

The Effectiveness of Sales Promotional Strategies on the Performance of an Organization and how its Communicate to the Customers.

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Abstract

The research was designed to assess the effectiveness of sales promotional strategies on the Performance of an Organisation within the Accra municipality using Unilever outlets in Accra as a case study. The data collected analyses the findings of this research based on information gathered mainly from the regional sales manager, distributors and customers. Producers must not just produce and expect the consumers to buy their products, they need to inform the general public or consumers about the availability of their product, educate them on the uses of the product and persuade them to buy. This can be done through sales a promotional strategy which is the focus of our study. The purpose of this study is to assess the effectiveness of sales promotional strategies on the Performance of an Organisation of key soap and its impact on consumers and distributors. For accurate and unbiased information, primary data and secondary data were used extensively in this research. The research revealed that a greater number of distributors distribute the product because it has a high demand and the price of key soap keeps on increasing. The conclusions made include: the effectiveness of sales promotion is said to be felt if it's favorably changes the consumption behavior of consumers and many distributors started distributing the product after sales promotion is organized.

Keywords: *Sales Promotion, Promotion Strategy, Organization Performance*

I. INTRODUCTION

In Ghana, sales promotions are performed in several ways; one of the ways is by giving free samples of the product to consumers. Most companies' go round the city or town on a track, while music is being played to get the attention of potential customers, the sales people will also be distributing the free samples. Also, coupons are being hidden randomly in a company's product, upon discovering it; it gives one the right to a specific gift. Furthermore, products are being offered at a reduced price other than the original price. Sometimes two or more related products banded together are given at reduced price.

More often than not companies' offer gifts to consumers at the purchase of their product. Also most manufacturing companies' organize annual awards night, where they reward loyal customers and those that make the most purchase. Further, as a result of purchasing a specified number of products, companies' offer consumers the chance of winning cash, trips and other prizes, and this will be in the form of games, contests and sweepstakes. Automobile companies in Ghana invite prospective purchasers to try the cars (test drive) without cause in the hope that they would buy.

Moreover, manufacturing companies give allowances; an amount offered for the retailers and distributors agreeing to give the manufacturers' product a shelf space. Finally, companies offer items with their companies' inscription on it. Sales promotion is used by companies to increase sales, identify and attract new customers, cementing long term relationship with buyers. It is also used to reward loyal customers.

A. Statement Of The Problem

Previously, among the promotion mix, companies use advertising intensively to stimulate their sales. In using advertising, they realized that it is often difficult to evaluate its effectiveness, that is, whether it brought the expected sales or not. Furthermore, the persuasive value of advertising is less as compared to personal tools and it also has a high absolute cost. They later added personal selling, sales promotion, publicity and public relations. In employing personal selling, it is difficult to determine in the short term the overhead expenses as compared to the other channels. Publicity and public relations on the other hand do not bring the immediate sales needed. They then realized that among these mixes its only sales promotion that can stimulate and give the number of sales needed. Even though sales promotion is expensive, a skillfully used sales promotion becomes expensive only if it fails to produce the required sales. Successful sales promotion therefore can be very cheap. It is important for producers to realize that the cost of embarking on a Sales promotion is relative to results.

II. LITERATURE REVIEW AND STUDY AREA

This reviews literature on the concept of Sales promotion. It takes into consideration the promotional mix and its elements, definitions of sales promotion, comments about the definitions and its relevance, types of sales promotion, rapid growth of sales promotion, objectives of sales promotion, sales promotion tools, sales promotion strategies, effectiveness of sales promotion strategies, developing the sales promotion program, limitations of sales promotion and a brief history of Unilever with regards to key soap.

A. The Promotion Mix

In highly competitive markets, the marketing mix variables play a very crucial role in the organizations' effort to winning customers. Certain schools of thought suggests that the main elements of the marketing mix are the four P's, that is, product, price, promotion and place, and seven P's in the case of service industries, that is, product, price, promotion, place, people, processes and physical evidence, while others argue that the elements are twelve in number. However, for the purpose of this study, the most relevant element of the marketing mix is the promotional mix. As a matter of fact, there are numerous promotional activities employed by companies all over the world, but the following are the most focused on by Ghanaian companies.

B. Definition Of Sales Promotion

Sale promotion is any intermittent and or a short term incentives designed to encourage purchase or sale of product or service usually but not always personal in nature and usually non media base

C. Effectiveness Of Sales Promotion Strategies

Effective use of the pull strategy helps firms build brand image through their contact with consumers directly. Pull strategy enables firms create rapid brand awareness within the promotion period and also differentiate their products from that of competitors. Moreover, customer loyalty is maintained through the interpersonal relationship between the manufacturers and the final consumers. Pull strategy is tactically used to gain short term effects on sales. Invariably, pull strategy involves high cost of media, fragmented audiences, and they give no trade support. The effectiveness of the pull strategy will call for managing these side effects.

The push strategy on the other hand is very effective because, it enables firms to gain shelf space for their product. Firms also gain the support of their distributors and this enforces a relationship between manufacturers and distributors. Through the push strategy firms are able to educate distributors on their products, offset competitor activity and in the end improve profitability through increased sales volume. Implementing the push strategy will mean no contact with consumers since the distributors are the focal point. Furthermore, competitors may be using similar strategies and distributors will also have a lot of control which can render the strategy ineffective.

In recent times, most firms use a combination of the two strategies to achieve their sales objectives, achieving these set objectives shows that a balance of these two strategies can be very efficient and effective.

D. A Brief History Of Unilever With Respect To Key Soap

In the 1800's a grocer's son in England called William Lever, a travelling sales man entered into a soap business, with a yellow soap which he called sunlight. The name of this soap became known in England and three years later, the foundation was laid on the establishment of Lever Brothers Limited in Britain which happened to have grown to become one of the largest firms in the world. Lever Brothers Limited also established trading companies in Africa known as United Africa Company [U.A.C]. The branch in Ghana is known as United Africa Company, Ghana Limited. This trading company was responsible for selling Lever Brothers' products.

In 1942, United Africa Company Ghana Limited started importing Key soap from its parent company in Britain. By 1962, it became more economical to produce the soap in Ghana and sell it locally. In 1963, Lever Brothers Ghana Limited was formed to produce Key Soap .Key Soap therefore became the first product to be produced by Lever Brothers Ghana Limited locally. Key Soap has been and still is a product that is used all over the country. In the past, it was a prestige for a family to use Key Soap. During those times the product was not promoted

because the quality of the product created a good name for itself and as such the product was sold with less difficulty. However, as time went on, the product was promoted alongside other products by Lever Brothers Ghana Limited.

With the introduction of other imported and locally produced bar soaps into the market such as Ameen and King Bar Soap, Rambo, Clutch, Bell, Duck bar etc it was necessary for the product to be promoted to continually stimulate consumers to buy, try new customers and reward loyal customers in order to increase their usage rate and sales. The reason was that, these soaps were capturing the market of the Key soap. King Bar Soap for instance, confused consumers when they went in to buy soap since these brands are perceived to be satisfactory and interchangeable. Therefore, consumers purchase whatever is given them. As a result, organizations are expected to do more than just flooding the market place with their product by taking into consideration the presence of numerous competitors in the industry.

Currently Unilever is running a promotion on Key Soap called Krohikro, where some tokens have been put randomly in the bar soap (Key Soap). A white token gives the customer the opportunity to win a kente cloth, a red token offer the opportunity to win key soap cloth. Those who do not win any of these are given the opportunity to win other gifts such as washing bowls, cups and key holders with Key Soap inscription on it. In order to gain competitive advantage and outwit each other, companies to patronize products and services, a step that goes beyond selling has been introduced and this has resulted in various promotional techniques in the market.

Range Of Products - Unilever's range of product has been categorized into three parts namely foods, home care and skin care.

Foods - They include blue band margarine, Lipton tea, Royce shrimp, and Annapurna salt frytol cooking oil.

Home care - They include close-up tooth paste, pepsodent tooth paste, omo detergent powder, sunlight, key soap etc.

Skin care - Of these are geisha soap, lux soap, rexona soap, life buoy Vaseline, sunsilk pomade, kurl out.

- **Challenges**

- Dealing with difficult visitors: You never know what challenges a new day will bring.
- Improving on a nation's nutrition. The simplest solution can make the biggest impact.
- Striving to be number one.
- Challenge conventional wisdom: We belief dirt is good. A surprising statement for the company. Behind some of the worlds leading laundry brands.
- Give life extra flavor: It takes the right mix of ingredients to grow our brands.
- Go further; go faster; to make some of the biggest consumer brand even bigger.

III. SUMMARY, CONCLUSION AND RECOMMENDATIONS

A. Summary Of Findings

The study shows that some respondent covered in the study have neither heard nor seen any promotion on key soap but the majority of these customers have seen or heard about a promotion on key soap. At the time the research was carried out the number of consumers who buy key soap had declined slightly as a result of other locally produced which were on the market. A greater number of consumers started buying key soap before a sales promotional strategies was designed for it .those who continue to use the product do not think it is the promotion that influences them to make that purchase decision. They rather attribute their choice to the qualities possessed by the product.

Distributors also went into distribution of key soap because the product has a high demand. To most of these distributors sales promotion an ingredient that draws them to the distribution of the product. Some of these distributors also distribute other brands of bar soap like Duck soap, Ameen soap, Bell soap, Rambo, clutch in addition to key soap. The study have revealed that a greater number of respondent prefer the use and distribution of key soap to other brands of bar soap because of its high demand.

The research further revealed that over the years, the sale of key soap have been increasing on the market ever since sales promotional activities have been introduced. Promotion of key soap have had a great and positive

impact on its sales because of the awareness, quality, likeable and popularity on the market. The tool they used are also an important factor .the gift they give accompanied with the patronage of the key soap and the frequency programs they organize, where they offer rewards for those who buy more are the factors that make Unilever sales promotion strategies effective.

When we asked about the mechanism in place for receiving customers' complaints, the Accra regional sales manager said they have a customer service department which deals with customer problems. Also with their able salesmen and retailers, there are able to solve customer complaints through direct contact. The channel of distribution of key soap is from producer to the wholesaler, the retailer and finally to the consumer.

The trends of sales of key soap over the past three years have been increasing. The research further shows that some of the distributors distribute other brands of bar soap like Duck Bar soap, Bell soap, Clutch, Ameen soap and Rambo, this is because some consumers these soap to key soap. The purchase decision for a product depends on the number of factors or qualities possessed by the product such factors include the quality of the product itself, its price its promotional activities and where it can be found (thus its closeness to consumers). Also, distributors go into distribution of a product that has high demand in other to sell fast and end reasonable returns.

In the case of key soap produced by Unilever demand for both its distribution and sales relates to its quality, its durability, its popularity and the fact that it is the oldest soap ever produced in Ghana. It can be concluded that sales promotion has played an important role in the promotion of key soap to some extent, but the main reason for the high demand relates to the people's perception on how useful the soap is.

B. Conclusion

The following conclusions were made based on the result of the study. First the effectiveness of sales promotion strategies is said to be felt if the sales promotion developed for the product favorably changes the consumption behavior of customers. In the case of key soap, it is clear that sale promotion has led to an increase in the number of distributors.

On the part of consumers, sales promotion did not show significant favorable changes in their consumption patterns. This could be due to local and foreign soap on the market. This is because almost all consumers become aware of the promotion goings on and are learning to take the product to prefer it to others, forming an intension to buy it and finally becoming a regular consumer.

It is clear from the discussion that sales promotion can be used to determine the impact on consumer behavior. It is one of the marketing communication tools used in marketing goods and services but cannot stand on its own. It is used to support whatever is being said about the product. This is true because, if a consumer or a distributor buys the product for consumption or resale and it do not meet his or her expectation and that of his or customers certainly the demand for the product will fall. The sales promotion of key soap was used to increase sales constantly despite consumer awareness of the existence of the product.

One cannot lose sight of the fact that Unilever has used sales promotion to communicate effective message to the mass audience. The purpose of this promotion is to satisfy the most important function of increasing the sales of the product at a more reasonable cost. The cost of reaching a thousand people through the use of sales promotion is usually far less than the cost of reaching just a prospect through personal selling.

RECOMMENDATIONS

Unilever must be congratulated for surviving and maintaining an old product like key soap on the Ghanaian market. The following recommendations must however be taken into consideration if it is to sustain its market share.

- The sales promotion of key soap must be made more persuasive, educative and more attractive. This is because customers perceive Unilever's Sales Promotion strategies as one for the lucky ones and so the ones that think they are not lucky enough are not persuaded to make an effort.

- Sales promotion of key soap should be organized often by Unilever, for them to win their competitors' customers.
- The hardness of key soap must be improved upon. This is because a number of respondents complained that despite the quality of the soap it does not last long.
- The advertisement made through the radios, televisions and other media should be intensified.
- The promotion should be planned to favour customers who normally buy the product and not to lucky ones who only buy on that occasion.
- Unilever should focus on the key mini rather than a key bar. This is because the introduction of the key mini seems to be attracting more customers.
- In future the producers must encourage distributors to distribute only their brand or range of products and this should be done by motivating them.
- Finally, the price of the product should be stable enough to prevent consumers from giving complaints about the often increase in the price of the product.

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