



ቅድስት ማርያም ዩኒቨርሲቲ
St. Mary's University, Ethiopia

ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF MARKETING MANAGEMENT

THE EFFECT OF SALES PROMOTION ON SALES PERFORMANCE:

THE CASE OF HEINEKEN BREWERIES S.C. ETHIOPIA

By:

Yilkal Cherinet

JUNE 2020

ADDIS ABABA, ETHIOPIA

**St Mary University Department of Marketing Management
Graduate Studies**

**The Effect of sales promotion on Sales Performance; The case of Heineken
Breweries S.C. Ethiopia**

**A thesis submitted to St. Mary's University School of Graduate Studies in
partial fulfillment for Masters of Arts degree in Marketing Management**

By:

Yilkal Cherinet

Advisor: Mesfin Workneh (Phd.)

**June 2020
Addis Ababa**

Statement of Declaration

I Yilkal Cherinet, hereby declare that the research work entitled “**The effect of sales promotion on sales performance; in case of Heineken breweries S.C. Ethiopia**” in Addis Ababa as a requirement for the completion of Master of Art Degree in Marketing Management is my own original work. All sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of my research Advisor Mesfin Workneh (PhD). This study has not been submitted for the completion of any degree in this or any other University.

Yilkal Cherinet

Date

St Mary University Addis Ababa, June 2020

Letter of certification

This is to certify that Yilkal Cherinet has carried out this project work on the topic **The effect of Sales Promotion on Sales Performance in the case of Heineken breweries S.C. Ethiopia** in Addis Ababa under my supervision. This work is original and suitable for the submission in partial fulfillment of the award of Master of art degree in Marketing Management.

Mesfin Workneh (Phd)

Date

Research Advisor

St Mary University Addis Ababa, June 2020

ACKNOWLEDGEMNT

First of all I would like to thank the almighty God for keeping me alive and giving me strength in all of my steps, next to my advisor and mentor Mesfin Workneh (PhD) for showing me the path and for all his effort to the accomplishment of this paper. I want to thank all the staff members of sales department of Heineken Breweries S.C Ethiopia, and finally I am grateful for my families and friends for your inspiration and fruitful help with all aspects.

Thank You So Much!

List of Tables

- Table 3.1 Population distribution
- Table 3.2 Sample size distribution
- Table 3.3 Reliability analysis
- Table 4.1 Demographic characteristics of respondents
- Table 4.2 Descriptive statistics of variables
- Table 4.3 Correlation analysis
- Table 4.4 Skewness & Kurtosis measures
- Table 4.5 Multicollinearity measure
- Table 4.6 Model Summary
- Table 4.7 ANOVA matrix
- Table 4.8 Coefficient matrix
- Table 4.9 Summary of findings

List of Acronyms

BOGOF Buy One Get One Free

ABSTRACT

Sales promotion is a marketing strategy which has been studied for years and has become a crucial factor in modern marketing. This research paper investigates the effect of sales promotion on sales performance of Heineken Breweries S.C. Ethiopia. The study was guided by the following specific objectives: to find out the effect of sales promotion on the sales performance on Heineken Breweries S.C Ethiopia. Structured questionnaire was used to collect data from seventy three (73) respondents from the company's sales department and its agents through purposive sampling method. Descriptive statistics, correlation and multiple regression was used to analyze data. Statistical Package for Social Sciences (SPSS 20) software was used to analyze the data. Result shown that sales promotion dimensions such as price discount, buy one get one free and were joint predictors of sales volume . The predictor variables jointly explained 37% of the variance of sales volume, while the remaining 63% could be due to the effect of extraneous variables such as pricing, brand name, product quality etc. All the independent variables are positively and directly related to dependent variable particularly in Heineken Breweries S.C Ethiopia the findings have been summarized systematically answer the research questions and objectives. It was concluded that management of the company should increase budget on sales promotion dimensions and also set up more and effective sales promotion activities which could address customers and consumers to meet the stated objectives.

Keywords: *Sales promotion, Sales performance, price discount, bonus, buy one get one free*

Table of Contents

Statement of Declaration.....	iv
Letter of certification	v
ACKNOWLEDGEMNT.....	vi
List of Tables	vii
List of Acronyms.....	viii
ABSTRACT.....	ix
CHAPTER 1	1
INTRODUCTION.....	1
1.1. BACKGROUND OF THE STUDY.....	1
1.2. STATEMENT OF THE PROBLEM	3
1.3. RESEARCH QUESTION	3
1.4. OBJECTIVE OF THE STUDY	4
1.4.1. General Objective of the Study.....	4
1.4.2. Specific Objectives	4
1.5. SIGNIFICANCE OF THE STUDY	4
1.6. SCOPE OF THE STUDY.....	5
1.7. LIMITATION OF THE STUDY.....	5
1.8. ORGANIZATION OF THE STUDY.....	5
1.9. DEFINITION OF TERMS.....	6
CHAPTER TWO	7
LITERATURE REVIEW	7
2.1. Theoretical Review.....	7
2.1.1. Nature of Sales Promotion.....	9
2.1.2. Types of Sales Promotions	9

2.1.3. Sales Promotion Tools.....	10
2.1.4. Objectives of Sales Promotion	12
2.1.7 The Concept of Sales Performance	14
2.1.8 Effect of Sales Promotion on Sales Performance.....	14
2.2 Empirical Review	15
2.3 Conceptual Framework.....	18
CHAPTER THREE	19
RESEARCH METHODOLOGY	19
3.1 Research Approach	19
3.2. Research Design	19
3.3. Data type and data source	20
3.4. Population of the study.....	20
3.5. Sampling procedure	21
3.5.1. Sample Size	22
3.6. Data Gathering Instruments	23
3.7. Data Analysis Techniques.....	23
3.8. Reliability and Validity.....	23
3.9. Ethical Consideration	24
CHAPTER FOUR	25
DATA PRESENTATION, ANALYSIS AND INTERPRETATION	25
4.1 Descriptive Statistics	25
4.1.1. Demographic Analysis of Respondents.....	25
4.1.2 Descriptive Statistics of the Variables.....	27
4.2. Inferential statics	28
4.2.1. Correlation Analysis	28

4.2.2. Test of linear regression model assumption.....	29
4.2.2.1 Normality assumption.....	29
4.2.2.2. Multicollinearity test Assumption.....	32
4.3. Regression analysis	33
4.3.1. Multiple regressions of sales promotional tools on sales performance.....	33
CHAPTER FIVE	38
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	38
5.1. Summary of findings	38
5.2. Conclusion and Recommendation	39
REFERENCES	40
APPENDIX 1: QUESTIONAIRES.....	42

CHAPTER 1

INTRODUCTION

1.1. BACKGROUND OF THE STUDY

The business environment has become very competitive in the 21st century due to the growth in technology, infrastructure and access to information around the globe. This has made the environment very complex and consumer preferences keep changing because of the low switching cost in the market. Due to this increasing demand of consumers in the market, management of business organizations have to increase their resources with attention focused more on attracting and retaining its customers (Kotler, 2003).

The main aim of any organization is to maximize profit, have largest market shares and to become leader in a market competitive environment. The ultimate objective of every business is to increase the sale of goods that it deals in. Several methods can be adopted for the achievement of this goal; some direct while others indirect. Sales promotion is one of them. Sales promotion is defined as a “diverse collection of incentive tools, mostly, short term designed to stimulate quicker and/or greater purchase of particular products/services by consumers” (Kotler, 1998).

The ever increasing competition in the global market has prompted organizations to be determined and ensure satisfaction of customer needs and wants more efficiently and effectively than ones competitors (Kotler, 1988). Sales promotion is an initiative undertaken by organizations to promote and increase sales, usage or trial of a product or services (Aderemi, 2003). Sales promotion refers to the provision of incentives to customers or to the distribution channel to stimulate demand for a product. It is an important component of an organizations overall marketing strategy along with advertising, public relations and personal selling. Sales promotion acts as a competitive weapon by providing an extra incentive for the target audience to purchase or support one brand over the other. It is particularly effective in spurring product trials and unplanned purchases (Aderemi, 2003).

A sales promotion strategy is an activity that is designed to help boost the sales of a product or service. This can be done through an advertising campaign, public relation activities, a free sampling campaign, a free gift campaign, a trading stamps campaign, through demonstrations and exhibitions, through prize giving competitions, through temporary price cuts, and through door to-door sales, telemarketing, personal sales letters, and emails. The importance of a sales promotion strategy cannot be underestimated. This is because a sales promotion strategy is important to a business boosting its sales (Aham, 2008).

It is quite evident level that no business organization that desire to survive can afford to neglect the importance of sales promotion in the marketing of its product or services. The role of sales promotion in achieving organizational stated objectives cannot be underestimated. It is on the basis of this invaluable contribution to organizational success that, effort were made to find out the effect of sales promotion on sales performance in Heineken Breweries S.C Ethiopia.

There are more than 20 brands and 6 breweries in Ethiopia. In the last two decades, the industry has evolved into one of the most competitive arena in the food and beverages sector attracting giant foreign companies. Among those foreign companies Heineken Brewery, the world-renowned brewery, with the presence in 84 countries, operating over 165 breweries producing 254 brands. Heineken Breweries S.C joins the Ethiopian market in 2011. The company entered the market through the acquisition of Bedele and Harar breweries and in 2015 it officially inaugurated its new brewery the Greenfield site in kilinto on the outskirts of Addis Ababa with a total capacity of 1.5m hectoliters and an investment of 110 million Euros. With its 3 breweries the company currently produces 4 alcoholic beer brands including its flagship Heineken beer and 3 non-alcoholic brands with a total of more than 14 SKUs include: Walia 33cl, Walia 50cl, Walia draft beer, Walia Radler, Heineken 33cl, Bedele Regular 33cl, Bedele Regular 50cl, Bedele Special 33cl, Bedele Spcial 50cl, Harar 33cl, Harar draft beer, and Sofi malt, Sofi buna, and Buckler under the non- alcoholic segment.

1.2. STATEMENT OF THE PROBLEM

The purpose of sales promotion is to motivate the customers to immediately purchase a particular product thus enhancing its sales volume (Sadia and Syeda, 2012). The beverage industry is influenced by seasoned fluctuations and climatic changes coupled with depression in the economy. The sensitivity of the beverage industry often lead to sales decline, erosion of market share, low capacity utilization, reduction in overall industrial output and colossal loss of profit. Thus the success of any beverage firm that wishes to sustain the acceptability of its product hands on its intensive sale promotional activities. Heineken breweries is also intensively undertaking sales promotion with different brands to stimulate the sales, for example; price discount, sampling, bonus, buy one get one free, different gift packages, point of sales materials and the like. So, the question is “could sales promotion if adopted as one of the problem solving behavior to help the sales performance”. It is in the light of this question that the researcher is motivated to conduct a study on sales promotion with reference on the Heineken Breweries S.C Ethiopia. However, one unbearable difficulty of sales promotion is the difficulty in measuring its direct contributions to sales performance. This study therefore, sought to determine the effect of sales promotion on sales performance at Heineken Breweries S.C Ethiopia.

1.3. RESEARCH QUESTION

Main Research Question

- What is the effect of sales promotion on sales performance?

Sub - research questions

1. How does product price discount contribute to the increase in sales volume?
2. What is the effect of buy one get one promotions on customers buying decision?
3. What is the effect of bonus on the company’s sales performance?

1.4. OBJECTIVE OF THE STUDY

1.4.1. General Objective of the Study

The general objective of this study is to determine the effect of sales promotion on the sales performance on Heineken Breweries S.C Ethiopia.

1.4.2. Specific Objectives

This research is designed

- To establish effect of product price discount to the increase of sales volume.
- To determine the effect of buy one get one promotion to customers buying decision.
- To determine the effect of bonus on company's sales performance.

1.5. SIGNIFICANCE OF THE STUDY

Academically, the study will inform the researcher more on the impact of sales promotion on sales performance, thus being a good marketer. The study is also relevant in that it seeks to identify the roles sales promotion plays in the marketing strategies and achievement of organizational goals and objectives. The contribution of this study to the economy though arguable can be seen in the adoption of promotional tools that create value for customers. This study will add to the literature on sales promotion in the Ethiopian beer industry context taking one of the breweries as a case study.

The outcome of this study would be relevant to different companies to determine the various factors that influence the sales performance and adjust their sale promotion strategies accordingly.

1.6. SCOPE OF THE STUDY

The study examines the effect of sales promotion on sales performance in Heineken breweries S.C. Ethiopia. From the various sales promotion tools the researcher took only three of them which, the company is current using widely. Buy one get one free, bonus and product- price discount. The study for reasons of limited resources and time constraints, the data collection will be carried out based in Addis Ababa. And also the study will not go into the administrative and financial aspect of the company but only limited to finding out the impact of sales promotion in the marketing of their products.

1.7. LIMITATION OF THE STUDY

The Study will focus on the effect of sales promotion on sales performance on Heineken breweries, which is based on only Addis Ababa's market taking as a sample. Hence, the geographical and demographic differences of customers and consumers, it is difficult to generalize the impact each sales promotion has on these different market structures. And the study may have a limitation of finding secondary data.

1.8. ORGANIZATION OF THE STUDY

This paper is organized with five chapters. The first chapter provides an overview and introduction to the study stating statement of the problem, research questions, objective of the study, scope, limitation and significance of the study. The second chapter gives related literature review with specific emphasis on the theoretical and empirical features. Chapter three covered the research design and methodology of the study. It describes the type and design of the research; the subject and participants of the study; as well as the data collection tools applied and methods of data analysis. The purpose of this chapter is to make the reader understand the nature of methodological choices made on this study. The fourth chapter includes analysis and results of the collected data. The fifth chapter summarizes the findings from chapter four and draws conclusions. Finally, the recommendation part will be presented.

1.9. DEFINITION OF TERMS

The key terms that will be used here are defined thus

Price discount - Manufacturers offer consumers products at reduced price from regular price of a product. Price-offs mean that the manufacturer marks the merchandise that the customer could accurately see that the price is lowered (Fill, 2002).

Bonus - is a manufacturer's sales promotion technique of giving the buyer an extra quantity of a product at the usual price.

Buy one get free - In a common sense that if you buy a product, you get another product for no cost, by means of this method the consumer can be easily attracted to buy the product for the reason that there is no additional cost and it should be more valued by the consumer perspective, (Sinha & Smith, 2000)

Sales promotion - Short term incentives to encourage purchases or sales of a product or services.

Sales Performance – is the measurement of sales activity against the goals outlined in your sales plan.

Agents - a person or company that buys products from a manufacturer and sells them for a profit to other businesses, stores, or customers, often by transporting the goods to different places.

CHAPTER TWO

LITERATURE REVIEW

This chapter provides a review of the existing literatures on the effect of sales promotion on sales performance. The context in which sales promotions are developed and the previous studies that focused on this field is briefly discussed in this section. The literature review consists of theoretical review, Empirical review and conceptual framework.

2.1. Theoretical Review

As one of the marketing mix elements, promotion includes all the activities directed to the targeted consumers, that lead to facilitate the process of contacting with them for the purpose of formatting a sense of the importance of the commodity in achieving a high degree of consumer's satisfaction of their wishes and needs comparing with the competitor's commodities (Mahmud I. Nour, 2014). Promotion is one of the key factors in the marketing mix and has a key role in market success. Promotion is used to ensure that consumers are aware of the products that the organization is offering. The promotional mix is the combination of the different channels that can be used to communicate the promotional message to the consumers (Ansari, 2011). The channels to be used are; advertising, direct marketing, public relations and publicity, personal selling, sponsorship and sales promotion (Rowley, 1998).

The American Marketing Association Journals (1960) defines sales promotion as. These marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as displays, shows exposition, demonstration and various non-recurrent selling effort not in the ordinary routine.

According to (Jefkins, 1985) "Sales promotion covers special promotional schemes usually of limited duration at the point of sales or point of purchase. He added that in addition to inducement of buying habits or the buying of quantities to the exclusion of other brands. It could induce frenetic brand switching and the loss of brand loyalty. It also encourage greater competitiveness at point of sales and wider consumers choice.

(Kotler, 1997) posited that sales promotion consist of a diverse collection of incentive tools, mostly short term, designed to stimulate quick and or greater purchase of a particular products/services by consumer or the trade. Sales promotion is a tool to achieve company's marketing communication objectives and an essential element in planning marketing (Blattberg, 1990). Sales promotion is a short term strategy to derive demand and also special marketing offer which provides more profit than what consumers receive from the sale position of a product and also has sharper influence on sales (Banerjee, 2009).

A number of reasons can be attributed to the significant growth attached to sales promotion activities. According to Smith (1993), price consciousness and the customer search for value for money offers propel the growth of the technique; spiraling advertising costs combined with the constant search for cost effectiveness force marketing managers look for more cost effective below the line tools such as sales promotion. Pickton and Broderick (2005) postulated that market fragmentation is the reason for the growth of sales promotion. The fragmentation of markets has reduced the effectiveness of the traditional mass media in reaching specifically defined audiences.

A sales promotion consists of techniques that are aimed at increasing sales in the short run, meaning that they are mostly used for a short period of time. It offers control, and the costs can be much lower than of advertising. The main characteristics of sales promotions are that they offer better value for money and they try to cause responses immediately (De Pelsmacker, 2001). This tool has the ability to attract and keep loyal customers and is an excellent way to persuade them build viable link with the organization and involves all motives applied by the producer to persuade trade with members of a channel (Ndubisi, 2006).

Sales promotion according to Kotler (2003) has three distinctive characteristics; Communication, Incentives, and Invitation. Communication gains attention and usually provides information that may lead the consumer to the product or service, the Incentive incorporates some concession, inducement, or contribution that gives value to the consumer whereas Invitation includes a distinct invitation to engage in the transaction now (Sam & Buabeng, 2011).

2.1.1. Nature of Sales Promotion

To qualify as a sales promotion, someone must be offered something that is above and beyond the core product or service, rather than just being offered something that is an everyday aspect of trade. It includes all promotional activities and materials except personal selling, advertising and publicity focusing specifically on short term profits. Sales promotions are the tools to improve the effectiveness of the advertisement designed with the pictures, symbols and messages that appear with the advertisement. The marketers find the sales promotion as useful tool to overcome the various short-term obstacles with the sales. With the short-term nature, it is not durable and long term that can be compared with advertisement and personal selling. As the advertising and the personal selling are highly related even wholesalers often administer the retail sales personnel for the sales promotional activities. The fact that; sales promotion activities are highly diverse and are beyond just the premium have distinctive characteristics; communication, incentives and invitation. (Anuraj 2018).

2.1.2. Types of Sales Promotions

Essentially, sales promotions are categorized into three depending on the initiator and the target of the promotion. These include:

Retailer promotion: is the promotion offered directly by the retailers towards the consumers. It includes price cuts, displays, feature advertising, free goods, retailer coupons and contest. (Blattberg & Neslin, 1990).

Trade promotion: is the promotion offered by the manufacturers to the retailers. It includes advertising allowances, display allowances, trade coupons, financing incentives and contests (Blattberg & Neslin, 1990). Trade market promotions: are those sales promotions directed at the distribution channel of a product i.e. distributors, wholesales or retailers (Sam & Buabeng, 2011). For instance, given extra product for a given quantity purchased to entice the retailer to stock the company's product or a reward to retailers who have sold the most products within a given period of time (Sam & Buabeng, 2011).

Consumer promotion: Consumer promotions are those efforts aimed at influencing the trial consumer (Bamiduro, 2001). They are promotions offered by manufacturers directly to

consumers (Blattberg and Neslin, 1990). Such promotions are designed to motivate consumers to immediate (or nearly immediate) action (Courtland and John, 1992). Consumer's promotion techniques can be used to draw people into a particular store, to induce new product or to promote established products. To accomplish this task, markets have developed quite a variety of sales promotion techniques or tools.

Consumer promotions can further be classified as price promotions or non-price promotions. Non-price promotions are for example free samples, special packaging or promotion games, while price promotions are for example discounts or coupons (Gedenk, 2001). Price promotions can be defined as (1) temporary limited discounts to the regular market price, (2) sometimes supported by additional marketing measures (3) to increase sales for a retailer, wholesaler or manufacturer. Sales promotions and price promotions alike, do not necessarily have to focus on reaching short-term goals, such as the immediate increase in sales, but can also be targeted at e.g. increasing a retailer's image or increasing long-term sales (Gedenk, 2001).

2.1.3. Sales Promotion Tools

Promotion according to Doyle and Saunders (1985) is most important in changing the timing rather than the level of purchasing because customers tend to buy earlier. Promotion is a marketing effort by any organization in trying to communicate to its customers. According to Kotler (1994), a good promotional strategy should encompass sales promotion, public relations, advertising and personal selling in order to communicate with their present and potential consumers. Promotion is responsible for moving the demand curve upward and to the right by utilizing some or all of the elements of the promotional mix.

Again, Pride and Ferrel (1989) also grouped sales promotion methods into two. Consumer sales promotional methods are directed towards consumers and they include coupons, contests, bonuses, vacations, shopping, gifts, free products and services, and free samples. Trade sales promotion methods focus on wholesalers, retailers and sales person. This includes sales contests, free merchandise, demonstrations, point-of purchase and displays (Pride and Ferrel, 1989). The purpose of sales promotion in the marketing mix in marketing events is to have a direct impact on the behavior of the firm's consumers. Several authors have identified different categories of consumer- oriented sales promotion. According to the International Chamber of Commerce,

International Code of sales promotion practices, consumer –oriented sales promotion encompasses the following tools:

Free samples: These are distributed to attract consumers to try out a new product and thereby create new customers (Kotler, 2003). Some businessmen distribute samples among selected persons in order to popularize the product common examples - shampoo, washing powder etc. Sampling which by definition includes any method used to deliver an actual or trial size product to consumers. Sampling is generally considered the most effective way of generating trial, though it is the most expensive

Under the crown prizes : Is a one type of sales promotion that offers prizes on the bottle cap. It's a scheme for the distribution of prizes by chance.

Bonus offer or points: This is a reward given to the existing customers (Smith and Schultz, 2005). This tool will help increase the sales of the product among the existing customers itself. A toothbrush with 500 grams of toothpaste might be some examples of this tool. A certain retail shops will have a scheme which will require the customer to be a member of the shop and to acquire membership card for the same. And every time the customer makes a purchase bonus points are added to the card and at the end of the year gifts are given for the points earned. The bonus packages inspire the consumers to purchase the product (Percy, Rossiter & Elliott, 2001). The bonus packs liked by producers or manufacturers because it should increase the product trial, switching a product and forcing stores to stock product. According to Li, Sun and Wang (2007) this technique of promotion would be very useful to manufacturer because it should help the retailers to clear the stock more hastily as contrast price promotion.

Exchange schemes: According to Belch (1998), it refers to offering exchange of old product for a new product at a price less than the original price of the product. This is useful for drawing attention to product improvement.

Price-off offer: Under this offer, products are sold at a price lower than the original price. This type of scheme is designed to boost up sales in off-season and sometimes while introducing a

new product in the market. Price-off is a reduction in a brand's regular price (Kotler, 2003). The major reason for marketers to use the price-off reduction is that this type of deal usually presents a readily apparent value to consumers especially when they reference price point for the brand, therefore they can recognize the value of the discount.

Buy and get one free: Buy and get one free is one of the promotion methods of sales promotion in which an extra product is offered to the customers at normal price but with greater improvement in package. The customers could easily be influenced to purchase the product because there is no condition of any additional price and it should be more valued by the customer to be perceived (Sinha & Smith, 2000). Gardener and Trivedi (1998) have written that larger size of package and proper advertising of the product help to make the promotion more attractive. When the extra product is without any additional price, the customer could be convinced to purchase the product if the consumer has a sense that their money can be kept with this deal. Buy and get one free scheme is one type of popular product volume discount nonmonetary sales promotion schemes in which the consumer gets two or more products of the same type for the price of one, or receiving a free product by purchasing some other product. Promotions such as buy one get one free, buy two get one for free and so on are frequently used to generate unplanned purchases (Inman, 2009).

2.1.4. Objectives of Sales Promotion

The most important objective of sales promotion is to bring about a change in the demand prototype of products and services. Essentially, sales promotion has three precise objectives. First, it is meant to give significant marketing information to the prospective buyers. The second objective is to induce and influence the potential buyers through convincing measures. Thirdly, sales promotion is meant to operate as an influential tool of competition. The specific objectives of sales promotion according to Jain, (2014) are:

i. Add to the stock of the dealers: Dealers like wholesalers and retailers usually deal with a multiplicity of goods. Their selling activity becomes easier when the manufacturer supplements their efforts by sales promotion measures. When a product or service is well supported by sales promotion, dealers are automatically induced to have more of such items.

ii. Attract new customers: Sales promotion measures also play an important role in attracting new customers for an organization. Typically, new customers are those persons that are won away from other firms. Samples, gifts, prizes, etc. are used to encourage consumers to try a new brand or shift their patronage to new dealers.

iii. Helps the firm to remain competitive: Most of the companies undertake sales promotion activities in order to remain in the competitive market. Therefore, in the modern competitive world no firm can escape the responsibility of undertaking sales promotion activities.

iv. Increase sales in off-seasons: Many products like air-coolers, fans, refrigerators, air conditioners, cold drinks, room heaters, etc. have seasonal demand. Manufacturers and dealers dealing with such type of goods make every effort to maintain a stable demand throughout the year. In other words, firms try to encourage the purchase of such goods in off-seasons also. That is the main reason behind discounts and offseason price reductions of such items in the market during slack seasons.

v. Induce existing customers to buy more: Sales promotion devices are most often used to induce the existing customers of a firm to buy more. Product development, offering three products at the cost of two, discount coupons, are some of the sales promotion devices used by firms to motivate the existing buyers to buy more of a specific product.

vi. Introduce new products or services: Sales promotion is often used to motivate prospective consumers to try new products and services. Dealers are also induced to introduce new products and services in the market. More often than not, free samples are provided through dealers during such introduction. Likewise, discounts in cash or goods may also be offered to dealers to stock new products or deal with new services. Free samples, trade discounts, cash discounts are basically sales promotion measures.

Vii. Increase Brand Awareness: It includes attractive incentives which help increase brand awareness, which eventually leads to more sales.

2.1.7 The Concept of Sales Performance

Sales growth can be achieved by a firm by increased market share, through capturing sales held by other competitors by means of the use of trade promotions to maximize shelf space in retail outlets. Some businesses are able to secure significant sales growth by tapping into new market (Encyclopedia of Small Business, 2012). Creating additional demand for a firm's product or service, especially in a market where competition is yet to fully develop can spur phenomenal growth for a small company to greater growth level. A Nielsen study on trade promotion practices further buttresses this concern. The study found that 90% of manufacturer listed trade promotion as an important issue relative to 86% for category management, 78% of new product introduction and 73% for understanding consumers (Nielsen, 1998). Sales growth introduces vitality to a firm's, especially resellers' organization in the beer industry.

2.1.8 Effect of Sales Promotion on Sales Performance

The effect that sales promotions have on the organizational performance are:

- 1. Encouraging purchase of large size unit.** Sales promotion consists of diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase of products or service by consumer e.g. The use of premiums, product warranties etc. Stimulate consumer purchase in larger quantities.(Rotimosho, 2003)
- 2. Generating trials among non-users.** A trial among non-users of a product is generated through invitation of prospective purchasers to try the product without cost or little cost with the hope that they will buy the product.
- 3. Persuading retailers to carry new items and higher level of inventory.** Sales promotion encourages retailers to give shelf space to new products. Manufacturers provide retailers with financial incentives to stock new products.
- 4. Encouraging off season buying.** Sales promotion has also encouraged off season buying especially during the festive periods, people tend to buy more of a particular product because of the added value, compared to normal season.

5. Building brand loyalty. Sales promotion helps to build brand loyalty by giving the seller the opportunity to attract a loyal and profitable set of customers which provides sellers some protections from competition and greater control in planning their marketing mix. (Shira,2003) Conclusively, sales promotion has been seen to focus on customer relationship management, free gifts, free sample, price discount, etc. If an organization effectively implements sales promotion techniques, it will not only encourage large purchase but it will also increase the sales performance of an organization, invariably leading to the achievement of the stated objectives.

2.2 Empirical Review

Previous studies on the effect of sales promotion dimensions on sale volume are inconclusive. Most researchers agreed that sales promotion dimensions have no significant effect on sales volume (Davis et al. 1992; Dekimpe, Hanssens and Silva-Risso 1999; Pauwels, 2002; Gilbert and Jackaria, 2002; Srinivasan, 2000). While some research believed that sales promotion dimensions have positive effect on sales volume (Ailawadi, 2001; Ailawadi and Neslin 1998; Oyedapo, 2012; Odunlami and Ogunsiji, 2011; Bamiduro, 2001). The findings of Bamiduro (2001) confirmed that there is positive significant relationship between sales promotion dimensions and sales volume of the beverage industry. Oyedapo ,(2012) conducted a research on the impact of sales promotion on organization effectiveness in Nigerian manufacturing industry and their findings revealed that the adoption of sales promotion dimensions significantly influence the effectiveness of beverage drink industry. According to Ailawadi (2001), sales promotions have a positive long-term effect on sales because promotions persuade consumers to change brands and to buy in larger quantity. Odunlami and Ogunsiji (20011) who researched on the effect of sales promotion as a tool on organizational performance. They concluded that the effective implementation of sales promotion dimensions lead to increase in sales volume. Moreover, Wayne (2002) found a link between sales promotion dimensions and product trial which eventually lead to increase in sales volume. Totten and Block (1994) found that sales promotion dimensions have no long term effect on sales volume. Sales promotion dimensions are considered to be an external stimulus and after when it is gone consumers are less likely to re-purchase (Dodson, 1978).

The result of Dekimpe (1999) also show that there are rarely any permanent effect of sales promotions on the volume of sales. Their findings proved that sales promotion does not change the structure of sales over the long run. They suggest that the diminishing impact of sales promotion may be because of choice of brand, quantity which is purchased and category incidence such as energy crisis.

Pauwels, (2002) are of the opinion that when a consumer is exposed to a sales promotion offer majority of the time, the consumer has already purchased and practiced a particular brand so the impact of learning form the that purchase is minimal and is easily balanced by a simultaneous and similar competitive offering. Therefore the immediate effects of sales promotion are small. This is because of price promotion consumers are forced to make purchases and but this impact on sales cannot only be explained by accelerated rate of purchase due to price reductions. Syeda, (2012) explore the short term and long term impact of sales promotion in Pakistani companies from two diverse industries, i.e. Beverage Industry (Shezan International Ltd) and Foam Manufacturing Industry (Diamond Supreme Foam) by regressing mean of brand loyalty on mean perception about promotion obtained through financial analysis and consumer survey respectively, using a sample of 200 consumers. The authors used time series models and OLS estimation. Their results reveal the presence of various extraneous factors impacting the effectiveness of promotions.

It has been established in literature by some authors that there is a nexus between sales promotion and organization effectiveness. Boddewyn and Leardi (1989) as cited in Syeda et al (2012), states that the following sales promotional types: reduced prices and free offers, premium offers of all kind, vouchers and samples, the supply of trading tramples, promotions which are linked with charity, and furthermore promotions related to prize of different kinds, including some other incentive programs employed by companies affect profitability through motivating consumer's to make an immediate purchase. Similarly, Ailawadi and Neslin (1998) following a survey of the recent empirical literature on the subject found that, with respect to the earlier contributions, there is more agreement about the positive effect of sales promotion on organization effectiveness. They established that consumer promotions motivate the consumers

to purchase larger amount and consume it faster; causing an increase in sales and ultimately profitability.

Oyedapo , Akinlabi and Sufian (2012). Conducted a research on The Impact of Sales Promotion on Organization Effectiveness in Nigerian Manufacturing Industry. This study examined sales promotion and its effect on organizational effectiveness in Nigerian manufacturing industry. The overall objective of this study is to survey the extent to which sales promotional strategies affect the effectiveness of NESLE Food Plc in Nigeria and to determine the level of customers' loyalty and acceptance of beverage drink products through the use of sales promotion strategies adopted by beverage drink companies.

Findings showed that the study investigated the relevance of sales promotion as a promotional tool in beverage drink industry in Nigeria. The respondents indicate their agreement that NESTLE Nigeria Plc. as well as beverage drink industry in Nigeria make use of sales promotion as a promotional mix of marketing activities. On the issue of the usage of sales promotion strategies by beverage drink industry, the study revealed the usage of sales promotion strategies by NESTLE Nigeria plc as well as beverage drink companies. The results show that adoption of sales promotion strategies significantly influence the effectiveness of beverage drink industry.

It is concluded that there has been an increase in the usage of sales promotion by beverage drink companies. Sales promotion is normally used to boost sales thereby increasing the profit (i.e. between 2007 and 2008, gross profit margin improved from 36.85% in 2007 to 39.51% in 2008).

The study recommended that NESTLE Nigeria Plc and manufacturing organizations in general, may engage in more promotional mix strategies, and also tend to be creative to consumers; this in turn would enhance and boost sales revenue. Also, sales promotions budget should always be adequate in organizations, as this would also give sales representatives and consumers alike performance to participate. Finally, there should be enhance and computerized distribution system, this strategy create performance and proficiency on field managers and supervisors monitoring sales on consumers and complaint. The above study will share similarity with the proposed work under study because the use of qualitative and quantitative method will be used to generate data. Conclusively sales promotion can be beneficial for products or services that are

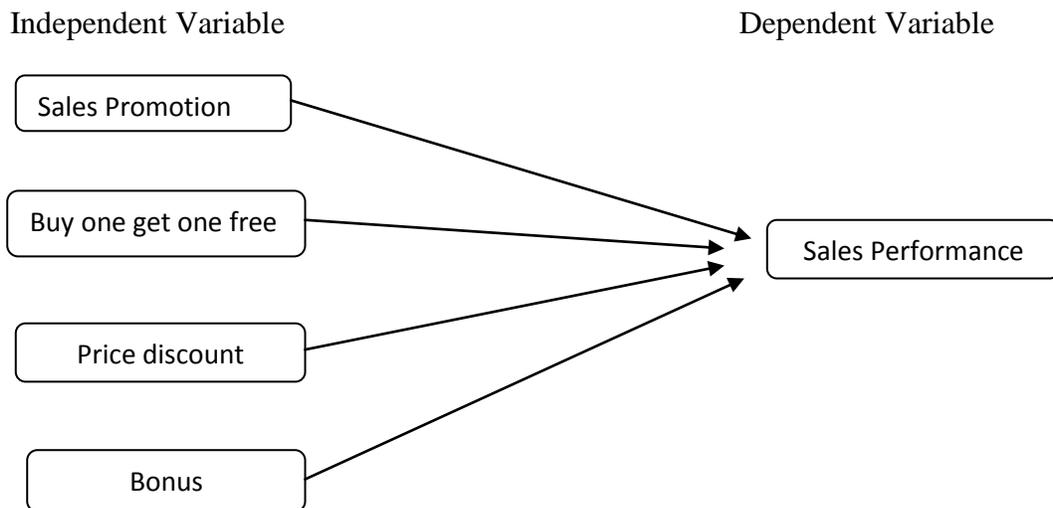
complicated or are unfamiliar to consumers. Price plays a crucial role in the consumers' decision to purchase a particular product or service. Thus consumers will only choose products with the best offer.

Sales promotion attracts new buyers, thereby encouraging them to buy due to the extra benefit. Sales promotion also encourages the existing customers to buy and use more products than usual. Sales promotion if well managed can attract a huge sum of sales, attract new customers and sustain old customers.

2.3 Conceptual Framework

From the literature reviewed, the conceptual framework is presented below. The framework is established on the relationship among sales promotional strategies and sales performance. As argued in the previous discussions, the dimensions of sales promotion include consumer promotion, trade promotion, and sales force promotion. In this study sales promotion strategies serve as independent variables, while sales performance serves as dependent variable of the study.

The conceptual framework is adopted from Syed (2015)



CHAPTER THREE

RESEARCH METHODOLOGY

This chapter mainly focuses on different types of methods and techniques that were used to gather information and data from the respondents. Furthermore, this chapter gave detailed information on research design that was used in carrying out the study, justification for the use of specific research instruments, data collection procedures, sampling methods, sampling procedures and sample size are highlighted in this chapter.

3.1 Research Approach

Research approach can be either quantitative, qualitative, or combination of both for data analysis. The data are quantified, and statistical methods were used for quantitative methods whereas in qualitative research the understanding of the given phenomenon is carried through verbal or visual data. This study employed quantitative research approach. (Bryman, 2001) argue that quantitative research approach is the research that places emphasis on numbers and figures in the collection and analysis of data. Imperatively, quantitative research approach can be seen as being scientific in nature. The use of statistical data for the research descriptions and analysis reduces the time and effort which the researcher would have invested in describing his result. A closed ended questionnaire were used and variables were numerically tested for their relation by applying statistical methods.

3.2. Research Design

Research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data, (Kothari 1990).

The study adopted a descriptive research design. A descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variable of interest in a situation

(Kothari, 2008). Correlation was undertaken to determine the relationship between the dependent (sales performance) and independent variables (Price discount, bonus, and Buy one get one free) addressing the relative effect of sales promotion on sales performance of Heineken Breweries S.C. Ethiopia.

3.3. Data type and data source

This research utilized both primary and secondary data sources in order to collect relevant data in light to sales promotion and its relevance to the sales performance. According to Malhotra (2005), primary data are originated by the researcher for the specific purpose of addressing the problem at hand, even if obtaining them can be expensive and time consuming, primary data being the most significant were gathered through structured questionnaires. The primary data were collected using a self-administered questionnaire distribute to respondents.

The secondary data for this study were collected from sales journals, and other related publications. As a general rule stated by Malhotra (2005) examination of available secondary data is a pre requisite to the collection of the primary data.

3.4. Population of the study

Population is defined as the entire collection of individual from which the researcher collects data. It is the entire group that the researcher is interested in. (Jackson, 2008). All individuals of interest to the researcher are called population (Alan & Kaufman, 2005). The population for this study were agents or distributors of Heineken breweries S.C which are working in Addis Ababa territory and employees which are working under the department of sales for the region of Addis Ababa.

Description	Population
Business Unit Managers	3
Area Sales Managers	9

Sales support	12
Sales Representatives	52
Distributors	14
Total	90

Table 3.1 : Population distribution

Source: Heineken Breweries S.C 2020

3.5. Sampling procedure

Sampling procedure is the process whereby the population of this study will be sampled systematically to ensure adequate coverage and accurate finding. Shiu , (2009) postulate that probability is a technique of drawing a sample in which each sampling unit has a known probability of being included in the sample used. Non-probability sampling is a sampling process where the probability of selecting each sampling unit is unknown. The researcher used of sampling techniques that fall under non probability sampling, that is, purposive sampling. Purposive sampling is also known as judgment, selective or subjective sampling is a sampling technique in which research relies on his or her own judgment when choosing members of population to participate in the study. Purposive sampling is a non-probability sampling method and it occurs when elements selected for the sample are chosen by the judgment of the researcher. Researchers often believe that they can obtain a representative sample by using a sound judgment, which will result in saving time and money, (Black.K 2010). This type of sampling can be very useful in situations when you need to reach a targeted sample quickly, and where sampling for proportionality is not the main concern. In this research there were limited number of people from the company and agents of the company that served as primary data sources, and using purposive sampling technique was appropriate.

3.5.1. Sample Size

A sample is defined as a subset or a portion of the population. Process involves using the part of the population to conclude about the whole population (Zikmund , 2009). The sample size for the study is calculated by using a simplified formula of sample size determination cited by (Israel, 2013). Accordingly, the sample size for the research by using 0.05 sampling error and 95% confidence level is 73.

The formula for sample size determination is:

$$n = \frac{N}{1+N(e)^2}$$

Where: e = Level of confidence = 95% (0.05)

n = Required sample size

N = Number of total population

Description	Sample Size
Business Unit Managers	3
Area Sales Managers	7
Sales Support	10
Sales representatives	42
Distributors	11
Total	73

Table 3.2: Sample size distribution

3.6. Data Gathering Instruments

Primary and Secondary sources were employed in coming up with the data needed for the achievement of objectives of the research. Primary data is original data gathered from the field of interest of the research, gathered to satisfy the purpose of the research objectives and question. The study used a structured close ended questionnaire to collect data from employees of Heineken Breweries S.C and agents. Shiu et al (2009) defines secondary data as historical data structures of variables previously collected and assembled for some research problem or opportunity situation other than the current situation. The secondary data was collected from company's internal sales report, journals, articles and other relevant publications.

3.7. Data Analysis Techniques

Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study (Malhotra, 2007). Regression analysis is concern with the study of the independence of one variable on one or more other variables. In regression analysis, there is an asymmetry in the way the dependent and explanatory variables will be treated. The dependent variable is assumed to be statistical, random, or stochastic, that is to have a probability distribution. The explanatory variable on the other hand is assumed to have fixed variables. Multiple regression analysis was carried out aided by statistical package for social sciences (SPSS) software to analyze the data collected. The result of the analysis was tested with the standard error test. The T-test were used to confirm the results.

3.8. Reliability and Validity

Validity determines whether the measuring instruments truly measure what it was intended to measure or how truthful the research results are. To check the validity of the items in this study, the questionnaire was reviewed and approved by the advisor Mesfin Workneh (PhD).

Reliability, which relates to the dependability and consistency of measuring instruments, is another important consideration in scientific investigation. In this regard, the study used the Cronbach's alpha coefficient, which is one of the tests used to check for reliability of an

instrument to rely on the outcome of the instrument applied. According to Mugenda and Mugenda (2003) reliability is the ability of a research instrument to produce consistent results after repeated trials. The researcher conducted reliability test to make sure the instrument used in the study is reliable. The Cronbach`s alpha for the general instrument is found to be more than the acceptable range. Table 3.3 summarizes the reliability test of research instrument which was done on the actual study. From the findings on the table below, the Cronbach`s Alpha coefficient was used as a measurement parameter such that in the main survey, all the items included in the questionnaire were reliable. The Alpha score for the questionnaires fell within the given range and as a result the researcher found the instrument suitable for conducting data analysis. This implies that the assessment tools used was capable of producing stable and consistent results.

Measurement	Number of items	Cronbach's alpha
Price discount	5	0.826
Bonus	5	0.718
Buy one get one free	5	0.622
Sales performance	6	0.827

Table 3.3 Reliability Analysis

Source: Survey Results, (2020)

3.9. Ethical Consideration

In the context of research, ethics is defined as the appropriateness of the researcher's behavior in relation to the rights of the participants or subjects of the research work (Saunders, Lewis, & Thornhill, 2009). All information were treated with confidentiality without disclosure of the respondents' identity. Moreover, no information was modified or changed, hence the information were presented as collected and all the literatures collected for the purpose of this study are acknowledged in the reference list. The purpose of the study was disclosed in the introductory part of the questionnaire and the questionnaire were distributed only to voluntary participants of the sales department and agents of Heineken Breweries S.C. Ethiopia.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Descriptive Statistics

In this chapter the data collected from employees of Heineken Breweries S.C and agents of the company through close ended questionnaire were analyzed. A total of 73 questionnaire were distributed and 70 of them (96%) were fully answered and returned, 2 of them (3%) are not returned and 1 (1%) found to be incomplete. A response rate of 60% and above is a good response rate for statistical reporting (Mugenda and Mugenda, 2003).

4.1.1. Demographic Analysis of Respondents

	Description	Frequency	Percentage
Gender	Male	61	87%
	Female	9	13%
	Total	70	100%
Age	20-30	26	37%
	31-40	29	41%
	41-50	13	19%
	Above 50	2	3%
	Total	70	100%
Academic Level	High school or below	2	3%
	Diploma	3	4%
	Degree	51	73%
	Postgraduate	14	20%
	Total	70	100%
Category of respondents	Staff	61	87%
	Non staff	9	13%
	Total	70	100%

Length of service	Less than one year	2	3%
	2-3 years	16	23%
	3-4 years	21	30%
	Above 5 years	31	44%
	Total	70	100%
Job Position	Management	58	17%
	Non-Management	12	83%
	Total	70	100%

Table 4.1 Demographic characteristics of respondents

Source: Survey Result (2020)

The above table shows that the summary of respondent’s demographic factor, the table indicates out of 70 respondents, 87% are male and the rest 13% are female. Based on the information, we can infer that the majority of employees currently working at the sales department of Heineken breweries S.C are male.

26 (37%) of the respondent belong to the age group of 20 - 30, 29 (41%) of the respondent belong to the age group of 31 – 40, and 13 (19%) of the respondent belong to the age group of 40– 50, 2 (3%) of the respondent belong to the age group of greater than 50. The highest number of respondents belongs to 30-40 age groups for this study.

Majority of respondents are degree holders which comprises of 73% of the total population, 20% of them are post graduate, 4% are diploma holders and 3% are high school or below.

Regarding the working experience or service years of the respondents in the organizations or with the organization, 44% of respondents have been working in the organizations for more than 5 years, 30% for 4 - 5 years, 23% for 2 - 3 years, and 3% less than a year. The data shows that the majority of employees and agents have been working more than 5 years in and with the organization, so this makes the information gathered more sound and significant.

When we see the respondent’s category, 87% are staff and 13% of them are company’s agents. And 83% of the respondents are non – management also includes company agents and the rest 17% are managers.

4.1.2 Descriptive Statistics of the Variables

In this part descriptive statistics in the form of mean and standard deviation were presented to illustrate the level of agreement of the respondents. The main objective of the study is to identify the effect of sales promotion on sales performance, particularly in beer industry in Addis Ababa. To do so, stuffs and distributors of Heineken breweries were asked to rate the level of agreement to each question under the three sales promotion tools, namely: Price discount, Bonus, Buy one get one free on a five point likert scale with 1 = Strongly Disagree, 2= Disagree, 3=Neutral, 4= Agree, 5= Strongly Agree.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Price discount	70	2.20	5.00	3.8229	.58140
Bonus	70	1.60	5.00	3.2829	.84476
BOGOF	70	2.40	5.00	3.6371	.51897
Sales performance	70	2.33	5.00	3.8500	.51792
Valid N (listwise)	70				

Table 4.2 descriptive statistics of variables

Source: Survey Result, (2020)

As it can be seen from table 4.2 above, the mean score values of sales promotional tools ranges between 3.28 (mean score value of bonus) with standard deviation of 0.84 and 3.85 (mean score value of sales performance) with standard deviation of 0.51.

In order to identify the effects of sales promotion on organizational sales performance, particularly in Heineken Breweries, a total of 21 questions were grouped into four tools, which were: Price discount, Bonus, Buy one get one free and sales performance which is the dependent variable.

In order to compare the respondent's sales performance, descriptive statistics of mean and standard deviation were used. The mean indicates to what extent the sample group averagely agrees or disagrees with the different statements. The higher the mean the more the respondents agree with the statement while the lower the mean the more the respondents disagree with the statement. In addition, standard deviation shows the variability of an observed response.

4.2. Inferential statics

4.2.1. Correlation Analysis

Correlations

		Price discount	bonus	BOGOF	Sales performance
Price discount	Pearson Correlation	1	.528**	.489**	.486**
	Sig. (2-tailed)		.000	.000	.000
	N	70	70	70	70
Bonus	Pearson Correlation	.528**	1	.495**	.349**
	Sig. (2-tailed)	.000		.000	.003
	N	70	70	70	70
BOGOF	Pearson Correlation	.489**	.495**	1	.557**
	Sig. (2-tailed)	.000	.000		.000
	N	70	70	70	70
Sales performance	Pearson Correlation	.486**	.349**	.557**	1
	Sig. (2-tailed)	.000	.003	.000	
	N	70	70	70	70

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.3. Correlation Analysis

Source: Survey Result, (2020).

To determine the existence and level of association, the researcher used bivariate correlation.

Pearson correlation coefficient with falls between -1.0 and +1.0 and indicates the strength and Direction of association between the two variables (Field, 2005). The Pearson's correlation coefficient (r) was used to conduct the correlation analysis to find the level and direction of the relationships between the tools of sales promotion and sales performance. The classification of the correlation efficient (r) is as follows: 0.1 – 0.29 is weak; 0.3 – 0.49 is moderate; and > 0.5 is strong. The bivariate correlation of a two-tailed test confirm the presence of statistically significant difference at probability level $p < 0.01$ i.e. assuming 99% confidence interval on statistical analysis.

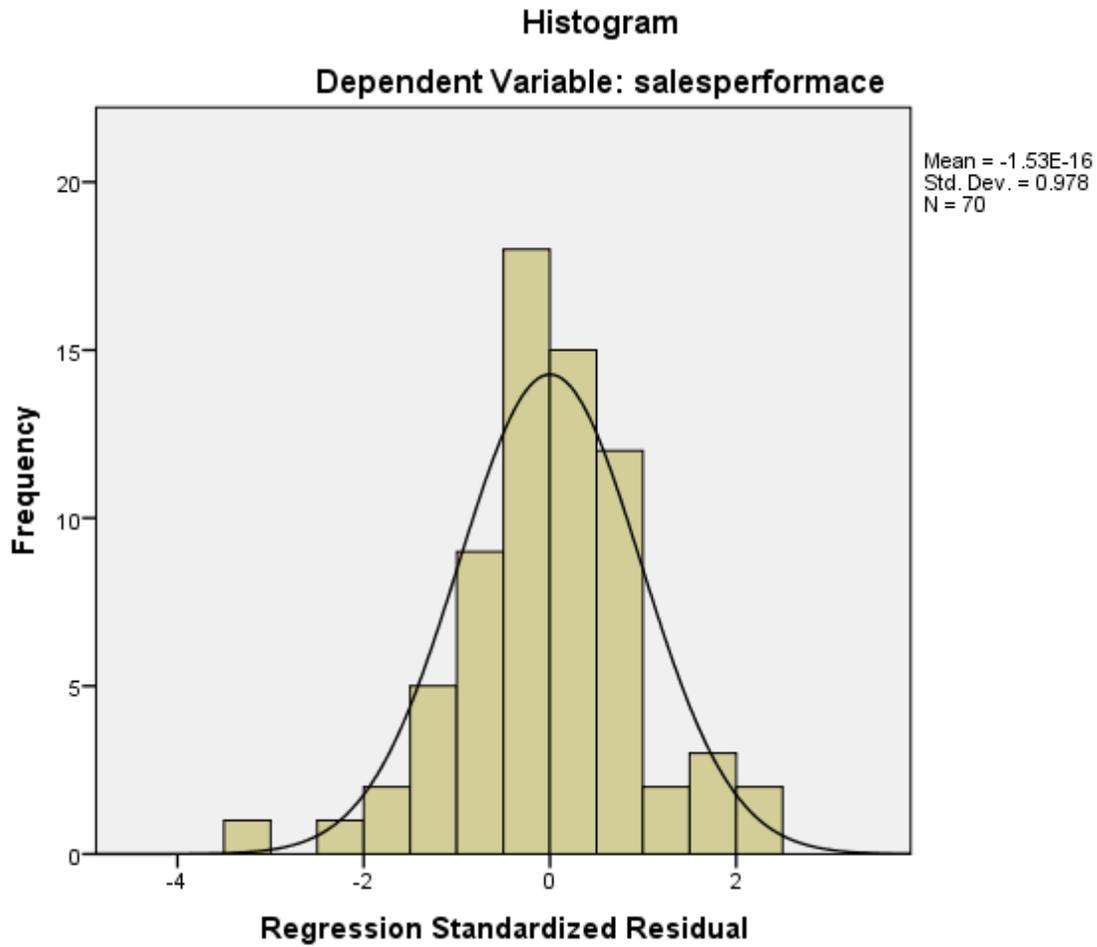
The results of correlation analysis in the table shows that three of the independent variables were positively and significantly correlated with the dependent variable i.e. sales performance at 95 percent confidence level ($P < 0.05$). The highest correlation is signified by Buy one get one free ($r = 0.557$), followed by Price Discount ($r = 0.486$), and Bonus ($r = 0.349$).

4.2.2. Test of linear regression model assumption

4.2.2.1 Normality assumption

Normality of a data should be tested before running the regression analysis because multiple regressions require that the independent variables in the analysis be normally distributed.

According to Brooks (2008), as cited by Abate (2012) if the residuals are normally distributed, the histogram should be bell- shaped and thus this study implemented graphical methods to test the normality of data. From the Histogram It can be noted that the distribution is a normal curve, demonstrating that data witnesses to the normality assumption.

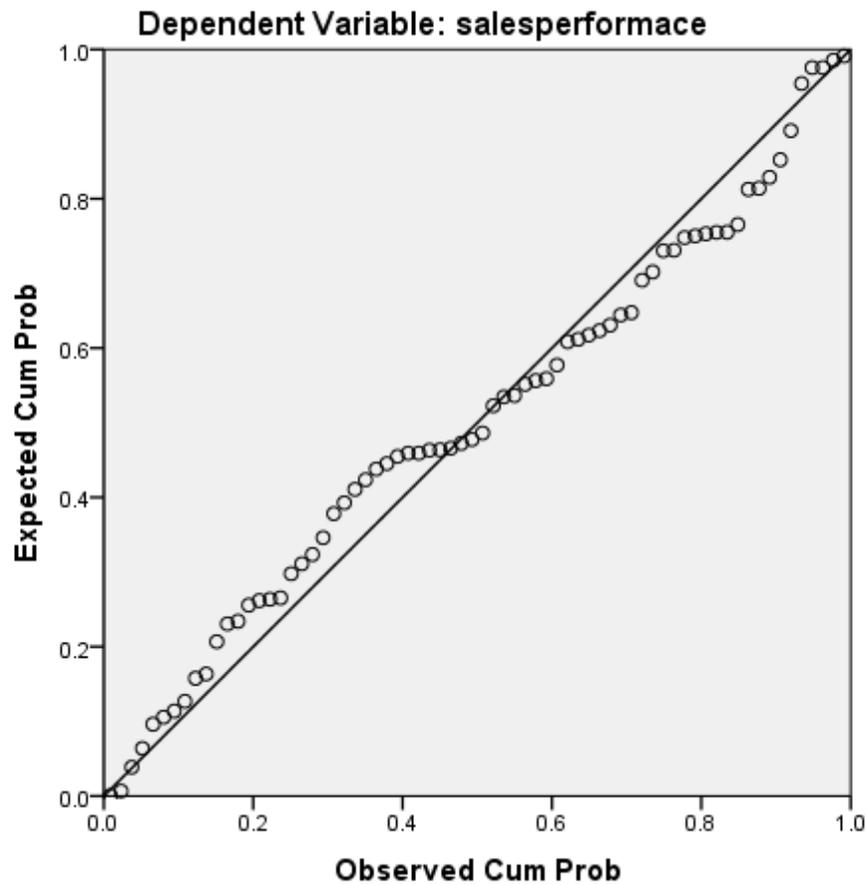


Histogram- Histogram for normality of the data

Source: Survey result, (2020)

Besides, the normal probability plots were also used to test the normality assumption as shown by the Normal P P-Plot Figure as can be seen from.

Normal P-P Plot of Regression Standardized Residual



Graph- normal P-P Plot to test Normality of the data

Source: Survey result,(2020)

As shown in the Figures from the histogram and the graph residuals were normally distributed around its mean of zero which indicates that the data were normally distributed and it was consistent with a normal distribution assumption. As the figures confirmed the normality assumption of the data, this implies that the inferences made about the population parameters from the sample statistics tend to be valid.

The value of Skewness and Kurtosis and their respective standard errors were computed as follows. The values of Skewness and Kurtosis demonstrate the normality assumption has been met.

Descriptive Statistics

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Price discount	70	-.270	.287	.068	.566
Bonus	70	-.527	.287	-.421	.566
BOGOF	70	.343	.287	.891	.566
Sales performance	70	-.469	.287	1.066	.566
Valid N (listwise)	70				

Table 4.4. Skewness and Kurtosis

Source: Survey result (2020)

4.2.2.2. Multicollinearity test Assumption

One should check for the problem of multicollinearity which is present if there are high correlations between some of the independent variables. The study checks this with the Variance Inflation Factor (VIF) which calculates the influence of correlations among independent variables on the precision of regression estimates. The VIF factor should not exceed 10, and should ideally be close to one. Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model and is calculated using the formula $1-R^2$ for each variable. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity.

Model	Collinearity statistics	
	Tolerance	VIF
Constant		
Price Discount	.652	1.533
Bonus	.647	1.546
Buy one get one free	.683	1.464

Table 4.5. Multicollinearity test

Source: Survey Result, (2020)

As can be seen from table above, the tolerance level of all independent variables are greater than 0.1 and the VIF value of all the independent variables are also less than 10. This confirms the absence of multicollinearity.

4.3. Regression analysis

4.3.1. Multiple regressions of sales promotional tools on sales performance

The multiple regression analysis was conducted to investigate the influence of independent variable on the dependent variable and identify the relative significant influence. i.e., independent variable (Price discount, bonus, buy one get one free) to the dependent variable; i.e. (sales performance). The proposed hypotheses were tested using multiple regression analysis. The result of regression analysis of the independent variables (Price discount, bonus, buy on get on free) on the dependent variable sales performance indicates existence of positive and statistically significant effect on the overall sales performance.

The result shows that sales independent variables (Price discount, bonus and buy on get on free) were jointly predictor of sales performance $R^2 = 0.37$. The predictor variables jointly explained 37% of the variance of sales performance, while the remaining 63% could be due to the effect of other variables such as product quality, price, personal selling, public relation, brand name, etc.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.608 ^a	.370	.342	.42024

a. Predictors: (Constant), BOGOF, price discount, bonus

Table 4.6. Model Summary

Source : Survey result, (2020)

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.853	3	2.284	12.935	.000 ^b
	Residual	11.656	66	.177		
	Total	18.508	69			

a. Dependent Variable: sales performance

b. Predictors: (Constant), BOGOF, price discount, bonus

Table 4.7. ANOVA Matrix

Source : Survey result, (2020)

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.999	.328		3.048	.003
	Price discount	.246	.090	.288	2.732	.008
	Bonus	.270	.088	.326	3.080	.003
	BOGOF	.247	.095	.267	2.614	.011

a. Dependent Variable: Sales promotion

Table 4.8. Coefficient Matrix

Source : Survey result, (2020)

Table 4.8 presents the result of regression analysis which is based on the three independent variables (Price discount, bonus and buy one get one free).The independent variables that contribute to variance of the dependent variable are explained by the standardized Beta coefficient. The beta value on the coefficient table indicates level of effect each dimension has on the dependent variable which is sales performance.

The strength of each predictor (independent variable) influencing the criterion (dependent variable) can be investigated via standardized Beta coefficient. The regression coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable.

The larger value of Beta coefficient an independent variable has, brings the more support to the independent variable as the more important determinant in predicting the dependent variable.

The regression model of this study can now be properly written in an equation as follows:

$$\text{SPY (sales performance)} = a \text{ (y intercept)} + (0.283) \text{ Price discount} + (0.326) \text{ Bonus} + (0.267) \text{ buy one get one free} + e \text{ (Error Term)}.$$

The regression model from table result shows that keeping other variables constant, a one unit increase in Price discount will bring a 0.283 unit increase in the overall sales performance of the company, a one unit increase in Bonus it will bring a 0.326 unit increase the sales performance, a unit increase of Buy on get one free will bring a 0.267 unit increase on sales performance of the company.

4.4 Hypothesis Testing and Interpretation of Results

Hypothesis	Result	Reasons
Ho: Product price discount do not have significant influence on overall sales performance of Heineken Breweries S.C Ethiopia.		
H1: Product price discount has significant influence on overall sales	Accepted	$\beta_1 = 0.288$

performance of Heineken Breweries S.C Ethiopia.		> 0.05
Ho: Bonus do not have significant influence on overall sales performance of Heineken Breweries S.C Ethiopia.. H2: Bonus has significant influence on overall sales performance of Heineken Breweries S.C Ethiopia.	Accepted	$\beta_2 = 0.326$ > 0.05
Ho: Buy One buy get one free promotion do not have significant influence on overall sales performance of Heineken Breweries S.C Ethiopia. H3: Buy one get one free promotion have a significant influence on overall sales performance of Heineken Breweries S.C Ethiopia.	Accepted	$\beta_3 = 0.267$ > 0.05

Table 4.9. Summary of Findings

Source: Survey result (2020)

H1: Product Price Discount have a significant influence on overall sales performance of Heineken Breweries S.C Ethiopia.

The result of multiple regression analysis of the table 4.8 indicates Heineken Breweries S.C Ethiopia. in Addis Ababa market, Price discount attributes have significant influence on overall sales performance with p value of > 0.05. Besides, the value of beta ($\beta=0.288$) shows that a positive influence of Price discount attributes in allover sales performance. This implies that a

one percent increase in Price discount related attributes results in a 28.8% increase in overall Sales performance. Hence, the above proposed hypothesis is accepted. So any type of product price discount promotion done by the company will result a positive influence on the sales performance.

H2: Bonus promotion have a significant influence on overall sales performance of Heineken Breweries S.C Ethiopia.

The result of multiple regression analysis of the table 4.8 indicates that Heineken Breweries S.C Ethiopia. in Addis Ababa market, Bonus attributes have significant influence on overall sales performance with p value of > 0.05 . Besides, the value of beta ($\beta=0.326$) shows that a positive influence of Bonus attributes in allover sales performance. This implies that a one percent increase in Bonus related attributes results in a 32.6% increase in overall Sales performance. Hence, the above proposed hypothesis is accepted. So Bonus promotion done by the company will result a positive influence on the sales performance.

H3: Buy one get one promotion have a significant influence on overall sales performance of Heineken Breweries S.C Ethiopia.

The result of multiple regression analysis of the table 4.8 indicates that Heineken Breweries S.C Ethiopia. in Addis Ababa market, Buy one get one attributes have significant influence on overall sales performance with p value of > 0.05 . Besides, the value of beta ($\beta=0.267$) shows that a positive influence of Buy one get one attributes in allover sales performance. This implies that a one percent increase in related Buy one get one attributes results in a 26.7% increase in overall Sales performance. Hence, the above proposed hypothesis is accepted. So Buy one get one promotion done by the company will result a positive influence on the sales performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents summary of findings, conclusion and recommendations for the study. Specifically, the study sought to examine sales promotional activities used by Heineken Breweries S.C Ethiopia, the relationship between sales promotion and sales performance of Heineken Breweries S.C Ethiopia, examine the effect of sales promotion on sales performance of the company and identify challenges affecting sales promotion activities undertaken by Heineken Breweries S.C Ethiopia.

5.1. Summary of findings

In order to accomplish the set objectives the researcher distributed 73 questionnaires to sample respondents (employees of Heineken Breweries S.C of sales department for Addis Ababa territory, and Company's agents) and collected 70 completely filled questionnaires for data analysis.

The computed mean score of the price discount as shown on the above analysis table are 3.8229 and the standard deviation of .5814, Bonus mean score is 3.2829 and standard deviation is .84476, Buy one get one free mean score is 3.6371 and standard deviation is .51897 and Sales Performance mean score is 3.8500 and standard deviation is .51792. So starting from the above mean and standard deviation values most of the response portrayed is towards agrees. This implies that Heineken Breweries S.C price discount, bonus and buy one get one have strong attachment with the sales performance of the company.

The regression result obtained also indicated that all the coefficients of the independent variables are statistically significant. Meaning that price discount, bonus and buy one get one have an effect on sales performance of Heineken Breweries S.C. Ethiopia. $R^2 = .37$ is moderate indicating that the model is fitting well to the data which means 37% of the variation in the dependent variable (Sales Performance) was explained by the independent variables (price discount, bonus and buy one get one free).

In addition to this, the correlation analysis and its result show a positive and significant association between the independent and dependent variable. All the independent variables (price discount, bonus and buy one get one free) are found to be positively related with the dependent variable (sales performance). It is the Buy one get one free that is the most highly related with the sales performance ($r = 0.557$ with $p\text{-value} = 0.000$). Whereas the correlation between bonus and price discount, are $r = 0.349$ with $p = 0.000$, $r = 0.486$ with $p = 0.000$, respectively.

5.2. Conclusion

The result shows that all sales promotion dimensions are independently and jointly predict sales performance. This implies that the sales promotion activities conducted currently by the Heineken Breweries S.C. Ethiopia, (Sales promotion is any initiative undertaken by an organization to promote an increase in sales, usage or trial of a product) which are; price discount, bonus, and buy one get one free have significant effect on sales performance. From the findings, sales promotion is said to have significant effect on organizational performance.

On the basis of the findings of this study, it can be concluded that sales promotion have significant influence on sales performance.

5.3. Recommendation

To deal with the question of whether sales promotion affects sales performance, the study supported the position that sales promotion has a positive and significant effect on sales performance. However, it is recommended that management periodically evaluates the contribution of sales promotion relative to other promotional tools. Heineken Breweries S.C should endeavor at all time to have a planned and systematic sales promotion activities in place as this would help to make such promotional implementation effective.

The study found that sales promotion tools has strong influence on sales performance which means if the company wants to achieve its stated objectives, they should take into consideration of price discount, buy one get one and bonus. Furthermore, management of Heineken Breweries S.C Ethiopia should increase budget on sales promotion dimensions and also the company should set up more and effective sales promotion activities that can address customers and consumers in line with the company's objectives.

REFERENCES

- Aderemi S. A (2003). Marketing Principles and Practice. Mushin: concept Publication Limited.
- Aham A(2008). Dimensions of Marketing. Nigeria: Okigwe, Avan Global Publication.
- Ambaye K. (2018). Assesment of Factors Affecting Sales Performance (Case of Moha Soft drinks Industry, Summit and T/haimanot plants). Unpublished Master's Thesis St. Mary's University Addis Ababa, Ethiopia.
- Bamiduro JA(2001). "An Analysis of Sales Promotion on Sales Volume in the Beverage Industry: The case Study Nigeria Bottling Company Plc."
- Black.k (2010). Business Statistics Contemporary Decision Making 6th edition, JohnWiley and Sons.
- Blattberg R.C, Scott A.N. (2006). Sales Promotion, Concepts, Methods and Strategies. New Jersey, Englewood Cliffs. Prentice Hall.
- Bryman, A. (2001). Social Research Methods. New York: Oxford University Press.
- Dekimpe, M. G., Hanssens, D. M., & Risso, J. S. (2009). Long run effects of price promotion in scanner markets. journal of econometrics
- Dodson, J.A., Tybout, A.M. and B. Sternthal (1978), "Impact of Deals and Deal Retraction on Brand Switching," Journal of Marketing Research,
- Eyerusalem, K. (2017). The Effectiveness of Sales Promotion Tools on Purchase Decision of Consumers: The case of Walia beer. Unpublished master's thesis, Addis Ababa University, Addis Ababa, Ethiopia.
- Gilbert, D. C., and Jackaria. N. (2002). The Efficacy of Sales Promotions in UK Supermarkets: A Consumer View. International Journal of Retail and Distribution Management,
- Israel, Glenn D. (2013). Determining Sample Size. Program Evaluation and Organization Development. IFAS, University of Florida.
- Kothari C. R, (2004). Research methodology; Methods and techniques. New Delhi: Age Publishers New.
- Kotler P. (2002). Marketing Management. Prentice Hall Publication.
- Kotler P. and Armstrong G. (2002). Principles of Marketing, Ninth edition, Prentice-Hall.
- Kotler P. (2003), Marketing Management: Analysis, Planning, Implementation, and Control, seventh edition, Englewood Cliffs, NJ: Prentice-Hall Inc.

Kotler, P. and Armstrong, G. (2012). Principles of Marketing. 14th Ed. New York: Pearson Educated, Limited.

Malhotra Naresh K, Marketing Research: Applied Orientation, 5th Edition, 2007, Pearson Pub, New Delhi.

Mugenda, O M. & Mugenda, A. G. (2003). Research methods: Quantitative & qualitative approaches.

Nbudisi, N. O. (2005). Customers' behavioural responses to sales promotion: the role of fear of losing face. Asia Pacific Journal of Marketing and Logistics

Oyedapo W.O, Akinlabi B. H and Sufian J.B (2012). The impact of sales promotion on organization effectiveness in Nigeria manufacturing industry. Universal Journal of marketing and business research.

Saunders, M., Lewis, P., & Thornhill, A. (2009). Research methods for business students?. 5th edition. Pearson's education limited.

Shimp, T A. (2003). Advertising, Promotion, and Supplemental Aspects of Integrated Marketing Communications. (Sixth Edition). United States of America: Thomson South-Western.

Shira S. Ramu (2003). Marketing. 1st Edition, Delhi: A. H Wheeler and C. Ltd.

Smith, R. E. (1998) "Attributional Processes and Effects in Promotional Situations". Journal of Consumer Research

Syeda N.Z and Sedia M (2011). Impact of sales promotion on organizations' profitability and consumer's perception in Pakistan. Interdisciplinary journal of contemporary research in business.

Wayne, M. (2002). Hitting your target with direct mail coupons. Marketing Magazine.

Wikipedia, the free encyclopedia (http://en.wikipedia.org/wiki/Likert_scale)

Zikmund, (2000). Business Research Methods, 6th Ed., Dryden (Harcourt) Fort Worth, Orlando

APPENDIX 1: QUESTIONAIRES



ቅድስት ማርያም ዩኒቨርሲቲ
St. Mary's University, Ethiopia

ST MARY'S UNIVERSITY
SCHOOL OF GRADUATES STUDIES
DEPARTMENT OF MARKETING MANAGEMENT

Dear Respondents,

This study seeks to examine the impact of sales promotion on the sales performance of Heineken Breweries S.C Ethiopia. The information that you offer me with this questionnaire is used as a primary data in my case study which I am conducting as a partial fulfillment of the requirements for the degree of Masters of Marketing management at St. Mary`s University. Any information you provide in this questionnaire will be kept confidential and it will be used only for the academic purpose. If you would like further information about this study, or have problem in completing this questionnaire please contact me via 0923830383.

I would like to express my deep appreciation for your generous time, honest and prompt responses.

With Regards;
Yilkal Cherinet

SECTION I: GENERAL INFORMATION

1. Sex

Male Female

2. Please indicate your age category

20-30 31-40 41-50 Above 50

3. Please indicate your highest academic level

High school or below Diploma Degree Post Graduate

4. Category of respondent

Staff Distributor

5. For how long have you worked in this (with this) organization?

Below 1 year 2 – 3 years 4 – 5 years above 5 years

6. Respondents Job position

Non-management Management

Section II: Sales promotion Questions

In your opinion, what is the extent to which the following forms of sales promotion influences the company sales performance? Where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, and 5= strongly agree

	Statement of promotional tools by the company	Level of agreement				
		1	2	3	4	5
	Product price discount					
1.	The company’s price discount promotion makes the customer to buy more quantities of the same					

	product					
2.	The company's product price discount is the way of attracting potential customers					
3.	Product price discount promotion boost up the sales in off seasons for the company					
4.	The company's product price discount promotion is well designed, easily recognizable and attractive					
5.	The company's product price discount promotion drives sales and increases the profit					
	Bonus					
1.	The company's bonus package increases the product trial and forcing the retailers to stock products					
2.	The bonus package for the distributors helps the company to clear the stock more easily					
3.	The company's bonus package helps to increase the sales of the product among existing customers					
4.	The company's bonus package attract new users and inclined them to try the product					
5.	The company's bonus packages are very attractive and result in regain brand loyalty					
	Buy one get one free					
1.	While the company is undertaking the buy one get one promotion customers easily be influenced to					

	purchase the product					
2.	The company's buy one get one promotion attract new customers and results switching					
3.	The company's buy one get one promotion has an effect on purchase decision					
4.	The company's buy one get one promotion is strong compared to competitors in the industry					
5.	Buy one get one promotion helps the company to generate more cash					

Section III: Sales Promotion Questions

On a scale of 1-5, how would you rank the measures on the effectiveness of company's sales performance following promotion elements by the company? (1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree)

	Statement of Sales Performance	Level of agreement				
		1	2	3	4	5
1.	Company's promotional tools increase in sales volume					
2.	Company's promotional tools increases customer awareness					
3.	Company's promotional tools increase customer satisfaction					
4.	Company's promotional tools increase the market					

