

Does Sales Promotion practices promote Customer Retention in the Oil Marketing Industry? A case of Goil Ghana Limited Dome-Kwabanya

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Abstract- *The rationale behind this study was to establish whether sales promotion to any extent retains customers and to identity the perception of consumers on the benefits associated with sales promotion in the oil marketing industry. Staffs and customers of Goil Ghana Limited constituted the population of the study. A descriptive research design was employed and purposive and accidental sampling to select sixty-six (66) respondents. The result from the study discovered that sales promotion is capable of retaining customers in an oil marketing industry through sales promotional incentives. It was found that sales promotion encourages competition among oil and gas companies thereby compelling the players in the industry to provide quality service to customers resulting in a greater benefit for the consumer. This study concludes that if Goil Ghana Limited wants to enjoy good profits globally and Ghana in particular, it should work hard to increase customer retention through customer satisfaction and strong sales promotional activities.*

Keywords- Sales promotion; oil-marketing industry; customer retention

1. INTRODUCTION

Marketing Communication is a management process through which an organization enters into a dialogue with its various audiences. The objective of this process is to position the organization and its offerings in the mind of target audience. Effective communication with customers is critical to successful functioning of any organization (CIM, 1999). Bovee et al (1994), defined Sales Promotion as a direct inducement offering extra incentives all long the marketing route to enhance the product's movement from producer to consumer.

Sales promotion is used, therefore, principally as a means to accelerate sales. These are three important elements to this definition; thus sales promotion:

- Is designed to speed up the selling process.
- Involves direct inducement (such as prizes, money, gifts, coupons premiums etc) is presented as an added value to the basic product and provided extra incentives to buy now rather than later.
- To maintain customers after sales promotion.

In the opinion of Burnett (1999)[5], sales promotion consist of marketing activities that add to the basic value of the product or service for a limited time and directly stimulate consumer purchasing. Sales promotion is not as important as advertising and requires the same careful planning and strategy development as other areas of marketing. There are three broad audiences to whom sales promotions can be targeted. They are consumers,

members of the distributors and the sales forces. Sale promotion is a competitive weapon that provides extra incentives to influence target audience to buy a brand.

The marketing mix is the set of controllable variables that firm uses to influence the target market. While promotional mix tactics (that is advertising, personal selling and public relation) distinguish sales promotion from others. Sales promotion is used, therefore, principally as a means to accelerate sales.

Customer retention is not only a cost effective and profitable strategy, but in today's business world it's necessary. This is especially true when you remember that 80% of your sales come from 20% of your customer and clients. Taking these statistics into consideration I wonder why most marketing and sales campaigns are designed for the new customer.

A few values-add strategies that can use during sales promotion to promote retention include:

- Membership cards and programs that entitle your customers to special offers, discounts, or preferential treatment.
- Welcome, acknowledgement, sales recognition, thank you statements.
- After sales satisfaction and complaint inquiries and surveys.
- Event oriented communications in which the customer is genuinely interested.

Previous researches have focused on the impact sales promotions have on sale turnover by only considering the sales trend during the promotion period. This study will therefore examine if such promotional activities can influence the customer and lead to client retention for a sustainable sales growth.

GOIL was incorporated as a private limited liability company on June 14, 1960 as AGIP Ghana Company Limited with the objective of marketing petroleum products and related products particularly fuels, liquefied petroleum gas (LPG), lubricants, bitumen, and specialty products in Ghana. The Company's main business is marketing and distribution of petroleum products in Ghana. The biggest chunk of its sales comes from the sale of Diesel and Gasoline. The study was conducted at one of GGL sales outlet Dome Kwabenya, Ga east municipality at Accra.

2. REVIEW OF LITERATURE

From a layman's point of view, the expression "sales promotion" is a business practice in which a particular company producing a particular product, in a genuine bid to influence increased consumption in order to improve productivity, employs a certain means (usually feigning a benefit for the consumers) to indirectly influence consumers to increase their patronage. According to Kotler (2003)[9], sale 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 of particular products or services by consumers. Sale promotions programmes are those activities other than stimulate consumer purchase. Whiles Haugh (1983) defined sales promotion as 'a direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the final consumer with the primary objectives of creating an immediate sale'. Achumba (2002)[2] considered sales promotion as those marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and expositions, demonstration etc. sales promotion has been defined as a direct inducement that offers an extra value or incentive for the product to the sales force, distributors or the ultimate consumer with the primary objectives of creating an immediate sale (George 1998).

Sales promotion is one of the ways used by firms to communicate with intended target market. Sales promotion is unique in that it offers an extra incentive for action (Adrian Palmer 2004).

Sales promotion refers to those promotion activities other than advertising, publicity and personal selling that stimulate interest, trial or purchase by final customers or others in the channel (Bagavathi 2007)[4]. Gilbert and Jackaria 2002 stated that sales promotion consists of a wide variety of short-term tactical promotional tools aimed at generating a desired response from customers.

Sales promotion has been defined as a 'direct inducement that offers an extra value or incentives for the product to sales force, distributors or the ultimate consumer with the primary objective of creating an immediate sale (Schultz and Robinson1982). The term "sales promotion" has been used to represent at least three different concepts:(1) the entire marketing mix, (2) marketing communications (Anderson, 1982)[1],(3) a catch-all for all communication instruments that do not fit in the advertising, personal selling or public relation subcategories(Van Waterschoot and Van den Bulte,1992)

2.1 Relevance of Sales Promotion

Huff and Alden (1998), Chandon et al. (2000) Stated that Sales promotion provide utilitarian benefits such as monetary savings, increased quality (higher quality products become attainable), and convenience, as well as hedonistic benefits such as entertainment, exploration, and self-expression. Sales promotions are comparatively easy to apply, and are likely to have abrupt and considerable effect on the volume of sales (Hanssens, Parsons and Schultz 2001). Resultantly, according to Currim and Scheinder (1991) the finances of companies regarding the marketing increase constantly. Research conducted by Ailawadi and Neslin (1998)[3] had revealed that consumer promotions affect the consumers to purchase larger amount and consume it faster; causing an increase in sales and ultimately profitability. Oyeniyi (2011) mentioned that to retain consumers in the face of keen competition, service providers must develop marketing strategies that will not only win customer but help to retain them. Sales promotion plays an important role in retaining old consumers and attracting new ones.

2.2 Sales Promotion Strategies

Philip Kotler, Gary Armstrong, John Saunders and Veronica Wong in their books laid emphasis on the two strategies that is the push and pull strategies, such that a push strategy involves 'pushing' the product into distributor's channels. Marketing activities aim to encourage distribution or retail outlets to stocks, promote and sell the product. Push techniques include personal selling, trade advertising, and promotion and trade exhibitions.

On the other hand, a pull strategy involves 'pulling' the product through the distribution channels towards consumers. Marketing activities aim to arouse consumer's awareness, interest and desire to that key approach distributors and / or retail outlets to make enquiries and purchases. Pull techniques include television and press advertising, sales promotions, customer loyalty programme and point of sale display.

Figure 1.1 below depicts the direction of communication in push and pull strategies.

2.3 Importance of Customer Retention

Dowling & Uncles (1997) suggest that customer retention programs which directly enhance the product/service value proposition, broaden the availability of the

product/service, neutralize a competitor's program may be worthwhile.

On the other hand, Oliver (1999) points out that the returns to loyalty are in double-digit categories. These figures, however, speak more to retention than to psychological loyalty states. Although there is an unquestionable correspondence between the two, there are situations in which individual consumers do not have the opportunity or need to reconsider but remain loyal nonetheless.

3. METHODOLOGY

The study covers the research design, population, sampling, sample unit and size, sampling techniques, data collection, and research instrument and data analysis. Regarding the sampling techniques used, the accidental samplings were used for the selection of customers in and around Dome – Kwabenya Municipality. The purposive and accidental sampling was employed in eliciting information from the customers and staffs of Goil Ghana Limited Dome – Kwabenya branch. The selection was used to assess the behavior pattern and views of both customers and staffs on how sales promotion promotes loyalty. The study used both primary and secondary data for this work. The primary data for the study were obtained from the views of respondents expressed in the questionnaire and in the interview. These comprise scholarly journals (through the internet and available hard copies), research reports, educational guides, library research, textbooks, etc relating to promotion together with fresh information.

4. DATA ANALYSIS/ RESULTS

4.1 Socio – Demographic Respondents

The socio-demographic characteristics used in the study were age, sex, monthly earnings and occupation. The table below depicts the age distribution of sixty (66) respondents who answered questionnaires and participated in granted interviews. The age, sex and other data were obtained from both customers and staffs, who are the main respondents selected for the study.

4.2 Age and Sex structure

Age and sex influence the working of society as well as the purchasing pattern of products. A population is either considered as old or young depending on the proportion of people at different ages as shown in Table.

Table 1: Age of Respondents

Category (Age)	Frequency	Percentages %
20 – 30	12	20
31 – 40	18	30
41 – 50	15	25
51 – 60	9	15
61+	6	10
Total	60	100

Source: field survey, 2016

The age and gender of the respondents were consisted necessary in the study simple because such demographic characteristics, in the view of the researcher determined differences or similarities of customer reactions towards sales promotion.

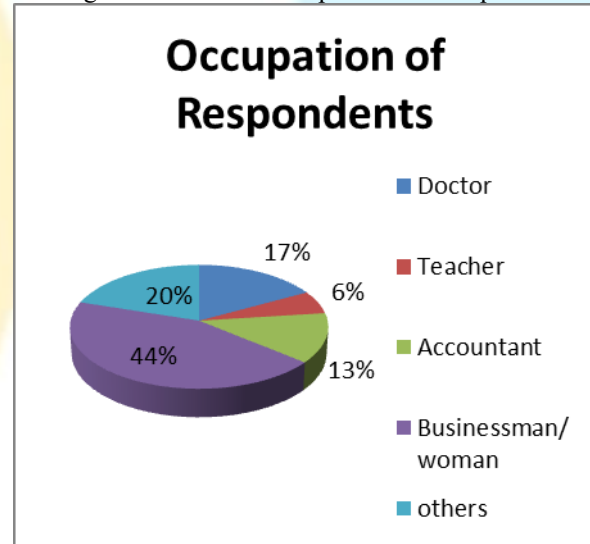
Table 2: Sex of Respondents

Category	Frequency	Percentages %
Male	47	78
Female	13	22
Total	60	100

Source: field survey, 2016

Occupation of Respondents

Figure 1 Pie chart of respondents' occupation

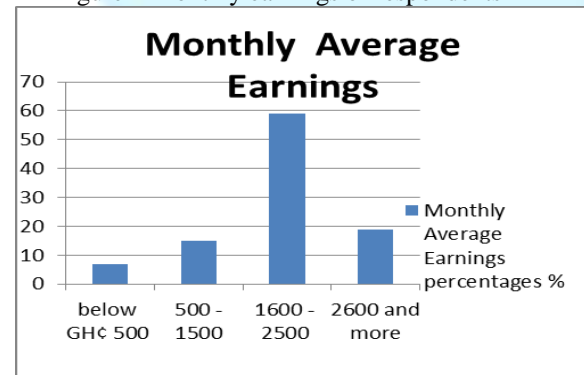


According to the interviews conducted and discussions held consumers whose business persons are purchased the products in large quantities for their businesses than other occupations.

4.3 Monthly Average Earnings

Figure 2 shows the average earnings of respondents; the belief of the study is that people's monthly earnings influence their purchasing pattern and interest in sales promotion. This gives an indication of their level of economic dependence and how sensitive they are to promotional incentives.

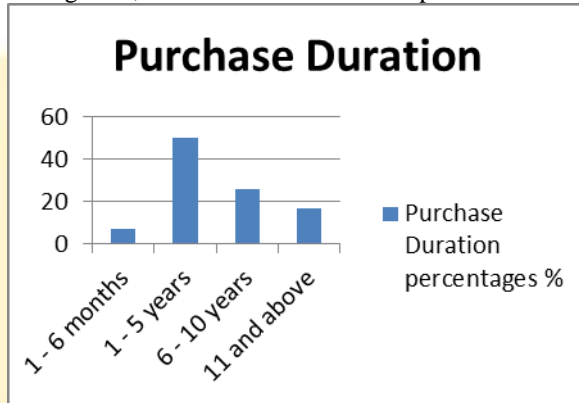
Figure 2 Monthly earnings of respondents



4.4 Customer Purchase Duration

The purchase duration of the respondents were consisted necessary in the study because this data helped the researcher to know how long the respondents have been purchasing from GGL and illustrated in Fig 3.

Figure 3; Purchase Duration of Respondents



4.5 Exposure of Sales Promotion Among Customers

The study sought to find out the number of respondents, who have heard or participated in GGL sales promotion and the outcome is presented in the Fig 4.

Figure 4; Exposure of sales promotion



4.6 Techniques (Tools) of Sales Promotion

It was imperative to identify the various promotional tools employed by Goil during previous activities and results are captured in Fig 5.

Figure 5; Tools of sales promotion for Customers



In all the major techniques (tools) that are used in relation to the sale of petrol were Discounts, free extra petro, coupons, and other items. The least among the techniques were T-shirts and face towels.

4.7 Relationship between Sales Promotion and Consumer Buying Decision

The study sought to find out what actually influence the purchase decisions of respondents and the outcome is presented in Fig 6.

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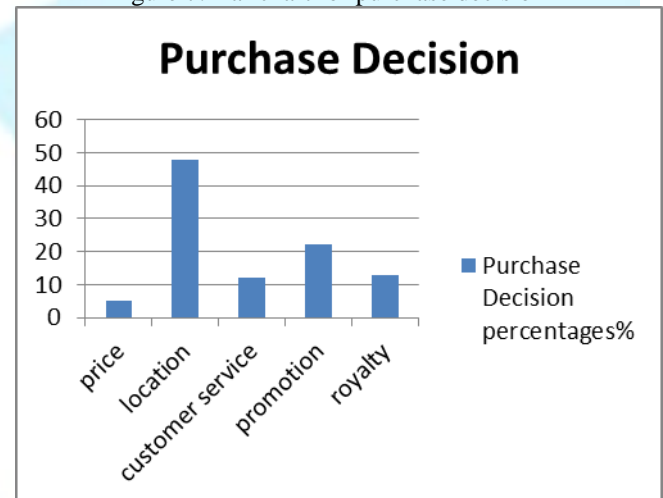
Figure 6: If Sales Promotion Influence Purchase Decision



4.8 Purchase Decision

The study also sought to find out again what actually influence customer to buy from GGL and below are the results presented.

Figure 7: Bar chart for purchase decision



4.9 Sales Promotion and its potential to Attract and Retain Customers

In pursuit of achieving the objective of this research, it was highly imperative to know the number of respondents who think sales promotion can promote loyalty and those

who do not think sales promotion can promote loyalty and understand the reasons their responses.

Figure 8: Sales Promotion Ability to Retain Customers



4.10 Continuity of Sales Promotion

In order to establish the level of sustainable interest customers have in sales promotions, respondents were further asked whether sales promotion practices should be continued or not. The details are found in the Fig 9.

Figure 9: A Bar Chart indicating Whether or not sales promotion should be continued



5. DISCUSSION

The study found out that majority of the customers fell within the age range of 31-40 years and the majority of them are businessmen/women. Also the least of customers fell within the age range of 61+ and least occupation was teachers

The results indicate that most of the customers are loyal and had been purchasing for duration of 1-11 years and above. This indicate that most of customers have a possibility of participating or been exposed to sales promotion exercise. This is because 95% of the respondents are exposed to sales promotion practices.

The short and long term effects of sales promotion have been revealed and this can clearly be seen from the responses represented In Fig 8. It can be observed that a few respondents with a frequency of 11 representing 18% said they cannot be retained through sales promotion which emphasizes the shot –term nature of sales promotion as also proposed by Keller (2008)[12] that sales promotion has several limitations including

decreased brand loyalty, and increased brand switching, decreased quality perception and increase price sensitivity.

On the contrary Hoyer and McInnis (1997) contradicted these views by saying brand loyalty can also be cultivated through sales promotions and the researcher can confidently say that this research findings confirms that of Hoyer and McInnis but seriously against the views of Keller (2008) [12]and several others. This research opposes the views that sales promotion cannot retain customers.

Analyses of field data revealed that 78% of the respondents want sales promotion practices continued with the view that sales promotion encourages competition among oil marketing industries thereby compelling the players in the industry to provide quality service to customers resulting in a greater benefit for the consumer. 22% of the respondents do not want sales promotion to be continued with the view that sales promotion incentives are not attractive.

Sales promotion is of prime importance for business organizations and the customer. The results of the current study conclude that factors such as monthly income, location and effective customer care play a very important role in strengthening customer retention in the oil marketing industries. Long term success and sustainable reputation of an organization depends on customer retention. This study supports the view that sales promotion, customer satisfaction and location should remain prime focus for an organization to maintain market share in today's competitive business environment.

6. CONCLUSION

Sales Promotion seeks to offer buyers additional value as an incentives to generate an immediate sales. These incentives can be targeted at consumers, agent and members of the sales force. Just as advertising seek to work over the long term sales promotion can achieve a short term shift in sales. Sales promotion is of prime importance for business organizations and the customer. The results of the current study conclude that factors such as monthly income, location and effective customer care play a very important role in strengthening customer retention in the oil marketing industries. Long term success and sustainable reputation of an organization depends on customer retention. This study supports the view that sales promotion, customer satisfaction and location should remain prime focus for an organization to maintain market share in today's competitive business environment. The business whose customers are not loyal with them cannot enjoy a respectable position in the market. From the data analyses we can conclude that today's customer have much awareness of whether sales promotion is giving some sort of value to them or not. To retain the customer for longer period, oil companies should focus on how to increase the sale promotional

offerings of their customers. A customer who is satisfied with the offerings and services will be the most loyal customer of the company or product.

The study conclude that if an oil company wants to enjoy good profits globally in general and in Ghana in particular, it should work hard to increase customer retention through strong sales promotional activities trustworthiness and customer satisfaction in the market place. It will help the business to increase customer retention and decrease the customer defection.

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