

**EVALUATING THE EFFECTS OF SALES PROMOTION OF ALCOHOLIC
BEVERAGES ON THE SALES OF RETAIL OUTLETS IN THE KUMASI
METROPOLIS
THE CASE STUDY OF PRODUCTS OF KASAPREKO COMPANY LIMITED**

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DECLARATION

I hereby declare that this thesis is my own work toward the award of the Masters in Business Administration Degree. This work contains no material previously published by another person or material which has been accepted for the award of any other degree of the University, except where I have made acknowledgements.

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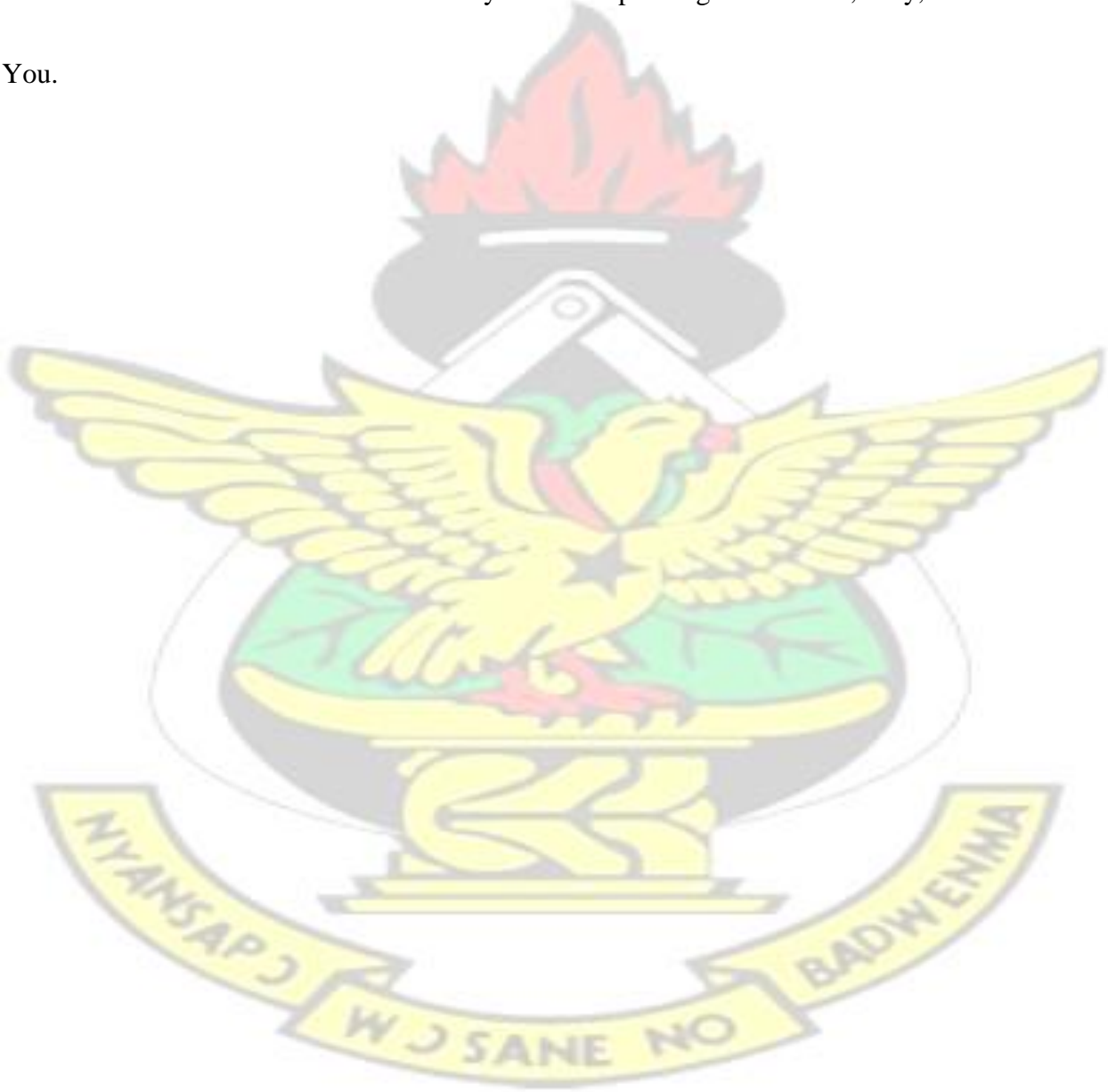
ABSTRACT

Despite the scale of sales promotion strategies adopted by alcoholic beverage producers, little is known of the effects on retailer sales volume and revenue in Ghana. Sales promotion is a vital tool for the entire marketing strategy in addition to advertising, public relations, and personal selling for organisations. Sales promotion facilitates competition by providing incentives to purchase or support brands over other brands. This study sought to evaluate the effects of Sales promotion of alcoholic beverages on the sales of retail outlets in the Kumasi metropolis. Data for this thesis was obtained from primary and secondary sources. Purposive sampling was used to select the retail outlets of Kasapreko Company Limited in the Kumasi Metropolis. The respondents were the managers of the retail outlets. The data was collected from 85 respondents. SPSS and Excel were used to collate and analyse the data. Analysis of the study revealed that the retail outlets of Kasapreko Company Limited adopt sales promotional packages such as distribution of T-shirts, samples, caps, price cuts, and wrist band to influence customer's demand ability. The study further revealed that sales promotion has influence on customer's demand of Kasapreko products. T-Shirts wrist band and samples were identified to be impacting positively on the sales of Kasapreko products.

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DEDICATION

This academic work is dedicated first of all to the almighty God for his Grace and mercy. Also to my parents and brothers who's encouragement and support sped me on.



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LIST OF ABBREVIATIONS

KMA	Kumasi Metropolitan Assembly
BOGOF	Buy - One - Get - One - Free
KAB	Kasapreko Alomo Bitters
SPSS	Scientific Package for Social Sciences
USA	United States of America

CHAPTER ONE

GENERAL INTRODCUTION

1.1 Background to the Study

Promotion and sales promotion are two marketing terminologies that usually create confusion in the field of advertising and marketing (Belch & Belch, 2003). According to Belch (2003), promotion refers to those marketing communications that are employed by an organization to stimulate the purchases of products. Sales promotions have been defined by several researchers. Definitions of sales promotion have overly concentrated on influencing consumers to purchase goods from a company or a producer. Sales promotional programmes influence sales and purchases of goods and services in order to make a producer/consumer become loyal to an organisation offering the promotion (Banabo and Koroy, 2011).

Sales promotion is vital for the entire marketing strategy in addition to advertising, public relations, and personal selling for organisations. Promotions facilitate competition by providing incentives to purchase or support brands over other brands (Belch & Belch, 2003).

According to Kotler & Armstrong (2002), Sales promotion includes samples, different price packs, winning contests and sweep stakes. They further argue that Sales promotions are short term marketing strategies designed to stimulate quicker sales/purchase of specific products. Consumer sales, according to Ogundele (2012), is meant to increase the sales of final consumers of a product

According to Obi (2004) Sales promotion is made up of activities that are necessary to supplement selling. Blythe (2006) also viewed Sales promotion as activities that are purposed for generating a temporary increase in sales or purchase which includes communications activities that are

pursued in a quest to provide additional incentives to producers, wholesalers, and retailers, to stimulate immediate sales or purchase.

This study presents an investigation into the effects of Sales promotion of alcoholic beverages on the sales of retail outlets in the Kumasi Metropolis. However, the study will focus on some of the products of Kasapreko Company Limited.

1.2 Statement of Problem

Does sales volume and revenue respond to Sales promotion? The retail of fast moving alcoholic beverages in Ghana is of high demand. Most of these products have very short shelf life and generally have low profit margins (Booth et al 2008). Identifying the relationship between sales promotion and organization performance is contentious. While others believed that the effect of sales promotion on sales is minimal and equivocal, others argue that its impact is high and important and argue that short term sales are positively affected by offering promotion (Booth et al 2008). For Sales promotion to generate the required sales, the right promotional tool or strategy must be employed. Despite the scale of Sales promotion strategies adopted by alcoholic beverage producers, little is known of the effects on retailer sales volume and revenue in Ghana (Quarmin et. al. 2012; Anang et. al 2011). Retailers respond to Sales promotion yet they do not have insight into how the promotions affect their sales. However, this problem provides the motivation for this study.

1.3 Research Objectives

The primary thesis objective is to assess the effects of Sales promotion on the sales of fast moving alcoholic beverages. Specifically, the study seeks to achieve the following.

1. To examine the types of Sales promotion tools that is used by Kasapreko Company Limited in the Kumasi Metropolis.
2. To identify the reasons why alcoholic beverages retail outlets run Sales promotions with Kasapreko in the Kumasi Metropolis.
3. To examine the sales trend of alcoholic beverages of Kasapreko Company Limited in the Kumasi Metropolis.
4. To assess the effects of Sales promotion on the sales of Kasapreko products on the retail outlets in the Kumasi Metropolis.

1.4 Research Questions

The researcher employs these research questions in a bid to find out answers to vital information for the purpose of this study.

1. What are the types of Sales promotion tools that are used by Kasapreko Company Limited in the Kumasi Metropolis?
2. Why do alcoholic beverages retail outlets embark on Sales promotions?
3. What is the sales trend of Kasapreko products in the Kumasi metropolis?
4. What are the effects of Sales promotions on the sales volume of alcoholic beverages?

1.5 Justification of study

Study on the effects of Sales promotions on the sales of fast moving alcoholic beverages is lacking. As a result, this study is particularly relevant since it will provide across-the-board information on how this marketing strategy impacts on the sales volume and revenue of fast moving alcoholic beverages retail outlets in the Kumasi Metropolis. Moreover, the study findings will also provide extensive information that will help producers of alcoholic beverages to determine the efficacy and effectiveness of their sales promotional packages and decide accordingly. Again the study will inform the various producers of alcoholic beverages in Ghana as to the nature of marketing and competitive environment within which they are operating.

Academically, the study will provide researchers in marketing and the alcoholic beverages industry with literature. This will provide additional data for students and academics on the types and most preferred consumer promotional tools in the retail outlets of alcoholic beverages in Ghana. Furthermore, the findings can be used as a foundation on which other researchers can build upon. Additionally, the research can be used as a reference point for academicians.

Withal, recommendations from the study can be adopted to enhance the market performance of fast moving alcoholic beverages producers and retail outlets. Finally, decision-makers can use the study findings and proposals as an experimental and observational explanation for their decisions.

1.6 Brief Overview of Research Methodology

Every type of research has an implicit, if not explicit, research methodology. In the most elementary sense, the methodology is the logical sequence that connects the empirical data to a study's initial research questions and, ultimately, to its conclusions (Yin, 2009). This study combined exploratory and case study approach to explore how Sales promotion impacts on the

sales volume and revenue of fast moving alcoholic beverages retail outlets in the Kumasi metropolis (Saunders, 2005). The study employed quantitative and qualitative methods of data collection. Open and close-ended questionnaires were used to collect data from respondents. Semistructured and structured interviews were conducted. The study used the Package for Social Sciences (SPSS) and Microsoft Excel to generate tables and figures. Multiple regression analysis was performed to establish the relationship between sales promotion and sales of Kasapreko products in the Kumasi Metropolis.

1.7 Scope of the study

Geographically, the research was conducted in the Kumasi Metropolis. Theoretically and conceptually, it was based on sales promotions. Specifically, it focused on Sales promotion. Moreover, it examined the effects of Sales promotion on alcoholic beverages retail outlets. Specifically it focused on the types of Sales promotion, Sales promotional tools and the effects of Sales promotions. Other themes that are related in the light of this topic were used.

1.8 Organisation of study

The study comprises of five chapters. Chapter One entails the introduction of the study, which consists of the background to the study, statement of the research problem, research questions, objectives of the study, scope of the study, justification of the study, and organization of the report. Chapter Two discusses related literature and defines some key terms on Sales promotions. Chapter Three presents the research approach and methodology. It describes the research design, data requirements and sources, population and sampling techniques and data collection techniques employed in carrying out the study. Chapter Four also captures the analysis of the collected data from the field. It will present, discuss and interpret the data collected from the field. Finally,

Chapter Five will present a summary of the major findings. Based on the findings, appropriate recommendations will be made to improve on the Sales promotions in Ghana. The Chapter ends with a conclusion to the entire study

1.9 Limitations of the Study

The limitations of this study were access to data and time. The challenge in the data accessibility was due to the unwillingness on the part of the respondents to provide information. The time for this study was also restricted and affected the time to collect more detailed data to achieve the research objectives.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter pores on the review of literature on the effectiveness of sales promotion on sales among fast moving consumer goods retail outlets. The literature will discuss the concepts of Sales promotion, types of Consumer sale promotion, and the effects of Sales promotion on sales. Various issues that are related to Sales promotions will be considered in the light of research already done on them.

2.2 Evolution of Sales promotion

In 1981, Beirelen et al observed that sales promotion campaigns has grown into popularity in recent years and if done with same thought and planning and used as part of the firms marketing mix, sales promotion will lead to greater sales and profits. Jain (1987) reported that, sales promotion is a uniquely American phenomenon. According to Smith (1991) sales promotion is a big business and even bigger than advertising in the United Kingdom. Smith commented that the United Kingdom sales promotion industry enjoyed annual growth from 1981 – 1990. Fayol et al (1994) also reported that the use of coupons has increased dramatically over time and shows all signs of continuity, despite ongoing forecasts of coupon saturation. Mercer (1992) also observed that in recent years, spending on sales promotions in U.S.A. and Europe has overtaken that of advertising. He argued that sales promotions have become so famous that they now account for more than 65% of typical marketing budgets. Nilson (1995) cited in Quarshie (2010) asserted that sales promotion had over the last 10 – 15 years taken an increasingly larger share of the marketing

budget, mainly at the expense in relative terms of media advertising. This trend has been particularly pronounced in the U.S.A. when in 1977 the relationship between advertising and promotion was 60 to 40 and just 10 years later it was 40 to 60. Kotler and Armstrong (1994) also observed similar trends and reported that annual sales promotion spending has increased rapidly in recent years. They assert that a few years ago the ratio of advertising to sales promotion spending was about 60 to 40. They stressed that today in many consumer packaged goods companies; the picture is reversed with sales promotion accounting for a majority of all marketing expenditures.

2.3 Growth of Sales promotion

Marketers are aware that consumers desire specific brands but frequently desire extra motivation to buy them. Many marketers were concerned with marketing budget reallocation and viewed media advertising as the basic tool for building brand. However, sales promotional programs were viewed as more than widgets that promoted brand equity (Peattie & Peattie, 1994).

Changes in the market environmental factors have elevated the discipline. Previously, the services of professionals in sales promotion would be used after key strategies area adopted. Sales promotional organisations were often regarded primarily as strategist who develops strategic promotional programs that could increase sales in the short term. However, many organizations are now hiring promotional professionals to be part of their strategic management team.

Moreover, there are numerous factors that have led to the development of sales promotion in marketing budgets from media advertising to consumer and trade promotions. Among these determinants are the (i) growing power of retails, (ii) declining brand loyalty, (iii) increased promotional sensitivity, (iv) brand proliferation, (v) fragmented consumer market, (vi) the

shortterm focus of many marketers, (vii) measurability, (viii) competition, and (ix) clutter. These factors are discussed in details below (Belch & Belch, 2003).

2.3.1 Growing Power of Retailers

For decades, manufacturers of brands had influence; retailers were just distributors of their products. Manufacturers of products create demand for their brands with heavy advertising and consumer-oriented promotions, like coupons, premiums, and samples, and pressurized retailers to carry the products. However, environmental factors have facilitated the transfer of power from manufacturers to retailers (Belch & Belch, 2003). The emergence of technological instruments have made it easy to get data regarding how fast products, which sales promotions are effective make money to retailers.

2.3.2 Declining Brand Loyalty

Moving forward, the reason for proliferation in sales promotion is that consumers have become loyal to fewer brands buy more on the basis of price value, and convenience. Other consumers also buy their desired brand at full price irrespective of any kind of promotional offer. Many consumers are now loyal coupon users and/or are compelled to search for rewards anytime they make buying decisions. They may be indecisive among a set of brands they view as essentially equal.

2.3.3 Increased Promotional Sensitivity

According to Jobber (2010), consumers have become responsive to the incentives it marketers provide due to sales promotion. A study by Promotion Decisions, Inc., tracked the buying behavior of over 33,000 consumers and their feedback on consumer and trade promotions. In their report,

42 % of the total volumes of the packaged products were purchased with some type of incentive while 58 % was purchased without any type of incentive. A major reason why consumers have increase interest in sales promotion offers is for them to save money.

2.3.4 Proliferation of Brands

Progressively, companies depend on sales promotion to entice consumers for new brands because of the proliferation of brands in the market. Consumer-product manufacturing companies launch new products every year. As a result, marketers now rely more on rebates, samples, premiums, coupons, and other innovative promotional tools to encourage repeat purchase and encourage trial usage of their new brands.

2.3.5 Fragmentation of the Consumer Market

Traditional based media advertising has become inefficient and marketers are becoming more segmented and targeted due to the continuous fragmentation of consumer markets (Belch & Belch, 2003). Withal, many organisations are moving their promotional activities to specific geographical areas. However, sales promotional tools are now one of the instruments for taking this action, through programs and activities tied up to local flavor, themes, or events.

2.3.6 Measurability

Companies are demanding to know the outcome of promotional expenditures also to the pressuring of their brand managers and sales force to produce short-term outcomes (Peattie & Peattie, 1994). Organisations now demand return on investments on promotional activities which would be accountable strategies to relate promotional expenditures to sales and profitability because results from sales promotional programs are generally easier to measure.

2.3.7 Competitive activities

Another factor that has led to the increase in sales promotion is the reliance on trade and consumer promotions to gain or maintain competitive advantage by manufacturers (Peattie & Peattie, 1994). Many products are in their mature and stagnant stage, and it is increasingly difficult if not impossible to increase sales through advertising. Consequently, many companies are channeling their trade promotions and are developing strategic alliances with retailers and stakeholders in order to gain competitive advantage.

2.4 Objectives of Sales promotion

The primary intent of any sales promotional strategy is to provide extra value that encourages purchases (Jobber, 2010). Specifically, Sales promotion seeks to stimulate consumer pull. The following section discusses the objectives of sales promotions in details.

2.4.1 Fast sales boost

Short term growth in sales increase are sometimes required for reducing inventories, meeting budgets earlier to the end of a financial year, moving stock of an old model and increasing stockholding by consumers and distributors prior to the launch of a competitor's product. Moreover, in an attempt to rescue the reputations of organisations due to loss of sales, sales promotions are used to save such situations to boost sales for survival.

2.4.2 Encouraging trial

Another objective of Sales promotions is to encourage trial. If new consumers prefer a brand, the impact of the promotional strategy may be positive in the long run. Samples and coupons are

particularly effective instruments for inducing trials. However, consumers will not appreciate the extra quantity until they like it.

2.4.3 Encouraging repeated purchase

Sales promotions are intended to stimulate an increase in the quantity demanded of a product continuously. According to Jobber (2010), certain consumer promotional instruments, by their very nature are primarily meant to encourage repeated purchase of a brand. For example the collection of packet tops or labels attempts to raise repeated purchases in times of promotions.

2.4.4 Stimulating purchase of larger quantities

Sales promotions are specifically linked to larger quantities and are also intended to sway consumers to change from the less economical smaller quantities.

2.5 Types of Sales promotion

Consumer promotion programs are segmented into two distinct types on the basis of the timing of the reward (Kim, 2013). Immediate promotions (e.g., instant rebates, coupons) provide consumers with instant savings at the time of the purchase and require little effort from consumers. In contrast, delayed promotions (e.g., mail-in rebates, cash rewards) offer future rewards (e.g., savings, exclusive deals) to consumers after they purchase a promoted product, contingent on their completing requirements. Both types of promotion are ubiquitous (Kim, 2013).

2.5.1 Money off

Money-off promotions give direct customer value and provide an unequivocal motivation to purchase. Money-off has been proven to be a promotional tool for stimulating short-term sales increase and encouraging products trial (Jobber, 2010). On the other hand, money-off can easily be matched by competitions and if not monitored and used periodically, using it frequently can

devalue brand image. A variant on the normal money-off promotion is the value pack. With value packs, the consumer pays a higher price for the larger packs, but the per-unit price (e.g. per gram or per tablets) is less. Occasionally, companies inadvertently offer money off, as marketing in action.

2.5.2 Bonus packs

Bonus packs are used to reward loyal consumers and also motivate consumers to repeat purchase of specific products (Shimp, 2008). Moreover, it can be used as a competitive advantage since it provides additional value to the consumer (Shimp, 2008). However, according to Alstiel et al. (2006), bonus packs do not give the manufacturer an incremental value if the consumer already is loyal to the brand.

2.5.3 Premiums

Premiums are offered freely as an incentive to patronise a brand. Premiums can be; free in pack gifts, free-in mail, buy-one-get-one-free and self-liquidating gifts. Free in-or on-pack gifts are products that are giving freely with brands. They are samples of brands that are banded together with another brand. Free-in-the-mail offer involves the collection of labels of brands which are sent in the mail as proof of purchase to claim free gifts.

Self-liquidating offers are when consumers are asked to pay a sum of money to cover the mechanize cost and administration and postage charges. Buy-one-get-one-free (BOGOF) offer consumer two items for the price of one.

2.5.4 Free samples

Sample are delivered to homes or given out in stores. The rationale behind samples are that having tried the sample, consumers will be stimulated to buy more of the product. However, samples may become less effective if the brand do not offer anything extra to the consumer.

2.5.5 Coupons

According to Kotler et al. (2005) coupons are certificates that can be used while shopping. With the coupons, consumers make a lot of savings when purchasing the products that the coupons are meant for. Coupons can be in three (3) forms (Jobber, 2010). Coupons are delivered to homes, appear in magazines of news papers, or appear on packs. According to Jobber (2010) home couponing is best for achieving trial for new brands.

2.5.6 Loyalty programs

Loyalty programs can be used to stimulate customers for continuous buying of products, services or other products and services from the same brand. Percy et al. (2009) also comments that loyalty promotions are rewards that are offered to loyal customers of particular brands. The reward can be points earned when purchasing a brand. The customer can then exchange the points for goods or discounts (Alstiel et al., 2006). The objective of this promotional tool is for companies to create a long-term relationship with their clients and help companies develop databases where consumers that purchase a lot can be identified (Percy et al., 2009).

2.6 Overview of Alcoholic beverages industry in Ghana

Guinness Ghana Breweries Ltd is the leading alcohol company in Ghana (Bruijin, 2011). The company which produces and/or distributes brands as Guinness, Star, Gulder, Heineken, Baileys and Johnnie Walker is majority owned by Diageo and 20% of the shares is owned by the alcohol

company Heineken International (Bruijin, 2011). Guinness Ghana Breweries Ltd also owns smaller Breweries in the country: Achimota Brewery Company and Kumasi Breweries Ltd. Accra Brewery Ltd is the ultimate holder company of the international key player SAB Miller. The company produces for example Castle beer, Chairman beer, Club beer and Redd's beer. No information is found on alcohol advertising regulations which the Ghanaian breweries endorse.

However, Guinness Ghana Breweries can be expected to endorse Diageo's international marketing code.

In Ghana, distilleries of the most advertised alcoholic beverages are members of The Association of Alcohol Manufacturers and Importers (AAMI) of which the large breweries are also a member. These distilleries are: market leader Kasapreko Company Ltd (e.g. Alomo Bitters) Baron Distilleries (e.g. Baron's Dry Gin, Captain's Dry Gin), and West Coast Beverages. Another distillery in Ghana is the state-owned GIHOC distilleries. Generally, the smaller local distilleries in Ghana do not advertise. Additionally, some suppliers of wine are active in Ghana, eg Cape Trading Ltd and "Say Cheers" Ltd.

2.4.5 2.6.1 Sale of Alcoholic beverages in Ghana

The term "sale," "sold," or "sell" includes the transfer, gift, barter, trade, exchange, or any shift, device, scheme, or transaction whatever, whereby alcohol beverages may be obtained (Wisconsin, 2012).

Alcohol is sold for low prizes which makes it affordable, even for the low-income groups. Cheap spirits are the local produced spirits (e.g. palm wine) and spirits sold in small sachets. Beer is also promoted as affordable for large groups of Ghanaians. Accra Breweries initiated a project in 2008 which is called the Recommended Retail Price Project which persuades outlets to market their

products with affordable prices to Ghanaian consumers. Retailers are encouraged to promote their alcoholic products by showing the affordable prizes on large signs. Marketing an affordable prize is especially used in a market with increasing competition: According to Michael Effah, ABL's Sales & Distribution Director, "the success of Chairman (Chairman beer) lies in our ability to communicate and ensure the consumer is always paying 60Ghp for the product at the bar level. No more, no less". The cap of each bottle of Chairman is therefore branded 60Ghp. Not only marketing the product with affordable prizes, but also easy accessibility of the product is important to increase sales. Accra Breweries has organized the Easy Access Depot Projects, to make alcohol popular and easily accessible in local communities. Alcohol is marketed as a product that can be accessed from everywhere by everyone (Bruijin, 2011).

Bars are called Kiosks in Ghana. Traditionally, these kiosks are painted in blue and white. In this way, everybody can recognize the locations where alcohol is sold. Although small posters of alcohol brands are shown on the outside of the kiosks, alcohol-branded posters are almost always found inside the bar which is not visible from the street (Bruijin, 2011).

Besides the blue and white kiosks, international brands often interact with this traditional type of marketing alcohol by painting bars in specific colors. Instead of painting the kiosks in "traditional" blue, the kiosk is painted in the colors of a certain brand. Especially, brown and yellow Guinness bars, but also blue Star-bars are often found in Ghana. Most of these paintings are made professionally and are initiated by the alcohol producers. This type of alcohol advertising shows people not only where they can buy alcohol, but also the "recommended" brand of choice.

Alcoholic producers in Ghana sponsor cultural events and parties. Every Ghanaian tribe has an annual week with festivities. This week is heavily sponsored by national and international industrially produced alcohol brands. These weeks are utilized to permanently paint bars in the

colors of the brands and to give away alcoholic beverages for free or at discounted prizes. (Bruijin, 2011). Club beer, for example, is marketed as the only true Ghanaian beer with a long heritage and “the general feeling that it’s great to be Ghanaian”. The beer is advertised as the ‘authentic festival beer’.

Also music festivals are popular events to be sponsored by alcohol producers in Ghana. For example, the Best of Ghana Music World Tour is sponsored by the spirit company Kasapreko. Additionally, Kasapreko Company Limited (KCL) has presented a donation of GH ₵500.00 and drinks of the company as well as t-shirts and other souvenirs valued over GH ₵500.00 to the organization of the Aboakyir Festival of the Chiefs and people of the Effutu Traditional area. Alcohol companies sponsor events that reach their target groups. Since the introduction of Redd’s beer in Ghana in 2008, many events targeting women are sponsored by this brand. An example is the Fashion Award. The African beauty contest “Miss African” organized in the beginning of 2010, was sponsored by this brand as well (Bruijin, 2011).

2.7 How Sales promotions affect Sales

Sales promotion affects sales. Sales promotion affects sales through store switching, repeat purchasing, brand switching, category expansion and purchase timing (Fishbein & Ajzen, 1975, 1980).

2.7.1 Brand Switching

Brand switching is when consumers are stimulated to purchase particular brands other than the one that would have been purchased without promotions. Theoretically, the motives behind promotions inducing brand switching are based on the theory of reasoned action (Fishbein &

Ajzen, 1975, 1980). Another theoretical description of brand switching is further explained by the theory of involvement. According to the theory, low-involvement of consumer decision-making models gives the explanations of the reasons why non-price promotions may induce brand switching. Consumers may easily purchase the brand which is most readily available, the displayed brand.

2.7.2 Store Switching

Store switching is similar to brand switching. Store switching is when a consumer is induced to purchase at a different store (Teunter, 2002). Store switching is not common as that of brand switching though store switching asks more effort from a consumer and from the data collector than brand switching. The choice of store precedes the brand choice decision for most consumers (Teunter, 2002). Within a store, consumers can switch brands. However, price and promotionsensitive consumers are most likely to make purchase at different stores in order to benefit from the lowest prices at the stores.

2.7.3 Purchase Acceleration

There is purchase acceleration when a consumer's purchase quantity or purchase timing is influenced by sales promotion. The impact of purchase acceleration is that purchases are moved forward which would have occurred anyway. Purchase acceleration can also prevent a switch from the producer's brand. In some situations, promotions can equally lead to "decelerated" buying time, because consumers can see that a promotion will take place and reduce current purchase of the perceived product or service.

2.7.4 Repeat Purchasing

Repeat buying indicates the probability that a consumer's decision to buy a brand currently is prompted by the promotion. Repeat purchases effects are of two types; the buy effect and the

promotion usage effect. The buy effect fundamentally occurs because any purchase of a product can go above the immediate purchase occasion. The consumers acquire a habit toward buying the product, maintain that habit, or acquire knowledge about the performance of the product. The second impact involves a change in purchase probability due to purchasing the brand on promotion.

2.7.5 Category Expansion

Category expansion means that a consumer's consumption of a brand category is expanded by a promotion. Promotions have the tendency to induce primary demand by creating a new consumption occasion or enhancing the rate of usage of a product. The effects of sales promotion on consumption come from its capacity to increase household inventory level (Assuncao & Meyer (1993).

2.8 Sales promotion and effects on the sales of alcoholic beverages

In the advanced and developing countries the sales of alcoholic beverages are heavily supported by advertising and promotions. Numerous forms of channels are used as marketing strategies which serves as motivation for customers to demand alcoholic beverages thereby increasing sales. These include corporate communications; TV advertising; radio advertising; print advertising; internet advertising and viral or social e-network marketing; cinema advertising; outdoor advertising; retail sales promotion; trade promotions; direct marketing; personal selling; packaging (multi-pack, design, aesthetics, shape, size); point of sale/point of purchase; merchandise; mobile phone communications; the development of brand identities, brand logos and other aspects of visual identity; product placement; celebrity endorsement; sponsorship; product competitions; event-related marketing; and heritage marketing (Huang, 2003).

In the United Kingdom for example, below-cost selling is used as sales promotional programmes to market alcoholic beverages. Heavy pricing discounting or promotion is a key component of their marketing strategy. Below-cost selling is used for a number of reasons, including the protection of category share and the promotion of new products. The danger for drinks brands is the dilution of brand value by heavy retail discounting; one counter-measure is to upgrade products and divert them to more profitable markets at a higher price point. The Competition Commission recently reported on a range of issues having to do with the practices of grocery multiples (2008).

The Commission noted that: ‘it was argued by the Royal College of Physicians and others that the widespread availability of cheap alcoholic drinks in grocery stores was encouraging an increase in alcohol consumption, including so-called binge drinking and consumption by those under the legal age limit, leading in turn to violence, disorder and loss of social cohesion’ (Brennan et al, 2008:14).

The recent Competition Commission report found in fact that UK grocery multiples were selling a range of categories below cost. Revenue from below-cost selling in general represents about 3% of sales. The CC defines below-cost selling as follows: “Below-cost selling is where a retailer sells an item to consumers for less than the input cost. For the purposes of our analysis, we have defined a product as being sold below cost if it has a negative gross margin. We calculated gross margin as cash at the till less cost of goods and any adjustment for VAT (where required), and adding back any markdowns (e.g. goods close to sell-by date) and some types of promotional funding” (Brennan et al, 2008:14).

Researchers have showed that sales promotions have effects on demand and sales of alcoholic beverages. From the perspective of econometric studies sales promotion has minimal effects on sales of alcoholic beverages (Saffer & Chaloupka 2000). They examined the correlation between

the amount of sales promotion (advertising) and the amount of alcohol being consumed (typically in terms of sales). This has led one author to describe the effects as ‘barely measurable’ (Duffy 1989). However, Hasting and Angus (2009) posit that the econometric study methods have a number of serious deficiencies which include the following; they depend on the use of extremely complex models that allow for the possible effect of all the variables that influence drinking and high-quality longitudinal data for some of these variables are often lacking, it is difficult to measure variations in effect unless there are significant changes in the amount of advertising taking place, and such variations are typically small. Only policy interventions prohibiting advertising are likely to cause major changes and, unlike tobacco, these have not been widely implemented or studied and lastly, they tend to focus on whole populations, which hide any effects on young people.

From the perspective of consumer studies, there is a strong link between (sales promotions) and young people’s drinking and sales of alcoholic beverages of companies. They state that all the major forms of sales promotional tools have effects on sales (Anderson et al 2009). They conclude that *‘based on the strength of this association, the consistency of findings across numerous observational studies, temporality of exposure and drinking behaviours observed, as well as the theoretical plausibility regarding the impact of media exposure and commercial communications, we conclude that alcohol advertising and promotion increases the likelihood that adolescents will start to use alcohol, and to drink more if they are already using alcohol’* (Anderson et al 2009).

CHAPTER THREE

RESEARCH METHODOLOGY AND PROFILE OF STUDY AREA

3.1 Introduction

This chapter presents and discusses the procedures adopted in undertaking this study. It emphasizes on the research design adopted and the steps used in conducting the research. Additionally, data collection methods and analysis tools and instruments used and also methods of presentation and reporting of findings are captured in this chapter. The chapter also looks at ethical issue, sampling method and reliability of data collected since the study focuses on institutions. A brief profile of the Kumasi Metropolis will be discussed.

3.2 Research Design

This study adopted the exploratory and the case study research. According to Saunders, Lewis and Thornhill (2009), the case study is important in responding to research questions that contains elements such as ‘how, and ‘what’. The main objective of this study is to assess the effects of Sales promotion on the sales of fast moving alcoholic beverages. According to Churchill (1998), the case study is endowed with procedures and guidance for data collection and analysis. Bell (2005) also explains that the case study gives the opportunity for the researcher to study an aspect of a

problem in detailed within a limited time scale. This study was anticipated to be concluded within a stipulated time and thus, the use of case study was justified.

Yin (2003) identifies three basic principles underlying case studies. Firstly, “how” and “why” questions are used. However, “what” questions are used when the case study is for exploratory purposes. Secondly, case study requires no control over behavioural events and thirdly, the case study focuses on contemporary events. In view of the above principles, the case study is selected for this research since the research meets all of them.

Adopting the exploratory approach essentially aided in exploring what is happening in the fast moving alcoholic retail outlets in the Kumasi Metropolis in terms of Sales promotion (Greener, 2008). Saunders (2000) argues that exploratory research is particularly useful to expatiate the understanding of a phenomenon. This approach provided an illumination of the effects of Sales promotion on the quantity patronized of Kasapreko products and the effects on sales revenue.

3.3 Research Approach

This study adopted the quantitative approach. The objective for using the quantitative approach is to draw from the strengths of the approach (Johnson & Onwuegbuzie, 2004). The approach provided the researcher with the ability to design a single research study that answers questions about both the complex nature of phenomenon from the participants’ point of view and the relationship between measurable variables.

The study adopted method of collecting and analyzing data from the quantitative approach. The researcher’s goal for adopting the quantitative approach was to draw from the strengths and minimize the weaknesses of the quantitative research approach (Johnson & Onwuegbuzie, 2004). Of course, the strengths and weaknesses associated with the quantitative approach are not absolute

but rather relative to the context and the manner in which researchers aspire to address the phenomenon under study.

Moreover, the complex nature of the study points out the need for in-depth and good quality research to be able to verify and provide reliable information for the use of recommendations.

3.4 Research Population

Population is the full set of cases from which a sample is taken (Saunders, 2009). A group of people who are the subject to a piece of research is known as the population (Cohen et al, 2000). The population for this research was fast moving alcoholic beverages retail outlets of Kasapreko Company Limited who have been engaged in the company's Sales promotion activities in the Kumasi Metropolis. The total population for this study was 108 retail outlets with the managers of the outlets being the respondents.

3.5 Sample Size and Technique

It is impracticable and costly to reach out to all the alcoholic retail outlets in Ghana. As a result, the sampling frame of the study consists of randomly selected alcoholic beverages retail outlets of Kasapreko Company Limited in the Kumasi Metropolis, Ghana. However, both probability and non probability sampling techniques were used to identify a suitable sampling frame based on the study objectives. The selection of respondents was influenced by a sampling procedure. The process entailed (a) recognition of the sample frame; (b) determination of the right sample size, and (c) distribution of the selected sample size to ascertain proper representativeness of the client population.

To achieve the intent of this study, it was very essential to obtain a recent sampling frame that provided a list of cases that are relevant to answer the research questions and meet the goals of the

research. The sampling frame for this study contained a list of alcoholic beverages retail outlets of Kasapreko Company Limited in the Kumasi Metropolis from which the suitable sample size was decided. Moreover, simple random sampling was used to select the samples from the sampling frame. In doing this, each of the cases was numbered with a distinct number and the cases were selected using random numbers until the actual sample size was reached. The sample size for this study was 85 retail outlets. This was determined using the mathematical formula below.

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

Source: Saunders et al, 2009

Where n is the sample size, N is the sampling frame and e is the margin of error.

N =Number of retailer (108) e = 5% margin of error (95% confidence interval)

$$n = \frac{108}{1+108(0.05^2)} = 85$$

, Therefore the sample size for the retail outlets is 85.

In determining the sample frame for the alcoholic beverages retail outlets of Kasapreko Company Limited companies in the Kumasi Metropolis, the basic criterion adopted was that, the retail outlet had been engaged in any Sales promotion by Kasapreko Company Limited.

3.6 Data Collection Instruments

The study used questionnaire as the primary data collection instrument. Questionnaire includes all data collection techniques in which each person is asked to respond to the same set of questions in a predetermined order (Saunders, 2009). To solicit information from the retail outlets which might not be divulged on the questionnaire, the researcher himself was involved in the data collection. The use of questionnaires in this research was for measuring attitudes and getting

additional content from research participants. Also, the questionnaires design and administration was not expensive, gave information about participants' internal meanings and ways of thinking, being reliable, providing accurate information and in-depth information and it was helpful for exploration as well as confirmation.

Further, the study collected secondary data from the internet with the use of online search engines like google scholar. The researcher collected secondary data on the profile of the study area from current published documents that related to the Kumasi Metropolis.

3.7 Data Source and Data Needs

The research used two main types of data, which are primary and secondary data. Primary data was gathered from the retail outlets. While the primary data formed part of the researcher's ability to deal with the most important problems in the present context, the secondary data provided solid theoretical foundation about the research. The researcher used questionnaires to collect primary data from the field. Primary information was also collected from archives of the retail outlets.

3.8 Validity and Reliability of Data

It was important to measure the validity and reliability of data gathered for analysis. Validity and reliability of data is used as an empirical justification of findings and hence its use in any research is a key. Validity assesses the accuracy of the data gathered. It refers to whether the statistical instrument measures the purpose it is intended to measure (Joppe, 2000). On the other hand, Joppe (2000) also mentioned that if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. According to Joppe (2000), the reliability and validity of data in a research depended on certain factors such as the characteristics of the

respondents, size of the sample, the type and number of questions to ask. Withal, this study considered all these factors in conducting designing the questionnaires.



3.9 Method of Data Analysis and Presentation

Data collected was edited, rationalized and collated. The data were coded with each question assigned a unique code. Data was also grouped and tabulated to reflect to the study objectives. The data gathered were analysed with the aid of Statistical Package for Social Sciences (SPSS) and Excel computer software to provide frequency tables, and bar graphs. Regression analysis was performed to assess the effects of sales promotion adopted by Kasapreko Company Limited on sales trend of the company. The sales of Kasapreko products for the past ten years were used as the dependent variable (x). Sales promotional packages were used as the independent variable (y).

3.10 Brief Profile of Study Area (Kumasi Metropolis)

Kumasi is geographically situated in the transitional forest zone, about 270km north of the national capital, Accra. It stretches over a total land area of 254 square kilometer, stretching between latitude $6.35^{\circ} - 6.40^{\circ}$ and longitude $1.30^{\circ} - 1.35^{\circ}$, a height which ranges between 250 – 300 metres above sea level. Kumasi is enclosed to the north by Kwabre District, to the east by Ejisu Juaben Municipality, to the west by Atwima Nwabiagya District and to the south by Bosomtwe-Atwima Kwanwoma District. The unique centrality of Kumasi as a converging point coming from all parts of the country makes it a unique destination for many people to migrate. The natural environment comprises elements such as geology, minerals, climate, soil, vegetation, relief and drainage. These

natural elements play significant role in the development of a given region. Thus, analyzing these elements is relevant for planning and development exercise (MTDP, 2010-2013). Figure 4.1 give details information about the location and size of the Metropolis.

The Kumasi Metropolis is surrounded by ten (10) sub-metros namely; Asawase, Asokwa, Bantama, Kwadaso, Manhyia, Nhyiaeso, Oforikrom, Suame, Subin and Tafo. These sub Metro's are cities and they contribute immensely to daytime population increases in the Kumasi Metropolis resulting to traffic congestion.



Figure 3.1: Location and Scope of Kumasi Metropolis

Source: MTDP, KMA, 2010-2013

3.11 Profile of Kasapreko Company Limited

Kasapreko Company Limited (KCL) is one of the leading and successful alcoholic and non-alcoholic beverage producers in Ghana. The company first set up in 1989. It employs a total of 573 regular and contract workers. It is currently undertaking an expansion project which will increase its production capacity by almost three times to meet the growing market demand from other African countries and beyond.

The mission of KCL is to be a multinational company creating lasting value for our stakeholders by producing diversified alcoholic and non-alcoholic beverages from herbal and other traditional blends using first class technology. The company is guided by governance structures that encourages organizational effectiveness and motivates staff to achieve excellence. Beyond the borders of Ghana, KCL export to the West African sub region. KCL export directly to Nigeria with plans for advanced to enter into the Eastern and Southern African markets. KCL's products are also in Europe, United States of America, Asia and the other African countries. Due to our exceptional quality standards and professionalism, UTO, Netherlands have partnered with us to bottle and sell some of their products in Ghana. KCL as a responsible corporate citizen is committed to achieving sustainable growth and development in our local communities hence, the company has been actively engaged in supporting community projects. Their engagements include donations to various traditional councils in support of developmental projects and support to institutions such as the University of Ghana and Korle-Bu Teaching Hospital.

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CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the data collected from the field. It analyses the data and discussed the findings. The major components of the chapter include types of sales promotion tools used by Kasapreko Company Limited, the effects of Sales promotion on sales of Kasapreko, reasons why alcoholic beverages retail outlets run Sales promotions with Kasapreko and the effects of Sales promotion of Kasapreko products on the quantity demanded of competitor brands. The analysis is done to respond to the research questions posed by the study in chapter one and thus the chapter forms the fulcrum of the study. The participation level of the respondents was satisfactory. In all, the response rate was 100 percent.

4.2 Characteristics of respondents

The study was mostly focused on the alcoholic beverages retail outlets of Kasapreko Company Limited in the Kumasi Metropolis. In total, seventy three (73) respondents were interviewed. Retailers of Kasapreko Company Limited consisted of males (54%) and females (46%). Analysis of the survey data revealed that more than two-thirds (65.7%) of the respondents had being doing business with the company for less than five years. On the other hand, about 23 percent had been

in operation for a period of 5-10 years while a little more than one-tenth (11%) had been in business operation for a period of 10 years and above (Table 4.1).

KNUST

Years	Frequency	Percent (%)
Less than 5	48	56.5
5 – 10	23	27.1
10 and above	14	16.5
Total	85	100.0

Table 4.1: Years in operation of retail outlets. Source: Survey Data, 2014


4.3 Sales promotion Packages

This section discusses the various forms of sales promotional packages used by Kasapreko Company Limited to induce customers to demand their products. It also presents and discusses the various Kasapreko products that are promoted using the incentive packages. This section achieves the research objective one as posed in chapter one of this study.

4.3.1 Types and distribution of sales promotional tools

This section discusses the various types of sales promotional packages that had been used by the Kasapreko Company Limited through their agents (retail outlets) on their customers. Retail outlets were asked to mention the various types of Sales promotion packages they know since they joined Kasapreko. It was discovered that the company used five (5) main different sales promotional tools

to increase demand of Kasapreko products through the retail outlets. These were the distribution of T-shirts, Caps, price cut, wrist brand and samples as presented in Table 4.2.



Sales promotional tools	Frequency	Percent (%)
T-shirts	54	32.2
Caps	41	24.6
Price cut	18	10.8
Wrist brand	15	9.0
Samples	39	23.4
Total	167	100.0

Table 4.2: Types of sales promotional tools. Source: Survey Data, 2014

T-shirt distribution as sales promotional packaged was confirmed by 32 percent of the respondents. According to the retail outlets, any individual who purchase a certain quantity of the Kasapreko product from the retail outlet is given a T-shirt with the company's inscription written on it. Also, nearly one-fourth (24.6%) of the respondents mentioned that caps are often given to customers as sales promotional packages. On the other hand, about 23 percent said that samples of the products are sometimes used as incentive packages. Price cut and wrist bands were mentioned by few of the respondents as a sales promotion package. The variation in responses may indicate that some

of the retail outlets may not be aware of the packages. It may also imply that, not all the retail outlets of Kasapreko Company Limited receive the same incentives or sales promotional packages. It may mean that sales promotional packages given to retailer: "A" may be different from packages given to retailer "B". This is so because, about five sales promotional packages were mentioned by retailers as a working strategy, not all of them were able to mention that the company used them.

Data from retail outlets indicates that in sum, 8,192 sales promotional incentives were distributed to customers from 2005 to 2014 (Figure 4.1). The highest distribution was the use of samples (2665). This was followed by distribution of caps (2024), T-shirts (1765) and wrist band (1738).

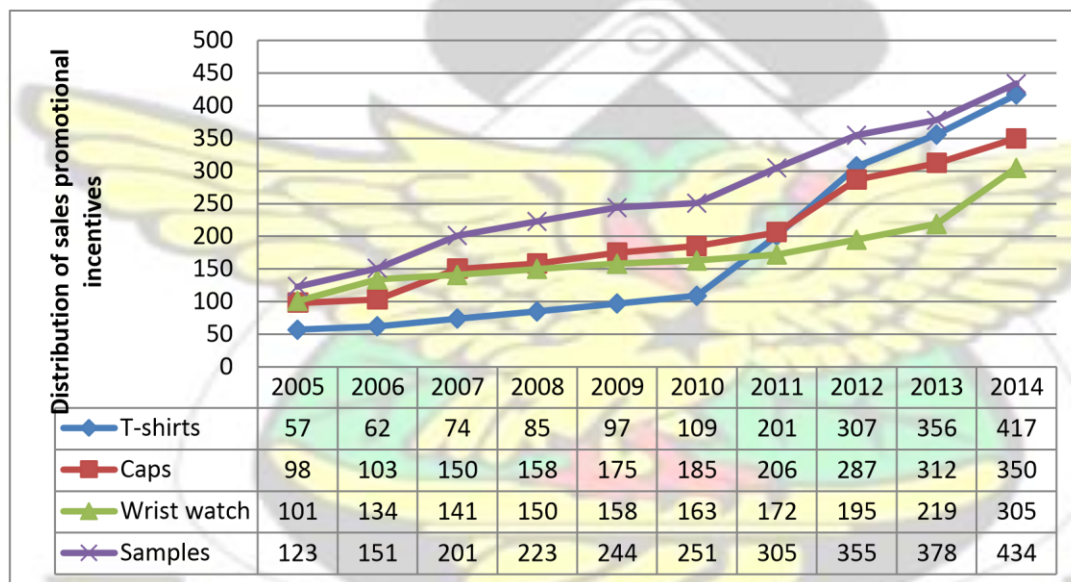


Figure 4.1: Distribution of sales promotional incentives. Source: Field survey, 2014 Relating the discussion above to literature, it can be deduced that beverage companies have different approaches they used as sales promotional tools for their customers. For instance, packages such as money off, bonuses and coupons (see Jobber, 2010; Alstiel et al., 2006; Kotler et al., 2005) were not mentioned in this work as sales promotional packages used by the Kasapreko Company through their retailers.

Responses as depicted in Table 4.2 again gives the picture that distribution of free T-shirts is the most often sales promotional packages used by the company through the retailers as mentioned by the largest population of respondents. This was followed by caps and samples. It can therefore be analysed that customers are interested in these items than the alternatives.

4.3.2 Kasapreko products promoted by sales promotional packages

Linked to the above, sales promotional packages were used to promote beverage products from Kasapreko Company Limited. The researcher therefore asked the retail outlets of the company to mention the important or key products that were mostly promoted and the responses are presented in Table 4.3. It can be deduced from the analysis of the survey data that Alomo Bitters, a beverage product from the Kasapreko Company Limited was often promoted with sales promotional packages. This was mentioned by about 88 percent of the respondents. This notwithstanding, Kasapreko brandy was another beverage products that receive attention to the company and the retail outlets. According to 70 percent of them, brandy was often promoted with sales promotional incentives. Again, Kasapreko Tonic Wine and Ogidigidi were mentioned as the third and fourth beverage products that receive attention. This was mentioned by 64 percent and 53 percent of the respondents respectively.

An issue that was discovered from the study was that, it is not all the beverage products that receive equal attention with regards to promoting its demand. It was realised that some beverage products receive much attention than others while others are not even promoted with sales promotional packages at all. This was confirmed from the fact that, products such as Kasapreko Lime cordial and cardinal produced by the company were not mentioned by respondents as being promoted.

Beverages	Number of retail outlets	Percent (%)
Alomo Bitters	64	87.7
Kasapreko Brandy	51	69.9
Kasapreko Tonic Wine	47	64.4
Ogidigidi	39	53.4
Total (n=73)	73	100.0

Table 4.3: Beverage products mostly promoted by Kasapreko Company Limited.

Source: Survey Data, 2014

A cross tabulation of the beverage products and sales promotional packages used by the retail outlets indicates that Kasapreko Alomo Bitters (KAB) was promoted all the sales promotional tools mentioned in Table 4.2. Analysis of the data revealed that about 85 percent of the retail outlets mentioned that T-shirts were mostly used to promote KAB. This was followed by 64 percent of respondents who said that KAB was promoted by the distribution of caps. The remaining sales promotional packages were mentioned by few of the respondents. This may imply that KAB is mostly promoted with the distribution of T-shirts. In a similar view, all the other beverage products of the company were promoted with T-shirts followed by caps and samples as sales promotional packages. This implies that retail outlets often used T-shirts as sales promotional packages (Table 4.4).

Beverage product	T-shirt	Caps	Price out	Wrist brands	Samples
Alomo Bitters	54 (84.4%)	41 (64%)	16 (25%)	15 (23.0%)	39 (60.0%)
Kasapreko Brandy	40 (78.4%)	31 (60.8%)	13 (25.5%)	11 (21.6%)	29 (56.9%)
Kasapreko Tonic Wine	38 (80.9%)	30 (63.8%)	11 (23.4%)	11 (23.4%)	27 (57.4%)
Ogidigidi	35 (89.7%)	25 (64.1%)	9 (23.1%)	9 (23.1%)	25 (64.1%)

Table 4.4: Sales promotional packages and beverage products. Source: Survey Data, 2014

4.3.3 Rate of consumption of Kasapreko Product

Analysis of the survey data showed that the beverage product with the highest consumption was Ogidigidi from the retail station. This was mentioned by 82.2 percent of the retail outlets in the Kumasi Metropolis. The second highest consumption was attributed to Kasapreko Alomo as mentioned by 78.1 percent of retail outlets. In addition, Kasapreko Lime was the third highest (71.2%) consumption products in the metropolis. Though Ogidigidi product of the Kasapreko Company Limited was the least in terms of frequency of promotion with sales promotional packages (Table 4.2), it is the highest among the rate of consumption of customers (Table 4.5). This could be attributed to the reason that the product had already received recognition by customers and therefore there is no need to frequently promote its purchase with sales promotional

programs. The company in collaboration with retail outlets concentrates on the beverages products that received less attention (demand) by customers to equalize with those with the highest demand to increase sales and profit. On the contrarily, though Kasapreko Alomo is ranked as the highest in terms of the frequency in promoting the product through sales promotional programs (Table 4.2), the rate of consumption was ranked as second (Table 4.5).

Beverage products	Responses		Percent of Cases	Ranking
	N	Percent		
Kasapreko Lime	52	17.2%	71.2%	3 rd
Kasapreko cardinal	47	15.6%	64.4%	5 th
Kasapreko Alomo	57	18.9%	78.1%	2 nd
Kasapreko brandy	38	12.6%	52.1%	6 th
Kasapreko Tonic Wine	48	15.9%	65.8%	4 th
Ogidigidi	60	19.9%	82.2%	1 st
Total	302	100.0%	413.7%	-

Table 4.5: Consumption rate of Kasapreko products Source: Survey Data, 2014

4.4 Reasons for introduction of sales promotion

This section discusses the reasons why sales promotion was introduced by retail outlets in the Kumasi Metropolis and the significance attached to it. Discussion in this section provide answers to research question three posed in chapter one.

4.4.1 Reasons why alcoholic beverages retail outlets run Sales promotions with Kasapreko

This section discusses the reasons why retail outlets embark on Sales promotions in collaboration with Kasapreko Company Limited. The researcher wanted to have a fair view on the motive of respondents. It was revealed that majority of the respondents expressed their views that sales promotion was introduced to achieves the following; to encourage trial as mentioned by 75.3 percent, to encourage repeated purchase (89%), to increase sales volume (89%) and finally to increase revenue (84.9%). Linking the findings to literature Jobber (2010), mentioned that certain consumer promotional instruments, by their very nature are primarily meant to encourage repeated purchase of a brand. He gave an example that the collection of packet tops or labels attempts to raise repeated purchases in times of promotions. These are better explained and represented in Figure 4.2.

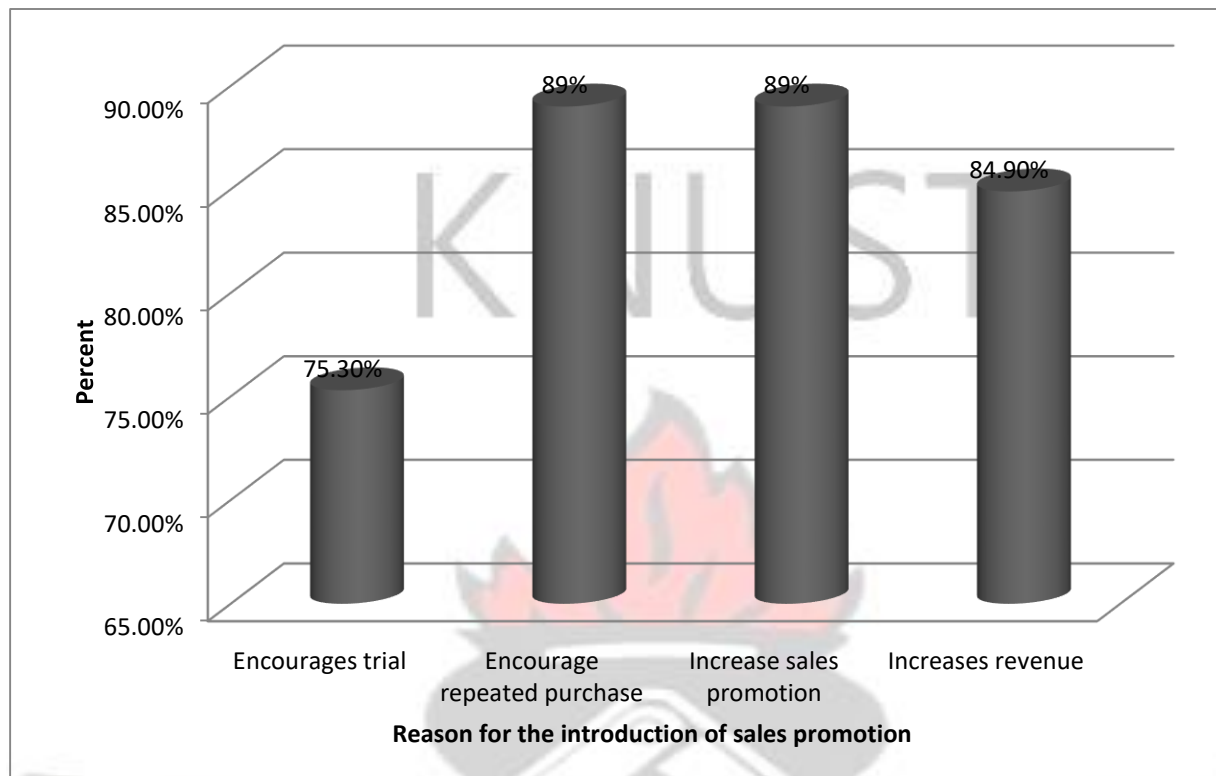


Figure 4.2: Motive for the introduction of sales promotion by retail outlets Source: Survey Data, 2014

4.4.2 Ranking on reasons why retail outlets embark on sales promotion

Analysis of the study revealed that encouraging trial through the introduction of sale promotion was regarded as most important to retail outlets. This was mentioned by 23 percent of respondents. On the other hand, majority of the respondents attached importance to that. Again, it was realised that about 86 percent of the respondents said that encouraging sales volume of retail outlets through sales promotional packages is of most importance while few of them (13.7%) regarded it as important. This notwithstanding, a little more than one-fifth (20.1%) mentioned that encouraging repeated purchase with sales promotional packages was more importance to retail

outlets while majority (79.5%) attached more importance to it. Finally, almost all the respondents (95.8%) said that increasing sale through sales promotional packages was of most importance to them as compared to less than five percent who said it was important to them. It is also reported that none of the respondents attached least importance to it (Figure 4.3).

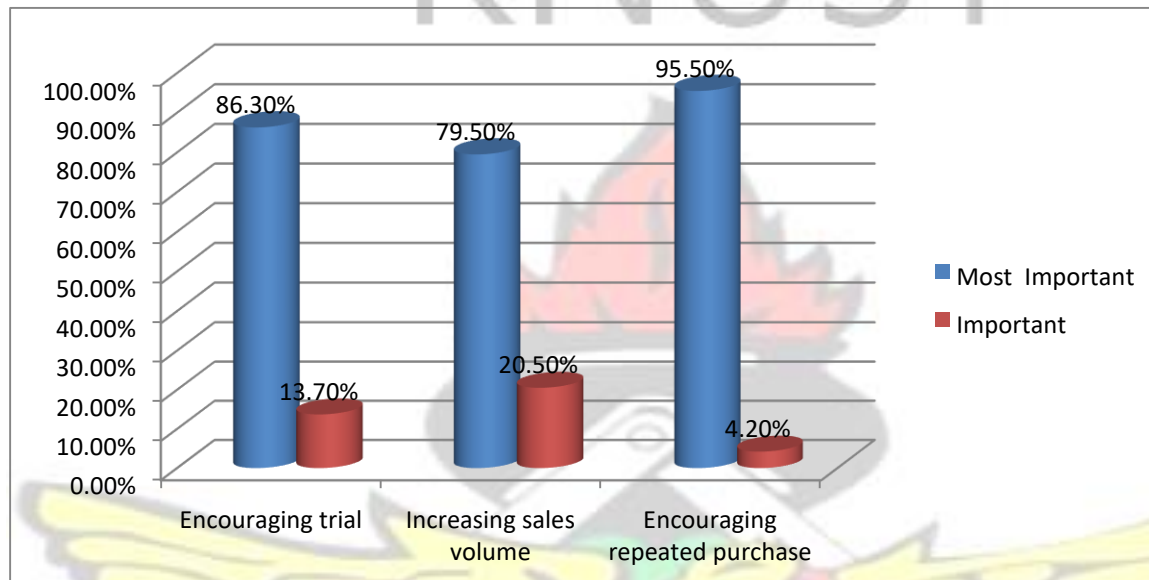


Figure 4.3: Level of importance to the reasons why sales promotion was introduced Source: Survey Data, 2014

4.3.4 Frequency of implementing sales promotional programs

Finally, retail outlets were asked of the frequency sales promotional incentives were run with Kasapreko products and the responses are presented in Figure 4.4. More than half (56.2%) of the retail outlets mentioned that sales promotional packages were promoted quarterly. In addition, about 43 percent said that promotion packages were promoted yearly while less than two percent were promoted monthly.

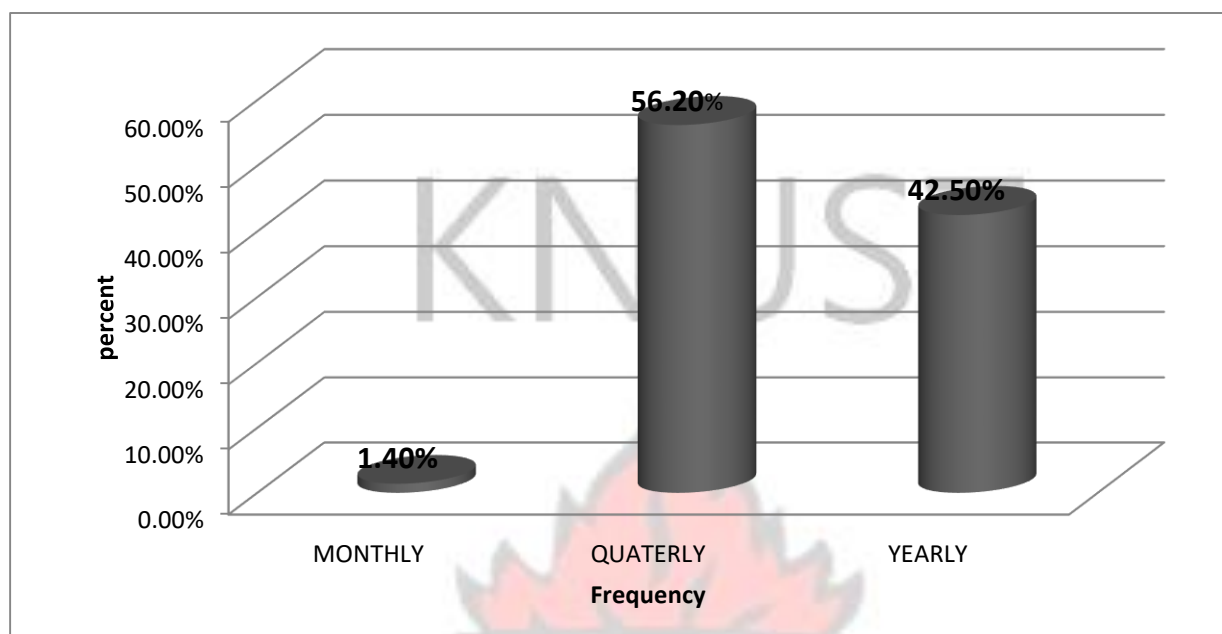


Figure 4.4: Frequency of implementing sales promotional tools. Source: Survey Data, 2014

4.4 Sales trend of Kasapreko products

Kasapreko Company Limited has been able to increase its sales of Kasapreko products consistently from 2005 to 2014 since it started implementing sales promotional programmes (See figure 4.5). The highest sales of Kasapreko products was recorded in 2013 and 2014. In 2005, sales of Kasapreko products increased by about four percent. It further increased to about five percent.

Again, sales increased by about six percent in 2007 and 2008. This notwithstanding, it increased by about seven percent in 2009 and 2010. In 2011, there was more than one-tenth (11.9%) increase in sales. It further increased by about 16 percent in 2012, 18 percent in 2013 and closer to one-fifth (18.8%) in 2014 (Table 4.6). This was due to the competitive nature of the business environment which made the company intensify on sales promotions to outwit the system.

Year	Sales made (quantity)	Percent (%)	Percent change
2005	3512	4.1	-
2006	4015	4.7	14.3% increase
2007	4987	5.9	24.2 % increase
2008	5400	6.3	8.3% increase
2009	6100	7.2	13% increase
2010	6251	7.3	2.5% increase
2011	10107	11.9	61.7% increase
2012	13215	15.5	30.8% increase
2013	15580	18.3	17.9% increase
2014	16008	18.8	2.7% increase
Total	85175	100.0	-

Table 4.6: Sales of retail outlets of Kasapreko in Kumasi Source: Survey Data, 2014

With regards to change in sales, there was about 14 percent increase in sales from 2005 to 2006. From 2006 to 2007, sales increased by about 24 percent. From 2007 to 2008, sales increased at a reducing rate. But in 2009, sales increased heavily by 13 percent. Also, from 2010 to 2011, sales increased heavily by about 62 percent (Table 4.6).

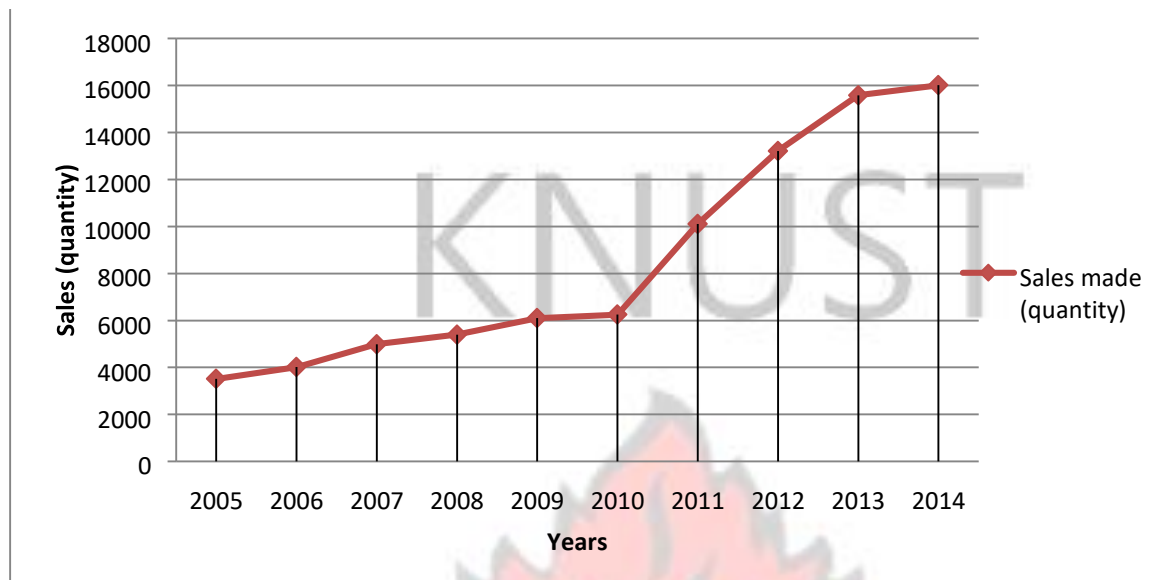


Figure 4.6: Sales trend of Kasapreko products. Source: Survey Data, 2014

4.4 Effects of Sales promotion on sales of Kasapreko products

This section discusses the extent to which customer sales promotion affects the sales of beverage products of retail outlets in the Kumasi Metropolis. It looks at perception on the effects of sales promotional packages on sales volume and sales promotional programs on sales revenue of retail outlets.

2.4.6 4.4.1 Sales promotion and brand switching

Retail outlets were asked to assess the level of effects of sales promotional programs on sales of Kasapreko products at their end. Analysis of the survey data revealed that sales promotion has impact on the sales of Kasapreko products. For instance, two-third (65.8%) of the respondents said believed that sales promotional programs induced customers to purchase Kasapreko products other than products that were not promoted. This is what is referred to as the brand switching (See also Fishbein & Ajzen, 1975). However, 34 percent of the respondents were uncertain as to whether sales promotion leads to brand switching of Kasapreko products. None of the respondents

registered their dissatisfaction that sales promotion induce customers to purchase Kasapreko products other than other products (Figure 4.7).

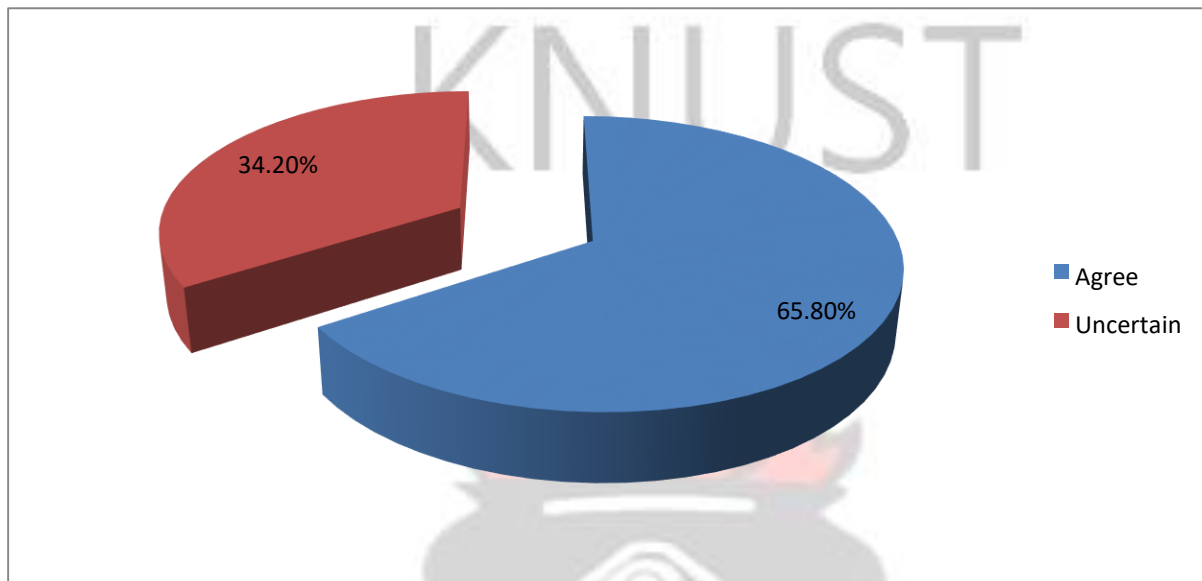


Figure 4.7: Sales promotion and brand switching. Source: Survey Data, 2014

4.4.2 Sales promotion and Store Switching

Further analysis of the survey data showed that Sales promotion induces customers to purchase Kasapreko products from retail outlets. This is referred to in this study as Store Switching. A little closer to one-fifth (19.2%) of the respondents agreed that sales promotional programs induced customer to purchase Kasapreko products at a different store. On the other hand, about 27 percent of them were uncertain while majority constituting more than half (53.4%) registered their dissatisfaction. However, according to Teunter (2002) and Teunter (2002) promotion-sensitive consumers are most likely to make purchase at different stores in order to benefit from the lowest prices at the stores. Findings from this study show a different result. From the perspective of the retail outlets indicated that the effects of sales promotional programs on store switching is not strong (Figure 4.8).

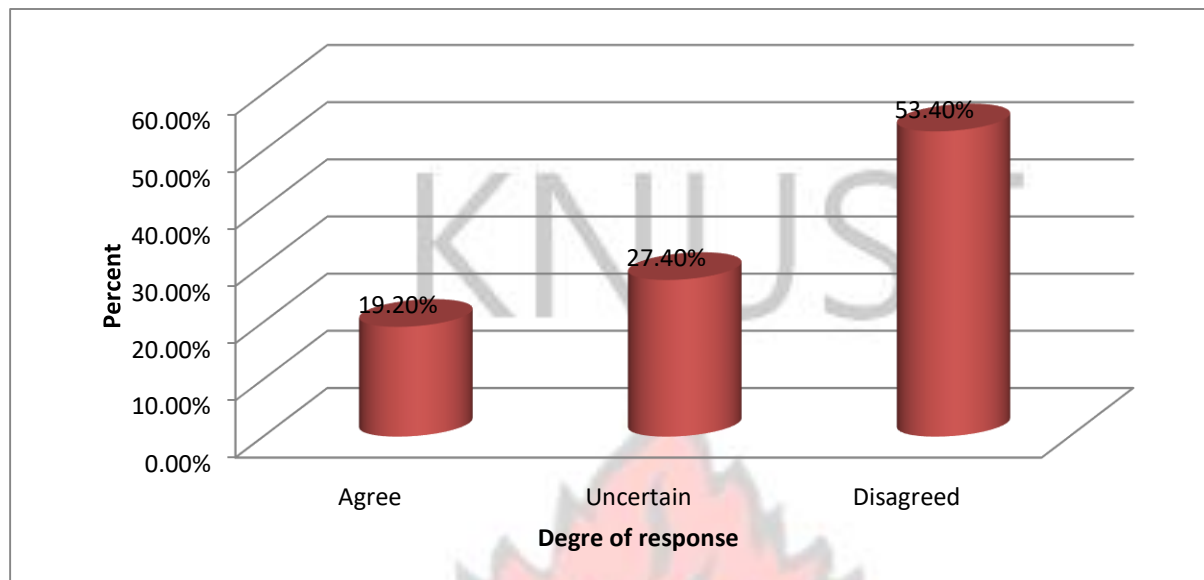


Figure 4.8: Sales promotion and store switching. Source: Survey Data, 2014

4.4.3 Sales promotion and Purchase acceleration

Analysis of sales promotion programs and how it influence timing or purchase quantity by promotional activities revealed that more than half (50.7%) of the respondents agreed to that. Also, 49 percent of them were uncertain as to whether sales promotion causes purchase acceleration. None of the respondents showed dissatisfaction as depicted in Figure 4.9.

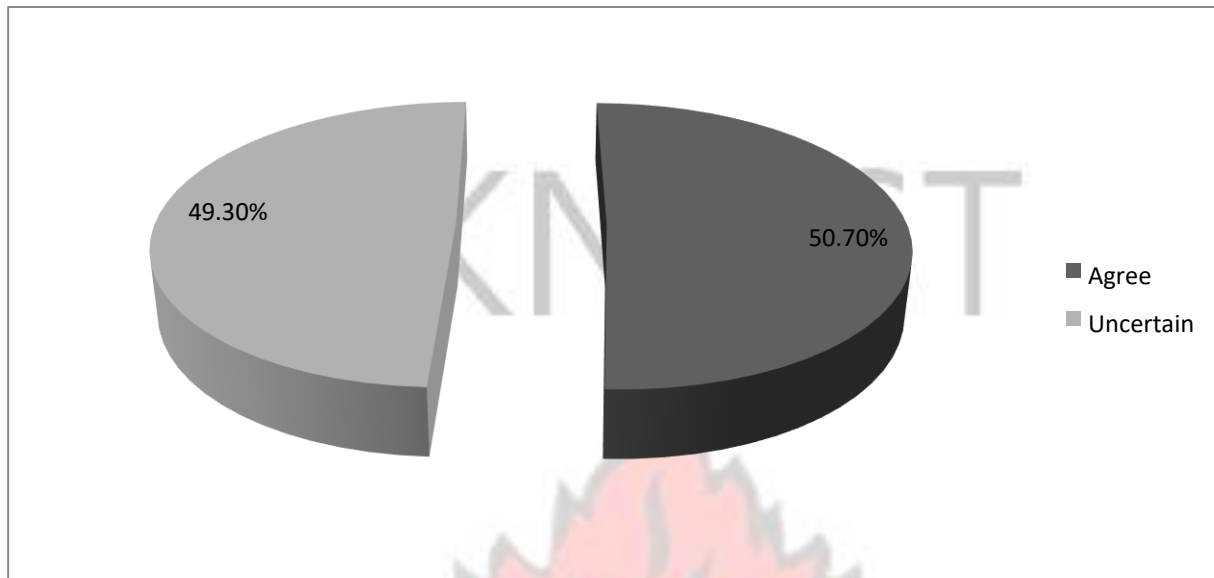


Figure 4.9: Sales promotion and purchase acceleration

Source: Survey Data, 2014

4.4.4 Sales promotion and repeat purchase

Retail outlets of the Kasapreko Company Limited were asked of their view on whether sales promotion influences customer's future probability of buying Kasapreko products. Analysis of the survey data revealed that the number of retail outlets who agreed that sales promotion leads to repeat purchase were more (47.9%) than those who disagreed (21.9%). This implies that sales promotion packages influence customer to buy Kasapreko products on repeated basis. Again, about 30 percent of the respondents were uncertain (Figure 4.10).

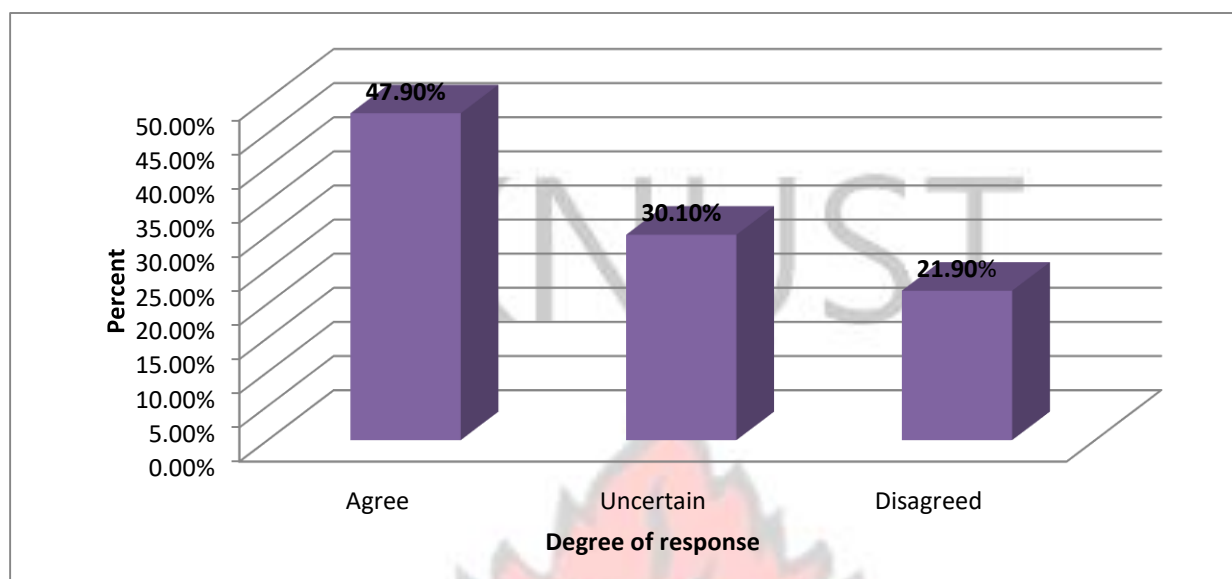


Figure 4.10: Sales promotion and repeat purchases. Source: Survey Data, 2014

Taking the discussion further, retail outlets were asked general question to assess the effects of sales promotional packages on quantity demands of Kasapreko products. They were asked whether sales promotional programs in general increases, decrease of have impact on quantity demanded ok Kasapreko products. The results are presented in Figure 4.11.

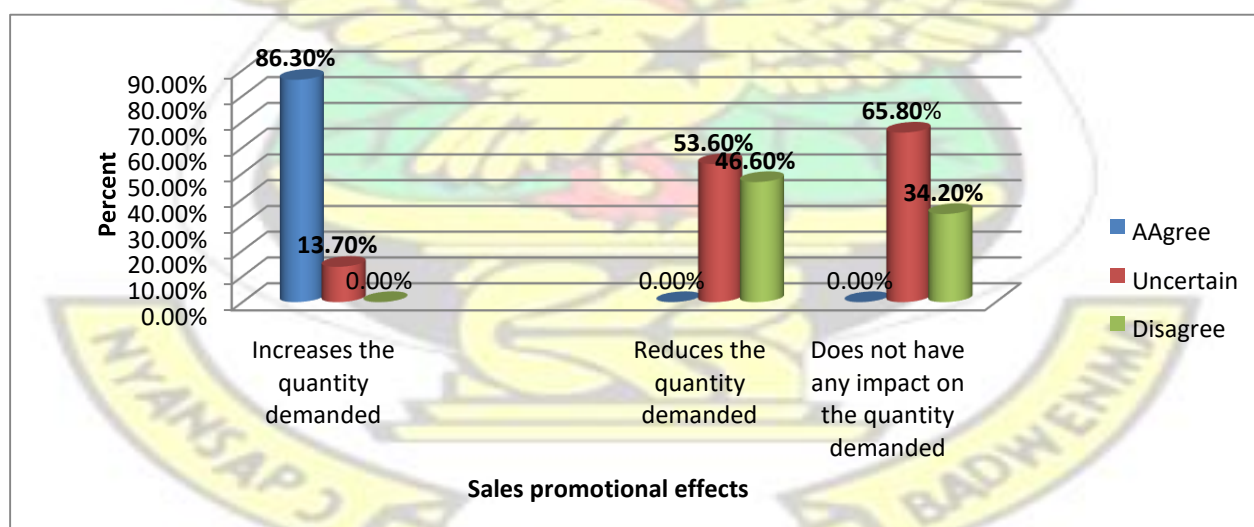


Figure 4.11: Retail outlets perception on the effects of sales promotion on demand

Source: Survey Data, 2014

It was observed from the analysis that retail outlets of the Kasapreko Company Limited strongly agreed that sales promotion increased quantity demanded of Kasapreko products. None of the respondents showed dissatisfaction which signifies that sales promotion has impact. On the contrary, none of the respondents agreed that sales promotion reduces quantity demanded of Kasapreko products but about 47 percent were uncertain. In a similar trend, none of the respondents showed dissatisfaction that sales promotion does not have impact on demand of Kasapreko products.

4.4.5 Sales promotion on sales revenue

Retail outlets were asked their views on how sales promotional packages affect their sales revenue. Analysis of the survey data revealed that none of the respondents mentioned that sales promotional programmes decreases sales revenue of retail outlets however, about 85 percent showed dissatisfaction (Figure 4.12). This implies that from the sales promotion may have effects on increasing sales revenue. This is supported with 86 percent of respondents who agreed that sales promotion has effects on sale revenue. Also, about 95 percent of the respondents said disagreed to the statement that sales promotion does not have effects on the revenue generation of retail outlets.

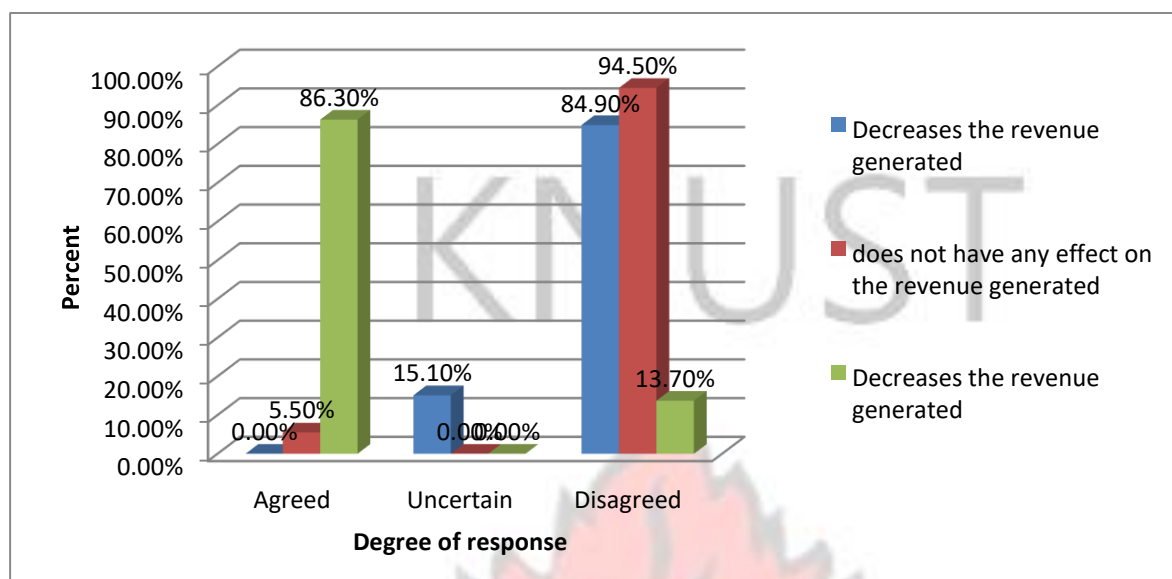


Figure 4.12: Sales promotion and sales revenue. Source: Survey Data, 2014

4.5 Multiple regression analysis of Sales promotion on sales of Kasapreko products of retail outlets

The data shows that sales of Kasapreko products has been increasing since 2005. Moreover, distribution of sales promotional packages also increases. This section therefore establishes the linkages between the distribution of sales promotional packages on the sales of Kasapreko products. A multiple regression analysis was performed to establish a linear relationship between the quantity of sales made by retail outlets of Kasapreko products and the various Sales promotional packages. The quantity of sales (bottles) of Kasapreko products sold for a particular year by retail outlets was taken to be the dependent variable (y). Also, Sales promotion packages like t-shirts, caps and wrist band were considered as the independent variable (x). They were the predictors of quantity of sales made to consumers.

The regression analysis showed that Sales promotion has weak direct relationship on the sales of Kasapreko products with a linear trend in the normal probability plot shown in Figure.4.13. Though the F-statistics is large (403.465), With a p-value of 1.851 the model is not statistically significant (see also Saffer & Chaloupka, 2000; Duffy 1989).

The R-squared is 0.996, meaning that approximately 100% of the variability of dependent variables (sales) is accounted for by the variables in the model (independent variables). In this case, the adjusted R-squared indicates that about 99% of the variability of dependent variables is accounted for by the model, even after taking into account the number of predictor variables in the model (Table 4.7).

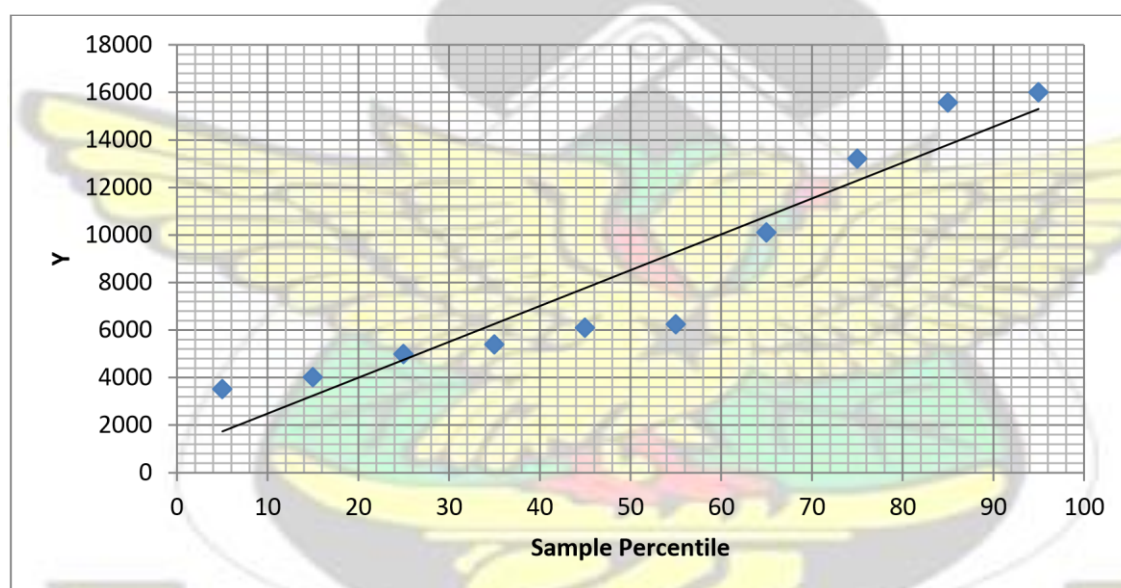


Figure 4.13: Normal Probability Plot. Source: Regression results, 2014

R Square (R^2)	Multiple R	Adj. R^2	S.E. of Estimate
0.996	0.998	0.994	359.371

Table 4.7 Summary of Regression. Source: Regression results, 2014

Source	Sum Sq.	D.F	Mean Sq.	F	Prob.
Regression	208425877. 652	4	52106469.4130	403.46 5	0.185
Residual	326642.63	5	326642.63		
Total	209071614. 5	9			

Table 4.8 Analysis of Variance (ANOVA). Source: Regression results, 2014

The coefficients for each of the variables indicates the amount of change one could expect in dependent variables (sales) given a one-unit change in the value of that variable, given that all other variables in the model are held constant. The results indicates that for a unit change in the distribution of T-shirts as sales promotional packages to consumers, quantity of sales of Kasapreko products is likely to change by 31.615 with a p-value of zero to three decimal places, meaning that distribution of T-shirts as sales promotional package has significant effects on sales of Kasapreko products holding the other sales promotional packages constant. Also, a unit change in the distribution of samples as sales promotional packages can change the quantity sold by 21.3206. Again, a unit change in the distribution of samples can change quantity of sales of retail outlets by 16.785 with a p-value of 0.04808 (about 5%). However, a decrease of 5.6171 of sales of Kasapreko products is expected for every one unit increase in sales promotion of caps, assuming that all other variables in the model are held constant. On the other hand, sales of Kasapreko products is expeted

to decrease by 20.4845 for every one unit increase in sales promotion of wrist brand with a p-value of 36.3757304 (Table 4.9)

	<i>Coefficient</i> <i>s</i>	<i>Standard</i> <i>Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper</i> <i>95%</i>
Intercept	1952.448	713.61891	2.735982 1	0.0409 8	118.03279	3786.864
T-shirts	31.615	4.2698247	7.404509 6	0.0007 0	20.640024	42.59189
Caps	-5.6171	12.55395	0.447441 0	0.6732 7	37.888117	26.65381
Wrist Brand	-20.4845	6.18193	3.313617 0	0.0211 5	36.375730 4	-4.59339
Samples	21.3206	8.1913919	2.602816 3	0.0480 8	0.2640453	42.37733

Table 4.9: Regression coefficients. Source: Regression results, 2014

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This chapter presents the summary of findings emanating from discussion of survey data in chapter four. It also gives plausible recommendations based on the findings and draw conclusion to the entire study.

5.2 Summary of key findings

This section presents the summary of the key findings from the analysis of the survey data. The summary is categorised under the research objectives posed in chapter one.

5.2.1 Types of Sales promotion tools that is used by Kasapreko Company Limited

Like other beverage companies in Ghana, Kasapreko Company Limited used different sales promotional packages to entice customers to demand more of their products. Most of their products were channeled through the retail outlets in the Kumasi Metropolis. Analysis of the study clearly indicated that sales promotional packages such as distribution of T-shirts and caps, price cuts, Wrist brand and samples were used by the company and the retail outlets. The study indicated that T-shirts are the most sales promotional packages used. It was also realised that Kasapreko Alomo Bitters was the most sponsored product with sales promotion. This means that the product is mostly promoted with sales promotional products such the T-shirts. It was further discovered that the most consumption Kasapreko product was Ogidigidi

5.2.2 Customer sales promotion on sales of Kasapreko products

It was revealed from the analysis of the study that sales promotion leads to brand switching (induces customers to purchase Kasapreko products other than products that are not promoted). It was however revealed that sales promotion does not have any influence on store switching (induces customers to purchase Kasapreko products from retail outlet). It was also reported from the study that sales promotion has effects on purchase acceleration (influences the purchase timing or purchase quantity by promotional activities). Finally the study showed that sales promotional programmes have effects on repeat purchases (influences consumer's future probability of buying Kasapreko products). With regards to sales revenue, the study revealed that sales promotional packages had influence. The multiple regression analysis showed that Sales promotion increases the sales of Kasapreko products.

5.2.3 Reasons for introduction of sales promotion

Kasapreko Company Limited has different views or motives for embarking on sales promotional programmes. The study revealed the following reasons;

- Encouraging trial
- Encouraging repeated purchase
- Increasing sales volume (Stimulating purchase in higher quantities)
- Increasing sales revenue

5.3 Recommendations

Findings from the study indicate that recommendation could be made to enhance the effectiveness of sales promotional programmes Kasapreko Company Limited and retail outlets to increase sales and revenues. The following recommendations should be given much attention;

5.3.1 Timely supply of Sales Promotional Programmes

It is recommended that sales promotional items should be released on time to the retail outlets for further distribution to customers. Moreover, sales promotional packages should be executed on all products from Kasapreko Company Limited. This could be used to attract more customers. In addition, sales promotional packages should be enough to supply to all customers.

5.3.2 Improving on sales promotional programmes

Though the company has more sales promotional programmes, it is recommended that widening of scope to include more packages is relevant. This could be done through customer survey to request from customers what they think could influence them the more. This would boost sales of beverages by the retail outlets.

5.3.3 Equal distribution of sales promotional packages

It is also recommended that the company should advice retail outlets to ensure that sales promotional packages are distributed equally. It should be distributed based on the personal contact one has with a customer but on the number of products bought. This would go a long way to erase perceptions that the company is unfair to some customers.

5.3.4 Building strong business-customer relationship

Apart from sales promotional packages to influence customer's demand of beverages, it is also important to consider communication between customer and retail outlets. This if done, coupled with sales promotional packages, Kasapreko Company Limited could be the outstanding company among the beverage companies in the Kumasi Metropolis.

5.3.5 Embarking on advertisement and sensitization programmes

Another means of increasing demand from customers and sales is to embark on frequent advertisement and sensitization programmes. The media could be used for this exercise. Most importantly, advertisement using the television stations is one of the best way of influencing customers to demand products and thus, could be adhered to.

5.3.6 Instituting award system

Aside the sales promotional packages used by the company to improve sales; it is recommended that Kasapreko Company Limited retail outlets institute award systems to its customers. Customers that have done business with the company for years could be awarded. The award system could also be implemented by the retail outlets.

5.4 Conclusion

Sales promotion is one of the marketing strategies used by companies to win the loyalty of their customers. This study was undertaken to investigate into the extent to which sales promotional packages affect sales of beverage products of Kasapreko Company Limited in the Kumasi Metropolis. Analysis of the study revealed that T-shirts and caps, price cuts, Wrist brand and samples are used by the company to influence customers to demand more from them. Further analysis of the survey data revealed that sales promotional packages adopted by Kasapreko Company Limited have effects on sales volume and sales revenue of retail outlets. Sales promotional packages lead to brand switching, store switching, purchase acceleration and repeat purchases. Furthermore, it was discovered that Kasapreko Company Limited embarks on sales promotions to encourage trial, encourage repeated purchase, and increase sales volume and sales revenue. The multiple regression analysis showed that Sales promotion had direct and strongly relationship with the sales volume of Kasapreko products. It is therefore concluded that sales promotion increases the sales volume of Kasapreko products with the major contributor from the distribution of T-shirts.

5.5 Implications for further studies

Further research should be taken up by other researchers on the impact of sales promotion on the customer loyalty of alcoholic beverages in Ghana.

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Appendix II

RESEARCH INSTRUMENTS

EVALUATING THE EFFECTS OF SALES PROMOTION ON THE SALES OF FAST MOVING ALCOHOLIC BEVERAGES IN GHANA

A CASE STUDY OF SELECTED PRODUCTS OF KASAPREKO COMPANY LIMITED

This questionnaire aims at soliciting your opinions on the effects of Sales promotion on the sale of fast moving alcoholic beverages retail outlets in Ghana. Specifically, it further aims at assessing the effects of Sales promotion on the sales volume and the revenue of fast moving alcoholic beverages retail outlets.

This is purely an academic exercise and in partial fulfillment of the requirement for the award of Masters in Business Administration by Kwame Nkrumah University of Science and Technology.

Please read each statement carefully and answer them as frankly as you can. Your responses will be accorded the utmost confidentiality they need. Your maximum cooperation is highly solicited.

Please tick where appropriate and supply information where necessary.

Demographic Information

1. Name of Retail outlet.....
5. Location.....
6. Years of Operation.....

What are the types of Sales promotion?

7. Which of the following Kasapreko products are often promoted?

1. Kasapreko Lime Cordial
2. Cardinal
3. Alomo Bitters
4. Kasapreko Brandy
5. Kasapreko Tonic Wine
6. Ogidigidi

7. Which of the following products has the highest consumption rate due to Sales promotions run on them by Kasapreko?

8. Kasapreko Lime Cordial
9. Cardinal
10. Alomo Bitters
11. Kasapreko Brandy
12. Kasapreko Tonic Wine
13. Ogidigidi

14. What are the types of Sales promotions that your outlet uses to stimulate quick sales of Kasapreko products? Please tick the appropriate answer

1. T-Shirts
2. Caps
3. Price cut
4. Wrist bands
5. Samples
6. Other (Please specify).....

7. Which of the following Sales promotional tools does your outlet *use frequently* in stimulating customers to purchase Kasapreko products?

1. T-Shirts
2. Caps
3. Price cut
4. Wrist bands

5. Samples
6. Other (Please specify).....
7. How often does your outlet run Sales promotion with Kasapreko products?
 1. Weekly
 2. Monthly
 3. Quarterly
 4. Yearly

Why do retail outlets run Sales promotion?

5. What are the reasons for your outlet in embarking on Sales promotions
 1. Encouraging trial
 2. Encouraging repeated purchase
 3. Increasing sales volume (Stimulating purchase in higher quantities)
 4. Increasing sales revenue
 5. Others (Please specify).....
6. How will you rank the above reasons in Question (10), from most to least, in order of importance for embarking on Sales promotions? Please tick

Reason for embarking on Sales promotion	Most Important	Important	Least Important
Encouraging trial			
Increasing sales volume (Stimulating purchase in higher quantities)			
Encouraging repeated purchase			

Increasing sales revenue			
Other reason (s)			

What are the effects of Sales promotion on sales volume?

To what extent do you agree to the following assertions?

Please tick from the alternatives 1, 2, and 3. Agree – 1, Uncertain –2, Disagree – 3

	Agree	Uncertain	Disagree
Sales promotion induces customers to purchase Kasapreko products other than products that are not promoted. – <i>Brand Switching</i>			
Sales promotion induces customers to purchase Kasapreko products from my retail outlet. - <i>Store Switching</i>			
Sales promotion influences the purchase timing or purchase quantity by promotional activities. – <i>Purchase Acceleration</i>			
Sales promotion influences consumer's future probability of buying Kasapreko products. – <i>Repeat Purchase</i>			

Sales promotion increases the quantity demanded of Kasapreko products			
Sales promotion reduces the quantity demanded of Kasapreko products			
Sales promotion does not have any impact on the quantity demanded ok Kasapreko products			

What are the effects of Sales promotion on sales revenue?

To what extent do you agree to the following assertions?

Please tick from the alternatives 1, 2, and 3. Agree – 1, Uncertain –2, Disagree – 3

Agree Uncertain Disagree

Sales promotion increases the revenue generated from Kasapreko products

Sales promotion decreases the revenue generated from the sale of Kasapreko products

Sales promotion does not have any effect on the revenue generated from Kasapreko products

What are the effects of Sales promotion on quantity demanded of competitor brands?

To what extent do you agree to the following assertions?

Please tick from the alternatives 1, 2, and 3. Agree – 1, Uncertain –2, Disagree – 3

Agree Uncertain Disagree

Sales promotion increases the quantity demanded of competitor products

Sales promotion decreases the quantity demanded of competitor products

Sales promotion does not have any effect on the quantity demanded of competitor products