

**THE INFLUENCE OF SALES PROMOTION ON ORGANIZATIONAL
PERFORMANCE- AN INTERMEDIERIES PERSPECTIVE: A CASE
STUDY OF TANZANIA PORTLAND CEMENT LIMITED**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION OF THE OPEN UNIVERSITY OF TANZANIA**

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CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation titled: "The Influence of Sales Promotion on Organization Performance; An Intermediaries Perspective. A Case Study of Tanzania Portland Cement Company Limited", in partial fulfillment of the requirements for the degree of Master of Business Administration (Marketing) of the Open University of Tanzania.

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Date

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DECLARATION

I, Allen Joshua Mbwambo, do hereby declare that this dissertation is my own original work and that it has not been presented for a similar or any other award to any other university.

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Signature

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Date

DEDICATION

This dissertation work is dedicated to my mother Ester Joshua Mbwambo and my wife Jenipher Chacha, who tirelessly pushed me to successfully finish this degree.

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I would like to thank all TPCC 30 distributors who willingly agreed to respond to the questionnaire, thank you for your cooperation and patience during data collection process. Special thanks should also go to my supervisor Dr. France Shayo for his guidance and invaluable contribution during the preparation of this dissertation. He has spent his precious time to offer me constructive advice and corrections to the document from the beginning to the end.

I would like to appreciate all my TPCC Colleagues who have helped me during data collection from distributors in their respective zones, with them the task became easier. I would also like to extend my appreciation to my children Alpachino Allen Mbwambo and Ester Allen Mbwambo for their endurance during my studies.

ABSTRACT

This research study was intended to assess the influence of sales promotion on sales volume, the study further targeted intermediaries perspective for the same. The specific objectives of the study were to assess the effects of quantity price discount, to examine the effects of rebates, to evaluate the effects of exhibitions and to assess the effects of credit on sales volume. Theoretically, the research study was based on the push strategy, the pull strategy and the combination theory. The study was backed up by rigorous documentary review of literature related to sales promotion and organization performance. The study adopted questionnaires method for data collection, where Likert scale fifth choice questionnaires were distributed to 30 Tanzania Portland Cement Company (TPCC) distributors from different zones in Tanzania. The study found that all the promotional activities that is, quantity price discount, exhibitions, rebates and credits leads to increased product purchase quantity and sales at their shops. This is evident as majority of the respondents either agree or strongly agree that quantity price discount (83%), exhibitions (80%), credits (90%) and rebates (83%) as modes of promotions lead to an increase of sales in their shops and purchase quantity. The study concluded that sales promotional tools in question if are well implemented then sales of cement producers and intermediaries are likely to be improved. For practice purposes it is recommended that, since some promotion tools such as credits are risky and requires large capital to implement, therefore analysis needs to be made on how to reduce these risks so that the tools are implemented successful.

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ABBREVIATIONS AND ACRONYMS

EMI	Equated Monthly Installment
ERB	Engineers Registration Board
FMGC	Fast Moving Consumer Goods
MT	Metric Ton
SPSS	Statistical Package for Social Science
TBL	Tanzania Breweries Limited
TPCC	Tanzania Portland Cement Company Ltd

CHAPTER ONE

INTRODUCTION

1.1 Background to the Research Problem

The increase of competition in the business market has made marketers all over the world to consider a variety of sales promotion incentives in order to stand out among their competitors (Jean *et al.*, 2015). The need for sales promotion came as a result of intense of competition that requires sellers to get customers' attention in order to increase their sales, growth and survival in business (Encyclopaedia of Small Business, 2007). It is key to understand that sales promotion is conducted within the organisation and it has effect on organization performance.

Richard *et al.*, (2009) said organisational performance relates to the actual output or results as measured against its intended objectives. It embraces three specific dimensions, namely, financial performance, product market performance and shareholders' return. This study will focus on product market performance (sales volume) in relation to sales promotion, this is because sales volume has impact on the other dimensions of finance and shareholders return. The aim of sales promotion is to motivate the clients to immediately purchase a particular product thus enhancing its sales volume (Odunlami and Ogunsiji, 2011; and Aderemi, 2003).

Odunlami *et al.*, (2011) in his study on effect of sales promotion on organizational performance; concluded that effective implementation of sales promotion tools lead to increase in sales volume and invariably higher profit. Walton, (2016) conducted research on the impact of sales promotion on organizational performance concluded that 1 percent increase in sales promotion activity was associated with 0.44 percent

increase in sales turnover. However, when it comes to non-financial performance, the study found that sales promotion did not significantly affect new product development. Finally, the relationship between sales promotion and customer acquisition was positive and significant.

Schultz and Block (2014) stressed that the brand with sales promotion is more likely to increase the consumers' preferences and purchasing behavior than the brand without sales promotion. Omotayo, (2011) sales promotion is among the very important tools marketers use to communicate with customers; the technique not only works to gain the attention of the customer but also influence the customer to purchase the product through different incentives. Researches on the impacts of sales promotion on organization performance have been conducted in different countries and industries; findings have shown that there is a positive impact of sales promotion on organization performance.

Unlike other studies this study focused on the role of financing (credit) by manufacturers, rebates, quantity price discount and exhibitions in increasing sales volume. These sales promotion tools are very common in the cement industry but have not been researched that much by other researchers. Other research had more focus on customer and management perspective on the role of sales promotion in improving sales, while this one focused on the wholesalers or intermediaries' perspective. The research was conducted in Tanzania and in the cement industry, whether the result of this research is the same or different from others with the same title is a matter for investigation.

1.2 Statement of Research Problem

Companies are increasingly becoming dependent on promotion campaigns that consist of various incentives, most are short lived designed to engage quicker or greater purchase of particular goods or services. Sales promotion is one of those incentives which has influenced customer to make instant buying decision than to wait later (Kotler, 2003). Companies know that not all types of sales promotion are effective but they are not sure which one of those promotional tools will be the best for them Shrestha, (2015).

Knowledge of how customers as well as intermediaries perceive sales promotional techniques such as price discount, rebates, exhibitions and trade credits frameworks could be of high importance for the company to adjust or even change their sales promotional incentives and it may pave way for companies to leverage their position in the market by attaining the right balance between the promotion they usually offer and the promotion that intermediaries prefer. The previous researches have contributed greatly in showing the important role sales promotion plays in improving sales volume of companies in different industries this includes Odunlmi *et al.*, 2011, Pembu *et al.*, 2017, Tandoh *et al.*, 2015, Adeniran *et al.*, 2016 and Walton 2016.

However most of the respondents in these researches were top management, staffs and consumer of the organizations, few of the studies involved intermediaries. Intermediaries are the first customers of manufactured goods; they act as a link between manufacturers and consumer. Understanding the role sales promotion play in motivating intermediaries to keep companies goods in the market provide a motive for this study. Therefore this research aimed at finding out whether

manufacturers sale promotion activities in the name of quantity price discount, rebates, exhibitions and financing through credits are effective in motivating intermediaries to purchase goods in large quantity and improving sales at their shops. Since this research is conducted in the cement manufacturing industry in Tanzania, the results of this research study intends to enable organizations to understand sales promotion tools that are appropriate for intermediaries.

1.3 Research Objectives

1.3.1 General Objective

To assess effects of sales promotion on organization performance

1.3 Specific Objectives

- i. To assess the effects of quantity price discount on sales volume
- ii. To examine the effects of rebates on sales volume
- iii. To evaluate the effects of exhibitions on sales volume
- iv. To assess the effects of credit on sales volume

1.4 Research Question

- i. What are the effects of quantity price discount on sales volume?
- ii. What are the effects of rebates on sales volume?
- iii. What are the effects of exhibitions on sales volume?
- iv. What are the effects of credits on sales volume?

1.5 Significance

The study will help companies to understand the appropriate sales promotion tools that motivate intermediaries to attain higher sales volumes. The research study will

act as reference for other researcher intending to conduct research in the same subject. Also this research is part of my academic qualification; therefore successful completion will enable me to earn my Master of Business Administration at The Open University of Tanzania.

1.6 Scope of the Study

It worth noting that sales promotion is a vast subject, therefore is not the interest of this research study to comprehensively discuss it. The focus of this study was only limited to the influence of sales promotion on organization performance, sales volume in particular.

1.7 Organization of the Study

This study is organized in five chapters. Chapter one looks at the background to the problem, encompassing the research problem, objectives, research questions, significance and scope of the study among other issues. Chapter two looks into empirical and theoretical literature review. Chapter three covers the methodological approach used for the study, chapter four looks at the study findings while chapter five winds up the study with conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter covers literature reviews on sales promotion and organization performance conceptual definitions, empirical and theoretical models, research gap and conceptual and theoretical frameworks.

2.2 Conceptual Definitions

2.2.1 Sales Promotion

Sales Promotions are marketing activities usually specific to a time period, place or consumer group, that encourage a direct response from consumer or marketing intermediaries, through the offer of additional benefits (Peattie and Peattie 1994). Kotler (2003), stressed that sales promotion is important ingredient in marketing campaigns and consists of a diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase of particular products or services by customers. Sales promotion is special in a way that it offers an extra incentive for action (Palmer, 2004). Bhasin (2018) opined that there are two main categories of sales promotion which are Consumer promotions and Trade promotions. The following are sales promotions tools that were used in this research study;

2.2.2 Quantity Price Discount

The more quantity of the product a customer buy, the more is the discount. It is used in trade where a dealer or distributor might be given a discount if they purchase a higher quantity of product (Bhasin, 2018). In volume discount scheme sales promotions, the retailer or manufacturer rewards those purchasing in bulk by

providing a reduced price for each product or group of products (Banerjee, 2009).

2.2.3 Rebates

Rebate is an amount paid by way of reduction or refund on what has already been paid. It is a type of sales promotion that marketers use mainly as incentives or supplements to product sales. The brand using a rebate can increase sales primarily on the promise of a discount. Which result in extra sales at their full margin (Fripp, 2015).

2.2.4 Exhibitions

Bhasin (2018) sellers intend to showcase the products they have to their prospective buyers. These buyers might be consumers or they may be industrial buyers. An exhibition generally consists of one player who is showcasing his goods. However, it can also be a combination of players who are all there to showcase their wares. Patten (2001), some of the marketing objectives that organizations could use to exhibit in shows as; selling more products, launching a new line, finding distributors or outlets in a new territory and finding agents.

Others were attracting new market, repositioning ones company in the market, giving support to field agents, collecting feedback on a projected new range of products. Also re-establishing links with clients whom the organization did not see often and public relations to strengthen the organization's position in the market place. Exhibitions being a direct face-to-face medium provide a good platform to collect feedback on a projected new product for one could see lots of prospects in a short time, Patten (2001).

2.2.5 Financing (Credits)

Financing is amongst the several types of sales promotions. Companies with huge resources generally act as financiers. They allow customers to purchase a product on equated monthly installment (EMI) or on different financing options. All this happens for a minor processing fee and less interest (Bhasin, 2018).

2.2.6 Organizational Performance

Performance is a set of both financial and nonfinancial indicators which offer information on the level of achievement of objectives and results (Kaplan and Norton, 1992). Organisational performance relates to the actual output or results of an organisation that is measured against its intended objectives. It embraces three specific dimensions of financial performance, product market performance and shareholders' return (Richard et al, 2009).

2.3 Theoretical Literature Review

The theoretical framework of this study is based on push strategy, pull strategy & combination theory. Pull and push policies exemplify the different logics that stresses the relationship between a business and its final demand. Push policy means the development of processes from the company towards the market, while pull policy refers to processes that begin from the market towards the company. These two policies differ in terms of costs and their ability to adapt to the various competitive market dynamics. In world dynamic markets, in over supply conditions, push and pull policies can be combined to increase the benefits of scale and the competitiveness of fast and customized market reactions (Corniani, 2008).

2.3.1 Push Strategy of Sales Promotion

The push theory of sales promotion techniques underpin that promotion of goods is conducted to middle-men comprising of wholesalers and retailers, who will then pass along to their consumers or end users. A push promotional strategy uses a company's sales force and trade promotion activities to make consumer demands for a product. The producer promotes the product to the wholesalers, the wholesalers promote it to the retailers and the retailers promote it to the end users.

2.3.2 Pull Strategy of Sales Promotion

End users are the main target of pull strategy of sales promotion. It requires a massive advertising spending to generate awareness for the sales promotion campaign. The idea is to attract the target market for massive sales within a period of time. Sales promotion using pull strategy also enables organization to reward their loyal customers.

2.3.3 Combination of Pull and Push Theory

Marketers can also combine the push and pull strategy of sales promotion based on the challenges in their respective markets. The blend of the two strategies is dictated by the nature of the market in which a brand operates. Marketers study and analyze the dynamics of the market place to determine the sales promotion strategy that will be put into use at a given time. Push and pull techniques are named as appropriation and generation system that rely on blend of estimates and particular customer requirement (Hinkelman and Sibylla, 2005). A producer may buy components parts in view of offer gauges while make completed products on genuine client requirement.

In push marketing companies or appointed agents emphasis is on pushing high volumes of products to their customers. Various incentives are offered to wholesalers and middlemen to motivate them to recommend and push the products to the customers. These incentives includes discount to wholesalers, getting stock on credit, discounts, bonus and rebates. This includes the manufacturer promoting the product to the wholesalers, who then promote to the retailers who promote to the end users (Douglas and Graig 2012). Pull strategy on the other hand emphasize on creating demand for the product in the market and hence all promotion activities are directed to the end user. Once the demand is generated the customers buy the product from the retailers, who buy the product from the wholesaler who end up buying product from the manufacturer. The pull strategy incentives are directed to the end user such as give away, prize contest and coupons. (Cornish, 2013).

2.4 Empirical Literature Review

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). According to kotler (2003), Sales Promotion is a key ingredient in marketing campaigns and consists of a diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase particular products or services by consumers. Blythe (2006) viewed sales promotion as any activity intended to generate a temporary boost in sales which includes several communications activities pursued in an attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers.

2.4.1 Empirical Literature Review World wide

Iqbal *et al.*, (2013), researched on the role of sales promotion on sales volume in the context of fast moving consuming goods (FMCG) industry. The sample size of the study was 120 respondents who were randomly selected from fifteen marketing managers of chosen Fast Moving consuming Goods. The objective of this research study was to assess the role of bonus and premiums on sales volume, theoretical construct of this research study was based on combination theory. Data were analyzed using correlation analysis. The results concluded that all sales promotion dimensions independently and jointly predict sales volume. This means that premiums, bonus, have significant effect on sales volume.

The study found that bonus pack and premium have strong influence on sales volume which means if fast moving consumer goods (FMCG) industry are to achieve its objectives, they should take bonus as well as other dimension of premiums into considerations. Nazish *et al.*, (2015), researched on the impact of Sales promotion on Organizations' profitability and Consumers' Perception in Pakistan. The study was aimed at finding the relationship among sales promotion strategies and the profitability of the firms along with the perception about sales promotion of the consumers and its relationship with the brand loyalty of that particular brand or company.

The sample size used for the study was 100 consumers from Bata and Servis. Primary data were collected using Likert scale fifth choice and data were analysed using both Pearson correlation and regression analysis. The study concluded that firms with consumers whose reason of product or service preference is price are

more likely to show vital increase in sales in the periods in which sales promotion is being offered than the companies whose consumers prefer the brand for quality or some other reasons. When the customers remember the activity it is more effectively converted into a long term asset building tool for the company.

2.4.2 Empirical Literature Review in Africa

Tandoh *et al.*, (2015) researched on the Impact of Sales Promotions on the Performance of Auto-Mobile Industries in Ghana, the objective of the study was to examine the relationship between sales promotion and organisational performance, to examine the effect of sales promotion in the automobile market, and to identify the challenges hindering sales promotions effectiveness. The primary data were collected from employees and customers selected randomly from the retail outlet located in Accra.

The study concluded that the impact of sales promotion on organizational performance in PHC is intense. The study further revealed a strong relationship between sales promotion and organizational performance. On the effects of sales promotion, most of the respondents agree that trade shows increase sales of cars. They also agree that sales promotion increases profit as well as shareholders' returns. Despite all these positive impacts associated with sales promotion in automobile market, most of them agree that sales promotion is costly and thus hinder its effectiveness.

Amusat *et al.*, (2013) researched on sales promotion as an antecedent of sales volume, the objective of the study was to investigate the effect of sales promotion

dimensions on sales volume. The sample size for this study was 80 respondents who were randomly selected from 15 marketing managers of selected manufacturing industry, 20 of their distributors and 45 of their customers respectively. Close-ended questionnaires were used to collect primary data and data was analysed using regression analysis.

The study concluded that all sales promotion dimensions are separately and together predict sales volume. This means that coupon, premiums, bonus, free samples and price promotion have significant impact on sales volume. On the basis of the findings of this study, it can be concluded that sales promotion dimensions have significant influence on sales volume. Pembri *et al.*, (2017) conducted research on the impact of sales promotional strategies on organizational performance in Nigeria. The objective was to examine the impact of sales promotional strategies on organizational performance. The sample of this study was taken from staff of the plant starting from the top, middle and lower level management. The study used both the primary and secondary sources of data collection, the data collected were subject to descriptive statistics such as percentage analysis and regression analysis for testing hypotheses.

The study concluded that sales promotional strategies have positive and significant effects on organizational performance. The study further recommended that company should plan, organize, direct and control their sales promotion programme in place as this will help them to make such promotional strategies effective and efficient. Odunlami and Ogunsiji (2011) researched on the effect of sales promotion on organizational performance, the objective was to find out if sales promotion

techniques to be adopted at a given time affect the company's sales volume and also to look at the effect of sales promotion on organizational performance.

The study sample size included 100 employees of Sunshine Plastic Company. Primary and secondary data were both used, data was analysed using descriptive statistics and hypothesis tested using chi-square. It was concluded that the effective implementation of sales promotion tools lead to increase in sales volume and higher profit. The effectiveness of sales promotion can sustain the life of a failing product sufficiently to enable it recover from its decline. Sales promotion is important at all level of product life cycle but it is more important at the introductory and growth stage. Lastly, the effects of sales promotion on organizational performance have been positive and have resulted in increased organizations sales volume and profitability in terms of purchase of larger size unit of products by consumers which will in turn lead to higher sales and profitability.

Walton, (2016) in his research on the impact of sales promotion on organizational performance, the study generally sought to examine the effect of sales promotion on the profitability of Guinness Ghana Brewery Ltd. The population of the study was 865 that included management, staff and key distributors of which a sample of 160 was used. The study adopted a descriptive research design, the main sources of data were both secondary and primary, STATA 13 was used for the analysis of the data and congruency theory of sales promotion was used.

The study concluded that there is a positive and significant relationship between sales promotion and profitability. The study concluded that 1 percent increase in

sales promotion was associated with 0.44 percent increase in sales turnover. The relationship between sales promotion and customer acquisition was positive and significant. Adeniran *et al.*, (2016), researched on the Impact of Sales Promotions on Sales Turnover in Airlines Industry in Nigeria, the study was designed to look into different categories of promotional incentives which are applicable to the airlines industry and to ascertain the extent of their impact on sales turnover. Questionnaires were administered to 450 air travellers, ex post facto and survey research design were adopted, frequency analysis, regression and t-Test methods of analysis were used.

The research concluded that sales promotions involving monetary and non-monetary incentives, with online and offline offers have impact on sales turnover. Therefore, this study joins the large body of research so far conducted on consumer responses to sales promotions over the past few decades to attest to the growing relevance of sales promotions in today's marketing environment. Ade-Johnson (2014), researched on An Empirical Investigation of the effectiveness of sales promotion in Malta and Malta Guinness Sales Promotion Strategies with an objective of investigating the effectiveness of sales promotion in the main market unit in the beverages industry.

The study respondents included 500 consumers and two field managers in the two major malt producers. The theoretical framework of the study was based on push strategies, pull strategies, combination theory and game theory Bertrand's model. Descriptive statistic was used in analysing data obtained. It was concluded that sales promotion was an effective strategy used in promotion of the two malt products Maltina and Malta Guinness. It can also be inferred that since it worked in the case

of the two malt products, in Nigeria, it will work elsewhere in the world and in the marketing and sales of any other product and/or service.

2.4.3 Empirical Literature Review in East Africa and Tanzania

Ndungu, (2017) researched on effectiveness of push and pull strategies in the sales and marketing of over the counter healthcare products by large pharmaceutical in Nairobi. Correlation analysis was used to analyse data obtained from the respondents, the study established that push strategies were effective in increasing market share while pull strategies were effective in improving customer relationships. King'yu, (2013) carried out a study to understand the kind of sales promotion practices that manufacturers use in order to beat off competition, and the relationship between these sales promotion practices and sales performance among the Fast Moving Consumer Goods Manufacturers in Nairobi, Kenya.

The study employed a survey questionnaire during data collection. The study found that the manufacturers used promotional tools such as coupons, price-off deals, bonus packs, premiums, price completion and sweepstakes in that order. In addition, it was found that these sales promotion practices positively affect the sales performance among FMCGs manufacturers in Nairobi, Kenya (King'yu, 2013). Situma (2012), researched on the effectiveness of trade shows and exhibitions as organizational marketing tool analysis of selected companies in Mombasa. The survey was carried out using descriptive study, stratified random sampling method was used in selecting the sample elements. The study concluded that trade shows and exhibitions were key in the enhancing the organizational performance.

Clemence, (2017) researched on the impacts of sales promotion strategies on product awareness, a study on decorative paints in Ilala municipality in Dar es Salaam. A total of 60 respondents were taken up as sample for this study from a 1000 surveyed population. Descriptive analysis was used to analyze data obtained from the respondents, the findings later showed that all the promotional activities, that is, discounted prices, product giveaways, loyalty points, demos and sampling, and causes and charity activities all lead to increased product awareness.

Mbaga (2015), researched on the role of sales promotion in consumer buying behaviour, the case of Tanzania breweries limited. The purpose of this study was to examine the role of sales promotion on consumer buying behaviour, the study used a sample of 100 respondents including 52 TBL employee and 48 customers from various outlets and the analysis of data was conducted using SPSS and Microsoft Excel. It was concluded that sales promotion activities performed the role of informing, reminding and influencing the purchase of TBL products.

Mwakanyamale (2015), conducted a research on an assessment of the promotional tools on increasing Consumers purchasing power in Tanzania in the breweries industry. The study employed theories to support its arguments. In terms of methodology, the study employed a mixed methods approach, combining secondary data, observations and in-depth interviews. The study showed that indeed the most of the interviewed clients understood the concept of promotional strategies and their likely effect on consumer's purchasing behavior. However, the study did not go to any length to show to what extent

2.5 Research Gap

A lot of researches have been conducted regarding impacts of sales promotion on sales performance (Odunlami *et al*, 2011, Walton 2016, Amusat *et al*, 2013, Adeniran *et al*, 2016, Tandoh *et al* 2015). Most of these researches confirm that there is positive relationship between sales performance and sales promotion. This study focused on promotion tools that are not well exhausted by other researchers that includes Rebates, Quantity price discount, Exhibitions and Manufacturers financing of distributors/suppliers through credit. The research seek to investigate intermediaries' perspective on the role of these sales promotion tools in pushing them for more purchases and sales at their shops.

Contextually, there is a research gap caused by the fact that most the studies have been conducted in other countries and little has been done in Tanzania. Even for the few studies conducted in Tanzania (Clemence, 2017 and Mbagu, 2015) they have not been done in the cement industry. Theoretically there is a gap caused by the fact that push, pull and combination theories have not been well exhausted compared to other theories of sales promotion like Prospect Theory developed by Kahneman and Tversky (1997), Attribution Theory by Mizerski, Golden and Kernan (1979) and transaction utility by Thaler (1985).

2.6 Conceptual framework

This part of research is aimed at showing conceptual flow of the research activities as well as theories that are tested to come up with findings. Conceptual frameworks are rooted from a set of broad ideas and theories that assist a researcher to identify the problem they are looking into, frame their questions and find suitable literature

Smyth (2004). The study aims at assessing the impact of sales promotion on organization performance. The framework aimed at showing how a sales promotion tools that is quantity price discount, rebates, exhibitions and financing through credit impacts sales volume.



Figure 2.1: Conceptual Framework

Source: Researcher, 2018.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter covers philosophy/paradigm/ approach/strategies/time line, Research design, Survey population, Area of the research, Sampling design and procedures, Variables and measurement procedures, Methods of data collection and Data processing and analysis that helped to understand influence of sales promotion on organization performance.

3.2 Research Philosophy

This is the belief about the way as phenomenon or data about an event should be collected, analyzed and used. There are four main research philosophies namely pragmatism, positivism, realisms and interpretivist. This study used pragmatism philosophy in which mixed or multiple designs of both qualitative and quantitative were used. The philosophy usually accepts concepts to be relevant only if they support action. Pragmatics òrecognize that there are many different ways of interpreting the world and undertaking research, that no single point of view can ever give the entire picture and that there may be multiple realitiesö. Pragmatism research philosophy assert that, research question is the most important determinant of the research philosophy. Pragmatics can combine both, positivist and interpretivist positions within the scope of a single research according to the nature of the research question. (Saunder, 2012).

3.3 Research Design

Brown, (2006) research design refers to the overall strategy selected to integrate the

various components of the study in a coherent and logical manner. The study used descriptive research which involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Glass & Hopkins, 1984). The research aimed to assess the impact of sales promotion on organization performance a case study of Tanzania Portland Cement Company Ltd. The research used close-ended questionnaire that were distributed to TPCC distributors. The selection for participation of these distributors in the study was based on the geographical zones that they are operating. Data obtained from the respondents was presented in percentages and tables.

3. 4 Survey Population

Survey population is a set of elements either persons or objects that possess similar features defined by the sampling criteria established by the researcher. The survey population of this research study was all 593 TPCC cement distributors all over the country.

3.5 Area of the Research

This means the location or the place where the actual research study or survey would take place. The study was conducted in Tanzania Portland Cement Company Ltd. The company was chosen because it is the market leader with highest market share compared to its competitors (www.twigacement.com).

3.6 Sampling Design and Procedures

This comprises of approaches used in obtaining sample size. The study used cluster sampling, in cluster sampling, a cluster that is a group of population elements,

constitutes the sampling unit, instead of a single element of the population. Population divided into clusters of homogeneous units, usually based on geographical contiguity. Sampling units are groups rather than individuals, a sample of such clusters is then selected. The study used both one stage and two stage cluster sampling. With confidence level of 95% and confidence interval of 17.45 the sample size for the study was 30 distributors/wholesalers out of 593 (Creative research systems). The respondents were divided based on geographical locations this included Lake zone 2 respondents, South and southern highland 3 respondents, Northern zone 2, Dar es salaam and coast 13 and Central 10 respondents.

3.5 Variables and Measurement Procedures

The research was aimed at assessing effects of sales promotion tools namely quantity price discount, exhibitions, credits and rebates on sales volume. A set of tested Likert scale fifth choice questionnaires was administered to collect primary data.

3.6 Methods of Data Collection

The study used structured questionnaire in collecting data. Primary data used were firsthand information that were collected from the field through questionnaires.

3.6.1 Questionnaires

These are set of written question either on paper or online administered to the respondents to seek their answers and opinions. Questionnaires often make use of Checklist and rating scales, these devices help simplify and quantify people's behaviors and attitudes. A checklist is a list of behaviors or characteristics that the researcher is looking for, the researcher or survey participant checks whether each

item on the list is observed, present or true or vice versa. A rating scale is more useful when a behavior needs to be evaluated on a continuum, they are also known as Likert scales. (Leedy and Ormrod, 2001). The Likert scale fifth choice was applied where 1 = strongly disagree, 2=disagree, 3=Neutral, 4=Agree 5 = strongly agree. The questionnaires were administered to the TPCC cement distributors/wholesalers were in both papers and online.

3.7 Data Processing and Analysis

This part deals with the analysis and interpretation of responses from questionnaires administered for the study, it provides detailed information of the textual data collected and the results obtained from the study (Tandoh and Sarpong, 2015). The close ended questionnaires that were administered to the respondents were in rating scale fifth choice aimed to measure how respondents strongly disagree, disagree, neutral, agree and strongly agree whether or not sales promotion has effects on sales volume.

Data obtained from the respondents were analyzed by using Microsoft Excel, this is a software program produced by Microsoft. It allows users to organize, format and calculate data with formulas by using a spreadsheet system. It has the ability to perform basic calculations, use graphing tools, create pivot tables and create macros (Techopedia, 2019). Excel has the same basic features as all spreadsheet applications, which use a collection of cells arranged into rows and columns to organize and manipulate data. They can also display data as charts, histograms and line graphs (Techopedia, 2019). The analysis of this study focused on Descriptive statistics where data obtained from the respondents were presented in frequency

tables and percentages.

3.8 Data Reliability and Validity

Reliability refers to a measurement that offers consistent results with equal values (Blumberg et al, 2005). It measures precision, repeatability, consistency and trustworthiness of a research (Chakrabarty, 2013). It is aimed at indicating the extent to which it is without bias and hence insures consistent measurement cross time and the various items in the instruments. The coefficient of reliability falls between 0 and 1, with perfect reliability equalling 1, and no reliability equalling 0. The test-retest and alternate forms usually calculate reliability by using statistical tests of correlation (Traub & Rowley, 1991).

Validity is defined as the extent to which an instrument measures what it intends to measure (Blumberg et al, 2005). Validity of a research instrument assess the extent to which the instrument measures what it is designed to measure (Robson, 2011). It is the degree to which the results are truthful. So that it requires research instrument (questionnaire) to correctly measure the concepts under the study (Pallant, 2011).

3.8.1 Data Reliability

Assessment of effects of sales promotion on sales volume was measured through questionnaires that were in Likert scale fifth choice. The questionnaire has sixteen questions only, question five to sixteen were subject to this measurement. In order to establish the reliability of this instrument, a pilot study was carried out.

3.8.2 Data Validity

In confirming the validity of the instrument, face and content validities were ensured

by giving the instrument to professionals (Supervisor) for scrutiny and evaluation. Descriptive analysis was used to analyse the data with the aid of Microsoft excel.

3.9 Ethical Considerations

Ethics refers to an *ethos* or *way of life*, *social norms for conduct* that distinguishes between acceptable and unacceptable behavior (Akaranga and Ongong'o, 2013). Research being a document that will be put into use by other researchers and practitioners needs to observe ethics as well. This research has observed honesty in all of its communications, data were reported accurately, presented results well using appropriate methods and procedures leading to the completion of the final written report as per Open University of Tanzania procedures. This was aimed to promote the aim of the research which include among others, promoting the truth in research by avoiding errors that could arise due to providing false information, the acquisition of knowledge, misrepresenting information or fabricating.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This part presents the findings of the study as per the main objective of the study. The main objective of the study was to assess the impacts of sales promotion on organization performance in cement industry a case study of Tanzania Portland Cement Public limited company. The findings of the study were grouped based on the following specific objectives;

- i. To assess the effects of quantity price discount on sales volume
- ii. To examine the effects of rebates on sales volume
- iii. To evaluate the effects of exhibitions on sales volume
- iv. To assess the effects of credit on sales volume

4.2 Research Response Rate

The study was composed of only one set of respondents that is distributors of Tanzania Portland Cement Company limited (TPCC) this is because the research was aimed at getting intermediaries perspective. A total of 30 respondents were administered with both online and paper questionnaire. Out of 30 respondents 5 were administered with paper questionnaire this because of their inability to use internet and convenience, the other 25 were administered with online questionnaire because of their ability to use internet and geographical location.

The reason for successful turnout was facilitated by the researcher's own experience in the marketing and sale of cement within TPCC and the country at large. The respondents were divided based on geographical locations this includes Lake zone 2

respondents, South and southern highland 3 respondents, Northern zone 2, Dar es salaam and coast 13 and Central 10 respondents.

4.3 Demographic Profile of the Respondents

The demographic characteristics of the respondents are important because they provide key issues related to the impacts of sales promotion on organization performance. Key issues in the demographic profile include age, sex, education and position held by respondents in their respective companies.

4.3.1 Age of the Respondents

Out of the 30 respondents that participated in the research 26 respondents (87%) were aged between 25 to 40 years and 4 (13%) were aged between 41 to 55 years of age.

Table 4.1: Age of the Respondents

Variable	Frequency	Percentage (%)
Less than 25	0	0
25 to 40	26	87
41 to 55	4	13
Above 55	0	0
Total	30	100

Source: Field Data, 2019.

4.3.2 Gender of the Respondents

Table 4.2: Gender of the Respondents

Variables	Frequency	Percentage (%)
Male	26	87
Female	4	13
Total	30	100

Source: Field Data, 2019.

Out of 30 distributors that have participated in the research 26 which makes 87% were male and 4 that made 13% were female. This means the responses were mainly dominated by men.

4.3.3 Education Level of the Respondents

Education is very important because it helps in determining the level of understanding among respondents on the role sales promotion plays in improving performance of organizations. From the 30 respondents 87% had university degree, 7% had diploma, 3% had advanced level of secondary school education and 3% had ordinary level secondary school education. This means that the respondents were well educated and majorly with university degree.

Table 4.3: Education Level of the Respondents

Variables	Frequency	Percentage (%)
University Degree	26	87
Diploma	2	7
Advanced Level	1	3
Ordinary Level	1	3
Primary Level	0	0
Total	30	100

Source: Field Data, 2019.

4.3.4 Positions of the Respondents in their Respective Companies

Position held by the respondent has influence in decision making and understanding a role sales promotion plays in improving their sales. From the 30 respondents participated in the research 33.33% were Managing directors, 50% were sales managers and 16.67% were sales officers. This means the response was mainly from people with influence in the decision making.

Table 4.4: Positions held by the Respondents

Variables	Frequency	Percentage (%)
Managing Director	10	33
Sales Manager	15	50
Sales Officer	5	17
Total	30	100

Source: Field Data, 2019.

4.4 To Assess Effects of Sales Promotion on Organization Performance

This was the general objective of the study; generally the research study was intended to find out whether sales promotion activities conducted in the cement industry has impacts on sales volume. The sales promotion activities intended for the subject included quantity price discount, exhibitions, credits and rebates.

4.4.1 Manufacturer Sales Promotions Activities Push you to make more Purchases

The aim of this question was to determine if respondents understand the general role of sales promotion plays in motivating them to increase their purchase quantity. All the respondents managed to answer the question, 12 of the respondents strongly agree, 14 agree, 2 neutral, 1 disagree and 1 strongly disagree that sales promotions activities motivate them to make more purchases.

Table 4.5: Sales Promotion Motivate you to make more Purchases

Variables	Frequency	Percentage (%)
Strongly Disagree	1	3
Disagree	1	3
Neutral	2	7
Agree	14	47
Strongly Agree	12	40
Total	30	100

Source: Field data, 2019.

4.4.2 Manufacturers Sales Promotion Activities increases your Sales

The question intended to understand if respondents believe that sales promotion increases their sales volume. From the 30 respondents 13 strongly agree, 12 agree, 4 are neutral, 0 disagree and 1 strongly disagree.

Table 4.6: Table Sales Promotion Increases your Sales

Variables	Frequency	Percentage (%)
Strongly Disagree	1	3
Disagree	0	0
Neutral	4	13
Agree	12	40
Strongly Agree	13	44
Total	30	100

Source: Field Data, 2019.

4.5 To Assess the Effects of Quantity Price Discount on Sales Volume

Quantity price discount is one of the common sales promotion tool used in cement industry, manufacturers offer more discounts and distributors increase purchase quantity which in turn increases their sales.

4.5.1 Quantity Price Discount Increases your Purchase Quantity

Table 4.7: Quantity Price Discount Increases your Purchase Quantity

Variables	Frequency	Percentage (%)
Strongly Disagree	2	7
Disagree	1	3
Neutral	2	7
Agree	14	46
Strongly Agree	11	37
Total	30	100

Source: Field Data, 2019.

The objective of this question was to understand if respondents sees quantity price discount as a means of increasing purchase quantity. 46% of the respondents agree, 37% strongly agree, 7% neutral, 3% disagree and 7% strongly disagree that quantity price discount increases their purchase quantity.

4.6 To Evaluate the Effects of Exhibitions on Sales Volume

Exhibitions are common practices among cement manufacturers including TPCC; some of the events that TPCC attend includes Engineers Registration Board (ERB) and Contractors Registration Board (CRB).

4.6.1 Exhibition done by Manufacturer Increase Customers at your Shop

The question aimed at getting respondents opinion on whether exhibitions conducted by manufacturers increases customers at their sales points. 60% of the respondents agree, 20% strongly agree, 13% were neutral and 7% disagreed that exhibitions conducted by manufacturers increase customers at their shops.

Table 4.8: Exhibition done by Manufacturer increases Customers at your Shop

Variables	Frequency	Percentage (%)
Strongly Disagree	0	0
Disagree	2	7
Neutral	4	13
Agree	18	60
Strongly Agree	6	20
Total	30	100

Source: Field Data, 2019.

4.6.2 Exhibitions Conducted by Manufacturers' Increases your Sales

The question aimed at knowing whether exhibitions conducted by manufacturers contribute in increasing their sales of their distributors. 15 respondents agree, 6

strongly agree, 5 were neutral, 2 strongly disagree and 2 disagree on whether exhibition conducted by manufacturers increases their sales volume.

Table 4.9: Exhibitions Increases your Sales

Variables	Frequency	Percentage (%)
Strongly Disagree	2	7
Disagree	2	7
Neutral	5	16
Agree	15	50
Strongly Agree	6	20
Total	30	100

Source: Field Data, 2019.

4.7 To Assess the Effects of Credit on Sales Volume

Companies which have huge resources generally act as Financers. They allow customers to purchase a product on equated monthly installment (EMI) or on different financing options. All this happens for a minor processing fee and less interest (Bhasin, 2018). TPCC being the biggest cement producer (2MT) and having highest market share (34 to 45%) provides credit to some of its key customers to push their sales (<https://www.twigacement.com/en>, 2019). This is said to have impact on customers performance in terms of quantity they purchase.

4.7.1 Credits Offered by Manufacturer increases your Purchase Quantity

Table 4.10: Credits Increases your Purchase Quantity

Variables	Frequency	Percentage (%)
Strongly Disagree	0	0
Disagree	0	0
Neutral	3	10
Agree	7	23
Strongly Agree	20	67
Total	30	100

Source: Field Data, 2019.

The question intended to know whether distributors see credits offered by manufacturers as a means to increase the quantity they want to purchase. From 30 respondents 20 strongly agree, 7 agree and 3 were neutral.

4.7.2 Credits Offered by Manufacturer Increases Your Loyalty to Them

The question intended to understand if respondents believe credits make them stay loyal to the manufacturers. 50% of the respondents strongly agree, 37% agree and 13% were neutral on the matter that credits offered by manufacturers increases loyalty to them.

Table 4.11: Credits increases your Loyalty to Manufacturer

Variables	Frequency	Percentage (%)
Strongly Disagree	0	0
Disagree	0	0
Neutral	4	13
Agree	11	37
Strongly Agree	15	50
Total	30	100

Source: Field Data, 2019.

4.7.3 Credit increases your Purchase Capacity

Table 4.12 Credits increases your Purchase Capacity

Variables	Frequency	Percentage (%)
Strongly Disagree	0	0
Disagree	3	10
Neutral	2	7
Agree	7	23
Strongly Agree	18	60
Total	30	100

Source: Field Data, 2019.

As a way to grow their customers some manufacturers offer credits to make sure they get goods whenever they want. 60% of the respondents strongly agree, 23%

agree, 7% were neutral and 10% disagree that credit offered by the manufacturers increases their purchase capacity.

4.8 To Examine the effects of Rebates on Sales Volume

Fripp (2015), defined rebate as an amount paid by way of reduction, return, or refund on what has already been paid or contributed. It is a type of sales promotion that marketers use primarily as incentives or supplements to product sales. The brand using a rebate has generated increased sales primarily on the "promise" of a discount. As a result, they have generated extra sales at their full margin.

4.8.1 Rebates Entice you to make more Purchases

Respondents were asked if rebates offered by the manufacturers entice them to make more purchases. Out of 30 respondents 15 agree, 10 strongly agree, 4 are neutral and 1 strongly disagree.

Table 4.13 Rebates Entice you to make more Purchases

Variables	Frequency	Percentage (%)
Strongly Disagree	1	3
Disagree	0	0
Neutral	4	14
Agree	15	50
Strongly Agree	10	33
Total	30	100

Source: Field Data, 2019.

4.8.2 Rebates offered by Manufacturer Increases your Purchase Capacity

Respondents were asked if rebates offered by manufacturer helps to increase their purchase capacity. 15 of the respondents agree, 12 strongly agree, 1 was neutral and

2 disagree.

Table 4.14 Rebates Increases Iurchase Quantity

Variables	Frequency	Percentage (%)
Strongly Disagree	0	0
Disagree	2	7
Neutral	1	3
Agree	15	50
Strongly Agree	12	40
Total	30	100

Source: Field Data, 2019.

4.9 Discussion of the Findings

From the findings, 87% of the respondents either agree or strongly agree that sales promotion activities conducted by cement manufacturers pushes them to make more purchases. 83% of the respondents either agree or strongly agree that sales promotion activities conducted by manufacturersø increases their sales. In assessing the effects of quantity price discount on sales volume, 83% of the respondents either strongly agree or agree that quantity price discount increases their purchase quantity. This means that cement producers should make more emphasis on quantity price discount since it has impact on their customersø performance.

In evaluating the effects of exhibitions on sales volume, 80% have either strongly agree or agree that exhibition done by manufacturer increases customers at their shop. Respondents were also asked if exhibitions conducted by manufacturersø increases their sales and 70% either agree or strongly agree. Therefore manufacturers should not ignore the role exhibitions plays in increasing their customersø sales performance. In assessing the effects of credit on sales volume, 90% of the

respondents either strongly agree or agree that credits offered by manufacturer increases their purchase quantity.

Respondents were also asked if credits offered by manufacturer increases their loyalty to them and 87% of them either strongly agree or agree. 83% of the respondents either strongly agree or agree that credit increases their purchase capacity. The last objective was to examine the effects of rebates on sales volume, 83% of the respondents either agree or strongly agree that rebates entice you to make more purchases. 90% of the respondents also either agree or strongly agree that rebates offered by manufacturer increases their purchase capacity.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The aim of this chapter is to look at summary, conclusions and recommendations in light of the four specific questions that formed the basis of this research study.

5.2 Summary of the Major Findings

This research study was aimed at assessing the influence of sales promotion on organization performance sales volume in particular, the study further targeted intermediaries perspective for the same. The specific objectives of the study was to assess the effects of quantity price discount on sales volume, to examine the effects of rebates on sales volume, to evaluate the effects of exhibitions on sales volume and to assess the effects of credit on sales volume. Theoretically the research study was based on the push theory, the pull theory and the combination theory.

The study adopted questionnaires method of data collection, where Likert scale fifth choice were distributed among 30 TPCC distributors from different zone in Tanzania. This was all backed up by rigorous documentary review of literature related to sales promotion and TPCC reports. The study concluded that all the promotional tools that is, quantity price discount, exhibitions, rebates and credits leads to increased product purchase quantity and sales at their shops. This is evident as majority of the respondents have indicated that quantity price discount (83%), exhibitions (80%), credits (90%) and rebates (83%) as modes of promotions lead to an increase of sales in their shops and purchase quantity.

5.3 Implications of the Findings

The results of the study imply that sales promotion in the name of price quantity discount, exhibitions, rebates and credit are crucial in increasing sales among cement producers. This is backed by other researchers like Odunlami *et al*, 2011, Walton 2016, Amusat *et al* 2013, Adeniran *et al* 2016 and Tandoh *et al* 2015. Furthermore, the promotion tools that were tested in this research study were both pull and push strategies, therefore for cement producers to get the best out of sales promotion activities they should employ both strategies. It should be noted that the results of this research study are mainly based on intermediaries' perspective, therefore cement producers should take note of this since this is one of the most important group in executing their sales promotion plans.

5.4 Conclusion

The study findings show that all the promotional activities that is, quantity price discount, exhibitions, rebates and credits leads to increased product purchase quantity and sales at their shops. This is evident as majority of the respondents either agree or strongly agree that quantity price discount (83%), exhibitions (80%), credits (90%) and rebates (83%) as modes of promotions lead to an increase of sales in their shops and purchase quantity. It is therefore important to note that while this study is not conclusive enough, it has shed light on the promotional strategies with respect to intermediaries in the cement industry.

5.5 Recommendations

In light of the findings of the study, below recommendation on policy and practice should be taken into consideration.

5.5.1 Recommendation for Policy

When it comes to policy, the Tanzania government needs to create a good environment for manufacturers to exercise the researched sales promotion tools. The government could look into taxes or levies that might be hindering these promotional tools. For instance exhibitions in particular require fees in order for these companies to participate, some companies hardly afford to pay the hefty fees and other resources.

5.5.2 Recommendation for Practice

It is important to note that while these promotional activities are important for the growth of the business, they need skills for effective implementation. This being the case, there should be seminars for manufactures to train their teams and customers on how to undertake and embrace various types of promotional activities. For practice purposes, some promotion activities are expensive to handle such as credits because they involves high risks and requires large capital to implement. Therefore analysis needs to be made on how to reduce these risks.

5.6 Limitations of the Study

Time was a major constrain since this is my last year of study and it is the third quarter of the year the race against time was real. More distributors could have been involved but more time would have been needed. Furthermore the study was designed to be conducted using online questionnaire but some respondents who were not conversant with online systems therefore paper questionnaires had to be used. Time constrain also led to limited literature review especially from other developed countries to learn from best practices.

The sample used is quite small and cannot generally be used to project a wider picture on a wider scale, however it covered most of the major cement distributors in all zones in the country. The method of data collection ensured representation based on geographical zone which in turn left out some participants. In some area there was a limited number of distributors which required the researcher to use all the available distributors in the zone.

5.7 Suggested Area for Further Studies

Based on the issues discussed in this study, it will be interesting to undertake a study on how financing through credit and guarantees from banks influence profitability and the risks associated with its implementation. This is now a very common practice in manufacturing industry where companies act as creditors to their customer by offering interest free credits and accept bank guarantees from the financial institutions with the aim of improving their financial capacity.

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APPENDIX**RESEARCH QUESTIONNAIRE****Part I – Demographic Data**

Please tick (✓) the appropriate choice

1. Which of the following categories best describe your age?

Less than 25 ()

25 ó 40 ()

41 ó 55 ()

Above 55 ()

2. What is your gender?

Male ()

Female ()

3. Which of the following describe your education level?

University degree ()

Diploma ()

õAö level ()

õOö level ()

Primary School level ()

4. Which of the following is your position in the organization?

Managing Director ()

Sales Manager ()

Sales Officer ()

Part II: Sales Promotion & Organization Performance

Please put a tick on the appropriate cell by rating your opinion on the scale 1=

Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree

5. Manufacturer sales promotions activities push you to make more purchases

Strongly Disagree ()

Disagree ()

Neutral ()

Agree ()

Strongly Agree ()

6. Manufacturers sales promotion activities increases your sales

Strongly Disagree ()

Disagree ()

Neutral ()

Agree ()

Strongly Agree ()

7. Quantity price discount increases your purchase quantity

Strongly Disagree ()

Disagree ()

Neutral ()

Agree ()

Strongly Agree ()

8. Exhibition done by manufacturer increase customers at your shop

Strongly Disagree ()

Disagree ()

Neutral ()

Agree ()

Strongly Agree ()

9. Rebates entice you to make more purchases

Strongly Disagree ()

Disagree ()

Neutral ()

Agree ()

Strongly Agree ()

10. Exhibitions conducted by manufacturers increases your sales

Strongly Disagree ()

Disagree ()

Neutral ()

Agree ()

Strongly Agree ()

11. Credits offered by manufacturer increases your purchase quantity

Strongly Disagree ()

Disagree ()

Neutral ()

Agree ()

Strongly Agree ()

12. Credits offered by manufacturer increases your loyalty to them

Strongly Disagree ()

Disagree ()

Neutral ()

Agree ()

Strongly Agree ()

13. Credit increases your purchase capacity

Strongly Disagree ()

Disagree ()

Neutral ()

Agree ()

Strongly Agree ()

14. Rebates offered by manufacturer increases your purchase capacity

Strongly Disagree ()

Disagree ()

Neutral ()

Agree ()

Strongly Agree ()

Researcher (2019)