

EFFECT OF SALES PROMOTION ON SALES PERFORMANCE OF KENYA TEA PACKERS LTD

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ABSTRACT

Successful promotion is a substantial aspect on which business establishments anchor their success. This study aimed to evaluate the effect of sales promotion on sale performance of Kenya Tea Packers Ltd. The researcher adopted the AIDA Theory developed by Elmo Lewis, in (1898). To answer the research questions, a descriptive research design was used, targeting all customers who buy KETEPA products from the seven (7) KETEPA exclusive distribution points in Nairobi region. (Eastleigh, Baba-Dogo, Rongai, Athi-River, Wangige, Kawangware and Ngong) The researcher targeted 100 customers from each of the 7 distributors thus a total target of 700 customers were targeted for the study. Determination of the sample size followed a systematic random sampling technique to gather data from KETEPA Customers. The following formula was adopted in the determination of the total number of customers sampled in a day. $X/Nth.$, Where x was the entire population and n was the desired sample size. If at any given time the total number of customers who visited a particular distributor was 100 and the researcher wanted to interview 25 customers per distributor, the determination of the customers to be sampled was calculated as, $(100/25=4)$ thus every 4th customer got an opportunity to be interviewed per distributor. Overall, the researcher sampled a total of 175 customers (25×7) . The study participants were interviewed through a one-on-one interview guided questionnaire, to gather the relevant data for the study. The study revealed that respondents agreed on the parameters used to measure the effect of sales promotion on sales performance of Kenya Tea Packers Ltd. Particularly, the study revealed that Sales Promotions improve sales volumes for KETEPA brands and promote customer loyalty. The study recommended for further studies to be conducted to other organizations to determine other elements that would contribute to high sales performance and show how they can be integrated to achieve optimal performance.

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Keywords: sales promotion, sales performance, AIDA Theory, descriptive research design, and Kenya Tea Packers.

Background of the Study

According to Kotler, K., and Manceau, D. (2012), Promotion is a ceaseless process and package of marketing action strategies adopted by business establishments to design and enhance brand knowledge and awaken consumer purchase desires, as well as persuading and influencing consumers to buy an existing or new product or service. Due to the changing dynamic business frameworks, cutthroat rivalry, and ever-changing consumer desires and preferences,

establishments dealing with loose tea have embraced new frontiers and notions of informing and persuading customers through the use of promotional mix action points, to create desire, maintain, and increase the demand for their produce.

Personal selling is more customer-centric as consumer desires dictate a more tailored relationship. It focuses on a personal engagement between the organization's stakeholders and the intended audiences, with the sole goal of persuading customers to purchase the product. Sales promotions are more potent in providing supplementary incentives for buyer's action. Tosun and Sezgin (2021) opines that those promotional activities as a marketing strategy have remained a critical factor in many establishments due to the complexity of the business frameworks and the market dynamics.

According to Aslam and Azhar (2013), globalization has immensely influenced technological waves and changed the business landscape, resulting in a big change in the way business establishments interact with customers. Primitive promotional strategies have with time become obsolete as technological innovations and changes in consumer needs necessitate the adoption of up-to-date tactics to inform customers of new and existing products in the market. Contemporary promotional platforms such as mobile and e-promotions, improve greatly on sales performance since they reach more customers within a short time and are cost-conscious.

According to the journal of International Institute for Sustainable Development (2019), Tea is a desiccated leaf saturate brew, obtained from the leaves of a tiny plant initially from China and has evolved as a global second utmost predominant drink after water, with over 3 billion cups drunk across the globe. During the year 2017, cumulative tea produce provided for 5.98 million tons, of which 35 percent was a representation of exports from Africa valued at USD 8 billion. During that era, tea industry had a market worth of USD 50 billion.

In Kenya, the Ministry of Agriculture oversees the tea industry and provides technical and strategic guidance. From the highest regulating organization, the Kenyan Tea Directorate and Tea Research Foundation, through the growers, tea factories, trading, blending, and packaging enterprises, the industry is properly mapped.

Kenya Tea Packers (KETEPA) Ltd is Kenya's Premier Tea Blending, Packaging, and Marketing establishment with a countrywide distribution network offering refreshment to Kenyan households with leading loose tea brands for the last 40 years. KETEPA operates under the umbrella of Kenya Tea Development Agency (KTDA) and falls under the Fast-Moving

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Consumer Goods category (FMCGs). The FMCG sector operates in a manner that, consumers endlessly purchase products more often as they are frequently depleted necessitating the customer needs and desire to buy more.

Problem Statement

The business of loose tea in Kenya is faced with a myriad of challenges ranging from stiff competition and counterfeits which impacts negatively on the overall sales performance. According to Ndubisi et al., (2008), a business establishment that steadily gratifies its customers, through enhancing product awareness and relationship management reaps higher customer attraction, retention, and greater viability due to increased allegiance and repeat business. Promotional mix essentials of advertising, personal selling, direct marketing, public relations, and sales promotion effectively enhance an organization's products awareness, availability, and feel, and act as a competitive advantage for business success.

Kenya Tea Directorate (2015), there are 138 registered tea packers, with the top five commanding 75% of the market share. Kenya Tea Packers Ltd leads with 36 % followed by Kericho Gold at 16%, Eden Tea at 11% Kiptagich at 6%, and Melvin Marsh at 4.5%. The rest fights for a 23% market share in Kenya.

However, the company is struggling to maintain its market share since most customers are shifting to cheap brands, thus necessitating the need to incorporate the promotional mix strategies to acquire more customers and retain the market share for business continuity.

To improve sales performance, promotional mix essentials must be well integrated to communicate the intended customer message and arouse demands that result in a continuous purchase of products. Advertising enables to create top-of-mind brand recall making it easy for customers to buy a brand they resonate with and the one they recall without so many deliberations. Elements of personal selling and sales promotions enhance the customer feel and togetherness which makes it easy to make the purchase decision thus enhancing sales performance.

Objective of the study

The main objective of this study was to assess the effect of sales promotion on sales performance of Kenya Tea Packers Ltd.

Significance of the Study

The study contributed significantly to the existing doctrines on the impact of promotional mix elements on sales performance of loose tea in Kenya, and specifically to marketing managers in this sector for they are able to understand key strategies to enhance sales performance, customer acquisition, and retention for business growth and continuity.

The study findings were also beneficial to marketers for they will be used for decision making on effective and cost-efficient strategies for enhancing sales performance.

Researchers and Business Consultants shall also benefit from the study findings by understanding how to integrate the promotional mix elements to improve sales performance and achieve the organizations bottom-line.

LITERATURE REVIEW

The AIDA Theory

According to Ullal and Hawaldar, (2018), the AIDA framework established by Elmo Lewis, in 1898, is a key fundamental marketing strategy in planning advertisements that are resulted from customers' views. AIDA contains the consciousness to consumers, Interest, which focuses on improving customers' curiosity by focusing on profit, Desire, the compelling will that the need of a product or service can fulfill customer needs, and Actions which translates to the actual purchase of products and services. According to Ellegaard and Ritter, (2006), the backbone of marketing is to lure able product end-users and gain their attention according to the essentials of the AIDA framework, arouse the consumers' interest and desire to purchase a product. The consumer purchase process and marketing strategy using the AIDA framework is enhancing the trust level of consumers & converting the prospects in to capable buyers. The first component in the AIDA framework is Awareness, where potential buyers are made aware of an organization's product or services, to arouse purchase desire and actual purchase while converting prospects to customers. Consumer Awareness is done through mainstream media of radio, TV adverts, and print media adverts, which are innovatively executed to capture the attention of customers. This intellectual stage stimulates consumer interest to learn more about the product features and benefits and how the products will cater to their needs upon purchase. At this stage, the customer

gathers all the obligatory information about the product and develops a favorable desire towards the brand. The desire arouses the need to purchase the product thus improving sales and overall profitability (Ishak & Zabil, 2012).

Sales Promotion

Due to the changing business world and technology progression, a wide portfolio of the latest products is being innovated and sold into the current market based on customer preference and wants. As a result of business internal rivalry and cutthroat competition, Kenya Tea Packers Ltd has remained afloat to promote their products as they fight to remain competitive, by introducing innovative ways of engaging and enlightening the customers regarding their products. This has been done by applying sales promotion tactics like the Winning at Retail Execution stagey (W.A.R) adopted to enhance the consumers' purchasing behavior across the country. Sales promotion is an important determinant to a new and existing product to continue dominating in the market. Based on the seller's viewpoint, sales promotion is a vital action step to increase the sales profit within a short time. Promotional strategies adopted by Kenya Tea Packers Ltd have been important tools that aid the organization to attain the overall sales target and increase the organizations' profitability. Lin (2013), assert that sales and general promotion are different marketing procedures that play different roles in the marketplace. General promotion is aimed at communicating and improving the relationship between the product's brand, services, and consumers. According to Kotler, K., and Manceau, D. (2012), sales promotion is a package of enticement policies generally short-term, conceptualized to arouse faster and more acquisition of particular products or services by consumers. Other short-term promotional initiatives adopted by KETEPA to enhance sales performance include consumer give-a-ways for every product purchased, coupons, price reduction, consumer contests, trade shows, and exhibitions, all aimed at persuading customers to make actual purchases thus improving KETEPA overall sales performance. Sales promotion is an interrupted inducement that offers an extra product value to the sales force to elicit an immediate sale. According to Anthoniab(2019), the beverage industry's sales volume and sales promotion aspects have a favorable, substantial relationship. It was shown that the beverage drink industry's efficacy is highly influenced by the execution of sales promotion aspects in a study conducted by Chin et al, (2017). Customers are more likely to switch brands and purchase in higher quantities as a result of a successful sales campaign.

Pembi, and Fudamu, (2017) researched the consequence of sales promotion as a model for business performance deduced that, effective execution of sales promotion elements results to an increase in sales volume.

Conceptual Framework

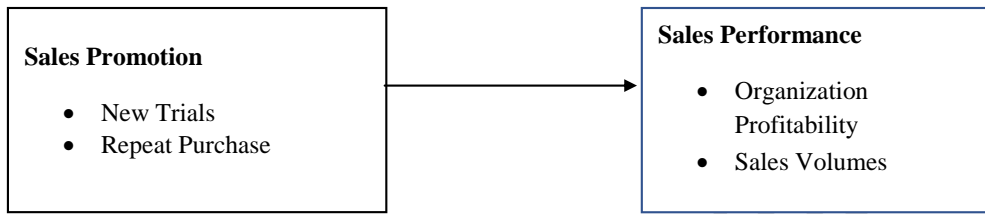


Figure 1: Conceptual Framework

Comment [V4]: is there a research hypothesis?... as a formula for the discussion of the results

Research Design

The study was descriptive in nature, as it aimed at examining and expounding more on the behavior of a given phenomenon without manipulating it in any way. A descriptive research design was appropriate since it observed and described the behavior of a given phenomenon under investigation. Descriptive research is designed to acquire the status of an issue and give valid conclusions from the facts deliberated.

Target Population

The target population consists of the entire collection of subjects appropriate to a particular study. A target population is the entirety of units that matchup to certain parameters which defines the elements that are included in the target group. (Decker & Stummer, 2017)

Comment [V5]: population is known?... if known, use the formula statistically with reference

The target population for this study was 700 customers who sought the services of KETEPA distributors in the seven sales areas in Nairobi. The researcher targeted 100 customers per distributor.

Sample Size and Sampling Technique

The researcher used a systematic random sampling method to gather data from Kenya Tea Packers Ltd customers who sought the services from the 7 KETEPA exclusive distributors in Nairobi, following the below formula.

$$x/n^{\text{th}}$$

Where;

x = the entire population under the study

n = desired sample size for the study

The researcher in liaison with the distributor representatives, got an average number of customers who visited them daily, for the determination of the sample size.

For instance, if the total number of customers who frequented a particular distributor per day was 100, and the researcher wanted to interview 25 customers per distributor, the determination of the customers to be interviewed was calculated as follows,

$$x=100$$

$$n=100/25 =4.$$

Thus, every 4th customer got an opportunity to be interviewed for the study. The researcher targeted to interview 25 customers per distributor thus the total sample size for the study was 175 customers. The customers interviewed included wholesalers and retailers who were purchasing KETEPA products from the Authorized distributors for resale.

RESEARCH FINDINGS

Response Rate

The study sampled 175 respondents who included wholesalers and retailers purchasing KETEPA products from the Authorized distributors for resale. 128 of the 175 questionnaires that the researcher delivered to these respondents were fully completed and returned. This resulted in a response rate of 73.1%. According to Maxfield and Babbie (2014), a response rate of more than 70% is regarded as extremely excellent. As a result, the present study's response rate was adequate for data analysis and reporting. The findings are indicated in Table 1.

Table 1: response Rate

	Frequency	percent
Response	128	73.1
Non response	47	26.9
Total	175	100

Source: Researcher (2022)

Relationship Between Sales Promotion and Sales Performance

The study examined the effect of sales promotion on sales performance of Kenya Tea Packers Ltd and the responses obtained are presented in the table 2 below.

Table 2 Relationship Between Sales Promotion and Sales Performance

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Improving sales volume for KETEPA Brands	128	3	5	4.27	.492
Enhancing Customer loyalty at KETEPA	128	2	5	4.17	.636
Contributed to customer trials for KETEPA Brands	128	2	5	4.22	.587
Given KETEPA a competitive edge in the market	128	3	5	4.22	.587
Enhanced KETEPA Brand trust	128	3	5	4.28	.578
KETEPA uses Coupons and Give-a-ways as forms of promotions	128	1	5	4.09	.686
Customer Referrals	128	3	5	4.20	.563
improved KETEPA brand advocacy and knowledge	128	3	5	4.33	.575
Valid N (listwise)	128				
Average Mean and std Deviation				4.222	0.588

Source Researcher (2022)

Respondents' agreement with the metrics used to quantify the impact of sales promotion on Kenya Tea Packers Ltd's (average Mean = 4.22, standard deviation = 0.588) sales performance is shown in table 2 of the descriptive statistics findings. Respondents seem to agree that the measures used to gauge sales promotion are successful in enhancing sales performance based on the average mean and small standard deviation.

The standard deviation was low, indicating that there was little variation in the replies. Particularly, findings indicate that the respondents agree that Sales Promotions improve sales volumes for KETEPA brands (Mean = 4.27, Std deviation = 0.492). The respondents agree that due to sales promotion customer loyalty at KETEPA has been enhanced (Mean = 4.17, Std deviation = 0.636) and that sale promotion enhances customer trials for KETEPA new brands (Mean = 4.22, Std deviation = 0.587). the respondents also agree that sales promotions have given KETEPA a competitive edge in the market given (Mean =4.33, Std Deviation = 0.575). Further results show that KETEPA brand trust has been enhanced by the sales promotion (Mean = 4.28, Std deviation = 0.578), use of Coupons and give-a-ways as forms of Promotions enhances sales performance (Mean = 4.09, Std deviation =0.686), on sales promotions strategy has led to Customer referrals respondents agree with a Mean = 4.20, Std deviation = 0.563 of the responses. Respondents agree that adoption of sales promotions strategy has improved KETEPA brand advocacy and knowledge (Mean = 4.33, Std deviation =0.575). These findings concur with those of Onditi (2012) in that sales promotion is the aspect of promotion that has the greatest impact on a product's sales relative to other promotion components. Furthermore, Okyere et al. (2011) came to the conclusion that there is a significant impact of advertising and sales promotion on overall sales.

Correlation Analysis

The purpose of the study was to investigate the relationship between the research's independent and dependent variables. The research used a two-tailed test and a Pearson correlation analysis.

Table 3: Correlation Matrix

		Sales performance
Sales performance	Pearson Correlation Sig. (2-	1

	tailed) N	128
Sales promotion	Pearson Correlation Sig. (2- tailed)	.368* .035
	N	128

*. Correlation is significant at the 0.05 level (2-tailed).

The research further examined the effect of sales promotion on sales performance of Kenya Tea Packers Ltd. The results indicate a statistically significant and positive effect of sales promotion on sales performance p-value = .368, sig = .035 < .05.

Regression Analysis

The study adopted the OLS regression analysis, and the findings are presented below.

Table 4 Model Summary Results

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Sig. F Change
1	.741 ^a	.549	.465	.37128	.000

a. Predictors: (Constant), sales promotion,

An R value of 0.741 was found in Table 4, indicating a high positive association between the research variables. The value of R² was 0.549 which translates to 54.9%. This shows that 54.9% of sales performance in Kenya Tea Packers Ltd is explained by sales promotion. Therefore, there are other factors (not covered in the current study), that effect sales performance in Kenya Tea Packers Ltd that account for 45.1%. The study sought to establish the statistical significance of the study variables, and the findings of this analysis are shown below.

Table 5 ANOVA summary

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.529	5	.906	6.572	.000 ^a
1 Residual	3.722	27	.138		

Total	8.251	32
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- a. Dependent Variable: sales performance
- b. Predictors: (Constant), sales promotion,

Given that the model's F value was 6.572 and its p value was 0.000 (P 0.05) in the ANOVA test results shown in Table 5, it can be inferred that the ordinary regression model as a whole matched the data significantly. As a result, the overall regression model was effective in forecasting how the sales promotion will affect the sales performance of the brands of Kenya Tea Packers Ltd.

Summary of Findings

The study revealed that respondents agreed on the parameters used to measure the effect of sales promotion on sales performance of Kenya Tea Packers Ltd. Particularly, the study revealed that Sales Promotions improve sales volumes for KETEPA brands and promote customer loyalty. The study further show that sales promotion enhances customer trials for KETEPA new brands, enhance brand trust and give KETEPA a competitive edge in the market. Use of Coupons and give-a-ways as forms of Promotions enhances sales performance and led to Customer referrals respondents. The study also revealed that adoption of sales promotions strategy has improved KETEPA brand advocacy and knowledge.

Conclusion

Kenya Tea Packers Ltd has embarked on sales promotion initiatives through a tactical approach of Winning at Retail (W.A.R), where they extend price and quantity discounts as well as other give-a-ways to retailers who extend the same to final consumers, thereby selling more. This has been supported by the respondent's responses who agreed to the fact that this strategy has led to many customer trials hence more sales. Most of the respondents buy KETEPA brand mix with Fahari ya Kenya 50 grams being the fast-moving product. In conclusion therefore sales promotion enhances sales performance of KETEPA brands to a large extent.

Recommendations

The study recommends that sales promotions which lead to customer royalty, brand trust and that has lead improvement of KETEPA brand advocacy and knowledge need to be maintained so as

Comment [V6]: add a discussion of the results by mentioning indicators as a measure of research variables.

For example:

variable X with indicator (X1.... mention , X2.....) increases Y the result....

to enhance sales performance. However, the study recommends that use of coupons and give away as the sales promotion need to be reviewed in order to improve sales.

They should leverage of rewarding customers through promotional activities where draws are done to win houses, motor vehicles and gift vouchers. This strategy had been adopted in the early 90s. The same should continue to attract more customer to purchase and use KETEPA brands.

COMPETING INTERESTS DISCLAIMER:

Authors have declared that they have no known competing financial interests OR non-financial interests OR personal relationships that could have appeared to influence the work reported in this paper.

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