

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**SCHOOL OF BUSIENSS**

**DEPARMENT OF MARKETING AND CORPERATE STRATEGY**

**KNUST**

**THE IMPACT OF SALES PROMOTION AND ADVERTISEMENT ON  
CUSTOMER RETENTION IN THE BREWERY INDUSTRY OF GHANA**

**BY**

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**A THESIS SUBMITTED TO THE DEPARTMENT OF MARKETING, IN  
PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF  
MASTER OF BUSINESS ADMINISTRATION**

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## DECLARATION

I hereby declare that this Thesis has been completed by me and that, it does not contain any material previously published by any person or group of persons for the award of any other degree by the University, except where due credits have been given in the text.

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## DEDICATION

I dedicate this work to my family, especially to Mr. Alfred Ahiagbe and Abena Akpalu.

# KNUST



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My first thank goes to God Almighty for his guidance, protection, mercy and favor. I am also thankful to all the Lecturers at KNUST Department of Marketing and Corporate Strategy, especially my supervisor Madam Mariama Zakari for her helpful ideas; suggestions and comments that helped shape this thesis.



## **ABSTRACT**

The purpose of this study was to examine the impact of sales promotion and effective advertisement on customer retention in the brewery industry of Ghana and to ascertain if customer loyalty mediates the relationship between sales promotion and effective advertisement and customer retention. Additionally, the study also sought to ascertain the impact of customer demographic features such as age, gender, education, marital status, and religion on customer retention. Using a well-designed questionnaire, the study sampled the relevant data from one hundred final consumers of beer within the Kumasi Metropolitan Area. The study used partial least square as the analytical technique to examine the hypothesized relationships between the variables. The study found that sales promotion does not directly and significantly influence customer retention. It however indirect influence customer retention through customer loyalty. Customer loyalty significantly mediates the relationship between sales promotion and customer retention. The study also found that, effective advertisement both directly and indirect influence customer retention. The indirect effect however outweighs the direct effect and that the mediation in this case was a partial mediation. The demographic features such as age, gender, marital status, and religion did not significantly influence customer retentions. Education however negatively and significantly influences customer retention.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Background of the Study**

Customer retentions have been argued by many researchers to improve profitability, by reducing the costs of acquiring new customers (Reichheld & Kenny, 1990; Reichheld, 1996). According to Reichheld and Schefter (2000), firms can increase profit by 25 to 95 percent if they could improve their customer retention rates by about 5 percent. Customer retentions is also said to retain mainly loyal customers who can recommend the product to others, thus customer retention helps in acquiring new customers (Diller & Muellner, 1998; Oliver, 1999).

Retained customers' purchases increasingly grow bigger together with the referral they made during their lengthy tenure with the company. This results in a decrease in the cost of maintaining relationships with customers. Besides, retained customers may pay higher prices than newly acquired customers and are less likely to receive discounted offers that are often made to acquire new customers. All of these conditions combine to increase the net present value of retained customers (Aspinal et al., 2001).

Considering the benefits from customer retention, most companies have come to consider customer retention a central role of management and as a result, devote a huge chunk of resources to achieving it.

In the Ghanaian brewery market the level of competition among the competing firms is very fierce. Given the similarities of products on the markets, in order to differentiate ones products from competitors, many firms adopt various sales promotional activities and advertisement.

Sales promotion includes tools for consumer promotion such as samples, coupons, prizes, cash refund, warranties, demonstrations, and contest. It also includes the use of trade promotional such as buying allowances, free goods, merchandise allowances, cooperative advertising, advertising and display allowances, dealer sales contests and sales-force promotion such as bonuses, contests, and sales rallies. Advertisement on the other hand refers to the purchase of sponsor-identified Media space or time in order to promote a product. Periodically competition firms spend large sums of money on both of these tools of promotion – sales promotion and advertisement.

Although the reasons for sales promotion and advertisement may vary from firm to firm, it mostly includes the hope for customer retention because of how vital customer retention is form firms future profits. It is therefore important for firms to ascertain the extent to which their sales promotional activities and the large amount spent on advertisement in various media impact on customer retention.

The purpose of this study was to classify this issue by examining the extent to which sales promotion and advertisement impact on customer retention in the brewery industry of Ghana.

## **1.2 Problem Statement**

The Ghanaian brewery industry is dominated by two major producer companies – Accra Breweries Limited (ABL) and Guinness Ghana Breweries Limited (GGBL). The main products of ABL are Club beer, Stone, Castle, Shandy, Eagle and Beta Malt while the main brands of GGBL are Guinness, Star beer, Gulder, Ruut Extra, Star lite, Smirnoff ice, Origin, Malta Guinness and Top malt. These products are from two major competing firms

and both of these firms spend huge sums of money on sales promotion and advertisements so as to add value and continue to differentiate their brands from the others.

For firms to maximize their returns from advertisement and sales promotion, they need to understand the extent to which it impacts their target objectives such as customer retention, as it has been shown to positively influence long run profitability. These form the purpose of this study.

In order to examine the extent of the impact, this study needs to answer a number of questions such as what is the relative impact of sales promotion and advertisement on customer retention. Do sales promotion and advertisement impact customer retention indirectly through other variables such as customer loyalty? How does demographic characteristics such as age, gender, educational level and income level impact on customer retention behavior?

These are some of the questions the study will answer in its attempt to classify on the issue of the relationship between sales promotion and advertisement and customer retention.

### **1.3 General Objectives**

The primary objective of this study is to examine the impact of sales promotional and advertisement on customer retention in the brewery industry.

#### ***1.3.1 Specific Objectives***

To achieve this objective, the following specific objectives shall be pursued.

- i. To ascertain the impact of sales promotion on customer retention among beer consumers.

- ii. To ascertain the impact of advertisement on customer retention in the brewery industry.
- iii. To examine the impact of demographic characteristics on customer retention.
- iv. To investigate the mediating role of customer loyalty in the relationship between sales promotion/advertisement and customer retention.

### **1.3 Research Questions**

This section consists of the questions the researcher seeks to answer and what the study is all about. Answering of all these questions forms the purpose of the study. Why the study is been conducted and answering these questions imply achievement of the purpose of the study. The following are the questions the research hopes to answers after completion of this study.

- i. How do sales promotion activities impact on customer retention?
- ii. Does advertisement impact on customer retention among beer consumers in Ghana?
- iii. Do demographic features such as age, gender, and educational status on the retention of customers in the brewery industry of Ghana?
- iv. Does customer loyalty mediate the relationship between sales promotion/advertisement and customer retention among beer consumers in Ghana?



#### **1.4 Justification of the Study**

This section discusses the relevance of the study findings to stakeholders. Results from this study first of all will validate or invalidate the resources devoted by these companies to sales promotion. Furthermore by identifying other determinants of customer retention, the study results will help companies and retailers design better promotional activities and product that will help retain their existing customers and acquire new ones. Also, the study seeks to predict customer switching behavior; this information can help producers develop counter measures that will help increase customer retention.

#### **1.5 Scope of the Study**

This study seeks to examine the influence sales promotion on customer retention in the brewery industry. This study is limited to customers of ABL and GGBL products within Kumasi. Due to time and financial constraints, the researcher limited the study to only consumers within Kumasi. It should also be noted that, by customers, this study refers to final consumers of brewery products not retail and wholesale customers of ABL and GBL.

#### **1.6 Overview of Research methodology**

This study will use primary data to be collected using a well-designed questionnaire. The study will survey a cross-section of final consumers of products from the two major companies in the brewery industry – ABL and GGBL. The questionnaire will attempt to measure customer retention and the influence of sales promotion on the consumers and other characteristics of the consumers. As indicated earlier, this is a cross-sectional study and information obtained will only examine the influencers as they apply in the time the

data is collected. Latent variables will be measured using the Likert scale from 1 to 7 and other variables will be measured as dummy or categorical. Inferential statistical tools such as regression analysis shall be used to examine the effects of the identified factors on customer retention and classification tree will be use build a predictive model that help to predict customer switching behavior.

### **1.7 Organization of the Study**

The research is organized into five chapters. The first chapter consisted of the introduction, which included the background to the study, statement of the problem(s), where the main issue that prompted the need for conducting the research has been discussed. In addition the researcher looked at the objectives of the study, justifications, scope and methods of the study. Chapter two comprised the literature review. This is where the writer reviewed what other people have written about the topic and made comparisons. This chapter is divided into two, theoretical and empirical studies. Chapter three focuses on the methodology of the study, which focuses on sources of data, sampling procedure, population and sample size, questionnaire administration, a survey of the study area and method of analysis. Chapter four consists of presentation, analysis and discussion of the data acquired. Here also tables, graphs and other statistical models will be employed to answer the research questions. Finally, the last chapter comprises a summary of the study main findings, conclusion and recommendations based on these findings.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

## **2.0 Introduction**

This is the second chapter of the study. It involves the review of relevant literature on the major themes of the study. It consists of theoretical review on customer retention, advertisement and sales promotion. It also includes the theoretical framework of this study.

### **2.1 The Concept of Customer Retention**

Customer retention as a concept has its root from the planned behavior theory and is something that consumers may exhibit to brands, services and products or activities. Customer retention has been conceptualized as a dimension of a customer loyalty construct (Zeithaml, Berry & Parasuraman, 1996). The terms “customer retention” and “customer loyalty” are often used interchangeably in literature. However, customer retention and loyalty are not surrogates of each other because the two terms can refer to different things.

Hennig-Thurau and Klee (1997) also suggested that the conceptualization of customer retention needs further clarification. Zineldin (2000) views retention as a commitment to continue to do business or exchange with a particular company on an ongoing basis. A more comprehensive definition of retention is the customer’s liking, identification, commitment, trust, willingness to recommend and repurchase intentions, with the first four being emotional-cognitive retention constructs and the last two being behavioral intentions (Strauss & Friege, 2001).

Customer retention is concerned with repeated patronage, which is closely related to repeat-purchasing behavior and brand loyalty (Buttle, 2004). Commitment is regarded as

the central outcome variable in business relationships, which ensures the strength, stability, durability, and even profitability of a relationship (Morgan & Hunt, 1994). In addition, customer retention implies a long-term commitment on the part of the customer and the firm to maintain the relationship.

The development of the mutual commitment is the same process as creating long term buyer-seller relationships (Wilson, Soni & O'Keeffe, 1995). According to Aspinall, Nancarrow, and Stone, (2001), even though the meaning and measurement of customer retention varies across industries, there seem to be a general consensus that a firm that focuses on customer retention by using the appropriate strategies can enjoy some economic benefits (Buttle, 2004).

The benefits of retaining customers to the organization are higher margins and faster growth, derived from the notion that the longer a customer stays with an organization, generally the higher the profit (Reichheld & Kenny, 1990). According to Bowen and Lawler (1995), if staffs are given more power, greater access to information and adequate knowledge, they are in a better position to recover situations or delight customers. In addition, information systems also provide essential support for customer retention by keeping accurate details on purchase records, for assessing the value of customers to the organization and in picking up likely defectors (Lewington, de Chernatony & Brown, 1996). The significance of retaining customers is not new to marketing, as Kotler (2003) believed that marketing is as much concerned with retaining as well as acquiring customers. From review of literature, the following factors (customer satisfaction, customer commitment, customer trust) were found to influence customer



retention. The next session discusses these concepts and their relationship with customer retention.

## **2.2 Theories on Customer Retention**

Previous research conducted on the factors influencing customer retention have focused on retention from the customers' point of view. This is mainly due to the fact that several researchers perceive customer retention as the propensity for customers to stay with their services providers, and is therefore viewed as a behavioural factor (Ranaweera & Prabhu, 2003a).

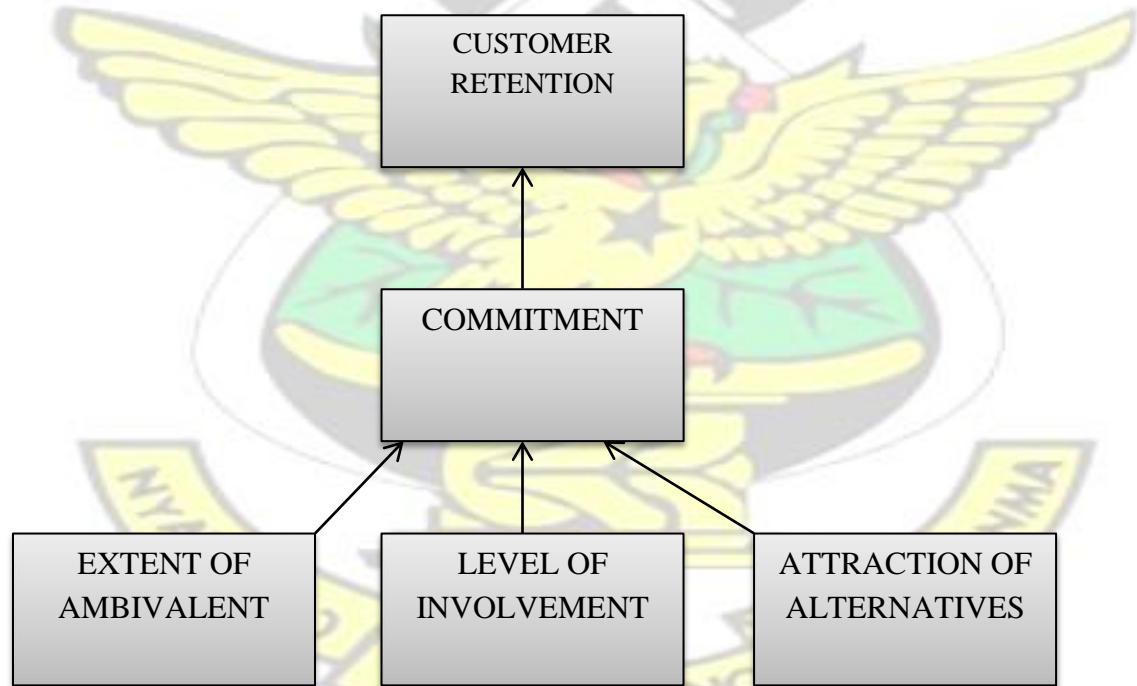
This section discusses the frameworks and models illustrating the factors influencing customer retention from the customers' point of view. Two main theories have been selected including Richards (1996) conversion model and Sharma and Patterson's (2000) relationship commitment model.

### ***2.2.1 Conversion Model***

Richards (1996) provided a conversion model based on the fact that it is not enough to satisfy a customer as satisfaction alone does not predict customer behaviour. Richards (1996) argues that satisfied customers will leave, dissatisfied customers will remain and therefore, rather than discussing customer satisfaction, firm should discuss customer commitment. Payne (2006) also agrees that customer satisfaction helps to make customers committed, however, the building of committed customers involves more than merely satisfying them.



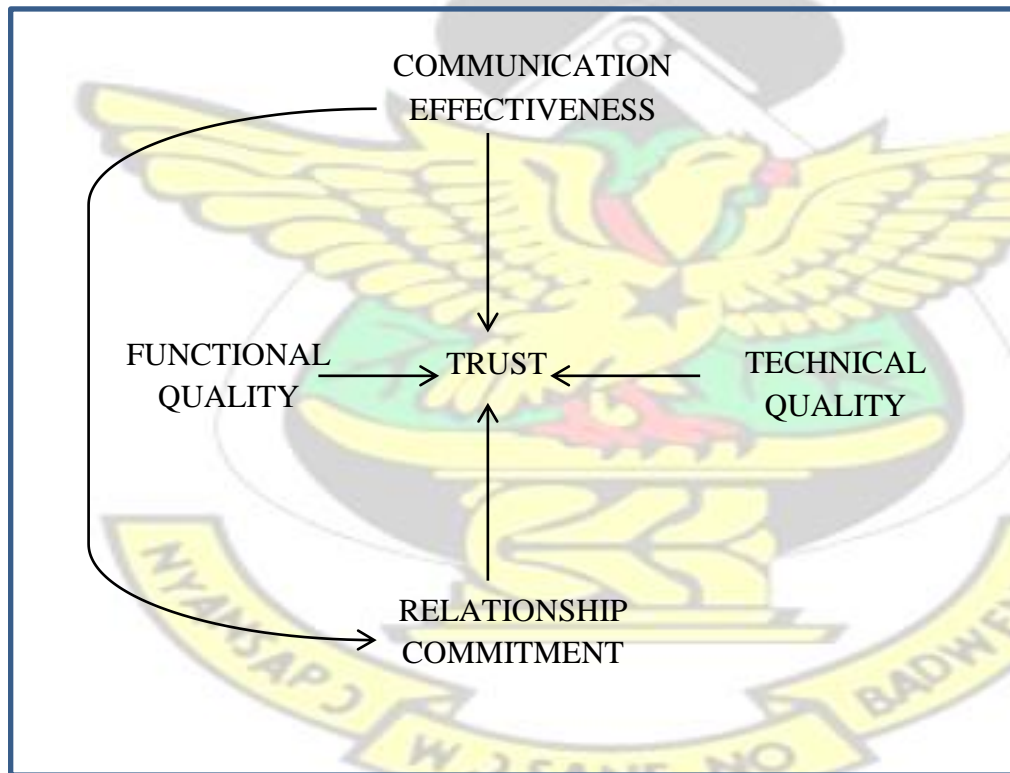
In building his model, Richards (1996) identified three factors as drivers of commitment. These are level of involvement, attraction of alternatives and the extent of ambivalence (See Figure. 1). Firstly, the level of involvement in the brand and category is one of the factors identified to drive commitment. According to Richards, the more people are involved in a given choice, the more carefully they will choose and once they have made their choices they often stick to it. Hence, if the customer is dissatisfied but involved, his primary strategy will be to try and repair the relationship rather than seeking other alternatives. On the other hand, if the customers are both dissatisfied and uninvolved, they would not even care about fixing the relationship but simply switch providers.



**Figure 2.1 Richard's conversion model**  
Source: Richards, (1996)

### 2.2.2 Relationship Commitment Model

Sharma and Patterson (2000) provide a model showing the determinants of relationship commitment. The model consists of three factors, namely communication effectiveness, technical quality and functional quality, all affected by trust in the relationship which in turns affect relationship commitment. According to Crosby, Evans, and Cowles (1990), trust implies reliance on or confidence in, the process or person hence, the greater the level of trust, the stronger the relationship commitment. Sharma and Patterson (2000) also defined trust as the belief that the services provider can be relied on to behave in such a way that the long- term interests of the buyer will be served.



**Figure 2.2 Conceptual model of the determinants of relationship commitment**

Source: Sharma and Patterson, (2000)

Morgan and Hunt (1994) also argue that trust has a positive relation with the extent through which the firms share similar values. This was supported by Ganesan's (1994) studies which showed that a trust booster for firms was customers' satisfaction with past exchanges with the firms. According to Sharma and Patterson (2000), service quality is divided into two main components, namely technical quality and functional quality. Technical quality is related to the actual outcomes or the core service as perceived by the client. Jansson and Letmark (2005) posit that the competency of the professionals in achieving the best return on investment for their client at acceptable levels of risks is viewed and technical quality is relevant to the promised service.

Sharma and Patterson (2000) further argued that, functional quality is concerned with „what“ is delivered and `how` the service is delivered. It is concerned with the interaction between the service provider and service receiver, and is assessed in a highly subjective manner. According to them, trust had a great impact on how quality is delivered, both in terms of functional and technical quality. The greater the quality perceived, the stronger is the relationship commitment.

### **2.3 Advertisement**

Advertising refers to all forms of communication that attempts to persuade potential as well as existing customers to purchase or to consume more of a particular brand of product or service. The formation of modern advertising was intimately bound up with the emergence of new forms of monopoly capitalism around the end of the 19th and beginning of the 20th century as one element in corporate strategies to create, organize and where possible control markets, especially for mass produced consumer goods.

Mass production necessitated mass consumption, and this in turn required a certain homogenization of consumer tastes for final products. At its limit, this involved seeking to create „world cultural convergence“, to homogenize consumer tastes and engineer a „convergence of lifestyle, culture and behaviors among consumer segments across the world“.

### ***2.3.1 Definition of Advertising***

The term advertising originates from the Latin work *advertise*, meaning to turn to. The dictionary meaning of the term is "to give public notice or to announce publicly". Advertising may be defined as the process of buying sponsor-identified Media space or time in order to promote a product or an idea. Advertising has been defined by the American Marketing Association as any form of non-personal presentation or promotion of idea, goods, or services by an identified sponsor. Advertising is any paid form of nonpersonal presentation and promotion of ideas, goods and services and it is required price (Kotler, 2003). Among components of marketing integrated communication model, advertising has more identified position than the other marketing components, because costumers informed new products through advertising (Ryans and Ratz, 1987). In addition, advertising is minimized barriers between costumers and organization (Lopez et al, 2002). Milgrom and Roberts (1986) defined advertising as the external signal used by manufacturers, sellers and service providers to show the quality of their products and services.



### ***2.3.2 Models of Advertising***

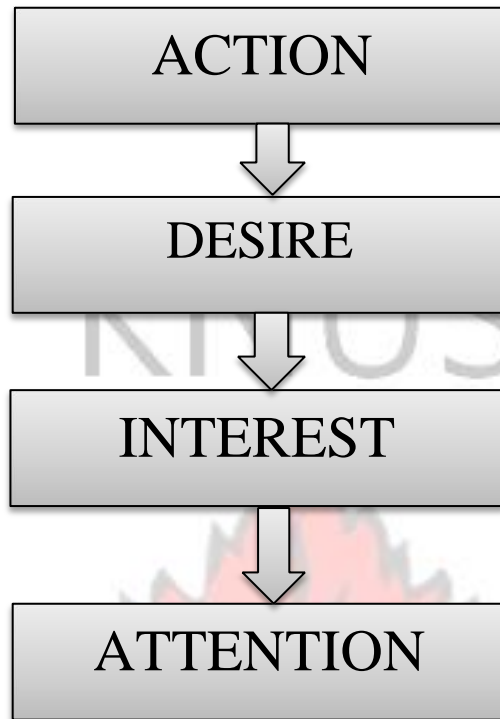
As the world of advertising becomes more and more competitive, advertising becomes more and more sophisticated. Advertisers are constantly trying to define and model how advertising works, and from these models, they often try to pick meaningful communications objectives (Bovee et al. 1995). This section reviews the current and past literature of advertising models. Several different models of advertising are presented.

#### ***2.3.2.1 AIDA Model***

AIDA is an acronym that describes what happens when a consumer engages with an advertisement. The term and approach are attributed to American advertising and sales pioneer, E. St. Elmo Lewis. In marketing, grabbing the attention of potential customers or clients is imperative to gaining interest in the product. Once that interest is established, a business must make potential customers or clients desire the product enough to take action, generally by purchasing the product. There's a particular way consumers react to a marketing message.

Marketers can gain the attention of consumers by product samples, large visual signs and other sensory techniques. Once the marketer has the attention of the consumer, they must craft their interest through product demonstrations, information and ads. Companies must then build desire by focusing on creating a want for their specific brand, and lastly, consumer action through promotions, discounts and calling out of features or benefits. The AIDA model of advertising which stands for Attention, Interest, Desire, Action is perhaps the simplest formula you'll ever find anywhere, yet also the most powerful.





**Figure 2.3 The AIDA Model** Source:

Rawal (2013).

#### *2.3.2.1.1 Attention*

The first thing an ad copy needs to do is grab the viewer's attention. Without the attention of customer immediately, firms will lose their customers for good. For an ad to get the attention of customers, an ad must have the appeal required for the brand to be promoted. There is no point in starting a commercial with a logo, a name and no one cares about it. An ad should therefore immediately capture viewers' attention and offer a clear benefit for seeing the rest of the ad. Hence the reason many brands use highly popular celebrities in their ad commercials. In developing an advertising program, marketing managers should always start by identifying the targeted audience and its reasons to purchase a specific product or service.

#### *2.3.2.1.2 Interest*

Once you've got their attention, you need to create an interest in your product or service.

We've gotten their attention« now we must focus on building their interest .Your interest section should also use emotions to address the fact that this purchase is a good bargain, the right step, a sound decision, etc. But in addition to that, we need to let the customer know what will happen if he/she doesn't buy our product or service. To create an interest Fanta designed an animated TVC which starts with the scene of a room where a girl is seen looking bored, idling her time. A boy enters with a bottle of "Fanta" in his hand. As they take sips from the bottle, the mood changes and they start jumping with joy. The camera zooms out of the window to another house where another girl and a boy are seen sharing Fanta and jumping around. The camera then zooms out further and pans around showing the entire city having fun. Everything is seen pulsating and jumping in sync as drops of Fanta spill and bounce around.

#### *2.3.2.1.3 Desire*

There's huge difference between being interested in something and desiring it. You need to convert your viewer's interest into a strong desire for what you're offering. A television ad must create a strong motivation and generate a need for buying the product even if need is not there. This can happen only if the ad has used the correct appeal in the advertisement

#### *2.3.2.1.4 Action*

When a brand promotes its image through an ad advertisers should ensure they are able to convince their customers to make a final buy or be inquisitive to know more about the product/brand. How so ever attractive and customer focused an ad be ,if there is no strong

positioning in the minds of the customer your brand will be lost among the lot and lot of efforts are then required to tell your audience how beneficial the product is for its target market. An ad will be able to create a strong impact only if it is able to highlight the benefits its target market will get with using the product only then action towards a purchase will take place as people will always buy your product when they see the benefits attached with using it.

#### *2.3.2.1.5 Improvements to the AIDA Model*

New phases such as satisfaction (AIDAS) and confidence (AIDCAS) have been added to the original AIDA model. These later models acknowledge the need to satisfy the customer so as to encourage repeat purchases and generate product referrals. Other modifications include the model's reduction to the three steps known as the CAB model. The steps include cognition (awareness or learning), affect (feeling, interest, or desire) and behavior (action).

Later developments also introduced more flexible uses of the AIDA model such as the reordering of steps for different consumer-to-product relationships. Additionally, as experts have examined the AIDA Model, more defined practices and theories have been developed. These practices include the TIREA scale, which focuses on breaking down the decision-making process into more defined components. The TIREA represents thought, interest (desire), risk (evaluation), engagement, and action.

#### *2.3.2.2 DAGMAR MODEL*

**DAGMAR** stands for Defining Advertising Goals for Measured Advertising Results.

DAGMAR Model was developed by **Russell Colley** in 1961 for setting advertising objectives and measuring advertising results. According to DAGMAR Model the ultimate

objective of advertising involves a communication task, intended to create awareness, impart information, develop attitude and induce action. Figure 2.2 below depicts the DAGMAR advertising process.



**Figure 2.4 DAGMAR Model**

Source: Colley (1961)

According to DAGMAR Model the ultimate objective of advertising involves a communication task, intended to create awareness, impart information, develop attitude and induce action. Advertising objective is to carry a consumer through four levels of understanding:



- i. From unawareness to awareness - consumer must be aware of product or company,
- ii. Comprehension - what the product is and its benefits,
- iii. Conviction - mental conviction to buy the product, and
- iv. Action - finally buy the product.

### **Awareness**

Before the purchase behavior is expected from target audience it is necessary to make the audience aware with the product or company. The initial communication task of the advertising activity is to increase the consumer awareness of the product or offer.

### **Comprehension**

Only Awareness is not be sufficient to stimulate a purchase, sufficient knowledge and information about product or organization is necessary. This step involves the target audience to learn something about product, organization, or offer. Here communication task of advertising activity is to make consumer learn about product - product characteristics, benefits, or uses.

### **Attitude or Conviction**

At this step a sense of conviction is established. By creating interest and preference, buyers are moved to a position where they are convinced that a particular product in the class should be tried at the next opportunity. At this step communication task of advertising activity is to mould the audience's beliefs about the product and this is often done through messages that demonstrate the product's superiority over a rival or by talking about the rewards as a result of using the product.

### **Action**

Finally, communication must encourage buyer to engage in purchase activity.



## **2.4 Sales Promotion**

Sales promotion consists of diverse collection of incentive tools, mostly short-term designed to stimulate quicker and or greater purchase of a particular product by consumers or the trade. While advertising offers a reason to buy, sales promotion offers an incentive to buy. Sales promotion efforts are directed at final consumers and designed to motivate, persuade and remind them of the goods and receives that are offered. Sales persons adopt several techniques for sales promotion. Creative sales promotion can be very effective.

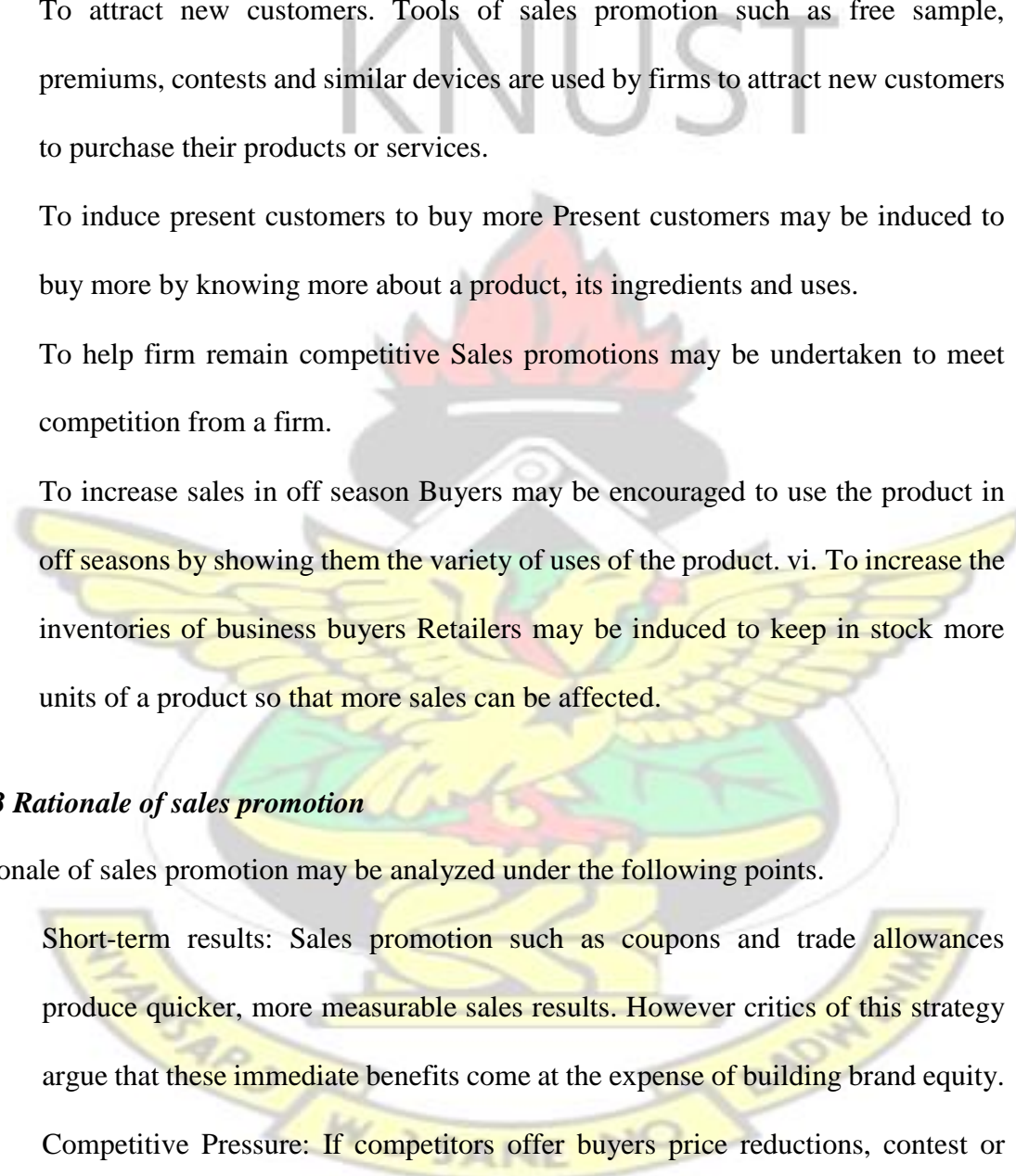
### ***2.4.1 Definitions of Sales Promotion***

Sale promotion consists of a set of various and different and often short period motive tools which is used for consumer's or buyer's provocation to buy more and faster (Gupta, 1988; Boddewyn, 1989; Neslin, 2002). Promotion tools consist of coupon, rewards, free samples, discounts, advertising goods and etc.

Sales promotion includes tools for consumer promotion (for example samples, coupons, prizes, cash refund, warranties, demonstrations, contest); trade promotion (for example buying allowances, free goods, merchandise allowances, co-operative advertising, advertising and display allowances, dealer sales contests); and sales-force promotion (for example bonuses, contests, sales rallies).

### ***2.4.2 Objectives of Sales Promotion***

There are many tools used by firms for promoting their products and services. For all these tools, the firms have certain common objectives in mind. The basic objectives of sales promotion are:

- 
- i. To introduce new products to induce buyers to purchase a new product, free samples may be distributed or money and merchandise allowance may be offered to business to stock and sell the product.
  - ii. To attract new customers. Tools of sales promotion such as free sample, premiums, contests and similar devices are used by firms to attract new customers to purchase their products or services.
  - iii. To induce present customers to buy more Present customers may be induced to buy more by knowing more about a product, its ingredients and uses.
  - iv. To help firm remain competitive Sales promotions may be undertaken to meet competition from a firm.
  - v. To increase sales in off season Buyers may be encouraged to use the product in off seasons by showing them the variety of uses of the product. vi. To increase the inventories of business buyers Retailers may be induced to keep in stock more units of a product so that more sales can be affected.

#### ***2.4.3 Rationale of sales promotion***

Rationale of sales promotion may be analyzed under the following points.

- i. Short-term results: Sales promotion such as coupons and trade allowances produce quicker, more measurable sales results. However critics of this strategy argue that these immediate benefits come at the expense of building brand equity.
- ii. Competitive Pressure: If competitors offer buyers price reductions, contest or other incentives, a firm may feel forced to retaliate with its own sales promotions.
- iii. Buyers' expectations: Once they are offered purchase incentives, consumers and channel members get used to them and soon begin expecting them.

- iv. Low quality of retail selling: Many retailers use inadequately trained sales clerks or has switched to self-service. For these outlets, sales promotion devices such as product displays and samples often are the only effective promotional tools available at the point of purchase.

## **2.5 The Brewery Industry of Ghana**

### ***2.5.1 Overview***

Establishing beverage companies in the country has been in response to the growing and positive demand for both alcoholic and non-alcoholic beverages. Before that, all drinks in the country, with the exception of indigenous drinks were imported from reputable processing companies abroad. Thus, companies brewing overseas deposit centers established in the country for the distribution of their products. The continued growth in demand, plus the relative cost advantage of local production of these breweries abroad encouraged them to establish plants brewing in the country for local manufacturing of its brands.

Beer production in Ghana began in the 1930s when a group of Swiss investors established a company brewing in Accra known as foreign Breweries Limited, whose name was changed to Accra Brewery Limited (ABL) in 1975. The successful operation of overseas Breweries Limited encouraged Unilever SA. and Heineken Brewery to establish Kumasi Limited (KBL) in Kumasi in 1958. As the prospects of the local beverage production continued to grow, Guinness Worldwide also entered the market in

Ghana in the 1960s as distributors of Guinness Foreign Extra Stout (FES) and then in 1971 established a factory in Kumasi, Ghana called Guinness Limited (GGL) for the local

production of its products. In 1969, Achimota Brewery Company (which later became ABC Brewery Limited and now Ghana Breweries Limited) was also established by an employer of Ghana (the late Mr. J. K. Siaw); this was the first brewery wholly owned Ghana in the country. Before the merger, three of these four (4), ie, ABL, KBL, GGL were listed on the Ghana Stock Exchange (GSE) brewers.

Drinks that are currently produced in the country by companies of brewing beer can be classified into drinks (alcoholic and non-alcoholic) and soft. Originally, companies brewing focused on the production of non-alcoholic beer (lager or stout) in the country. Produced beer is bottled; either large or small bottles of 65cl bottles of 330 ml. There has also been a gradual shift towards the production of beer, which is normally kept in barrels, to meet growing customer demand.

Recently there has been a growing interest in the production of malt (not fermented alcoholic beverages) for beer companies in the Republic. This development has been precipitated by the successful introduction of Guinness Malta by GGL and Maltina by KBL. Growth in the market for malt beverages has been driven by the change in consumer tastes due to the regeneration of religious interests and the rising cost of beer without resulting alcohol incidence of high taxes consumption (and sales) to alcoholic beverages. Beer companies distribute their products through wholesalers, distributors and retailers across the country. The brewers have relative strengths in the distribution of its products; while some of them have national coverage, others usually have limited coverage in the southern part of the country. The drink prices are set by companies brewing on which sales taxes and excise taxes imposed by the government are added. Currently, the sales tax on all drinks produced in the country is 15%. The excise duty on soft drinks used to



be 50.4%, but has been reduced to 35% according to the 1998 report of Ghana budget. The excise duty on beer, which was above 75.8%, has also been reduced to 65%.

### ***2.5.2 Competition and Market Participation***

The beer industry is one of the most competitive industries in the country. Competition has been precipitated by excess supply over demand; processing capacity of the current total beer in Ghana is about 1.5 million hectoliters, compared to the demand of approximately 900,000 hectoliters. Oversupply it has been due to the substantial investments that have been carried out by beer companies in recent years, without a corresponding increase in consumption. The various beer companies in the Republic have resorted to aggressive promotional activities in order to maintain or increase their market shares. Spending on advertising and promotion has increased considerably through intensive pursuit of innovative features such as raffles, sponsorships and commitments traditional festival promotion. Products and packaging have also improved.

Currently, there are three (3) beer companies in the Republic, namely; Accra Brewery Limited (ABL), Guinness Ghana Limited (GGL) and Ghana Breweries Limited. With the exception of ABL, all of them also produce various kinds of soft drinks malt.

Accra Brewery Limited (ABL) was established in 1931 as foreign Breweries Limited for brewing and soft drinks produced in the country. It was the first brewery to be established in the sub-region of West Africa. It was established as a wholly owned subsidiary of Overseas Breweries Limited of Switzerland. Following the adoption of the new investment law in 1975, the Government of Ghana got 40% equity stake in the company while 15% of the assets of the company is distributed to the public in Ghana, leaving the



Swiss parent company a 45%. The company name was also changed to Accra Brewery Limited (ABL) in the same year.

ABL was listed on the Ghana Stock Exchange in November 1990. In 1994, the Government of Ghana sold its stake in ABL to foreign portfolio investors. Subsequently, foreign Breweries Limited acquired a majority stake in ABL through purchases in the GSE which increased its holdings to 50.5%. During the period 1994-1996, Guinness Ghana Limited acquired 17.19%, while Heineken also acquired 14.88% of ABL. In 1997, South African Breweries (SAB) has acquired a majority stake in foreign Breweries Limited, which owns 50.5% equity stake in ABL; Therefore, SAB has become the technique shareholder ABL control.

ABL began operations with the production of beer club (lager) and has since concentrated on the production of beer and carbonated soft drinks. ABL beer brands have grown to include mini club, dark club, Club Shandy, and the Club Super Stout, while its soft drink brands are the Club Cola, Muscatella, Ginger Ale, Orange, and Citro Soda. ABL has expanded its capacity with the current level of approximately 500,000 hectoliters.

ABL is the market leader in terms of volume of beer produced in the country even though its market share has dropped from 50% in the 1980s to the current level of approximately 32%. In terms of share of total for both beer and soft drinks market, ABL was third with 22.6% in volume for 1997.

ABL has modern equipment with large reserve capacity gives you the flexibility in production scheduling. However, for now, ABL has a weak economic base, low profit margin recording with paying lower dividends. The acquisition by South African Breweries has ABL technical partner to assist in streamlining your business process.

Guinness Ghana Limited (GGL) was established in August 1960 as a private company dedicated to the distribution of imported Guinness Foreign Extra Stout (FES) products. In 1970, it established a plant GGL brewing and bottling in Kumasi, for local production. GGL was owned initially by Guinness Overseas Limited (63.75%) and Atalantal Limited (36.25%), a wholly owned subsidiary of Unilever Plc. In 1976, the Government of Ghana got 45% equity stake in GGL while 15% of the company 's total capital is distributed to the public in Ghana. The participation GGL has already been restructured to give rise to the position current in which Guinness overseas Limited is holding 60%, Government of Ghana (1%), public of Ghana (28%), foreign portfolio investors (10%) and Guinness employees (1%).

GGL started production in 1971 and has since expanded its brands to cover both alcoholic and non-alcoholic fermented products. GGL Malta Guinness introduced in 1989 and was followed much later with Maxi Malta (a number of different flavors) in 1996. Currently, GGL produces Guinness Stout, Malta Guinness and Maxi malt. From an initial plant capacity of 60,000 hectoliters, GGL has increased its capacity of brewing with the current level of approximately 400,000 hectoliters. In the market for non-alcoholic beer, GGL ranked third with a total stake of approximately 23.6% while it is the market leader in the market for malt beverages which controls about 80% in 1997. GGL is also the market leader in drawn-alcoholic beer and non-alcoholic combined product market in the country with a total market share of more than 35% by volume. GGL has a nationwide coverage 100% with a tightly woven distribution network to the participation of dealers, distributors, wholesalers and retailers.

GGL has a modern bottling line installed state of the art in 1996 at a cost of ₵ (approximately \$ 16 million at the time) 19 billion and has other plans to increase its capacity brew house. GGL has a solid asset base, strong balance sheet and strong cash flow so that it can compete effectively within the industry.

### ***2.5.3 Market Potential and Future Outlook***

The brewing industry in the country has made considerable improvements in its production volumes in recent years. From initial production levels of 18,750 hectoliters in the 1960s, production volumes have increased from current levels of approximately 900,000 hectoliters. Although there are four companies (4) brewery in the country, the beer market is still relatively small. The current level of average beer consumption per capita Ghana 4 liters compared to 27 liters per capita in Cameroon and Togo, even with 8 liters per capita; It is these countries where per capita income levels are lower than Ghana.

Consumption brewed in Ghana products is influenced by disposable income, population growth and cultural practices. Disposable income is an important determinant of consumption of beverages in the country. Therefore, it is expected that in the medium term, the policies implemented by the government will improve economic conditions, increase the real incomes of the population and therefore their purchasing power to stimulate demand for brewery products. The continued growth of the population of Ghana, together with increasing taste for brewery products bodes well for the brewing industry.

Cultural norms in the form of funerals, parties and religious beliefs and practices affect beverage consumption in the country. While funerals, parties and other social gatherings

improve the consumption of all beverages, religious beliefs and celebrations improve consumption of product types, such as soft drinks.

Competition in the beer industry will remain intense in the future because of the lowest per capita income of Ghanaians, along with the current capacity underutilization of beer companies in the Republic. The development of attractive products and packaging will continue to be dominant in the industry.

The future direction of the brewing industry, therefore, not in any short to medium term increases in the capacity of processing enterprises existing beer as such programs exacerbate the excess of existing capacity within the industry. Therefore, the future is in the breweries effective management of resources, especially in reducing costs to adapt to the restrictions on the market.

## **2.6 Empirical Review**

### ***2.6.1 Sales Promotion Customer Loyalty***

Oyeniyi (2011) sought to determine the effect of sales promotion on customer loyalty in the telecommunication industry. The survey method was used in gathering information from the respondents. Simple random sampling was used to select a sample size of 310, while descriptive and inferential statistical analyses were conducted with the aid of SPSS software. Producers spend a large part of their total marketing communication expenses on sales promotion. Hence, this paper attempts to find the effect of sales promotion on customer loyalty using a sample of customers of mobile telecommunication services. The paper found that, there is positive relationship between sales promotion and customer loyalty. More importantly, it was discovered that nonloyal



customers are more prone to switch to competing products as a result of sales promotion than loyal customers.

Pi and Huang (2011) investigated the effects of relationship-orientated promotion on customer loyalty after subsuming the intermediate factors – relationship quality.

Questionnaires are used to measure customers' attitudes and opinions, and a descriptive statistical analysis, a correlation analysis, reliability, a regression analysis and a factor analysis are used to analyze the data. It shows that relationship-orientated promotion has significantly positive effects on satisfaction and trust. Besides, satisfaction, trust, and commitment are powerful and illustrative components for explaining customer loyalty. The assumptions from the perspectives of relationship marketing and the findings can interpret the differences in the extant literature concerning the relationship between promotion and customer loyalty. It suggests that airlines should use high relationshiporientated promotions in order to increase satisfaction, trust, and commitment and then to retain loyal customers and maintain long-term profit for the industry, such as charities, referral rewards, free shuttle buses, and discounts for cooperatives.

Winning customer loyalty and repeat business and eliminating or reducing their reliance on coupons and other forms of price promotion is the goal of many service businesses today. The effectiveness of using advertising specialties (imprinted items given away for free) and price promotions was directly compared by way of two controlled field experiments involving customers of a Chinese food delivery service and a drycleaner in a major US metropolitan area. Kendrick (1998)'s studies used a controlled field experiment with a behavioral measure. The experiments offered support, in the business. . . to business and consumer settings, that ad specialties can serve as inducements for a larger



dollar volume of repeat business than the use of no promotion, and in some cases more than was generated by price promotion. Results suggest that goodwill engendered among customers by the ad. specialty “gifts”, coupled with the repeated brand exposure opportunities afforded by imprinted items, can exert a considerable impact on purchase behavior.

### ***2.6.2 Customer Loyalty and Customer Retention***

Companies that offer loyalty reward programs believe that their programs have a longrun positive effect on customer evaluations and behavior. However, if loyalty rewards programs increase relationship durations and usage levels, customers will be increasingly exposed to the complete spectrum of service experiences, including experiences that may cause customers to switch to another service provider. Using cross-sectional, time-series data from a worldwide financial services company that offers a loyalty reward program, Gerpott, Rams, and Schindler (2001) investigates the conditions under which a loyalty rewards program will have a positive effect on customer evaluations, behavior, and repeat purchase intentions. Their results show that members in the loyalty reward program overlook or discount negative evaluations of the company vis-à-vis competition. One possible reason could be that members of the loyalty rewards program perceive that they are getting better quality and service for their price or, in other words, “good value.”

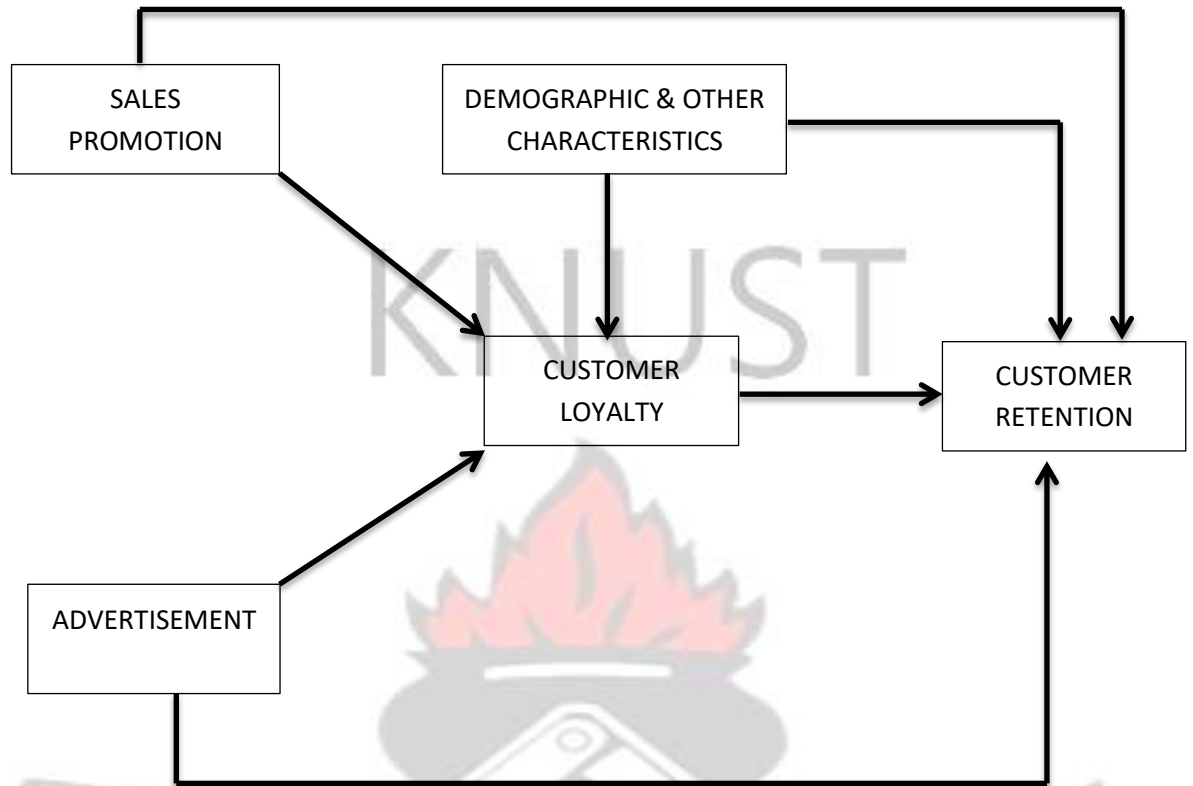
Despite the proliferation of loyalty programs in a wide range of categories, there is little empirical research that focuses on the measurement of such programs. The key to measuring the influence of loyalty programs is that they operate as dynamic incentive schemes by providing benefits based on cumulative purchasing over time (Lewis, 2004). As such, loyalty programs encourage consumers to shift from myopic or single-period

decision making to dynamic or multiple-period decision making. Lewis (2004) models customers' response to a loyalty program under the assumption that purchases represents the sequential choices of customers who are solving a dynamic optimization problem.

Lewis (2004) estimates the theoretical model using a discrete-choice dynamic programming formulation. Lewis (2004) evaluates a specific loyalty program with data from an online merchant that specializes in grocery and drugstore items. Through simulation and policy experiments, it is possible to evaluate and compare the long-term effects of the loyalty program and other marketing instruments on customer retention. Empirical results and policy experiments suggest that the loyalty program under study is successful in increasing annual purchasing for a substantial proportion of customers.

## **2.7 Theoretical Framework of the Study**

The framework of the study consists of customer retention being the main dependent variables, on which the independent variables sales promotion and advertisement are expected to directly and/or indirectly impact.



**Figure 2.5 Framework of the Study**

Source: Author's Construct (2016)

Review of literature revealed that, customer loyalty is among the major influencers of customer retention. This study includes customer loyalty to serve as the mediator between sales promotional and advertisement and customer retention. Furthermore, demographic characteristic of customers is also expected to influence retention behavior. A number of hypotheses will be developed based on this framework in the next chapter, which will form the basis of hypothesis testing in the rest of the study.

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## **CHAPTER THREE** **RESEARCH METHODOLOGY**

### **3.0 Introduction**

This is the methodology chapter and it consists of the research design, data sources, type and data collection tools and sampling methods. It also consists of the data collection procedure and a review of the framework and models to be examined in this study. The chapter also consists of a review of the analytical techniques and some of the tools of analysis.

### **3.1 Research Design**

Research design is sort of the master plan that dictates the methods, the approach and procedures used for data collection and the analysis of those data to achieve the research objectives of the study Zikmund (2003). According to Copper and Schinder (2001), research design is the blueprint for data collection measurement and final analysis. A well



written research design is vital for any study because it helps to answer research problems as accurately, clearly and unequivocally as possible (McGiven, 2013).

From time perspective, research design can be classified as cross-sectional and longitudinal, with cross-sectional research design referring to research that takes data from a sample of respondents at a particular point in time and thereby study a phenomenon as it applies to the sample in that particular point in time while longitudinal research studies phenomenon over a period of time (Saunders et al. 2000).

In this regards, this study is a survey study. The survey is a method for collecting information or data as reported by individuals. Surveys are questionnaires (or a series of questions) that are administered to research participants who answer the questions themselves.

It seeks to examine the impact of sales promotion and effective advertisement on customer retention in the brewery industry.

The data will not allow for examining of changes in the behavior of particular respondents or all respondents over time but rather just understand the behavior of all respondents in a particular point in time. The research design consists of the steps or the plan to following in conducting a study. The steps of this study are provided below.

The first step of this study was an indebt review of literature on customer retention, customer loyalty, sales promotion and effective advertisement. This exercise enabled the researcher in the formulation of questionnaire questions.

The second stage of the study involve the testing of questionnaires over a sample of respondents to ensure the validity and to reduce some biases pose by the framing of the questions some of the questions were reframed. The actual data collection will be done



next where a sample of consumers will be targeted and asked to participate in the study. Details about target population and the sampling methods used will be discussed in the next sections of this chapter, as well as the methods of analysis to be used.

The analysis of the data will both be exploratory and inferential. Exploratory methods will be used to identify the main indicators to be used in the latent variable construction. The inferential part will examine the relationships among the latent variables – effective advertisement, sales promotion, customer loyalty and customer retention using the Partial Least Square technique.

### **3.2 Population of the Study**

Martins et al. (1996) referred to population of a study as the aggregation of elements from which a study sample is drawn. The target population of this study is all final consumers of beer products on the Ghanaian market. Some of the brands of beer considered in this study are, STAR Beer and CLUB Beer, Gulder etc. Any consumer of the above mentioned brands of beer are the targets of this study. Given the nature of the market, it is very difficult to put a figure on the size of the target population. Given the time and financial constraints of the study, the study will target final beer consumers within the Kumasi Metropolitan Area. Thus the targeted population of this study is all final consumers of any major beer brand on the market who resides in the KMA.

### **3.3 Sample Size and Sampling Technique**

Given difficulty of putting a figure on total number of beer consumers the study will survey data from 100 respondents which the research believes should be representative of

the actual population. The sampling technique will be a random sampling. A list of major beer distributors obtained from the major beer producers and whole sellers within the Metropolitan Area. From this list a random sample will be drawn and the selected outlets or spots will be visited for potential respondents. Because the study focuses only on beer consumers, this stage of the sampling will be purposive where potential consumers will be asked whether they prefer beer to other drinks and their willingness to participate in the survey sought before they become respondents.

### **3.4 Data Collection**

The study relied on both primary and secondary data. The secondary data consist mainly of data gathered from articles while the primary data was obtained using the questionnaire.

#### ***3.4.1 Primary Data***

An advantage of using primary data is that researchers are collecting information for the specific purposes of their study. In essence, the questions the researchers ask are tailored to elicit the data that will help them with their study. Researchers collect the data themselves, using surveys, interviews and direct observations. In this study, survey was used to collect the study data.

#### ***3.4.2 Secondary***

Compared to primary data, secondary data tends to be readily available and inexpensive to obtain. In addition, administrative data tends to have large samples, because the data collection is comprehensive and routine. What's more, administrative data (and many types of secondary data) are collected over a long period. That allows researchers to detect change over time.

### **3.5 Data Collection Instrument**

The data collection instrument to be used in this study is the questionnaire. The questionnaire consists of a well structure set of questions set in consultation with existing literatures on customer switching behavior in other industries. The questionnaire has been arranged in five (5) sections where the first section consists of questions on the demographic characteristics of the respondents. In this sections questions on the occupation, gender, educational level, income level etc. of the respondents were pose.

The second section, section B consists of questions on sales promotion while section C focus on effective advertisement. Section D used the Likert's scale to solicit data on customer retention while section E focused on customer loyalty.

### **3.6 Pretesting of Instrument**

Pretesting of the questionnaire was necessary in order to streamline the questions in the questionnaire, to simplify and make the questions easy to understand and answer. Pretesting helps to identify ambiguous questions which might have introduced a number of biases in the study results. The pretesting of the questionnaire was done in two bars located within the KMA and the results were helpful in streamlining the questions. It also helped to determine the clarity and reliability of the questionnaire. Some of the questions were reworded to make understanding the priority.

### **3.7 Data Analysis**

To investigate the impact of sales promotion, effective advertisement, customer loyalty on customer retention, the study used the Partial Least Square path modeling technique.

The PLS path modeling method was developed by Wold (1985) and the PLS algorithm is essentially a sequence of regressions in terms of weight vectors. The weight vectors obtained at convergence satisfy fixed point equations. The basic PLS algorithm, as suggested by Lohmöller (1989), includes the following three stages:

- i. Stage 1: Iterative estimation of latent variable scores, consisting of a 4-step iterative procedure that is repeated until convergence is obtained or the maximum number of iterations is reached:
- ii. Stage 2: Estimation of outer weights/loading and path coefficients.
- iii. Stage 3: Estimation of location parameters

Hair et al. (2014) and Henseler et al. (2012) provide detailed explanations on how the basic PLS algorithm operates as it is implemented in SmartPLS 3.0 (Ringle et al., 2015). To examine the impact of demographic feature the study use multiple regression method to examine the effect of gender, age, education, marital status and religion on the customer retention scores generated using the PLS method.



## **CHAPTER FOUR**

### **DATA ANALYSIS AND DISCUSSION OF FINDINGS**

#### **4.0 Introduction**

The purpose of this chapter is to analyze the study data using various statistical techniques so as to answer the objectives of the study. The primary objective of the study was to examine the impact of sales promotion and advertisement on customer retention in the brewery industry of Ghana. To achieve the said objectives, the study sampled data from 102 final consumers of beer products within Kumasi.

#### **4.1 Descriptive Summary**

The study obtained primary data for the study. Table 4.1 presents the descriptive summary of some of the characteristics of respondents. Firstly, is the gender of the respondents? Out of the 102 respondents, 64 representing 62.7 percent were male while 38 representing 37.3 were female. On the age distribution of respondents, 45 out of 102, representing 44.1 percent were between the ages of 18 to 29, 24.5 percent were between the ages of 30 to 39, 11.8 percent were between the ages of 40 to 49, while 9.8 percent were between the ages of 50 to 59. Another 9.8 percent were at least 60 years old. On the marital status of the respondents, 56 representing 55.1 percent were married at the time of the survey while the remaining 44.9 percent of the respondents were not married. Some of them may have never married; some may be widowed or divorced. On education, only 1 percent of the



respondents had no formal education, 9.4 percent had at most Junior High School level education, while 37.5 percent had secondary level education. Another 37.5 percent of the respondents had first degree while the remaining

14.6 percent had master's degree.

**Table 4.1 Demographic Characteristics of Respondents**

Variables	Categories	Frequency	Percentages (%)
Gender	Male	64	62.7
	Female	38	37.3
Age	18 - 29	45	44.1
	30 - 39	25	24.5
	40 - 49	12	11.8
	50 - 59	10	9.8
	60 +	10	9.8
Marital Status	Single	46	44.9
	Married	56	55.1
Education	No formal education	1	1.0
	Primary/JHS Level	9	9.4
	Secondary Level	36	37.5
	Tertiary (first degree)	36	37.5
	Post Graduate	14	14.6
Religion	Christian	86	86.9
	Islam	10	10.1
	Other	3	3.0

Author's Construct (2016)

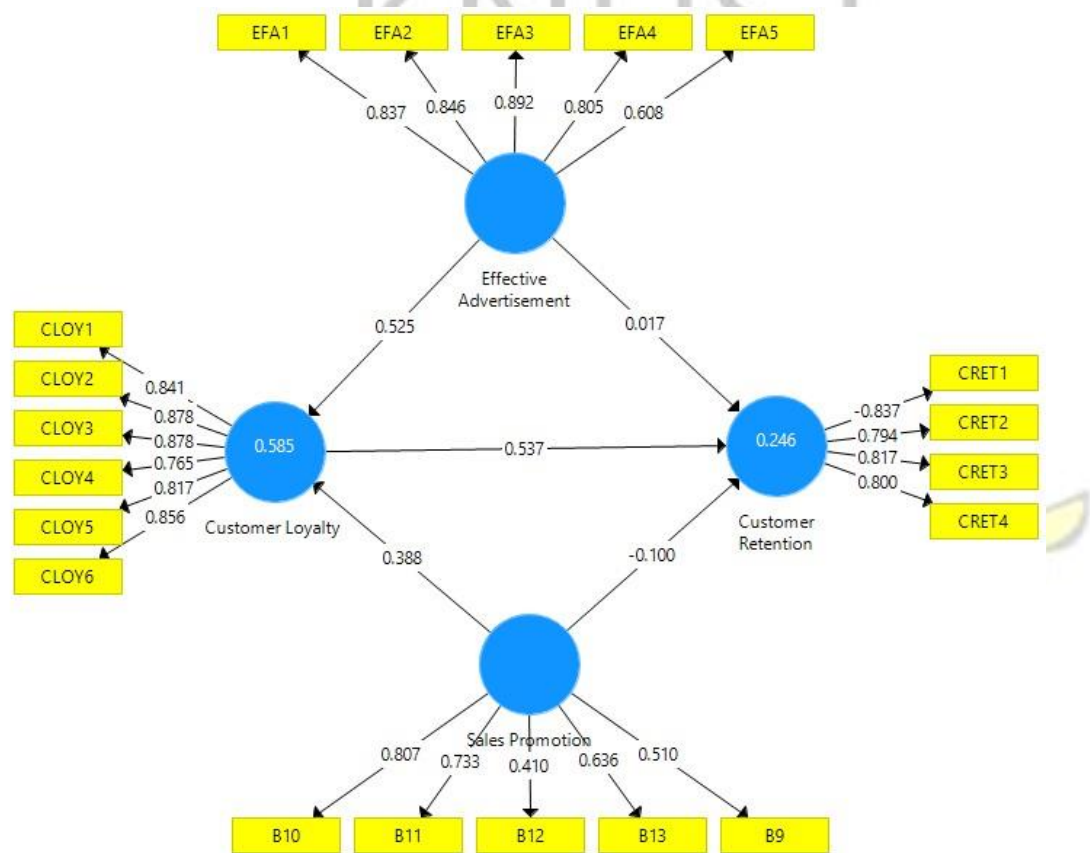
## 4.2 Partial Least Square Model

This study sought to examine the impact of sales promotion and advertisement on customer retention in the brewery industry using sampled data from final consumers of beer products in Ghana. The main variables of interest are sales promotion, advertisement and customer retention. These variables are latent variables and the partial least square method is best suited for computing the latent scores as well as examining the proposed relationships between them.

In the initial model all items were used in the construction of the latent variables.

However the presents of some of the items negatively affected the quality of the model.

These items had to be dropped. Figure 1 presents the path diagram using all items. It can be verified that, some of the items had very small loadings.



**Figure 4.1 Initial Path Diagram**

Source: Author's Construct (2016)

Partial least square model consist of two main paths, the outer model which examines the relationships among items (manifest variables) and their respective latent variables and the inner model which examine relationships between latent variables. Although, the main

focus is on the relationships between the latent variables, the quality of this relationship is strongly related to the quality of the outer model. The reliability and validity of the constructs matters if the relationship between the latent variables is to be taken seriously.

#### **4.2.1 Outer Model**

##### **4.2.1.1 Construct Reliability and Convergence Validity**

Three measures are reported for evaluating the reliability and validity of the constructs.

These are the Cronbach's alpha, composite reliability and average variance extracted (AVE). The requirement is that, the Cronbach's alpha value has to be at least 0.7. As evident by the Cronbach Alpha values for the four latent variables, the model met this requirement as the minimum alpha value reported in table 4.2 is 0.716.

**Table 4.2 Cronbach's Alpha, Composite Reliability and AVE Results**

<b>Latent Variables</b>	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
Customer Loyalty	0.917	0.935	0.706
Customer Retention	0.755	0.857	0.666
Effective Advertisement	0.858	0.900	0.646
Sales Promotion	0.716	0.791	0.561

Source: Author's Construct (2016)

Aside from the Cronbach's alpha, the most and commonly accepted internal consistency measure is the composite reliability. Just like the Cronbach's alpha, composite reliability values of 0.7 regard the benchmark value need to assure the reliability of constructs. From the results in Table 4.2, the composite reliability values were 0.935, 0.857, 0.900 and 0.791 for customer loyalty, customer retention, effective advertisement and sales promotion respectively.

To Carmines and Zeller (1979) convergence validity is the degree of agreement in two or more measures of the same construct. This can be assessed using the variance extracted values of each construct. According to Fornell and Larcker (1981) convergence validity is assured if the variance extracted values exceed 0.5. From Table 4.2, the AVE values are all higher than 0.5. This therefore guaranteed that the scale using in measuring the three constructs – customer loyalty, customer retention, effective advertisement and sales promotion possessed convergent validity.

#### *4.2.1.2 Discriminate validity*

Discriminant validity examines to ensure that reflective constructs has strong relationships with their own indicators (Hair et al., 2014). Discriminate validity has become a generally accepted prerequisite for analyzing relationships between latent variables. Discriminate validity refers to the degree to which any single latent variable construct is different from the other constructs in the model (Carmines and Zeller, 1979). In partial least square, the discriminant validity measures are cross-loadings, Fornell – Larcker criterion and heterotrait-monotrait ratio of correlations (HTMT) Henseler, Ringle and Sarstedt (2015).

Table 4.3 presents the Fornell-Lacker Criterion. The requirement in this case is that, the values in the diagonal of the table should be higher than any other value on the same row or column. These values are shown in Table 4.3. The diagonal values of 0.840, 0.816, 0.804, 0.749 are all higher than any other value on the same row and column as them. The Fornell-Lacker Criterion has been met.

#### **Table 4.3 Fornell-Lacker Criterion**



Latent Variables	Customer Loyalty	Customer Retention	Effective Advertisement	Sales Promotion
<b>Customer Loyalty</b>	<b>0.840</b>			
<b>Customer Retention</b>	0.488	<b>0.816</b>		
<b>Effective Advertisement</b>	0.675	0.341	<b>0.804</b>	
<b>Sales Promotion</b>	0.592	0.236	0.394	<b>0.749</b>

Source: Author's Construct (2016)

The second measure used for evaluating the discriminant validity of constructs is the cross loadings. The intuition is that, an indicator should load higher on its own constructs than it loads on other constructs.

Table 4.4 Cross – Loadings	Items	Customer Loyalty	Customer Retention	Effective Advertisement	Sales Promotion
<b>B10</b>		0.549	0.225	0.342	<b>0.832</b>
<b>B11</b>		0.448	0.127	0.279	<b>0.777</b>
<b>B13</b>		0.285	0.175	0.257	<b>0.623</b>
<b>CLOY1</b>		<b>0.841</b>	0.485	0.587	0.432
<b>CLOY2</b>		<b>0.878</b>	0.594	0.646	0.547
<b>CLOY3</b>		<b>0.877</b>	0.285	0.593	0.554
<b>CLOY4</b>		<b>0.765</b>	0.247	0.477	0.470
<b>CLOY5</b>		<b>0.817</b>	0.388	0.552	0.517
<b>CLOY6</b>		<b>0.857</b>	0.388	0.519	0.460
<b>CRET2</b>		0.272	<b>0.746</b>	0.115	0.098
<b>CRET3</b>		0.436	<b>0.856</b>	0.311	0.207
<b>CRET4</b>		0.450	<b>0.843</b>	0.354	0.242
<b>EFA1</b>		0.632	0.335	<b>0.839</b>	0.282
<b>EFA2</b>		0.539	0.189	<b>0.847</b>	0.362
<b>EFA3</b>		0.499	0.275	<b>0.894</b>	0.351
<b>EFA4</b>		0.544	0.397	<b>0.806</b>	0.304
<b>EFA5</b>		0.471	0.114	<b>0.600</b>	0.295

Source: Author's Construct (2016)

In order words, the items CRET2, CRET3, CRET4 should load higher on customer retention than on any other latent construct. Table 4.4 presents the cross – loadings for

each item on all latent constructs in this study. From Table 4.4, all the items load on their respective latent variables higher than they load on other latent variables. This means that, the cross – loadings require for discriminant validity has also been met. The third and final measure for evaluating discriminant validity is the HTMT

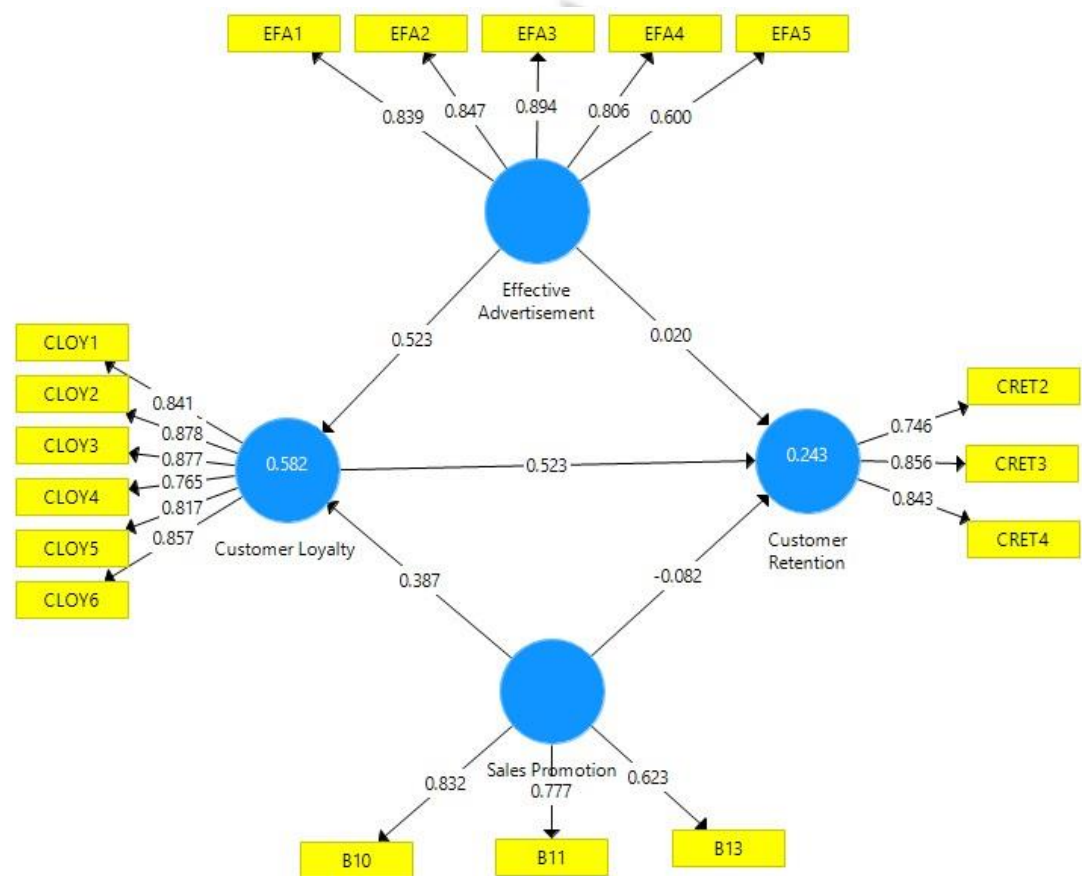
Henseler, Ringle and Sarstedt (2015) show by means of a simulation study that other approaches do not reliably detect the lack of discriminant validity in common research situations. They therefore propose an alternative approach, based on the multitraitmultimethod matrix, to assess discriminant validity: the heterotrait-monotrait ratio of correlations (HTMT). These values are presented in Table 4.5.

<b>Table 4.5 Heterotrait-Monotrait Ratio (HTMT)</b>				<b>Customer</b>	<b>Customer</b>		
<b>Effective</b>	<b>Sales</b>						
		<b>Loyalty</b>	<b>Retention</b>	<b>Advertisement</b>	<b>Promotion</b>		
<b>Customer Loyalty</b>			<b>Customer Retention</b>	<b>0.549</b>			
<b>Effective Advertisement</b>	<b>0.751</b>	<b>0.381</b>	<b>Sales Promotion</b>	<b>0.753</b>	<b>0.356</b>	<b>0.546</b>	

Source: Author's Construct (2016)

HTMT value has to be below 0.90, for discriminant validity to be established between two reflective constructs. From Table 4.5, the HTMT value between customer retention and customer loyalty is 0.549, while between effective advertisement and customer loyalty is 0.751, and 0.753 between sales promotion and customer loyalty. The HTMT value between effective advertisement and customer retention is 0.381 and 0.356 between sales promotion and customer retention. The HTMT value between sales promotion and effective advertisement is 0.546. From the results, all the HTMT values are less than 0.9 and therefore meet the requirement for discriminant validity to be established.

Figure 4.2 presents the final path model and it indicates the loadings of all the items on their latent variables. It also shows the path coefficients between the latent variables. The results suggest that, effective advertisement positively associate with customer loyalty. All the other relationships are presented by Figure 4.2. The relationship between effective advertisement and customer retention is also positive. That between customer loyalty and customer retention is also positive.



**Figure 4.2 Final Path Model**

Source: Author's Construct (2016)

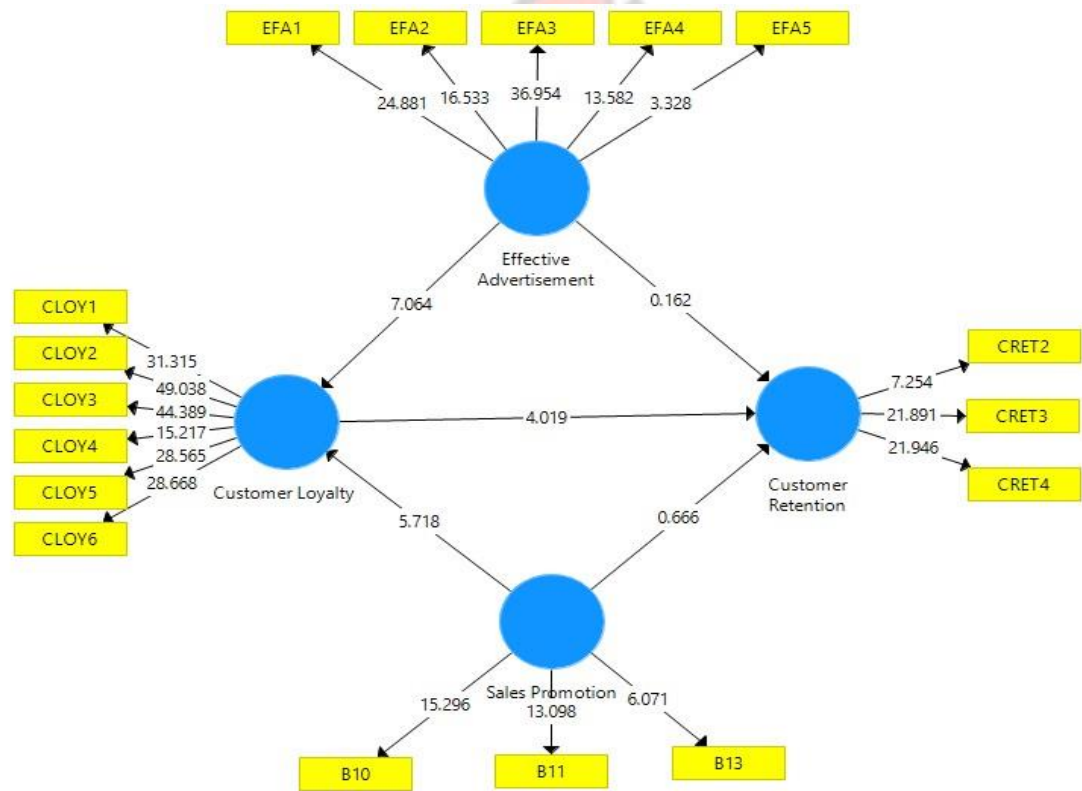
It is however important to perform a statistical test to ensure that the path coefficients are statistically significant. Given that, partial least square does not make any distributional

assumption about the error terms; it uses the bootstrap method to compute standard errors to test the significance of path coefficients.

#### 4.2.2 Inner Model: Path Coefficients

Table 4.6 presents the bootstrap results. The bootstrapping was done with 1000 resampling to test if the path coefficients are statistically different from zero.

Graphically, the boot strap results are presented in Figure 4.2.



**Figure 4.3 Bootstrap Significant Test Results**

Source: Author's Construct (2016)

The values on the path show that t-statistics and a value higher than 1.96 implies that path coefficient is significant at 5 percent. From the results, path between effective advertisement and customer retention and between sales promotion and customer



retention are not significant.

#### 4.2.2.1 Effects of Advertisement on Customer Retention

Table 4.6 presents the original sample estimate, the bootstrap sample mean, standard deviation, the t-statistics, p-values and confidence intervals. The results consist of the significance tests of the path coefficients from effective advertisement on customer loyalty and customer retention.

**Table 4.6 Bootstrap Significant Test Results**

Paths	Original Sample	Standard Sample Mean (M)	Standard Deviation (O/STDEV)	Statistics (STDEVs)	P Value	95% Confidence Interval	
						Lower	Upper
<b>CLOY -&gt; CRET</b>	0.523	0.528	0.130	4.019	0.000	0.2639	0.7764
<b>ADVERT -&gt; CLOY</b>	0.523	0.524	0.074	7.064	0.000	0.3682	0.6602
<b>ADVERT -&gt; CRET</b>	0.020	0.020	0.122	0.162	0.871	-0.2121	0.2742

Source: Author's Construct (2016)

The path coefficient between Customer Loyalty (CLOY) and Customer Retention (CRET) was 0.523 and its test statistic was 4.019 with a p-value of 0.000. The confidence interval also ranges from 0.2639 to 0.7764 and it indicates that at 95 percent level of confidence, the path coefficient of 0.523 is statistically different from zero. The result implies that,

statistically, customer loyalty significantly and positively impact on customer retention. It also implies that a hundred point increase in customer loyalty associates with about 52 point increases in customer retention.

Next is the path between effective advertisement and Customer Loyalty. The path coefficient was 0.523 with a t-statistic of 7.064 and a p-value of 0.000. It implies that, effective advertisements positively and significantly associate with customer loyalty. It implies that, effective advertisement positively influence customer loyalty.

Unlike the relationship between customer loyalty and customer retention and that between effective advertisement and customer retention, the relationship between effective advertisement and customer retention was not rejected at the 95 percent level of confidence given its t-statistic of 0.167 and a p-value of 0.871 with a confidence interval ranging from -0.2121 to 0.2742. The result indicates that at 5 percent level of significance, effective advertisement failed to significantly impact on customer retention.

#### *4.2.2.2 Effect of Sales Promotion on Customer Retention*

The section focuses on the first objective of the study. Here the study ascertains the significance of the effects of sales promotion on customer loyalty and customer retention. Table 4.7 presents the estimated effect of sales promotion on customer loyalty and retention.

**Table 4.7 Path Coefficients: Sales Promotion on Customer Loyalty/Retention**

Paths	Origin	d	Standard T al	Deviation	Statistics	
					P Value	95% Confidence
		Sample Mean				

	Sample	n	( O/STDE (O)	(STDEV	V )	Interval	
		(M)	)	s		Lower	Upper
<b>SPROMO -&gt; CLOY</b>	0.387	0.392	0.068	5.718	0.000	0.2545	0.5189
<b>SPROMO -&gt; CRET</b>	-0.082	-0.071	0.123	0.666	0.505	-0.3115	0.1670

Source: Author's Construct (2016)

The path coefficient between sales promotion and customer loyalty was 0.387 with a t-statistic of 5.718 and a p-value of 0.000. Its 95 percent confidence interval ranges from 0.2545 to 0.5189. It means that, at 95 percent level of confidence, the effect of sales promotion on customer loyalty is statistically different from zero. The result implies that, a point increase in sales promotion associates with a 0.387 point increase in customer loyalty, which meets prior expectation.

The path coefficient between sales promotion and customer retention was -0.082 with a t-statistic of 0.666 and a p-value of 0.505. This led to non-rejection of the null hypothesis that sales promotion does not significantly influence customer retention. In other words, sales promotion does not influence customer retention.

#### 4.3 Mediation Effect of Customer Loyalty on the Relationship between Sales Promotion/Advertisement on Customer Retention

In this section the study examine if customer loyalty mediates the relationships between effective advertisement and customer retention and that between sales promotion and customer retention. In other words, the study sought to determine if effective

advertisement and sales promotion indirectly impact on customer retention through customer loyalty. For customer loyalty to be a mediator, the estimated indirect effect should be statistically significant at 5 percent level of significance.

**Table 4.8 Mediation Test Result**

<b>Effect</b>	<b>Original Sample (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>T Statistics (O/STDEV)</b>	<b>P Values</b>	<b>95% Confidence Interval</b>	
Indirect Effects						Lower	Upper
ADVERT -> CRET	0.274	0.277	0.079	3.483	0.000	0.132	0.442
SPROMO -> CRET	0.202	0.208	0.065	3.129	0.002	0.092	0.342
Total Effects							
CLOY -> CRET	0.523	0.528	0.13	4.019	0.000	0.264	0.776
ADVERT -> CLOY	0.523	0.524	0.074	7.064	0.000	0.368	0.66
ADVERT -> CRET	0.293	0.296	0.094	3.115	0.002	0.104	0.476
SPROMO -> CLOY	0.387	0.392	0.068	5.718	0.000	0.255	0.519
SPROMO -> CRET	0.120	0.137	0.111	1.081	0.280	-0.082	0.357

Source: Author's Construct (2016)

From Table 4.8, the estimated indirect effect of effective advertisement on customer retention through customer loyalty is 0.274 with a t-statistic of 3.483 and a p-value of  $0.000 < 0.05$  with a confidence interval of 0.132 to 0.442. Also reported is the total effect of effective advertisement on customer retention through customer loyalty is 0.293 which is statistically significant given its p-value of 0.002 at the 5 percent level of significance. Since both the indirect effect and total effect are significant, it implies that the direct effect



of effective advertisement on customer retention is  $(0.293 - 0.274) 0.19$ . It means the relatively, the indirect effect of effective advertisement on customer retention through customer loyalty outweigh the direct effect. This result also implies that customer loyalty mediates the relationship between effective advertisement and customer retention. It also means that, the mediation effect is a partial mediation. The estimated indirect effect of sales promotion on customer retention through customer loyalty was 0.202 with a t-statistic of 3.129 and a p-value of 0.002. This implies that, sales promotion indirectly impact customer retention though its impact on customer loyalty. The estimated total effect of sales promotion on customer retention was 0.120 with a t-statistic of 1.081 and a p-value of 0.280, which is higher than 0.05. This implies that there is not direct relationship between sales promotion and customer retention. The effect of sales promotion on customer retention is through customer loyalty.

#### ***4.3.1 Fit Measures***

To evaluate the quality of the inner model, the study use both adjusted R-squared and the Standardized Root Mean Square Residual (SRMR). Table 4.9 present the coefficient of determination and SRMR. The coefficient of determination for the model with customer loyalty as the dependent variable was 0.573. The 95 percent confidence interval ranges from 0.4682 to 0.6984. This implies that 57.3 percent of the variation in customer loyalty is explained by the independent latent variables – sales promotion and effective advertisement. In the case of customer retention, the coefficient of determination is 0.219 and it implies that 21.9 percent of the variation in customer retention could be explained by variation in sales promotion, effective advertisement and customer loyalty.

**Table 4.9 Fit Measures**

Fit Measures	Values	95% Confidence Interval	
		Lower	Upper
Adjusted R-Squared			
Customer Loyalty	0.573	0.4682	0.6984
Customer Retention	0.219	0.1262	0.3924
SRMR	0.092	0.0521	0.0765

Source: Author's Construct (2016)

The SRMR is defined as the difference between the observed correlation and the model implied correlation matrix. Thus, it allows assessing the average magnitude of the discrepancies between observed and expected correlations as an absolute measure of (model) fit criterion. An SRMR value less than 0.10 (Hu and Bentler, 1999) are considered a good fit. Henseler et al. (2014) introduce the SRMR as a goodness of fit measure for PLS-SEM that can be used to avoid model misspecification. The SRMR value of 0.092 is less than 0.10 and the 95 percent confidence interval ranges from 0.051 to 0.0765.

#### **4.4 Impact of Demographic Characteristics on Customer Retention**

As part of the objectives, the study sought to examine the impact of demographic characteristics such as gender, age, and education on customer retention. This was accomplished by using the latent variable scores for customer retention as the dependent variable and the observed demographic features as the independent variables. From Table 4.10, the regression F-statistic was 3.38 with a p-value of 0.0077. This led to the rejection of the null hypothesis that, none of the coefficients is statistically different from zero. It shows that at least one of the coefficients is statistically different from zero. Also presented is the coefficient of determination. The adjusted R-squared was 0.1147 and it

implies that 11.47 percent of the variation in Customer retention could be explained by the demographic features of the respondents.

**Table 4.10 Regression Results: Demographics on Customer Retention**

customerre~n	Coefficient	Standard Error	t	P-Value
Constant	1.163742	0.585161	1.99	0.05
Religion	-0.50199	0.289327	-1.74	0.086
Education	-0.37977	0.125425	-3.03	0.003
Married	0.218678	0.245032	0.89	0.375
Age	0.046162	0.102638	0.45	0.654
Gender	0.234401	0.213759	1.10	0.276
F(5, 87)	3.38	P-value		0.0077
R-Squared	0.1628	Adj. R-Squared		0.1147

Source: Author's Construct (2016)

To the individual coefficients, the coefficients of gender, age, marital status, and religion were all not statistically significant given that their p-values are all higher than 0.05.

This implies that, gender does not significantly influence customer retention, also, that, age does not influence customer retention. The results also show that marital status and religion failed to significantly influence customer retention.

Education however significantly influences customer retention given its coefficients of -0.37977 and its t-statistic of -3.03 and p-value of 0.003. This means that at the 5 percent level of significance, the coefficient -0.37977 is statistically different from zero. It implies that, education negatively and significantly influences customer retention. The result also implies that, high educational level associates with low customer retention and vice versa.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This is the final chapter of the study. Its purpose is to summarize the study findings, provide conclusion to the study and provide recommendations based on the study findings. Overall, the study sought to examine the impact of sales promotion and advertisement on customer retention among beer consumers in Kumasi and to also investigate the mediation role of customer loyalty in this relationship. The study adopted the Partial Least Square technique to construct the latent variables and also examine the hypothesized relationships among them.

#### **5.1 Summary of Findings**

Primary data was obtained from 102 final consumers of various beer brands in Kumasi. Frequency tabulation of the characteristics of the respondents revealed that majority of the respondents was male as one would expect. About 63 percent of the respondents were male and all respondents were at least 18 years of age and that 55.9 percent of them were at least 30 years old. Frequency tabulation also revealed that majority of the respondents was married and that the respondents have various levels of education.

Surprisingly, majority of the respondents, 86.9 percent considered themselves to be Christians.



Exploration of the proposed model showed that, a number of the indicators failed to load well on their respective latent variables. Their loadings were less than 0.7 and indicative of the fact that, they might not be significant and also implies that the latent variables may not be able to explain majority of the variation in those indicators. Hence they were dropped so as to improve the quality of the outer model.

To evaluate the quality of the outer model, the study used Cronbach's alpha, composite reliability for construct reliability while using average variance explained (AVE) for convergence validity. The study also used the Fornell-Larcker Criterion, Cross-loadings and Heterotrait-Monotrait Ratio (HTMT) to evaluate the discriminant validity of the constructs. Enough evidence was found to support the requirements of these measures.

The constructs were therefore validity and reliability based on these quality measures.

The Cronbach's alphas for all latent variables were higher than 0.7, the composite reliability values were all higher than 0.7 and the average variance explain was also higher than 0.5. All the indicators load higher on their own latent variables than on other latent variables and the HTMT values were all less than 0.9.

#### ***5.1.1 Impact of Sales Promotion on Customer Retention***

The study then examined the hypothesized relationships among the latent variables. The results found that, customer loyalty positively and significantly impact on customer retention. The value of the coefficient implies that, a point increase in customer loyalty increase customer retention by 0.523 points.

Sales promotion on the other hand significantly influences customer loyalty given that its test statistic was 5.718 with a p-value of 0.000. The result implies that a point increase in

sale promotion associates with a 0.387 point increase in customer loyalty. This result therefore met priori expectation. Sales promotion however failed to significantly influence customer retention. The coefficient was not statistically significant at the 5 percent level of significance given the p-value of 0.505. In other words, sales promotion does not directly influence customer retention.

### ***5.1.2 Impact of Advertisement on Customer Retention***

The study also found that effective advertisement positively and significantly impact on customer loyalty at the 5 percent level of significance. The result implies that, a point increase in effective advertisements associates a 0.523 increase in customer loyalty. The study however found that effective advertisement does not direct impact on customer retention at the 5 percent level of significance. This was because the t-statistic of this coefficient was 0.020 and its p-value was 0.871, which is highly insignificant.

### ***5.1.3 Mediation Effect of Customer Loyalty***

To the mediation test, the study found that, the estimate indirect effect of effective advertisements on customer retention was 0.274 and it was statistically significant at 5 percent level of significance. The results therefore implied that, customer loyalty mediates the relationship between effective advertisement and customer retention. The study found that the indirect effect outweighs the direct effect and that the mediation was a partial mediation not a total mediation.

In the case of sales promotion, the study found that, customer loyalty significantly mediates the relationship between sales promotion and customer retention. The estimated indirect effect was 0.202 which was significant given the p-value of 0.002.

Given that the estimated direct effect of sales promotion on customer retention was not significant, the results mean that, sales promotion only indirectly impact on customer retention through customer loyalty. The mediation effect is therefore a total mediation. The study found that, customer loyalty, sales promotion and effective advertisement together explained about 21.9 percent of the variation in customer retention. In the case of customer loyalty, the study found that, sales promotion and effective advertisement explained about 57.3 percent of the variation in customer loyalty.

#### ***5.1.4 Effects of Demographic features on Customer Retention***

The study also sought to examine the impact of customer demographic features such as age, gender, marital status, education and religion on customer retention. Using multiple regression models, the study found that, age, gender, marital status and religion did not significantly influence customer retention at the 5 percent level of significance. Education however was found to have significant influence on customer retention. The effect of education was negative and it implied that, increase in education of customers reduces customer retention. In other words, the study found that, highly educated customers were more likely to switch than otherwise. The study however found that, education explained about 11 percent of the variations in customer retentions.

## 5.2 Conclusion

The focus of this study was to examine the impact of sales promotion and effective advertisement on customer retention in the brewery industry of Ghana and to ascertain if customer loyalty mediates the relationship between sales promotion and effective advertisement and customer retention. The study also sought to ascertain the impact of customer demographic features such as age, gender, education, marital status, and religion on customer retention.

The study adopted the partial least square technique to generate the scores and examined the relationships. Based on the findings of the study, the researcher therefore made the following conclusions.

The study concludes that, sales promotion does not directly and significantly influence customer retention. It however indirect influence customer retention through customer loyalty. Customer loyalty therefore totally mediates the relationship between sales promotion and customer retention. The study also conclude that, effective advertisement both directly and indirect influence customer retention. The indirect effect however outweighs the direct effect and that the mediation in this case was a partial mediation. The study also concludes that, demographic features such as age, gender, marital status, and religion did not significantly influence customer retentions. Education however negatively and significantly influences customer retention.



### 5.3 Recommendations

Based on the findings of this study, the researcher therefore made the following recommendations.

- i. If possible, promotional activities should be directed towards less education consumers as they were found to be less likely to switch to other brands.
- ii. Sales promotion and effective advertisements should be focused on promoting customer loyalty as this will help to improve customer retention. Promoting loyalty among customers will help increase customer retention.
- iii. Promotional activities should not focus on demographic features such as age, gender, marital status and religion as this will not help improve customer retention.
- iv. Brewery companies must work towards improving customer loyalty.

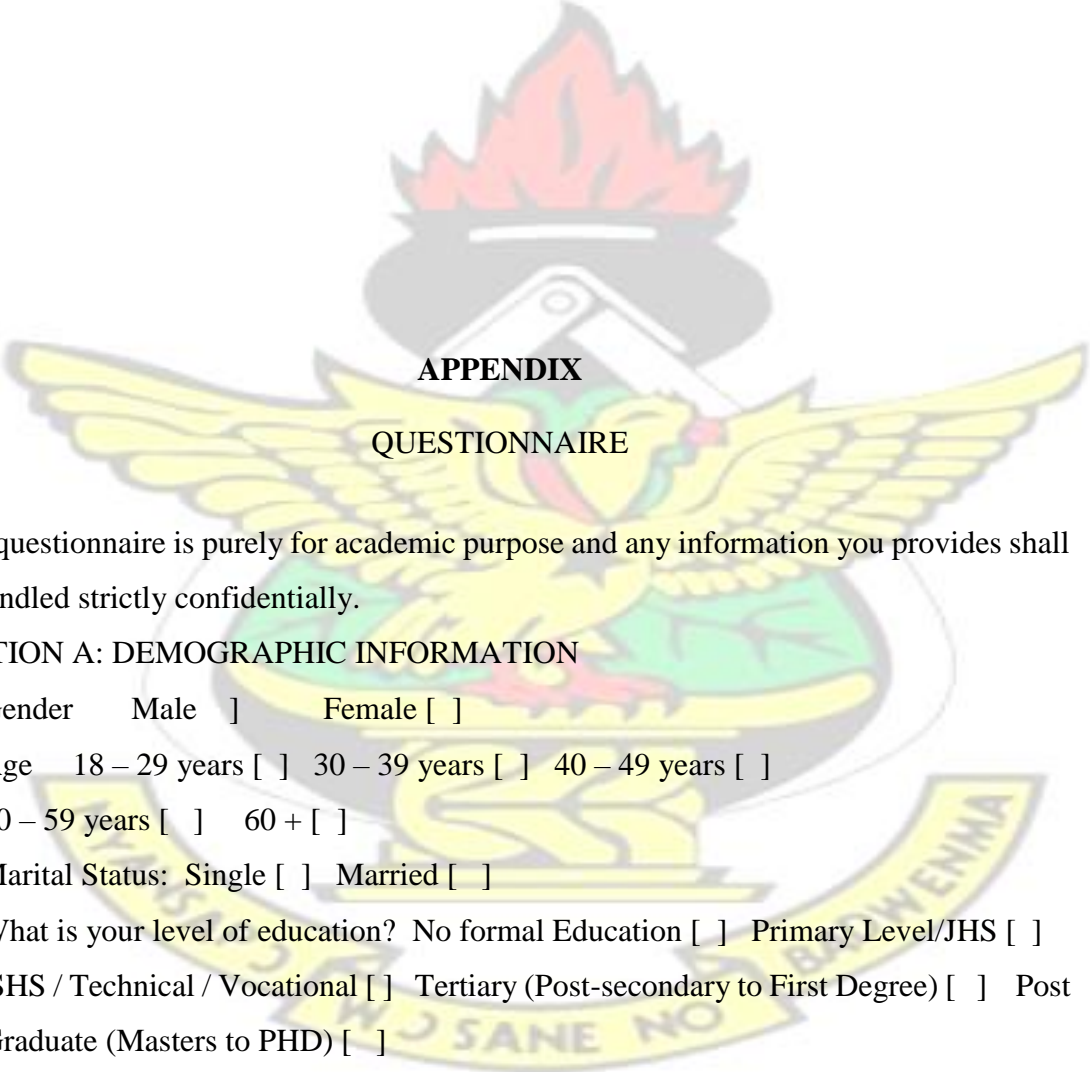
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## APPENDIX

### QUESTIONNAIRE

This questionnaire is purely for academic purpose and any information you provides shall be handled strictly confidentially.

#### SECTION A: DEMOGRAPHIC INFORMATION

1. Gender    Male ☐        Female ☐
2. Age    18 – 29 years ☐    30 – 39 years ☐    40 – 49 years ☐  
          50 – 59 years ☐    60 + ☐
3. Marital Status: Single ☐    Married ☐
4. What is your level of education? No formal Education ☐    Primary Level/JHS ☐  
          SHS / Technical / Vocational ☐    Tertiary (Post-secondary to First Degree) ☐    Post  
          Graduate (Masters to PHD) ☐
5. Religious affiliation  
          Christian ☐    Islam ☐    other religions ☐

#### SECTION B SALES PROMOTION



1. Which brand of beer products do you buy frequently? (Your favorite brand of beer).  
Club Beer [ ] Star Beer [ ] Stone Strong Lager [ ] Gulder [ ]
  2. Which promotion method does make you to buy your favorite brand of beer?  
Advertising [ ] Sales Promotion [ ] Personal Selling [ ] Publicity by word of mouth [ ]  
Combination of above [ ]
  3. Which method of sales promotions is more effective to motivate customers to buy?  
Price off [ ] Discount [ ] Premium [ ] Extra Quantity [ ]  
Others [ ], Please specify .....
  4. Do you get timely information of sales promotion method from beer retailers/bars and advertisement?  
Always [ ] Often [ ] Sometime [ ] Rarely [ ] Never [ ]
  5. How often do you benefit from a beer sales promotional scheme?  
Always [ ] Often [ ] Sometime [ ] Rarely [ ] Never [ ]
  6. When do bars/beer sellers give you benefits for buying their beer brand products?  
Always willingly [ ] Sometimes Willingly [ ] only on request [ ] only when you insist [ ] Never give [ ]
  7. Which Brand of Beer offers more sales promotions benefits to the customers?
- | No. | Brand              | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----|--------------------|---|---|---|---|---|---|---|
| 1   | Star beer          |   |   |   |   |   |   |   |
| 2   | Club beer          |   |   |   |   |   |   |   |
| 3   | Gulder             |   |   |   |   |   |   |   |
| 4   | Stone Strong Lager |   |   |   |   |   |   |   |
8. Have you ever benefited from sales promotion scheme of your favorite beer brand?  
Yes [ ] No [ ]
  9. Do you often pay attention to sales promotion activities when you are buying beer?  
Never [ ] Not very often [ ] Sometimes [ ] Very Often [ ] Every time [ ]
  10. How will you rate your favorite beer brand in terms of how strong their sales promotion has been  
Extremely weak [ ] Very weak [ ] Weak [ ] Strong [ ] Very strong [ ] extremely strong [ ]

11. Do you think your favorite beer brand has done sales promotion frequently? Never [ ☐ ] Not very often [ ☐ ] Sometimes [ ☐ ] Very often [ ☐ ] extremely often [ ☐ ]

12. Do you agree that sales promotions would strengthen the image of your favorite beer brand (e.g. make you feel the brand is a good one)  
Extremely Disagree [ ☐ ] strongly disagree [ ☐ ] Disagree [ ☐ ] Agree [ ☐ ]  
strongly agree [ ☐ ] extremely agree [ ☐ ]

13. Do you agree that sales promotion activities of would save your money?  
Extremely Disagree [ ☐ ] Strongly disagree [ ☐ ] Disagree [ ☐ ] Agree [ ☐ ]  
Strongly agree [ ☐ ] Extremely agree [ ☐ ]

14. How do you usually know about sales promotion activities of your favorite beer brands?  
TV advertisement [ ☐ ] In bars [ ☐ ] Head from friends/family [ ☐ ]  
Other [ ☐ ] Please specify .....

15. How important do you think of the following factors when you are shopping (buying beer) (1-Not Important at all; 6 extremely important)

No.	Factors	1	2	3	4	5	6	7
1	Price							
2	Quality							
3	Gifts							
4	Extra Volume							
5	After-sales service							

16. How do you evaluate your favorite brand of beer have done in following types of promotions? (1 extremely bad; 6- extremely good)

No.	Tools	1	2	3	4	5	6	7
1	Coupons							
2	Bonus pack (buy 1 get 1 free)							
3	Price cut (e.g. Half price)							
4	Sample							
5	Free gift							

## SECTION C ADVERTISEMENT

1. What is the main message of this advertisement for you? Please tick as many as applicable.

- ☐ selling the product    ☐ introducing the product    ☐ Focusing on the products comparatively cheap price    ☐ Focusing on the products high quality    ☐ Creating brand awareness ☐ other .....
2. If asked to describe this advertisement, which of the following would be appropriate? Please tick as many as applicable.    ☐ Funny    ☐ Emotional    ☐ Informative    ☐ Irritating    ☐ Pleasant    ☐ Memorable    ☐ Boring
3. In what media have you seen the product's advertisement?    ☐ Billboard    ☐ Newspaper    ☐ Television Commercial    ☐ Radio Commercial    ☐ Online

Strongly Disagree			Neutral	Strongly Agree		
1	2	3	4	5	6	7

Effective Advertisement							
The advertisement claims were believable	1	2	3	4	5	6	7
Advertisement appeal to my eye?	1	2	3	4	5	6	7
Viewing/listening to the advert was fun	1	2	3	4	5	6	7
The advert worth talking about.	1	2	3	4	5	6	7
The advert convince me to buy the product	1	2	3	4	5	6	7

#### SECTION D CUSTOMER RETENTION

1. With your most preferred brand in mind, how likely are you to purchase any other brands of beer?	1	2	3	4	5	6	7
2. I don't intend buying another brand other than my favorite brand of beer	1	2	3	4	5	6	7
3. In the past one month, I have purchase another brand other than my favorite brand	1	2	3	4	5	6	7
4. I plan to switch to another brand of beer	1	2	3	4	5	6	7
	1	2	3	4	5	6	7

#### SECTION E CUSTOMER LOYALTY

With your most preferred brand of beer in mind, Please circle the appropriate number to indicate your level of disagreement/agreement or satisfaction/dissatisfaction with the statements provided below.

Extremely Dissatisfied			Neutral	Extremely Satisfied		
1	2	3	4	5	6	7

5. How would you rate your level of overall satisfaction with your favorite brand of beer?	1	2	3	4	5	6	7
6. How likely are you to recommend your favorite brand of beer to a friend or family?	1	2	3	4	5	6	7

Strongly Disagree			Neutral		Strongly Agree		
1	2	3	4	5	6	7	

7. I believe my favorite beer brand deserves my loyalty	1	2	3	4	5	6	7
8. Over the past month, my loyalty to my favorite beer brand has grown stronger	1	2	3	4	5	6	7
9. The producing company of my favorite beer brand values people and relationships ahead of short-term goals	1	2	3	4	5	6	7
10. I consider myself to be a loyal patron of my favorite beer brand	1	2	3	4	5	6	7

THANK YOU

