

Assessment of Sales Promotion Practice at Kality Food S.Co. in Addis Ababa

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Abstract

This study assessed the sales promotion practice of Kality Food S.Co. A descriptive research design was used. The study respondents were marketing manager, as well as retailers of Kality Food S.Co. The student researcher employed a convenience and accidental sampling technique. Primary data from the sample respondents and informants using structured questionnaire and interview guide respectively were collected. The study found out that Kality Food S. Co. offers sales promotion for all participants, such as trade allowance, free merchandise, trade show and push money, but not store demonstration at all. However, the customers are not loyal to the Company. Thus, they purchase low level quantity of its product as the customers are not attracted enough by the sales promotion activities of the Company when compared with its competitors. Besides, the discount provided to customers does not initiate them to purchase its product. The majority of customers are not satisfied by sales promotion of Kality Food S. Co. Therefore, the retailers do not recall the Company's product when final customers visit their outlets. Its sales promotion is poor when compared to its competing companies in that the retailers does not accept its promotion and thinks that it has no benefit for their retailing businesses and study. The company's sales promotion does not attract retailers, and they do not give priority to the Company's product over others by its sales promotion activity. The Company is generally weak in gathering relevant pieces of information on its trade sales promotion from customers as feedbacks to be used for management purpose. It is recommended that the Company should be well-designed to match the rivals' sales promotion activities to attract more customers and to gain market share, as well as competitive position should give a better amount of discount than it has offered currently to attract new customers and serve current customers, it should participate in trade show more than before, and the Company should look forward to improve its sales promotion practice and make customers loyal.

Introduction

Sales promotion is defined as a direct inducement that offers an extra value or incentive for the product to the sales force, distributors or the ultimate customers with the primary objective of creating immediate sales. Sales promotion involves some type of inducement that provides an external incentive to buy. It may be a coupon or a price reduction that gives opportunity to enter a contest or sweepstakes, a money-back refund or rebate or an extra amount of a product. Most sales promotion offers attempt to add some value to the product or service to buy. Sales promotion is essentially an acceleration tool designed to speed up the selling process and maximize sales volume (Belch & Belch 2004, p. 513).

Sales promotion aims directly at inducing purchasers to buy a product. It involves demonstration, contests, price-off, coupon, free sample, special packaging, and money refund offer. Sales promotion activity is designed to encourage retailers and sales persons to sell the product. It is different from selling and advertising in the sense, that sales promotion is non-recurrent in nature and is for a short period. The three fundamental sales promotion objectives are informing, persuading and reminding (Mishra 2004, p. 1).

Sales promotion is designed to speed up the sales process. It normally involves a direct inducement, such as money, price, extra-product, gift and special information that provide extra incentives to buy, visit the store, request literature or take some other action. It is used anywhere along the marketing routes from manufacturing to dealers, dealers to customer or manufacturer to customer (Kumer & Mittal 2002, p.123).

Kality Food S. Co. is commonly known as Ceralia with reference to its long-standing flagship brand; it was established during the five year Italian occupations in 1930. As of 1935, it was run by the Royal family. Like many

companies, it was nationalized during the Derg Regime. In October 1992, its form of business changed into a share company with a capital of ETB 88 million under the ownership of the State. The Company was later up for a privatization auction and was acquired by Romel General Trading PLC in June 2010. The current parent company took over Kality Food S. Co. as of July 2010. The Company is located at 15 km away from the center of Addis Ababa along the main road to Debre Zeit. The Company mainly produces wheat flour, pasta, different types of biscuits and bread.

Sales promotion tools used by most organizations, including manufacturing, distributors, retailer, trade association, and non-profit organizations target toward final buyer, retailer and wholesaler, business customer and member of the sales force. Several factors have contributed to the rapid growth of sales promotion inside the Company. The product manager has faced greater pressures to increase their current sales. Externally, the Company faces many competitions and competing brand are less differentiated. Increasingly, competitors are using sales promotion to help differentiate their offer; consumers have become more deal oriented, and ever-larger retailers are demanding more deal from manufacturers (Kotler & Armstrong 2005, p. 510).

In addition, Mishra (2004, p. 9) argues that sales promotions can be directed at the customer, sales staff or distribution channel members, such as retailers. Promotion of sales targeted at the customer is called consumer sales promotions. Sales promotions targeted at retailers and wholesalers are called trade sale promotion.

Currently, the Kality Food S. Co. practices the following sales promotion activities. It participates in trade show; provides discount, and uses materials, like brochure and poster for promotion. It offers free merchandise; trade allowance for business customers and provides push money in some amount.

Statement of the Problem

According to the student researcher's preliminary findings, the Company has some problems in the area of sales promotion. Even if the Company knows that its products are not popular in the society, it does not participate well enough in sales promotion. The owners of the Company participate in trade show only three times a year.

There is also a problem in gaining more customers and retaining current customers which is attributed to lack of sufficient budget for sales promotion activities and materials that are used for promotion (like brochures which are not updated). It is weak in offering push money, and it does not provide specialty advertising items that carry the Company's name (such as pens, pencils and calendars).

Although the Share Company provides discount, the student researcher sees it as a problem because it is not enough to attract retailers. Based on the above-stated problems, the student researcher tries to answer the following basic research questions:

1. What are the effects of the Company's sales promotion practices on its profitability?
2. To what extent sales promotion of the Company affects customers' decision making in using its product?
3. To what extent the Company implements proper sales promotion practices?
4. What are the factors that have affected sales promotion of the company?

Objective of this Study

The overall objective of this study was to assess the sales promotion practice of Kality Food S.Co. In addition, the study addressed the following specific objectives:

To indicate the effect of the Company's sales promotion practice on its profitability;

To describe the effect of the sales promotion on customers' decision making and in using the Company's product;

To analyze the extent at which the Company implement sales promotion practice, and

To identify the factors that have affected the sales promotion.

Significance of the Study

This research can generate data on those important issues to the Company which can help to improve its sales promotion practice by knowing the gap and improving their decision making on the areas in which problems are found. In addition, it may also help the student researcher to practice what has been learned and may possibly serve as a secondary empirical resource for researchers who will conduct research in this area.

Review of Related Literature

According to Evan and Berman (1990, p. 456) promotion is any form of communication used to inform, persuade or remind people about an organizations or individual goods, service, image, ideas, community involvement, or impact on society. Promotion planning is a systematic decision making relating to all aspects of an organization or individuals' communication

effort. Promotion is a key element of the marketing mix. For several reasons with new products, customers must be informed about the items and their attributes before developing favourable attitudes toward them, for products that have a level of consumer's awareness, the promotional thrust is on persuasion, converting products knowledge to product liking for well-entrenched products and emphasis is on remainder promotion reinforcing existing consumers' beliefs.

Regarding types of promotion, Evan and Berman (1990, p. 457) in their communication program argue that companies can be involved with one or more than one of the following basic types of promotion: advertising, publicity, personal selling and sells promotion.

Advertising is paid for non-personal communication regarding goods, services, organizations, people, place, and idea that transmitted through various media by business firms, non-profit organizations and individuals. These entities are in some way identified in the advertising message(s) as the sponsor's message is generally controlled by the sponsor.

It is non-personal communication regarding goods, services, organizations, people, place and ideas that is transmitted through various media but not paid for by an identified sponsor. The message is generally controlled by the media. It involves oral communication with one or more prospective buyers by paid representatives for the purpose of making sales.

Sales promotion involves paid marketing communication activity that stimulates consumer's purchases and dealers' effectiveness. It also includes trade show, premium, incentive, giveaways, demonstrations, and various other limited time selling efforts not in the ordinary promotion routine.

Sales promotion is defined as a marketing communication which is not advertising personal selling and public relation. Unfortunately, many definitions

explaining what this includes are flawed by falling to embrace all of the marketing tools regarded as sales promotion in practice (Baker 2000, p. 418).

Sales promotion is further defined as demand-stimulating devices designed to supplement advertising and facilitate personal selling. Sales promotions are conducted by producers and middlemen. The target for producer's sales promotions may be middlemen and end-users, households or business users or the producers' own sales force. Middlemen direct sales promotion at their sales; people or prospects further down the channel of distribution (Etzel et al. 2004, p. 550).

Sales promotion includes a wide variety of promotional tools designed to stimulate easier or stronger market response. Several factors have led to the rapid growth of sales promotion, particularly in consumer markets and internal factors indicate that promotion now is more accepted by top management as an effective tool to increase sales. More product managers are qualified and experienced to use sales promotion tools and product managers are under greater pressure to increase their sales. External factors include the increase in the number of brands. Competitors have become more promotion minded and trade demands more deals from manufacturers (Batra 1996, p. 173).

Marketers use the term sales promotion to categorize a variety of promotional activities that are something other than personal selling, advertising or public relation. Sales promotions are usually intended to induce buyers to make purchase or to stimulate dealer effectiveness in a specific time period. Promotion of sales adds value to the offering of product or provides an incentive for certain behavior (Zikmund and D'Amico 1999, p. 470).

Sales promotion may take any or all of the three forms, namely, consumer promotion, trade promotion and sales force promotion. These forms of sales

promotion are also known as tools or methods of sales promotion. Let us describe each of the sales promotion separately.

According to Clow and Baack (2002, p. 412), consumer sales promotion are incentives aimed at firm customers. These customers can be end users of the product or service or they may be other businesses. The difference between consumer and trade promotion is that trade promotions are direct at firms that resell the manufacturers or firm's products. Consumer promotions are direct toward individuals or firms that use the product and do not resell it to another business. Thus, consumer promotions can be used in both consumers' markets and business-to-business markets.

There are different types of sales promotion. According to Kotler and Armstrong (2012, pp. 483-487), types of consumer sales promotional include samples, coupons, cash refunds, price packs (also called cents-off deals), premiums, advertising specialties' contests, and sweepstakes and games.

Samples are offers of a trial amount of a product. Sampling is the most effective, but most expensive way to introduce a new product or create new excitement for an existing one. Some samples are free, but the Company charges a small amount to offset its cost for others. The sample might be sent by mail, handed out in a store or at a kiosk, attached to another product or featured in an advertisement or an e-mail. Sometimes, samples combined into sample packs, which can then be used to promote other products and services. Sampling can therefore be a powerful promotional tool.

Coupons are certificates that give buyers a saving when they purchase specified products. Most consumers love coupons. These can promote early trial of a new brand or stimulate sales of a mature brand. However, as a result of coupon clutter, redemption rates have been declining in recent years. Thus, most major

consumer goods companies are issuing fewer coupons and targeting them more carefully.

Cash refunds (or rebates) are like coupons, except that the price reduction occurs after the purchase rather than at the retail outlet. The customer sends a proof of purchase to the manufacturer, which then refunds part of the purchase price by mail.

Price packs (also called cents-off deals) offer consumers savings off the regular price of a product. The producer marks the reduced prices directly on the label or package. Price packs can be single packages sold at a reduced price, such as two for the price of one or two related products banded together. Price packs are very effective even more so than coupons in stimulating short term sales.

Premiums are goods offered either free or at low cost as an incentive to buy a product. A premium may come inside the package in pack, outside the package on pack, or through the mail.

Advertising specialties which are also known as promotional products are useful articles imprinted with an advertiser's name, logo or message that are given as gifts to consumers.

Point-of-Purchase (POP) promotions include displays and demonstrations that take place at the point of sale. Manufacturers have responded by offering better POP materials, offering to set them up, and tying them in with television, print or online messages.

Contests, sweepstakes, and games give consumers the chance to win something, such as cash, trips, or goods, by luck or through extra effort. A contest calls for consumers to submit an entry, a jingle, guess, suggestion to be

judged by a panel that will select the best entries. A sweepstakes calls for consumers to submit their names for a drawing. A game presents consumers with something bingo numbers, missing letters every time they buy, which may or may not help them win a prize. Such promotions can create considerable brand attention and consumer involvement.

Trade promotions push a product through the distribution channel when selling to members of the distribution channel, manufacturers use many of the same sales promotion tools used in consumer promotions, such as sales contests, premiums, and point of purchase displays. Several tools are, however, unique to manufacturers and intermediaries. The type of trade sales promotion includes trade allowances, push money, training, free merchandise, store demonstration, business meetings, conventions and trade shows.

Trade Allowances – are price reduction offered by manufacturers to intermediaries such as wholesalers and retailers. The price reduction or rebate is given in exchange for doing some thing specific, such as allocating space for a new product or buying something during special period.

Push Money – Intermediaries receive push money as a bonus for pushing the manufacturer's brand through the distribution channel. Often the push money is directed toward a retailer's sales people.

Training – Sometimes a manufacturer will train an intermediary's personnel if the product is rather complex.

Free Merchandise - often a manufacturer offers retailers free merchandise in live of quantity discounts occasionally; free merchandise used as payment for trade allowance normally provided through other sales promotions. Instead of giving a retailer a price reduction for buying a certain quantity of merchandise, the manufacturer may throw in extra merchandise free.

Store Demonstration – Manufacturers can also arrange with retailers to perform an in store demonstration.

Business Meetings, Conventions, and Trade Shows - Trade association meetings, conferences and conventions are an important aspect of sales promotion. Manufacturers, distributors and other vendors have the chance to display their goods or describe their services to customers and potential customers. Trade shows have been uniquely effective in introducing new products they can establish products in the market place more quickly than can advertising direct marketing or sales calls. Companies participate in trade shows to attract and identify new prospects, serve current customers, and introduce new products and gather competitive product information (Lamb and et.al 2004, p. 535).

Objectives of Trade Sales Promotion

Based on Douglas & others (2003, p. 440) the objectives of sales promotion are the following:

- ❖ To introduce new or revised product
- ❖ To increase distribution of new packages or sizes
- ❖ To build retail inventories
- ❖ To maintain or increase the manufacturers share of shelf space
- ❖ To obtain displays outside normal shelf locations
- ❖ To reduce excess inventories and increase turn over
- ❖ To achieve feature space in retailers' advertisements
- ❖ To counter competitive activity
- ❖ To sell as much as possible to final customers

Sales Force Promotion

Sales men are motivated to sell products by offering bonus, contest, and sales rallies. They are offered a bonus if the sales increases above the minimum level. Sales contests are organize as an effective measure of sales promotion. The main purpose of sales contest is to increase the sales through retailers or sales persons (Mishra 2004, p. 7).

Objectives of Sales Promotion

According to Mishra (2004, p. 5) sales promotion objectives are consistent with marketing objectives. However, they may vary with the type of target market and points of channel. The objectives for retailers may be to carry new items, encourage off-season buying, offset competitive promotions and build brand loyalty. The objectives for the sales force may be to encourage a new product or model, stimulate off-season sales and persuade more prospective buzzers. The objectives for consumers may be to encourage more usage and purchases of a larger number of units and attract competitors brand users. In spite of the several objectives of sales promotion, there are three, which are fundamental with, informing, persuading, and reminding. These objectives are attaining through effective communication.

- **Informing** – informing is to educate the consumers about the product. They must have some knowledge about the product offered by the producer. They should, therefore, be informed of the new product, and told that the new product works better than all similar existing products. Free samples may be distributed to leading consumers who may be a source of advertisement for other prospective consumers.
- **Persuading** – sales persons persuade consumers to buy products. They develop or reinforce a favorable set of attitudes and influence their buy-

ing behavior. They supply comparative information on various products so that consumers may be willing to purchase the products promoted by them.

- **Reminding** – Reminding leads the firms to reinforce the previously satisfactory behavior of the customer. For this purpose it provides suitable knowledge for recollection. Reminding the consumer of their past satisfaction will persuade them to stay with the product & prevent them from shifting to competitions.

Purpose of Sales Promotion

No single purpose can be advanced for sales promotion tools since they are so varied in form. A free sample stimulates consumer trial, while free management advisory service cement along term relationship with a retailer sales promotion techniques make three contributions to exchange relationship.

- **Communication** - they gain attention and usually provide information that may lead the consumer to the product.
- **Invitation** - they include a distinct invitation to engage in the new transaction.
- **Incentives** - they incorporate some conclusions, inducements, or contributions designed to represent value to the receiver (Kumar and Mittal 2001, p. 311).

Characteristics of Sales Promotion

Sales promotion has a number of advantages for a firm. It helps to attract customer traffic and maintain brand or store loyalty. Some form of sales

promotion provides value for the customer and retained by them. They provide a reminder function these include calendar, match bask, T-Shirt, pens, and posters with the firm name. Impulse purchase can be increased through store displays. A good display can lead to large volume purchase than originally intended by the consumer. Excitement is created through certain short-run promotion- involving gifts, contest, or sweeps stakes. In particular value, items or huge payoff encourage consumers to participate. Contest offers further benefit of the customer's involvement. Many type of sales promotion are keyed to customer patronage with awareness of coupons, trading stamps, referral gifts, and other promotions directly related to purchase.

There are also limitations of sales promotion. The image of a firm may be diminished if it continuously runs promotion. Consumers may view discount as representing a decline in product quality and believe that the firm could not sell its offering without them. When coupons, rebates or other special deals are used frequently, consumers may not make purchases if one item is selling at regular price; instead they will stock up each time there is a promotion. In addition, consumers may interpret the regular price as an increase for item heavily promoted (Evans and Berman 1990, p. 535).

Growing Importance of Sales Promotion

According to Zikmund and D'Amico (1999, p. 427), there are factors during the growth of promotion.

- **Increasing Responsibility** - partly through greater use by marketing leaders
- **Increased Impulse Purchasing**

- **Shortening Time Horizon** – reflecting and increasing market volatility and rivalry plus accelerating product life cycle.
- **Micro Marketing Approaches** - in response to fragmenting markets where promotion can provide more tailored & targeted communication.
- **Declining Brand Loyalty**- caused by widening choice mirroring perceived differences between brands & fast moving consumer goods.
- **A snowball Effect** – In some markets, companies increasingly feel obliged to match rivals sales promotion activity or risk losing mark share and competitive position.
- **Affordability** – national mass media has been prohibitively expensive for many companies particularly during recessionary squeezes on marketing budget promotions allow national coverage at a lower cost (Baker 2000, p. 418).

Strength of Sales Promotion

Sales promotion has many merits. It stimulates positive attitudes toward the product. It gives extra incentives to the customer to make a purchase. It gives inducement to take immediate action now rather than later. It has flexibility, and it can be used at any stage of new product introduction. Sales promotions are very effective when we have to communicate a major improvement in our product, when we want to advertising, when we want to increase the number of retail stores to sell our products (Kumar and Mittal 2001, p. 285).

Limitations of Sales Promotion

Sales promotions have temporary and short life not exceeding three months. Sales promotion alone cannot build up brand loyalty. Sales promotions are only supplementary devices to supplement selling efforts of other promotional tools. They are non-recurring in their use. They seldom reuse values. Too many sales promotions mix affect adversely the brand image suggesting its lack of popularity or overstocking by a company (Sherelekar 2004, p. 286).

Planning the Sales Promotion Programs

According to Sexena (2006, p.419) in order to make sales promotion programs effective, it is necessary that the marketer spends considerable time in planning and adopt a long term analytical planning approach, which involves the following.

Review of the product Market Situation

Here the marketer should examine trends in his brand sales and product category sales. There is also a need to examine consumer responsiveness to any promotion programs that plans to introduce to assess this responsiveness. The marketer will have to study the following.

- The existence or non existence of wide fluctuations in the brands sales
- Consumers' proneness to the deal or the degree to which consumers are likely to search and respond to sales promotion incentives
- Level of involvement: whether the buying situation represents high involvement or low involvement

Consumer Purchase Patterns

Here the marketer will have to examine the purchasing pattern of consumers. The marketer should plan to provide incentives for a sufficiently long time, so that heavy users get an opportunity to benefit in their normal purchase cycles. Consequently, most sales in the last phase of the sales promotion program will come from regular buyers who may just stock up the product because of the low price advantage.

Distribution Methods

Here the marketer should analyze distribution methods being used in his product category, as this will influence the choice of promotion tools.

Identification of Opportunities and Threats

A firm has to identify the opportunities and threats confronting it. It has also to examine ways and means by which it could use promotion tools to exploit opportunities and also convert threats into opportunities.

Deciding on Sales Promotion Objectives

The broad objective of any sales promotion program is to induce trial and purchase a product.

Deciding on Sales Promotion Budgets

The issue which should be closely examined is how much to spend? This can be answered by analyzing the following issues:

1. **Direct fixed & Variable costs** – Direct Fixed costs are the costs of physically distributing samples, placing advertisements and point of

purchase material. Variable costs are payments made to the retailer for each redeemed coupon.

2. **Likely market response** - It is suggested that the marketer should analyze six types of market responses. These are:

- **Redemption Rates** – This measure reflects the total number or percentage of potential target customers responding to the sales promotion program, generally based in the distribution of incentive coupons.
- **Displacement Rates** – This measure helps the marketer determine the amount of lost contribution margin that results from selling to regular buyers at a discounted price. Any sales promotion program is bound to displace sales that would have, otherwise been made to regular buyers at the normal price. This rate is dependent on the method of coupon distribution or the means by which the target market is made to be aware of these incentives.
- **Acquisition Rates** – This reflects additions to the company customer base; however, the marketer should appreciate that displacement and replacement rates to gather may not add up to 100% of redemptions.
- **Stock up Rates** – This effect is desirable when the sales promotion objective is to motivate consumers to build up inventories.
- **Conversion Rates** – Here the marketer has to analyze the rate of penetration in the competitor's market: the marketer has to analyze penetration systems among the non-user group.

- **Product Line Effects** – managers should study cross elasticity of demand between the promoted product and a complementary or substitute product in the retailers and other firms offering promotions on such promotions on such products should examine increase in sales of complementary products due to increased sales in the promoted leader product (Saxena 2006, p. 419).

Sales Promotion Strategies

Based on Mishra (2004, p. 8) the sales promotion strategy is an important element in the overall marketing strategy, particularly in promotional strategy. It involves communication, objectives and tasks, media, budget mixes, strategic approach, evaluation and control.

Communication

Sales promotion should attract the attention of the target audience if the price, discounts, off-season facilities are not adequately and effectively communicative, and the effort of sales promotion would be wastage. The audience evaluates not only the message but also the source of the message in terms of its credibility. The purpose of communication is to persuade potential customers to purchase the product persuasively. It is related to feelings of inadequacy and social inhibitions. Different audiences perceive the same message differently and interpret it in different ways.

Objectives and Tasks

The marketer should determine his sales promotion objectives and tasks. He should mention what kinds of buyer responses are desired. Sales promotion tasks should be objective oriented. These tasks are informing, persuading and reminding the customers about the products. The marketer determines the

target market to gain product acceptance. The overall marketing objectives define the role of communication by identifying the target audiences, feeling about the message source helps determine the message effectiveness.

Media

Sales promotion may involve different methods of approaching people. Strategic variables are taken into account while deciding particular methods of sales promotion. Consumer promotion has been considered a very effective mode of sales promotion; potential consumers are offered samples, coupons trading stamps, etc to promote sales.

Budgets

It is very essential to determine sales promotion budgets before resorting to sales promotion activities. The resources and sales potentials are estimated before the formulation of budgets. Sales promotion budgets should be adequate so that they might achieve promotion objectives. Some marketing managers use arbitrary budgeting methods based on trial and error.

Promotional Mix

The term promotional mix refers to the combination types and amount of promotion used by the marketing manager. An individual form of promotion is seldom effective or efficient. The sales promotion program if accompanied by publicity, advertising & personal selling or a combination the three mixes be more effective than an individualistic approach to promotion. The promotion mix depends on the nation that promotion elements are interchangeable and some promotion mixes are more suitable for the attainment of certain objectives therefore attempts, are made to select the optimum combination of the methods of promotion.

Strategic Approach

The kind of promotional mix employed determines the promotional strategy. Generally speaking a particular combination type or amount of sales promotion personal selling publicity and advertising is brought into the promotional mixes which become the promotional strategy in the course of implementation promotional objectives policies and programs as a whole and individual approach of each combination brand into the promotional strategy. The marketing strategy as such guides the determination of the promotional strategy that divided into sales promotion strategy, personal selling strategy, publicity strategy, and advertising strategy. The strategies may be push and pull promotional strategy sustaining promotional strategy, developmental promotional strategy, or promotional appropriation.

- **Push and Pull Strategies**

The push & pull promotional strategies may be use to enhance sales. The push strategy concentrates on middlemen or retailers who push the sales of the product to the final consumers. The pull strategy is direct toward the final buyers. It persuades the buyers to go to the sellers to buy.

- **Sustaining Promotional Strategy**

Sales promotion may require a sustaining of the markets. At a laggard stage, the markets may shrink unless appropriate steps are taking. The marketer may find that the market has been sealed to his product but this strategy adopted only after employing the penetrating strategy. The market share should not decline after a higher level of sale has been attained. The sustaining promotional strategy stabilizes the market share.

- **Developmental Promotional Strategy**

The introduction of new products may require expansion of the market innovators need to have a developmental strategy. New products or brands are popularized by offering trade discounts, cash rebates, premiums, money refund and so on.

- **Promotional Appropriation**

Promotional objectives determine promotional appropriations. The forms of promotion, the activities to be performed and appropriation on personal selling, sales promoting, advertising and publicity are determined under this strategic approach. The marketing manager has to arrive at the optimum promotional mix of the given objectives and this require proper planning and program evaluation. The effectiveness of the promotional mix and stimulation considered only in the light of sales achievements.

Evaluation and Control of Sales Promotional Strategy

Sales promotional strategies should be evaluated at the stages of implementation and final performance because implementation control will suggest improvements during the application of the promotional strategy, while performance control will be a guide for the future. Implementation control covers initial planning, objectives, promotional packages & printing of special premiums and packaging materials, distribution to retailers.

Research Design and Methodology

The study used descriptive research design method in order to describe the facts and analyze the historical condition of Kality Food S.C.

Population, Sample Technique and Sample Size

In this study, marketing manager and retailers of Kality Food S.C were used as total population. Because the size of the population was many, it was difficult for the student researcher to manage and communicate with all retailers. Hence, the student researcher used non-probability sampling technique. Among the non-probability sampling techniques, convenience or accidental sampling technique was employed. In order to determine sample size, the model provided by Malhotra (2006, p. 339) was used. Accordingly, a total of 220 sample sizes were selected.

The student researcher collected both primary data and secondary data. Primary data was obtained from retailer and marketing manager of Kality Food S.C. Secondary data was obtained from publications, books and the company.

In this research, different data gathering tools were used. As a primary source, questionnaire was distributed to retailers and interview was conducted with the marketing manager.

Data analysis is important in interpreting the results so that the information was analyzed in use for decision making. As a result, the responses from the quantitative data were analyzed by using frequency and percentage and presented using table and the data that was collected through interview was narrated qualitatively.

Data Presentation, Analysis and Interpretation

This Chapter deals with data presentation, analysis and interpretation of the collected data through questionnaires and interviews which were based on the data, gathered from retailers of Kality Food S. C.

As mentioned in Chapter one of this study, the data were obtained through questionnaires and interview. The Questionnaires were distributed to retailers of the Kality Food S.C which is found in Merkato and Saris area. Out of the 220 copies of questionnaires distributed, 200 copies were filled out thoroughly and returned. An interview was conducted with the company's marketing manager.

The quantitative data was analyzed and presented in tables, while the qualitative data was used to support the finding with quantitative ones.

Analysis of Respondents General Characteristics

Table 1: General Characteristics of Respondents

Item No.	Item	Description	f	(%)
1.	Gender	Male	139	70.0
		Female	61	30.0
		Total	200	100.0
2.	Age	18-25	35	17.0
		26-35	78	39.0
		36-45	52	26.0
		45-60	26	13.0
		61 and above	9	5.0
		Total	200	100.0
3.	Education	Primary	43	22.0
		High school	87	44.0
		Certificate	35	17.0
		Diploma	17	8.0
		Degree	18	9.0
		Masters and more	0	0.0
		Total	200	100.0

As it is observed in the above Table in item number 1, out of 200 respondents, 139 (70 %) found to be male and the rest 61(30%) of them are found to be female. This shows that most of the company's sample respondents that participate in retailing business are male.

Item number 2 which is illustrated in the same Table 1, explain that 78 (39%) of the respondents are in the age of 26-35, and 52 (26 %) of respondents are between the age of 36-45. This implies that more than half of the company's retailers are adults which mean that the retailing business is activated by adults. While 35(18 %) are in the age of above 45 and the rest 35(17%) of the respondents are between the age 18-25 which implies that the above listed two age groups are less likely involved in the retailing business.

Regarding the educational background, from the total of 200 respondents 87 (44%) respondents are high school complete and 43(22 %) are in the primary level. 35(17%)have certificate , 17(8 %) are found in diploma level, and 18(9%) have 1st degree while non or zero amount of retailers have second degree and above. This implies that respondents can understand the questions and feel the questionnaire responsibly.

Analysis of Major Findings

Item number 1 of Table 2 presents data on the offer of trade sales promotion. From the total respondents of 200 retailers, 200 (100 %) of the respondents said "Yes", others responded "No". This implies that all of the respondents receive sales promotion from the company.

Table 2: Offering of Trade Sales Promotion

Item NO.	Item	Scale	f	(%)
1.	Does Kality Food S. Co. Offer sales promotion for your business?	Yes	200	100.0
		No		0.0
		Total	200	100.0
2.	If your answer is “yes” for question No 1, what type of trade sales promotion did the company offer for your business?	Trade allowance	95	50.0
		Trade show	27	14.0
		Push money	17	9.0
		Free merchandise	52	27.0
		Store demonstration	0	0.0
		Total	200	100.0

In the second item of the above table 2 that tells about what type of trade sales promotion does the respondent retailer receives, 95 (50 %) received trade allowance, 52(27 %) received free merchandise, 27 (14%) attended the trade show, 17 (9 %) received push money, but there was no respondent who received store demonstration from the company. This implies that the company mostly provides trade allowance and free merchandise for the respondent retailers. This means that the Company offers price reduction to attract retailers by providing trade allowance and also offers free merchandise by giving extra merchandise for free.

Table 3: Purchase Quantity of Customers

Item No.	Item	Scale	f	(%)
1.	Do you believe that you are loyal customer of Kality Food S.C	Yes	70	35.0
		No	130	65.0
		Total	200	100.0
2.	How do you evaluate your purchase quantity from Kality Food S.C compared to other competitor product, when it provides you trade sales promotion	Very High	0	0.0
		High	43	22.0
		Medium	52	26.0
		Low	78	39.0
		Very Low	27	13.0
		Total	200	100.0

Table 3 displays the purchase quantity of customers. In the Table 3 item number 1, from the existing data on being loyal customer of the company from the total respondents of 200 retailers, 130 (65 %) of the respondents said “No”, 70(35 %) answer “Yes”. This shows that the majority of the respondents are not loyal customers of the company.

In the same Table item number 2, from the current data on the evaluation of the retailers purchase quantity, compared to competitors product, out of the 200 respondents, 78 (39 %) of the respondents have low purchase quantity; 52 (26%) of the respondents have medium purchase quantity; 27 (13 %) of the respondents have very low purchase quantity, while the rest 43 (22 %) of the respondents have high purchase quantity. This shows that most respondents have low purchase quantity. According to most respondents’ response, their purchase quantity of the company’s product when it offers

them trade sales promotion is not attractive as compared to the competitors' product. This shows that Kality Food S.C is weak to counter competitors' activity.

Table 4: Initiation of Interest by Discount

Item No.	Item	Scale	f	%
1.	To what extent Kality Food S.Co discount initiates your interest to buy their product?	Very High	9	4.0
		High	34	16.0
		Medium	52	26.0
		Low	70	37.0
		Very Low	35	17.0
		Total	200	100.0

Table 4 displays whether the company's discount initiates the respondents' interest to buy the Company's product. Out of the 200 respondents, 70 (37%) of the respondents have low initiation to buy; 52 (26 %) of the respondents have medium commitment to buy; 35 (17 %) of the respondents have very low initiation to buy; 34(16%) have high initiation to buy, while the rest 9 (4 %) of the respondents have very high initiation to buy. This implies that the discount that is given by the company is not attractive to encourage respondents. This could arise because the respondents believe that the discount is not enough to create a feeling towards the product in a purchasing process.

Table 5: Customer Satisfaction

Item No.	Item	Scale	f	%
1.	How do you evaluate your satisfaction compared to the company's sales promotion practice?	Very good	0	0.0
		Good	17	9.0
		Medium	61	30.0
		Bad	78	39.0
		Very bad	44	22.0
		Total	200	100.0

The above Table exhibits customers' satisfaction. Out of the 200 respondents asked, while expressing their satisfaction in comparison to the company's sales promotion practice, 78 (39%) responded as "bad", 61 (30 %) responded "medium", 44 (22 %) responded as "very bad", while the rest 17 (9 %) of the respondents answered saying "good". Based on this, the student researcher understands that most respondents are not satisfied by the sales promotion that is being offered by the company. This indicates that the sales promotion of the company is less powerful in inducing retailers to make more purchase.

Table 6: Recalling the Product

Item No.	Item	Scale	No. of Respondents	Percentage
1.	How much do you recall Kality Food S.C 's product when ever your customers ask for a product in your outle	Very often	17	9
		Often	26	13
		Sometimes	35	17
		Rarely	78	39
		Very rarely	44	22
		Total	200	100

Table 6 shows the recalling potential of the retailers. Out of the 200 respondents, 78 (39%) replied saying “Rarely”, 42(22 %) recalled the company’s product “Very rarely”, 35(17%) replied “Sometimes”, 26 (13%) answered “Often”, the rest 17(9%) recalled the company’s product “Very often”. This depicts to the student researcher that the retailers give priority to Kality Food S.C products rarely whenever a customer asks to buy a product which is similar to the company’s product.

Table 7: Evaluation of Sales Promotion

Item No.	Item	Scale	No. of Respondents	Percentage
1.	How do you evaluate Kality Food S.C sales promotion activities compared with its competitors?	Very good	0	0
		Good	52	26
		Medium	52	26
		Bad	70	35
		Very bad	26	13
		Total	200	100

Table 7 presents the evaluation of sales promotion. Out of the 200 respondents asked, 70 (35%) replied saying “Bad”, 52(26 %) respondents responded saying “Good” and “Medium” respectively, while the rest 26(13 %) of respondents answered “Very bad”. Based on the above data, the student researcher believes that the sales promotion provided by the company is not attractive in comparison to its competitors. This implies that the company fails to match rivals sales promotion activity because of this reason the company may lose market share and competitive position.

Table 8: Trade Sales Promotion the Company Provided

Item No.	Item	Scale	No. of Respondents	Percentage (%)
1.	Trade allowance	Very often	35	17
		Often	130	65
		Sometimes	26	14
		Rarely	9	4
		Very rarely	0	0
		Total	200	100
2.	Free Merchandise	Very often	35	18
		Often	96	48
		Sometimes	34	17
		Rarely	26	13
		Very rarely	9	4
		Total	200	100
3.	Trade show	Very often	9	4
		Often	17	9
		Sometimes	87	44
		Rarely	70	34
		Very rarely	17	9
		Total	200	100
4.	Push money	Very often	0	0
		Often	34	17
		Sometimes	36	18
		Rarely	61	30
		Very rarely	69	35
		Total	200	100

In Table 8 item number 1 that illustrate how the company provides trade allowance, from the total of 200 respondents, 130(65 %) answered “Often”; 35 (17%) responded “Very often”; 26(14%) said “Sometimes” and the rest 9 (4 %) replied “Rarely”. This means that the company provides a price reduction to the retailers usually to push the company’s product through them.

From the gathered data on how the company provided free merchandise, out of 200 respondents, 96 (48 %) answered “Often”; 35 (18%) responded “Very often”; 34(17 %) responded “Sometimes”; 26(13%) said “Rarely”; and the rest 9 (4 %) responded “Very rarely”. This represents that most of the time Kality Food S. C offers extra product for free instead of giving price reduction to the retailers but still as it can be clearly seen in Table 8 item number 2, the company mostly provides trade allowance compared with free merchandise.

In the same Table item number 3 that illustrate on how the company participates in trade show, from the total of 200 retailer respondents, 87(44 %) said “Sometimes”; 70 (34%) answered “Rarely”, the same proportion i.e., 17(9 %) respondents replied “Very rarely” and “Often”, 9(4%) said “Very often”. As it can be observed from the above information, Kality Food S.C participates in trade show occasionally. If the company, however, participates in trade show frequently, it will gain an advantage more than it acquires currently by attracting and identifying new prospect, serving current customers and also introducing new product for customers.

From the existing data on how the company provide push money, as you can see in Table 8, item 4, 69 (35 %) responded “Very rarely”; 61 (30%) answered “Rarely”; 36(18 %) said “Sometimes”; 34(17%) replied “Often”. According to this finding, Kality Food S.C offers rarely a bonus to retailers

for pushing the company's product or sales promotion activity or does not practice well enough.

Table 9: Sales Promotion Encourages Purchase

Item No.	Item	Scale	No. of Respondents	Percentage
1.	To what extent the sales promotion provided by the company encourages you to increase your purchase?	Very High	9	4
		High	27	13
		Medium	52	26
		Low	58	30
		Very Low	54	27
		Total	200	100

Table 9 shows whether sales promotion encourages customers to increase purchase. From the total of 200 respondents in the issue on how the sales promotion of the company encourage buyers to buy, 58(30%) of respondents said "Low"; 54 (27 %) replied "Very low"; 52 (26 %) responded "Medium"; 27 (13 %) replied "High", and 9 (4 %) said "Very high". By observing this data, it can be understood that the incentives of the company are not encouraging the retailers to enhance their purchase because the company's sales promotion is weakly designed to stimulate strong market response.

Table 10: Importance of Trade Sales Promotion

Item No.	Item	Scale	No. of Respondents	Percentage
1.	How do you rate the importance of trade sales promotion for your business?	Very High	16	8
		High	27	14
		Medium	50	25
		Low	54	27
		Very Low	53	26
		Total	200	100

Table 10 indicates the importance of trade sales promotion. From the view point of rating the importance of trade sales promotion for retailers to buy company's product, 54 (27%) responded "Low"; 53 (26 %) responded "Very low"; 50 (25 %) replied "Medium"; 27 (14 %) said "High", while the rest 16(8 %) answered "Very high". In this case the retailers do not think the company's sales promotion have benefit for them. This may be created by the weakness of Kality Food S.C sales promotion activities in inducing retailers to make purchase and to stimulate their effectiveness.

Table 11: Choosing the Product

Item No.	Item	Scale	No. of Respondents	Percentage
1.	Do you choose the company's product from others by its sales promotion activity?	Strongly Agree	16	8
		Agree	27	14
		Medium	53	26
		Disagree	54	27
		Strongly disagree	50	25
		Total	200	100

Table 11 exhibits whether customers choose products as a result of sales promotion. As you can see in Table 11, out of 200 respondents 54 (27 %) of respondents disagreed; 53 (26 %) said “Medium”, and 50(25 %) responded strongly disagreed. On the same issue, the rest 27(14%) agreed; 16(8%) replied “Strongly agree”. This implies that the retailers do not prefer the company’s product to that of competitors by its sales promotion activity. What it can be seen from this is the incentives and inducement of Kality Food S.C is less attractive in comparison to its rivals.

Table 12: Collection of Information

Item No.	Item	Scale	No. of Respondents	Percentage
1.	To what extent does Kality Food S.C collect sufficient information about trade sales promotion?	Very High	9	4
		High	34	17
		Medium	26	13
		Low	96	48
		Very Low	35	18
		Total	200	100

Table 12 asks the level of information that the Company gathers about sales promotion. From the above Table, 96 (48 %) of the respondents said “Low”; 35(18 %) of the respondents responded “Very low”; 34 (17%) of the respondents replied “High”; 26(14%) responded “Medium”, while the rest 9 (4 %) of the respondents said “Very high”. From this it can be concluded that Kality Food S.C does not gather relevant information from retailers about the trade sales promotion that it offer which can cause a huge problem to the company because customers response must be collected and examined in a proper way to keep up with what is best and to correct the errors to become a good competitor in the market.

Table 13: Categorizing of Users

Item No.	Item	Scale	No. of Respondents	Percentage
1.	How do you categorize yourself in using the Company's product	Heavy user	17	9
		Frequent user	26	13
		Medium user	35	17
		Infrequent user	78	39
		Less Frequent user	44	22
		Total	200	100

Table 13 asks the frequency of customers in using the product of the Company. From the total of 200 retailers respondents, 78 (39 %) were infrequent users of the product, and 44 (22 %) were less frequent users of the product. 35 (17 %) were medium users, and 26 (13%) were frequent user of the product, while the rest 17(9 %) were heavy users. From this it is easy to know that most of the retailers do not frequently use the company's product at all which shows that company examine weakly the purchase pattern of retailers, and do not plan to provide incentives for sufficiently long time so that heavy users get an opportunity to benefit in the purchase cycle.

Analysis of Interview

- What type of trade sales promotion tools does Kality Food S.C use in the market?

The company provides trade allowance, free merchandise, trade show and push money for business customers so that those customers run our product in a better shape than our competitors.

- What is the main objective of sales promotion tools in Kality Food S.C?

The objective of sales promotion in our company is to inform customers about the product and to persuade buyers to purchase our product and also to remind customers about the importance of our product. As the manager said the company determines its sales promotion objectives and also identifies what kind of buyer response are desired.

- How do you measure the effectiveness of your sales promotion performance?

To measure whether we are effective or not, we pass through two steps. The first step is measuring how much of the target market is aware of our product or prefer our product. After securing these data, the second step is doing the same investigation after sales promotion is conducted.

- How does the company allocate sufficient budget towards sales promotion?

The Marketing department forwards the required budget that must be used properly while implementing sales promotion to the finance Department and by considering the situation, this Department will fund the budget to the Marketing department.

- Which sales promotion tools do you think initiate customers to buy Kality Food S.C products?

The marketing manager can't exactly spell out the tools. However, he pointed out that trade allowance is preferred by most of the target market.

- What kind of role sales promotion plays for the company over all promotion goal?

As the Marketing Manager responded, sales promotion is more efficient than advertising. If it gets proper fund, it will excel the efficiency that we have now in meeting the overall promotion objective.

- What are the steps Kality Food S.C follow to make sales promotion decision?

He said that after the company drafts its promotional objective, they divide the activities that need to be done. Afterwards, the company assigns the budget.

- How often the company evaluates its performance on the sales promotion?

The company evaluates its sales promotion performance once or twice a year.

- What effect do you think the sales promotion of Kality Food S.C has on the company's profitability?

He mentions that sales promotions have good impact on enhancing the profit of the company. It helps them to gain more customers and to be competent in the market and also the sales promotion can enhance the sales volume by speeding up the sales process.

- What is the major problem that your company faces during offering of sales promotion?

According to the marketing manager, the first and major problem is there is shortage in sales promotion budget. This is because the top level management doesn't fund enough budgets for implementing the sales promotion program. Further, there is shortage of manpower of sales person.

Summary, Conclusions and Recommendations

This part of the research paper includes summary, conclusions and recommendations of what has been studied so far.

4.1 Summary of Major Findings

- From the total respondents, the majority of them were males. And most of the customers (39 %) were found in the age of 26 to 35.
- All of the respondents received sales promotion of the company. And among the respondents who received trade sales promotion, the majority (95) of them received trade allowance. Regardless of the fact, only 35 % of the customers were loyal to the company.
- With reference to the evaluation of respondents purchase quantity, 78% have low purchase quantity; on the other hand, 54 % have low initiations to buy the company's product. And concerning the satisfactions of customer's, more than half of them experienced bad satisfaction towards the company's product.
- More than half (61 %) of the respondents don't recall the company's product in a way that the company wants its product to be remembered. And regarding evaluation of sales promotional activities of the company, only a handful agreed that the company's sales promotion have good evaluation.

- When it comes to the company's provision of trade allowance, most of the respondents argued that it provides trade allowance as well as free merchandise often, and most of respondents believed that the Company doesn't participate in trade shows frequently. With regard to the usage of push money, most respondents (130) argued that the company used the technique rarely.
- For most of the respondents (57 %), the company's sales promotion had low motivation capacity to push customers in purchasing the product, and as to the trade sales promotion, only few (43) of the respondents claimed that it had certain importance. In addition to that only 22 % of the total respondents chose the company's product from others. Most of respondents (131) argued that the Company had low information about the trade sales promotion.
- From 200 participants, it is only insignificant percentages (9%) who are heavy users of the product.

Conclusions

Based on the results discussed above, the following conclusions are made.

- From the research result, Kalitty Food S.C offers sales promotion for all participants in this study. Depending on the outcome of the study, customers mostly receive trade allowance, free merchandise, trade show, and push money, but the company does not provide store demonstration at all.
- From the customers' responses, most of them are not loyal customers of the company although there are some who are loyal. What can be said from the research result is that the majority of customers who purchase

quantity from the company is low, in a sense that they are not attracted enough by the sales promotion activity of the company compared with its competitors. Regarding discount initiation of customers, the discount provided to customers does not initiate them to buy the company's product because it is not encouraging.

- As it can be seen from the research, the majority of customers are not satisfied by sales promotion of Kality Food S.C. This may lead them to shift to competitors companies. Most of the retailers do not recall the company's product when final customers visit their outlets.
- According to customers, the sales promotion of Kality Food S.C is poor compared to its competing companies. From the customers' responses, the company regularly offers trade allowance. Next to it, it gives free merchandise for retailers and attends trade show for few times within a year. It also gives push money in small quantity. As per the research finding, the company's sales promotion is not encouraging retailers to enhance their purchase.
- Concerning the attitude of customers, the majority of retailers does not accept the sales promotion of the company and think that they have no benefit for their retailing business. According to the study, the company's sales promotion does not attract retailers. In other words, they do not give priority to the company's product by its sales promotion activity. From the view point of retailers, Kality Food S.C is weak in gathering relevant information about its trade sales promotion practice from customers.
- From the findings, large numbers of business customers do not purchase the company's product frequently.

Recommendations

Based on the key research results that have been discussed so far, the following points are recommended.

- Sales promotion is designed to stimulate easier or stronger market response, so the Company must design to enhance the purchase frequency of buyers. Depending on the implication of Kality Food S.C customers, the sales promotion activity of the company is effective to encourage buyers to make more purchase in comparison to its competitors' sales promotion activity. To change this condition, the company must design its sales promotion in a way to motivate more customers by offering better benefit.
- Sales promotion gives extra incentives for customers to make purchase and one of the incentives is giving price reduction or discount for customers, in order to induce them to make purchase. Kality Food S.C provide discount for retailers but it is not good enough to attract their interest of making purchase decision but if the company provide a better discount than it offer currently it will help it to attract new customers and serve current customers on a better way.
- Business customers of the company do not usually recall the company's product. But if the retailers receive a bonus for pushing the company's brand, it will encourage them to give priority to sell the company's product from other competitor product. For this reason, Kality Food S.C must offer push money for retailers.
- The activities of the sales promotion in Kality Food S.C must be well designed to match rivals sales promotion activity to attract more customers and to gain market share plus competitive position.

- Among the types of trade sales promotion, the company offers for retailers. It provides trade allowance and free merchandise in larger quantity from the other sales promotion activities. The company does not participate well enough on trade shows but if it engages in trade show more than it does currently, it will be effective in introducing its new products for customers. There is also a need to provide push money to attract more retailers.
- Trade sales promotion is designed to encourage retailers to sell the product, and it will help the company to speed up its selling process and maximize sales volume. If the company implements effectively its sales promotion activities by informing, persuading and reminding customers to make purchase and also by providing them with a better incentive, they will probably encourage staying with the company and making purchase in a better quantity.
- In order to know what customers think about the trade sales promotion activity of the company and to know the area in which customers are not satisfied about, the company must gather information from customers to know what they really want and to counter competitive activities in the market.
- Finally what can be concluded from the research paper is that most retailers are not loyal customers of the company. Thus, Kality Food S.C must look forward to improve its sales promotion practice and make the customers loyal.

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