# Relationship Between Sales Promotion And Sales Performance Of State Corporations In Kenya

*[1]Mr. Peterson N. Njeru, [2]Dr. Nancy G. Rintari, PhD, [3]Dr. Wilson Muema, PhD
[1]Kenya Methodist University
[2]School of Business and Economics,Kenya Methodist University
[3]School of Business and Economics,Kenya Methodist University
*Corresponding author's Email: njerupeterson@gmail.com

## ABSTRACT

This study examined the relationship between sales promotion and sales performance of State Corporations in Kenya. This is a descriptive study, 165 respondents selected with the aids of census technique. Statistical package for social science (SPSS) version 26 adapted to the data from the questionnaire. This study justified there is a relationship between personal selling and sales performance. Also, sales promotion had an influence on customers' demand for a product and therefore this study recommended that sales representative of an organization should be well trained on what is expected from them on the job. This would enable them to be able to convince the customers as to why they need to purchase such a specific product.

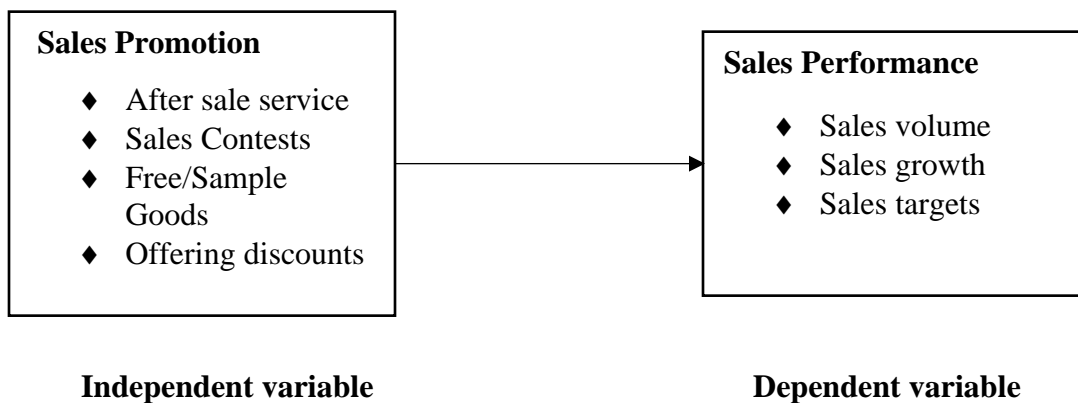**Keywords***: Personal Selling, and Sales performance*

## 1.0 INTRODUCTION

Sales promotion has become an effective marketing tool that assists organizations to wax stronger in a global competitive environment. Crespo-Almendros and Del Barrio-García (2016) identified sales promotion as a key ingredient in marketing campaigns which assist organization to achieve its objectives. The main aim of any organization is to maximize profit, have largest market shares and to become leader in a market competitive environment. Daramola, Okafor, LI and Bello (2015) confirmed that the essence of setting up a business organization is to make profit. Sales promotion simply exists to have a direct impact on the behavior of the firm's customers. Dzimunya (2018) in his research finding said that sales promotion plays a significant effect on sales volume which help in achieving the organizational objectives. The role of sales promotion in achieving organizational stated objectives cannot be underestimated. The purpose of sales promotion is to motivate the customers to immediately purchase a particular product thus enhancing its sales volume (Ebisa, 2017).

According to Familmaleki, Aghighi and Hamidi (2015), sales promotion refers to any incentive used by a manufacturer to induce the trade (wholesalers, retailers, or other channel members)

and/or consumers to buy a brand and to encourage the sales force to aggressively sell it. Hsu, Tseng and Chen (2020) see sales promotion a key ingredient in marketing campaigns and consists of a diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase particular products or services by consumers. Sales promotions programmes are those activities other than stimulate consumer purchase. Sales promotion is an important component of an organizations overall marketing strategy along with advertising, public relations, and personal selling. Sale promotion acts as a competitive weapon by providing an extra incentive for the target audience to purchase or support one brand over another (Ibojo & Odunlami, 2014). It is on this premises that this research work wishes to examine the effect of sales promotion on sales performance with special reference to the commercial state corporations in Kenya.

## 2.0 CONCEPTUAL FRAMEWORK

| **Sales Promotion** | | **Sales Performance** |
|---|---|---|
| ♦ After sale service<br>♦ Sales Contests<br>♦ Free/Sample Goods<br>♦ Offering discounts | → | ♦ Sales volume<br>♦ Sales growth<br>♦ Sales targets |
| **Independent variable** | | **Dependent variable** |

## 3.0 METHODOLOGY

This study adopted the descriptive research design, which depicted the attributes of a specific circumstance, occasion, or case. According to Patten and Newhart (2017), the descriptive study design is utilized when gathering data about individuals' attitudes, opinions and habits. The targeted population comprised 165 employees working in the commercial state corporations in Kenya. The unit of analysis was 55 Marketing managers, 55 Sales Managers and 55 Finance Officers. A census method was used giving all the 165 respondents a chance to participate in the study. Questionnaires were circulated directly to the respondents. The duly filled questionnaires were then picked after one week. SPSS was used to organize code and analyze data and generate the quantitative report. The examination was developed using both descriptive and inferential statistics. The correlation presented the association between the variables, while the regression depicted the relationship between the variables under investigation. ANOVA examination quantified the best fit and determined if the general model was statistically significant.

## 4.0 FINDINGS

### 4.1 Descriptive Results for Sales promotion

The respondents were asked to give their opinion regarding sales promotion at their organization based on a 5 point Likert 'scale where 1 denoted strongly disagree (SD), 2 denoted disagree (D), 3 denoted Neutral (N), 4 denoted Agree (A) and 5 denoted Strongly Agree (SA). The frequency, percentages, means, and standard deviation were used to summarize the responses as shown in Table 1.

**Table 1: Descriptive Results for Sales Promotion**

| | SD | D | N | A | SA | M | STD |
|---|---|---|---|---|---|---|---|
| We fasten our selling processes to encourage customers to instant purchases. | 42 (29.7%) | 33 (23.1%) | 20 (14.3%) | 24 (17.2%) | 12 (8.1%) | 2.5 | 1.34 |
| We place emphasis on building customer relationship through sales contests | 30 (21.2%) | 27 (19.0%) | 24 (16.8%) | 33 (23.1%) | 17 (11.7%) | 2.8 | 1.37 |
| We offer discounts, coupons and price packs to our customers | 17 (12.1%) | 20 (14.3%) | 26 (18.7%) | 44 (31.1%) | 23 (16.1%) | 3.3 | 1.29 |
| We provide after sales services to our customs | 13 (8.8%) | 15 (10.3%) | 24 (16.8%) | 47 (33.0%) | 35 (24.5%) | 3.6 | 1.25 |
| We stimulate purchases through conventions, trade shows and sales contests. | 32 (22.3%) | 26 (18.3%) | 24 (16.5%) | 31 (22.0%) | 20 (13.9%) | 2.9 | 1.41 |
| We give free or sample goods to our customers | 23 (15.8%) | 33 (23.4%) | 26 (17.9%) | 34 (24.2%) | 17 (12.1%) | 2.9 | 1.31 |
| **Average Mean** | | | | | | **3.1** | **1.58** |

**Key**: n= 273, SD= strongly disagree, D=disagree, N=neutral, A=agree, SA=strongly agree, M=mean, Std  = standard deviation
**Source: Research data 2022**

Results in Table 1 indicate that all the items had a standard deviation above 1.0. The item "Our organization provide after sales services to our customs" had the lowest standard deviation of 1.25. All the items had standard deviations above 1.0. This shows that the respondents were spread to the positive and to the negative hence the high standard deviation witnessed. The item "Use of sales promotion has increased brand loyalty of our Company" had the highest standard deviation of 3.1 which shows extremes.

The percentages indicate that 8.8% and 10.3% of the respondents scored for strongly disagree and disagree while 38.5 % and 24.5 % scored for agreeing and strongly agree respectively. This shows that the two items had no extremes hence are a good measure. Additionally, 25.3% agreed that their organization fastens selling process to encourage customers to instant purchases, 34.8% agreed that their sales promotion activities places emphasis on building customer relationship through sales contests, 47.2% agreed that in their organization we offer discounts, coupons and price packs to their customers, 57.5% agreed that their organization provide after sales services to their customers, 59.0 agreed that the use of sales promotion has increased brand loyalty of their Company, 35.9% agreed that their organization stimulates purchases through conventions, trade shows and sales contests, 36.3% agreed that their organization gives free or sample goods to our customers.

Further, the highest mean was 3.8 with the lowest being 2.8. This shows the respondents took a positive position (above 3.0). All items had a mean of above 3.0. This shows that the general position was that the respondents agreed with the items. The scores for this section indicate that most of the respondents agreed that sales promotion was a key determinant of sales Performance of state corporations in Kenya.

The findings are consistent with those of Iqbal et al. (2013), Nwielaghi and Ogwo (2013) and Yousefi (2016). Sales promotion has become an effective marketing tool that assists organizations to wax stronger in a global competitive environment. (Oyedapo et al, 2012) identify sales promotion as a key ingredient in marketing campaigns which assist organization to achieve its objectives. Sales promotion as a tool of market promotion gives rise to increase in production usage as well as expansion of market for a product or introduction of a new product.

## 4.2 Correlations Results for Sales Promotion and Sales Performance

The research aimed to assess the relationship between sales promotion and sales performance. The results were tabulated in Table 2.

**Table 2: Correlation Analyses for Sales Promotion versus Sales Performance**

|  |  | Sales promotion | Sales performance |
|---|---|---|---|
| Sales promotion | r | 1 | .546** |
|  | Sig. value |  | .000 |
| Sales performance | r | .546** | 1 |
|  | Sig. value | .000 |  |

**. Correlation is significant at the 0.01 level (2-tailed). N = 273
**Source: Research data 2022**

Table 2 shows that there was a statistically significant association between sales promotion and sales performance (r = 0.546, p<0.05).

## 4.3 Regression Analysis _ Sales promotion and Sales Performance

The second objective of the study was to demonstrate the effect of sales promotion on sales performance of state corporations in Kenya. A simple regression model was used to test the

statistical significance of the independent variable sales promotion) on the dependent variable (sales performance) of state corporations in Kenya. The second hypothesis stated in the null form is as follows:

**H2: Sales promotion has no significant effect on sales performance of state corporations in Kenya.**

Hypothesis 2 sought to establish the effect of sales promotion on sales performance of state corporations in Kenya. This hypothesis was tested by regressing sales promotion and sales performance guided by the equation:

$$Y = \beta_{20} + \beta_{2o}X_{20} + \varepsilon$$

Where X represented sales promotion and Y denoted sales performance.

The results of the regression are presented in Tables 3, 4, and 5. As presented in Table 4.25, the coefficient of determination R Square is 0.298, the adjusted R squared is 0.293. The model indicates that sales promotion explains 29.3% of the variation in sales performance of state corporations in Kenya.

**Table 3: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .546[a] | .298 | .293 | 7.87743 |

a. Predictors: (Constant), Sales promotion
**Source: Research data 2022**

This means 29.3% of the sales performance is influenced by sales promotion. This implies that there exists a positive significant relationship between sales promotion and sales performance of state corporations in Kenya. Table 4.26 shows that the ANOVA for sales performance.

**Table 4: ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 3711.960 | 1 | 3711.960 | 59.818 | .000[b] |
| | Residual | 8749.599 | 141 | 62.054 | | |
| | Total | 12461.559 | 142 | | | |

a. dependent variable: Sales Performance
b. Predictors: (Constant), Sales promotion
**Source: Research data 2022**

The F-Calculated $(1, 141) = 59.818$ which is greater than F-Critical $(1, 141) = 3.96$ at 95% confidence level. The findings further confirm that the regression model of sales performance on sales promotion is significant and supported by F= 59.818, p = 0.000 < 0.05. Table 5 shows the coefficient for sales promotion.

**Table 5: Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 14.028 | 2.582 | | 5.434 | .000 |
| | Sales promotion | .971 | .126 | .546 | 7.734 | .000 |

a. Dependent Variable: Sales Performance
**Source: Research data 2022**

Findings presented in Table 5 shows when sales promotion is held constant, Sales performance will remain at 14.028. At the same time, an increase in Sales promotion by one unit leads to an increase in sales performance by 0.971 units with a p-value of 0.000<0.05. The study thus rejected the null hypothesis and adopted the alternative hypothesis that Sales promotion affected sales of state corporations in Kenya. This was summarized by the following model:

$$SP = 14.028 + 0.971 SPr$$

Where SP = Sales Performance, SPr = Sales promotion

## 5.0 CONCLUSION

Descriptive statistics were used to analyze this research objective and another subsequent analysis was done. The results showed a composite mean of 3.4 this meant that most of the respondents agreed with statements on personal selling in their organizations. The correlation analysis results indicated that at the bivariate level personal selling and sales performance of state corporations in Kenya were positively correlated ($r = 0.578$; P-value $< 0.05$). After carrying out the linear regression analysis, the research indicated that, personal selling affected sales performance of state corporations in Kenya ($r = 0.578$; $R^2 = 0.334$ and adj. $R^2 = 0.329$, $\beta = 0.894$, P$< 0.05$).

## 6.0 RECOMMENDATIONS

The study recommends that state corporations should fasten selling process to encourage customers to instant purchases, offer discounts, coupons and price packs to their customers, should stimulate purchases through conventions, trade shows and sales contests and give free or sample goods to their customers.

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