

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY  
COLLEGE OF ARTS AND SOCIAL SCIENCES SCHOOL  
OF BUSINESS**

**THE EFFECTS OF SALES PROMOTIONS ON CUSTOMER MARKET  
SHARE OF TELECOM COMPANIES IN GHANA: A CASE STUDY OF  
AIRTEL GHANA LIMITED**

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Master Degree in Business Administration**

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## DECLARATION

I hereby declare that this submission is my own work toward the Master of Business Administration in Finance and that, to the best of my knowledge it contains no material previously published by any other person or the material therein has ever been accepted for the award of a degree of this or any other university, except where due acknowledgement has been made in the text.

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## DEDICATION

I dedicate this work to the Almighty God for His abundant grace and mercies and also to my late father Lawyer Asare Bediako, my mum Agnes Serwaah and my family for their love, support and prayers.

# KNUST

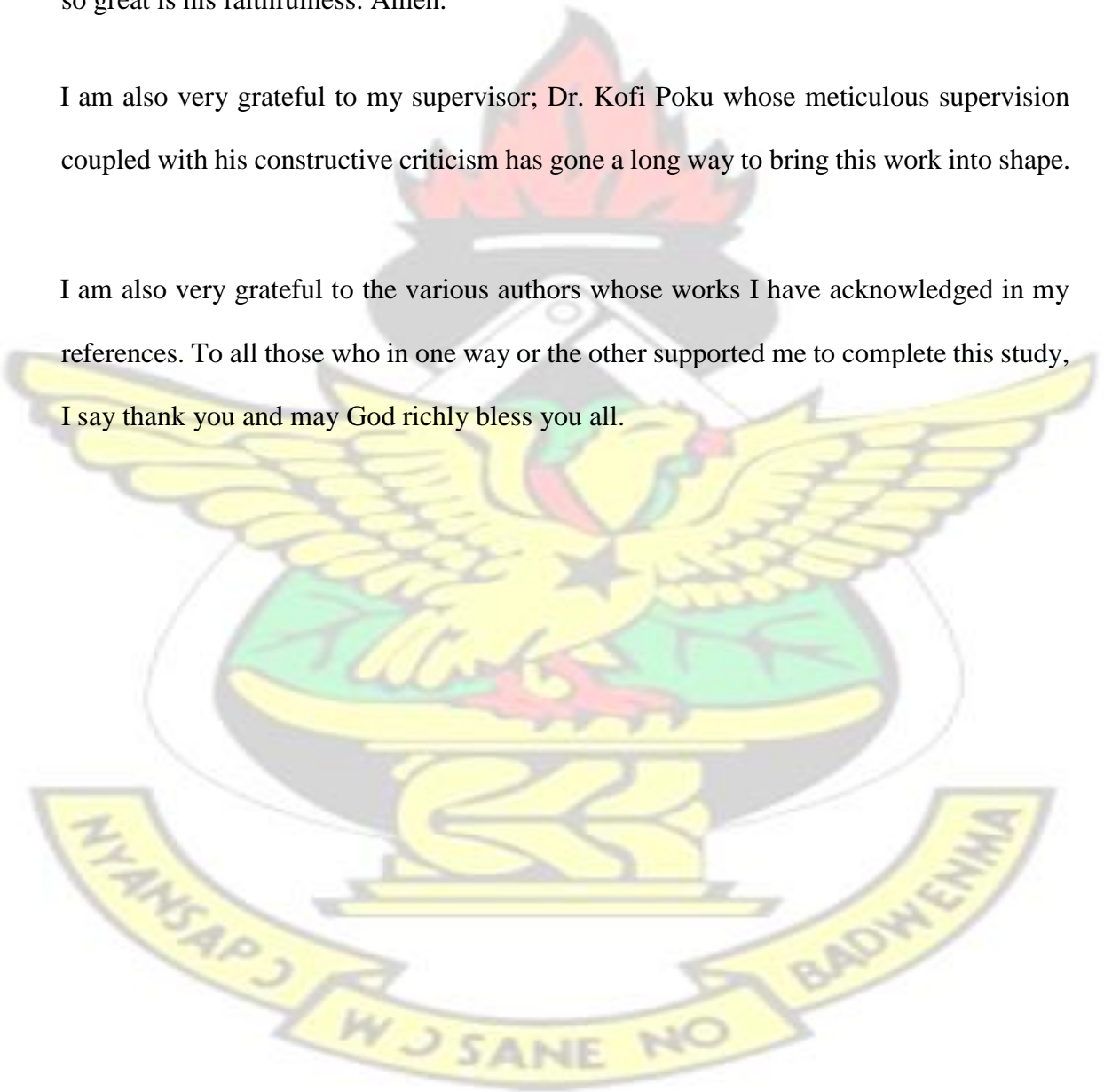


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## ABSTRACT

Increasingly, infrastructural growth and technological advancement across the globe has increased competition in the telecom industry, as a result, telecom companies are attracting more customers for growth and sustainability. These industries employ a number of sales promotional tools and techniques to attract more customers and increase their resource base. However, questions have been asked on the empirical impact of existing sales promotional tools on the customer market share of the industries in Ghana. Using Airtel Ghana LTD as a case study and through mixed data collection methods including content analysis, document review, internet search and questionnaire administration to 40 respondents, and regression analysis, the study addresses four objectives: to identify the sales promotional methods; to determine the customer market share; assess the effects of sales promotions on customer market share; to identify the sales promotional tools that have greater impact on customer market share. The evidence revealed that six main sales promotional methods existed at Airtel Ghana and were all well implemented; encouraging support for overall promotional strategy (4.51), moving excess stocks onto retailers' shelves (4.34), encouraging greater overall stockholding of a product (4.31), encouraging sales people at distributor levels to recommend the brand (4.19) achieving widespread distribution of a new brand (4.12), and achieving required display levels of a product (3.56). Further, the data indicated that not all current sales promotional tools at Airtel Ghana LTD had significant and positive effect on the customer market share. The highest impacted tools reflected by positive coefficient beta values and P values less than 0.05 included the use of Consumer savings through price packs (.141), Provision of premiums (.163), Point of purchase promotions (.349), Extra rewards such as discounts, and increased margins on sales, dealer competitions, exhibitions, (.141), Consumer promotions (.163), Business promotions (.141), and Trade promotions (.163). On the other hand, Cash refunds ( $p > 0.05$ ) did not predicted customer market share at Airtel Ghana LTD. Since current sales promotional tools are achieving successes, the implication therefore is that for management at Airtel Ghana LTD to advance the customer market share, there is strong need for management to put in measures to improve the implementation of current sales promotional tools.

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## CHAPTER ONE

### 1.0 INTRODUCTION

#### 1.1 Background of Study

Infrastructural growth and technological advancement across continents has increased competition in the telecom industry. Consumer tastes and preferences keep changing due to low switching cost. As a result, telecom companies now attract more customers for growth and sustainability. Globally, competition in the market has instigated organizations to be focused and guarantee the approval of the needs of customers in a more efficient and effective manner (Kotler, 1988).

The telecom industry of Ghana is experiencing increased competition due to the deregulation of the industry by the Government of Ghana to ensure growth and competition in the telecom sector. As a result, the deregulation has led to a healthy and aggressive market whose growth has been competitive and sustainable through the country in recent years. In order to stay competitive, the telecom industry players; MTN, Tigo, Airtel, Expresso, Vodafone and Globacom have adopted strategic marketing tools to sustain and/or increase their market shares. One of the marketing tools adopted by the telecom companies to ensure growth and sustainability in Ghana is sales promotion.

Promotion of sales have become an important marketing tool over the years. The increasing in importance of sales promotion has resulted in intense interest in the sales promotion's effect on various dimensions including perception of price, choice of brand, brand switching attitudes, brand equity evaluation and so on.

On the contrary, according to Mela et al (1997), promotions of sales, in particular price promotions, relate negatively to the effect on brand equity. In addition, Schultz (2004) also argues that depending more on promotions has the potential of eroding consumers' pricevalue equation.

The use of sales promotional tools to increase sales and profitability has become an important strategic tool for firms and thus has received a considerable amount of academic attention. Against this background, the study proposes to explore how the unparalleled growth of sales promotion in the telecom industry of Ghana affects the telecom companies.

### **1.2 Statement of Problem**

In most cases, assessing the impact of promotion is often blurred by price variations between promoted and non promoted sale types and other differences between consumers who buy such products (Saeed et al, 2013). Estimating the Return On Investment (ROI) from promotion is a critical part of effective marketing. The telecom companies in Ghana are not exceptions. The motivation for measuring the ROI from promotion is vital to know if it is necessary to promote and also to decide the ideal quantity, quality and time to promote. Ideally, a ROI for promotion captures the pure effect of promotion absent any other effects. Unfortunately, the actual measurement of the effects of sales promotion by the telecom companies is less than ideal. For instance, an issue confounding the effect of promotion is the fact that a change in quantity demanded often is triggered in conjunction with a promotional effort. As a result, it becomes difficult to disentangle any increase in unit sales that results from promotions.

Generally, there is no doubt that the ultimate objective of every business is to generate the certain level of sales that may create profit to continue the business activities. Every business develops the sales estimate and develops the strategies to achieve it, especially in the telecom industry. This is the critical link between the sales promotion and revenue. The revenue battle has created the need of continuously tapping the older customers and creating attraction for the perspective customers. The telecom companies are spending millions of the cedis to give a boost to the revenue and customer subscription in the short time. In order to compete successfully, the telecom operators have developed critical promotion strategies that include gifts like mansions, cars, cash, etc. Others include free airtime, reduction in airtime rates, free sms, and small top ups. The aim of such strategies is not only to beat the competition and retain the customers; it also triggers the new customers by offering the attractive packages.

Numerous research studies have been conducted on one of very important marketing promotion tool, Sales Promotion (Ogunsiji & Ibojo 2011). The researchers in this discipline have a long debate on the influence of sales promotion on the behavior of customers. The general observation is that sales promotion motivates consumers to act positively towards offering of company. The customers are satisfied and they will keep on purchasing the products even on the normal price. Contrary to this, the researcher has identified a problem about the dubiety of the effects of sales promotions on the telecom companies of Ghana.

### **1.3 Research Objectives**

The general objective is to examine the effects of sales promotions in the telecom industry of Ghana. Within the scope of this objective, the study seeks to achieve the following specific objectives:

1. To identify the sales promotional methods of Airtel Ghana LTD
2. To determine the customer market share of Airtel Ghana LTD
3. To assess the effects of sales promotions on customer market share of Airtel Ghana LTD
4. To identify the sales promotional tools with the greater relationship with customer market share of Airtel Ghana LTD

#### **1.4 Research questions**

Against the background and study objectives, the questions below were interrogated.

1. What are the sales promotional methods of Airtel?
2. What is the customer market share of Airtel Ghana LTD?
3. How has sales promotions affected the customer market share of Airtel?
4. What sales promotional tools have the greater relationship with customer market share of Airtel?

#### **1.5 Significance of study**

This study is particularly important since it provides the telecom industry an in-depth knowledge on the effects of sales promotion on their business performance. The study also

provide the government, students and researchers with data on the types of sales promotional tools that facilitate business performance in the telecom industry of Ghana.

Additionally, it further identify specific areas in which there is currently insufficient knowledge in sales promotion practices in the telecom industry of Ghana

### **1.6 Methodology**

This study combined the case study and the exploratory approach to examine the effects of sales promotion in the telecom industry of Ghana (Saunders, 2005). Mixed method, quantitative and qualitative methods for collecting data is used under the study. Paperbased questionnaire is used as the primary data collection instrument. The marketing department, sales department, customer care department and the operation department of

Airtel Company Limited in Kumasi were the target for respondents for the questionnaires.

In all, 40 respondents, ten from each department were sampled for the study. Purposive sampling technique was employed to select the respondents for data collection. With respect to data analysis, Statistical Package for Social Scientist (SPSS) was used to analyze the quantitative data that were collected from field. A correlation analysis was adopted to assess the relationship between sales promotion and customer subscriber base market share.

### **1.7 Scope of study**

There are many interesting issues and topics around sales promotion and it is important to focus on only selected issues that addressed the study issues. To achieve the objectives of this study, the study focused on Airtel Ghana, Kumasi Branch as the case for study in terms

of data collection. Thematically, the study investigated into the concepts of sales promotion, the types of sales promotion, the objectives of sales promotion and the effects of sales promotion. In addition, other theoretical and conceptual issues related to the study objectives were given attention.

### **1.8 Organization of study**

This study was structured into five chapters and other minor sections. Chapter one gives a general expectation of the study including background issues, problem statement, objectives, research questions, the relevance of the study, the research methodology and the organization of the study. Chapter two discusses the literature review. The chapter discusses relevant papers to the study. The third chapter outlines the steps and tools employed for data collections to address the objectives of the study. Chapter four analyzes and presents the results of data. The last chapter presents the summary of findings, conclusions and recommendations of the study.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter, the conceptual issues surrounding the study and the background to the problem statement necessitating an interrogation into the objectives of the study is outlined. This is particularly important, at least, to appreciate the position of the study in discourse, and to provide a frame for collecting, analyzing and discussing the findings of the study. Moreover, the review provides a point of reference for providing well informed recommendation for further inquiry and/or strengthening existing policy actions. First, the chapter defines what sales promotion is which is followed by growth of sales promotion, objectives of sales promotion, trade promotion, tools of trade promotion, types of trade promotion, objectives of trade promotion, trade promotional tools, effect of trade promotion, and the telecom industry of Ghana in that order.

## **2.2 Definitions Of Sale Promotion**

Generally, sales promotion is defined to be a part of marketing campaigns consisting of collection of incentive providing tools which are short term marketing strategies designed to stimulate quicker purchase of product from consumers (Kotler, 2003). Thus, specific attractive packages are implemented as baits to attract customers to want more of the product in consideration. George (1998) reflects on the nature of the content of the incentive by adding that sale promotion entails short term incentives to urge customer purchasing, reseller's support and sales force efforts. Others such as Belch and Belch

(2003) stress on the marketing potential of sale promotion by defining sale promotion as marketing activities, not based on personal selling, that encourages buyers purchasing and traders effectiveness like displays and exhibitions, and demonstration. According to Belch and Belch (2003) sale promotion are expanded to sell products and services so as to promulgate causes, market political applicants and deals with social cankers like drug abuse. It could also be defined as supervised incentives that produce additional benefit for the product to the sale market, suppliers and the consumer (George 1998). Consequently, sales

promotion is perceived as an additional option for action to attract the attention of consumers and is seen as one of the ways firms use to deliver product information to the people.

### **2.3 The Growth Of Sales Promotion**

Obviously, buyers are finding it hard to keep away from the attempts of marketers who are earnestly looking into new ways to exchange information with them (Belch and belch 2003). Sale promotion tools are expanded by most firms like manufactures, suppliers, and not for profit based organizations (kotler 2010) and they are aimed towards final consumers. In recent years all divisions of sale promotion are experiencing exponential increase as buyers have become important part of overall marketing plan of action. As an overall marketing expenditure sale promotion often get enough budgets than media announcement. In recent times, sales promotion account for about 74% of marketing cost in most consumer packaged company (Kotler 2010).

Many factors have been identified to have generated the growth of sales promotion. One, managers of companies put in several efforts to advance their regular sales as increase in sales contributes to the production success of the firm. But for investors, their focus is on the underlying results not necessarily the long term stability of the invested company. Reacting to the difficulty on them, marketing managers ask for quick solution. More and more participant in competition are using sale promotion to assist differentiate their offers. Further more competition have change over the resent years resulting in impressively large buyers responsiveness.



## 2.4 Objectives Of Sales Promotion

What sale promotion seeks to do or the purpose of sale promotion is to bring about change in the design brand and services. Essentially, sale promotion has three distinctive objectives. One, it is meant to give essential marketing details to the potential customers. Two, the purpose is to persuade and influence the potential customers through convincing procedures. Three, sale promotions are meant to act as a strongest tool of opposition. The precise objectives of sale promotion are listed below.

a. To introduce new products or services:

New products and services must be well incepted into the market for consumers to accept them as there are several existing products being employed by them. Therefore, proper promotion works needs to introduce new products to attract consumers attention and their subsequent acceptance. Services and other products selling on market can simulate consumers in purchasing of the product. There can be reduction in price to allow the new samples of products that are being introduce to the market to be purchased by consumers.

This is mostly known as “discount in price”.

b. To attract new customers:

A Sale promotion ideal also plays an essential part in drawing new buyers for a firm usually new buyer are those peoples that are won away from other organizations. So sale promotions are used to foster buyers to try new products or shift their power to make appointment to new dealers.

c. To induce existing customers to buy more:

There are times extra efforts ought to be made to further increase the likelihood for consumers to desire more of their already accepted products. Sale promotion tool are most frequently extended to induce the present existing buyers of an organization to buy more.

d. Helps the firm to remain competitive:

Some product can be offered at the cost of two. Discount are some of the sale promotion tool extended by organization to give incentives to the existing customers to buy more of a precise brand. Some organization's undertake sale promotion activities in other to be part of the competitive arena. On the other hand, in the new competitive world no organization can escape the accountability of pledging to do something of sale promotion exercises.

Many commodities like air conditions have yearly demand, firms and traders dealing with such categories of products make every attempt to maintain steady forceful request in all part of the season. Moreover an organization tries to give some hope of the purchase of such goods in off seasons. That is the main brain behind the reduction in price and off yearly price reduction of such collection in the market during slack years. Sale promotion has many purposes which is connected in several ways to the objectives of marketing and rapports. Sale promotions are normally aimed at different set of people with different encouragement of activity objectives (lindholm et.al,2008). Traders may use buyers promotion to encourage short term consumer buying or to improve buyers product involvement (kotler, 2010). The purpose of trade promotion encompass getting more sale force to carry new broadcast and more list of items bought ahead or promulgate the organizations products and give them more self-space. In addition, it entails getting more sale force support for valid or new brand

or getting salesperson to sign up new report (kotler and Armstrong 2010). They are usually extended with other advertising professional selling and direct marketing (kotler and Armstrong 2010). Sale promotion build long term customers relationship (belch and belch 2003). Sale promotions are planned to foster competitors loyal to substitute. In the long term sale promotions are planned to change new customers to loyal customers.

## **2.5 Consumer promotions and their objectives**

There are several definitions of consumer promotions but all share the idea that customers are attracted through the promotional activities. Mostly, such activities are described as pull techniques because they have the potential to stimulate final demand and move products along the sale channels. Belch and Belch (2003) has indicated that not all sale promotions aim at achieving similar objectives and that marketers should design promotion packages to reflect the exact aim they wish to achieve. Further, he identified five main consumer oriented aims to be:

- a) Sustaining Current Customers
- b) Getting Trial and Repurchase
- c) Increasing Consumption of an Established Brand
- d) Aiming a Specific Market Segment and
- e) Enhancing Integrated Marketing Communications and Building Brand Equity

### **2.5.1 Consumer Promotional Tools**

The literature describe consumer promotional tools to include premium,

Table 2.1 Types of Consumer Promotional Tools

Consumer Promotional Tools	Remarks
<i>a. Premium</i>	<p>A premium is an offer of an item of merchandise or services either free or at a low price that is an extra incentive for purchasers. Virtually all premium promotions fall into one of three categories. The first are “in-pack” (or “with purchase”) premiums. As the name implies, consumers receive these premiums either attached to the purchased product or available in the store. These premiums provide “instant gratification” to consumers in the form of an immediate reward for buying the brand. Second, consumers claim “mail in” premiums by submitting proofs of purchase, often from several purchases of the brand. With mail in premiums, consumers need not mail additional payment; the premium is free. Manufacturers then mail the premium to consumers. Finally, premiums may be</p>
	<p>classified as “self-liquidating.” Consumers actually purchase self-liquidating premiums from the manufacturer by mail. The name self-liquidating implies that the premium is sold at or below the manufacturer’s cost. In essence, the stocks of premiums are turned to cash, or liquidated, by the consumers who buy them.</p>

<p><b><i>b. Point Of Purchase (POP)</i></b></p>	<p>POP promotions include displays and demonstrations that take place at the point of sale. Products materials are used in the retail setting to attract shoppers’ attention to a brand, to convey primary product benefits, or highlight pricing information</p>
<p><b><i>c. Contests and sweepstakes</i></b></p>	<p>Sweepstakes and contests give consumers the chance to win something (Kotler &amp; Armstrong, 2010), such as cash, trips, or goods, by luck through an extra effort. Sweepstakes and contests are not synonymous. A contest is a promotion where consumers compete for prizes or money on the basis of skills or ability. A sweepstakes is a promotion where winners are determined purely by chance; it cannot require a proof of purchase as a condition for entry.</p> <p>Sweepstakes winners are determined strictly by random drawing while contests require participants to perform some task or display some talent in order to win. According to</p>
	<p>Belch &amp; Belch (2003) contests and sweepstakes are exciting because, as one expert has noted, many consumers have a</p> <p>“pot of gold at the end of the rainbow mentality” and think they can win the big prizes being offered.</p>

## **2.6 Trade Promotion**

Largely, the term trade is used to describe a business relationship existing among producers, retailers, and wholesalers in the marketing environment. Thus to promote trade activities in the marketing realm, one needs to advance activities along the channels of producers, retailers and wholesalers. In current times, the type of independent business trade where traders isolate themselves from the mainstream is dying out and leading to trends where producers, retailers, and wholesalers undertake joint promotional activities.

### **2.6.1 Trade Promotion Goals**

1. Timeframe of trade promotion goals. There is a clear distinction between trade and consumer promotions due to the fact that different criteria are used to evaluate the purchases made for consumers and organizational buyers. Largely for consumer promotion, the focus of managers is to advance brand building goals.

Most consumers who purchase goods for their own usage prefer certain brands to satisfy their psychological needs because consumer specific brands have the potential to generate self-confidence, feelings of warmth and other emotions. Even though the motions generated may be functional, the benefits consumers derive is an increasingly important part of consumer promotion. It is important to stress that brand building sales promotion that seeks to promote consumer perspective aim to advance consumers' emotional brand attachment (Gerstner and Hess 1991; Hilarides 1999).

In all cases, buyers for organizations perform transaction to address the objectives of their organization which in most cases are objective in nature. In practice, businesses exist to advance their financial performance in order to be above their competitors in the business. In doing so, firms aim at producing very attractive brands to attract more customers and to stay on top of the business. However, business do not necessarily focus on achieving short term aims or financial performance but ensures that long term relationship with clients are strengthened. It is evident that where trade promotion is of great interest, managers over focus on short term goals (Hilarides 1999).

In most cases long term goals relate more to the general aim of the firm for engaging in trade promotions. Usually when manufacturers engage in trade promotions, they aim to make varied offers to retailers. In some case, retailers and manufacturers may have same taste for brand types. In such situation, retailers will feature manufacturers frequently in their personal promotional activities and in some cases go ahead to provide them with favorable shelf-space in their stores. Consequently, buyers and sellers may promote short term trade promotions but looking at the big picture or the totality of the trade promotions offered, one could see a clear building of long term and comprehensive relationship (Hilarides 1999; Gerstner and Hess 1991).

## 2. Typical goals of trade promotion.

When manufacturers go into trade promotions, they have three main types of goals in consideration. Most at times when manufacturers provide trade promotions to attract

retailers, they have three aims in mind; expanding distribution, inventory control and encourage retail promotion.

a. expanding distribution. after the production of products, manufacturers next line of thought is expanding the distribution of the products to targeted customers. Trade promotions are normally employed to advance distribution of products either to new stores or within manufacturers stores. For within stores promotion, the aim is to gain more or better shelf space. The idea is that when products get a suitable or the best shelf space, it will have the greater chance of it being bought so the manufacturer perceive the shelf space as the most valuable offer a retailer can provide (Chun 1994; Blattberg and Neslin 1990).

Besides ensuring that their products get the best valued shelf space, manufacturers also aim at increasing the number of retailers that go in for the product under consideration. when manufacturers produce new products or more quantities of old products, it is imperative to get retailers to sell the product out to customers. It becomes very important for the manufacturers to entice or attract the interest of the retailer into the product else the retailer will be there without showing any like for the product to provide a shelf space for it. In practice various forms of trade promotion tools are employed in attracting the interest of retailers into manufacturers products (Chun 1994; Blattberg and Neslin 1990).

b. Inventory control. Inventory play important role in the trade promotion activities as manufacturers employ that strategy to push retailers to keep more of a particular product in the stores. One of the benefits to promote inventory control is to ensure that the retailer



secures a storage facility to keep some of the manufacturers' products to reduce the cost that would have been incurred if all the products have been at the manufacturers care.

In addition, some products may be of seasonal preference to consumers and in order to avoid them being stock out, manufacturers could employ inventory control to make retailers store extra products to be distributed to consumers. Inventory control is also employed to control the activities of competitors mainly by reducing the ability of retailers to stock products from competitors (Chun 1994; Blattberg and Neslin 1990; Rao 1991).

c. encourage retail promotion. Inventory promotion is an effective tool for making retailers promotes manufacturers brands. Even though manufacturers can embark on personal trade promotion but to enlarge the impact, manufactures could embark on trade promotions together with retailers.

### **3. Trade Promotion and Retail Prices and Inventories**

The reason for embarking on trade promotions is that it has the potential to generate millions and billions of money to both the retailer and the manufacturer, and in addition promotion of trade promotion can enhance the relationship between the manufacturer and the retailer. But in practice, the focus of trade promotions can vary for the retailer and the manufacturer, such scenario depicts a chess between the retailer and the manufacturer

(Chun 1994; Blattberg and Neslin 1990).

### **4. Trade deals and retail pricing**

When manufacturers offer trade promotion deals with retailers, they aim at persuading the retailer to release any savings to their clients. Even though manufacturers could choose the option of bypassing the retailers to attract consumers attentions directly but embarking on such path could lead to a situation of antagonizing the retailers. It is always proper for manufacturers to get the consent of the retailers in such cases.

Therefore the focus of the trade promotion is to entice the retailers to discount the brands manufacturers produce on a temporary basis. Even though it is not compulsory for retailers to employ manufacturers deals to provide customers with discount but in practice, some retailers do so. In most cases, however, retailers pocket the discounts of manufacturers without making the consumers benefit from it (Chun 1994; Blattberg and Neslin 1990; Rao 1991).

##### **5. Trade deals and retail inventories.**

The way retailers conduct their inventories is also affected by trade promotions. From the initial indication, when manufacturers are performing their activities, they expect that their trade promotions impact retail inventories. But this aim sometimes fail because retailers often act in ways that are contrary to the purpose of manufacturers. In reality, “forward buying” and “stockpiling” are the two main approaches where trade promotions promote inventory.

Forward buying take place when retailers purchase at a reduced price huge quantities of products from the manufacturers in advance. Usually retailers forward buy anticipated new

products and seasonal products. And manufacturers employ trade promotion to influence forward buying to ensure that retail inventories remain high and without stock outs occurring.

Stockpiling occurs when the retailers buy huge quantities of brands from the manufacturers through arrangement to get a low price. The aim is to get the stockpile so that at later times when the brand in consideration is in much needed by consumers they are then sold at a regular price. Retailers undertake the stockpiling deal to make manufacturers give the brands to them at reduced price. Because the retailers buy the products in huge quantities at a reduced price but sells them at a price similar to that if the manufacturer had not reduced the price, the retailer makes several profits.

Diverting is a new approach where retailers enjoy the benefits of the market through the use of trade promotions. Manufacturers may provide specific offers to reflect local preferences, regional purchasing patterns, or other qualities producing regional variations in sales of similar products. It is common to see large national retail chains destroying this by employing diverting through the purchase of quantities of the products at regions without the deal and sending to places where the deal does not exist to get the regular price. As the name implies in diverting, retailers divert products for sale in an area where they will get higher prices.

In practice a new category of people called diverters rather than manufacturers and retailers engage in the diverting business. So the diverters engage either with retailers or

manufacturers to get trade discounts for products. Then the diverter sends the bought products to parts of the country where the deal is not occurring. During the initial inception of diverters in the trade industry, manufacturers were not happy of their roles but in current times, their works have been well established (Chun 1994; Blattberg and Neslin 1990; Lal and Villas-Boas 1998; Rao 1991).

#### 6. Manufacturers encouragement

According to Tellis (1998) there are three approaches manufacturers employ to make retailers provide trade deal save to consumers. The first option is that manufacturers can make retailers agree through conceptual arrangement that they must pass on certain percentage of the savings will be given to consumers. He further noted that the success of such arrangement depends on the relative size and power of the manufacturers and retailers involved. Enforcing big and very influential retailers to abide by such arrangement is always difficult.

Two, trade deals can be provided to retailers by the manufacturers whilst at the same time providing adverts to the consumers. It is thought in the face of intensive consumer adverts, trade competitors will sell their products at reduce prices. Moreover manufacturers have many trade promotion approaches used to make retailers to promote their products at a lower cost and at the same time pass on savings to consumers.

#### 7. Types of Trade Promotions Price-based

**trade promotions**

This approach refers to any of the several types of reductions in the prices of products manufacturers provide retailers. In practice, this price reduction can vary in length, size, period of payment and how it is paid. This type of promotion can occur along any part of the relationship between the manufacturer and the retailer.

**Off-invoice discounts.** This is an approach used to provide simple and direct trade promotion tool. In practice, off-invoice discount is given by taken some percentage from the invoice price for the sales made during the deal period. Off-invoice discount come in several variations to include quantity discount and merchandise allowance. Quantity discount ensures that high discounts are provided for larger purchases. Because retailers may want to get more discount, sometimes they buy more than they can economically store and in such a case the retailers are forced to reduce the price of the products. For the merchandise allowance, the manufacturer reduce the price of the goods by providing extra merchandise to the retailers.

**Performance incentives.**

Manufacturers try to reduce retailers' potential to keep trade discounts to themselves by promoting performance incentives. In performance incentive, retailers get discount to the sales they make to consumers.

## **Non price-based trade promotions.**

There are a number of times manufacturers offer a number of infinite non price trade promotions. Slotting allowances, promotional

### **a. slotting allowances.**

They are the charge for providing shelf space for manufacturers.

**b. promotional allowances.** Promotional allowance describe the cash payments paid to retailers to promote manufacturers brand.

### **c. spiffs.**

Spiffs are the payments made to sales force when they are able to meet certain set target.

**d. trade contests.** Trade contests are a variation of spiffs in the sense that they represent manufacturer compensation directly to retail sales forces.

### **e. cooperative advertising.**

There are times manufacturers undertake group advertising to encourage retailers to sell more of manufacturers product.

### **f. other trade promotional tools.**

Other types of trade promotional tools are employed regularly by manufacturers to promote the sales of the products. One of the familiar trade promotional tool is “display assistance”

where manufacturers provide elaborate product displays – either temporary for special events, or permanent.

### **2.5.5 Objectives of Trade Promotions**

According to Jobber (2010), below are some trade promotions objectives;

- a) New brand achieves widespread distribution;
- b) Excess stocks never remain waste since retailers' creates new shelves for these brands;
- c) Needed display levels of manufacturers products are achieved;
- d) Overall shareholding of a new brand is hugely encourage;
- e) Sales personnels at distributor level are motivated to urge customers patronize the new brand.
- f) The various promotional strategies are massively supported.

### **2.5.6 Trade Promotional Tools**

Kotler (2010 p 505) stated that, organizations make use of some consumer promotion tools like premiums, displays and contests to push products. Nevertheless, some of the foremost trade promotion tools are;

#### **a) Trade Allowances**

Among all the other trade promotion tools, trade allowances is the most common (Belch,

2003). Trade allowance offers customers discounts which encourages both stocking and exhibition of manufacturer's products. It consist of slotting allowances, buying allowance, and promotional or display allowances. Under buying allowances, it is just a deal or discount offered by manufacturers to retailers usually by reducing prices on merchandise ordered over a period of time. Discounts often come in the form of an off-invoice, that is, an amount purchased is subtracted from the invoice. Promotional allowances on other hand is where

manufacturers offer to customers discounts or allowances all for being part of a particular promotional or trading activities which support manufacturers brand . Merchandising allowances are for retailers who make provision for the display of the brand away from its regular position on shelf, run programs on in-store promotion, or product inclusion in adverts. Slotting allowances (i.e. stocking allowances) are just the fees retailers charge for slot provision in making room for the new product on the market (Belch, 2003). Retailers rationalize slotting allowances by showing the costs involved in taking on much of these new products per year, example, redesigning store shelves, entering of products into their computers, finding space in the warehouse, and succinct education on the new product to store employees.

#### b) Sales Training Programs

Training programs can be organized by manufacturers as sales promotional tools on products. Much of the products purchased at retail level need skilled sales personnel who can make provision to consumers the needed information concerning the features, profits, and advantages of product brands and models (Kwok & Uncles, 2005). Appliances, sporting equipment, computers, cosmetics, and consumer electronics are all examples of the various products consumers mostly depend on skilled retail sales person for help.

### **2.5.6 Business Promotions**

Business organizations normally spend large sums of capital on promotion to its industrial customers yearly (Kotler, 2010). Business promotions are aided in rewarding customers, motivating sales personnel, generating business leads and for stimulating purchases.

#### 2.5.8 Business Promotion Tools

Promotions in business consist of the tools used by the manufacturer for consumer or promotions on trade. Yet still, tradeshows, contests and conventions are the main promotional tools.

#### a)Conventions and Tradeshows



These are just forum in which manufacturers make display of products to both prospective and current buyers. At trade shows and conventions, organizations selling out products to the industry make an exhibition in contacting customers, finding novel sales leads, introducing new products, selling more of products to customers and educating them with audiovisual and publication materials. Almost 100 million people go to the 5,000 trade exhibition every year in Canada and the United States, and the displayed companies exceed 1.3 million thus, statistics from the Trade Show Bureau (Belch, 2003).

#### b) Sales Contests

A contest designed specifically for sales personnel or dealers in motivating their performances at a given time. Focus of the sales contest are often of the sales personnel of the retailers or dealers. These contest may be either monetary payment paid to sales staff or other form of incentive given to him to motivate effort.

### **2.6 Effects of Sales Promotions**

Sales promotions affect both the consumer and the organization that embarks on the sales promotion strategy (Ogunsiji & Ibojo, 2011).

#### **2.6.1 Organizational effects of Sales promotions**

a) Enhances fast purchases of products and services; thus, sales promotion includes different collection of spur tools, usually short term purported to rouse quicker or better purchases of products or services by customers. Using premiums and product warranties as examples stimulate consumer purchase in larger quantities (Rotimosho, 2003).

b) Amid the non-users of a product, trial is generated through given out product freely or at minimal cost hoping customers will return in purchasing more of the same product.

c) Manufacturers coax retailers through sales promotion by making provision for financial incentives to retailers to stock new brand of products. Encouraged retailers create shelf space to accommodate products.

d) Sales promotions help bridged the gap between off season and season buying. It encourages retailers to make more purchases even in the off seasons of a particular product. People tend to buy more of a particular product because of the added value, compared to normal season (Ogunsiji & Ibojo 2011).

f) Sales promotion helps to build brand loyalty by giving the seller the opportunity to attract a loyal and profitable set of customers which provides sellers some protections from competition and greater control in planning their marketing mix. g)

### **2.6.2 Consumer effects of Sales Promotion**

a) Sales promotion creates a notion in the minds of consumers that the saving aspect in terms of money through purchasing products at a lowered prices or getting more of a similar or same product for free. It can also ensure the refund or rebate on subsequent purchases of products to a consumer. Both the size of the price reduction and the deviation from a reference price can create perceptions of monetary savings and can reduce the pain of paying.

**b)**Product quality increases through sales promotion, that is, by price reduction and the offering of smaller packages to customers over the purchases of a particular product, constraints on budgets are unwind which enable customers to upgrade to quality and better product. Comparing quality benefit to savings benefit; quality benefit seeks to increase the value on money where as the savings benefit usually involve the spending of more money.

This therefore can be linked to ‘excellence’ sort of consumer value as discussed by. This benefit is a critical component of the price discrimination theory of coupons (Narasimhan 1994; Blattberg and Wisniewski 1989).

**c)** Another important effect of sales promotion is its ability to improve shopping conveniences in terms of searching costs of products by customers. Customers find the product they are in search for with ease or they are reminded by the product they need to purchase. This ‘advertising’ effect is documented in field experiments and in-store surveys (Bowen and Shoemaker 1998). Sales promotion can also reduce decision costs which are another way of improving shopping efficiency. This is done by providing consumers with an easy decision heuristic for purchase incidence or purchase quantity and by signaling product price and quality (Hoyer 1984)

**d)** Some consumers respond to sales promotions to meet personal or moral values such as being a “responsible buyer” and this is referred to as value expression. Value expression has specific benefit that can be linked directly to the “morality” value. It includes the

satisfaction a customer earned from living up to one's onus. Consumers are normally aroused to sales promotions to show and enhance their intelligence as clever shoppers, and attain social recognition or affiliation.

e) Since sales promotions keep altering, and not only does it alter but also attract consumers' interest, it can execute the basic needs for discoveries, materials and variety. The benefit that comes with discovery has been recognized in the perspective of shopping, variety seeking and discovery behavior.

f) Concerning amusement and aesthetic value, many sales promotions are basically fun to be part of such events. Entertainment benefit include not only active play but also reactive aesthetic values. Comparing the entertainment and the enjoyment benefits, the entertainment benefit becomes part of the affective response of customers to a promotion rather than being one among its numerous precursors.

## **2.7 The Telecom Industry of Ghana**

The fastest growing industry among others across the world pertaining to revenues and profits is the telecommunications industry. That's why in Ghana here the growth of our economy cannot overlook the contributions made by this industry. Telecommunications provide the ways to carry out economic, political, social, trade, cultural and commercial comings and goings and this therefore affect the nature of a country's pace in terms of its commercial and domestic activities. Employment potential of the telecom sector continues to increase with over 4000 of Ghana's labour force have been incorporated into the mobile

telecommunications company. As at 2010, the telecommunication company in Ghana have accounted for a third of Ghana's GDP growth.

Competition keeps arising within the industry itself. Operators of telecommunication tries in appealing their customers and win them as well through the various tools of sales promotion scheme. Rebranding, mergers and acquisitions are now the new way to go by mobile telecommunication. Not forgetting the advancement in technology which has undisputed effect on increasing customers' complexity; almost all mobile telecommunication are now employing 3G technology. The telecommunication industry involves enormous capital investment which becomes an obstacle for business entry. The telecommunication subscriber base increased from 27,665,572 in November 2013 to 28,026,482 in December 2013 (NCA, 2013).

### **2.71 Industry Players**

The Ghana mobile telecom industry is made up of Six (5) major players; MTN, Millcom Ghana Limited (Tigo), GLO, Airtel, Expresso and Vodafone.

#### **2.71 Industry Players**

As at now, the major mobile telecommunications players in Ghana are as listed below;

1. MTN
2. GLO
3. Vodafone
4. Expresso

## 5. Millcom Ghana Limited (Tigo)

### a) MTN (Mobile Telephone Network)

This particular network alone has 12,929,528 subscribers with a percentage of 46.1 market share in this industry. Mobile Telephone Network is now having its headquarters in South Africa and it is operating in 21 countries in Africa and some part of the Mideast. MTN operators in Ghana seek to singularize their company from the other networks through the introduction of Mobile Money, zone offering and other pricing schemes to get their operations unique.

### a) Vodafone

Vodafone is the world's second largest mobile telecom operator and the second largest telecom company in Ghana with 6,182,025 mobile voice subscribers. Vodafone has 22.1% market share in the industry. The company entered the Ghanaian industry through the acquisition of the previously state-owned Ghana Telecom. Currently the company offers internet services in addition to the voice service.

### b) GLO

This telecom company is a Nigerian-based and the newest operator to find its way into this industry in Ghana. It is among the five major competing telecom networks currently in this country. It has 1,498,011 network subscribers and a share of 5.3 in terms of percentage.

### c) Vodafone

Vodafone is the second largest mobile telecom operator in both the world and in Ghana with a total of 6,182,025 network subscribers. It is currently holding 22.1% market share in this

particular industry. This company is now offering internet services together with the voice service.

d) Millicom Ghana Limited (Tigo)

Millicom Ghana Limited operates under the brand name Tigo. It holds 14.3% of the telecom industry market share, with a key focus on targeting the more youthful demographic within the Ghanaian market. Currently the company has 4,021,225 mobile voice subscribers.

d) Expresso

A Dubai based company, Expresso Telecom acquired the assets of Kasapa Ghana and is currently operating being the sole carrier in Ghana to make use of a CDMA network, while others providing GSM network. This mobile telecom company records the least market share among its competitors. It has 0.47% market share and a total of 133,663 mobile voice subscribers.

e) Airtel

Just like Expresso Telecom, the Airtel telecom company entered into this industry in

Ghana through the acquisition of Zain Inc. in the year 2010, thus, roughly four years now. It is currently holding a market share of 12.1% and a total of 3,395,263 mobile voice subscribers. Since this telecom came into play in this industry, it has implemented quite a number of strong promotional exertion to increase their brand awareness. Airtel now provides money transfer and insurance services to its valuable customers in addition to the mobile voice service.

**Table 2.2: Market share and Mobile subscribers of the Telecom industry of Ghana.**

<b>Telecom Company</b>	<b>Mobile Subscribers</b>	<b>Market Share</b>
MTN	12,929,958	46.1 %
GLO	1,498,011	5.3 %
TIGO	4,021,225	14.3 %
AIRTEL	3,395,263	12.1 %
VODAFONE	6,182,025	22.1 %
EXPRESSO	133,663	0.47 %
	28,026,482	

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

According to Leedy and Ormrod (2001) research methodology entails the systematic procedure used to collect and analyze the data of a study. Research methodology is described as including all the scientific procedures a researcher adopt to generate, analyze, interpret and present data. Methodology is ‘a meso-level theoretical construct that allows researchers to translate their epistemological and ontological assumptions into data’ thus; a study cannot be done without research methodology. First, the chapter presents and discusses the procedures followed in undertaking the research including the research design employed. Then, data collection tools and instruments, approach for presenting and reporting study findings are also outlined. This chapter is relevant to the study because it shows how the research would be conducted to obtain empirical evidence from the field.



### **3.2 Research Approach and Design**

This study adopts the mixed approach in data collection. The use of mixed data collection approach combines both quantitative and qualitative means of data collection to gain comprehensive overview of the themes under study (Creswell, 2003). This implies that it [mixed methods approach] helps the researcher to collect or analyze not only numerical data, which is customary for quantitative research, but also narrative data, which is the norm for qualitative research in order to address the research question. The mixed method approaches aims at employing the strengths and minimizing the weaknesses associated with quantitative and qualitative research approaches. Hence, the use of this approach is justified and relevant to this study.

Various methods exist for conducting qualitative and quantitative research (mixed method approach). Leedy and Ormrod (2001) have noted that, mixed method designs include ethnography study, grounded theory, content analysis, case studies, and phenomenological. Creswell (2003) explains how qualitative and quantitative methods can be employed to meet different needs, in particular, case studies aim at exploring processes and programs in to generate solutions to the issue at stake. According to Leedy and Ormrod (2001), it is important for case studies to have a defined time frame. This study is aimed at exploring the effects of sales promotions in the telecom companies of Ghana. The study was bounded by time as it was expected to be completed within a stipulated time and thus, its adoption was imperative to this study. The case for this study is Airtel Ghana Limited as a single company since the author is an employee of the company.

Case study is premised on the principle that the phenomenon under investigation must be a contemporary one in its real life context; multiple sources of evidence are used; and the research should be exploratory since the researcher has very little control over the kind of responses for the research. This study applied these principles by first considering a contemporary phenomenon like sales promotional strategies in the Telecom Industry of Ghana. The study explores and examines the effects of sales promotion on telecom companies in Ghana with Airtel as the case. In quest of making the study convey explanatory and understanding characteristics, the research reviewed literature on the phenomenon under study.

However, case study has generated criticisms from the views of (Flyvbjerg 2006). They assert that case studies in research provide little grounds for establishing generality of findings due to its focus on depth of details but not on breadth. They also note that case studies lack rigor, thus making them not scientific.

### **3.3 Research Population**

Saunders (2005) describe population to be the full set of cases from which a sample is taken when conducting a scientific inquiry. In other words, a group of people who are the subject or focus to a research study is the population (Cohen, L et al 2000). The population for this study is the entire staff of Airtel Ghana Limited(420 staff). Specifically, responses from the four departments; marketing department, sales department, customer care department and the IT department were used for the analysis.

### **3.4 Sample Size and Technique**

The study used only one sampling technique namely; purposive sampling. According to Saunders (2009), the purposive or judgemental sampling occurs when the researcher uses his or her judgement to opt for scenarios suitable for answering the questions under study. Neuman, (2005) identifies that purposive sampling is suitable for small sample research, especially in case studies where the focus is to obtain very informative data. Due to the nature of the research question, it was justifiable for the researcher to adopt this sampling technique. The purposive sampling was used to select key management or informant in the company since they have more knowledge about the company's marketing strategies. In all, data was collected from 40 individuals of which 10 respondents were selected from the marketing department, 10 from the sales department, 10 from customer care department and 10 from IT department for data collection. According to Maas (1998:21), for an indepth work, a sample size in the range of 30 and 50 is usually large enough.

### **3.5 Data Collection**

The main data collection instrument for this study was a paper based questionnaire. Secondary data was also collected from the internet and other paper based sources to complement the primary data collected with the questionnaire.

#### **3.5.1 Questionnaires**

Saunders et al., (2003), describe questionnaires to include structured interviews, telephone questionnaires, and the use of approaches where the questions are answered without an interviewer being present. Questionnaire was used to collect data from the selected respondents on how sales promotions impacts on the organisation. Open- ended questions and close- ended questions were asked. The questionnaire was administered by the

researcher personally to ensure an effective communication. Finally, during the data collection, the researcher sought to ensure that ethical issues were taken into consideration so that the study did not incur any ethical dilemma.

The benefits of using secondary data have been well espoused in the literature of which Saunders et al., (2003) add that it saves time and cost and also provides the conceptual and theoretical path for scientific inquiry. Secondary data were collected from journals, books, industry reports and relevant internet sources that publish reliable and authentic business reports.

Primary data was used for this study. Primary data involve data from primary contacts collected specifically for the research project being undertaken (Saunders et al., 2009).

Questionnaire administrations and ethnography have been identified as some common approach for primary data collection. Primary data was collected through a field survey. In this context, primary data was collected from the administration of questionnaires.

Primary data requirements for this study are summarized in Table 3.1.

Table 3.1: Data Requirements

<b>Unit of Enquiry (Data Sources)</b>	<b>Category of Data</b>	<b>Survey instruments</b>
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<p>Airtel Employees</p>	<ul style="list-style-type: none"> <li>• Effects of sales promotions on customer subscriber base market share of Airtel</li> <li>• Objectives of sales promotion in the telecom industry of Ghana</li> <li>• Sales promotional tools that is employed by Airtel</li> <li>• Background literature</li> </ul>	<p>Questionnaire</p>
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Source: Researcher's Construct, 2014

### 3.6 Validity and Reliability of Data

In conducting a research study, it is fundamental to put up measures to ensure that the findings reflect reality. Ensuring validity according to Saunders et al. (2009) is taking steps to make the findings truthful. On the other hand, data reliability seeks consistent findings, thus irrespective of who designs the study similar observations and conclusions must be reached (Easterby-Smith et al., 2008). To ensure that the data gathered are well-founded and dependable for the study, the questionnaires were pre-tested with a sample of three (3) respondents. This identify the deficiencies in the questions asked so that they can be addressed before the actual collection. Pre-testing measures the extent to which the research instruments would yield consistent results.

### 3.7 Methods of Data Analysis

Data analysis precedes data collection. Collected data from the field were edited, rationalized and collated. The essence is to check and eliminate errors that might have introduced during

data collection. This was followed by categorization and tabularization of the findings following the objectives of the study. The analysis employed Statistical Package for Social Scientists (SPSS) to compute and provide descriptive statistics, frequency tables, and bar graphs, etc. Regressions analysis was employed to examine the nature of the relationship between the existing sales promotional tools and the customer market share at Airtel Ghana LTD. Discussion of the results will be informed by the literature review and the research aims and objectives. The major findings were summarized in line with objectives of the study and recommendations made.



## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.1 Introduction**

This chapter presents the findings of the study by discussing the data summarized under the objectives the study aimed to address by making reference to the theoretical positions espoused at chapter two of this paper. First, the chapter describes the respondents profile and the demographic properties of the respondents under the study to get a sense of the distribution of the respondents to appreciate any possible sources of variations in the data as categorised under the study objectives. The next sections present data to address the objectives in the order described in chapter one.

#### 4.1 Respondents Rate

Based on the design of the study, efforts were made to obtain data from four departments at Airtel Ghana LTD. Specifically, the study aimed at getting data from 10 respondents each in the four departments at Airtel Ghana LTD. During the data collection, all the people approached for information responded to the questionnaire, thus making the study to obtain 100% respondents profile with 25% from each of the four departments (figure 4.1). The high respondents profile was obtained mainly due to the high interest the staff at Airtel Ghana LTD had for the study, explaining that a study of this nature could develop lessons that when instituted at Airtel Ghana LTD, could help promote the image and sustainability of production at the organization.

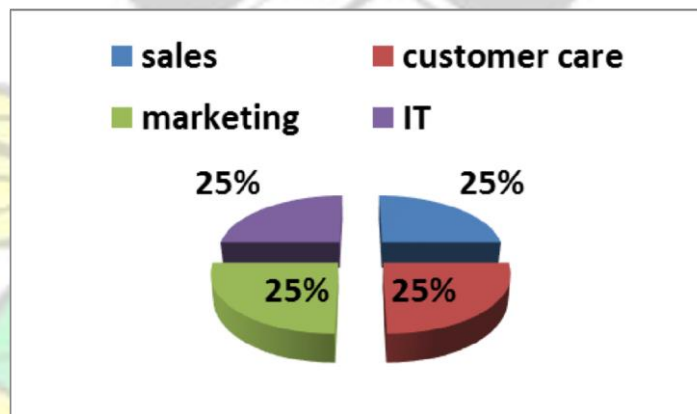


Figure 4.1: Respondents Profile

#### 4.2 Demography Characteristics

This section provides the demographic characteristics of the respondents of the study by detailing the age, qualification, length of stay with the organization.

##### 4.2.1 Age of Respondents

The data indicate that majority of the respondents about 30 falls within the age category of 30 and 40 years (figure 4.2). The least represented age category is the above age 50 category. Mobile Telecoms have busy daily schedules demanding active staff to run activities on daily basis, which the case at Airtel Ghana LTD, does not differ from the norm. This could partly explain why most of the people under the sample population have their ages between 30 and 40 as people under that age range are perceived to be more physically active to undertake such role. This relate more to the observation that very few of the sample have above age 50 as people under such age limit would struggle to undertake competitive physical works to help in the sustainability of performance at Airtel

Ghana LTD.

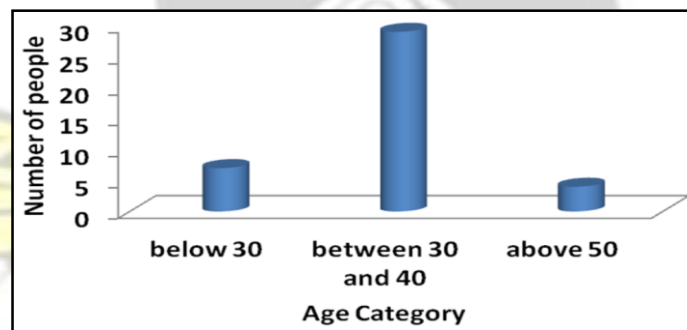


Figure 4.2: Age of Respondents

#### 4.2.2 Qualification of Respondents

The study examined the qualification of the respondents to know the level of education of the staff at Airtel Ghana LTD. The data indicate that all the people under the study have attained some level of education, maters degree (18), first degree (16), and certificate (6). The data indicate that majority of the respondents, over 30 have completed their first degree (figure 4.3). Few of them have certificate to their credit, and none of the people have a PhD degree. The distribution of the qualification of the respondents as depicted by figure 4. could



be explained by the recognition that at Airtel Ghana, different work specification demands different levels of knowledge to accomplish. For instance, works demanding deep analytical thoughts such as the analysis of computer models demand higher level of analytical stand which is a characteristic feature of staff with first and/or second degree qualification. On the other hand, simple routine activities such as marketing of products and provision of customer services to the public could be well handled with limited educational background such as staff with certificates.

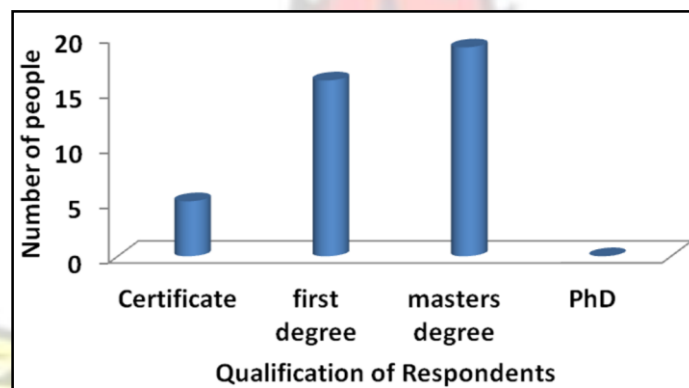


Figure 4.3: Qualification of Respondents

#### 4.2.3 Respondents Length of Stay with Institution

Further analysis examined the length of stay of respondents at Airtel Ghana LTD. The evidence indicate that most of the people, about 24 of the respondents have been working at Airtel Ghana LTD between 2 and 5 years of age, and about 10 people have worked at Airtel Ghana LTD for above 5 years of age (figure 4.4).

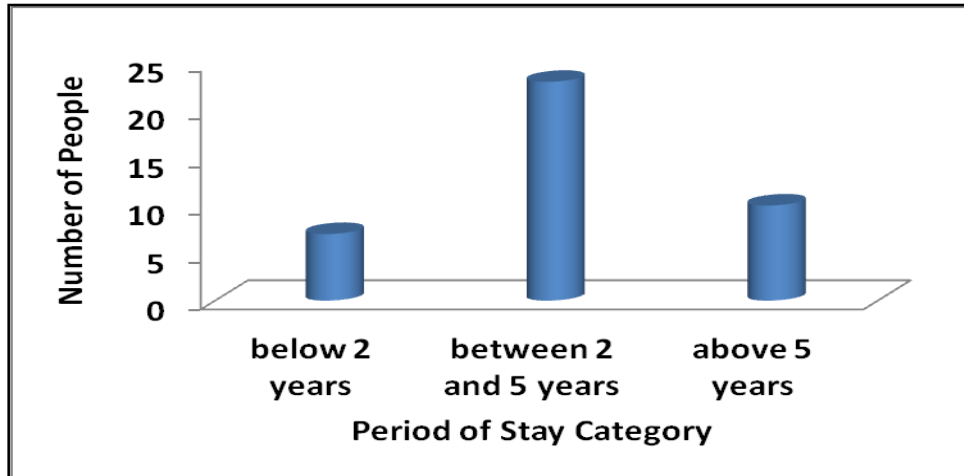


Figure 4.4 : Respondents length of stay with their institution

### 4.3 The extent sales promotions occur at Airtel Ghana LTD

This part of the analysis examined the extent to which sales promotional activities are being implemented at Airtel Ghana LTD. The analysis sought to address this by using a five point likert scale from 1, 2, 3, 4, and 5 with 1='never', 2='rarely', 3='occasionally', 4='frequently' 5='very frequent'. The data indicate that all responses from the people indicate that sale promotional tools are being implemented at Airtel Ghana to some extent, as about 52% of the people said sales promotional tools are frequently employed at Airtel

Ghana LTD, and about 33% said sales promotional tools are very frequently employed at Airtel Ghana LTD (figure 4.5).

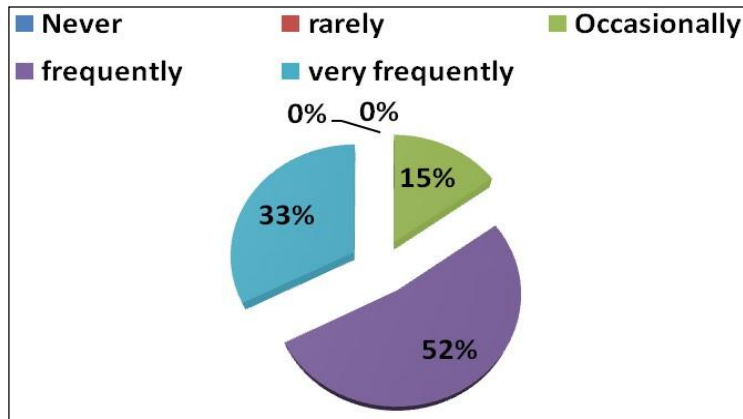


Figure 4.5: The extent sales promotion occurs at Airtel Ghana LTD

Thus to promote trade activities in the marketing realm, one needs to advance activities along the channels of producers, retailers and wholesalers. In current times, the type of independent business trade where traders isolate themselves from the mainstream is dying out and leading to trends where producers, retailers, and wholesalers undertake joint promotional activities. The reasons and benefits for embarking on trade promotions have been based on the potential to generate millions and billions of money to both the retailer and the manufacturer, and in addition advancement of trade promotion can enhance the relationship between the manufacturer and the retailer. But in practice, the focus of trade promotions can vary for the retailer and the manufacturer, such scenario depicts a chess between the retailer and the manufacturer (Tellis 1998; Jobber 2010; Kotler 2010)

Further work aimed at examining the extent sales promotions' implementations at Airtel Ghana LTD have been improved for 2014 when compared to situations in 2013. Using responses on a five point likert scale from 1, 2, 3, 4, and 5 with 1='never', 2='rarely', 3='occasionally', 4='frequently' 5='very frequent', the people indicated two main responses.

About 70% of the people noted that there is a very frequent improvement in the application of sales promotional tools at Airtel Ghana when compared to situations in 2013. Similarly, 30% of the respondents indicated that there is a frequent improvement in the application of sales promotional tools in 2014 compared to 2013 (figure 4.6). Therefore, it is evident that sales promotional implementation at Airtel Ghana LTD have been improved compared to situations in the 2013.

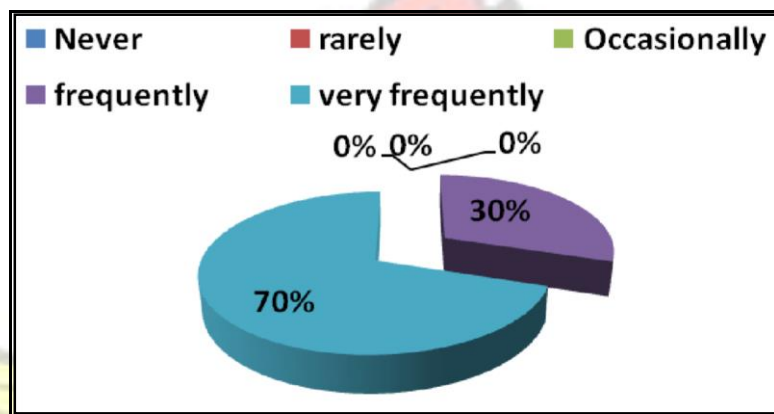


Figure 4.6: Improvement of sales promotional tools in 2014 than 2013

#### 4.4 To identify the sales promotional tools of Airtel

Kotler (2010 p 505) stated that, organizations make use of some consumer promotion tools like premiums, displays and contests to push products. The focus of this part of the analysis was to examine the types of sales promotional tools in operation at Airtel Ghana LTD.

With this, the people identified nine main types of approaches employed at Airtel Ghana LTD to advance sales promotional activities at Airtel Ghana (table 4.1). In particular, Providing customers with sample trials (4.25), Provision of saving coupons (4.13), Cash refunds (4.38), point of purchase promotion (4.31), Extra rewards such as discounts, increased margins on sales, dealer competitions, exhibitions (4.19), Consumer promotion (4.51), and Trade promotions (4.25) were the dominant and well implemented sales promotional tools at Airtel Ghana LTD. Other minor implemented tools were identified to

include provision of premium (3.56), and business promo (3.55). These sales promotion types have been well documented and used in other industries (Kotler 2010; Belch 2003; Kwok & Uncles 2005).

Table 4.1: Sales promotional tools of Airtel

Promotional Tools	N	Min	Max	Mean	Std. Dev.
Providing customers with sample trials	40	3	5	4.25	0.102
Provision of saving coupons	40	2	5	4.13	0.404
Cash refunds	40	3	5	4.38	0.679
Consumer savings through price packs	40	3	4		0.111
Provision of premiums	40	2	5	3.56	0.648
Point of purchase promotions	40	2	5	4.31	0.549
Extra rewards such as discounts, increased margins on sales, dealer competitions, exhibitions.	40	3	5	4.19	1.086
Consumer promo	40	2	5	4.51	0.404
Business promo	40	1	4	3.55	0.679
Trade promo	40	3	5	4.25	0.639

The study sought further to explore the reasons the people attach for promoting the listed approaches to promote sales at Airtel Ghana LTD. With this, the people explained that the essence for embarking on the listed promotional tools at Airtel Ghana LTD is to achieve two main aims. One, to ensure customers get value for their money as it is explained that when these promotional tools are embarked, there is a high potential of improving the value of the product in consideration thus making the customers get value for money. Two, the people explained that the promotion of trade tools at Airtel Ghana LTD aim to trigger employee knowledge. This is particularly important owing to the fact that there are several people in need of several products and that when these promotional tools are implemented, it helps to make the customers get to know the existence of the product and other important information necessary to promote customer interest.

Evidently, the literature document several benefits for embarking on sales promotions. Among the dominant views include the ability to enhance fast purchases of products and services. That is sales promotion includes different collection of spur tools, usually short term purported to rouse quicker or better purchases of products or services by customers (Rotimosho, 2003). Two, sales promotions help bridged the gap between off season and season buying. It encourages retailers to make more purchases even in the off seasons of a particular product. People tend to buy more of a particular product because of the added value, compared to normal season (Ogunsiji & Ibojo 2011). Three, sales promotion helps to build brand loyalty by giving the seller the opportunity to attract a loyal and profitable set of customers which provides sellers some protections from competition and greater control in planning their marketing mix. Cleary from the responses at Airtel Ghana, one can argue that a mix of these aims have sustained interest in maintaining sales promotions.

Further analysis examined the objectives for implementing and sustaining sales promotional tools at Airtel Ghana LTD and the extent to which they are being realized at the institution (table 4.2). This part of the analysis sought answers using responses on a five point likert scale from 1, 2, 3, 4, and 5 with 1='never', 2='rarely', 3='occasionally', 4='frequently' 5='very frequent'. According the responses given, six main sales promotional tools were delineated with Encouraging support for overall promotional strategy (4.51),

Moving excess stocks onto retailers' shelves (4.34), Encouraging greater overall stockholding of a product (4.31), Encouraging salespeople at distributor levels to recommend the brand – particularly in the case of non-consumer (4.19) and Achieving widespread

distribution of a new brand (4.12) were the main identified objectives. However, the people also noted Achieving required display levels of a product (3.56) as another important sales promotional objective at Airtel Ghana LTD.

Table 4.2: Sales Promotional Objectives

Sales Promotional objectives	N	Min	Max	Mean	Std. Dev.
Achieving widespread distribution of a new brand	40	2	5	4.12	0.757
Moving excess stocks onto retailers' shelves	40	2	5	4.34	0.622
Achieving required display levels of a product;	40	3	4	3.56	0.698
Encouraging greater overall stockholding of a product;	40	2	5	4.31	0.768
Encouraging salespeople at distributor levels to recommend the brand – particularly in the case of non-consumer	40	3	5	4.19	0.987
Encouraging support for overall promotional strategy.	40	3	5	4.51	0.686

#### 4.5 How Sales Promotion has affected the customer market share

Upon recognition that not all sales promotional tools could have an empirical impact on the customers as they have been theorized, the study aimed to make an empirical interrogation by examining for the first half of the year 2014, the extent sales promotional tools are impacting positively on the customer share at Airtel Ghana LTD (table 4.3). This question provided interesting observation as on a more general case, the customer market share at Airtel Ghana LTD have been improved by the existing sales promotional tools based on the subjective responses indicated by the people. This is evident in the mean value of greater than three indicated by the respondents for the six months under review. Table 4.3: Sales Promotion and Market share

Month	N	Min	Max	Mean	Std. Dev.
Jan 2014	40	3	5	4.44	1.062
Feb 2014	40	3	5	4.21	1.185
Mar 2014	40	2	5	3.02	1.18
April 2014	40	3	5	3.15	0.686
May 2014	40	3	5	4.45	0.622
June 2014	40	3	5	3.01	0.698

#### 4.6. The customer market share that Airtel has generated from the use of these sales promotional tools

This part of the analysis examined the customer market share contributed by the existing sales promotional tools at Airtel Ghana LTD. The evidence of the study indicate that on a whole the listed promotional tools contributed to a higher extent to the customer market share at Airtel Ghana LTD as for the period under consideration all the three sales promotional tools recorded above 50% customer market share (table 4.4). Evidently, the implication is that customers are buying into these promotional packages and that if Airtel management enhance the packages of these sales promotional tools, existing customers would be sustained whilst further customers are being attracted to enlarge the customer base of Airtel Ghana LTD. With respect to the mobile operators for the entire customers of Airtel Ghana, the data indicate that the number falls around 3508400 for the six months period under consideration with a slight increment in number from January to June 2014.

Table 4.4: Customer Market Share in 2014

PROMOTIONAL TOOL	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	June 2014
TALK CHAW	60%	80%	66%	70%	68%	55%
RAFFLES	80%	60%	56%	662%	75%	57%
BONUS AIRTIME	66%	71%	55%	60%	56%	80%
Mobile Operators	3,508,411	3,537,316	3,540,205	3,502,121	3,504,858	3,570,282
Total Market share	12.35%	12.36%	12.35%	12.15%	12.04%	12.16%



#### 4.7 To assess the effects of sales promotions on customer market share of Airtel

Based on the framework developed for the study, a multiple regression formulated is given below:

$$\text{CMS} = \beta_0 + \beta_1 \text{CS} + \beta_2 \text{SC} + \beta_3 \text{CR} + \beta_4 \text{CSP} + \beta_5 \text{PP} + \beta_6 \text{PPP} + \beta_7 \text{ER} + \beta_8 \text{CP} + \beta_9 \text{BP} + \beta_{10} \text{TP} + \varepsilon$$

Where;  $\beta_0$  = constant of proportionality CMS

= Customer market share

CS = Providing customers with sample trials

SC = Provision of saving coupons

CR = Cash refunds

CSP = Consumer savings through price packs

PP = Provision of premiums

PPP = Point of purchase promotions

ER = Extra rewards such as discounts, increased margins on sales, dealer competitions, exhibitions.

CP = Consumer promotions

BP = Business promotions

TP = Trade promotions  $\varepsilon$  =

error term

The model summary (Table 4.5) shows the result of entering the dependent variable (Customer market share) against the independent variables (sale promotional tools) and the R (.562) is the overall correlation between the dependent variable and the independent variables.

**Table 4.5: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.562 <sup>a</sup>	.61	.193	.39395
		4		

a. Predictors: (Constant), promotional tools

b. Dependent Variable: Customer market share

The model indicates an R-square value of .614, which means that about 61% variance in the customer market share at Airtel Ghana LTD is explained by the elements of the sales promotional tools implement at Airtel Ghana LTD. The implication therefore is if the sales promotional tools existing at Airtel Ghana LTD are improved, management can enhance the customer market share at Airtel Ghana LTD.

From Table 4.6, the data revealed that Providing customers with sample trials, Provision of saving coupons, Consumer savings through price packs, Provision of premiums, Point of purchase promotions, Extra rewards such as discounts, increased margins on sales, dealer competitions, exhibitions, Consumer promotions, Business promotions, and Trade promotions significantly predicted customer market share ( $P < 0.05$  for all cases) and also correlated positively with the customer market share. The highest coefficient values were recorded by Providing customers with sample trials, Provision of saving coupons, Consumer savings through price packs (.141), Provision of premiums (.163), Point of purchase promotions (.349), Extra rewards such as discounts, increased margins on sales, dealer competitions, exhibitions, (.141), Consumer promotions (.163), Business promotions (.141), and Trade promotions (.163). On the other hand, Cash refunds did not predicted customer market share at Airtel Ghana LTD. The implication therefore is that for management at Airtel Ghana LTD to advance the customer market share, certain conditions must be advanced. Specifically, there is a strong need for management to put in place conditions that ameliorate the performance of the existing sales promotional tools.

**Table 4.6: Regression Coefficients of Sales Promotional tools at Airtel Ghana LTD**

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Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant) CS	1.017	.506		2.009	.208
SC	.020	.098	.014	.158	.005
CR	.015	.096	.011	-.209	.014
	-.018	.085	.015		.105
CSP	.168	.084	.141	2.000	.047
PP	.207	.101	.163	2.042	.042
PPP	.362	.092	.349	3.947	.000
ER	.168	.084	.141	2.000	.017
CP	.207	.101	.163	2.042	.022
BP	.168	.084	.141	2.000	.007
TP	.207	.101	.163	2.042	.042

a. Dependent Variable: Customer market share

The estimated regression equation is:

$$R = 1.017 + .0140 + .011 + .015 + .141 + .163 + .349 + .141 + .163 + .141 + .163 + \varepsilon$$

Table indicate that, the F-value at a significance level of .003 is 10.326 for the entire model framework, taking into consideration the dependent and independent variables. The critical value from table of critical values produces 5.446 which is less than 10.325. This imply that the model is significant at  $p = 0.003$ .

Table 4.7 ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.603	1	1.603	10.326	.003 <sup>a</sup>
Residual	5.897	38	.155		
Total	7.500	39			

#### 4.8 To identify the sales promotional tool having the greater impact on customer market share of Airtel

The focus of this part of the analysis was to pay special emphasis on the aspect of the sales promotional tools that have intense impact on the customer market share of Airtel Ghana LTD. The evidence indicate that though all the tested sales promotional tools have impact of the customer market share of Airtel Ghana LTD, yet Providing customers with sample trials, Provision of saving coupons, Consumer savings through price packs, Provision of premiums, Point of purchase promotions, Extra rewards such as discounts, increased margins on sales, dealer competitions, exhibitions, Consumer promotions, Business promotions, and Trade promotions emerged as the most impacted sales promotional tools on the customer market share.

## **CHAPTER FIVE**

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

#### **5.1 Introduction**

The general objective was to examine the effects of sales promotions in the telecom industry of Ghana. Within the scope of this objective, the study sought to achieve the following specific objectives: To assess the effects of sales promotions on customer market share of Airtel; To identify the sales promotional methods of Airtel; To identify the sales promotional tool has the greater impact on customer market share of Airtel;

In order to address these objectives, the following research questions were addressed; How has sales promotions affected the customer market share of Airtel?; What are the sales promotional methods of Airtel?; What sales promotional tool has the greater impact on the

customer market share of Airtel?. This chapter provides the summary, conclusions and recommendations for further interrogation.

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## **5.2 The sales promotional methods of Airtel**

Six main sales promotional tools were delineated with Encouraging support for overall promotional strategy (4.51), Moving excess stocks onto retailers' shelves (4.34), Encouraging greater overall stockholding of a product (4.31), Encouraging salespeople at distributor levels to recommend the brand – particularly in the case of non-consumer (4.19) and Achieving widespread distribution of a new brand (4.12) were the main identified objectives. However, the people also noted Achieving required display levels of a product (3.56) as another important sales promotional objective at Airtel Ghana LTD.

## **5.3 The customer market share of Airtel Ghana LTD**

This part of the analysis examined the customer market share contributed by the existing sales promotional tools at Airtel Ghana LTD. The evidence of the study indicate that on a whole the listed promotional tools contributed to a higher extent to the customer market share at Airtel Ghana LTD as for the period under consideration all the three sales promotional tools recorded above 50% customer market share. Evidently, the implication is that customers are buying into these promotional packages and that if Airtel management enhance the packages of these sales promotional tools, existing customers would be sustained whilst further customers are being attracted to enlarge the customer base of Airtel Ghana LTD. With respect to the mobile operators for the entire customers of Airtel Ghana,

the data indicate that the number falls around 3508400 for the six months period under consideration with a slight increment in number from January to June 2014.

#### **5.4 The effects of sales promotions on customer market share of Airtel**

Providing customers with sample trials, Provision of saving coupons, Consumer savings through price packs, Provision of premiums, Point of purchase promotions, Extra rewards such as discounts, increased margins on sales, dealer competitions, exhibitions, Consumer promotions, Business promotions, and Trade promotions significantly predicted customer market share and also correlated positively with the customer market share

#### **5.5 The sales promotional tools that have the greater impact on customer market share of Airtel**

The evidence indicate that though all the tested sales promotional tools have impact of the customer market share of Airtel Ghana LTD, yet Providing customers with sample trials, Provision of saving coupons, Consumer savings through price packs, Provision of premiums, Point of purchase promotions, Extra rewards such as discounts, increased margins on sales, dealer competitions, exhibitions, Consumer promotions, Business promotions, and Trade promotions emerged as the most impacted sales promotional tools on the customer market share.

#### **5.6 Recommendations**

Based on the findings of the study, the following recommendations deserving further inquiry are suggested.

### **5.6.1 General Recommendation**

Evidently, the record from the study indicate that there exist various sales promotional tools at Airtel Ghana LTD and that the implementation of almost all of them have a potential to improve the customer and revenue market shares at Airtel Ghana LTD. Therefore the study recommend that management at Airtel Ghana LTD should put up strict management practices that ensures that these sales promotional tools are always implemented and followed by all staff. Management could further advance this by helping the staff to operationalise these tools to enhance their applications in practice. Moreover, it is very important for management to seek to explore other promotional tools that could further advance the customer and revenue market shares at Airtel Ghana LTD. This should be treated with urgency due to the continual shift in the needs of customers in order to continue to capture changing needs and address accordingly. Per the findings of the study, it is also recommended that Airtel should invest in point of sales promotions because it had greater impact on their customer market share.

### **5.6.2 Recommendation for further study**

The study recommend further study to conduct a comparative study with the banking sector to compare market share trends in the telecommunication and the banking sector to appreciate the nature of sales promotional tools in the two sectors, how they compare and the extent of their impact on the market shares with respect to customer and revenue.

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## APPENDIX

### **Questionnaire for Assessing the Effects Of Sales Promotions On The Customer Market Share (CMS) Of Telecom Companies In Ghana** **A Case Study Of Airtel Ghana Limited**

I am a student at Kwame Nkrumah University of Science and Technology reading EMBA. This questionnaire aims at eliciting your views on the effects of sales promotions on the customer market share (CMS) of telecom companies in Ghana. This is purely an academic exercise and in partial fulfillment of the requirement for the award of Masters in Business Administration by Kwame Nkrumah University of Science and Technology.

You will be asked to fill out a questionnaire which will take about 10 minutes to complete. It is strictly for academic purpose and your identity will not be disclosed. Please read each statement carefully and answer them as frankly as you can. Your participation would be very much appreciated. Thank you.

Demography

Age

Qualification

length of stay with the institution

A	Sale promotion
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1	<p>To what extent do you agree that sales promotions occur at Airtel Ghana LTD</p> <p>Please tick the appropriate one: 1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]  1='never', 2='rarely', 3='occasionally', 4='frequently' 5='very frequent'.</p>
2	<p>To what extent do you agree to the statement in inverted commas below with respect to the nature of sales promotion at Airtel Ghana LTD.</p> <p><b>'sales promotions have intensified in 2014 compared to 2013,'</b></p>
	<p>Please tick the appropriate one: 1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]  1='never', 2='rarely', 3='occasionally', 4='frequently' 5='very frequent'.</p>
3	<p>List three main sale promotion approaches employed at Airtel Ghana LTD</p> <p>1.</p> <p>2.</p> <p>3.</p>
4	<p>To what extent do you agree that the listed approaches meet targeted objectives</p> <p>Please tick the appropriate one:  1='never', 2='rarely', 3='occasionally', 4='frequently' 5='very frequent'.</p> <p>1. 1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]</p> <p>2. 1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]</p> <p>3. 1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]</p>
5	<p>Please explain why they are the most employed strategies?</p> <p>Provide explanation here:</p> <p>1.</p> <p>2.</p> <p>3.</p>

6	To what extent do you agree that the Listed sales promotional tools occur at Air tel Ghana LTD Please tick the appropriate one: 1='never', 2='rarely', 3='occasionally', 4='frequently' 5='very frequent'.	
a	Providing customers with sample trials	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
b	Provision of saving coupons	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
c	Cash refunds	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
d	Consumer savings through price packs	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
e	Provision of premiums	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
f	Point of purchase promotions	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
g	Extra rewards such as discounts, increased margins on sales, dealer	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]



1  
**otions affected the Customer Market Share (CMS) of Airtel?**

		competitions, exhibitions.	
<b>B</b>	<b>Sale Promotion Objectives</b>		
7	To what extent do you agree that the objectives below are focused at Airtel Ghana LTD. Please tick the appropriate one: 1='never', 2='rarely', 3='occasionally', 4='frequently' 5='very frequent'.		
<b>C</b>			
<b>H</b>	a	Achieving widespread distribution of a new brand	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
<b>o</b>	b	Moving excess stocks onto retailers' shelves	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
<b>w</b>			
<b>h</b>	c	Achieving required display levels of a product;	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
<b>a</b>			
<b>s</b>			
<b>S</b>	d	Encouraging greater overall stockholding of a product;	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
<b>a</b>			
<b>e</b>	e	Encouraging salespeople at distributor levels to recommend the brand – particularly in the case of non-consumer products;	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
<b>s</b>			
<b>P</b>			
<b>r</b>	f	Encouraging support for overall promotional strategy.	1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
<b>o</b>			
<b>m</b>			

MONTH	CUSTOMER MARKET SHARE (CMS)	Extent sales promotion has contributed to the customer market share Please tick the appropriate one: 1='never', 2='rarely', 3='occasionally', 4='frequently' 5='very frequent'.
Jan 2014		1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
Feb 2014		1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
Mar 2014		1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
Apr 2014		1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
May 2014		1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]

June 2014		1 [ ], 2 [ ], 3 [ ], 4 [ ], 5 [ ]
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**F. Please identify the customer market share that Airtel has generated from the use of these sales promotional tools?**

PROMOTIONAL TOOL	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	June 2014
TALK CHAW						
RAFFLES						
BONUS AIRTIME						
Other tool:						
Other tool:						

