

# **THE EFFECT OF PROMOTIONAL STRATEGY ON SALES GROWTH IN CASE OF BRIGHT PAINTING FACTORY**

**A RESEARCH SUBMITTED TO FACULTY OF BUSINESS AND  
ECONOMICS DEPARTMENT OF BUSINESS ADMINISTRATION IN  
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DEGREE OF MASTER IN BUSINESS ADMINISTRATION**

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## **DECLARATION**

I, Mihiret Wegayehu, declare that the research project entitled The Effect of Promotional Strategy on Sales Growth in Case of Bright Painting Factory is my original work that is done under the guidance and advice of my advisor and co advisor Wubishet Mengesha and Belay Chekol respectively. This research project is done as partial fulfillment for Masters of Arts Degree in Business Administration (MBA). This research has not been done before and all sources of materials used for the study have been appropriately acknowledged.

Mihiret Wegayehu

**Signe** \_\_\_\_\_

**Date** \_\_\_\_\_

## CERTIFICATION

This is to certify that Mihiret Wegayehu has done the study on the topic; The Effect of Promotional Strategy on Sales Growth in Case of Bright Painting Factory. This study is authentic and has not been done before by any other researcher on the same topic.

### Approved by

Advisor's Name -----Date-----Signature-----

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## **Abstract**

*The aim of study is to investigate the effect of promotional strategy on sales growth in case of bright painting factory. The purpose was to examine the effect of promotional strategy on the factories sales Growth. It attempted to investigate what type or dimension of promotional strategy highly influence the sales growth of the factory. The purpose of the study was to determine the effects of promotional mix on sales growth. The research was guided by the following specific objectives: To examine the relationship between advertising and sales growth at Bright painting Factory, to evaluate the relationship between personal sale and sales growth at Bright painting Factory, to evaluate the relationship between personal sale and sales growth at Bright painting Factory, and evaluate the relationship between direct marketing and sales growth at Bright painting Factory to examine the relationship between advertising and sales growth at Bright painting Factory. Explanatory design research design was with qualitative and quantitative research approaches were applied. All permanent employees of the factory (105 employees) who works on the factory at different level were become a participant of the study. The collected data from respondents analyzed using descriptive and inferential analysis techniques. The findings of the study shows direct marketing and advertising were affect the sales performance of Bight Painting Factory while sales promotion, public relations and have a modest role in impacting the selling performance of the company. There was a significant relationship between promotional strategy and factory's sales growth in general and each promotional dimension in particular. Specifically, there were positive and significant correlation existed between sales performance and advertising, direct marketing, advertising and sales promotion. Since Promotion is one of the basic marketing strategies, Bright painting factory should coordinate various promotional tools which are unpracticed till now and increase its sales growth. The study concluded that product quality has a positive effect on sales growth; Promotion is a major factor in the marketing strategy that enables producer and immediate customers to choose from among any product developed to satisfy the needs of target market. The descriptive analysis showed that Advertising direct marketing were practice best in the factory while others Sales promotion, Public relations, Personnel selling were not found influential in the factory. Advertising and direct marketing were perceived as means to influence sales performance of bright painting plc. There were positive and significant correlation existed between sales growth and advertising sales growth and direct marketing. The study recommended that the Bright painting plc, should build brand loyalty through coordinating various promotional tools which are unpracticed till now in the factory such as sponsorship and corporate social responsibility. It should appreciate and exploit the opportunities offered by promotion and learn how to modify promotional techniques to meet the needs to diverse target market in the industry. Also, the factory should recruit professionals into the industry because a good promotion requires a professional touch and design to stand as a marketing tool for factor survival and growth*

**Key words: Promotion, strategy, sales, performance**



# CHAPTER ONE

## 1. INTRODUCTION

This chapter introduces the background the statement, the objective, the scope, the limitation as well as the organization of the study with precise manner.

### **1.1 Background of the Study**

The duty of promoters is to create marketing activity and gather all marketing program which are integrated to create communication and convey value to customers. According to Kotler and Armstrong (2012), marketing mix is the set of tactical marketing tools - product, price, place, and promotion that the firm blends to produce the response it wants in the target market.

Morgan, R.M and Hunt, S. (1994) found that marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable advantage. Marketing strategies includes all basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contribute to the goals of the company and its marketing objectives.

Marketing strategy determines the choice of segments, target market, positioning, marketing mix, and allocation of resources. Marketing strategy encompasses selecting and analyzing the target market(s) and creating and maintaining an appropriate marketing mix that satisfies the target market and company (Bernays, E. L., 2005).

As wind and Robertson (1983) demonstrated that, marketing strategy focuses explicitly on the quest for long run competitive and consumer advantage. Marketing strategy's serves a boundary role function between the firm and its customers, competitors and other stakeholders (Hunt, S., 2004)

Marketers need to identify as many characteristics of potential buyers as possible, i.e. what they like, whom and why they buy, what they buy etc. A company can produce best product, package it wisely and distribute it wisely and position such products to the consumers appeal. All these marketing skills will be a waste, if nobody knows the significance of such efforts that have being

put in place. The most important things that matters is getting the products to the notice of the potential customers (Lubbe, and Puth (2014)

Promotion aims to stimulate demand for a company's goods or services. Promotional strategy is designed to inform, persuade, or remind target audiences about those products. The goals of promotion are to create awareness, get people to try products, provide information, keep loyal customers, increase use of a product, identify potential customers, and even teach clients about potential services. Sales, the arts of education which are defined as interaction face to face, which, the something tangible or intangible value for another element equivalent exchanged usually with a lot of money or higher of the item sold, ( Puth (2014) Sale is part of the promotional mix

Promotion strategies are concerned with the planning, implementation, and control of persuasive communication with customers. These strategies may be designed around advertising, personal selling, sales promotion, or any combination of these. The first strategic issue involved here is how much money may be spent on the promotion of a specific product/market. The distribution of the total promotional budget among advertising, personal selling, and sales promotion is another strategic matter. The formulation of strategies dealing with these two issues determines the role that each type of promotion plays in a particular situation. Clear-cut objectives and a sharp focus on target customers are necessary for an effective promotional program. In other words, merely undertaking an advertising campaign or hiring a few salespeople to call on customers may not suffice. Rather, an integrated communication plan consisting of various promotion methods should be designed to ensure that customers in a product/market cluster get the right message and maintain a long-term cordial relationship with the company. Promotional perspectives must also be properly matched with product, price, and distribution perspectives.

## **1.2. Statement of the Problem**

As per Goffin, K., and New, C., (2011) remark it is natural that every business organization whether small or large, private or government, domestic or international operate in a turbulent and uncertain environment. In the context of changing customer expectations, technological discontinuities, increasing environmental uncertainties, business managers have a big challenge of making the right strategic choice and setting their strategic priorities in order to allocate their

resources to different functions in an efficient manner for business success. Due to this, managers must develop new tools, new concepts, new strategy and the new mindsets to cope with turbulent environments leading to discontinuous change.

Promotion strategy has become important tool globally for any organization to remain in competitive market environment and was stronger. Aremu and Lawal (2012), sees strategy as a pattern of resource allocation decisions made throughout an organization. This encapsulates both desired goals and beliefs about what are acceptable and most critically unacceptable means for achieving them. Marketing strategy implies that the analysis of the market and its environment, customer buying behavior, competitive activities and the need and capabilities of marketing intermediaries.

Bright painting PLC is one of the emerging painting plc in the industry. Bright painting plc primary produces two major products which are water based paints and oil based paints. In order to penetrate the market and to increase its sale, Bright painting factory has the mix of 4Ps as a marketing strategy. From the 4Ps, promotion is the back bone of the mix because promotion is the get way of information to the customer (Kotler, 2007). More over to this, the company has its own peculiar promotional mix. Advertising, Public relation Personal Selling and direct marketing are the most frequently used promotional strategy's in the company (Bright painting plc. Annual magazine, 2017/8)

From preliminary review and discussion with managers of the factory, they reveal that the sales of the company are decreasing by 5 up to 10 percent. In addition, employees of bright painting Plc reveals that even though there is a practice of promotion through different communication media it cannot increase the sales of the factory as planned as well as it cannot create good image of the factory as expected. Moreover to this, they revealed that the expansion of market share or the growth the company is not parallel and proportional with other competing companies in the industry. Furthermore the director of public relation department explains that the promotion activity of the company is not well organized and productive though the managers stand against him. From the preliminary survey, the researcher infers Bright painting PLC being a late comer company to the industry may faces problems in practicing promotional activity. The interest to

conduct this study arises from the need to investigate the effect of promotional activity (Advertising, Public relations, Personnel selling and direct marketing) on sale growth.

### **1.3 Basic Research Questions**

In order to address the above specified problem three research questions have been constructed and used as a foundation for the research: Research questions were

1. What are the promotional strategies used by Bright painting factory
2. What is the role of advertising Bright painting factory?
3. What is the role of public relation Bright painting factory?
4. What is the role of personal sale Bright painting factory?
5. What is the role of direct marketing Bright painting factory?

### **1.4 Objectives of the Research**

#### **1.4.1 General Objective of the Study**

The main objective of the study is to investigate the effect of promotion strategy on its sale growth in bright painting factory.

#### **1.4.2 Specific Objectives.**

1. To identify the promotional strategies used by Bright painting Factory
2. To examine the relationship between advertising and sales *growth* at Bright painting Factory
3. To evaluate the relationship between public relation and sales *growth* at Bright painting Factory
4. To evaluate the relationship between personal sale and sales *growth* at Bright painting Factory
5. To evaluate the relationship between direct marketing and sales *growth* at Bright painting Factory

### **1.5 Significant Of the Study**

The ultimate goal of any business establishment is to remain in business profitably through production and sale of products or services. One of the core activities in a business company is

having a well-developed marketing as well as promotion strategy. The main success or failure of a company depends on its marketing strategies

Based on the problem discussion above, the purpose of this study is to gain a better understanding of promotional strategies and its impact on the sales of an organization. Therefore, the study helps the factory management to redirect their attention to the right promotion strategy.

### **1.6 Scope of the Study**

This research work tends to analysis the effect of promotional strategies on the sales growth of an organization. Conceptually the scopes of the study cover the promotion activities of Bright Painting Factory Plc. In addition the study only focused only the sales products but not there down ward linkage. More over to this, the study is delimited to only the mix of the following strategies such as advertising, Personal selling, Public relation and direct mall. Furthermore, the study would cover permanent employees with more than one year's service. It would not include contract, part timer are non-permanent employees. Methodology the paper is delimited to cross-sectional data or a data that is collected once in the study period. The research study was carried out from August 2019 G.C. to June 2020G.C.

### **1.7 Limitations of Study**

The focus of the study is Bright Painting Factory which is to examine the effect of its promotional strategy. This will limit the generalizability of the findings to other painting factories. In addition, fragmentation of research program due to the universities schedule on research and few employees refusal to fill the questioner is other potential limitation of the study.

### **1.8 Organization of the Paper**

The study organized into five chapters. Chapter one introduces the study by giving the background information on the research problem, objectives, significance, the scope and limitations of the study. Chapter two will consists the review of relevant literature. Chapter three focused on research methodology and relevant justifications. The Chapter four was contains data analysis and presentation of the results. Finally, chapter five concerned with the summery of the major findings, conclusion and forwarded recommendations.

## **CHAPTER TWO RELATED LITERATURE REVIEW**

### **2.0 Introductions**

This chapter begins with a relevant literature on promotional strategy for a company followed by the external factors influencing the choice of promotional strategy on sales growth, and thereafter the concepts regarding adaptation and standardization of promotion will be discussed.

## **2. THEORETICAL REVIEW**

### **2.1 The concept of Promotional mix**

The topic of the study is more simplified with the definitions and the explaining the outcomes of the research that were conducted previously on related topics. Promotion is the one of the strategies to attract customers to buy more or try the product and services. A product's marketing strategy also affects the promotional mix. For example, the promotional mix for a push strategy will be different than the mix for a pull promotional strategy. A push promotional strategy takes the product to the customer in an effort to create demand. With this type of strategy, direct selling and trade promotions form the base of the promotional mix. A promotional strategy attempts to increase consumer demand for a product by drawing customers in. With this type of strategy, mass media advertising and product promotions that create product awareness most often form the base of the promotional mix. This results to increased sales; the amount of materials used and attracts new customers. Sales promotion is therefore a direct inducement that offers an extra value or incentive for the product to the sales force, distributors or the ultimate consumer with the primary objective of creating an immediate sale (George, 1998).

Product and service promotions create awareness, position products and services and persuade customers to buy. Although advertising is essential, it's not the only consideration. Instead, an overall promotional mix also includes personal selling, sales promotions, public relations and direct marketing campaigns. Because there's no set standard or method for creating an optimal mix, each business must consider the factors affecting the promotional mix and create its own custom promotional strategy. Promotion is an initiative undertaken by organizations to promote increase in sales, usage or trial of a product or services (i.e. initiations that are not covered by

other elements of the marketing communication/promotional mix). Promotion mix 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. It is particularly effective in spurring product trial and unplanned purchases (Aderemi, 2003)

In any business identifying the user of the products and services and as the same time value creation with the customer is a key success for the company. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. Marketing strategy encompasses selecting and analyzing the target market(s) and creating and maintaining an appropriate promotional mix that satisfies the target market and company.

Different authors define marketing strategy in different ways though they centrally share the same concepts. According to Lewinski (2008), marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. Marketing strategy involves careful and precise scanning of the internal and external environments adaption that serves or appears to serve an important function in achieving evolutionary success and second as its realization: the art of devising or employing plans or stratagems towards a goal, or a variety of or instance of the use of strategy “or a plan of action resulting from strategy or intended to accomplish a specific goal. Marketing strategy consists of all basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company

## **2.2 The Concept of Promotional Strategies**

Different researchers (Brassington and Pettitt, 2000) strongly advocate that promotion is one of the four key elements of the marketing mix and deals with anyone or two-way communication that takes place with the consumer. The four P’s marketing mix includes; price, product, promotion, and place. Promotion is the direct way in which an organization communicates the product or service to its target audience. In addition, they also categorized promotional mix into five main elements; advertising, sales promotion, public relations, personnel selling, and direct marketing.

### 2.2.1. Advertising

The American Marketing Association has defined advertising as “any form of non-personal presentation or promotion of ideas, goods or services, by an identified sponsor”. Advertising is the dissemination of information by non-personal means through paid media where the source is the sponsoring organization. Advertisement is mass communication of information intended to persuade buyers to buy products with a view to maximizing a company’s profits. The elements of advertising include as follows: It makes mass production possible; It is a mass communicating reaching a large number of consumers; It is economical, because it keeps the cost per message low for it reach large group of people; It is non-personal communication, for it is not delivered by an actual person, nor is it addressed to a specific person; The communication is speedy permitting an advertiser to speak to million people in few hours.

Muhammad (2013) posits that an important part of advertising is to make the service tangible in the mind of the consumer in order to reduce perceived risk and provide a clear idea of what the service comprises. Furthermore, she considers it important to advertise consistently, with clear brand image in order to achieve differentiation and encourage word-of-mouth communication. (Muhammad, 2013) opines that there are two types of advertising channels appropriate for product advertising. That is “above-the- line” and “under-the-line” advertising.

Above-the-line advertising contains different channels of communication such as television and radio broadcast, posters, store signs, motion pictures, magazines and newspapers. Under-the-line advertising constitutes a huge part of a manufacturing organization advertising activities. It is the invisible advertising of the banks services including leaflets, pamphlets, explanatory guides and manuals that can be used to support selling of a specific service. Advertising can be classified into four main types;

- a. **Product-Related Advertising:** This is concerned with conveying information about and selling a product or service. These are of three types, viz., Pioneering Advertising, Competitive advertising and Retentive Advertising.
- b. **Public Service Advertising:** Here, the effectiveness of product service advertisement may be measured in terms of goodwill they generate in the favor of their sponsoring



organization. In this type of advertising, the objective is to put across a message intended to change attitude and benefit the public at large.

Functionally advertising may be classified into as followed: advertising based on demand influence level, institutional advertising, and product advertising.

### **2.2.2 Direct Marketing**

Owomoyela et al, (2013) opine that direct marketing is an interactive system of marketing, using one or more advertising media to achieve measurable response anywhere, forming a basis for creating and further developing an on-going direct relationship between an organization and its customers, to be able to create and sustain quality relationship with sometimes hundreds or even thousands of individual customers, an organization needs to have as much information as possible about each one, and needs to be able to access, manipulate and analyze that information, thus, the database is crucial to the process of building the relationship. Direct marketing is a form of advertising which allows businesses and nonprofit organizations to communicate directly to customers through a variety of media including cell phone text messaging, email, websites, online adverts, database marketing, fliers, catalog distribution, promotional letters and television, newspaper and magazine advertisements as well as outdoor advertising.

The purpose of promotion is to present information to consumers and others, to increase demand and sales, creation of brand equity, competitive retaliations, positioning and to differentiate a product.

### **2.2.3 Public relation**

The concept of public relations is very important promotion tool for business organizations because positive relations built with the public can directly and indirectly affect the business organization activities. Public relations is the process of “building good relations with the firm’s various publics by obtaining favorable publicity, building up a good corporate image, and handling off unfavorable rumors, events and stories (Muhammad, 2013).

Brassington (2000) posit that the essence of public relations (PR) is to look after the nature and quality of the relationship between the organization and its different publics, and to create a

mutual understanding. Public relations cover a range of activities, for example the creation and maintenance of corporate identity and image; charitable involvement, such as sponsorship, and community initiatives; media relation for the spreading of good news as well as for crisis management, such as damage limitation.

Moreover, an organization can attend trade exhibitions to create stronger relationships with key suppliers and customers as well as enhancing the organization's presence and reputation within the market (Brassington, 2000).

Meidan, (1996) states that another part of public relations is the publicity gained through magazines. It is seen as a vital part of maintaining the firm's image and of communicating its message to its customers, investors and the general public. A positive perception of a company or non-profit can increase its sales and improve its bottom line. Public relations build up credibility and boost an organization's credibility because it will operate through trusted intermediaries.

Public relations follow four-step process which includes; researching, to strategize and plan implementation, to execute and communicate to public, and to evaluate the process.

### **2.2.4 Personal selling**

Personal selling is a strategy that salespeople use to convince customers to purchase a product. The salesman uses a personalized approach, tailored to meet the individual needs of the customer is given the opportunity to ask questions, and the salespersons and the salesperson addresses any concerns he has about the product (Owomoyela et al, 2013). Personal selling is where businesses use people (the sales force) to sell the product after meeting face-to-face with customer. The sellers promote the product through their attitude, appearance and specialist product knowledge. They aim to inform and encourage the customer to buy, or at least trial the product. Personal selling is the most expensive form of advertising and to be effective one should use a step by step process to gain the most benefit. The personal selling process consists of six stages:

- 1) Prospecting;
- 2) Pre-approach;

- 3) Approach;
- 4) Presentation;
- 5) Close, and
- 6) Follow-up

**Prospecting:** The process of looking for and checking leads or determining which firms or individuals could become customers

**Pre-approach** - This stage involves the collecting of as much relevant information as possible prior to the sales presentation. The pre-approach investigation is carried out on new customers but on regular customers.

**Approach:** This is done using the product's features and advantages i.e. the physical characteristics such as size, taste etc. The salesperson should always focus on the benefits for the customer.

**Sales Presentation:** After the prospects interest has been grasped, the sales presentation is delivered. It should be done in a relaxed atmosphere to encourage the prospect to share information in order to establish requirements. This involves a persuasive vocal and visual explanation of a business proposition.

**Follow-Up:** The sale does not complete the selling process. Follow-up activities are very important and are useful for the establishment of long-term business relationships. It is important to check if the products have been received in good condition, to establish the customer is satisfied etc.

## 2.3 Promotional Tools

The media communication is very important in our society. Through media, we can be influenced. Media can make a person drink a certain juice or alcohol or go to a certain store. Commercials and constant attention and interest in something in particular, in the end, make others follow it or try it (Goffin, K., 2014). According to Muhammad and Komal (2013) some of types of promotional tool are depicted bellow:

**Televisions:** Television news usually tells fewer stories in few worlds. And the producer decides which stories to include in news casts, how long they should be and in what order they appeal.

**Radio:** radio stations can be great for reaching a wide audience their news departments usually covers news with the smallest staffs, in the shortest time for each story, and with the most frequent deadlines.

**Magazine and other publication:** are ways to read a very specific audience with a story. These publications are typically organized around an interest group such as business, health care or higher education.

**Newspaper and Internet:** It is the most simple and cheap way to find out latest news. To support the above idea, communication through the media indicates the public and the information we gather and sent to the public. The mass media can influence an entire nation very easily. Therefore, the company using these media should care in transferring their products.

**Trade Fairs and Exhibitions:** The purpose of trade fairs and exhibitions is to increase awareness and to encourage trial, largely through face to face contact of supplier and customer. They offer the opportunity for companies to meet with both the trade and the consumer, for both to build relationships outside traditional sales meetings. They are heavily used with business to business marketing, especially within technology and engineering based products.

## **2.4 Relationship between Promotion and Sales Growth**

According to Kotler (1999), promotional mix includes advertising, sales promotions, personal selling and publicity. Promotion strategy is the use of advertising, sales promotion, personal selling, public relations, and direct marketing to promote organizational products.

According to Brassington (2000), promotion is a direct way in which companies communicate their products or services to their target customers. Kotler and Armstrong (2008) assert that promotion is all activities undertaken to communicate and promote products or services to the target market.

Komal (2013) on his research entitled the influence of promotional strategies on banks performance. It was revealed that there was a positive relationship between promotional

strategies and bank performance. However, a research conducted by Oyewale (2013) on impacts of marketing strategy on business performance findings revealed that promotion has no positive significant effect on business performance.

#### **2.4.1 Relationship between Advertising and Sales Growth**

According to De Mooij, M. (1994) advertising is a non-personal paid form of communication about an organization or its product to a target audience through a mass broadcast medium by an identified sponsor”.

According to Ayeni G. O. (2013) advertising is a strategy used by organizations to inform, remind and persuade customers to purchase a product. It is also used to present product, ideas and reach targeted customers. Muhammad and Komal (2013) conducted a research on the role of advertisement in sales increase and promotion in Hamadan Province Insurance Companies. It was revealed that advertising has an impact on sales increase.

According to (Goffin, K., 2014) advertising is used to inform customers an existing product or new product, maintain sales, attract new customers, introduce new packages and achieve a competitive advantage. Akanbi (2015) researched on analysis of the effect of advertising on sales and profitability of company it was revealed that there was a significant effect between advertising and profitability. He also asserts advertising effects on firm performance in the Malaysian consumer products sector. It was established that there was a positive relationship between advertising and firm performance.

#### **2.4.2 The Relationship between Direct Marketing and Sales Growth**

Direct marketing is a direct communication strategy used by organizations to target their customers thus gets an immediate response. It includes a face to face interaction (Kotler, 2000). Direct mail is the process of sending information about special offer, product, sale announcement, service reminder to target customers. It includes telemarketing, email marketing, catalogue, brochures, newsletters and online marketing. Through direct marketing an organization is able to collect relevant information about their customers and develop products based on their customers’ needs and wants (Goffin, K., 2014).

Mukorombindo (2014) researched on the impact of direct marketing on sales performance at seed potato co-op. Findings revealed that there was a weak relationship between direct marketing, and sales performance. This is due to lack of formal marketing plan, lack of customer data base lack of market budget and poor communication. It was recommended that the company should use several direct marketing strategies.

Marris, R. (1964) conducted a research on influence of promotional strategies on banks performance. Descriptive research was conducted. Simple random sampling technique was used to select 88% of bank branches. Questionnaires were used to collect data. It was revealed that there was a positive relationship between promotional strategies; direct marketing, sales promotion, personal selling, advertising and viral marketing on expenditure and bank performance.

Netemeyer (2016) conducted a research on Integrated Marketing Communication and Performance of Kenya Post and Savings Bank. The study used descriptive research. Stratified random sampling technique was used to select the sample was used to select 80 respondents. Data was collected using questionnaires. Findings revealed that direct marketing advertising, personal selling, sales promotion and public relations enhance the company's performance by enhancing customer attraction, customer loyalty, sales volumes, branch expansion and reminding customers.

### **2.4.3 The relationship between Public Relations and sales Growth**

Netemeyer (2012) researched on influence of Public Relations on organizational performance of cosmetic manufacturing firms in Kenya. The finding revealed that use of Public Relations enables an organization create awareness and appeal. In addition Public Relations also have an influence on performance of products. It enables an organization increase sales volume and profit.

Muhammad and Komal (2013) researched on the impact of Public Relations on sales in telecommunication companies in Somalia it was established that Public Relations had a significant impact on the sales volume.

Jaensson, J. E (2016) researched on impact of Public Relations and sales promotion expenses on the sales performance of Indian Telecommunication Companies. It was revealed that there exists a significant positive relationship between Public Relations and sales promotion on sales performance.

Owomoyela et al (2013) conducted a research on the effect of marketing communications on the sales performance of Ghana Telecom (Vodafone, Ghana). Findings revealed that there was a strong relationship between strong relationships between sales promotion, advertising budgets and total sales

#### **2.4.4 The relationship between Personal Selling and sales Growth**

Naidou, G. M. (1993) in his research on the effects of Personal Selling on organizational performance: Case study of Tigo telecommunication network junior. The finding revealed that Personal Selling has a significant influence on organizational performance.

Flohr-Nielsen(2003) researched on relationship between Personal Selling and organizational performance in Tanzania. It was established that Personal Selling has a direct relationship with overall business performance in a company

Selnes, F. (2013) conducted a research on effect of promotional mix elements on sales volume of financial institutions in Kenya at Kenya Post Office Savings Bank. It was revealed that sales promotion has the most effect on sales volume followed by personal selling, public relation then direct marketing which had the least effect on sales marketing.

Cavusgil, S. T., Zou, S. & Naidou, G. M. (1993) conducted a research on use of personal selling to farmers and their impact on farm business. Findings revealed that personal does not have an impact on farm business income.

### **2.5 Empirical Literature Review**

Abeselom (2014) carried out a study on influence of promotion mix strategies on the growth of customers in Ethio Telecom. The objectives of the study is to determine the influence of advertising, sales promotion, public relation, personal selling and direct marketing on the growth of customers of Ethio Telecom. The study adopted a descriptive research design. The target

population was clustered into 4 regions Addis Ababa. Ten respondents were chosen from each region. Forty customers were sampled and semi-structure questionnaire administered. Data analysis involved the use of descriptive statistics: mean standard deviation, frequency and percentages. Pearson correlation and multiple linear regression analysis were done to test the relationship between promotion and customer growth. The findings reveal that Ethio Telecom as a brand is associated with service quality and cheap price that both adds value and satisfaction to its customers. The corporation uses SMS for new update, flyer and brochure, websites, newspapers, television and radio to advertise in addition to several public relation, personal selling and direct marketing. The study revealed that promotion strategies (advertising, sales promotion, public relations, personal selling and direct marketing) positively influence customer growth.

Festus (2016) conducted a research on the impact of sales promotion on organizational performance of Guinness Ghana Breweries Limited. The specific objectives include to; examine sales promotional activities used by Guinness Ghana

BGI Ethiopia (2014) examines the relationship between sales promotion and financial performance of BGI, examine the effect of sales promotion on non-financial performance of BGI and finally, identify challenges facing sales promotion activities undertaken by BGI. The study adopted a descriptive research design. The population of the study was estimated at 865 (management, staff and key distributors) out of which a sample of 160 was used (primary data). Questionnaire was used to collect primary data whilst secondary data was taken from financial statements of BGI from 1985 to 2014. The study found a positive and significant relationship between sales promotion and profitability. Thus, 1 percent increase in sales promotion was associated with 0.44 percent increase in sales turnover. There was however no significant relationship between sales promotion and non-financial performance. The study recommended that management of BGI involves key distributors and supply chain members in sales promotional activities..

Gbolagade, Adesola, Oyewale (2013) conducted a study on the impact of marketing strategy on business performance a study of selected small and medium enterprises (SME) in Oluyole local government, Ibadan, Nigeria. The survey research design method was used in this study which involves using a self-design questionnaire in collecting data from one hundred and three (103)



respondents. The instrument used in this study is a close-ended questionnaire that was designed by the researchers. Correlation coefficient and multiple regression analysis were used to analyze the data with the aid of statistical package for social sciences (SPSS) version 20. The results show that the independent variables (i.e Product, Promotion, Place, Price, Packaging and After sales service) were significant joint predictors of business performance in term of profitability, market share, return on investment, and expansion. ( $F(6, 97) = 14.040$ ;  $R^2 = 0.465$ ;  $P < .05$ ). The independent variables jointly explained 46.5% of variance in business performance. Subsequently, recommendation were made to SMEs operators to produce quality products; charge competitive prices, position appropriately, use attractive package for the product, engage in after sales service and provide other distinctive functional benefits to consumers.

Nadeem, Naveed, Muhammad and Komal (2013) carried out a study on the role of sales promotion on sales volume in the context of fast moving consuming goods (FMCG) industry in Dera Ghazi Khan. The study adopted a survey design. Structured Questionnaire is used to collect information from 120 respondents through random sampling method. Data is analyzed with the help of SPSS. The result shows that all sales promotion dimensions are independently and jointly predict sales volume, which implies that premiums, bonus, have significant effect on sales volume. The study recommended that the firm should take off bonus as well as other dimension premiums.

Meera (2012) also conducted a research with a title of “Promotion mix of 4Ps competitive advantage”. According to the study the marketing mixes are the basic variables before launching a new product or service. The firms should also plan on these different components and they are product, price, promotion and place. The main aim of the article was to describe the importance of relationship of various components of marketing mix for attaining competitive advantage within the market. the study focused a broad view of Marketing Mix of 4P’s, as the biggest challenges of the Marketing professionals in today’s world is to design an optimum marketing mix which takes care of both customer’s satisfaction and organizational goals. So, a firm which can make an optimum marketing mixes in today’s world, will definitely achieve its stated organizational goal and satisfy the customers. The researcher concluded that, all the elements of marketing mix need careful revision and a depth study with complete concentration. Promotional tools depend upon the type of product, the price which will be charged for the product and the

procedure through which it would reach to the customer furthermore while deciding the price of product; the important things to consider are manufacturing cost of the product, promotion cost and amount incurred on distribution channels.

## **2.6 Research Gap**

From the above empirical reviews the researcher identified the following research gaps. Most researcher were conducted their researcher of mixing marketing strategy with promotional strategy. They did not specifically conducted on the role of promotion. In addition to as far as researcher knowledge concerned there were no any research that done in painting sector in general and in Ethiopian painting sector in particular.

Furthermore, conducting a research in the case area or from internal perspective allows to show their challenges in the implementation of the promotional strategy practice, which would play significant role in terms of identifying to mitigate gaps.

## 2.7 Conceptual Frame Work

Based on the stated problem and explained literature review, there are different factors that are affecting the performance of the factory. Such factors are dominantly visible in its marketing strategy. To assess the effectiveness of promotion strategy in bright painting factory the researchers articulates advertising, sales promotion, public relations, personnel selling, and direct marketing as independent variable and sales growth, increment of market share, consistency and commitment of customers as dependent variable.

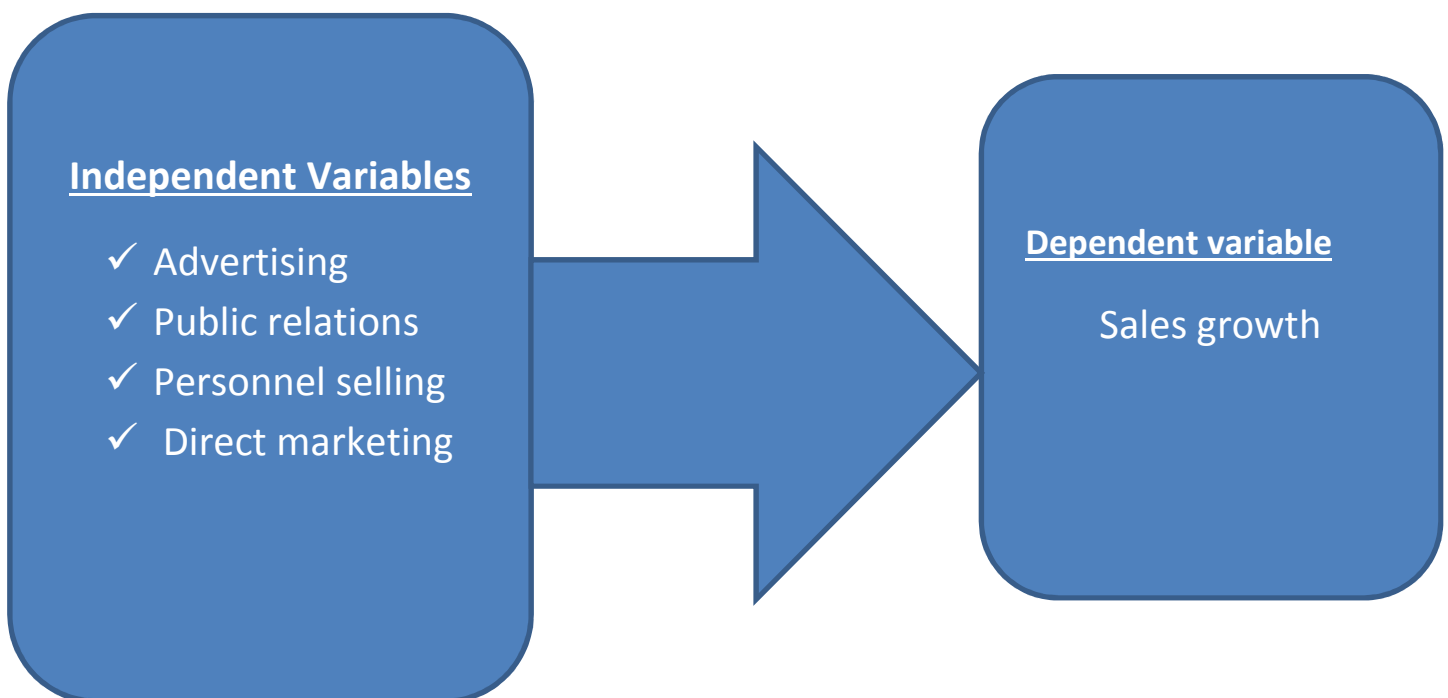


Fig 2.1: source: developed for the study, 2020

## CHAPTER THREE

### 3. RESEARCH METHODOLOGY

#### 3.1 Research Design

This study used explanatory research design. In order to investigate the effect of promotion on sales performance and to explain the subject matter in depth the researcher has applied explanatory research design.

In exploratory research design, it is a type of research design which focuses on explaining the aspects of your study in a detailed manner. The researcher starts with a general idea and uses research as a tool which could lead to the subjects that would be dealt with in the incoming future. It is meant to provide details where a small amount of information exists for a certain product in mind of that researcher (Kothari, 2004).

In this study the researcher investigates the promotional activities of Bright Painting Plc. on its sales performance and explore the cause of the down fall of sells in Bright painting Factory and explaining the cause of it

#### 3.2 Research Approach

Research approach is a plan and procedure that consists of the steps of broad assumptions to detailed method of data collection, analysis and interpretation. It is therefore, based on the nature of the research problem being addressed (Kothari, 2004).

In this research, the researcher applied both qualitative and quantitative research approach. Qualitative research is an approach used largely in the social sciences to explore social interactions, systems and processes while quantitative approach emphasize objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques. Quantitative research focuses on gathering numerical data and generalizing it across groups of people or to explain a particular phenomenon (Kothari, 2004).

### **3.3 DATA SOURCE AND TYPE**

Regarding data source, the study used both forms such as secondary and primary data sources. The primary source collected from employees of the factory who has experience of marketing, sells and adverting in Bright factory while the nature of data, the study used cross sectional data type. It is type of data that collects once from the participants via any means of data collection tools. In addition the researcher collected secondary data from annual reports of the factory. Therefore, the main secondary data of the study were gross financial statements of the factory and reports of marketing department.

### **3.4. Data Collection Instruments**

The instruments which the researcher used to collect the necessary information regarding the effect of promotional strategy in case of Bright Painting Factory were questionnaires and interviews.

#### **3.4.1. Questionnaires**

Questionnaire is a fairly reliable tool for gathering data from large diverse varied and scattered social group. The questionnaire has close that is in the form of likert scale and open ended parts, prepared in English language. The questionnaire is prepared for employees and managers of the factory.

#### **3.4.2. Interview**

To obtain detail information on the topic, phone interviews were held with the concerned factory managers particularly marketing manager and experts of the factory. All the interview questions were prepared in pre organized and standardized open ended format and enabled the researcher to manage it easily, to focus on topics and limit possibilities for the interviewee a way out. The questions were arranged in a way that the objectives set in order. The interview is prepared for the marketing director and CEO of the factory.

### **3.5 Reliability and Validity Test**

As (Kothari C. R., 2004) explains reliability refers to the consistency or dependability of a measurement technique, and it is concerned with the consistency or stability of the score obtained from a measure or assessment over time and across settings or conditions. If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error

He also asserts the internal consistencies of items were measured using Cronbach's alpha technique. Cronbach Alpha is a measure for the internal consistencies of the items that together cover the specific factor.

As the following table 3.1 shows the Cronbach alpha result of this pilot test result is 0.842 which is acceptable as per Kothari rule.

**Table 3.1 Reliability Test Result**

No	Variables	Cronbach's alpha	Number of items
1	Advertising	0.833	3
2	Public relations	0.887	4
3	Personnel selling	0.824	4
4	Direct marketing	0.843	4
5	Overall sales Growth of Bright Painting Plc	0.842	3

Source: survey result, 2019

## **3.6 Population and Sample Size Determination**

### **3.6.1 Sample Size Determination**

In bright painting plc., totally there are 105 permanent employees at different level of position. But this number was not including clerical works in the factory. In other words the total population of the study is 105 which do not include the contract and part timer labor workers. Since the population is manageable the researcher wants to conduct a census for this study. A census is a type of sampling technique in which all elements of the population are participated. Therefore the sample size is 105 which are 100% of the population.

Regarding sampling technique census was applied. It is a type of sampling technique where a study of every unit, everyone or everything in a population is a part of the study. It is known as a complete enumeration, which means a complete count. A sample is a subset of units in a population, selected to represent all units in a population of interest. The reason why the researcher selects this technique is due to the manageable number of permanent employees with more than one services year are a part of the study. The researcher purposely excludes the non-permanent and contract worker because they are not familiar with the painting industry as well as the factory.

### **3.7 Data Analysis Techniques**

The information which collected from both primary and secondary data sources through review of different documents and interviews, personal observations as well as questionnaire survey were organized and narrated accordingly to their themes

To analysis the quantitative data (SPSS version 20) which is statistical software package would become applicable accordingly. To be specific, answers of respondents on the questionnaire survey were summed up by frequency counts and then converted into percentages to provide the understandings of issue under discussion numerically.

Indeed, qualitative data analyses which include interviews and open ended questions were presented using by cross checking and strengthen the themes of quantitative analysis. Ultimately, generalizations were made and presented accordingly for the data by way of narrating and interpreting the situations.

Regarding inferential analysis, correlation (bivariate Pearson correlation) and regression (CLR) were conducted. Inferential analysis uses statistical tests to see whether a pattern we observe is due to chance or due to the program or intervention effects.

### **3.8 Model Specification**

To examine the effect of promotional strategy on sales growth in case of bright painting factory, the following classical linear regression model (CLRM) is developed. Ordered categorical variables are carefully selected in review of literature which needs to be specified. Bivariate

linear regression techniques were employed to analyze the relationships between the dependent variable and independent variables.

Specified regression model equation for linear relationship among variables is;

$$Y_j = \beta_0 + \beta_1 x_{1j} + \beta_2 x_{2j} + \dots + \beta_p x_{pj} + \epsilon_j$$

Where:

$Y_j$  is represents dependent variable for observation  $j$ .

$X_j$  is represents the independent variables (IV's) for observation  $j$

$\beta_0$  is the intercept

$\beta$  is the unknown regression coefficients.

$\epsilon_j$  is the error (residual) of observation  $j$ .

Based on the above, the model is modified based on the research variables that described in the conceptual framework in chapter two. To examine the effect of promotional strategy on sales growth in case of bright painting factory the study develops the following model.

$$S_p = \beta_0 + \beta_1 AD + \beta_2 PR + \beta_3 PS + \beta_4 DM + \epsilon \dots\dots\dots 1$$

SP = sells Performance (Dependent Variable)

AD= Advertising

PR= Public Relation

PS= Personal Selling

DM= Direct Marketing

$B_0, B_1, B_2, B_3, B_4, B_5,$  = All are unknown Intercepts

$\epsilon$ =error term or the residual



### **3.9 Ethical Consideration**

During data collection, respondents were informed as to why the data is collected. They were informed about the objectives and methods of the study. The privacy of respondent kept safe. Moreover, respondents expected to provide their response voluntarily. Finally, any work of scholar would acknowledge at reference part.

## CHAPTER FOUR

### 4. RESULT and DISCUSSION

#### 4. Introduction

This chapter aims at presenting, analyzing and interpreting the data obtained in the course of the research carried out in the research work. It also divided into three sections which deals with demographic analysis of the respondents while the second deals with descriptive statics that related to research question while the third part is inferential analysis. The information in this chapter was obtained mainly using questionnaires, 105 questionnaires were issued out but only 100 were filled.

#### 4.1 Demographic Characteristics

In this part demographic characteristics of resonates were analyzed in the following table

Table 4.1 Gender

No	Demographic issues	Value	Frequency	Percentage
	Gender	Male	59	59
		Female	41	41
	Age	Below 25 years	13	13%
		25-30 years	28	28%
		31-36 years	33	33%
		37-42 years	17	17%
		43- 48 years	9	9%

Source: survey result, 2020

### 4.1. 1 Gender

Gender frequency of the respondents shows that the numbers of male respondents were greater than female respondents. That 59% of the respondents were male, while 41 % were female respondents.

A study conducted by Goffin, K., and New, C. (2001) asserts women management and leadership has gathered momentum and is gaining acceptance. Women are equally competent in performing their roles and responsibilities as men. However, in the field of marketing the role of women is relatively low. Equivalently as he said the participation of women’s in marketing at Bright Painting Plc. is low.

According to Kotler, P. (2007) companies have been managing equal opportunities for at least three decades, but we still see only a handful of exceptional women at the top of organizations. The business case is getting stronger, but it isn’t enough just to declare that the company values gender diversity there needs to be in marketing as well.

### 4.1.2 Age

As the above table shows that the age distribution of respondent lies in all categories. Most of respondents from age 25 up to 42 or 82.4% lie in productive age.

### 4.1.3 Educational Qualification, Job Title and Work Experience

Table 4.2: Educational Qualification, Job title and work experience of respondents

No	Demographic issues	Value	Frequency	Percentage
	Educational Qualification	Certificate	3	2.8%
		Diploma	12	11.4%
		First Degree	75	71.4%
		Second Degree and above	10	9.5%

Job title	Manager	4	3.8%
	Senior officer	4	3.8%
	Medium officer	42	40%
	Junior officer	55	52.3%
Work Experience	under 3 years	15	14.2%
	3-6 years	50	46.7%
	7-10 years	32	30.4%
	over 10 years	8	7.6%

Source: survey result, 2020

Regarding their job position medium position and junior officer employees are highly dominated which are 40% and 52.3% respectively. In addition managers and senior officer cover 7.6% of the total participant. Therefore the researcher believes that the question is distributed from the lower to the higher position in Bright painting plc. Therefore it is possible to infer that the conclusion of is valid because it is collected from the right person in the organization.

A study conducted by Sekaran U (2003) reaffirms that Marketing management as a discipline which focuses on the practical application of marketing orientation, techniques and methods inside enterprises and organizations and on the management of a firm's marketing resources and activities. Marketing management employs tools from economics and competitive strategy to analyze the industry context in which the firm operates. These include Porter's five forces, analysis of strategic groups of competitors, value chain analysis and others and all the employees of the company are executer of the strategy.

In competitor analysis, marketers build detailed profiles of each competitor in the market, focusing on their relative competitive strengths and weaknesses using SWOT analysis. Marketing managers will examine each competitor's cost structure, sources of profits, resources and competencies, competitive positioning and product differentiation, degree of vertical

integration, historical responses to industry developments, and other factors. This all activities are done the employees of the organization. As the above table shows the study include from the non-managerial to managerial positions that are the pillars of marketing in the factory.

Regarding educational level the highest education level attained by most of the respondents was first-degree holders and above which represent, greater than 80.9%. Diploma sand others are accounts 19.1 %. Surprisingly there are no respondents in below certificate.

Regarding work experience as above table clearly shows the frequency distribution of respondents work experience, the largest of the respondents 46.7% have between 3 up to 6 years of work experience. In the same case, 30.4% of respondents have been 7 up to 10 years of work experience on the other hand, respondents within work experience less than 3 years of experience shows 14.2 % of the respondents. This implies that in total 85.8 % of the respondents have more than 3 years of work experience with in the case company. When the respondents are more and more experienced within the organization, they have better opportunity to know more about the organization.

As Lambert & Cooper, 2000) point out today employees' level of Trust, mutual dependence, cooperation, and shared goals are increasing as employees become more experience and familiarize with the company goal. Marketing management in general and promotional strategy in particular has been widely adopted in various industry sectors because marketing involves integrating corporate functions using business strategy within and across companies. In creating integration marketing strategy and work Experience are interdependent to each other.

### 4.3 Promotional strategies at Bright painting plc.

Table 4.3: Mean and Standard Deviation of Questions

No	Question items	Mean	Std. Deviation
Advertising			
1	The Bright painting advertisement technique is effective in terms of achieving its goal	3.766	.9603
2	Advertising process of bright painting plc product increase its sale	2.866	.9278
3	Bright painting plc has a good public advertising techniques	3.133	1.0980
4	Bright Painting PLC has unique product advertising techniques	3.266	.8643
Sales promotion			
1	Bright painting plc has good sales promotion techniques	2.9667	.80872
2	Bright painting Plc many alternative sales promotion techniques	2.7000	.95231
3	Discounting, gifting and packaging and bundling are common sales promotion technique od bright painting plc.	3.0333	.76489
4	Sale promotion of Bright painting PLC has a great role for sales increment.	2.8000	.84690
Public relations			
1	Bright painting plc has strong relation with other business organizations	2.8667	.68145
2	Bright painting plc has good public image	2.7667	.77385
3	Bright painting plc has strong public relation department	2.6333	.66868
4	Bright painting plc has a good involvement in community supportive activity	2.7667	.72793
Personnel selling			
1	Bright painting plc has professional sales person	2.861	1.265
2	Sales person of bright painting plc has a good quality of approaching and pre approaching skills	2.353	1.833
3	The sales person of the factory has a good quality of follow up the customer	2.963	1.265

4	Personal selling in the factory has a good contribution for sales growth	2.337	1.833
	Direct marketing		
1	Bright painting plc has a good performance of direct marketing	3.4000	.81368
2	Bright painting plc have techniques of cell phone text messaging, email, websites, online adverts, database marketing, fliers, catalog distribution, promotional letters and magazine advertisements.	3.4333	.81720
3	Bright painting plc has strong direct contact with customers	4.1667	.64772
4	Direct marketing has strong contribution for sales growth in Bright painting PLC.	3.2667	.86834
<b>Overall Promotion Activates In Bright Painting Plc</b>			
1	Our factory has competitive promotion strategy in the industry	2.5000	.93772
2	Our factory has alternative promotion strategy	3.7333	.94443
3	Our promotion strategy helps the factory to increase its sale	2.6333	.88992

Source: survey result, 2020

Table 4.4: Summary of variables

No	Advertising	Mean	Std. Deviation
1	Advertising	3.25775	0.9626
2	Sales promotion	2.8	0.8469
3	Public relations	2.75835	0.712978
4	Personnel selling	2.6285	1.549
5	Direct marketing	3.566675	0.786735
6	Overall Promotion Activates In Bright Painting Plc	2.955533	0.924023

Source: survey result, 2020

## **4.3 The Current Practice of Promotion Strategy in Bright Painting Plc.**

### **4.3.1 Advertising**

The mean value of perceived advertising in Bright Painting Plc is (mean=3.25, SD=0.96). This means that the advertisement technique is effective in terms of achieving its goal or advertising process of bright painting plc product increase its sale. Generally Bright painting plc has good and unique public advertising techniques.

A study conducted by Tellis, G. (2010) point outs the main advantage of advertising such as introduces a new product in the market, expansion of the market, increased sales, fights competition, enhances good-will, educates the consumers, elimination of middlemen, better quality products, supports the salesmanship, more employment opportunities, reduction in the prices of newspapers and magazines and higher standard of living, he sums up benefits derived from advertising are manifold. It is one of the most important components of the marketing process.

From an open ended question participants revealed in Bright painting plc has become fruitful in its advertising technique. Specifically they point out It protects the factory from undue dependence on middlemen. Middlemen cannot pressurize the manufacturers of widely advertised goods regarding the terms and conditions of sales or It helps the factory to secure dealers for their goods. Dealers, generally come forward to stock the advertised goods. In addition to this, advertisements techniques of Bright painting factory contributes to increase the volume of sales and thereby, reduces the cost of marketing per unit of goods sold directly.

A study done by Akanbi, P.A and Adeyeye, T.C (2011) remarks by constant advertisement, manufacturers can maintain effective control over the wholesale and retail prices of their products.in other word advertisements helps the manufacturers to maintain a steady demand for their products by avoiding seasonal fluctuations in demand. In short, it stabilizes the volume of sales and increases the rate of stock turnover.



### 4.3.2 Sales Promotion

The perceived mean of sales promotion in Bright painting factory is (mean=2.8, SD=0.8469). This means that Bright painting plc has not good sales promotion techniques or there were not alternative sales promotion techniques. Discounting, gifting, packaging and bundling were not common sales promotion techniques in bright painting plc Generally the Sale promotion of Bright painting PLC hadn't any role for sales increment.

A study conducted by Akrani, G. (2010) asserts a sales promotion is a marketing technique that is designed to entice a customer to take a specific action such as make a purchase or request more information. A sales promotion usually occurs for a limited period of time to help create a sense of urgency. Sales promotion can include coupons, free trial periods and discounts, to name a few. Sales promotions offer a number of advantages to the owner of a small business. He concluded sales promotion is a powerful and effective method to produce immediate short term positive results; it is not a cure for a bad product or bad advertising. In fact, a promotion is speed up the killing of a bad product.

From an open ended question participants revealed that Bright painting plc hadn't well-established sales promotion techniques. As reason participants also assert managers of the factory believed that sales promotion would increase increased price sensitivity, quality image may become tarnished, merchandising support from dealers is doubtful, sales promotions are generally for a short duration. This gives a boost to sales for a short period. This short-term orientation may sometimes have negative effects on long-term future of the organization.

A study done by Aneeza B and Najama M. (2009) point outs promotions mostly build short-term sales volume, which is difficult to maintain heavy use of sales promotion, in certain product categories, may be responsible for causing brand quality image dilution; sales promotion could not be a substitute to compromise in quality and effectiveness of marketing. After a consumer uses a coupon for the initial purchase of a product, the product must then take over and convince them to become repeat buyers. In addition, sales promotion activities may bring several negative consequences, including "clutter" due to the number of competitive promotions. New approaches are promptly cloned by competitors, as each marketer tries to be more creative, more attention getting, or more effective in attracting the attention of consumers and the trade. In other words it

is almost next to impossible achieve sustainable competitive advantage through these promotions.

### **4.3.3 Public Relations**

The perceived mean of public relations in the case company is (mean=2.75, SD=0.712). This average showed that Bright painting plc hadn't strong relation with other business organizations or Bright painting plc had not good public image. The cause for this was Bright painting plc hadn't strong public relation department. At some time Bright painting plc hadn't a good involvement in community supportive activity.

A study done by Arens, W. F. (1996) explained the use of Public relations. It can help raise the business' profile and improve reputation. Moreover, it can be a cost-effective way to get the message to a large audience. Specifically PR helps influence or audiences are more likely to trust messages coming from an objective source rather than paid-for advertising messages. It is one of the most credible forms of promotion and can be persuasive and PR can be an economical way to reach a large audience in comparison to paid for advertising media placement, particularly if it is done in house.

In the open ended question participant revealed bright painting factory was poor in PR. As cause for this they also revealed manager of the company believed that no direct control unlike advertising. The manger can't exactly control how their business is portrayed by the media, when their message appeared and placed. In addition mangers were having any guaranteed results. They may spend time and money on writing a press release, getting suitable photography and speaking with journalists, but they can never guarantee their story will be published. This can result in a poor return-on-investment and evaluation can be difficult to measure the effectiveness of PR activities. Due to this managerial perception the PR activity of bright paining factory were found below the expected level

Researchers Aneeza, B and Najama,I.M. (2009) point outs as business is a game. It is a war where winning and losing, creating and destroying activities are going on. Public is misled by rumors spread by competitors or opponents. Rumors spread very fast and in that fortunes of companies are affected either favorably or unfavorably; loss of one is gain of another. Educating

the public is one of the major goals of PR. Public relation could educate the people about anything that affect the factory directly or other way.

#### **4.3.4 Personnel Selling**

The perceived mean value of personnel selling in Bright painting plc is (mean=2.62, SD=1.549). This means that Bright painting plc hadn't professional sales person or Sales person of bright painting plc hadn't a good quality of approaching and pre approaching skills. The sales person of the factory hadn't a good quality of follow up the customer. Generally Personal selling in the factory were not had good contribution for sales growth.

Personal selling is where businesses use people (the "sales force") to sell the product after meeting face-to-face with the customer. The sellers promote the product through their attitude, appearance and specialist product knowledge. They aim to inform and encourage the customer to buy, or at least trial the product (Cavusgil, 1993).

In an open ended question respondents showed that in bright painting factory except television advertisements, demonstration is not possible. However, television demonstration is much limited. Salesmen were expected to provide a detail demonstration and can supervise when customer is making the actual use of products. Though the mangers in Bright painting factory believe personal selling as Complementary to other Promotional Tools: Personal selling can support advertising, sales promotion, and publicity. It removes the drawbacks of advertising and sales promotion. Advertising increases awareness while personal selling reinforces the advertising message. Similarly, it can make sales promotion tools more effective by personal guidance or conviction.

A study done by Aneeza, B and Najama,I.M. (2009) remarks Personal selling happens when companies and business firms send out their salesmen to use the sale force and sell the products and services by meeting the consumer face to face. The producers promote their products, the attitude of the product, appearance and specialist product knowledge with the help of their agents. They aim to inform and encourage the customer to buy, or at least trial the product.

In the open ended question respondents reveal the cause of poor personal selling in bright painting plc. The most frequently mentioned cause were poor listening skills, failure to

concentrate on top priorities, a lack of sufficient effort, inability to determine customer needs, lack of planning for sales presentations; and inadequate product/service knowledge.

#### **4.3.5 Direct Marketing**

The perceived mean of direct marketing in the case factory is (mean=3.566, SD=0.786). This means that Bright painting plc has a good performance of direct marketing which means the factory have techniques of cell phone text messaging, email, websites, online adverts, database marketing, fliers, catalog distribution, promotional letters and magazine advertisements or it has strong direct contact with customers. Generally direct marketing has strong contribution for sales growth in Bright painting PLC.

A study done by Arens W. F. (1996) asserts good direct marketing campaigns focus on promoting a specific product or service, and call on customers to act or to receive further information, register their interest, visit the company's website, and make a booking or a purchase.

Furthermore he asserts direct marketing gives the factory the opportunity to promote its products and services directly to the customers who most need them. A good direct marketing campaign helps to build relationships with new customers, test the appeal of the product or service, shows which marketing approaches reach the target market, provide customers with compelling content they can share with potential customer and increase sales.

From an open ended question respondents revealed that though there is a good performance of direct marketing in bright painting factory there are challenges that should be solved. The most frequently mentioned challenges were difficulty in reaching online. Direct mail is a powerful communication tool with amazing targeting abilities and the potential to reach people that can't be reached online. When it works, it works well; but when it fails, it can hit the product brand hard; the direct mail piece is a needle in a haystack. May be there exist targeting the wrong prospects. It is not interactive and taking more than one postcard to get noticed, the offer didn't make the cut.

## 4.4 The Effect of Promotion Strategy on Sales Performance

### 4.4.1 Diagnostics of Assumptions in Regression

Before conducting a regression analysis, the basic assumptions concerning the original data must be made. This is a mandatory prerequisite in explaining the relationships between dependent and explanatory variables. Four major assumptions have to be checked and proved to be met reasonably well. In this study these important least square assumptions were checked and explained as below.

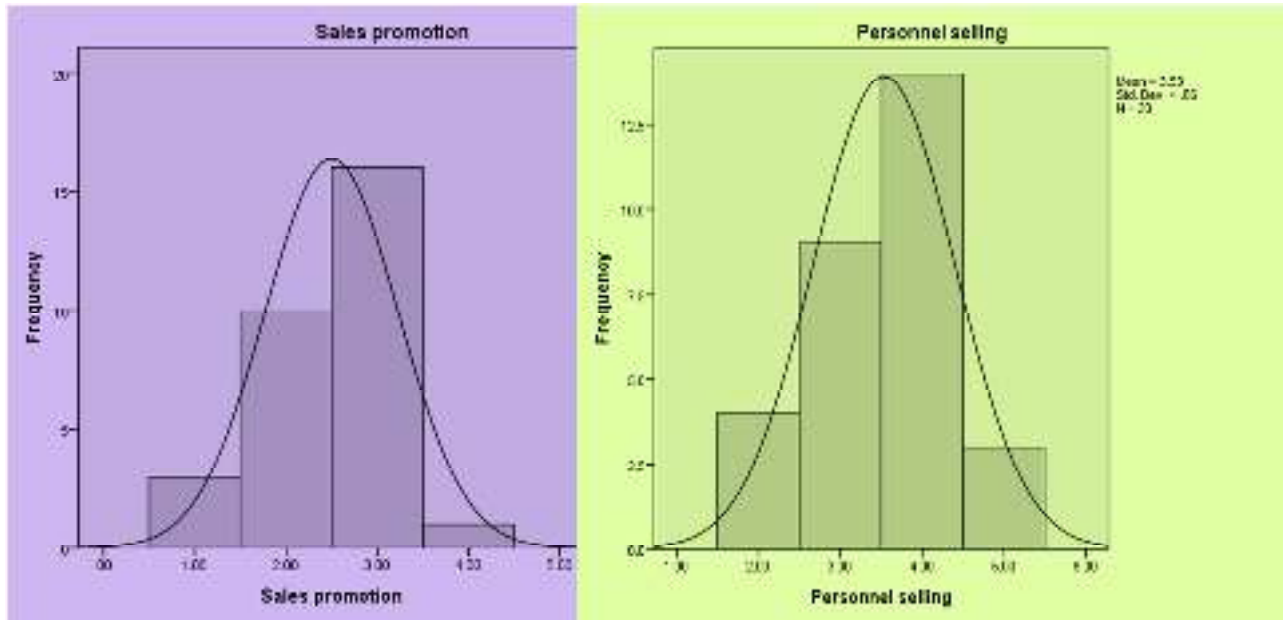
### 4.4.2 Skewness and Kurtosis

Table 4.4 Skewness and Kurtosis of the data

		Statistics				
		Advertising	Sales promotion	Public relations	Personnel selling	Direct marketing
N	Valid	100	100	100	100	100
	Missing	0	0	0	0	0
Skewness		.263	-.167	.108	-.284	.185
Std. Error of Skewness		.427	.427	.427	.427	.427
Kurtosis		-.381	-.089	-1.085	-.443	.241
Std. Error of Kurtosis		.833	.833	.833	.833	.833

According to C.R Kothari (2004) the values within the range of +1.96 and -1.96 are the said to be acceptable. Beyond these limits can be called skewed. If the data is considered to be normal if Skewness is between  $-2$  to  $+2$  and Kurtosis is between  $-7$  to  $+7$ . From rule of the thumb the researcher's data is normally distributed.

Figure 4.3 Data Distribution of Independent Variables

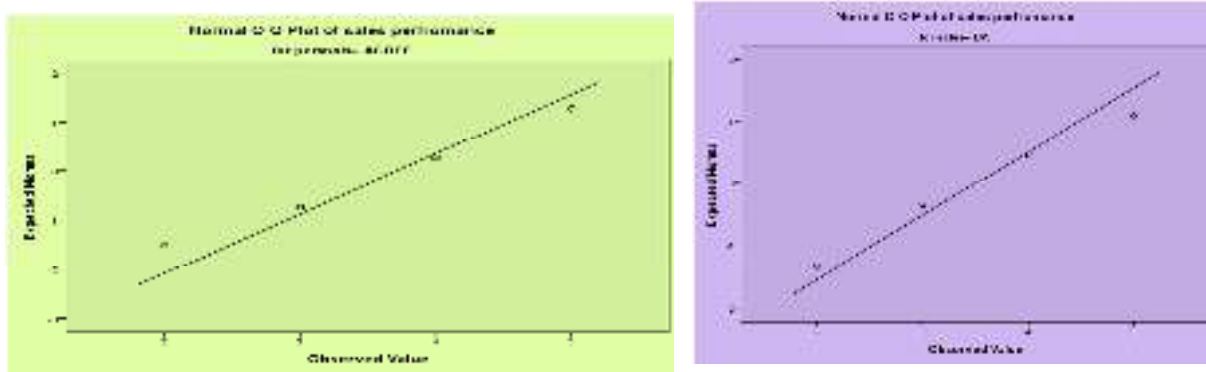


Source: Researchers Survey, 2020

#### 4.4.2 Normality

Multiple regressions assume that variables have normal distributions. This implies that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve. This assumption can be tested by looking at the P-P plot for the model together with histogram of the standardized residuals.

Fig 4.4 Normality Test



Source: Researchers Survey, 2020

In the above figure data distribution of sales performance and personal sells looks normal and in the P-P plots also the dots are reasonably closer to the normal line. The combination of both inspections support that the residuals are normally distributed.

#### 4.4.3 Multicollinearity

Strong relationship between explanatory variables is a problem of multicollinearity and not acceptable for ordinary list square regression analyses

**Table 4.5 Multicollinearity test**

Model		Coefficients <sup>a</sup>	
		Co linearity Statistics	
		Tolerance	VIF
1	Personnel selling	.889	1.025
	Direct marketing	.884	1.066
	Sales promotion	.828	1.095
	Advertising	.955	1.025

a. Dependent Variable: Public relations

**Source: Researchers Survey, 2020**

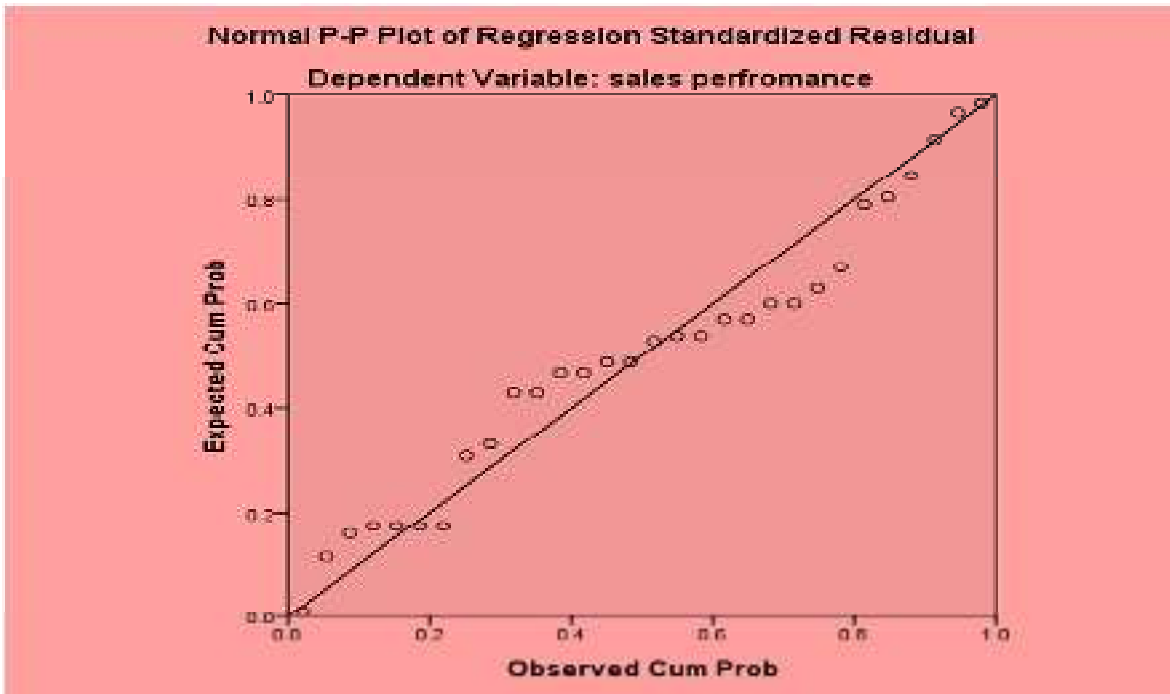
Variance-inflation factor (VIF) has also been checked and values are found smaller, which supports that multicollinearity is not a problem. Moreover, tolerance statistics in regression analysis helps to detect co linearity problem. Tolerance value runs from 0 to 1 and values closer to 1 indicates no multicollinearity problem (C.R Kothari, 2004). In this study all the tolerances are above 0.8 and, therefore, the amount of variation in that construct is not explained by other predictors. All the two tests indicated that there is no multicollinearity problem.

#### 4.4.4. Homoscedasticity

This assumption requires even distribution of residual terms or homogeneity of error terms throughout the data. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (C.R Kothari, 2004). If the error terms are distributed randomly with no certain pattern then the problem is not detrimental

for analyses. The following Figure below shows that the standardized residuals in this research are distributed evenly indicating heteroscedasticity is not a serious problem for this data.

FIG 4.4 Homoscedasticity Test



Source: Researchers Survey, 2020

#### 4.5. Correlation Analysis

The Pearson's Product Movement Correlation Coefficient was computed to determine the relationships between advertising, sales promotion, public relations, personnel selling, direct marketing and sales performance. Correlation analysis is a useful way of exploiting relation (association) among variables. The value of the coefficient ( $r$ ) ranges from -1 to +1. The value of coefficient of correlation ( $r$ ) indicates both the strength and direction of the relationship. If  $r = -1$  there is perfectly negative correlation between the variables. If  $r = 0$  there is no relationship between the variables and if  $r = +1$  there is perfectly positive relationship between the variables (C.R Kothari, 2004).



Table 4.6 Correlation Result

Correlations							
		Advertising	Sales promotion	Public relations	Personnel selling	Direct marketing	sales performance
Advertising	Pearson Correlation	1	.413*	-.022	.237	.455*	.536**
	Sig. (2-tailed)		.023	.906	.208	.012	.089
Sales promotion	Pearson Correlation	.413*	1	.128	.110	.669**	.208
	Sig. (2-tailed)	.023		.502	.564	.000	.271
Public relations	Pearson Correlation	-.022	.128	1	.329	.119	-.155
	Sig. (2-tailed)	.906	.502		.076	.533	.413
Personnel selling	Pearson Correlation	.237	.110	.329	1	.282	-.051
	Sig. (2-tailed)	.208	.564	.076		.131	.789
Direct marketing	Pearson Correlation	.455*	.669**	.119	.282	1	.549**
	Sig. (2-tailed)	.012	.000	.533	.131		.567
sales performance	Pearson Correlation	.536**	.208	-.155	-.051	.549**	1
	Sig. (2-tailed)	.004	.271	.413	.789	.567	
*. Correlation is significant at the 0.05 level (2-tailed).							
**. Correlation is significant at the 0.01 level (2-tailed).							

Source: Researchers Survey, 2020

As the above table shows Significant correlation existed between sales performance and advertising ( $r=.536^{**}$ )  $p<0.05$ ). This implies that increase or decrease in advertising is associated with similar change in sales performance in bright painting plc.

There is also significant positive relationship between sales performance and Direct marketing( $r=.549^{**}$ ). This implies that increase or decrease in direct marketing is associated with similar change in sales performance in bright painting plc.

In addition the above, there are significant and positive correlations among advertising and Sales promotion( $r=.413^*$ ), advertising and Direct marketing ( $r=.455^*$ ), Direct marketing and sales promotion( $r=.669^{**}$ ). This implies that a unit changes in one variable leads a percentage change in another variable.

## 4.5.2 The Effect of Promotion on Sales Performance

Multiple regression analysis applied to find out whether there was statistically significant relation surfaced between sales performance and the five dimension of promotion strategy control variables or not.

Table 4.7 Mode summery

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783 <sup>a</sup>	.647	.531	.69190
a. Predictors: (Constant), Direct marketing, Public relations, Personnel selling, Advertising, Sales promotion				

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.977	5	.395	.326	.005 <sup>b</sup>
	Residual	11.489	24	.479		
	Total	13.467	29			
a. Dependent Variable: sales performance						
b. Predictors: (Constant), Direct marketing, Public relations, Personnel selling, Advertising, Sales promotion						

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.699	.872		4.241	.000
	Advertising	.415	.867	.506	.478	.004
	Sales promotion	.374	.244	.187	1.53	.083
	Public relations	.426	.187	.236	2.278	.009
	Personnel selling	.251	.168	-.245	1.49	.063
	Direct marketing	.480	.181	.421	2.65	.041

a. Dependent Variable: sales performance

The model analysis includes the independent variables (Advertising, Sales promotion, Public relations, Personnel selling and Direct marketing) and dependent variable (sales performance). As indicated in the above model summary and ANOVA table, the linear combination of the independent variable was significantly related to the dependent variable,  $R=.783a$ , adjusted R square=.531,  $F=32.6$  ( $p=0.000$ ). An estimated 53.1% of total variation in the dependent variable, sales performance, is jointly explained by the predictors, i.e., (Advertising, Sales promotion, Public relations, Personnel selling and Direct marketing) whereas the remaining is explained by other factors. Therefore the promotional strategy of Bright painting factory has equal determining power with other unexplained variables.

The study done by Michael Mwenda (2017) concluded that advertising has a positive impact on sales performance, brand awareness influences organizational performance, packaging is used to describe the product, brand image, and loyalty influences company's profitability and pricing strategy increases sales volume. In addition, store design and use of attractive stimuli such as music has an influence has a positive effect on consumer purchase and sales volume, and geographic location has a significant influence on profitability, advertising, direct marketing and increases sales volume but in this study most(sales promotion, public relations and personnel selling)variables were not significant.

### 4.5.3 Hypothesis Testing

Based on the above regression model the hypothesis of the study are tested and presented as follows.

➤ **H1: advertising positively significantly affects sale Growth.**

There is positive and significant relationship between advertising and sales performance. The  $P < 0.05$  and the Value of Beta value .506 which shows that 50.6%% variance in sales performance is determined duo to advertng. Thus advertising has positive and significant relation with sales performance. Therefore H1 is supported

➤ **2. H2: public relation positively significantly affects sale Growth**

There is no positive and significant relationship between public relation and sales performance. The  $P > 0.05$  and the Value of Beta value .236 which shows that 23.6 % variance in sales performance is determined duo to advertng. Thus public relation has no positive and significant relation with sales performance. Therefore H2 is rejected

➤ **H3: personal selling positively significantly affects sale Growth.**

There is no positive and significant relationship between personal selling and sales performance. The  $P > 0.05$  and the Value of Beta value -.245. Thus personal selling has no positive and significant relation with sales performance in the case factory. Therefore H3 is rejected

➤ **H4: sales promotion positively significantly affects sale Growth.**

There is no positive and significant relationship between sales promotion and sales performance. The  $P > 0.05$  and the Value of Beta value .187. Thus sales promotion has no positive and significant relation with sales performance in the case factory. Therefore H4 is rejected

➤ **H5: Direct marketing positively significantly affects sale Growth.**

There is positive and significant relationship between direct marketing and sales performance. The  $P < 0.05$  and the Value of Beta value .421which shows that 42.1% variance in sales performance is determined duo to direct marketing. Thus direct marketing has positive and significant relation with sales performance. Therefore H5 is supported

Table 4.8 Summery of Hypothesis

No	Hypothesis	Remark
1	H1: advertising positively significantly affects sale performance.	Accepted
2	H2: public relation positively significantly affects sale performance.	Rejected
3	H3: personal selling positively significantly affects sale performance	Rejected
4	H4: sales promotion positively significantly affects sale performance	Rejected
5	H5: Direct marketing positively significantly affects sale performance.	Accepted

## CHAPTER FIVE

### 5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary of Findings

The study aimed to investigate the effect of promotion strategy on sales Growth in bright painting factory. The study collected a data based on the questionnaire of the total of 88 employees of bright painting factory. The information was obtained mainly using questionnaires, 105 questionnaires were issued out but only 100 were filled.

In the descriptive analysis, most of the respondents were male which account 59% and the remaining 41 % were female. Regarding age distribution of respondent, they lie in all categories. Most of respondents from age 25 up to 42 or 82.4% lie in productive age. Regarding their job position medium position and junior officer employees are highly dominated which are 40% and 52.3% respectively while educational level the highest education level attained by most of the respondents was first-degree holders and above which represent, greater than 80.9%.

The result of the central tendency shows that Advertising (mean=3.257, SD=0.962), Sales promotion (mean=2.8, SD=0.84), Public relations (mean=2.75835, SD=0.712), Personnel selling (mean=2.62, SD=1.549) and direct marketing (mean=3.566, SD=0.78) which implies that, advertising and direct marketing were perceived as means to influence sales performance of bright painting plc.

Results from Pearson's Product Moment Correlation Coefficient interpretation of r value were used to discuss the relationship between dependent variable (sales performance) and independent variables (advertising, sales promotion, public relations, personnel selling and direct marketing). There were positive and Significant correlation existed between sales performance and advertising ( $r=.536^{**}$ ,  $p<0.05$ ). There was also significant positive relationship between sales performance and Direct marketing( $r=.549^{**}$ ). In addition there were significant and positive correlations among advertising and Sales promotion( $r=.413^*$ ), advertising and Direct marketing ( $r.455^*$ ), Direct marketing and sales promotion( $r=.669^{**}$ ).

## **5.2 Conclusion**

Marketing strategies are the means by which the marketing objectives will be achieved. The employees of the bright painting factory are performing their duties to achieve the factory objectives. Though they perform relatively good in Advertising and direct marketing they do have a gap in other dimension of promotion such as public relations, personnel selling, and sales promotion.

Promotion is one of the basic strategies of marketing which the marketing employees or marketing manager communicates the information between sellers and buyers and to influence the attitude, behavior and other variable such as price, place, products, physical layout, provision of customer service and process.

Promotion is a major factor in the marketing strategy that enables producer and immediate customers to choose from among any product developed to satisfy the needs of target market. The overriding promotional objective is to affect buying behavior but a basic promotional objective includes information persuading and reminding of various promotional methods can be used to reach organizational goals. These include advertising, sale promotion, personal selling, direct marketing and public relation. In Bright painting factory promotions were found important when a new product is introduced to the market.

## **5.3 Recommendation**

Even though the marketing strategy of Bright Painting Factory is practiced effectively by employees and managers, it has some problems. Therefore, the study recommends the following points:

- Bright painting factory should build brand loyalty through coordinating various promotional tools which are unpracticed till now in the factory such as sponsorship and corporate social responsibility.
- The company's promotional strategy is far enough, but more effort should be put on them specifically on sales promotion, public relations and personnel selling.

- The consumers should be persuaded to utilize the product. As people are now aware of various painting products in the industry Bright painting factory should come up with such new product and attractive price as part of its promotional strategies.
- Bright Painting Factory should appreciate and exploit the opportunities offered by promotion and learn how to modify promotional techniques to meet the needs to diverse target market in the industry. Also, the factory should recruit professionals into the industry because a good promotion requires a professional touch and design to stand as a marketing tool for factor survival and growth
- The company should also improve its research work on the quality of the product.



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**Appendixes**  
**JIMMA UNIVERSITY**  
**FACULTY OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**ABH Compass Addis Ababa**

**Dear respondents:**

The main objective of this questionnaire is to gather your opinion regarding the THE EFFECT OF PROMOTIONAL STRATEGY ON SALES performance IN CASE OF BRIGHT PAINTING FACTORY. The data and opinion gathered will be used for partial fulfillment of the requirement for Master's Degree in Business Administration from Jimma University. Your faithful and quick response will make the research fruitful. The information you provide will be kept confidential. Thank you in advance for your collaboration. If you have problems in completing this form, please do not hesitate to contact.

Mihiret Wegayehu  
Tel. No. 091515739281

**PART I GENERAL QUESTIONS: PLEASE CIRCLE THE LETTER OF YOUR CHOICE.**

**1: Gender:** A. Male

B. Female

**2: Age:** A. Below 20 years

B.20-25 years

C.26-30 years

D.31-35 years

E.36- 40 years

F. above 40 years

**3: Educational Qualification:**

A. Certificate

B. College diploma

C. First Degree

D. Second Degree and above

**4: Job Position in Bright Painting PLC**

A. Manager

B. Senior officer

C. Medium officer

D junior officer

**5: How old is the establishment your small scale enterprise?**

1. Under 3 years

2.3-6 years

3.7-10years

4.over 10 years

**Part Two: Questions That Measure Assessment on the Effectiveness of Promotion Strategy In Case Of Bright Painting Factory Addis Ababa, Ethiopia.**

**Please Put ‘X’ Mark on the Level of Your Agreement: Where SDA=Strongly Dis agree, DA=Disagree, N=Neutral, A=Agree, SA=Strongly Agree**

No	Question items	SDA	DA	N	A	SA
	<b>Advertising</b>					
1	The Bright painting advertisement technique is effective in terms of achieving its goal					
2	Advertising process of bright painting plc product increase its sale					
3	Bright painting plc has a good public advertising techniques					
4	Bright Painting PLC has unique product advertising techniques					
	<b>Public relations</b>					
1	Bright painting plc has strong relation with other business organizations					
2	Bright painting plc has good public image					
3	Bright painting plc has strong public relation department					

4	Bright painting plc has a good involvement in community supportive activity					
	<b>Personnel selling</b>					
1	Bright painting plc has professional sales person					
2	Sales person of bright painting plc has a good quality of approaching and pre approaching skills					
3	The sales person of the factory has a good quality of follow up the customer					
4	Personal selling in the factory has a good contribution for sales growth					
	<b>Direct marketing</b>					
1	Bright painting plc has a good performance of direct marketing					
2	Bright painting plc have techniques of cell phone text messaging, email, websites, online adverts, database marketing, fliers, catalog distribution, promotional letters and magazine advertisements.					
3	Bright painting plc has strong direct contact with customers					
4	Direct marketing has strong contribution for sales growth in Bright painting PLC.					



	<b>Overall sales performance of Bright Painting Plc</b>					
1	Our factory sale increases from time to time					
2	Our factory can what he planes to sale					
3	Our factories actual and planned sale are equal					

**Part; Three Open Ended Questions**

1. How do you evaluate the contribution of your factories promotional strategy for sales performance and profitability?

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2. What promotion techniques should be improved to increase the sales performance of the factory?

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**Thank you in advance!!**