

**THE INFLUENCE OF SALES PROMOTION STRATEGIES ON CONSUMER  
BEHAVIOUR IN THE ALCOHOLIC SPIRITS INDUSTRY IN NAIROBI  
CENTRAL BUSINESS DISTRICT**

**BY**

**ONYANGO MARK COLLINS OCHIENG**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF  
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

**OCTOBER, 2014**

## DECLARATION

This research project is my original work and has not been submitted for examination to any other university.

Sign.....

Date.....

Onyango Mark Collins Ochieng

Reg. No D61/63476/2010

This research project has been submitted for examination with my approval as the University of Nairobi Supervisor

Dr. Justus M. Munyoki

Sign.....

Date.....

Senior Lecturer,

School of Business,

University of Nairobi

## **DEDICATION**

This study is dedicated to my parents for their constant encouragement towards pursuit of academic excellence. It is also dedicated to my wife Mrs Jacqueline Vinayawa Sagala and my Son Kyle Onyango Ochieng for their patience and moral support during my study period.

## **ACKNOWLEDGEMENT**

The completion of this study would have been impossible without the material and moral support from various people. First of all I thank the Almighty God for giving me good health, and guiding me through the entire course.

I am greatly indebted to Dr. Justus M. Munyoki and Professor Kibera who were my supervisor and Moderator respectively for their effective supervision, dedication, availability and professional advice. I extend my gratitude to my lecturers who taught me in the MBA programme, therefore enriching my research with knowledge. The management staff of bars and wines and spirits outlets within Nairobi CBD, who were my respondents, deserve my appreciation for their support and willingness for providing the required information during my study. My appreciation finally goes to my classmates, with whom I weathered through the storms, giving each other encouragement and for their positive criticism.

## **ABSTRACT**

This study sought to evaluate the influence of sales promotion strategies on consumer behavior in the Alcoholic Spirits Industry in Kenya. This research was conducted through a descriptive research design. The descriptive survey design was considered appropriate as it enables description of the characteristics of certain groups, estimation of the proportion of people who have certain characteristics and making of predictions. The study collected quantitative data in the form of primary data from the managers of the bars and wines and spirits outlets in Nairobi's CBD using a semi-structured questionnaire. Quantitative data was analyzed by descriptive analysis while qualitative data through content analysis. The study found that various players in the Alcoholic Spirits Industry in Kenya adopted various sales promotion strategies such as vouchers, premium products, gifts, extra products, reduced prices, free samples and sweepstakes with a view of positively influencing the behaviour of their customers towards purchasing of their products. The study found that the sales promotion strategies practiced in the Alcoholic Spirits Industry had a significant positive influence on the consumer behaviour. The study recommends that the management of the bars and wines and spirits outlets should formulate comprehensive and effective sales promotion strategies that seek to build brand awareness, creating favourable brand attitudes, gaining market share, inducing purchase, building brand loyalty and increasing sales.

## TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>II</b>
<b>DEDICATION.....</b>	<b>III</b>
<b>ACKNOWLEDGEMENT.....</b>	<b>IV</b>
<b>ABSTRACT.....</b>	<b>V</b>
<b>LIST OF TABLES .....</b>	<b>IX</b>
<b>ABBREVIATIONS AND ACRONYMS.....</b>	<b>X</b>
<b>CHAPTER ONE: INTRODUCTION.....</b>	<b>1</b>
1.1 Background to the study.....	1
1.1.1 The concept of sales promotion .....	2
1.1.2 The concept of consumer behaviour .....	4
1.1.3 The Alcoholic Spirit Industry in Kenya.....	6
1.2 Research problem .....	7
1.3 Study objectives .....	9
1.4 Value of the Study.....	9
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>10</b>
2.1 Introduction .....	10
2.2 Theoretical foundation of the study.....	10
2.3 Sales promotion.....	12
2.4 Determinants of sales promotion effectiveness.....	15

2.5	Consumer behaviour.....	17
2.6	Sales Promotion and Consumer Behaviour.....	21
<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>		<b>23</b>
3.1	Introduction .....	23
3.2	Research Design .....	23
3.3	Population of the Study .....	23
3.4	Sample Design.....	24
3.5	Data Collection.....	24
3.6	Data Analysis .....	25
<b>CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION.....</b>		<b>26</b>
4.1	Introduction .....	26
4.2	Demographic Information.....	26
4.2.1	Demographic data of the respondents.....	27
4.2.2	Demographic data of the firm .....	29
4.3	Sales promotion strategies practised in the alcoholic spirits industry.....	31
4.4	Factors that enhance the effectiveness of the sales promotion strategies .....	33
4.5	Events that influence the buying of products in the Alcoholic Spirits Industry	34
4.6	Post -purchase actions of consumers.....	36
4.7	Consumers' comments on sales promotion in the Alcoholic Spirits Industry ..	38

4.8 Discussion of findings.....	38
<b>CHAPTER FIVE .....</b>	<b>43</b>
<b>SUMMARY , CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>43</b>
5.1 Introduction.....	43
5.2 Summary of Findings.....	43
5.3 Conclusion .....	44
5.4 Recommendations .....	45
5.5 Suggestions for Further Research .....	46
<b>REFERENCES.....</b>	<b>47</b>
<b>APPENDICES .....</b>	<b>51</b>
<b>APPENDIX I: QUESTIONNAIRE .....</b>	<b>51</b>

## LIST OF TABLES

Table 4.1 Age distribution of the respondents .....	27
Table 4.2 Highest education level of the respondents .....	28
Table 4.3 Years while operating in the Alcoholic Spirits Industry.....	29
Table 4.4 Number of employees .....	30
Table 4.5 Clients' favourite drink.....	30
Table 4.6 Sales promotion strategies practised in the alcoholic spirits industry .....	32
Table 4.7 Factors that enhance the effectiveness of the sales promotion strategies ....	33
Table 4.8 Events influencing buying of Alcoholic Spirits.....	35
Table 4.9 Post purchase actions of consumers.....	37

## **ABBREVIATIONS AND ACRONYMS**

BOGOF	-	Buy One Get One Free
CBD	-	Central Business District
EABL	-	East African Breweries Limited
KBS	-	Kenya Bureau of Standards
NCLLB	-	Nairobi County Liquor Licensing Board
SPSS	-	Statistical Package for Social Scientists

# CHAPTER ONE: INTRODUCTION

## 1.1 Background to the study

The environment in which businesses are operating is changing rapidly posing great challenges to decision makers in organizations. This has made the business environment very sophisticated with consumer preferences changing at a very fast pace mainly because of ease of switching from one brand to another. Consumers have more demands hence organizations have to focus more of their resources in attracting and retaining its customers. This has led organizations to prioritize the meeting of customers' wants and needs more effectively and efficiently than its competitors (Kotler, 1988). Marketers are therefore faced with the challenge of keeping up with the trends in the market hence the constantly formulating and implementing new strategies as occasioned by the market changes.

The strategies can either be long term or short term. However the short term strategies are aimed at increasing sales volume in the short run hence the use of sales promotion. In most fast moving consumer goods companies, sales promotion accounts for 65% to 75% of the total marketing budget and this has been rising for the last two decades (Kotler, 1997). For a company to penetrate into new markets it needs to arm itself with specific marketing strategies that will ensure growth in the target market. This becomes even more important if the target market is already filled up with competitors offering the same products or services (Kay, 2003).

The Alcoholic Beverage Industry in Kenya is experiencing a period of growth despite the challenges it faces. This is majorly attributed to increased performance of other

sectors as well as growth of the middle class. Consumption of alcohol in Kenya is on the increase with the trend shifting from beer to spirits. This is attributable to a number of factors; the high cost of living and the Alcoholic Drinks Control ACT 2010 which has limited drinking hours. There is a rapid expansion of off-trade retail outlets and wines and spirits outlets in residential areas where consumers can easily purchase their alcohol hence the growth being realized in the sector. The Alcoholic Drinks Control Act, 2010 came into operation on 22nd November, 2010 with the aim of providing a law that will control the production, manufacture, sale, labelling, sponsorship and consumption of alcoholic drinks. It prohibits promotion of an alcoholic drink except as prescribed in law.

The main players are East African Breweries, Keroche Breweries, Kenya Wine Agencies and London Distillers. They face competition from local producers of traditional brews and low end spirits manufacturers such as Africa Spirits, Patiaala Distillers, MoonWalker Investments and many others. The Kenyan market has also been penetrated by international brands such as Jameson, Three barrels, Konyangi and Diamond Vodka. Substitute products which include sodas, fruit juices and water also compete for beer products. Beverages such as tea, coffee, cocoa and drinking chocolates are also consumed instead of alcoholic beverages.

### **1.1.1 The concept of sales promotion**

Sales Promotion is the widely used component of the promotion mix, other being personal selling, direct marketing, publicity and advertising. Promotion is the direct way an organization attempts at reaching its market and is usually performed through

the five elements of promotion mix, i.e. advertising, sales promotion, personal selling, public relations, and direct marketing (Czinkota & Ronkainen, 2004). It involves the delivery of messages to target customers with the main aim of building brand awareness, creating favourable brand attitudes, gaining market share, inducing buying, building brand loyalty and increasing sales (Kurtz, 2010)

Sales promotion consists of marketing activities that stimulate consumer purchasing and dealer effectiveness. These include displays, trade shows, coupons, contests, samples, premiums, product demonstrations, and various non-recurrent selling efforts used combined with other forms of promotion to emphasize, assist, supplement, or otherwise support the objectives of the promotional programme (Thompson, 1998). Sales promotion tends to be thought of as being all promotions apart from advertising, personal selling, and public relations. For example the BOGOF promotion, or Buy One Get One Free. Others include couponing, money-off promotions, competitions, free accessories, introductory offers and so on. Each sales promotion should be carefully costed and compared with the next best alternative. According to Parks (2002), sales promotion can be classified based on target group and the tools used. Based on target, when the target is the consumer the following tools can be used; price or value discount tools (coupons, rebates and bonus packs).

Visibility increasing tools include premiums, contests and sweepstakes, trade shows, promotional products and incentive programs. Volume increasing tools (Sampling and loyalty programs). All the mentioned tools above have an expiration date and are made to encourage immediate purchase. When the target is the trade partners such as, employees, distributors, and retailers, sales promotion here is done to facilitate the

passage of the product to the ultimate customers. The trade partners here are given discount premiums in order to encourage them to stock the product or the partners are given merchandising allowances, where by the manufacturer reimburses its channel partners a certain amount off the total price of the product. For example when Volvo wanted to double the sales of its certified vehicles, it offered dealers a \$200-per vehicle cooperative advertising allowance (Farese, Kimbrell & Woloszyk, 1991). This saw their sales increase tremendously.

Case allowances is another form of trade promotion tool in which a manufacturer offers a discount to the channel partner based on the volume of products it buys during the deal period. These are a discount the manufacturer offers to the channel partner based on the volume of products it buys during the deal period. The greater number of products the partner buys, the greater the discount. Due to increased competition and increased product awareness, consumers have become promotion oriented and are thus expecting better value for their money. This coupled by the need to increase consumer loyalty has led organizations to preoccupy themselves with sales promotion (Kotler, 2003). Fill (2000) argues that organizations have an urge for short term results hence the use of sales promotion techniques as the outcomes are realized faster and are quantifiable.

### **1.1.2 The concept of consumer behaviour**

The phrase 'consumer behaviour' may be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services. Marketers are thus interested in studying in order to understand factors that

influence a consumer's decision regarding various products and services. Several factors influence consumer behavior for instance perception, self-concept, social and cultural background and our age and family cycle, our attitudes, beliefs, values, values, motivation, personality, social class and many other factors that are both internal and external to us (Kotler, 2004).

Customers in the 21st century have access to information and are spoiled for choices hence more powerful and sophisticated; therefore research into contemporary consumer behavior is vital for business survival. Kotler (2001) notes that consumers have access to objective information on competing brands, including costs, prices, features, and quality without relying on individual manufacturers or distributors. In most cases they will want personalized services and also specify the prices they are willing to pay and wait for the sellers to give an offer. This has led to rapid changes in the consumer preferences hence firms who do not innovate in time will not compete favourably. Successful firms are those that can easily adjust their operations to changes in the market or consumer behavior (Jaworski & Kohli, 1993).

Sales promotion strategies that involve taking the product directly to the customer via trade show, direct selling, negotiating with retailers to stock, ensuring the customer is aware of your brand at the point of purchase is important in attracting and retaining customers. This study seeks to determine and explain the influence that sales promotion strategies will have in stimulating positive consumer response. This study aims to use a sample of patrons at wine and spirits outlets in Nairobi to determine and explain the relationship between sales promotion and consumer behaviour. The patrons have different demographic characteristics in terms of age, social status,

income and so on and would be ideal for studying the various factors related consumer behaviour.

### **1.1.3 The Alcoholic Spirit Industry in Kenya**

The alcoholic spirits industry in Kenya is very complicated as compared to the beer industry due to the presence of numerous players. Some of the spirits are manufactured locally while others are imported as final product by other players in the industry from countries like Russia, Ireland, South Africa, Uganda and Tanzania. The dominant companies in this industry are East African Breweries Ltd (EABL), London Distillers Ltd, Kenya Wine Agencies, Keroche Industries Ltd, African Spirits Ltd, and Wine Masters Ltd, Wines of the world and Distell Kenya Ltd. Nevertheless, there are many other small companies and individuals involved in the wines and spirits business. The industry players are involved in sourcing the raw materials, distillation, packaging, marketing and distribution. At the distribution level, competition and market complexities have compelled industry players to appoint distributors and stockists for efficient and effective use of the products to the prospective consumers.

The alcoholic spirits market has remain robust registering growth but at a slower rate as the increased taxes and high inflation rate coupled with the recent incidences of death occasioned by consumption of adulterated spirits. This is likely to continue to have an effect on the sales of alcoholic spirits as people are likely to be more cautious when purchasing spirits as prices are expected to rise further and consumers become more conscious about product safety. It is appreciative to note that alcoholic spirits s

manufacturers in the country have taken up the challenge of producing low cost spirits according to the standards prescribed by Kenya Bureau of Standards.

In the recent past, the Kenyan government has always relied on taxes from alcohol to offset its annual budget. The key taxes levied on alcohol are excise and value added taxes. As a result of the tax impasse, most local manufacturers have suddenly found themselves with huge inventories of un-sellable stock of spirits, worth hundreds of millions of shillings, while a number of industry players have suspended production as they await intervention of the new tax measures, which means that prices are expected to rise further. Consequently, there is likely to be a shift from consumption of manufactured and imported wines and spirits to consumption of traditional brews. It is estimated that 74% of Kenyans consume traditional brew, and only 24% consume manufactured alcohol, whilst 2% consume spirits. The number of people consuming traditional brews, especially chang'aa, is likely to increase.

## **1.2 Research problem**

Sales promotion is a sure way of increasing brand loyalty and sales. Given that sales promotion is expensive, it is only sensible if it achieves the goal that it was intended for. This may call for an understanding of the purchase decision and determine the extent to which it has been influenced by the promotions. Sales might increase but not necessarily attributed to the promotions. Hence not all sales should be attributed to the promotional activities. The management should therefore understand that the consumer purchase decisions are influenced by a number of factors.

The alcoholic spirits industry has grown tremendously over the last decade in Kenya with new international brands targeting this market and also new local manufacturing companies being established leading to increased competition resulting into reduced market share and profitability. Therefore organizations are expected to develop and implement strategies that will enable them to sustain or grow their market share, expand to new territories or markets, acquire new technologies, develop brand or line extensions and reduce costs (Oliver, 1995). According to Ramamurthy (2007) there is an increase in what customers expect from alcoholic beverages; high quality, quantity, place and at a favourable price. This has led firms to have sales promotion campaigns frequently to spur up sales figures.

While a lot of academic researches on distribution and promotion mix have been done, the influence of push promotion strategies in Kenya is a segment that has been missing from these studies. Research done by Owuor (2008) focused mainly on distribution strategies adopted by wines and alcoholic spirit manufacturers and importers in Nairobi. Ndegwa (2003) looked at the application of promotional elements in the agrochemical industry. Kinguyu (2013) focused on sales promotion practices and sales performance of fast moving consumer goods while Muthenya (2006) concentrated on the use of sales promotion tools by fast foods restaurants. Most of the studies done concentrated on other industries like agrochemical while research done by Owour (2008) looked into the distribution strategies adopted and not the sales promotion strategies. This study sought to answer the following question; does sales promotion influence consumer behavior in the alcoholic spirits industry?

### **1.3 Study objectives**

The general objective of this study was to determine the influence of sales promotion strategies on consumer behavior in the Alcoholic Spirits Industry in Kenya.

Specific objectives were:

- i. To determine the influence of sales promotion on consumer behavior in the alcoholic spirits industry in Nairobi CBD.
- ii. To establish the factors that promote the effectiveness of the sales promotion in the alcoholic spirits industry in Nairobi CBD

### **1.4 Value of the Study**

This study would be significant in the promotion of the various brands of alcoholic beverages by the manufacturers in Kenya and would also be relevant to various manufacturing companies to determine the various factors that influence the consumers' purchase decisions to enable them adjust their strategies. Ultimately it will assist firms in proper utilization of scarce resources, improve their profitability and enable them to grow.

For scholars and academic researchers, this study forms a platform on which future research of push promotion strategies would be established. The study would inform firms why consumers do not always follow through the whole classical consumer decision process before making a purchase decision and the implications of consumer behaviour on sales. The findings would be resourceful in providing viable information to academicians, researchers and consumers on various concepts related to push promotion strategies.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter of the paper details, through selective reference to available literature, a deeper insight to the sales promotion concept and outlines previous research outcomes on the effectiveness of sales promotion strategies on the sales of a company or brand.

### **2.2 Theoretical foundation of the study**

Assimilation contrast theory in sales promotion theory and operant conditioning theory in consumer behavior form the theoretical basis of this study. Most academic research has concentrated on product price and its effects on consumer behavior (Kalwani & Yim, 1992). Assimilation contrast theory examines how external reference prices influence consumers' internal reference price and subsequent promotion evaluations. As per assimilation contrast theory, an external reference price that is moderately higher than a consumer's internal reference price is perceived as plausible and assimilated. An external reference price may be introduced through a price advertisement or in-store communication that features both the lower promotional price and the higher regular price. Promotion campaigns that include both the higher usual price and lower promotional price are effective than those that include the lower promotional price only (Blair & Landon, 1979).

Bitta, Monroe and McGinnis (1981) concluded that higher price discounts provided greater perceptions of value, less intent to search and greater interest in product. Studies based on assimilation contrast theory have indicated the importance of

external reference price in influencing consumer price judgments. Although very high external reference prices are seen to be discounted, the presence of such prices produces larger perception of consumer savings (Blair & Landon, 1979).

These insights notwithstanding, a number of fundamental questions remain unanswered with respect to sales promotion. For instance the effectiveness of non-price promotion strategies and the threshold and saturation quantities of free products that consumer can regard as a saving. This study will attempt to establish both.

Operant conditioning also known as instrumental conditioning refers to a systematic program of rewards and punishments to influence behavior or bring about desired behavior. It occurs as a person learns to perform behaviours that produce positive outcomes and to avoid those that yield negative outcomes (Solomon et al., 1999). Operant conditioning works by reinforcing (rewarding) and punishing behavior based on the consequences it produces. Reinforcement is used to increase the probability that behavior will occur in the future, whereas punishment aims to decrease that probability. In addition, the process of removing reinforcement from an act is called extinction.

According to Solomon et al. (1999), there are three ways in which operant conditioning can occur: positive reinforcement, negative reinforcement, and punishment. Positive reinforcement refers to delivering a reward after the desired behaviour is performed encouraging the learning of the appropriate response. The second one, negative reinforcement, also strengthens responses so that appropriate behaviour is learned. In punishment a response is followed by unpleasant events

which aim at teaching individuals to perform the desired behaviour in order to avoid the negative effects.

Proponents of applying operant conditioning to marketing believe that association between a product and reinforcement may help explain the effect of many variables in sales promotion. Solomon et al (1999) observed that clients who encounter positive reinforcement when purchasing a product or service are more loyal than those receiving the product or service itself as the only positive reinforcement. Reinforcement should be scheduled properly as it may lead to wastage of company financial resources and customers may hold off their purchases resulting in extra costs (Solomon et al, 1999).

### **2.3 Sales promotion**

Sales promotion is media or non-media marketing pressure applied for a pre-determined, limited period at the level of consumer, retailer or wholesalers in order to stimulate trials, increase consumer demand or improve product availability (Kotler, 2003). According to Churchill and Peter (1995), sales promotion is designed to produce quick results that will not only boost sales in the immediate future, but will translate to loyal customers in the long run.

Sales promotion consists of short-term incentives, in addition to the basic benefits offered by the product, or services to encourage the purchase or sales of a product or service (Kotler et al, 2001). Sales promotions cannot be conducted on a continuous basis, because they will eventually become ineffective. This implies that, for sales promotion to be truly effective, it must be short and sweet, offered for a limited time

and perceived to have value (Ngolanya, et al, 2006). Whereas advertising offers reasons to buy a product or a service, sales promotion offers reasons that would achieve immediate sales.

Sales promotion actually seeks to motivate the customer now (Ngolanya, et al, 2006). The basic objectives of sales promotion is to introduce new products, attract new customers, induce present customers to buy more, to help firm remain competitive, to increase sales in off season among others. Sales promotion offers a direct inducement to act by providing extra worth over and above what is built into the product at its normal price (Sam & Buabeng, 2011). This temporary inducement according to them, are offered usually at a time and place where the buying decision is made.

Consumers have become more and more sophisticated as well as marketers in their bid to persuade the consumers and increase market share in the products and services they offer. This persuasion comes in the form of discounts, free gifts, bonuses, free air time among other sales promotional activities. These sales promotional activities according to Yeshin (2006) create a greater level of immediate response than any other marketing communication activity.

Sales promotion is traditionally divided into two categories (Kotler, 2003). These are those that have immediate reward and those that have delayed reward. Immediate reward promotions are offers that provide a benefit immediately such as bonus pack, price reduction on calls, and free airtime among others. Delayed reward promotions defer the benefit of the promotions and usually require the target consumers to do

something before they receive the reward of the promotions. This mostly takes the form of raffle draws, refund offers that require proof of purchase etc.

Sales Promotions can be classified into three main areas namely; Consumer Market directed, Trade Market directed and Retail or Business to Business Market directed. At the consumer level promotion usually takes the form of coupons, free samples, rebates, sweepstakes or additional quantities and is usually done together with other elements of the promotional mix that is advertising, public relations, direct marketing or personal selling. For instance a company may advertise in newspaper or electronic media that it is currently offering a gift or extra product for every purchase of a given quantity of its products.

Trade market promotions are those sales promotions directed at the distribution channel of a product i.e. distributors, wholesales or retailers (Sam & Buabeng, 2011). For instance given extra product for a given quantity purchased to entice the retailer to stock the company's product or a reward to retailers who have sold the most products within a given period of time (Sam & Buabeng, 2011).

Sales promotion according to Kotler (2003) has three distinctive characteristics; Communication, Incentives, and Invitation. Communication gains attention and usually provides information that may lead the consumer to the product or service, the Incentive incorporates some concession, inducement, or contribution that gives value to the consumer whereas Invitation includes a distinct invitation to engage in the transaction now (Sam & Buabeng, 2011).

Proponents of sales promotion argue that it gives the consumer a better deal by offering value of the product hence instant results as the consumer will be inclined to purchase (Schultz et al, 1998) and also a long term effect by promoting brand loyalty. However in the long run sales promotion might have negative effects as too much promotions detracts consumers from the long term value of the brand (Schultz et al, 2008). Some researchers argue that sales promotion do not have impact on brand loyalty and brand equity i.e. if a product has an inferior quality, sales promotion will lead to little impact on brand loyalty (Sam & Buabeng, 2011).

#### **2.4 Determinants of sales promotion effectiveness**

Sales promotion has been defined as “a direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the final consumer with the primary objective of creating an immediate sale” (Haugh, 1983). Gilbert and Jackaria (2002) further defined sales promotion as the offer of an incentive to induce a desired sales result. It is mostly for a short duration, for a specific period leading to a sense of urgency in consumers to buy now, since the sales promotion is not forever. This however creates an immediate positive impact on sales.

Numerous studies have been conducted to examine the responses of consumer to sales promotion. Krishna and Zhang (1999) observed that coupons and discounts are the most widely used sales promotional tools in the grocery products industry. In coupon promotions, retailers maintain the original price of the product; only coupon holders are entitled to a discount. Consumers must keep track of the coupons and produce them at the place of purchase. Compared with price discounts, coupons are less

favoured by consumers because they require greater involvement. However, the more price-conscious the consumer, the more positive will be his/her attitude towards a coupon (Huff & Alden, 1998).

“Buy-one-get-one-free” promotions may be offered to shoppers at the regular price, thus adding value to the product. Since an additional amount is given for free, consumers may be persuaded to buy the product. This means consumers must compare and evaluate the additional quantity received with respect to any costs they may incur. For instance, storing the additional quantity may be inconvenient for the consumer due to a lack of storage space (Gilbert & Jackaria, 2002). A price discount is a temporary reduction of the list price of the product. The major strategic goal of a price discount is to discriminate between informed and uninformed consumers, or between loyals and switchers. Studies show that price discounts are particularly effective in inducing purchase acceleration and product trial (Gilbert & Jackaria, 2002).

In-store demonstrations, such as product trial or tasting are widely used to introduce new products or new brands. The demonstrations can influence the perception of consumers towards a new product by offering product information and experience. They can also help reduce the resistance of consumers to new products by lowering functional and psychological barriers (Ram & Sheth, 1989). Games such as sweepstakes and lucky draws are used by supermarkets to attract traffic. People participate in these games because of perceived extrinsic and intrinsic values, such as the perceived value of the prize and perceived fun and interest (Ward & Hill, 1991).

Previous research has shown that sales promotion can encourage behavioral responses such as brand switching, stockpiling, purchase acceleration, product trial and spending larger amounts. From an economic perspective, (price) promotions induce a brand switch by increasing the utility of a brand that otherwise would not have been purchased. From a behavioral perspective, transaction utility provides an added impetus for buying a brand that otherwise would not have been purchased (Neslin, 2002). Stockpiling can also be induced, because stockpiling consumers are motivated to trade off inventory carrying cost to get a better price (Krishna, 1992). Purchase acceleration means that a customer purchases a product at an earlier time as the result of a sales promotion for reasons similar to those of the stockpiler (Aggarwal & Vaidyanathan, 2003). Product trial can be induced by promotions such as in store demonstrations because they lower the customer's perceived risk (Blattberg et al., 1981). Finally, customers may spend more because they might purchase regular-priced items in addition to the promoted merchandise when they are attracted to the shop by a promotion (Mulhern & Padgett, 1995). All these rationale of sales promotion, though unique from each other, has a long term effect on increasing the firm's market share, improve sales volume, retain customers and reduce switching of customers.

## **2.5 Consumer behaviour**

Belch and Belch (1998) defines consumer behaviour as the process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires. Consumption related behaviours are mostly taken individually or collectively

(Warner, 2000). For example, some activities performed by individuals but consumed by a family or group of people, similar as organization purchasing activities usually followed by group decisions. Beside this point, the consumer behaviour is not just purchasing, but has usage and disposal the goods, this type of information always be useful for company to make marketing decisions (Malcolm). It blends elements from psychology, sociology, social anthropology and economics, and attempts to understand the decision-making processes of buyers, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants, and also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.

Belch and Belch (1998) clearly shows that it is not just the buying of goods/services that receives attention in consumer behaviour but, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research followed by a process of decision-making for purchase and using the goods and then the post purchase behaviour which is also very important, because it gives a clue to the marketers whether his product has been a success or not (Malcom).

The black box model shows the interaction of stimuli, consumer characteristics, decision process and consumer responses. It can be distinguished between interpersonal stimuli (between people) or intrapersonal stimuli (within people). The

black box model is related to the black box theory of behaviorism, where the focus is not set on the processes inside a consumer, but the relation between the stimuli and the response of the consumer. The marketing stimuli are planned and processed by the companies, whereas the environmental stimulus is given by social factors, based on the economical, political and cultural circumstances of a society. The buyer's black box contains the buyer characteristics and the decision process, which determines the buyer's response.

Measuring customer behaviour is a crucial part of any business. Knowing what the consumer wants and how he acts is vital in terms of product design, and marketing (Todd, 1997). Assessment of consumer behavior in specific situations, using observational and physiological methods, is becoming increasingly important in understanding conscious and unconscious consumer behavior. An increased understanding of consumer behavior may result in the development of improved consumer products and in more healthy dietary patterns. A growing number of techniques are available to assist researchers in measuring various aspects of consumer behavior such as walking patterns, product selection, meal composition, and eating/drinking. Due to advances in digital video, sensor technology and computer speed, complex measurements of behavior and physiology are now possible. Integration of these techniques allows multimodal measurements. With the growing number of techniques, the challenge for the researcher to choose the right solution becomes larger.

There are different ways of measuring consumer behaviour, depending on the interest. Regularly conducting market research allows businesses to know their customers, and

take them into account when making business decisions. This greatly improves business performance, and profits. Common measurements includes, conducting a survey to determine consumer behaviour. There are two main types of consumer survey: qualitative or quantitative. Qualitative studies involve asking a few consumers a lot of in-depth questions. Quantitative studies involve asking lots of consumers a few questions. The latter would be better for determining the market for a totally new product, since you only need to find out if people would buy it. If you are amending a product, or making one similar, a qualitative study would allow you to gain more detailed information.

Similarly, consumer behaviour would be measured by observing consumers going about their business within permitted stores or shopping malls. By watching consumers, it is possible to discern a great deal of information about their behaviour. Information such as optimum height and location of a product and store layout is all gleaned from observational consumer behaviour measures. Other techniques involve using raw data to provide a measurement tool. For example, releasing a new product to the market, and observing if it is bought regularly in conjunction with another product. If so, then an assumption can be made that it has a similar demographic to the second product. Using the raw data to determine what time of day, or weather, or time of year people buy a product gives information on consumer behaviour. Using separate objective and subjective data obtained from an interview or survey. The primary data from respondents is used to make objective judgements, which are free from bias.

## **2.6 Sales Promotion and Consumer Behaviour**

Adcock et al, (2001) assesses that when a purchase decision is made, the purchase decision can be affected by unanticipated situational factors. Some of these factors according to them could be directly associated with the purchase, for instance the outlet where the purchase is to be made, the quality to be bought, when and how to pay. Most instances, firms remove the need to make this decision by either including the essentials in the form of sales promotion tools like coupons, discounts, rebates and samples.

The additional benefit whether in cash or in kind offered to consumers through sales promotion is highly likely to influence their purchase behaviour or decision (Ngolanya, et al, 2006). After considering the possible options, the consumer makes a purchase decision and the consumer's choice depends in part on the reason for the purchase (Kotler et al, 2003). According to Kotler et al (2003), the consumer may act quickly, especially if sales promotional tools are used or the consumer may postpone making any purchase. Whenever the consumer makes a purchase, they find out what products and services are available, what features and benefits they offer, who sells them at what prices, and where they can be purchased (Stanton et al, 1994). The firms and its sales team provide consumers with the market information whenever they engage consumers in efforts to inform or persuade in an attempt to communicate with them. Sales promotion therefore provides a suitable link by providing consumers with samples of the products for them to test them in small quantities as well as provide consumers with most needed information concerning the product (Ngolanya, et al, 2006).

According to Davidson et al (1984), purchase decision may be between objective or emotional motives; nevertheless, in all cases, the sale is made or not made in the customers mind and not in the mind of the seller. A product is not purchased for its own sake but for its ability to satisfy a need. The use of some of these promotional tools helps in determining the use that consumers are likely to put the product into and therefore guide them towards the right product (Cox & Britain, 2000). The consumer is therefore provided with the relevant information, get the opportunity to try the product and get to know whether it satisfies their needs and also enjoy a price reduction. Sales promotion is therefore used to draw consumers to the product and they end up making an impulse purchase as a result of the strength of the sales promotional tool (Ngolanya, et al, 2006).

Berkowitz et al, (1994) proposed that, in the purchase decision process, at the recognition and the information search stage, the sales promotional tool that is most effective is the free samples because it helps gain low risk trials. According to them, consumers will be more likely to take the risk of trying a sample rather than buying the whole product and being disappointed. They further suggested that, at the alternative evaluation and the purchase decision stage, coupons, deals, point of purchase displays and rebates are suitable sales promotional tools because they encourage demand and repurchase of the same product by the consumer. They finally proposed that, at the post purchase stage, the best sales promotion tool would be the use of coupons, as they encourage repeat purchase from first time buyers.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter gives an overview of the methodology applied in this study. It provides an in-depth description of the research approach adopted in this study. It discusses the research design, population, sample and sampling technique, data collection tools and data analysis procedure.

### **3.2 Research Design**

Descriptive research was used in this study. It refers to research studies with the main objective of portraying the characteristics of persons, situations or groups (Polit & Hungler 2004:716). It often uses visual aids such as graphs and charts to aid the reader in understanding the data distribution and therefore offered a better clarification on sales promotion and ultimately gave us a clear picture on the effectiveness and reliability of sales promotion strategies to influence consumer behaviour.

### **3.3 Population of the Study**

Mugenda and Mugenda (1999) describe the target population as the complete set of individual case or object with some common characteristics to which the researchers want to generalize the result of the study. Nairobi County has approximately 30,000 licensed businesses to sell alcoholic beverages according to Nairobi County liquor licensing Board, of this about 500 outlets are operating within the CBD which formed the study population. This represents both the high end outlets such as hotels, bars and

also the low end market consisting of wines and spirits outlets operated mostly in downtown Nairobi. The population of the study was 100 managers of bars and wines and spirits outlets in Nairobi Central Business District.

### **3.4 Sample Design**

The sampling frame was developed by the researcher through street by street enumeration of all bars and wines and spirits outlets located along the streets of Nairobi central business district. Through stratified sampling technique, the outlets were grouped into two categories, one representing bars while the other representing wines and spirits outlets. From each stratum, random sampling technique was applied where 50 sampling units were randomly selected from each stratum to come up with a representative sample of 100 bars, wines and spirits for the entire population. This enabled the researcher to study any variation amongst the population of the study. This was a viable sampling technique since it gave the advantages of focusing on important subpopulations and allowed the use of different sampling technique for different subpopulations in improving the accuracy of estimation.

### **3.5 Data Collection**

The research made use of primary data which was collected using self-administered structured questionnaire distributed to the study respondents. The owners or the managers of the sampled bars and wines and spirits outlets within Nairobi CBD were the study respondents. The respondent either filled in the questionnaire or the questionnaire was administered by an interviewer. Where the respondents were not immediately available to fill the questionnaire, it was left behind and collected later.

This helped in increasing the response rate. The administered questionnaires were collected after completion by the respondents on the same day and their responses used for analysis.

### **3.6 Data Analysis**

Descriptive statistics were used to analyze the data. The mean score responses, standard deviation and other relevant statistics were computed using the SPSS to better understand the data. The data so collected was compiled and edited then presented in graphs, bar graphs and pie charts. The data was coded according to the responses and analysed to reveal relationships among variables in the findings from the data.

## **CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION**

### **4.1 Introduction**

This chapter presents data analysis, interpretation and presentation. The objective of the study was to determine the influence of sales promotion strategies on consumer behavior in the alcoholic spirits industry in Nairobi CBD. The study used primary data collected using self-administered structured questionnaire on the owners or the managers of the sampled bars and wines and spirits outlets in Nairobi CBD. The chapter covers the demographic information and the findings were based on the objectives. The findings were then presented in tables, graphs and charts as appropriate with explanations being given in prose thereafter.

#### **4.1.1 Response Rate**

The study targeted 100 bars and wines and spirits outlets in Nairobi CBD all of which responded giving a response rate of 100%. This response rate was sufficient and representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good while a response rate of 70% and over is excellent. This commendable response rate was due to extra efforts that were made via follow-up visits to remind the respondents to fill-in and return the questionnaires.

### **4.2 Demographic Information**

The study sought to ascertain the general information about the respondents involved in the study with regards to their gender, age, marital status, education level and their

clients' favourite drink. The demographic information points at the respondents' suitability in answering on the influence of sales promotion strategies on consumer behavior in the alcoholic spirits industry in Nairobi Central Business District.

#### **4.2.1 Demographic data of the respondents**

The study sought to establish the gender distribution of the respondents. According to the findings, majority (84%) of the respondents were male while 16% were females. This implies that the alcoholic spirits industry in Nairobi CBD is male dominated sector as the majority of the respondents were male.

The study sought to establish the age category of the respondents and the findings are as shown in Table 4.1 below.

**Table 4.1 Age distribution of the respondents**

<b>Age bracket</b>	<b>Frequency</b>	<b>Percentage</b>
18-30 years	8	8
31-40 years	44	44
41-50 years	30	30
Over 50 years	18	18
<b>Total</b>	<b>100</b>	<b>100</b>

According to the findings as shown in Table 4.1, most (44%) of the respondents were between 31-40 years, 30% were between 41-50 years, 18% were over 50 years while 8% of the respondents were between 18-30 years. This implies that majority of the respondents were old enough to fully understand the influence of sales promotion strategies on consumer behavior in the alcoholic spirits industry in Nairobi CBD.

The study sought to establish the marital status of the respondents. According to the findings, majority (76%) of the respondents were married while 24% were single. This implies that majority of the owners and managers of the bars and wines and spirits outlets in Nairobi CBD were family people.

The study sought to establish the highest level of education of the respondents and the findings are as shown in Table 4.2 below.

**Table 4.2 Highest education level of the respondents**

<b>Age bracket</b>	<b>Frequency</b>	<b>Percentage</b>
Primary	8	8
O-level	18	18
Diploma	46	46
Degree	24	24
Postgraduate	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

The findings as shown in Table 4.2 above established that most (46%) of the respondents were diploma holders, 24% were graduates, 18% were O-level holders, 8% had primary level education while 4% of the respondents had postgraduate education. This shows that majority of the respondents had a sound academic background to allow them to understand the influence of sales promotion strategies on consumer behavior in the alcoholic spirits industry in Nairobi CBD. It further shows that the respondents were learned and could therefore give valid and reliable information required for the study.

#### 4.2.2 Demographic data of the firm

The number of years that the alcoholic spirits outlets had been operational determines their level of experience applying sales promotion strategies to enhance consumer behavior in the Alcoholic Spirits Industry in Kenya.

The managers were asked to indicate the number of years that their outlets had been operational. Table 4.3 below illustrates the study findings.

**Table 4.3 Years while operating in the Alcoholic Spirits Industry**

	<b>Frequency</b>	<b>Percent</b>
1-5 years	28	28
6-10 years	42	42
Over 10 years	30	30
<b>Total</b>	<b>100.0</b>	<b>100</b>

From the findings as shown in Table 4.3 above, most of the alcoholic spirits outlets (42%) had been operational for 6-10 years, 30% for over 10 years while 28% had been operational for 1-5 years. These findings mean that most of the alcoholic spirits outlets were highly experienced in applying sales promotion strategies to enhance consumer behavior in the Alcoholic Spirits Industry in Kenya.

The study also inquired on the number of employees that each of the outlet had.

**Table 4.4 Number of employees**

	<b>Frequency</b>	<b>Percent</b>
1-10 employees	25	30
11-20 employees	45	45
Over 20 employees	30	25
<b>Total</b>	<b>100.0</b>	<b>100</b>

From the findings as shown in Table 4.4 above, most of the alcoholic spirits outlets (45%) had 1-10 employees, 30% had 11-20 employees while 25% had over 20 employees. This infers that most of the alcoholic spirits outlets had a small work force to implement sales promotion strategies to enhance consumer behavior in the Alcoholic Spirits Industry which led to their failure to achieve optimal sales.

The study sought to establish from the respondents the favorite drink for the clients and the findings are as shown in Table 4.5.

**Table 4.5 Clients' favourite drink**

	<b>Frequency</b>	<b>Percent</b>
Rum	7	7
Brandy	27	27
Whisky	10	10
Gin	18	18
Vodka	38	38
<b>Total</b>	<b>100.0</b>	<b>100</b>

According to the findings as shown in Table 4.5 above, most (38%) of the respondents indicated that their clients' favourite drink was Vodka, 27% was Brandy, 18% was Gin, 10% was Whisky while 7% of the respondents indicated that their clients' favourite drink was Rum. This implied that the alcoholic spirits industry in Nairobi CBD offered a wide range of products to their customers in line with the diverse tastes of the customers with the Vodka and Brandy being the leading brands based on customers' preference.

#### **4.3 Sales promotion strategies practised in the alcoholic spirits industry**

In order to further assess the influence of sales promotion strategies on consumer behavior in the Alcoholic Spirits Industry in Nairobi CBD, the respondents were requested to indicate the extent to which they were aware of the following sales promotion strategies in the Alcoholic Spirits Industry. The responses were rated on a five point Likert scale where: 1 = Not at all, 2 = small extent, 3 = moderate extent, 4 = large extent and 5 = very large extent. The mean and standard deviations were generated from SPSS and are as illustrated in Table 4.6.

**Table 4.6 Sales promotion strategies practised in the alcoholic spirits industry**

	<b>Mean</b>	<b>Std Dev</b>
Premium Product	4.488	0.6912
Extra Product	4.151	0.5141
Free Sample	3.714	0.4879
Reduced Price	4.026	0.5773
Gifts	4.352	0.5140
Vouchers	4.714	0.4879
Sweepstakes	3.653	0.7164

From the findings as shown in Table 4.6 above, majority of the respondents were in agreement that they used different sales promotion strategies in their business with; vouchers (4.714), premium product (4.488), gifts (4.352), extra product (4.151), reduced price (4.026), free sample (3.714) and sweepstakes (3.653). The findings imply that the various players in the alcoholic spirits industry in Nairobi CBD employ different sales promotion strategies including use of vouchers, premium products, gifts, extra products, reduced prices, free samples and sweepstakes, which positively influence consumer behavior.

#### **4.4 Factors that enhance the effectiveness of the sales promotion strategies**

In order to further assess the influence of sales promotion strategies on consumer behavior in the Alcoholic Spirits Industry in Nairobi CBD, the respondents were requested to indicate the extent to which they were aware of the following factors that may enhance the effectiveness of sales promotion strategies in the Alcoholic Spirits Industry. The responses were rated on a five point Likert scale where: 1 = Not at all, 2 = small extent, 3 = moderate extent, 4 = large extent and 5 = very large extent. The mean and standard deviations were generated from SPSS and are as illustrated in Table 4.7 below.

**Table 4.7 Factors that enhance the effectiveness of the sales promotion strategies**

	<b>Mean</b>	<b>Std Dev</b>
Appearance of sales personnel	4.131	0.9921
Display of Products	4.289	1.0241
Free gifts attached to the product	3.651	0.8426
Free Samples	4.025	0.4431
Price Reduction	4.824	0.6368
Vouchers	4.622	0.5836
Raffles	4.435	0.4958

From the findings as shown in Table 4.7 above, majority of the respondents were in agreement that; price reduction (4.824), vouchers (4.622), raffles (4.435), display of products (4.289), appearance of sales personnel (4.131), free samples (4.025) and free gifts attached to the product (3.651). The findings imply that there are various factors that enhance the effectiveness of sales promotion strategies in the Alcoholic Spirits Industry including price reductions, use of vouchers and raffles, proper display of products, the appearance of the sales personnel as well as use of free gifts and samples. Consideration and application of these factors is likely to enhance the firms' sales promotion strategies and hence positively influencing consumer behavior.

#### **4.5 Events that influence the buying of products in the Alcoholic Spirits Industry**

In order to further assess the influence of sales promotion strategies on consumer behavior in the Alcoholic Spirits Industry in Nairobi CBD, the respondents were requested to indicate the extent to which the following events influence the actual buying of the products in the Alcoholic Spirits Industry. The responses were rated on a five point Likert scale where: 1 = Not at all, 2 = small extent, 3 = moderate extent, 4 = large extent and 5 = very large extent. The mean and standard deviations were generated from SPSS and are as illustrated in Table 4.8.

**Table 4.8 Events influencing buying of Alcoholic Spirits**

---

	<b>Mean</b>	<b>Std Dev</b>
Timing of sales promotions e.g. weekends or festive seasons.	4.775	0.9921
Sizes of the discounts as compared to brands	4.483	1.0241
The Brand being promoted	4.698	0.8426
The Sales promotional tool used	4.624	0.4431

---

From the findings as shown in Table 4.8 above, majority of the respondents were in agreement that; timing of sales promotions e.g. weekends or festive seasons (4.775), the brand being promoted (4.698), the sales promotional tool used (4.624) and the sizes of the discounts as compared to brands (3.651). The findings imply that there are various events that influence the buying of products in the Alcoholic Spirits Industry including timing of sales promotions such as weekends or festive seasons, the brand being promoted, the sales promotional tool used and the sizes of the discounts as compared to brands. Hence, these events were likely to affect the sales promotion strategies of the firms in the Alcoholic Spirits Industry and thus have a significant positive influence on consumer behavior.

#### **4.6 Post -purchase actions of consumers**

In order to further assess the influence of sales promotion strategies on consumer behavior in the Alcoholic Spirits Industry in Nairobi CBD, the respondents were requested to indicate the extent to which they would undertake the following actions after purchase of an alcoholic spirits brand which was being promoted. The responses were rated on a five point Likert scale where: 1 = Not at all, 2 = small extent, 3 = moderate extent, 4 = large extent and 5 = very large extent. The mean and standard deviations were generated from SPSS and are as illustrated in Table 4.9.

**Table 4.9 Post purchase actions of consumers**

	<b>Mean</b>	<b>Std Dev</b>
Tell their friends about the sales promotion	4.547	1.0224
Buy the Brand again	4.792	0.0238
Become loyal to the brand	4.886	0.7229
Become brand ambassador	4.608	1.4586
Caution their friends against the brand if dissatisfied	4.656	0.0385
Change brand if dissatisfied	4.714	0.6362
Register Complaint with company representatives	4.482	1.4455

From the findings as shown in Table 4.9, majority of the respondents were in agreement that; become loyal to the brand (4.886), buy the brand again (4.792), change brand if dissatisfied (4.714), caution their friends not to try the brand if dissatisfied (4.656), become brand ambassador (4.608), tell their friends about the sales promotion (4.547) and complain about the brand to company representatives (4.482). The findings imply that there are various actions that the customers can undertake after the purchase of an alcoholic spirits brand which is being promoted including, if satisfied, becoming loyal to the brand, buying the brand again, becoming the brand ambassador and telling their friends about the sales promotion and, if

dissatisfied, they can change the brand, caution their friends not to try the brand and also complain about the brand to the company representatives. Hence, these consumer behaviors were likely to be affected by the sales promotion strategies adopted by the firms in the Alcoholic Spirits Industry.

#### **4.7 Consumers' comments on sales promotion in the Alcoholic Spirits Industry**

The study sought to find out other comments that the consumers had regarding the sales promotion in the Alcoholic Spirits Industry. According to the findings, majority of the respondents indicated that customers' commented that the sales promotion strategies adopted in the Alcoholic Spirits Industry in Nairobi CBD should be; short and sweet and offered for a limited time and perceived to have value; offered at a time and place where the buying decision is made; persuasive to the consumers; possess some incentives and should indicate the value of the product being promoted. This implies that from the customers' perspective sales promotion in the Alcoholic Spirits Industry need to be kept precise and catchy, should be well timed, should include appropriate incentives to customers and should capture the value of the product to the consumer. These comments can provide a good basis upon which the firms in the Alcoholic Spirits Industry can structure their sales promotion strategies for enhanced performance and further influence on consumer behavior. Thus, consumer comments reflect their behavior towards the sales promotion strategies adopted by a given firm.

#### **4.8 Discussion of findings**

The objective of the study was to determine the influence of sales promotion strategies on consumer behavior in the Alcoholic Spirits Industry in Nairobi CBD

Kenya. The objective was assessed by use of primary data and the subsequent analyses based on the variables of the study.

The findings revealed that the different sales promotion strategies in their business with; vouchers, premium product, gifts, extra product, reduced price, free sample and sweepstakes. Thus, the various players in the Alcoholic Spirits Industry in Nairobi CBD employ different sales promotion strategies with a view of positively influencing the behaviour of their customers towards purchasing of their products. The findings are in line with Thompson (1998) who observed that sales promotion consists of marketing activities that stimulate consumer purchasing and dealer effectiveness and includes displays, trade shows, coupons, contests, samples, premiums, product demonstrations and various non-recurrent selling efforts used combined with other forms of promotion to emphasize, assist, supplement, or otherwise support the objectives of the promotional programme. The findings are also collaborated by Farese, Kimbrell and Woloszyk (1991) who noted that visibility increasing tools including premiums, contests and sweepstakes, trade shows, promotional products and incentive programs are important elements of a firm's sales promotion programmes.

The findings established that the various factors enhancing the effectiveness of sales promotion strategies in the Alcoholic Spirits Industry were; price reduction, vouchers, raffles, display of products, appearance of sales personnel, free samples and free gifts attached to the product. The findings are in line with Della Bitta, Monroe and McGinnis (1981) who concluded that higher price discounts provided greater perceptions of value, less intent to search and greater interest in product.

The findings are also in line with Yeshin (2006) who observed that consumers have become more and more sophisticated and require higher levels of persuasion which comes in the form of discounts, free gifts, bonuses, free air time among other sales promotional activities. According to him, these sales promotional activities create a greater level of immediate response than any other marketing communication activity. Krishna & Zhang (1999) also observed that coupons and discounts are the most widely used sales promotional tools in the grocery products industry while Huff and Alden (1998) added that the more price-conscious the consumer, the more positive will be his/her attitude towards a coupon.

The findings revealed that various events influenced the buying of products in the Alcoholic Spirits Industry with; timing of sales promotions e.g. weekends or festive seasons, the brand being promoted, the sales promotional tool used and the sizes of the discounts as compared to brands. The findings are in line with Adcock et al, (2001) who observed that when a purchase decision is made, the purchase decision can be affected by unanticipated situational factors such as the outlet where the purchase is to be made, the quality to be bought and when and how to pay. The findings are also in agreement with Stanton et al (1994) who observed that whenever the consumer makes a purchase, they find out what products and services are available, what features and benefits they offer, who sells them at what prices, and where they can be purchased.

The findings shows that consumers engage in various post purchase actions with; becoming loyal to the brand, buying the brand again, changing the brand if dissatisfied, cautioning their friends not to try the brand if dissatisfied, becoming

brand ambassador, telling their friends about the sales promotion and complaining about the brand to company representatives. Thus, there are various actions that the customers can undertake after the purchase of an alcoholic spirits brand which is being promoted implying that consumer behaviors were likely to be affected by the sales promotion strategies adopted by the firms in the Alcoholic Spirits Industry. The findings are in line with Neslin (2002) who noted that sales promotion can encourage behavioral responses such as brand switching, stockpiling, purchase acceleration, product trial and spending larger amounts while Mulhern and Padgett (1995) observed that customers may spend more because they might purchase regular-priced items in addition to the promoted merchandise when they are attracted to the shop by a promotion.

The findings are also in line with Belch and Belch (1998) who observed that the process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research followed by a process of decision-making for purchase and using the goods and then the post purchase behaviour which is also very important, because it gives a clue to the marketers whether their product has been a success or not. The findings are also in agreement with Berkowitz et al (1994) who proposed that at the alternative evaluation and the purchase decision stage, coupons, deals, point of purchase displays and rebates are suitable sales promotional tools because they encourage demand and repurchase of the same product by the consumer while at the post purchase stage, the best sales

promotion tool would be the use of coupons, as they encourage repeat purchase from first time buyers.

The findings established that sales promotion strategies adopted in the Alcoholic Spirits Industry in Nairobi CBD should be; short and sweet and offered for a limited time and perceived to have value; offered at a time and place where the buying decision is made; persuasive to the consumers; possess some incentives and should indicate the value of the product being promoted. The findings are in agreement with Ngolanya, et al (2006) who noted that sales promotions cannot be conducted on a continuous basis, because they will eventually become ineffective. This implies that, for sales promotion to be truly effective, it must be short and sweet, offered for a limited time and perceived to have value. Further, the findings are collaborated by Kotler et al (2001) who observed that sales promotion consists of short-term incentives, in addition to the basic benefits offered by the product, or services to encourage the purchase or sales of a product or service. Sam and Buabeng (2011) further noted that sales promotion offers a direct inducement to customers to act by providing extra worth over and above what is built into the product at its normal price.

## **CHAPTER FIVE**

### **SUMMARY , CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents summary of findings, conclusions and recommendations of the study in line with the objectives of the study. The research sought to determine the influence of sales promotion strategies on consumer behavior in the Alcoholic Spirits Industry in Nairobi CBD.

#### **5.2 Summary of Findings**

The study established that majority of the respondents were in agreement that they used different sales promotion strategies in their business with; vouchers, premium product and gifts. Therefore, various players in the Alcoholic Spirits Industry in Nairobi CBD employed different sales promotion strategies with a view of positively influencing the behaviour of their customers towards purchasing of their products.

The study also established that majority of the respondents were in agreement that various factors enhanced the effectiveness of sales promotion strategies in the Alcoholic Spirits Industry with; price reduction, vouchers and raffles. Thus, sales promotion factors such as discounts, free gifts, bonuses and free air time adopted by the players in the Alcoholic Spirits Industry in Nairobi CBD helped them achieve a greater level of immediate response from the consumers.

The study revealed that majority of the respondents were in agreement that various events influenced the buying of products in the Alcoholic Spirits Industry with; timing of sales promotions e.g. weekends or festive seasons, the brand being promoted and the sales promotional tool used. Therefore, unanticipated situational factors always influences consumer behavior and hence inform the firm's sales promotion activities.

The study further found out that majority of the respondents were in agreement that consumers engage in various post purchase actions with; becoming loyal to the brand, buying the brand again and changing the brand if dissatisfied. Thus, the firm's sales promotion strategies should address the post purchase consumer actions to achieve better and long-term positive influence on consumer behavior.

The study also established that majority of the respondents indicated that customers' commented that the sales promotion strategies adopted in the Alcoholic Spirits Industry in Nairobi CBD should be; short and sweet and offered for a limited time and perceived to have value; offered at a time and place where the buying decision is made; persuasive to the consumers; possess some incentives and should indicate the value of the product being promoted. Hence, to influence consumer behavior, the sales promotion strategies need to be precise, well timed, persuasive, incentive-based and indicate the product value.

### **5.3 Conclusion**

The study concludes that the sales promotion strategies practised in the Alcoholic Spirits Industry had a significant positive influence on the consumer behaviour. Thus,

the kinds of sales promotion activities undertaken by the firms in the Alcoholic Spirits Industry influenced the behavior of the customers with effect to the purchase of the products offered.

The study concludes that various factors enhance the effectiveness of sales promotion strategies in the Alcoholic Spirits Industry. Factors such as price reduction, vouchers raffles, display of products, appearance of sales personnel, free samples and free gifts attached to the product are important when formulating a firm's sales promotion programmes. Hence, consideration and application of these factors was likely to enhance the firms' sales promotion strategies and thereby positively influencing consumer behavior.

#### **5.4 Recommendations**

The study found out that the sales promotion strategies practised in the Alcoholic Spirits Industry had a significant positive influence on the consumer behaviour. The study therefore recommends that the management of the bars and wines and spirits outlets should formulate comprehensive and effective sales promotion strategies that seek to build brand awareness, creating favourable brand attitudes, gaining market share, inducing purchase, building brand loyalty and increasing sales.

The study revealed that various factors such as price reduction, vouchers raffles, display of products, appearance of sales personnel, free samples and free gifts attached to the product enhance the effectiveness of sales promotion strategies in the Alcoholic Spirits Industry. The study thus recommends that the management of the bars and wines and spirits outlets should focus on all these rationale of sales

promotion, though unique from each other, so as to achieve a long term effect on increasing the firm's market share, improve sales volume, retain customers and reduce switching of customers.

### **5.5 Suggestions for Further Research**

Since this study explored the influence of sales promotion strategies on consumer behavior in the Alcoholic Spirits Industry in Nairobi CBD, the study recommends that; similar study should be done in other counties for comparison purposes and to allow for generalization of findings on the influence of sales promotion strategies on consumer behavior in the Alcoholic Spirits Industry.

The study further recommends that studies should be conducted to assess the influence of sales promotion strategies on the financial performance of firms in the Alcoholic Spirits Industry in Nairobi CBD.

## REFERENCES

- Adcock, D., Halborg, A. & Ross, G. (2001), *Marketing Principles and Practice*. 4th Pearson Education, Harlow, England.
- Aggarwal, P. & Vaidyanathan, R., (2003), “*Use it or lose it: purchase acceleration effects of time-limited promotions*”, *Journal of Consumer Behaviour*, 2(4): 393-412.
- Belch, G.E & Belch, M.A (1995), *Introduction to advertising and promotion: An Integrated Marketing Communication Perspective*. 3rd Edition. Irwin, Chicago.
- Belch G.E & Belch, M.A (1998), *Advertising and Promotion: An Integrated Marketing Communication Perspective*. 4th Edition. Irwin/ McGraw- Hill.
- Berkowitz, K., Harley, R., Kerin, R.A. & Rudelius, W. (1994), *Marketing*, 4th Ed Irwin, Boston
- Blair, E.A. & London, L. (1991), *The Effects of Preference Price in Retail Advertisement*. *Journal of Marketing*, Vol. 45, pp 83-93.
- Blattberg, R.C. & Neslin, S.A. (1990), *Sales promotion: Concepts, Methods, and Strategies*, Englewood Cliffs, NJ: Prentice-Hall, Inc.
- Churchill, G.A. & Peter, J.P. (1995), *Marketing: Creating Value for Customers*, Irwin, Inc. Burr Ridge.
- Cox, R. & Britain, P. (2000), *Retail Management*. 4th Pearson Education, Harlow, England.

- Czinkota, M.R. & Ronkainen, I.A. (2004). *International Marketing*, 7th edition, Ohio: Harcourt. Inc
- Gilbert, D.C. & Jackaria, N. (2002), *The efficacy of sales promotions in UK supermarkets: a consumer view*, *International Journal of Retail & Distribution Management*, p 315-322.
- Gupta, S. (1993), *Reflections on the impact of sales promotions on when, what and how much to buy*, *Journal of Marketing Research*, 30 (4): 522-4.
- Haugh, L.J., *Defining and redefining*, *Advertising Age*, February 14, 1983, p. M44.
- Ho, S.C. (1994), *Report on the supermarket industry in Hong Kong*, Working Paper, Hong Kong Consumer Council.
- Huff, L.C. & Alden, D.L. (1998), *An investigation of consumer response to sales promotions in developing markets: a three-country analysis*, *Journal of Advertising Research*, p 47-56.
- Kotler, P. (1998), *A generic concept of marketing: Marketing Management*, Vol. 7, pp. 48-54.
- Krishna, A. & Zhang, Z. J. (1999), *Short- or long- duration coupons: the effect of the expiration date on the profitability of coupon promotion*, *Management Science*, p 1041-56.
- Malcolm Warner, *International Encyclopaedia of Business & Management*, 2nd Edition

- Mugeda & Mugenda,(1999). *Research Methods: Quantitative and Qualitative Approaches*.  
Nairobi: Acts Press
- Mulhern, F.J. & Padgett, D.T. (1995), *The relationship between retail price promotions and regular price purchase*, *Journal of Marketing*, 59 (4): 83-90.
- Neslin, S.A. (2002), *Sales promotion*, *Handbook of Marketing*, 13: 311-338, London: Sage.
- Ndegwa, Mary G. M., (2003). *A Survey on the Application of Promotion Mix in the Agrochemical Industry in Kenya*, Research Project Report.
- Ngolanya, M., Mahea, T., Nganga, E., Amollo, F. & Karuiki, F. (2006): *Influence of Sales Promotion Campaigns on Consumer Purchase Decision: A Case Study of Nakumatt Supermarkets*. Department of Business Administration, University of Nairobi.
- Owour J. E., (2008). *Distribution strategies adopted by wines and alcoholic spirits manufacturers and importers in Nairobi, Kenya*, Research Project Report.
- Sam, A.K. & Buabeng, E.Y. (2011), *The Effects of Price Promotions on building a customer base within the Ghanaian mobile Telecommunication Industry; The Case of Vodafone Ghana*. Blekinge Institute of Technology (BTH), Sweden.
- Schiffman, L. & Bednall, D., O' Cass, A., Paladino, A., Ward, S., Kanuk, L. 2008a. *Consumer Behaviour*. 4th Edition. Pearson Education Australia. P 664
- Schultz, D.E, Robinson, W. and Petrison, L.A. (1998), *Sales Promotion essentials, the 10 basic sales promotion techniques and how to use them*, 3rd edition, NTC Contemporary Publishing Company.

- Smith, S. & Schultz, D.E. (2005), *How to sell more stuff: Promotional marketing that really works*, Dearborn Trade Publishing, USA.
- Solomon, M., Bamossy, G., Askegaard, S. (1999), *Consumer Behaviour, a European Perspective*. Fourth edition. New Jersey, Prentice Hall Inc. 589 p.
- Ram, S. & Sheth, J.N. (1989), *Consumer resistance to innovations: the marketing problem and its solution*, *Journal of Consumer Marketing*, 6(2): 5-14.
- Todd P. A., (1997) *Consumer reactions to electronic shopping on the World Wide Web*. *International Journal of Electronic Commerce*, 1 (2): 59-88.
- Ward, J.C. & Hill, R.P. (1991), *Designing effective promotional games: opportunities and problems*, *Journal of Advertising*, 20(3): 69-81.
- Yeshin, T. (1998): *Integrated Marketing Communications, the holistic approach*, Butterworth Heinemann, Oxford.

## APPENDICES

### APPENDIX I: QUESTIONNAIRE

This survey is purposely designed to collect data for the above topic. Information provided is purely for academic purposes and would not be published in any form without your consent.

Respondent's name..... (Optional)

#### SECTION A: DEMOGRAPHICS

##### 1. Gender

Male ( )

Female ( )

##### 2. Please indicate your age category?

18-30 years ( )

31-40 years ( )

41-50 years ( )

Above 50 years ( )

##### 3. Marital status

Married ( )

Single ( )

##### 4. Highest educational level

Primary level ( )

O-level ( )

Diploma ( )

Degree ( )

Postgraduate ( )

Other (Specify) .....

5. What is your clients' favourite drink?

Vodka ( )    Gin ( )    Whisky ( )    Brandy ( )    Rum ( )

Others (Specify).....

**SECTION B: SALES PROMOTION STRATEGIES PRACTISED IN THE ALCOHOLIC SPIRITS INDUSTRY**

Indicate on the scale of *one (1) to five (5)*, where; *1= Not at all, 2=small extent, 3= moderate extent, 4= large extent and 5= very large extent*, the extent to which you are aware of the following sales promotion strategies in the Alcoholic Spirits Industry.

Strategy	Not at all 1	Small Extent 2	Moderate Extent 3	Large Extent 4	Very large Extent 5
Premium Product					
Extra Product					
Free Sample					
Reduced Price					
Gifts					
Vouchers					
Sweepstakes					
Others (Specify)					



**SECTION C: FACTORS THAT MAY ENHANCE THE EFFECTIVENESS OF SALES PROMOTION PRACTICE IN THE ALCOHOLIC SPIRITS INDUSTRY**

Indicate on the scale of *one (1) to five (5)*, where; *1= not at all, 2=small extent, 3= moderate extent, 4= large extent and 5= very large extent*, the extent to which you are aware of the following factors that may enhance the effectiveness of sales promotion strategies in the alcoholic spirits industry.

Factors	Not at all 1	Small Extent 2	Moderate Extent 3	Large Extent 4	Very large Extent 5
Appearance of sales personnel					
Display of Products					
Free gifts attached to the product					
Free Samples					
Price Reduction					
Vouchers					
Raffles					
Others (Specify)					

**SECTION D: EVENTS THAT INFLUENCE THE BUYING OF PRODUCTS IN THE ALCOHOLIC SPIRITS INDUSTRY**

Indicate on the scale of *one (1) to five (5)*, where; *1= not at all, 2=small extent, 3= moderate extent, 4= large extent and 5= very large extent*, the extent to which the following events influence the actual buying of the products in the alcoholic spirits industry.

Events	Not at all 1	Small Extent 2	Moderate Extent 3	Large Extent 4	Very large Extent 5
Timing of sales promotions e.g. weekends or festive seasons.					
Sizes of the discounts as compared to brands					
The Brand being promoted					
The Sales promotional tool					
Others (Specify)					

**SECTION E: POST PURCHASE ACTIONS OF CONSUMERS AFTER PURCHASING SALES PROMOTED BRAND OF SPIRIT**

Indicate on the scale of *one (1) to five (5)*, where; *1= not at all, 2=small extent, 3=moderate extent, 4= large extent and 5= very large extent*, the extent to which your clients would undertake the following actions after purchase of an alcoholic spirit brand which is being promoted.

Action	Not at all 1	Small Extent 2	Moderate Extent 3	Large Extent 4	Very large Extent 5
Tell their friends about the sales promotion					
Buy the Brand again					
Become loyal to the brand					
Become brand ambassador					
Caution their friends against the brand if dissatisfied					
Change brand if dissatisfied					

Register complaint with company representatives					
Others (Specify)					

Please make any other comments on sales promotion in the alcoholic spirits industry  
that you may have .....

.....

**Thank you very much for filling this questionnaire**