
Sales Promotion And It's Impact On Organizational Performance. A Case Study Of Jesa Dairy Company Limited.

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Abstract

This study focused on sales promotion and organizational performance of Jesa Dairy company ltd. In this study sales promotion (measured by product samples, point of purchase and coupons factors) was the independent variable and organizational performance (measured by productivity, Sales volumes and profitability factors) was the dependent variable. Primary data and secondary data sources were used. Quantitative methods were used to collect and analyze the data. The study objectives included: To establish the impact of product samples and organizational performance; To examine the effect of point of purchase and organizational performance; To analyze the influence of coupons and organizational performance. The quantitative methods like questionnaires were used. The research findings shown by correlation analysis generally indicated that there was a significant positive relationship between the sales promotion measures (product samples, point of purchase and coupons) and the organizational performance ($r > .6$; $p = .000$ in all cases). Regression models also indicated that product samples, point of purchase and coupons (independent variable) was a better predictor of the variation in the organizational performance (dependent variable). Point of purchase was the most significant predictor of the variation in organizational performance, followed by coupons. The researcher recommended further research into other factors that affect organizational performance of Jesa Dairy company ltd since the regression analysis indicated that only 71.8%% variation in the organizational performance was accounted for by the independent variable.

Keywords: Sales, Promotion, Organizational and Performance

Background of the study

Nowadays, the world economy is becoming globalized. Organizational management therefore tries to improve the performance of their firms through marketing activities such as promotional incentives (Oscar et al., 2023). Advertising and sales promotion are an integral part of our social and economic systems. Organizations conducted sales promotion to increase sales, use, or trial of a product or service (i.e., an initiation not covered by other elements of the marketing communication/promotional mix) (Damasus et al., 2023). Sales promotion, along with advertising, public relations and personal selling, is a key part of an organization's overall marketing strategy (Faridah et al., 2023). Sales promotion acts as a competitive weapon for target customers to buy or support one brand over another by providing a differentiating incentive. It is particularly effective in encouraging product trials and unplanned purchases (Nelson, Christopher, Teddy et al., 2022).

In East Africa, today's fast-moving consumer goods (FMCG) market is complex and dynamic due to its low profit margin, which poses a great risk to FMCG firms in their efforts to avert losses (Benard, 2023). According to Kenya's Vision 2030, manufacturing was identified as one of the four pillars of the "Big 4 Agenda" expected to drive

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economic growth in Kenya (Ramadhan et al., 2023). The priority agenda launched in 2020 was to create a competitive economy driven by manufacturing to create jobs and wealth (Kenya Association of Manufacturers, 2020). Unfortunately, the contribution of FMCG firms to the Gross Domestic Product (GDP) has declined from 5.7 percent between 2015 to 1.5 percent in 2020 (Kenya National Bureau of Statistics, 2020) (Christopher et al., 2022). Sales promotion has become an effective marketing tool that helps organizations become stronger in a competitive environment. The main objective of any organization is usually to maximize profit, have the largest market shares and become a leader in the market competitive environment. Most marketers have recognized that a product or service has a long-term perceived price or value and that they use sales promotion to differentiate this price-value relationship by increasing value and/or decreasing price compared to other elements of the marketing mix (Damasus et al. , 2023)

In Uganda, increasing competition in the business market has made marketers around the world consider different sales promotion incentives to stand out among their competitors (Turyatamba et al., 2022). The need for sales promotion has arisen as a result of intense competition that requires salespeople to gain the attention of customers in order to increase their sales, growth and survival in business (Encyclopedia of Small Businesses, 2007). It is crucial to understand that sales promotion is done within the organization and has an impact on the performance of the organization. (Ntirandekura & Alex, 2022) argue that organizational performance is related to actual output or results measured against intended goals.

The goal of sales promotion is to motivate clients to immediately purchase a specific product and thereby increase its sales volume (Faridah et al., 2023). Odunlamiet al, (2011) in his study on the effect of sales promotion on organizational performance; concluded that effective implementation of sales support tools leads to increased sales volume and consistently higher profits. Research on the effects of sales promotion on organizational performance has been conducted in various countries and industries; the results showed that sales promotion has a positive impact on organizational performance (Ntirandekura et al., 2022). The research was conducted in Uganda and in the dairy industry, whether the results of this research are the same or different from others with the same name is the subject of investigation. Jesa Dairy farm is one of the largest and most mechanized in Uganda with over 300 exotic dairy cattle. Jesa Dairy farm is located in Busunju, Mityana District, it is a family business that was established as a dairy farm in the late 1980s with no intention of processing. However, when James Mulwan, the CEO and his staff failed to get the market, they decided to start processing the milk themselves (A & Ahmed, 2019). They installed a processing line with a capacity of 20,000 liters, the smallest they could find on the market at that time. (Land Olakes, 2006).

Statement of the problem

Organizations are becoming increasingly dependent on promotional campaigns that consist of various incentives; most of them are short-lived and designed to enable faster or larger purchases of certain goods or services (Ivan et al., 2023). Sales promotion is one of those incentives that influenced customers to make an immediate purchase decision rather than waiting later (Kotler, 2003). Companies know that not all types of sales promotion are effective, but they are not sure which of these promotion tools will be best for them (Abiodun et al., 2021).

Increased competition has allowed companies to differentiate their services and products based on price rather than the opposite features of the service or product. A firm may also feel obliged to come up with its own sales promotion for consumers to benefit from the service, otherwise they would find themselves out of competition if competitors offer price cuts (Faith et al., 2023).

Despite ongoing attempts by organizations to conduct promotions, many organizations continue to perform unexpectedly. Even though the management of organizations makes special efforts to solve this problem, there seems to be no significant improvement in organizational performance (Musaibah et al., 2023); which leads the researcher to conduct an investigation on the effect of sales promotion on organizational performance (Lydia et al., 2023).

It is unclear if this is due to a lack of product samples, point of purchase or coupons.

Specific objectives

1. To establish the impact of product samples and organizational performance.
2. To examine the effect of point of purchase and organizational performance
3. To analyze the influence of coupons and organizational performance.

Methodology

The study used a case study design, rooted in both the quantitative and qualitative approaches. A mixture of qualitative and quantitative research approaches were adopted in the study. The quantitative approach assumes that facts can be measured through a specific set of objective methods (Nafiu et al., 2012). In line with these views, the research assumed that sales promotion and organizational performance were real occurrences that could be measured using specific methods. Quantitative approaches were used to measure and analyze causal relationships and differences in phenomena that are consistent across time and context (A & Ahmed, 2019). This was the intention of the study with regard to the variables under study. The study used a survey research strategy because of the need to have factual quantitative information from a representative sample of a study population (Olanrewaju et al., 2021b). Jesa milk dairies companies (company records 2019) records indicate that the company has a total of over 200 employees. The (Abdi et al., 2020) guide was used to determine the random sample while the non-random sample was determined using the method of data saturation. Data saturation is when data is collected from the sample until no new information is being collected. The researcher then stops the process of data collection at that point and respondents from which data has been collected make the sample size (Nafiu et al., 2017). In this case,

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therefore, since the population was minimum 200 employees, a sample size of 127 was considered as the sample size. The study used both random and non-random sampling techniques to select a sample. Random sampling strategies give every individual in the population a chance to be part of the sample. This reduces bias and increases the representativeness of the sample. This agrees with (Olanrewaju et al., 2021b), that non- random sampling strategies enable the researcher to select respondents who have the information. Stratified random sampling was used to select staff members. This method was used in order to give more respondents in the population a chance of being part of the sample. This technique increases representatives that enable collection of a cross section of data. Purposive sampling was used to select heads of departments (Nafiu et al., 2017). This sampling method was used for this sub sample in order to collect in-depth responses from respondents who were well informed about the research problem. Data was collected from primary and secondary sources. A survey was adopted because the study involved reasonably large number of respondents. This involved the use of Self-Administered Questionnaires (SAQs). This method enabled the researcher to cover the respondents quickly and at reasonable cost. The SAQ-based method was suitable for the sampled respondents because of their high proficiency in the language which was used in the SAQ (Jallow et al., 2022). A structured self-administered questionnaire and key informant interviews (KIIs) were used to collect data. The study used structured questionnaire to collect quantitative data from staff in different departments. The researcher first gave a briefing to respondents and issued to them questionnaire to complete. The questionnaire had structured items; structured questions were used because they allowed the collection of specific data. Given that statistical procedures were used to answer the research questions; Quantitative data analysis was done at different levels, namely univariate and bivariate. Data analysis at univariate level was based on percentages from the frequency tables and descriptive statistics, specifically the mean (Nafiu, 2012). Data was analyzed in form of tables, frequencies and percentages using SPSS & STATA (Nelson, Christopher, & Milton, 2022). The percentage of frequency of responses and the mean response rates for sales promotion and organizational performance were calculated. At the bivariate level, simple linear regression analysis was used; the researcher examined the overall effect of the independent variables on the dependent variable. Regression analysis was done to establish the contribution of the independent variables to the dependent variable across the two variables (Nafiu, 2012). As recommended by Saunders *et al*; (2003) regression is the most practical way to calculate and show a specific influence of one variable on another(s). Therefore, simple and multiple regression analysis was used to show the effect of sales promotion on organizational performance (Nafiu et al., 2013).

Linear regression analysis was used because it focuses on the conditional probability distribution of one variable given another variable (Nafiu & Ph, 2012). Data was modeled using linear predictor functions to estimate unknown model parameters. Qualitative responses were analyzed using thematic content analysis. Clusters of text with similar meaning were presented together and analyzed in relation to the study. The intensity and frequency with which certain ideas were mentioned were ascertained (Olanrewaju et al., 2021a). The reasoning and meaning behind the

ideas were established. This led to understanding the respondents' perceptions and beliefs regarding the research questions. The frequency of concepts showed the measure of direction or bias in data interpretation.

RESULTS

Table 1: Pearson Correlations Matrix

Correlations		PRODUCT SAMPLES	POINT OF PURCHASE	COUPONS	ORGANIZATIO NAL PERFORMANC E
PRODUCT SAMPLES	Pearson Correlation	1	.582**	.294**	.486**
	Sig. (2-tailed)		.000	.001	.000
	N	127	127	127	127
POINT OF PURCHASE	Pearson Correlation	.582**	1	.638**	.781**
	Sig. (2-tailed)	.000		.000	.000
	N	127	127	127	127
COUPONS	Pearson Correlation	.294**	.638**	1	.752**
	Sig. (2-tailed)	.001	.000		.000
	N	127	127	127	127
ORGANIZATIONAL PERFORMANCE	Pearson Correlation	.486**	.781**	.752**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	127	127	127	127

**. Correlation is significant at the 0.01 level (2-tailed).

Source: primary data

To establish the impact of product samples and organizational performance.

Table 1 indicates that there was a significant positive relationship between product samples and organizational performance, where $r = .486^{**}$; $p = .000 < .01$ (Nelson et al., 2023). This implied that a change in product samples leads to a change in organizational performance in the same direction. Therefore, to enhance organizational performance, the company needs to ensure that product samples are taken care of. It is important to note that the diagonal correlation values are such that $r = 1$, because the relationship between a variable and itself is perfect.

To examine the effect of point of purchase and organizational performance.

Table 2 showed that there was high and significant positive relationship between point of purchase and organizational performance since $r = .781$, $p = .000 < .01$. As point of purchase changes, organizational performance changes in the same direction. Thus, to enhance organizational performance in the view of respondents, there is need

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for the company management to ensure improved point of purchase. Therefore, company management should ensure that point of purchase is also given relatively serious consideration compared to product samples.

To analyze the influence of coupons and organizational performance.

Table 3 showed that there existed a high positive and significant correlation between coupons and organizational performance with $r=.752$ and $p=.000<.01$

The significant value $p = .000 < .01$, implied that the relationship between coupons and organizational performance was high and significant. Therefore, the company management needs to put effort on coupons to enhance performance at Jesa.

Table 2: Regression Model for the study variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.443	1.406		2.449	.016
PRODUCT SAMPLES	.162	.097	.098	1.667	.098
POINT OF PURCHASE	.992	.162	.444	6.110	.000
COUPONS	.674	.095	.440	7.108	.000

a. Dependent Variable: ORGANIZATIONAL PERFORMANCE

R Square = .725 F Statistic = 108.137

Adjusted R Square = .718 Sig. F Statistic = .000

Predictors in the Model: (Constant).(product samples, point of purchase and coupons)

$Y=3.443+BiXi$ $i = 1,2,3,4$

Source: Primary Data

Table 2 showed that R Square = .725 was adjusted to .718 to provide for the potential errors in the raw data. This means that a combination of product samples, point of sale and coupons accounted for only 71.8% variation in organizational performance. The other 28.2% variation in organizational performance was explained by other factors. This is because there are other factors other than the ones under study that affect organizational performance (Musaibah et al., 2023). From Table 2, it was observed that all factors were good and significant predictors, with point of purchase being the best predictor because it had the highest Beta value (.444).

Conclusions

In this study, “sales promotion” was the independent variable and “organizational performance” was the dependent variable. Sales promotion was measured by product samples, point of purchase and coupons). Organizational performance was measured by profitability and productivity.

To be able to achieve the main purpose, the research further focused on three specific objectives as indicated in 5.1.

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Correlation analyses were carried out in relation to each specific objective and the findings in chapter four and the discussions in 1 indicated that generally there was a less significant positive relationship between product samples. From the findings presented in Table 1, it was found out that there existed a relatively less significant positive relationship between product samples and organizational performance since in the Table 1, $r = .486$ and $p = .000 < .01$.

Still in relation to the first objective, Regression analysis was carried out and it was noted that generally sales promotion attributes contributed significantly to the explanation of the variations in organizational performance as evidenced by the Table 2. This further explains the significant positive relationship acknowledged by the correlation results in Table 1.

Recommendations

The researcher, therefore wish to recommend to Jesa company ltd that product samples should be given consideration though not as much as point of purchase and coupons as evidenced by the r , p and Beta values in the correlation Table 1 and regression Table 2.

In relation to the second objective (“To examine the effect of point of purchase on organizational performance.”), the researcher recommends that Jesa company ltd authorities should consider injecting resources in point of purchase like depots, and super markets as a priority. This is evidenced by comparatively higher values of r , p and Beta in Tables 1 and 2.

Regarding the third objective (“analyze the influence of coupons and organizational performance”), the researcher recommends that Jesa company ltd authorities need to provide all the necessary support to coupons to achieve high organizational performance.

From the regression model, it was also noted that there are other factors that contribute to variation in organizational performance. Therefore, on this basis, the researcher recommends that the Jesa company ltd authorities to identify which other factors that affect organizational performance other than the ones under study account for remaining 28.2% variation.

In Regression analysis, it was evidenced by Table 2, that the contribution of point of purchase to the variation in organizational performance was more significant than for product samples and coupons. This implies that point of purchase contributed more significantly to the variation in organizational performance; hence should be given first priority.

Regression analysis further indicated in Table 2, that next to point of purchase, coupons contributed significantly to the explanation of the variation in organizational performance. Therefore, it is recommended that coupons should be considered next to point of purchase if high organizational performance is to be achieved.

Regression analysis in regard to the third objective, in Table 2, it was found out that all the three factors of sales promotion under study contributed significantly to the prediction of overall 71.8% variation in organizational

performance. It is therefore recommended that Jesa company ltd should ensure they do whatever it takes in regard to the three factors so as to improve organizational performance.

From the Regression Table 2, it was observed that, product samples, point of purchase and coupons, contributed 71.8% variation in organizational performance. However, of the three, it is recommended that point of purchase be given priority, though, coupons and product samples also contributed to the variation in organizational performance.

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