y & K traded in small-scale agricultural products until problems with the Koforidua Uniliver surfaced in 1999. As a result of its offer, Y & K farms was selected as Uniliver's main distributor. Due to the company's performance, Nestle Ghana Limited, which had no distributor in Koforidua, got interested in it. It also designated Y & K as its main distributor as a result.

Currently, the company is the Eastern Region's and Koforidua's, fastest consumer goods mover. The corporation employs salesmen for its operations as a result of its engagement in the distribution of fast-moving consumer goods. Products from firms like Johnson and Johnson, Cadbury Ghana Limited, and Nestle Ghana Limited, among others for reselling to other merchants like wholesalers and retailers. Y & K offers a sales promotional package that includes alluring discounts for its loyal consumers. The benefits of this bundle apply to every purchase the devoted customer makes of goods or services from Y & K. This package's main goal is to persuade clients to use the business's goods and services and to stick around afterward. In an effort to strengthen customer relationships over time, Y & K Limited has developed a number of promotional programs that help with client retention and, in the long run,

promote company profitability. The study's objective is to ascertain how sales promotions affect consumer loyalty.

#### 2.2 Sales Promotion

A sales promotion is a direct inducement that offers a premium or incentive for the product to the sales force distributors or the final consumers, according to Nkamnebe (2007). It follows that efforts to promote sales should be directed toward the sales staff, middlemen, and final consumers. Buying allowances, free merchandise, merchandise allowances, cooperative advertising, advertising and display allowances, dealer sales contests, and sales-force promotion tools such as bonuses, sweepstakes, and sales rallies are a few examples of trade promotion tactics. Sample giveaways, coupons, prizes, cash back, price bundles, promises, and competitions are a few examples of consumer promotion tactics.

A sales campaign, defined by Mkanda (2009), consists of a number of incentives and techniques, most of which are brief and designed to persuade consumers or businesses to purchase a certain commodity or service more frequently or right immediately. Sales promotion, in the opinion of Kotler and Keller (2006), also encompasses a range of rewards and tools, the majority of which are transient and designed to persuade clients or enterprises to purchase a specific commodity or service more rapidly or in larger quantities. In order to temporarily change consumers' opinions of a brand's pricing or value, producers, retailers, and even nonprofit organizations may use additional incentives (Shimp, 2010). For instance, in order to entice clients to purchase particular products, several market promotions offer discounts of up to 50% and other deals. Free samples, gifts, discount coupons, exhibits, performances, contests, and other events can be included. These are all sales incentives that retailers or manufacturers provide to boost the sales of their goods. All of these actions frequently influence clients to make larger purchases, which boosts product sales.

The process of sales promotion, which serves as the cornerstone of marketing communication, combines a number of business communication activities at simultaneously, including news, persuasion, and recall (Yildirim & Aydinb, 2012). In order to entice buyers, sales promotion employs a number of quick tools (Kotler & Keller, 2017). Kotler (2006) claims that sales promotion is a group of short-term tactics intended to convince customers to purchase specific products while avoiding rivals. Additionally, it can be applied as a short-term tactic to increase initial demand for items at a specific time (Kumar et al., 2018). Businesses have implemented customer-focused tactics to grow their market share ever since the 1950s, when the notion of marketing was first defined. Since the early 1980s, integrating marketing communication has grown in prominence as companies have become more concerned with their long-term reputation, image, and creation of their corporate identity (Al-Nsour & Al-Sahli, 2022). According to Zafar et al. (2018), these changes have caused an emphasis on satisfying customer demands and wants at the appropriate price and location, as well as on how customers may find out about brands and the features and benefits that influence their purchasing decisions. One of the most cutting-edge methods for achieving business objectives is sales promotion (Lee et al., 2006). They contribute to raising the brand's value added throughout times of varying consumer demand and fashion trends (Luk & Yip, 2008). Sales promotions can improve the consumer's purchasing experience, align consumer behaviour with business goals, and offer long-term marketing advantages (Pauwels & Hanssens 2014).

#### 2.2.1 Definition and Importance of Sales Promotion

Sales promotion is a short-term tactic employed by producers to energize distributors and retailers and alter consumer behaviour. It acts as the cornerstone of a commercial communication strategy, claim Kumar et al. (2018). Increased interaction between the buyer and the vendor strengthens the consumer's

purchase intent (Shipm, 2003). Sales promotion is currently at the center of strategic marketing and a tool that blends short- and long-term marketing objectives as a result of the expansion of integrated marketing communication theory (Sam & Buabeng, 2011).

The research claims that sales promotion is a purposeful marketing tactic used to disseminate information in a way that prompts prompt client response (Zafar et al., 2018). Recent research have demonstrated that sales promotions can induce repeat purchases even when brand loyalty is not required (AL-Nsour, 2018). Sales promotion differs from other marketing communication elements. It provides immediate pricing incentives and strengthens the sales team and brand (Schultz & Block, 2011). Al-Nsour (2022) also states that it results in higher revenue, longer product life cycles, and stronger brand identification. Sales promotion raises demand for high-quality products, gives a company a competitive edge, and strengthens customer loyalty (Omotayo et al., 2008). It also facilitates communication with a company's target market.

Achumba (2002), on "sales promotion strategies" refers to all initiatives and marketing techniques that boost short-term revenue, increase the potency of visual, verbal, and symbol-based advertising, and work as a tool to address pressing sales issues. According to Genchev & Todorova (2017), sales marketing techniques have an impact on customer happiness, transaction size and time, and brand choice. At the moment of sale, shoppers have access to a variety of resources that act as the driving force behind visual cues and brand inferences (Hackley, 2010). Alam & Faruqui (2009) state that sales promotion includes a variety of marketing and communication goals for both short-term sales growth and long-term benefits for savings, convenience, quality, and value expression. Additional benefits include the sense of fulfillment, amusement, mental stimulation, and enjoyment (Chandon et al., 2000). Customers are persuaded to buy via sales promotion strategies, which changes their intents and purchasing patterns at a particular merchant or business (Schultz & Block, 2011).

#### 2.3 Sales Promotion Tools

#### **Discounts**

Discounts give customers a brief price decrease (often even below expenses) and a benefit that they can use right away, which makes them a clear purchasing incentive. Numerous studies (Percy et al., 2001; Banks and Moorthy, 1999; Kopalle and Mela, 1999; Smith and Sinha, 2000) support a brief boost in sales. Only discounts, according to studies by Blackwell, Miniard, and Engel (2001), Gilbert and Jackaria (2002), Osman and Fah (2011), and others, may be seen to affect a customer's decision-making process when they are making a purchase.

They are particularly effective at promoting product trial and purchase acceleration for new or modified products. Inadvertently, this will bring in both existing consumers who have previously purchased a competitor's product as well as new customers who have never used that product. Shi, Cheung, and Prendergast (2005) and Obeid (2014), states that these findings were only partially corroborated. Promotions, they found, spur buyers to compete, increase spending, stock up, and expedite purchases. Discounts only have two drawbacks: they are easy for competitors to imitate, and if regularly employed, they can harm a brand's reputation (Zmyslony, 2012).

#### Bonus pack ("buy two – get the third one free")

Bonus packs boost consumer value by providing customers with an extra quantity for the same price in prettier packaging. Customers are more likely to be convinced to acquire specific products because this kind of sales promotion doesn't incur any additional costs (Smith and Sinha, 2000). This strategy, according to Shi, Cheung, and Prendergast (2005), is the most effective in promoting stockpiling and purchase acceleration. Furthermore, there is less likelihood that the sales attempt will damage the company's reputation because the price is not lower. Furthermore, this strategy is successful in luring

clients who are fiercely competitive (Osman and Obeid, 2014; Chan, 2011). Even though there is a financial incentive to do so, solitary consumers with limited storage space may find it difficult to stockpile more products; as a result, they may decide not to buy the product (Gilbert and Jackaria, 2002). This is the only drawback of using this kind of marketing strategy.

#### **Premiums**

They deal with products that are given away or offered at a discount in order to persuade consumers to buy a particular product (d'Astous and Landreville, 2003). Free gifts, free postage premiums (consumers receive them if they can show proof of purchase), and self-liquidating premiums (manufacturer or seller sells the item to consumer at a price that is equal to the costs of production or procurement) are a few examples of free premiums. Free gifts can be included with the item inside the packaging or printed on the packaging. According to Jobber and Fahy (2006) and Kotler and Keller (2006), the major objectives of premiums are to maintain market share and entice existing and potential competitors to make purchases. Among other things, premiums are used to entice larger or more regular purchases (Rotimosho, 2003; Obeid 2014). They might also be used to try out new products. Past studies (Raghubir, 2004; Banerjee, 2009; Palazon and Delgado, 2009) indicate that premiums are a method of sales promotion that is becoming more and more important.

#### Free product samples

They are made up of extremely small quantities of freebies that can be sent, delivered door to door, sold in shops, or bundled with other goods Kotler and Keller (2006). Customers are encouraged to purchase new or enhanced products as trials before deciding whether or not to use them regularly (Ndubisi & Chiew, 2006; Rizwan et al., 2013). Free samples, on the other hand, can hasten the purchasing process (Osman and chan, 2011). This is an effective, if occasionally costly, tactic for luring consumers to investigate new brands or brand extensions, claim Jobber and Fahy (2006). Additionally,

effective at attracting customers with high requirements is this sales marketing strategy. Shimp (2003) asserted that consumers' buying behavior is impacted by free samples, even though Gilbert and Jackaria (2002) and Osman and Chan (2011) discovered the reverse.

#### **Coupons**

Engel et al. (1994) states that a coupon is a certificate that gives customers access to specific discounts when they purchase a product. You can find coupons online, in magazines and newspapers, printed on various items, or by placing a home delivery order for them. This kind of sales promotion frequently fails to boost the first sale as effectively as a discount does because it doesn't provide any immediate savings and merely attracts current customers (Davidson, 1998). Coupons are particularly effective at getting customers to stockpile and make quick purchases, according to a (2005) study by Shi, Cheung, and Prendergast. Coupons are regarded by consumers as the least successful kind of sales promotion because they do not significantly increase purchases.

#### Awards

In particular, those who have never utilized a certain product are the target audience for them. It was the idea when they were created that people would find them to be entertaining. Lotteries, sweepstakes, and contests are the three main categories of awards (Jobber & Fahy, 2006). Competitions demand that competitors exhibit a particular degree of expertise and knowledge, and participation is frequently reliant on purchases (participants must provide proof of purchase). Although there are no specialist knowledge requirements for lotteries, luck alone determines the outcome. A sweepstakes in which customers can take part and potentially win prizes is made available to them each time they make a purchase.

#### **Loyalty cards (programs of frequent purchases)**

Loyal customers receive loyalty cards as an incentive, and the term specifically refers to programs that thank customers for continuing to use the business's products and services (Kotler & Keller, 2006). The goal is to encourage customers to return to the store and make purchases there in order to increase sales. Loyalty cards, among other things, are an excellent source of consumer data that may be used for direct marketing initiatives claim (Jobber & Fahy, 2006). Particularly among airlines, travel agencies and hotel chains, loyalty cards have recently gained increased importance as a tool for sales promotion.

#### **Demonstrations and product trials**

Products are displayed to interested buyers at the point of sale to promote impulse buys. It calls for highlighting expensive things that cannot be given away as samples in particular (Kotler & Keller, 2006). They are, however, most frequently used in shops, during fairs, exhibitions, and other public events. They can also be utilized online and door to door. The best time to use this strategy, according to Shi, Cheung, and Prendergast (2005), is when you want to encourage clients to try new items. Unfortunately, because it entails giving consumers presents, organizing cocktail parties and brief creative performances, inviting celebrities, etc., this promotion method is highly expensive. However, phoning potential customers in the hopes that they will buy the product is required when offering a free product trial. This form of sales campaign is frequently found in locations where potential buyers can try out pricey, brand-new products before making purchases of the same.

#### 2.4 Customer Patronage

We know from experience that establishing and quantifying patronage may be challenging. Measures of patronage have included customer perceptions and actual usage (Ogwo & Igwe 2012). Dick and Basu (1994) said unequivocally that repeat business and a positive outlook were crucial elements to

include in the idea of patronage. As old as the company is the customer. Each and every company has only one goal: "Create Customer." Customer satisfaction, referenced by Ogwo and Igwe (2012), is the sole economic and social foundation for a company's existence. It's crucial to respect customers and their business. Both monetary and non-monetary dimensions exist.

The ingredient or elements that affect the volume of client patronage have been the subject of several research.

(Schiffman and Kanuk 2009 as mentioned in Ogwo and Igwe 2005; Kotler and Killer 2006) They consist of the firm's capabilities, product or service attributes, political pressures, social and psychological variables, situational, competitive, and marketing mix programs. According to Igwe (2012), intention to use is the deliberate wish to maintain a relationship with a service provider. The factors that influence and affect patronage can be better understood by comparing attitudes to behavioral indicators (such as real or repeated patronage) (Oiva, Oliver, and MacMiliaqn, 1992). As stated by Fishbin and Ajen (1975), behavioural intentions, which govern behavior, are functionally connected to attitudes. Both a person's attitude toward engaging in the desired activity and the social pressure to do so (subjective norm) have an impact on their intention to act in a particular way. This exemplifies how beliefs and arbitrary norms change depending on the individual and the social setting. The Theory of Planned Behaviour (TPB), which is an extension of the Theory of Reasoned Action (TRA), has introduced the sense of behavioral control as a new factor defining behavioural intention. As stated by Mackenzie & Jurs (1993) and Ogwo & Igwe (2012), the two key components of perceived behavioral control are control beliefs and perceived power. The degree to which consumers are committed to an attitude varies and is connected to the extent of their interaction with the attitude object. This dedication combines both sluggishness and intense emotional fire. Ogwo and Igwe (2012) said a client's wishes, aspirations, and long-term objectives may serve as the foundation for a commitment.

#### 2.5 Theoretical Framework

#### **Theories of Human Behavior**

There is a lengthy history of the creation of various theories to explain human behavior and the creation of practical remedies. Numerous psychologists have put out novel explanations for the myriad variables influencing the complicated human behaviour.

#### 2.5.1. Theory of Reasoned Action (TRA)

The Theory of Reasoned Action was proposed in 1975 and 1980 by Ajzen and Fishbein. The notion portends purposeful activity. Three constructs—subjective norms, behavioural goals, and attitude—combine to form the theory. A person's behavioural intention is influenced by their attitude toward the conduct as well as their evaluations of social standards, according to the Theory of Reasoned Action (Figure 2.1). It is considered that if someone is prepared, they are more likely to succeed.

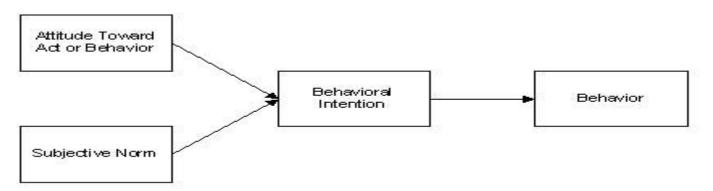


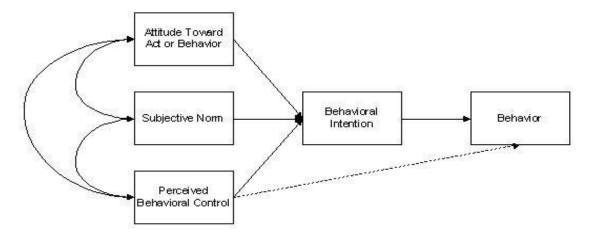
Figure 2.1: Theory of Reasoned Action Model (TRA)

A person's behavioural intention can be used to gauge how strongly they intend to carry out an activity. Expectations about what will occur if someone participates in a certain activity also affect how they feel about it. People will see the aforementioned behaviour favorably if they believe it will produce positive outcomes. Contrarily, subjective norms are the outcome of perceived expectations from the

pertinent others and the endeavor to satisfy those expectations. A positive subjective norm is presumed when important others think that partaking in the action would have beneficial results and the person wants to live up to their expectations. The Theory of Reasoned Conduct is a helpful theory for predicting volitionally directed behaviour. Even while a person's attitude and subjective norms may influence how they behave, additional obstacles will stop them from doing so for acts that are not entirely under their volitional control. Through the idea of attitudes and behavioural intents, the Theory of Reasoned Action (TRA) is able to be connected to sales marketing and client loyalty. In accordance with TRA, a person's propensity to engage in a behaviour is influenced by attitudes toward that behaviour as well as subjective norms (social factors), which finally results in the behaviour itself. According to TRA, consumers are more likely to intend to buy or interact with the promoted product in the context of sales promotion and customer loyalty if they have a favorable attitude toward a product or brand as a result of a sales promotion and if their social environment (subjective norms) also encourages them to take advantage of the promotion. This desire to engage in certain behaviours, such as completing a purchase, coming back as a customer, or developing brand loyalty, may motivate people. If customers feel that other individuals in their social circle value the product, they may be more willing to participate in the campaign (subjective norms), which could ultimately lead to an increase in customer loyalty. Promos that make something appear desirable, urgent, or special can change people's opinions. Offering a temporary discount, as an illustration, can affect how customers feel about the product. It's vital to remember that decisions are often influenced by a range of factors other than attitudes and intentions, even if TRA highlights the psychological dynamics behind customer behaviour. Customer loyalty may also be influenced by other elements, including particular situations, product quality, and outside influences.

#### 2.5.2 Theory of Planned Behaviour (TPB)

According to the Theory of Planned Behavior (TPB), a person's behavioural intentions and behaviours are influenced by their subjective norms, irrational beliefs, and sense of behavioural control (Ajzen, 1985). TPB broadens the Theory of Reasoned Action (Figure 2.2). The original Theory of Reasoned Action failed to account for activities over which people have partial volitional control, therefore the Theory of Reasoned Action is intended to anticipate and explain human behaviour in specific settings. The concept was developed in response to the widespread study argument that behaviour intention cannot be the only factor influencing behaviour. This is particularly true when an outside factor limits actual conduct or behaviour that people can choose to engage in.



**Figure 0.2:** Theory of Planned Behaviour Model (TPB)

Similar to the original Theory of Reasoned Action, the main element of the Theory of Planned Conduct is the individual's motivation for acting in a particular way. While intentions reflect a person's readiness to put forth their full effort or the amount of work they anticipate putting out to carry out the activity, actions are only the result of an intention. It is assumed to contain the motivational factors underlying conduct. The more compelling the purpose, the more probable

it is that an activity will be carried out. However, a behaviour can only be carried out if the performer has volitional control over it, which implies they have the option of carrying out the behaviour or not. The problem with this condition is that not all actions meet it. The availability of chances and resources, such as time, money, skills, and other people's engagement, which are not motivating factors, will also affect behaviour. Collectively, all the components demonstrate that someone genuinely has control over their behaviour.

According to the Theory of Planned Behaviour, perceived behavioural control is more important than actual behavioural control. This new concept is what distinguishes the Theory of Planned Behaviour from the predecessor, the Theory of Reasoned Action, which merely comprised attitudes and arbitrary norms. The concept of "perceived behavioural control" refers to how someone assesses how easy or difficult it will be to carry out the intended activity. It could change based on the situation and the person. According to the Theory of Planned Behaviour, one can predict outcomes by using behavioural intention and perceived behavioural control.

#### 2.6 Rational For Sales Promotion

The phrase "sales promotion" describes a variety of incentive schemes, the majority of which are briefterm and intended to persuade clients or the trade to purchase a specific good more rapidly or in larger quantities. The option to purchase a good or service is always presented to customers Igwe, (2012). Activities designed to increase sales are carried out to motivate, persuade, and remind consumers of the advantages and goods being offered. Thus, there are numerous reasons why companies should provide sales promotional packages to both current and potential customers.

Sales marketing, as contrast to other types of advertising, motivates customers and potential customers to act swiftly, claims Makanda (2009). Customers feel pressured to act quickly and make a purchase because the sales offer is not permanent and is often only offered for a certain amount of time within

a specific period. But the impact on sales is right away favourable. Consumers are more cost cautious now that living expenses are rising in Africa. The current economic situation is probably going to make consumers and businesses more price sensitive. For instance, discounts or price reductions prevent customers from switching brands and rivals from introducing new items (Smith & Schultz, 2005). According to them, timely sales campaigns can discourage customers from trying new products or prevent word of a competitor's noteworthy launch from spreading. However, Smith et al. (2005) claim that the reason for price decreases was due to what they called recommendations. They assert that getting clients to switch or try new items is essential for conversion. Customers today, for instance, actively look for businesses that will provide purchase incentives.

The globalization of goods and services has increased the usage of sales promotion to connect with both current and future clients. Because businesses usually find it challenging to properly differentiate their goods, consumers frequently believe that brands and services, particularly in the telecom sector, are equal within a given price range. Other marketing strategies cannot sway consumer opinion and foster brand loyalty because of this issue. These perceptions of brand resemblance force businesses to compete with one another based on the value provided through sales promotions. Due to rising competition and demand from rival businesses, sales marketing has become more important in recent years. Due to the increased competition, businesses must now differentiate their services and goods primarily on the basis of pricing rather than other attributes. For instance, a business may feel compelled to start its own sales promotion to persuade consumers to use the service if competitors provide price reductions, contests, or other incentives.

All of these justifications for sales promotions, notwithstanding their variances, have a long-term impact on the company's market share, sales volume, customer retention, and customer switching.

#### 2.7 Nature of Sales Promotion in the Distribution/ Retail Sector

Sales promotion was described as a demand-stimulating activity by Etzel et al. (1997) to support advertising and direct selling. This implies that effective sales marketing requires the employment of additional promotional strategies. This is due to the fact that each of the several marketing strategies has advantages and disadvantages, but when used in concert, they work to minimize the drawbacks and maximize the advantages (Ngolanya, et al., 2006).

They assert that a sponsor is responsible for funding sales promotions, which typically contain a temporary incentive to encourage a purchase. The bulk of sales promotions are aimed at the final consumer to encourage the company's sales team or other members of its distribution channel to sell its items.

Sales promotion is being recognized as a viable short-term strategy by the marketing division, which is under pressure to increase sales. Businesses struggle to maintain market share in developed markets by balancing the long-term "share of value" offered by advertising with the short-term customer incentives (Ngolanya et al., 2006). They contend that there are two different kinds of sales promotions: trade promotions, which are focused on distributors, and consumer promotions, which are focused on the customer. Businesses spend around twice as much on trade promotions as they do on advertising, and almost as much on consumer promotions, according to Etzel et al. (2003).

#### 2.8 Customer Loyalty

The desire to repurchase goods and services, which is the objective of every business, is sometimes used to define customer loyalty. All firms try to gain a client's loyalty since it is far less expensive to keep a customer than to acquire a new one (Rust & Zahorik, 1993). Researchers have used repeat business and repurchase intentions of customers to determine how loyal they are to a brand, good, or service (Schlesinger, 1999). Jones and Sasser (2001) identified three different types of customer

loyalty. The desire to make another purchase is the first, followed by primary behaviour and secondary behaviour.

Re-buy intentions describe a customer's intention to buy the desired product or service again in the future. At the secondary level, a purchase is considered finished when the customer actually makes it into the store to finish it. On the other hand, a third-level consumer demonstrates their support by spreading the word about the product or service to others in the area. Oliver (1999) defined loyalty as a circumstance where a customer consistently uses and promotes a product and develops a preference for the same brand. Prus and Brandt (1995) assert that attitudes and behaviours are the main ways that customers show their loyalty. The attitude encompasses your desire to recommend the product, your propensity to do so again, and your aversion to similar products. The behaviour is made up of repeat purchases, making more purchases from the company, and referring people to it. The three elements that make up consumer loyalty were defined by Jones and Sasser (1995) as repurchase intention, primary behaviour, and secondary level behaviour. As stated by Jones and Sasser (1995), secondarylevel conduct is the willingness of a customer to suggest the product to others. This activity boosts customer loyalty through interpersonal relationships. Re-buy intentions refer to a customer's intended future repurchase of the same product or service. The term "primary behavior" refers to a customer's actual repurchase activity.

As defined by Oliver (1999), loyalty is the firm intention to use or buy a favored good or service again in the future, which leads to repeated purchases of the same brand or a collection of the same brand. According to Chen and Ching (2007), behavior and attitude are the two aspects of loyalty. The behavioural dimension is concerned with activities that result from loyalty, whereas the attitudinal component refers to formative activity as commitment, i.e., a desire to continue a valued relationship. Loyalty is more likely to be produced by the consumer's attitude toward a good or service, including

their passion and preference. Because it is less expensive to retain an existing customer than to recruit a new one, all business managers strive for customer loyalty (Rust & Zahorik, 1993).

#### 2.9 Sales Promotion and Consumer Loyalty

Consumer loyalty can be divided into two categories: brand switchers and ardent supporters. Despite the brand's higher price point, loyal hardcore customers are individuals who frequently buy the same product. Devoted clients, on the other hand, are less price sensitive (Evans, 1996). Customers that use two or more brands are known as brand switchers because they do so when one brand is unable to satisfy all of their needs (Evan et al. 1996). Sales promotion strategies must be used to build customer loyalty since they not only raise consumer product knowledge but also provide incentives to encourage purchases. Regarding how sales promotions influence consumer behavior, diverse findings have been found. For instance, a 2006 study by Lau, Chang, Moon, and Liu discovered that sales promotions are the main incentive for brand switchers and are essential in differentiating brand switchers from ardent brand loyalists. However, there is still an unmet need when comparing how promotions affect both loyal and non-loyal clients. This is because little study has been done, especially in a developing country like Ghana, on how sales promotions effect customer loyalty and switcher behaviour. Some of the alleged negative effects of sales promotions include the erasure of brand equity, a rise in price sensitivity, and a decrease in brand loyalty. According to Hunt and Keaveney (2003), a consumer's happiness or dissatisfaction with a price promotion will be connected to the brand if they attribute the brand as the cause of their emotions of satisfaction or dissatisfaction. Yoo, Donthu, and Lee (2000) discovered that when price reductions are frequently implemented, buyers assume inferior product quality. Thus, a low brand equity is linked to the frequent usage of price promotions like price cuts. Because customers are more interested in the savings than the advantages the company provides, price decreases hurt brand equity. It was a widespread misperception that sales were mostly utilized to persuade consumers to purchase products based on price rather than brand. Diamond (1992) asserted that "heavy users' loyalty is to the next coupon, not the product or brand." As described in Blattberg and Neslin's (1998) theory, brand switching by customers, hoarding by companies, and transaction utility effects (a feeling of gain) are all variables that have contributed to the significant rise in promotional elasticity (consumers responsive to discounts). Research shows that brand switchers are to blame for more than 80% of this growth. "New consumers use nearly half of the coupons. This rise might only continue a short while because brand switchers might be deal loyalists and follow the next deal that arises (Raghubir et al., 2004). Customers' receptivity to promotions can be affected by both prior brand consumption and prior promotional activity, asserted by Bridges et al. (2006). In their 2006 study, Bridges et al. state that "results indicate that prior promotional purchases influence choice more than prior brand usage does." According to Luk and Yip (2008), promotions have the biggest impact on the purchasing decisions of less loyal customers. Hopper brands fall within this category. By utilizing brand marketing as a standard to determine whether products are acceptable, they eventually develop the habit of basing purchases on promotions (Luk & Yip, 2008).

Oliver (1977) defined loyalty is the "strongly held commitment to consistently re-purchase or repatronize a preferred product or service in the future, despite situational influences and marketing efforts having the potential to cause switching behavior." This definition broadened previous conceptualizations beyond the straightforward behavioural conceptualizations that just take into account the frequency of purchases. By including both the behavioural and attitudinal aspects of loyalty, it was able to achieve this.

Dick and Basu (1994) described brand loyalty as the consumer's resolve to continue using the brand, whether through repeated purchases of goods or services or through other beneficial acts like word-of-

mouth promotion. Oliver (1999) asserts that in order for there to be true loyalty, these three qualities must exist:

- (1) The focal brand must outperform the consumer's perceptions of the quality of rival products.
- (2) The buyer must intend to choose the focus brand over competing brands when making a purchase.
- (3) There must be a clear emotional preference for the focus brand among consumers, with that preference being greater than that of competing goods. Munuera-Alemán (2005) supports Oliver's (1999) definition of customer loyalty by pointing out that brand loyalty focuses on internal dispositions or attitudes toward the brand rather than just repeat purchases. Delgado-Ballester (2005) found a correlation between customer loyalty and sales promotions. The results showed that non-monetary marketing creates stronger positive associations than monetary promotions, which makes it more effective at fostering customer franchise (brand loyalty). The findings imply that sales promotions might be used to improve brand awareness because individuals exposed to promotion stimuli strengthened links with positive attributes (Palazón-Vidal & Delgado-Ballester, 2005). "Brand loyalty" and "brand equity" are related concepts. Customers who are loyal to a brand are more likely to buy it than move to a competitor. Brand equity will therefore increase as a result of loyal customers (Yoo et al., 2000). Brand equity is a multidimensional notion that includes brand recognition, perceived worth, brand connotations, and other distinctive brand characteristics, according to Aaker (1991). When seen as a relational market-based asset, brand equity can be described as a function of the brand-consumer connection (Ambler, 1997). According to Keller (1998), brand equity refers to the variety of ways that brand knowledge affects how customers respond to a brand's marketing initiatives. To put it another way, the term "brand equity" refers to the numerous associations that a brand may have. These associations emphasize a brand's distinctive significance. Delgado Ballester (2005) asserts that noncash incentives, such as premiums, make customers less concerned with pricing. The brand is

associated with more positive and strong brand connections when a promotion experience is linked to joyful forms of feelings, thoughts, and benefits (Ballester, 2005). Krishnan (1996) asserts that brands with high equity are distinguished by having a variety of associations in addition to more favorable and distinctive associations.

#### 2.10 Empirical Literature Review

Sandra (2005) conducted a series of focus groups with young people aged 16 to 25, stratified by age and gender, with a total of 85 participants, to assess the impact of point of sales advertising on young people's alcohol purchasing behaviour in metropolitan, regional, and rural Australia. Participants were asked about their recollections of previous promotions and how these special deals affected their use of and purchases of alcoholic beverages. Most respondents believed there was a connection between advertising, drinking, and customer behaviour. Nearly all participants claimed that a campaign had convinced them to buy more or a certain sort of alcohol, and the majority of them showed high memory for previous advertising. The study's results prominently demonstrate that promotions with price or volume discounts significantly affect youngsters and are especially effective in promoting further alcohol sales. Sales promotion is more effective on consumers who utilize back roads and can cause them to switch brands in their thinking, according to a 2007 study by Ripon on the impact of advertising and sales promotion on consumers' purchase behaviour. This study also demonstrated that advertising and sales promotion are significantly more successful for product categories with little customer engagement, where people may be persuaded to purchase a product by a straightforward promotional message. According to this study, price reductions could have a negative effect on consumers' internal price standards and assessments of the products' value. Therefore, when offering fresh or previously unheard-of products, marketers need be extra cautious. This article also emphasizes the requirement of combining advertising with various forms of promotion in order to increase a product's sales. In his study "Does sales promotion influence buyer behaviour?" Kwame (2013) examined the strategies used to promote the sem'anhyia duck bar soap and found how they affected the behavior of young consumers. Along with adult customers, Senior High School (SHS) students in Ghana frequently purchase personal care products, notably soap, for use at school. The survey indicates that sales and marketing were successful in persuading a large number of young consumers to buy the products. Tanzania's market for carbonated soft drinks was examined by Makanda (2009). After empirically testing five hypotheses, a strong inverse relationship between pack price and brand preference for carbonated soft drinks was discovered. The findings regarding product quality showed that consumers' opinions of a product's quality had a negative influence on their choices of which brands of carbonated soft drinks to buy. Consumers usually judge the quality of the items based on a number of information signals they identify with the products, which may be the cause of the negative association.

# **2.11 Chapter Summary**

This chapter looked at the company's overview, definition and importance of sales promotion, sales promotion tools, customer patronage, the theoretical framework, rational for sales promotion, nature of sales promotion in the distribution or retail sector, customer loyalty, sales promotion and customer loyalty, empirical literature review of the study.

## **CHAPTER THREE**

#### **METHODOLOGY**

#### 3.1 Introduction

The study's research methodologies are the main topic of this chapter. The demographic, sample, sampling techniques, research tool, and data gathering techniques are all covered.

### 3.2 Research Design

In the words of Kerlinger (1986), "the plan and structure of investigation conceived so as to obtain answers to research questions" constitutes research design. For this study, the research methodology was a descriptive survey. The research design specifies the procedures and approaches for collecting the required data. It refers to the project's overarching operational framework, which outlines the methods and resources that must be used to obtain specific data. The Ghanaian wholesale and distribution company Y & K Limited is the subject of this article. The purpose of the descriptive survey the researchers used was to gather and analyze data. To gather quantitative data, this survey was administered to customers and management of Y and K.

## 3.3 Population

Cooper and Schindler (2008) defined a study's population as the entire group of subjects or objects that the researchers are interested in extrapolating their findings to. All of Y & K Limited's customers as well as all of its employees and management within Koforidua in the Eastern Region of Ghana made up the study's target group.

#### 3.4 A Sample And A Procedure For Sampling

Sample is a portion of a population. Sample size refers to the number of participants or observations included in a study. The sample size for this study was 70. 13 Y & K Limited personnel were chosen using the purposive sampling strategy. Purposive sampling refers to researching subjects of a

population that are of relevance and importance to the study (Sakaran, 2003). whereas 57 clients were sampled for this study using the convenience sampling method. A type of sampling technique known as convenience sampling selects participants based on their accessibility and practicality. Since clients didn't enter Y & K's premises in any specific order and anyone might enter at any time, convenience sampling was used in this case to gather as many clients as possible. The researcher also provided the needed assistance to the respondents in completion of the questionnaires. These were in the form of explaining the study and elucidating the individual questions for clearer understanding.

#### 3.5 Research Instrument

To get the pertinent information from the respondents, a standardized questionnaire with 25 questions was developed. In order to accomplish this, variables that may effectively evaluate and assess the customers' perceptions of the sales campaign were used.

13 questionnaires were given to the employees, whereas 57 were given to the consumers. We were able to extract every questionnaire.

The five sections of the questionnaire were designated as Sections A, B, C, D, and E. In Section A, respondents' biographical information was questioned. In Section B, Y & K Limited's sales promotion tactics were discussed. Section C evaluated the role of sales promotion in retaining customers of Y & K limited. The elements that improve Y & K Limited's sales promotion practices were the subject of the inquiries in Section D. A five-point Likert scale with the options very often, often, sometimes, rarely, and not at all was used to score the questions.

#### 3.6 Data Collection Procedure

This is referred to as the places through which the data would be obtained by Deport (2007). Customers who are being surveyed submitted their responses by filling out several questionnaires. The researchers took two (2) weeks to collect questionnaire responses and data from respondents. Again, crucial terms

were clarified to assist responders in giving the proper answers; the majority of questionnaires were immediately answered and taken. 13 questionnaires were given to employees, while 57 questionnaires were distributed to customers. Additionally, data analysis was done using the information gathered from the surveys.

## 3.7 Tools For Data Analysis

Data analysis is the process of transforming raw data into useful output. The researchers adopted descriptive statistics in presenting the data and to analyze the data gathered for the study. The data was analyzed using descriptive statistics in the form of frequencies and percentages. Descriptive statistics basically calculate, describe and summarize collected research data in a logical, meaningful and efficient way. Statistical Package for Social Sciences (SPSS version 23) was used to code and enter the responses. Both descriptive and Statistical Package for Social Science were used in this study After then, the raw data was produced in accordance with the research questions that the instrument was intended to address.

#### 3.8 Chapter Summary

This chapter looked at the research methodologies used in this research which come with the research design, population, the sample and a procedure for sampling, research instrument, data collection procedure and the tools for data analysis.

## **CHAPTER FOUR**

## RESULTS AND DISCUSSION

## 4.0 Introduction

The study's demographic, sample, sampling technique, research tool, data collection techniques, data analysis tools, and chapter summary were all discussed in the prior chapter. The results and discussion of the data received from respondents on how sales promotions effect customer loyalty in the retail sector are included in this chapter. The data analysis and discussion are centered on the three main study goals.

# 4.1 Analysis of Responses from Customers of Y & K Limited

57 questionnaires were administered. All the questionnaires administered were collected.

## 4.1.1 Age Distribution of Respondents

The age groupings of the study's respondents are shown in bar chart 4.1. 1. (3.5%) of the respondents were younger than 20. (50.9%) respondents were aged between 20 and 30; (29.8%) were between 31 and 40; and (15.8%) were aged between 41 and 50.

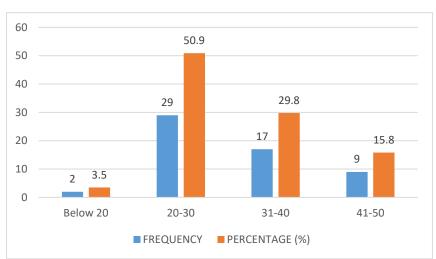


Figure 4.1: Age distribution of respondents

Source: field survey, August 2023

It can be seen from the information in the bar chart above that 29 representing (50.9%) of the respondents were within 20-30 years. It means that majority of the company's customers were in their youthful age.

# 4.1.2 Sex of Respondents

Bar chart 4.1.2 shows the gender of the respondents of the study. As evident from figure 2 below, (71.9%) of the respondents of the study were females and (28.1%) were males.

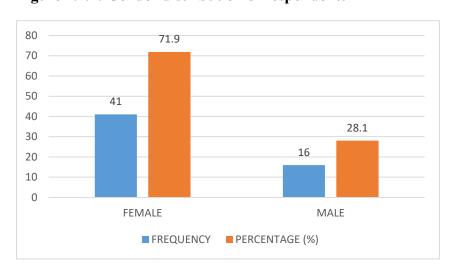


Figure 4.1.2: Gender distribution of respondents

Source: field survey, August 2023

The researchers can therefore conclude based on the results here that majority of the company's customers (71.9%) were females.

## 4.1.3 Level of education of respondents

Bar chart 4.1.3 shows the Level of education of respondents of the study. As evident from figure 3 below, (26.3%) of the respondents of the study completed Basic, SHS (43.9%) and (29.8%) were tertiary graduates.

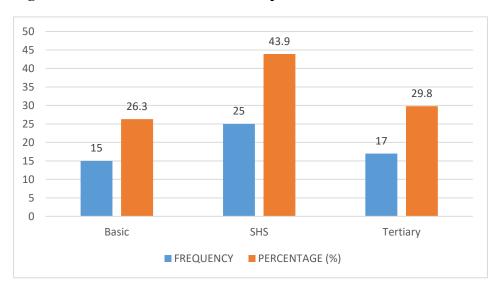


Figure 4.1.3: Level of education of respondents

These responses from the respondents show that, majority of the company's customers 25 representing (43.9%) were SHS graduates.

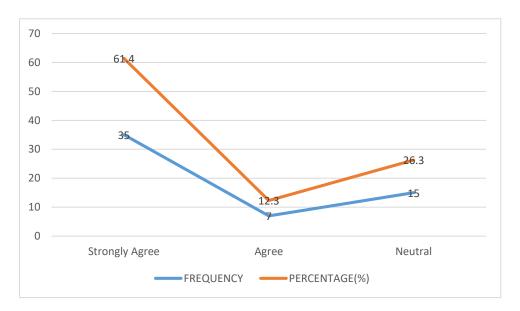
# 4.2 Section A: Relationship between Sales Promotion and Customer Loyalty

Under this section the researchers aim is to determine the relationship between sales promotion and customer loyalty.

# 4.2.1 Question: To What extent does Y & K limited uses discounts as a strategy to retain customers?

The first issue addressed relates to objective one on the sales promotion strategies used by Y & K Company Limited to retain its customers. As shown in line graph 4.2.1, when customers were asked to what extent does Y & K uses discounts as a strategy to retain customers, the following responses were obtained; (61.4%) selected 'strongly agree', (12.3%) indicated "agree", (26.3%) selected 'neutral'. There were no responses for disagree and strongly disagree.

Figure 4.2.1: A Line graph showing whether Y & K uses discounts as a strategy to retain customers.

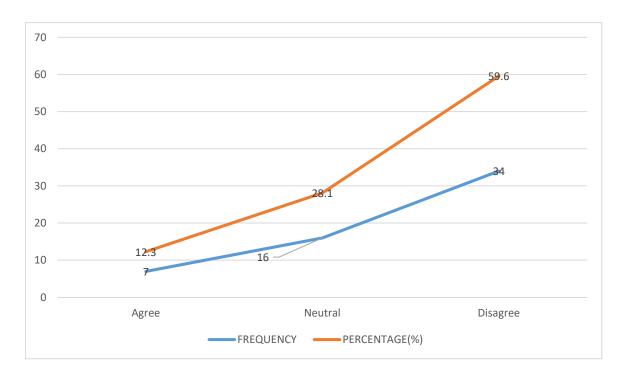


It was brought to light by 35 representing (61.4%) of customers strongly agreed that Y & K uses discounts during sales promotions.

# 4.2.2 Question: To What extent are you aware that Y & K offers Bonus packs during sales promotion?

Line graph 4.2.2 also examined the issue of whether Y & K offers Bonus packs to customers during promotions. Varied responses were obtained from respondents. (12.3%) was obtained for "agree", (28.1%) was obtained for "neutral", (59.6%) selected "disagree". There was no response for strongly agree and strongly disagree.

Figure 4.2.2: A line graph showing whether Y & K offers Bonus packs to customers during promotions

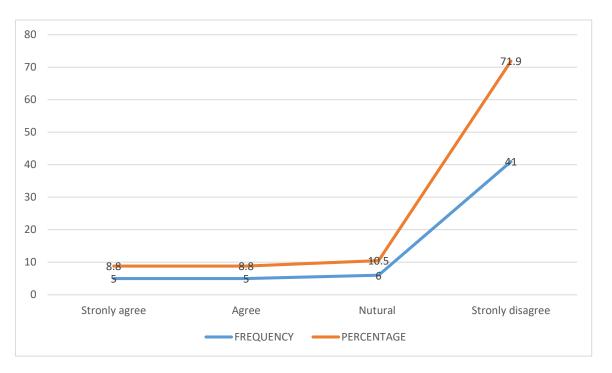


These responses from the respondents indicates that, 34 representing (59.6%) of respondents disagreed that Y & K uses bonus packs during sales promotions.

# 4.2.3 Question: Y & K offers premiums during sales promotion?

Line graph 4.2.3 also examined the issue of whether Y & K offers premiums during sales promotions. Varied responses were obtained from respondents. (8.8%) was obtained for "Strongly Agree", and "Agree", respectively. (10.5%) chose "neutral" and (71.9) selected "strongly disagree". There was no response for disagree.

Figure 4.2.3: A line graph showing whether Y & K offers premiums to customers during promotions



These responses from the respondents indicates that, 41 representing (71.9%) of respondents strongly disagreed that Y & K uses premiums during sales promotions.

# 4.2.4 Question: Y & K offers free samples during sales promotion?

As evident in line graph 4.2.4, when respondents were asked whether Y & K offers free samples during sales promotions, the following responses were obtained; (42.1%) indicated "Strongly Agree", (19.3%) selected "agree", (10.5%) chose 'neutral', (19.3%) indicated 'disagree' and (8.8%) indicated 'strongly disagree'.

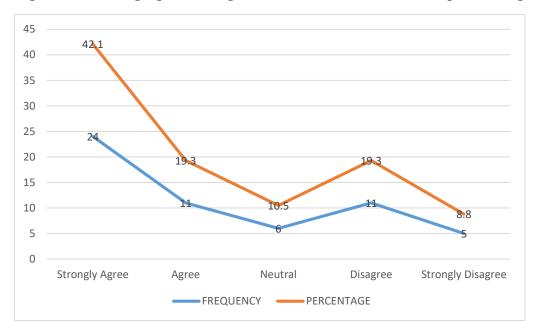


Figure 4.2.4: line graph showing whether Y & K offers free samples during sales promotion

Majority of the respondents 24 representing (42.1%) indicated that the company uses free samples during sales promotions.

# 4.2.5 Question: Y & K offers coupons during sales promotion

As evident in line graph 4.2.5 when respondents were asked whether Y & K offers coupons during sales promotions, the following responses were obtained; (45.6%) indicated "Strongly Agree", (26.3%) selected "agree", (19.3%) chose 'neutral', (5.3%) indicated 'disagree' and (3.5%) indicated 'strongly disagree'.

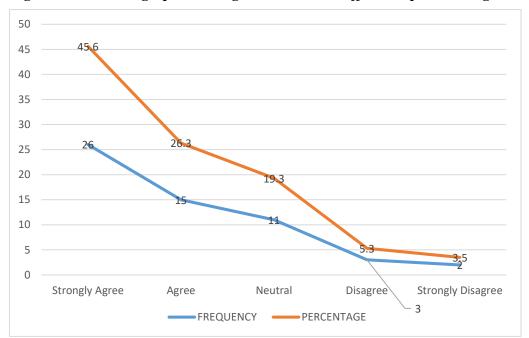


Figure 4.2.5: A line graph showing whether Y & K offers coupons during sales promotion

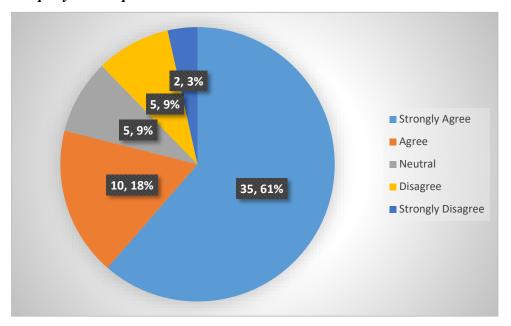
Majority of the respondents 26 representing (45.6%) indicated that the company uses coupons during sales promotions.

# 4.3 Section B: To Assess the Influence of Sales Promotions in Helping Customers To Search For Information About Y & K Limited

# 4.3.1 Question: Whether sales promotions provide valuable information about a company and its product?

Pie chart 4.3.1 shows whether sales promotions provide valuable information about a company and its product. (61.4%) selected "strongly agree", (17.5%) selected "agree" while (8.8%) chose "neutral" and "disagree" respectively and only (3.5%) selected "strongly disagree"

Figure 4.3.1: A pie chart showing whether sales promotions provide valuable information about a company and its product

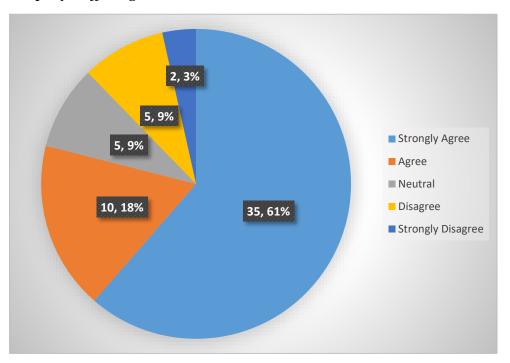


It can be concluded that (61.4%) of respondents indicated sales promotions provide valuable information about a company during sales promotions.

# 4.3.2 Question: Whether sales promotions makes it easier to learn about the company's offerings?

As evident in pie chart 4.3.2 below, Respondents were asked whether promotions make it easier to learn about the company's offerings. (61.4%) selected "strongly agree", (17.5%) selected "agree" whiles (8.8%) chose "neutral" and "disagree" respectively and only (3.5%) selected "strongly disagree"

Figure 4.3.2: A pie chart showing whether sales promotions makes it easier to learn about the company's offerings

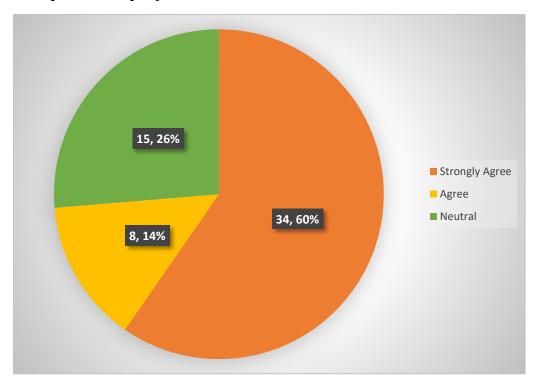


Majority 35 representing (61.4%) of respondents strongly agreed that sales promotions make it easier to learn about the company's offerings.

# 4.3.3 Question: Whether sales promotions often include detailed product descriptions and specifications?

Pie chart 4.3.3 also examined the issue of whether sales promotions often include detailed product descriptions and specifications. Varied responses were obtained from respondents. (59.6%) selected "strongly agree", (14.1%) was obtained for "agree", (26.3%) was obtained "neutral" and there were no responses for disagree and strongly disagree.

Figure 4.3.3: A pie chart showing whether sales promotions often include detailed product descriptions and specifications

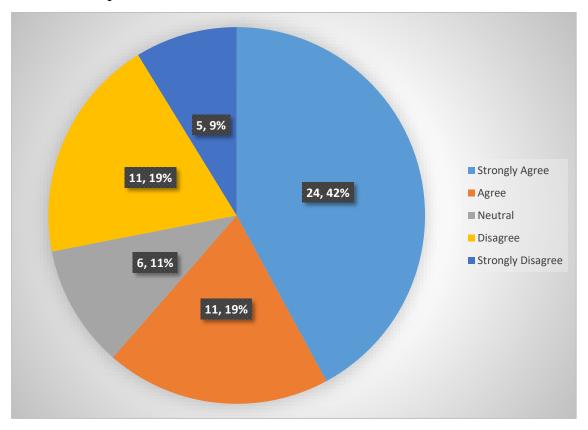


Majority 34 representing (59.6%) of respondents indicated that sales promotions often include detailed product descriptions and specifications.

# 4.3.4 Question: Whether sales promotion can be seen as an effective way to introduce new products to customers?

As evident in pie chart 4.3.4, when respondents were asked whether sales promotion can be seen as an effective way to introduce new products to customers, the following responses were obtained; (42.1%) indicated "Strongly Agree", (19.3%) selected "agree", (10.5%) chose "neutral", (19.3%) indicated "disagree" and (8.8%) indicated "strongly disagree".

Figure 4.3.4: A pie chart showing whether sales promotion can be seen as an effective way to introduce new products to customers

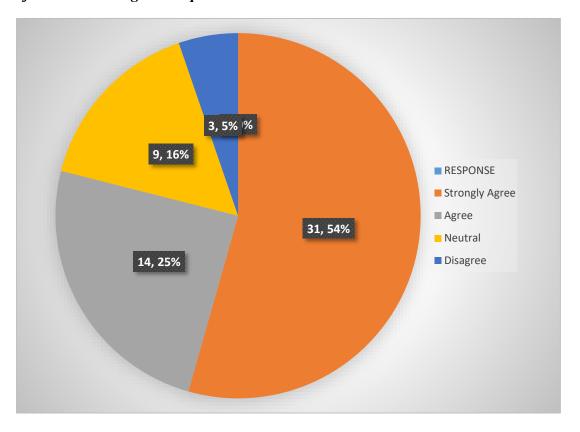


It can be concluded that 24 (42.1%) of respondents indicated sales promotion can be seen as an effective way to introduce new products to customers.

# 4.3.5 Question: Whether customers tend to research further about the company after encountering a sales promotion?

As evident in pie chart 4.3.5, when respondents were asked whether sales promotion can be seen as an effective way to introduce new products to customers, the following responses were obtained; (54.3%)indicated "Strongly Agree", (24.6%) selected "agree", (15.8%) chose 'neutral', (5.3%) indicated 'disagree' and there was no response for strongly disagree.

Figure 4.3.5: A pie chart showing whether customers tend to research further about the company after encountering a sales promotion.



It can be concluded that 31 representing (54.3%) of respondents indicated that customers tend to research further about the company after encountering a sales promotion.

## 4.4. Section D: Role of Sales Promotion in Retaining the Customers Y & K Limited.

## 4.4.1 Question: Whether sales promotions offer better value for money

Combo graph 4.4.1 also examined the issue of whether sales promotions offer better value for money. Varied responses were obtained from respondents. (8.8%) was obtained for "disagree", and "Agree", respectively. (10.5%) chose "neutral" and (71.9%) selected "strongly agree".

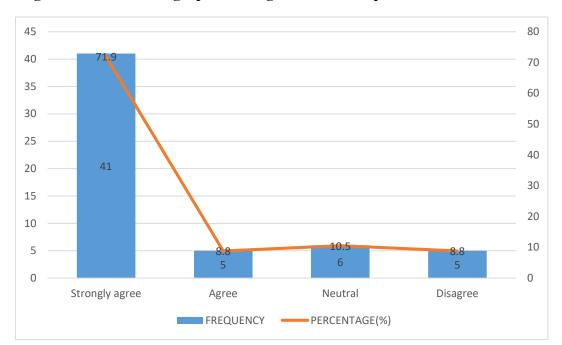


Figure 4.4.1: A combo graph showing whether sales promotion offer better value for money

These responses from the respondents indicates that, 41 representing (71.9%) of respondents strongly agreed that sales promotions offer better value for money.

# 4.4.2 Question: Whether Y & K grant incentives during sales promotion

As evident in combo graph 4.4.2 Respondents were asked whether sales promotions grant incentives to customers. (17.5%) selected "strongly disagree", (43.9%) selected "agree", (26.3%) selected "neutral", (8.8%) selected "disagree" and (3.5%) selected "Strongly Disagree".

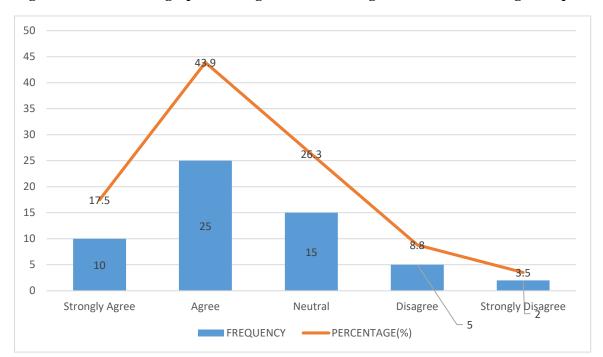


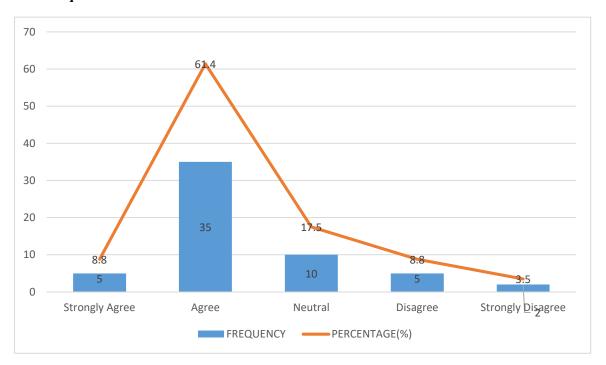
Figure 4.4.2: A combo graph showing whether Y & K grant incentives during sales promotion

Majority 25 representing (43.9%) of respondents indicated that Y & K grant incentives during sales promotion

## 4.4.3 Question: Whether sales promotion offered by Y & K offers reduced costs on products

As evident in combo graph 4.4.3 when respondents were asked whether sales promotion offered by Y & K offers reduced costs on products, the following responses were obtained; (8.8%)indicated "Strongly Agree",(61.4%) selected "agree", (17.5%) chose 'neutral', (8.8%) indicated 'disagree' and (3.5%) indicated 'strongly disagree'.

Figure 4.4.3: A combo graph showing whether sales promotion offered by Y & K offers reduced costs on product



It was revealed by 35 representing (61.4%) of customers that sales promotion offered by Y & K offers reduced costs on products.

# 4.4.4 Question: Whether sales promotions improve standard of living

As evident in combo graph 4.4.4. Respondents were asked whether sales promotions improve standard of living of customers. (61.4%) selected "agree", (17.5%) selected neutral whiles (3.5%) chose "strongly disagree" and (8.8%) selected "strongly agree.

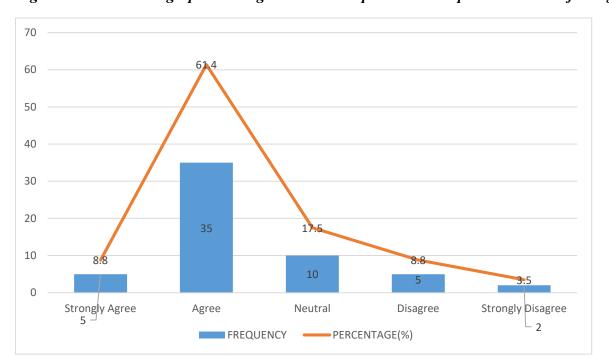


Figure 4.4.4: A combo graph showing whether sales promotions improve standard of living

Majority 35 representing (61.4%) of respondents indicated that sales promotions improve standard of living.

# 4.5 Analysis of Responses from Management of Y & K Limited

Thirteen (13) respondents were used in the study and all the 13 questionnaires sent out were retrieved.

## 4.5.1 Age Distribution of Respondents

Bar chart 4.5.1 depicts the age groups of the respondents of the study. (30.7%) of the respondents were between the ages of 20 and 25 years. Also, (38.5%) of the respondents were between the ages of 26 and 30 years, (23.1%) were between the ages of 31 and 35 years and (7.7%) of the respondents were 30 years and above.

38.5 40 35 30.7 30 23.1 20 15 10 7.7 5 4 3 1 20-25 years 36 years & above 26-30 years 31-35 years ■ PERCENTAGE%

Figure 4.5.1: Age distribution of respondents

It can be seen from the information in the bar chart above that 5 representing (38.5%) of the respondents are within 26-30 years. It means that majority of the company's employees are in their youthful age.

## 4.5.2 Sex of Respondents

Bar chart 5 shows the gender of the staff of the study. As evident from figure below, (38.5%) of the respondents of the study were females and (61.5%) were males.

70 61.5
60
50
40 38.5
30
20
10 5
8
Female Male

Figure 4.5.2: Gender distribution of respondents

The researchers can therefore conclude based on the results here that majority of the company's staff 8 representing (61.5%) were males.

#### 4.5.3 Level of Education

As observed in bar chart 4.5.3, (38.5%) of the respondents of the study were SHS graduates. Also, (61.5%) of the respondents hold various tertiary degrees. No response was obtained for basic education and others.

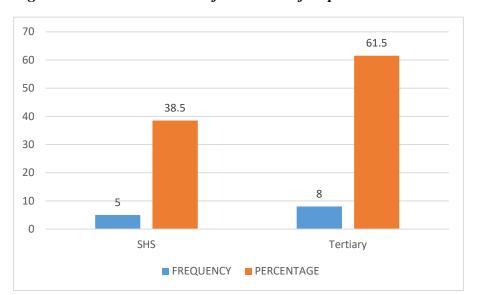


Figure 4.5.3 Bar chart: level of education of respondents

From the information above, the study revealed that about 8 representing (61.5%) that is majority of the respondents were holders of tertiary education certificates.

# 4.6 Section B: Sales Promotion Strategies Used By Y & K Limited

The respondents were required to indicate their level of agreement based on the given statements in the questionnaire using a scale of "strongly agree", "agree", "neutral", "disagree" and "strongly disagree".

## 4.6.1 Question: Whether Y & K uses discounts to retain its customers.

The first issue addressed relates to Objective one that is the sales promotion strategies used by Y & K Company Limited to retain its customers. As pie chart 4.6.1, the Company strongly agree using price discounts to retain its customers. This is indicated by responses (61.5%) for "Strongly agree", (7.7%) for "agree" and (30.8%) for "neutral". No response was obtained for disagree and strongly disagree.

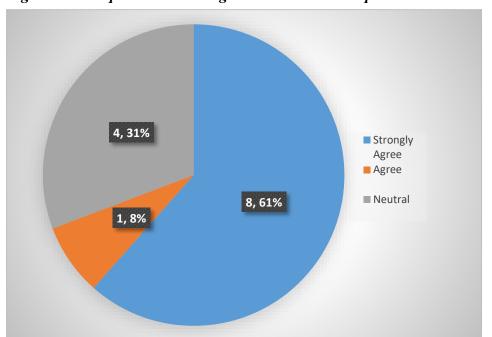


Figure 4.6.1: A pie chart showing whether Y & K uses price discount to retain customers

# 4.6.2 Question: What extent are you aware that Y & K offers bonus packs during sales promotion?

The second issue addressed relates to objective one on the sales promotion strategies used by Y & K Company Limited to retain its customers. As shown in Pie chart 4.6.2, when customers were asked to what extent Y & K uses bonus packs as a strategy to retain customers, the following responses were obtained; (84.6%)selected 'strongly disagree', (15.4%) indicated agree and there were no responses for strongly agree, neutral and disagree.

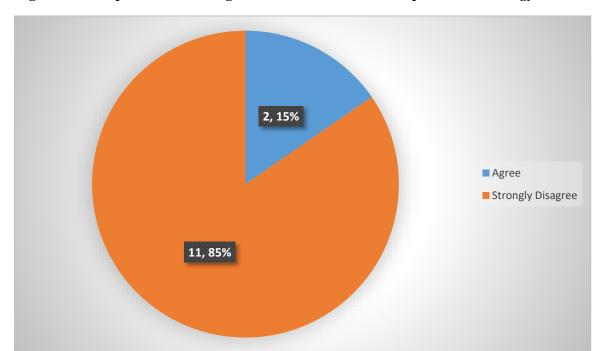


Figure 4.6.2: A pie chart showing whether Y & K uses bonus packs as a strategy to retain customers

Majority of the respondents 11 (84.6%) strongly disagreed that Y & K uses bonus packs as a strategy to retain customers.

# 4.6.3 Question: Whether Y & K uses premiums as a strategy to retain customers

Pie chart 4.6.3 shows whether Y & K uses premiums as a strategy to retain customers (15.4%) selected "strongly agree", (30.8%) selected "disagree" and (53.8%) "Strongly disagree". No response for agree and neutral.

2, 15%

Strongly Agree
Disagree
Strongly Disagree

Figure 4.6.3: A Pie chart showing whether Y & K uses premiums as a strategy to retain customers

This indicated that, majority 7 (53.8%) strongly disagreed that Y & K uses premiums as a strategy to retain customers.

# 4.6.4 Question: Whether Y & K uses free samples as a strategy to retain customers

Pie chart 4.6.4 shows whether Y & K uses free samples as a strategy to retain customers (84.6%) selected "strongly agree", (15.4%) selected agree. There were no responses for "neutral", "disagree" and "strongly disagree"

2, 15%

Strongly
Agree
Agree

Figure 4.6.4: A Pie chart showing whether Y & K uses free samples as a strategy to retain customers

The researchers concluded that, majority of the respondents 11 representing (84.6%) strongly agreed that Y & K uses free samples to retain customers.

## 4.6.5 Question: Whether Y & K uses coupons as a strategy to retain customers

Pie chart 4.6.5 shows whether Y & K uses coupons as a strategy to retain customers (76.9%) selected "strongly agree", (23.1%) selected agree. There were no responses for "neutral", "disagree" and "strongly disagree"

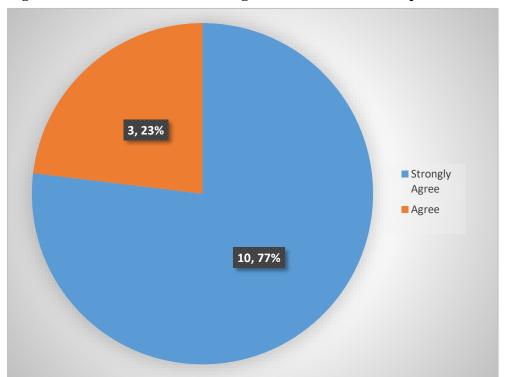


Figure 4.6.5: A Pie chart 19 showing whether Y & K uses coupons as a strategy to retain customers

It can be concluded that majority of the respondents 10 representing (76.9%) agreed that Y & K uses coupons as a strategy to retain customers.

# **4.7 Chapter Summary**

The Respondents overwhelmingly concurred that the company offers clients price reductions, free samples, and coupons in order to keep them as customers. This is in reference to the sales promotion techniques utilized by Y & K to keep its customers.

According to the results, respondents firmly agreed that sales promotions offer useful information about a company and its products and have a favourable impact on assisting clients in learning more about Y & K limited.

It was discovered that sale promotions improve standard of living of customers, lower product costs, better value for their money, and incentives.

#### **CHAPTER FIVE**

## SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

The study's summary is presented in this chapter. It outlines the key conclusions reached as well as the suggested changes. The purpose of the study was to determine how sales promotions affect consumer loyalty. The study specifically focused on the following three (3) goals:

- 1. To ascertain the link between client loyalty and sales promotions.
- 2. To evaluate the impact of sales promotion in assisting customers in their research of Y & K limited-Koforidua.
- 3. To look into how sales promotions affect Y & K Limited's ability to keep customers.

## **5.2 Summary of Findings**

# 5.2.1 The focus of this study was on how sales promotions affect consumer loyalty.

Seventy (57) questionnaires were distributed and retrieved in total. The following was discovered based on feedback from customers of Y & K limited.

#### To ascertain the connection between client loyalty and sales promotion.

The Respondents overwhelmingly concurred that the company offers clients price reductions, free samples, and coupons in order to keep them as customers. This is in reference to the sales promotion techniques utilized by Y & K to keep its customers.

The corporation does not, however, use premiums and bonus packages as a sales promotion method to keep clients, according to respondents.

Because buyers perceive premiums and bonus packages to have an effect, Y & K rarely uses them during sales promotions.

## To determine how sales promotion has impacted customers' ability to find out more about Y &

#### **K** Limited

According to the results, respondents firmly agreed that sales promotions offer useful information about a company and its products and have a favourable impact on assisting clients in learning more about Y & K limited.

Additionally, respondents overwhelmingly concurred that sales promotions make it simpler to learn about a company's products. It also makes it easier for clients to understand what Y & K Limited has to offer.

According to the respondents, Y & K frequently includes thorough product descriptions and specifications in its sales promotions. Customers can learn more about the product and its uses.

Respondents concurred that sales promotions can also be an efficient approach to introduce new products to consumers, and that customers who come across a sales campaign from Y & K limited are more likely to look for more information about the company.

#### To look into how Y & K Limited's sales promotions affect keeping customers.

According to respondents, sales promotions offer better value for money when it comes to the function they play in keeping clients at Y & K Limited.

Additionally, respondents clearly demonstrated that the sales promotion provided by Y & K limited increased their standard of living in helping to retain them.

Additionally, respondents said that Y & K Limited's sales promotion, which included lower prices on certain products, helped keep them as customers.

Majority of respondents felt that Y & K Limited's sales campaign offers incentives and aids in employee retention.

### 5.2.2 The focus of the investigation was on Y & K Limited's tactics.

Thirteen (13) questionnaires were distributed and retrieved in total. The following was discovered as a result of the personnel and management's findings at Y & K Limited:

### Y & K Limited used sales promotion techniques to keep consumers.

Y & K uses discounts as a sales promotion tactic to keep customers, according to respondents, who concurred enthusiastically.

Y & K employs free samples as a sales promotion tactic to keep clients, according to the respondents, who also disclosed this.

The majority of respondents firmly supported the usage of coupons by Y & K as a sales promotion and customer retention technique.

However, the majority of respondents disapproved vehemently with Y & K's usage of premiums and bonus packs in sales promotion.

### **5.3 Conclusions**

This study looked into how well customers of Y & K Limited Koforidua responded to sales promotions. The study demonstrates that a customer's loyalty is significantly influenced by the tactics used in sales promotions, their functions, and the ways in which they might aid customers in their research of Y & K Limited.

As a sales promotion approach, Y & K uses price reductions, free samples, and coupons to keep customers. Second, it was discovered that sale promotions improve standard of living of customers, lower product costs, and better value for their money, and incentives. Additionally, sales promotions make it simpler to purchase a company's goods by providing useful information about the latter, to learn about a company's offerings, sales promotions frequently feature comprehensive product

descriptions and specifications, sales promotion can also be a successful approach to introduce new items to consumers, and after encountering a sales promotion, customers are more likely to learn more about the firm.

#### **5.4 Recommendations**

The following advice is given to Y & K Limited based on the study's findings and drawn conclusions: The business must continue its existing sales promotion tactics since they have helped Y & K customers stay loyal to the brand, but it should also broaden its appeal by offering bonus packs and premiums because doing so is likely to both help customers stay with the brand and attract new ones.

Refer-a-friend promotions. Y & K should encourage or incentivize existing customers to refer friends by providing rewards or awards for successful referrals.

Reactivation campaigns. Y & K should identify inactive customers and create targeted promotions to win them back. Offer a special discount or incentive to re-engage with Y & K.

Email and SMS marketing. Y & K should use targeted campaigns to inform customers about promotions, leveraging personalized offers to entice purchases.

Contests and giveaways. Y & k should also make good use of the social media by organizing contests or giveaways on social media platforms to encourage engagement, increase brand visibility and retain customers.

Additionally, Y & K must use its sales promotion strategies more frequently because customers perceive them as having a positive impact in keeping them by offering incentives, lowering product costs, providing better value for money, and improving customers' standard of living through its products, all of which can help draw in new clients.

Y & K Limited should also continue to update and alter its sales promotion initiatives in accordance with the preferences and tastes of its clients and the general public.

All of these will raise consumer satisfaction and foster loyalty. If clients are happy, they will remain devoted to the Y & K. As a result, the market will be very profitable, allowing the business to grow sustainably and gain market share.

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#### APPENDIX I

## QUESTIONNAIRE FOR CUSTOMERS

#### KOFORIDUA TECHNICAL UNIVERSITY

#### FACULTY OF BUSINESS AND MANAGEMENT STUDIES

(DEPARTMENT OF MARKETING)

# THE ROLE OF SALES PROMOTION ON CUSTOMER LOYALTY IN THE RETAIL INDUSTRY: A CASE STUDY OF Y & K LIMTED-KOFORIDUA.

The purpose of this survey is to evaluate how sales promotions affect customer loyalty in the retail sector. You have been chosen to be a part of the sample in order to fulfill this purpose by providing the pertinent and impartial data required to satiate this curiosity. Your responses will be handled in strict confidence and used only for academic purposes.

#### **QUESTIONNAIRE FOR CUSTOMERS**

Please tick  $[\sqrt{}]$  your preferred option or provide the required answer(s)

Section A: Personal Information

- 1. Age
- A. Below 20[] B. 20-30[] C. 31-40[] D. 41-50 E. 50 & above []
- 2. Sex
- A. Male [ ] B. Female [ ]
- 3. Level of education
- A. Basic [] B SHS [] C Tertiary [] D other(s), please specify ......

#### SECTION A: To determine the relationship between sales promotion and customer Loyalty.

Indicate on the scale of one (1) to five (5), where; *I= strongly agree*, *2=Agree*, *3= Neutral*, *4= Disagree and 5= strongly disagree*, the extent to which you are aware of the following sales promotion strategies of Y & K Limited.

STRATEGIES	Strongly	Agree 2	Neutral 3	Disagree 4	Strongly disagree 5
	agree 1				
Discounts					
Bonus packs					
Premiums					
Free samples					
Coupons					

# SECTION B: To investigate the role of sales promotion in retaining customers at Y & K Limited.

Indicate on the scale of one (1) to five (5), where; *1=strongly agree*, *2=Agree*, *3=Neutral*, *4=Disagree* and *5=strongly disagree*, the extent to which you are aware of the following sales promotion roles in retaining customers at Y & K Limited.

ROLE	Strongly	Agree 2	Neutral 3	Disagree 4	Strongly
	agree 1				disagree 5
Better value					
for money					
Grant					
incentives					
Reduced					
costs					
Improved					
standard of					
living					

SECTION C: To assess the influence of sales promotion in helping customers to search for information about Y & K Limited.

Indicate on the scale of one (1) to five (5), where; *1=strongly agree*, *2=Agree*, *3=Neutral*, *4=Disagree* 

and 5= strongly disagree, the extent to which you are aware of how sales promotions help customers to search for information about Y & K Limited.

INFLUENCE	Strongly	Agree 2	Neutral 3	Disagree 4	Strongly
	agree 1				disagree 5
Sales promotions					
provide valuable					
information about					
a company and its					
product.					
Sales promotion					
makes it easier to					
learn about the					
company's					
offerings.					
Sales promotions					
often include					
detailed product					
descriptions and					
specifications.					
Sales promotion					
can be an					
effective way to					
introduce new					
products to					
customers.					
Customers tend to					
research further					
about the					
company after					
encountering a					
sales promotion.					

#### **APPENDIX II**

# QUESTIONNAIRE FOR STAFF AND MANAGEMENT OF Y&K LIMTED- KOFORIDUA KOFORIDUA TECHNICAL UNIVERSITY

### FACULTY OF BUSINESS AND MANAGEMENT STUDIES

#### (DEPARTMENT OF MARKETING)

# THE ROLE OF SALES PROMOTION ON CUSTOMER LOYALTY IN THE RETAIL INDUSTRY: A CASE STUDY OF Y & K LIMITED-KOFORIDUA

**INSTRUCTIONS**: Please tick  $[\sqrt{\ }]$  your preferred option or provide the required answer(s) Section A: Personal Information

1. Age
A. 20-25 [ ] B. 26-30 [ ] C. 31-35 [ ] D. 36 & above [ ]
2. Sex
A. Male [ ] B. Female [ ]
3. Level of education
A. Basic [] B SHS [] C Tertiary [] D other(s), please specify

QUESTIONNAIRE FOR STAFF AND MANAGEMENT

#### SECTION B: To find out sales promotion strategies used by Y & K limited

Indicate on the scale of one (1) to five (5), where; *I=strongly agree*, *2=Agree*, *3=Neutral*, *4=Disagree* and *5=strongly disagree*, the extent to which you are aware of the following sales promotion strategies of Y & K Limited. The researchers want to find out if these strategies are used by Y & K limited to retain customers.

STRATEGIES	Strongly	Agree 2	Neutral 3	Disagree 4	Strongly
	agree 1				disagree 5
Discounts					
Bonus packs					
Premiums					
Free samples					
Coupons					



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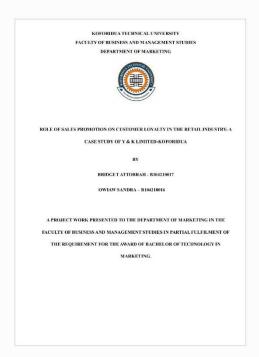
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