

**THE IMPACT OF STRATEGIC MARKETING ON SALES PERFORMANCE OF  
ORGANISATIONS**

**CASE STUDY: *RILEY PACKAGING LIMITED***

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## **Dedication**

I dedicate this work to my entire family, my supervisor and my friends for supporting me in regards to my research both emotionally and financially. It's due to the hard work and sacrifices of my family that I have made it to this level.

May God bless all the above abundantly

## **Acknowledgment**

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## **Declaration**

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## **List of Abbreviations**

<b>Ads</b>	Advertisement
<b>B.A.M</b>	Business Administration and Management
<b>D.V</b>	Dependent Variable
<b>F.M.C.P</b>	Fast Moving Consumer Products
<b>I.V</b>	Independent Variable
<b>I.V</b>	Intervening Variable
<b>M.M</b>	Marketing Mix
<b>P.L.C</b>	Product Life Cycle
<b>P.R</b>	Public Relationship
<b>P.S</b>	Pricing Strategy
<b>P.S</b>	Product Strategy
<b>R.P.C (U) Ltd</b>	Riley Packaging Company Uganda Limited
<b>S.M</b>	Strategic Marketing
<b>S.P.S.S</b>	Statistical Package for Social Sciences
<b>S.P</b>	Sales Performance
<b>U.M.U</b>	Uganda Martyrs University



## **Abstract**

This research study was intended to examine the role of strategic marketing on sales performance at Riley Packaging Company Limited. Chapter one explores the background of the research problem, the statement of the problem, the general objective of the study which aimed at assessing the effect of advertising on sales performance and the specific objectives of the study which focused on examining the role of print advertising, out-door advertising and specialty advertising on sales performance.

Chapter two introduces and discusses the literature review on the relationship between strategic marketing and sales performance. It encompasses the meaning of strategic marketing, nature of strategic marketing, and the roles of strategic marketing. The chapter also discusses a detailed overview of the marketing strategies including price, product and promotion. An assessment of the relationship between the marketing strategies of product, price and promotion is also given in relation to sales performance of Riley Packaging Company Limited as an organisation.

Chapter three specifically presents the research methodology of the research study. In general, the research methodology is the blue print or the plan that enabled the researcher to gather the necessary research data. In essence, the methodology presents the research design, the research data sources, methods and tools for data collection, data management, reliability and validity and the ethical principles that were used for gathering the research data.

Chapter four presents, analyses, and discusses the findings of the research study on strategic marketing and sales performance.

Chapter five of the report gives a summary, general conclusion, recommendations and the further areas for future research studies.

## **CHAPTER ONE**

### **General Introduction**

#### **1.0 Introduction**

The fundamental objective of a business strategy is to determine how the business will compete successfully in their operations argued Ducker (2000). In general, management of any business entity will always want to craft a strategy difficult for competitors to copy so that their business can sustain the advantage it has. Essentially, some business organizations can achieve sustainable advantages by selecting the best locations for their operations. Other businesses try to gain advantage by offering their products and services at the lowest price possible. All this is done to stimulate the overall performance of the organization.

According to Ranchhod and Gurau (2000) strategic marketing including promotional campaigns; product, and price strategies can have a direct effect on the performance of sales of an organization. This is true because as an integral tool for communication, strategic marketing can positively influence the purchase behavior, profitability and sales volumes of an organization (Chaston, 2009). Basing on the above background, this research study set out to establish the role of strategic marketing on the sales performance of an organization.

Broadly, the chapter presents the general introduction of the research study, the background of the study, statement of the problem, the objectives of the study and major objectives of the study. This chapter further highlights the research questions that guided the study, the content, geographical and time scope of the research study, the justification

and significance of the research study too are presented. The conceptual framework and definition of key terms of the study are also presented.

## **1.1 Background of the Study**

Over the past few decades, organizations all over the world perfected the art of mass marketing, selling highly standardized products to customers (Aaker, 2005). In the process, they developed effective mass-media communication techniques to support their mass-marketing strategies. These organizations routinely invested millions of dollars in the mass media, reaching tens of millions of customers with single Advertisements. However, over time, marketing managers have faced some new marketing communications realities (Aaker, 2005).

According to Aaker (2005), strategic marketing involves a communication drive or campaign aimed at allowing an organization to concentrate its resources on their opportunities with the goal of increasing sales and achieving a sustainable competitive advantage. In general, strategic marketing includes all basic and long-term activities in the field of marketing that deal with the analysis of the market situation of an organization, formulation, evaluation and selection of market-oriented strategies that contribute to the goals of an organization and its marketing objectives.

According to Tony (2000), two major factors are changing the face of today's marketing communications. First, as mass markets have fragmented, marketers are shifting away from mass marketing to focused marketing programs, designed to build closer relationships with customers in more narrowly defined micro markets. He further points out that vast improvement in information technology are speeding the movement toward segmented marketing. Essentially, today's information technology helps marketers to

keep closer track of customer needs as more information about consumers at the individual and household levels is available than ever before.

Nevertheless, according to McLeish (2011), the shift from mass marketing to targeted marketing, with its corresponding use of a richer mixture of communication channels and promotion tools, come with a problem for marketers. Consumers are being exposed to a greater variety of marketing communications from and about the organization from an array of sources. However, customers do not distinguish between message sources the way marketers do. In the consumer's mind, advertising messages from different media such as television, magazines, or online sources come as one message.

Messages delivered via different promotional approaches such as advertising, personal selling, sales promotion, public relations, or direct marketing all become part of a single message about the company. All too often, organizations try to integrate their various communications channels with a view of stimulating their sales turnover. The shift from mass marketing to segmented marketing has had a dramatic impact on marketing communications (Webster, 1995).

According to Slatter (2001), just as mass marketing gave rise to a new generation of mass-media communications, the shift toward one-on-one marketing is spawning a new generation of more specialized and highly targeted communications efforts. Given this new communications environment, marketers must rethink the roles of various marketing strategies. Integrated marketing communication has long dominated the promotion mix of consumer product companies (Ranchod, 2004). Today, however, many companies are adopting the concept of integrated marketing communications. Organizations carefully

integrate and coordinate its many marketing channels to deliver a clear, consistent, and compelling message about the organization and its products.

According to Dobkin (2008), effective marketing strategies call for recognizing all contact points at which the customer may encounter the company, its products, and its brands. Each brand contact will deliver a message, whether good, bad, or indifferent. The company must strive to deliver a consistent and positive message at all contact points.

To help implement the strategies, organizations often appoint marketing communications managers who have overall responsibility for the company's communications efforts. Marketing strategies produces better communications consistency and greater sales impact (Farrell, 2000). Basing on the above background and with reference to the case study, this research study set out to establish the role of strategic marketing on sales performance of an organization.

### **Background of the case study**

Riley Packaging Company Uganda Limited is a subsidiary of Mukwano group and partners with Mara group. The Company provides handy packaging solutions for Fast Moving Consumer Products (FMCGs), pharmaceutical, juice and beverage, dairy and poultry, distillers, tea and coffee, flowers, cosmetics, stationary, fish, tobacco, plastics, fruits and vegetables to mention but a few with its \$13 million factory centrally located on Block 189, Kyagwe, Lwanyonyi Village, Mukono district.

## **1.2 Statement of the Problem**

According to Kotler and Armstrong (2009), in order to stimulate and achieve the desired level of sales performance, organizations need to invest in strategic marketing programs. They point out that the strategic marketing programs should be designed in such a way that they can collectively influence the decisions of the customers to purchase the organization's products and services. Presently, to attain the desired level of sales performance, business organizations have endeavored to develop marketing strategies for their operations. According to Frazier (2007), core business strategies include promotion strategy, product strategy and the price strategy. These have been purposely done with the aim of increasing their sales vis-à-vis competitive advantage.

In Uganda few companies have realized the significance of marketing strategies on their performance; they are still utilizing traditional methods of mass marketing (Uganda export promotion board 2000). Today's business activities call for use of various marketing strategies in order to compete successfully in business. However, there is no clear relationship between marketing strategies and sales performance yet established. Therefore, this research study seeks to establish the relationship between strategic marketing on sales performance and to find out whether strategic marketing has direct impact or influence on the level of profitability, sales volume and customer satisfaction.

### **1.3 Objectives of the Study**

1. To find out how different marketing strategies affect sales performance of an organization
2. To establish the nature of different marketing strategies used by Riley Packaging

#### **1.3.1 Major Objective of the Study**

To find out the impact of marketing strategies on organization's sales performance.

#### **1.3.2 Specific objectives**

**The research study was guided by the following specific research objectives:**

- (1) To establish the effect of promotions strategy on the sales performance.
- (2) To assess the effect of product strategy on the sales performance.
- (3) To examine the effect of the price strategy on the sales performance.

### **1.4 Research Questions**

- (1) What is promotion strategy's impact on sales performance?
- (2) What is the effect of product strategy on the sales performance?
- (3) What is the impact of the price strategy on the sales performance?

### **1.5 Scope of the Study**

The scope of the research was guided by the content scope, geographical scope and time scope

### **1.5.1 Content Scope**

The content scope of the research study aimed at finding out the impact of marketing strategies on the sales turnover of an organization. Specifically, the study set out to establish the impact of the product strategy, the price strategy and promotion strategy on the sales turnover of an organization.

### **1.5.2 Geographical scope**

The geographical scope of the research study was conducted at Riley Packaging Company Uganda Limited. The Company provides handy packaging solutions for Fast Moving Consumer Products (FMCGs) and is centrally located on Block 189, Kyagwe, Lwanyonyi Village, Mukono District. The geographical scope of the research study was purposely chosen because of its proximity to the city center that could allow effective and efficient data collection and secondly because of the company's diverse investment in marketing strategies for its products.

### **1.5.3 Time Scope**

The research study focused on finding out the role of strategic marketing on sales performance for the years ending 2010-2013. Specifically, the study aimed at establishing the effect of promotional campaigns, product strategy and price strategy on the sales performance of Riley Packaging Company Limited for the last 3 financial years.



## 1.6 Significance of the Study

Basing on the above, the significance of this research study includes the following:

(1) Other organizations in Uganda not only Riley Packaging Company Uganda Limited will use the findings of this research study in understanding the usefulness of strategic marketing in stimulating their level of not only sales performance but also the overall organizational performance.

(2) Secondly, the study was also a contribution to the already existing literature and knowledge about the impacts of strategic marketing and their impact on the sales volume of organizations.

(3) Thirdly, this research study was significant in such a way that it is a foundation for other future research studies on integrated marketing and its impact on the performance of an organization.

(4) Still, the research study significantly helped to improve the skills needed in conducting future research studies. Essentially these included the communication skills of interviewing research participants, data coding, analysis and interpretation and presentation.

(5) The research study also led to the compilation of the research report (dissertation) which is a partial fulfillment for the award of the Bachelors Degree of Business Administration and Management of Uganda Martyrs University-Nkozi

(6) The research study will also lead to the award of the Bachelors Degree of Business Administration and Management of Uganda Martyrs University Nkozi to the researcher who conducted the research study.

## **1.7 Justifications for the Research Study**

To begin with, the research is being carried out as an academic undertaking but with practical benefits. With reference to a complex global and national business environment, a number of organizations have endeavored to redefine their integrated marketing systems to suit the needs of their customers and the general performance of such organizations. As such, it is essential for every organisation to invest in strategic marketing aimed at stimulating the level of organizational performance most specifically the sales volumes.

(1) There was need to assess the role of strategic marketing on sales performance of Riley Packaging Company, Uganda Limited.

(2) Secondly, there was also a need to explore how effective promotional campaigns can be used to stimulate the level of sales performance at Riley Packaging Company, Uganda Limited.

(3) Thirdly, there was a need to examine the effectiveness of product strategy on the sales performance of Riley Packaging Company Uganda Limited.

(4) Further, the effectiveness of price strategy on sales performance cannot be under estimate, as such, there was need to explore the influence of the price strategy on the sales performance of Riley Packaging Company Uganda Limited.

(5) This research study was also justified basing on the fact that it was a partial fulfillment of the requirements for the award of the Bachelors Degree of Business Administration and Management awarded by Uganda Martyrs University Nkozi.

## **1.8 Definition of key terms**

### **Market strategy**

According to Kotler (2003), marketing strategy is the way in which the marketing function organizes its activities to achieve a profitable growth in sales at a marketing mix level. it includes the selection of target markets, the marketing mix and the marketing expenditure levels

### **Advertising**

According to Webster (1995), Advertising is to give public notice or to announce publicity and in relation to the above Gardner (2001), Advertising is the means of mass selling that has grown up parallel with and has been made necessary to mass production.

### **Marketing**

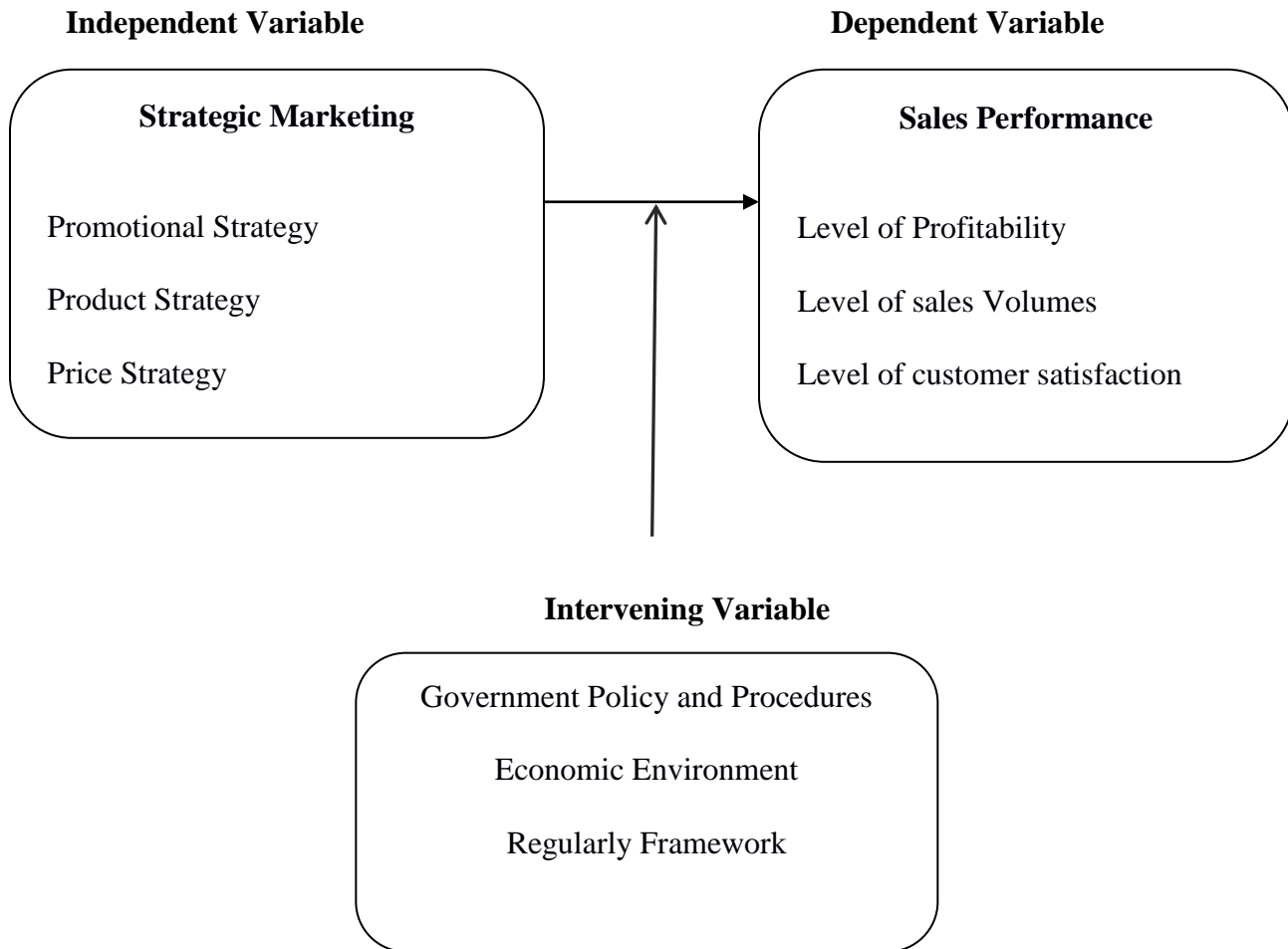
Hooley et al. (2001), Marketing is the process of profitably matching organizational capabilities to the requirements of chosen customers.

### **Sales Performance**

(Hooley et al., 2001), Sales Performance is the outcome result from successful or achieved market position in relation to products consumed or products sold.

## 1.9 Conceptual Framework

Figure 1.0: The Conceptual Framework



**Source:** Aaker, David A. *Strategic Market Management*, Fourth edition. New York, NY:

John Wiley & Sons, Inc. 2005.

Organizations use strategic marketing to impact on their sales performance. Promotional strategies such as sales promotion, discounts have impact on sales volume and profitability levels. Product strategies such as new product, product quality impact on sales volume and profitability levels. Price strategies such as price increase and decrease impact on sales volume and profitability levels.

However as organizations seek to increase sales with a strategic approach to marketing; other barriers intervene in their relationship such as Government policy and procedures like laws, economic factors such as inflation, and income levels of buyer impact sales activities and purchasing power of buyers simultaneously. The above factors make marketing activities quiet complex.

## **CHAPTER TWO**

### **Literature Review**

#### **2.0 Introduction**

This chapter introduces information on existing objectives of the research provided in chapter one. It contains published material concerning the review of relevant literature on strategic marketing and sales performance.

#### **2.1 Conceptual Review**

According to Ramanuj (2006), strategic marketing often vary among organizations. Essentially, organizations use strategic marketing as a mechanism for expanding their existing markets, others to hold their current positions within the market, still others to present a corporate viewpoint on a public issue. Generally, strategic marketing is used to reach selected market segments (Gurau and Ranchod, 2000) who later point out that from organization to organization, strategic marketing can also be used in providing information, differentiating the product, increasing sales, stabilizing sales, and accentuating the product's value.

Strategic marketing can simply be defined as the process of allowing an organization to concentrate its limited resources on the greatest opportunities with the aim of increasing their sales turnover and sustain their competitive advantage. Even Armstrong and Kotler (2009) point out that strategic marketing is the marketing logic by which the company hopes to attain or achieve its marketing objectives which include the desire to increase sales performance, differentiating the organizational products and services, increasing the market share and gaining a higher competitive advantage over the company competitors.

According to Doyle (2000), strategic marketing generally involves testing the corporate sales volumes or performance against a control; in this case, the close market rivals to see if the organization can be effective in its competition. He continues to say that sales turnover is the company's total revenue, both the invoice, cash payments and other revenues. Sales turnover represents the value of goods and services provided to customers during a specified period-usually a year. It is usually expressed in monetary value but can also be in total units of sock or products sold. The figure for sales turnover in the profit and loss account does not necessarily mean that the firm has received that entire amount. This is because some customers may have bought products on credit.

### **2.1.1 Components of Strategic Marketing**

The process of marketing or distribution of goods and services requires particular attention of management of business because production has no relevance unless products are sold as of Jeffrey (2007)'s view and further laments that a marketing strategy, simply stated, is the process of designing and integrating various elements of marketing in such a way as to ensure the achievement of enterprise objectives.

The elements of marketing have been broadly classified under four categories: the product strategy, the price strategy, the place strategy and lastly the promotion strategy (Slatter, 2001).

Generally, the marketing strategy entails decisions relating to the product which may include product designing, packaging and labeling and varieties of the product. Decision on 'Price' which may include whether uniform prices will be charged or different prices will be charged for the same product in different markets. The third important element is 'place', which refers to decision regarding the market where products will be offered for

sale. Promotion involves decisions on ways and means of increasing sales. Different tools or methods may be adopted for this purpose (Berry (1995) and supplements that the relative importance to be attached to the various methods is decided while concentrating on the element of 'promotion' in marketing mix.

In general, the marketing manager has to take into account the impact of external factors like consumer behavior, competitors' strategy, and Government policy on each element of marketing mix (Christopher, 2011). Further, points out that marketing strategy involves decisions regarding products to be made available, the price to be charged for the same, and the incentives to be provided to the consumers in the markets where products would be made available for sale. These decisions are taken keeping in view the influence of marketing forces outside the organization.

### **2.1.2 Distinctive Nature of Strategic Marketing**

The following are the essential characteristics of an effective and efficient marketing strategy or strategic marketing.

#### **(a) Strategic Marketing is the Crux of Marketing Process**

Strategic marketing involves many crucial decisions relating to each element of marketing (products, prices, place and promotion). The impact of the strategy would be the best when proper emphasis is assigned to each of the above elements and when all components are integrated, that combination leads to the best results (Eric, 2008).



### **(b) Strategic Marketing Needs Review to Meet the Changing Requirements**

The marketing manager is required to constantly review the strategy and conditions of the market, and make necessary changes in the strategy according to changes in the conditions and complexion of the market environment (Eric, 2008).

### **(c) Changes in External Environment Necessitate Alterations in the strategy**

According to Damian (2009), organizations operate in a very complex environment. In essence, within the environment, changes keep on taking place most especially in the external environment. Further points out that for many industries, customers are the most fluctuating variable of environment. Customers' tastes and preferences change very fast. Brand loyalty and purchasing power also often do change over a period of time. Henceforth, the marketing manager has to carry out market analysis constantly to make necessary changes in the marketing strategy.

### **(d) Changes Taking Place within the Firm Necessitate Changes in Marketing Strategy**

Changes within the firm may take place due to technological changes, or changes in the product line, or changes in the size and scale of operation. Such changes call for correspondent changes in the marketing strategy (Eric, 2008).

### **2.1.3 Roles of a Strategic Marketing**

The following are some of the roles of Strategic Marketing.

#### **(a) Differentiating the Product**

Marketers often develop marketing strategies to differentiate their goods or services from those of competitors. To accomplish this, they attempt to occupy a position in the market that appeals to their target customers. Organizations that apply the concept of product differentiation communicate to current and potential customers meaningful distinctions about the attributes, price, quality, or usage of their goods or services. Product differentiation is often used for goods or services that are not leaders in their field (Eric, 2008).

#### **(b) Increasing Sales**

Increasing sales volume is the most common objective of designing marketing strategies. It should be noted that some marketing strategies often concentrate on primary demand whereas others concentrate on selective demand. In addition, sometimes specific audiences are targeted. For instance, in an effort to build the sales volume of its body wear, Danskin clothing developed an advertising campaign targeted at women of age 18 to 44. As a result, the strategy helped to boost the sales of Danskin's adult garments by 30 percent in one year recording an increase in sales turnover of \$3 million. Therefore, developing a marketing strategy can largely boost the sales volume of an organization (Doyle, 2000).

## **2.1 Product Strategy and Sales Performance**

### **The Product Strategy**

According to Christopher (2011), a product refers to a tangible product or a service or an idea which a consumer needs and for which they are ready to pay and asserts that whereas tangible products include grocery items, garments and many others, services include any intangible products like entertainment, education which are offered and purchased by consumers. It should be noted that services may involve also an innovative idea on any aspect of operation. Consequently, a product strategy is the key element of any marketing strategy (Eric, 2008) and the decisions concerning product may relate to:

- (a) Product/service attributes
- (b) Branding
- (c) Packaging and labeling
- (d) Product support service

#### **(a) Product Attributes**

Doyle (2000) asserts that product attributes refer to the quality, features and design of the product. He further notes that a product should serve the purpose for which it is made, in terms of utility and quality. For that reason and in line with Doyle's assertion, Damian and Lowe (2009) assert that in a competitive market, products can be differentiated on the basis of certain features or design. For example, in the whirlpool washing machine, 'Agitate wash' is the distinctive feature.

### **(b) Branding**

According to Belch (2003), branding is also a crucial decision in designing product strategies and points out that in a competitive market, many products are sold by brand names for example Sony, Samsung, Nokia are well known. For that reason, a brand is an identification of product. According to David and Nigel (2001), branding plays an important role in creation of demand for any product. Essentially, while branding a given product or service, managers should ensure that the brand name is simple, easy to read and pronounce and if possible, it should have an appeal.

### **(c) Packaging and Labeling**

According to Bruce and William (1997), product Packaging and labeling are quite important decisions while developing a product strategy. In general, packaging can simply be referred to as the process of putting the products in suitable containers or packets such as tin, plastic jar or card board box, etc. Packaging should be such that product is protected and easily handled. Sometimes, the container may have its own usefulness.

For instance Blue Band Margarine is available in a plastic tin which can be reused after consuming the margarine. Labeling serves the purpose of indicating the contents, weight or measure, instructions for use, price, name of the producer, date of manufacture and expiry.

The information on the label is essential for various reasons. For example, the date of manufacture in case of Blue Band, date of expiry prevents the sale of products which may prove harmful. Therefore, product packaging and labeling is an important feature of the product in the marketing strategy (Armstrong and Kotler, 2009).

#### **(d)Product Support**

According to Stark (2007), product support service is another important element of the product strategy decision and further explains that product support includes decision pertaining to the type of service and availability of the service. Service may be by way of training in product use, after sale service, credit and financing service. It should be decided whether services would be provided free or against separate charge. Secondly, how the services would be made available by the producers or agencies, are also important decisions to be made particularly with respect to durable consumer goods.

Smith (2011) asserts that in today's globalizing and continuously developing economies, the competition among enterprises grows quickly, the market share gets narrower and so is the level of sales turnover and in order to gain new markets, companies are trying to create superiority over their rivals by positioning their products and services aimed at consumer behaviors and perceptions. In this sense, product positioning strategy in marketing management has emerged and now is an essential feature in enhancing organizational sales turnover.

In essence, a product strategy is simply the development of an image of a product directly against competitor's products and other products produced by the company's own. It is therefore important to note that the purpose of the product strategy is to manage customer's attention towards a certain product and to differentiate that product in favor of the company when compared with similar products (Wills, 2009).

Precisely, the term product refers to all physical and tangible items as well as services of a given organization. It is the central point on which all the marketing energy must focus. Finding out how to make the product, setting up the production line, providing the finance and marketing the product are not the responsibility of the marketing function. For that reason, the product strategy of an organization will primarily concern what the product means to the customer (Hirschey, 2008).

Further Belch and Belch (2003), the product strategy largely concerns the product decisions that the management of an organization has to make with regard to the product brand name, functionality, styling, quality, safety, packaging, repairs and support, warranties, accessories and services, whether in the consumer market or in the industrial market, organizations should define which position they want their product or services to be. Consequently, consumer perceptions are very important because when consumers choose between various products or services, they prefer the most advantageous for them thereby a product with important features they expect.

Never the less, this approach is based on some assumptions: all the goods and brands more or less have objective and subjective characteristics; consumer preferences include one or more characteristic in mind; rival product or brand presentation attributes are assessed according to those characteristics (Belch and Belch, 2003). In other words, decisions relating to the product strategy should align with what is entirely within the consumer's mind. Examples of objective criteria, size: large-small; weight: heavy-light; strength: be strong-weak; for subjective criteria fashion: fashionable-old-fashioned; reliability: reliable-not reliable.

A company might claim that it is better from any other company in many ways: for instance, it is faster in rendering its services to customers, it's more secure in terms of its operations, it more cost effective in its production procedures and has more quality, better value and the list continues as according to Ries and Trout (2001) however, advice that while developing a product strategy, just a single product element or requirement should be highlighted. Thus, that single point will be able to stay in the recipient's (customers') mind.

Ries and Trout (2001) further assert that a product must be identified in the best way to express a sense as for a group of customers. Otherwise it will be positioned poorly and will not be remembered sufficiently since what customers remember are the first and best products. Some companies, instead of a single position, prefer to create a multi positioning. For instance, a pharmaceutical company like the National Medical Stores could call its medicine, the fastest and most reliable medicine in the market. But then,

another competitor, for instance, Med-Access could have selected 'the cheapest' position. It can be seen clearly that, if a company is to claim too many superior qualities, it will not be remembered or will not be credible. However, this could work from time to time, like Aquafresh toothpaste, claiming to offer trio benefits: fights with decays, whitens teeth, and provides a cleaner breathing.

Kotler (2003) indicates that a product strategy often contains communication actions regarding the development of images of the brands that companies offer. In essence, Kotler asserts that the pre-requisite of creating a successful and a strong brand is 'being different' from competitors. Therefore, creating desirable brand image in the minds of consumers requires a coherent and integrated planning of course. Accordingly, brand positioning can be described as an effort to create a distinctive merit compatible with brand identity elements.

Tracey and Wiersema (1993), divided product strategies into product leadership, operational superiority and customer intimacy. Some customers prefer the company offering the best product of its class; others prefer the most productive company, and many others like the company which offers the best solution for their needs.



However as organizations try to match product strategies to achieve good sales performance, the product strategy like quality must meet the minimum quality requirements stipulated by government quality regulatory body, Uganda national bureau of statistics (UNBS). The quality of the product must be to minimum standard to qualify for consumption in the market and a UNBS certification, the design and features must offer a level of safety for example airbags in cars, the packaging needs to be recyclable like paper packaging otherwise environmental issues will arise from NEMA, branding for some products like Tobacco require special approval from the government especially with issues concerning labeling that needs to be clear and visible. Labeling include health warnings.

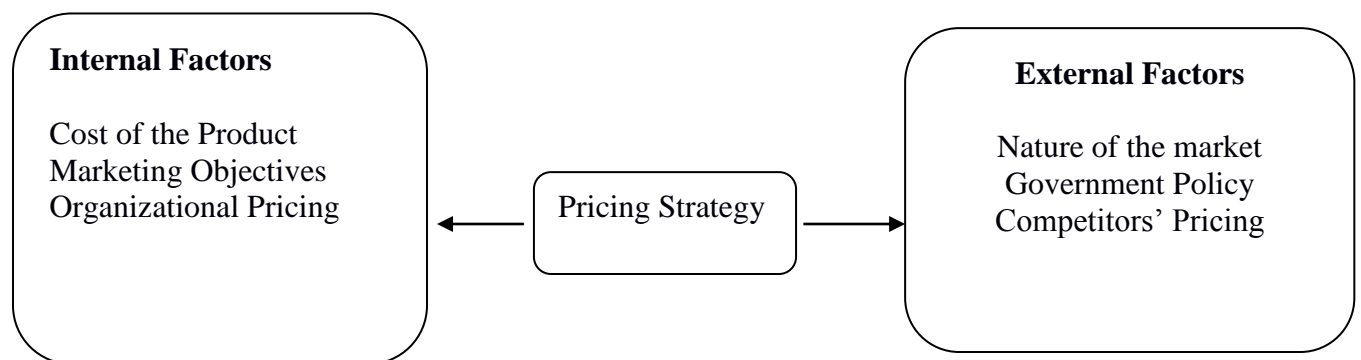
On the other hand, economic factors such as high cost of production may affect the perfection of the product thus making its affordability in terms of price questionable and profit margins low. The increase in cost of production can occur after an increase in the value of foreign currency especially if raw materials are imported and the cost of paying for human labor rises as the economic situation worsens. The above make the cost of product production high thus impacting on the overall profitability of the organization.

## 2.3 Pricing Strategy and Sales Performance

### 2.3.1 Price Strategy

According to Smith (2011), price is the amount charged for a product or service. It is the consideration paid by consumers for the benefit of using any product or service. He asserts that price fixation is an important aspect of marketing since a company is affected by both internal as well as external factors.

**Figure 1.2: Pricing Strategy**



**Source:** Adopted from Smith (2011) **Price Strategy:** *setting price levels and managing price discounts.*

## **Internal Pricing Factors**

According to Smith (2011) internal factors that affect the price of a product are many and in essence, the cost of the product will always set the floor for determining the price of the product. He further points out that organization often charge a price which covers the cost of the product and a fair rate of return. In general, the cost of the product means total cost of production which fixed and the variable costs and according to Norman (2005), whereas fixed costs do not change with the change in volume of production up to a certain level, variable costs change proportionately. In the period of recession, companies continue to supply at a rate which covers variable costs and as much of costs as possible.

According to Willis (2009), the Company's marketing objective is yet another important variable for price fixation. If it is survival, the company would stay in the market as long as it covers variable costs fully and fixed costs partly. In case it is market leadership, a low price will be fixed initially. After wards prices may be enhanced. At the time of introduction, its price was just equal to other close substitutes, but today it has its own market. It is bought by consumers without comparing its price with other substitutes.

The relative importance of pricing decision in marketing mix, also affects price fixation. Sometimes pricing decision is the control decision and all other decisions are taken afterwards. It may also happen that other variables of marketing mix like promotion become more important. Price is fixed after considering other variables. Who will fix the price is yet another important decision. In small organizations, top management sets the price. In large companies, product line managers perform this job. For industrial markets,

sales managers are permitted to negotiate prices within a specified range. These days many companies set up a separate department to handle pricing decision.

### **External Pricing Factors**

Besides internal factors, external factors also influence the pricing decision of a company. These factors are called environmental factors (Mills, 2002). Nature of demand, competitors' costs, price offers and government policy are very important factors to be considered while fixing prices. According to Mills (2002), the relationship between price and demand should be analyzed properly. No company can ignore the costs, prices and offers of substitute items from competitors. Economic factors, like rate of interest, state of industry (boom or recession), inflation, etc. affect the price-fixing decision. In case of certain products, e.g. products which fulfill basic needs, government may impose price control. Thus, it would also affect price of the product.

There may be two methods of price-fixation (Gitman et al, 2008):

- (i) **Cost-Based Approach**
- (ii) **Competition-Based Approach**

#### **(A) Cost-Based Approach**

This is the simplest method of pricing according to Mills (2002), the companies add a certain percentage of Profit, to the total cost of the product. The total cost of the product is calculated after taking all types of costs into consideration. While following this approach, no other factors e.g. prices of substitute goods, nature of demand are considered.

## **(B) Competition-Based Approach**

In competitive market, cost-based approach is not always practicable. The prices are determined on the basis of conditions in the market (Mills, 2002). Companies may follow any one of the following three approaches: a) Price-in-line, b) Market-plus and c) Market-minus.

According to Mills (2002), Price-in-line means prices fixed nearly equal to the prices of close alternatives. price-in-line occurs under free market conditions; that's to say, when the number of buyers and sellers is so large that they cannot affect the prices. When companies charge or fix a price which is more than the price of existing substitutes, it is called market plus pricing. This approach is adopted when the quality of a product is better, or it has a popular brand name, or its packaging is attractive and useful.

According to Hair et al (2010), consumers will pay more only when they find distinctive differences in the product and its substitutes. Sometimes business enterprises get ready to supply products at a price lower than the market price. It may be adopted to grab a larger market share or to make a newly introduced product more popular. This approach is called market-minus approach (Mills, 2002).

Of all the aspects of marketing strategies, price is the one, which creates sales revenue - all the others are costs (Smith, 2011). In general, it should be noted that the price of a good or service is clearly an important determinant of the value of sales made for that particular organization. In theory, price is really determined by the discovery of what customers perceive is the value of the item on sale. For that reason, researching about consumers' opinions about pricing is important as it indicates how they value what they are looking for as well as what they want to pay. An organization's pricing strategy or policy will vary according to time and circumstances (Smith, 2011).

Pricing strategies for products or services encompass three main ways to improve organizational sales revenue and projected profits. The business owner can cut costs or find more profit with a better pricing strategy. When costs are already at their lowest and sales are hard to find, adopting a better pricing strategy is a key option to stay viable. Merely raising prices is not always the answer, especially in a poor economy. Too many businesses have been lost because they priced themselves out of the marketplace. One strategy does not fit all, so adopting a pricing strategy is a learning curve when studying the needs and behaviors of customers and clients (Wills, 2009).

Because pricing is an important element of the marketing strategy and that directly affects other elements of the marketing strategy, it is essential for an organization to develop a competitive pricing objective and strategy (Norman, 2005) who further points out that choosing a pricing objective and associated strategy is an important function of the business owner and an integral part of the business plan or planning process.

Developing the right pricing objective and pricing strategy is more than simply calculating the organization cost of production and tacking on a markup against the product price. Once a pricing objective has been chosen, a pricing strategy that meets the pricing objective must also be selected (Paul, 2008). Pricing is one of the major components of a business plan. Therefore, assigning product prices is a strategic activity. Thus, the price assigned to a given product or service will directly impact how consumers view such a product or service and whether they will purchase it or not.

Further, another important relationship between pricing strategy and sales turnover of an organization the pricing strategy also helps differentiate the organizational product from those of rival or close competitors (Hirschey, 2008). However (Mills, 2002) argues that the price an organization assigns must be in line with the overall marketing strategies and the product attributes. Accordingly, whether or not an organization develops a formal marketing plan, performing the necessary research prior to determining the pricing strategies is an imperative decision to be made by an organization. As a result, the knowledge gained from research will help in assigning appropriate prices the products or services in line with the quality and attributes of the product offered to consumer.

According to Gilbert (2004), in order to maximize the sales turnover of an organization, competition pricing often arises from the gap between product prices and product costs. The closer together these are, the greater the competition. Basing on the fact that businesses and organizations at large prefer larger higher sales margins, there is a natural desire to find ways to price competition with their rival firms. In a healthy market therefore, this often happens by not cutting prices but by offering better products and services at the right prices (Hair et al, 2010).

For most businesses, pricing strategies relate to a combination of covering costs and the anticipated business or operational profits made. In essence, it should be observed that if the market environment is perfectly competitive, all companies will charge the same price for a similar product (Berry, 1995). For that reason, price above the market average will force customers to go elsewhere which will directly affect the organizational business operations. Consequently, beyond that, there are strategic decisions that have to be made vis-à-vis the organizational pricing strategy and these include the following:

First, businesses may want to start with promotional prices that tend to be low. It's a common strategy to do promotional pricing to tell the world who you are and what you do, Gilbert says. If costs are likely to fall as more goods are produced and sold, then a low price that attracts sales can help a business reach greater profits more quickly (Berry, 1995).



Secondly, Berry (1995) point out that if a product has network effects, in that case it becomes more valuable as more customers use it, and then a low price can get it into the hands of more people and help the entire organizational business set the standard. On the other hand, a high price can enhance the positioning of a product as a unique or luxury item for current and prospective clients.

Further, it should be observed that organizations that sell directly to consumers can set prices as high as they like, but those that work with distributors need not too. Often, firms that sell prestige products don't want their distributors to cut their price, Gilbert (2004) points out, but it is illegal to dictate a price as a requirement for carrying an item. Therefore, a high price that carries a good margin may encourage distributors to stock your product over that of the competition.

As the relationship between pricing and sales performance gets closer, government and economic factors slow it down. Governments has a word in prices for some products like fuel where exploitation can be enormous since customers have no choice and alternative however government is not justified in the above decision because it does not take into consideration all the costs in that business. Secondly, government taxation policy does affect the price of product impacting on profitability because the organization needs to maintain a price that is affordable to its customers irrespective of taxation but at the expense of profits.

On the other hand, economic factors such as inflation make prices high which reduces the purchasing power of consumers, high costs of production like change in human labor payment during inflation season are high and exchange rates affect the price of the product or make the minimum price of the product thus making price a difficult strategy to use in order to achieve a high sales performance.

In conclusion, therefore, for any business enterprise whether large or small can always set its prices as it deems prudent. Businesses can raise prices if higher margins offset the reduced demand. Alternatively, setting prices low in order to entice customers is fine, but doing so in order to force a competitor out of business is not as these will accelerate the operational costs of running and managing the business. Two direct competitors can never agree among themselves how much they will charge.

## **2.4 Promotional Strategy and Sales Turnover of an Organization**

### **2.4.1 Promotional Strategy**

According to Paul (2008), a promotional strategy can simply be defined as the process of informing, persuading and influencing consumer decision. In essence, a promotional strategy aims at developing a primary demand and desire of a given product or service.

### **2.4.2 Objectives of a Promotional Strategy**

According to Gitman et al (2008), it should be noted that the primary objectives of promotional strategy vary among organizations. Essentially, Gitman et al (2008) says that some organizations use promotion to expand their markets, others to hold their current positions, still others to present a corporate objective and mission. Promotional strategies can also be used to reach selected markets.

All the same, most sources identify the specific promotional objectives or goals of providing information, differentiating the product, increasing sales stabilizing sales, and accentuating the product's value.

### **2.4.3 Tools of the Promotional Strategy**

According to Gitman (2008), there are basically tools for the promotional strategy and these include the following:

#### **(a) Advertising**

Advertising is an impersonal form of communication for which the seller pays in order to promote a physical product or service (Gitman, 2008). Usually, it may be in print form as in newspapers and magazines, or in audio form as on the radio and other similar methods, or in audio-visual forms as on the Television, cinema screen and many others.

According to Mills (2002), the merits of advertising is that it reaches a larger number of people, the message can be repeated, its cost is not high, and with the development of art and computer graphics, simple statements can be transformed into forceful messages. The other side of advertising is that it does not provide any feedback, it is not as forceful as personal selling, it is not flexible, and good advertisements cost a lot.

### **(b) Personal Selling**

According to Doole and Lowe (2008), personal selling is a personal communication with one or more prospective buyers for the purpose of selling a product or service. These days, personal selling is considered to be the most effective tool because of various characteristics which are listed below:

- It involves personal interaction, hence feedback is received immediately.
- It is quite flexible; salesman can adjust communication according to the level of customer's understanding.
- it is more persuasive; buyers can be convinced about the utility of the product;
- Impressive salesman leaves an impression on the prospective buyer; it may increase sales in the future.

Personal selling suffers from a few drawbacks too:

- It is the most expensive tool of promotion.
- Secondly, it requires too much dependence on sales force.

### **(c) Sales Promotion**

Sales promotion means the use of short-term incentives which are designed to encourage immediate purchase of a product or service by the buyer (Leroy, 2006) and further points out that sales promotion includes offer of discounts, free gifts, free sample, coupons, demonstration, store display, for example a typical sales promotion could be; *“one tooth brush free with one 100gm”*. Then further notes that sales promotions are primarily used to supplement the efforts made through personal selling and advertisement. Most of the sales promotion activities come in the form of some incentive for the buyer; hence sales generally increase immediately.

### **(d) Publicity/Public Relationship**

Publicity takes place when a favorable presentation is made through mass media about a product or service according to Doyle (2000), customers often believe more on such news than in advertising. He continues to point out that publicity or public relationship is very effective for use when dealing with customers who do not entertain personal selling and sales promotion approaches. It is a non-paid form of communication but sometimes it is not regarded as a promotional tool within the reach of a company.

Packaging is also considered as a powerful sales promotion tool these days. It immediately attracts the buyer and makes him buy the product. This tool has produced good results in case of consumer goods. To some extent, packaging has replaced the counter salesman. You have now learnt about the various tools of promotion. Each tool has certain merits and demerits. It is very important that promotion mix is so devised that it achieves marketing objectives optimally. It is not an easy task. There are no hard and

fast rules of promotion mix. Hence every factor should be paid due attention while deciding on the promotion mix (Damian, 2008).

### **Factors That Influence the Promotional Strategy**

#### **(a) Nature of product**

Different types of products require different promotion mix. In case of consumer goods, advertisement is considered to be the most important because the goods are non-technical and produced on a large scale. But for industrial goods personal selling is regarded as the most important tool because the products are technical in nature, costly and persuasion is considered essential for their sale (Christopher, 2011).

#### **(b) Type of the Market**

If the number of customers is quite large and they are spread over a vast area, advertisement is more helpful because it can reach people everywhere. However if number of customers is not very large and they are concentrated geographically, personal selling and sales promotion may be more effective (Christopher, 2011).

#### **(c) Stages of the Product Life Cycle**

The promotional mix depends upon the stage of the product in product life cycle. During introduction, heavy expenditure is incurred on advertisement followed by personal selling and sales promotion. During the growth stage, customers are aware of the benefits of product. Hence advertisement along with personal selling will be more effective. At the maturity stage, competition is more intense. Sales promotion becomes the most important tool to boost sales (Slater, 2007).

#### **(d) Budget**

Funds available for promotion also decide promotion mix, e.g. advertisement is a costly tool. If sufficient funds are not available this tool may not be adopted. Personal selling involves continuous spending. Thus, budget is a deciding factor for promotion-mix (Eric, 2008).

#### **(e) Push vs. Pull Strategy**

When the firm pushes the product to the middlemen they in turn push it to the consumers, it is known as 'push' strategy (Dobkin, 2008). In this case, personal selling or display should be more effective. Pull strategy refers to the policy of a company to strive to build up consumer demand without recourse to middlemen. Generally advertising is considered more important in case of pull strategy (Dobkin, 2008).

From a broad perspective, promotion simply refers to the various methods of product or service communication aimed at informing the existing and potential customers about a given product and persuading the consumers to buy the product (Ramanuj, 1996). In essence, promotion is an important element of an organizational marketing strategy for the reasoning that in absence of a promotional strategy, consumers may not be aware of the product and services and their potential to satisfy their needs and desires.

While developing a promotional strategy, there are some essential questions or decisions that have to be made by the marketing managers and these include the following (Doyle, 2000)

Where and when can you get across your marketing messages to your target market? Will you reach your audience by advertising in the press, or on TV, or radio, or on billboards? On the internet?, When is the best time to promote? Is there seasonality in the market? Are there any wider environmental issues that suggest or dictate the timing of your market launch, or the timing of subsequent promotions? How do your competitors do their promotions? And how does that influence your choice of promotional activity?

In general, various tools of communication form part of the promotional strategy and among others include advertising, personnel selling, sales promotion and public relationship. Whereas various tools form part of a promotional strategy, organizations must decide on which mix of tools should be used for larger sales and in what promotion. Thus, promotion strategy is an organization's total communication programs which consist of different blends of its components and which are used to achieve the company's marketing objectives.

An organization's overall marketing communications strategy consists of different mixture of advertising, sales promotion, public relations, personal selling and direct marketing. Marketing communications mix, which is also called as promotional mix, is used to pursue the established marketing objectives of the organization (Berry, 1995). In line with Berry's assertion, Doyle (2000) asserts that each of the promotional strategy includes their own distinctive tools that are used in reaching the overall communications efforts. Not only the specific promotional tools communicate with customers but also all other elements, such as product design, package, store and price send messages to



customers. Thus, the whole marketing mix or promotional strategy must be adjusted accordingly to suit the needs and the objectives of the organization (Damian and Lowe, 2008).

In the concept of integrated marketing communications, all the marketing efforts are integrated in a consistent and coordinated manner in order to achieve the greatest overall communication impact. (Kotler, 2003) points out that several reasons are making integrated marketing communications more prominent solution for companies in the contemporary communications environment. Mass markets have become more fragmented and mass advertising is losing its power in the face of media fragmentation. Customers are calling for more tailored solutions and companies are designing marketing programs to create closer customer relations in more narrowly defined markets.

More market information about customers and their needs can be observed from the markets and new communication media are available to reach smaller customer segments. Fragmented communication environments challenge companies to integrate their different communication channels in order to create coordinated and compelling message about the organization. Kotler (2003) asserts that companies must combine the different communication tools into a coordinated promotion mix.

The appropriate use of sales promotion and the overall blend of different promotional tools are influenced by promotional mix strategy. Two broad promotion mix strategies to choose from are defined in literature as a push strategy and a pull strategy or a combination of both (Eric, 2008). In a push strategy, promotion is directed to channel members in order to push the offering to customers.

Primary promotional tools used under a push strategy are personal selling and trade promotion. The objective of a pull strategy is to direct communication efforts to customers, who then will demand the offering from the channel members, who in turn demand it from the producer (Christopher, 2011).

The main promotion tools used in a pull strategy are advertising and consumer promotion. Many companies also use a combination of both. The type of offering, markets and the stage in a product life cycle also play a role in the construction of an appropriate promotion mix (Griffin, 2011). For example, many business-to-business marketers tend to use more push strategy and rely more on personal selling, whereas business-to-consumer marketers depend more on a pull strategy. Product life cycle also determines the appropriateness of a different promotional tools (Kotler, 2003)

As organizations promote their products, government and economic factors make their promotion activities complex. The government bodies regulate promotion and organizations need to follow these regulations if they are to survive legal implications that come with non-compliance. When advertising, the government regulates the use of disclaimers because they mislead people for example use at your own risk, broadcast

regulatory bodies impose strict broadcast of some advertisements at certain time especially when children are still awake, it regulates sponsorship of some events by some brands for example alcohol brands sponsoring children events. The governments also regulates the level of promotional activities for products such as tobacco because of their health problems and for organizations doing direct advertising, data protection rules apply where the organization has to provide confidentiality for customer information and not use it for anything else beyond advertising.

The prevailing economic situation dictates the promotion of certain organization products especially for organizations with a wide range of products like Mukwano industries. Inflation calls for promotion of products that are of basic needs nature like soap and if there a high supply of money, then promotion of luxury high price goods and product awareness of new product because the spending power is high like . The prevailing economic situation makes promotion difficult in unstable economic conditions.

## **2.5 Conclusions**

Selecting the appropriate marketing strategy is one of the toughest tasks confronting marketers, but there are some general guidelines to assist in determining the relative allocations of marketing efforts and expenditures among personal selling, advertising, sales promotion, and public relations. These guidelines might be stated as a series of four rules. The first guideline is the decision whether to spend marketing financial resources on advertising or personal selling. Once this decision is made, the marketer needs to determine the level of advertising and sales promotion or even public relations efforts.

A second consideration is the market served by the good or service. The third rule deals with the value of the product. Most companies cannot afford to emphasize personal selling in marketing a low-priced item and instead choose advertising for the promotional strategy of goods like toothpaste, cosmetics, soft drinks, and candy. Higher-priced items in both industrial and consumer markets rely more on personal selling.

Finally, the marketer needs to consider the time frame involved. Advertising is usually used to precondition a person for a sales presentation. An effective and consistent advertising theme may favourably influence individuals when they are approached by a salesclerk in a store. But except for self-service situations, a salesperson is typically involved in completing the actual transaction. Advertising is often used again after the sale to assure consumers of the correctness of their selection and to precondition them for repeat purchases.

## **CHAPTER THREE**

### **Research Methodology**

#### **3.0 Introduction**

This chapter of the research study presents the methodology that was used while conducting the research study. The chapter discusses the research design, the study population, the sample size and selection, data management techniques and analysis, reliability and validity, ethical consideration, limitations and the conclusion.

#### **3.1 Research Design**

According to Amin (2005) a research design is a plan that is used to conduct a research study. He continues to assert that the design is a conceptual structure within which a research study can be carried out. For this study, the triangulation research design was used and according to Amin (2005), triangulation is a method of conducting a research study where both qualitative and quantitative techniques of data collection are used to gather research data.

#### **3.2 Area of the Study**

The area of the research study was conducted at Riley Packaging Company Uganda Limited. The Company provides handy packaging solutions for Fast Moving Consumer Products (FMCGs) and is centrally located on Block 189, Kyagwe, Lwanyonyi Village, Mukono District.

### **3.3 Study population**

According to Amin (2005), a population of the research study is the complete group of elements which the researcher will generalize while gathering data for the research study.

The study population of the research study comprised of all the 68 employees and staff of Riley Packaging Company, Uganda Limited

### **3.4 sampling procedure**

#### **3.4.1 Sample Size**

A sample size is a subset of a given population. In other words, a sample size is the total number of sub elements or individuals randomly selected and assigned from a given population (Amin, 2005). For this research study, a cross section of individuals was selected to draw research data and responses that give a true picture of the research phenomena. The sample size for this research study comprising of 58 respondents was selected from the total staff at riley packaging limited and were approached by the use of purposive sampling method.

The researcher will make use of the formulae below:

$n = N/(1+Ne^2)$  where N is population and e is confidence interval

$n = 68/1+68(0.05)^2$

n = 58 respondents

### **3.4.2 Sampling Techniques**

Sampling refers to the process of selecting research elements in a particular research study from a given population. Sampling entails extracting a sample size from a given population (Amin 2005). Purposive sampling technique was used for this study, it is a technique where the researcher uses his judgment and competence to identify the size that would unveil the required research data for the study.

### **3.5 Data Collection Methods and instruments**

Data collection refers to the systematic process of gathering research data on a given phenomenon (Amin, 2005). Data for this research study was collected using both the primary and secondary sources of data. The primary sources of data collection comprise of data collected from the actual research field (Amin, 2005). Examples of such sources of research data includes research data gathered from research interviews with the research respondents and research data gathered from the administered questionnaires to the research participant. The secondary sources of data collection refer to those foundations of research data that has been gathered from already existing and written research materials which included textbooks, magazines, internet, and manuals among others.

### **3.7 Data Management and processing**

Esterberg (2002) asserts that data management is the process of analyzing, arranging and organization and presenting research data that has been gathered from the research field in a way that gives meaning to the end user of the research study. After collecting the research data from the research field, a computer based research program called Special

Package for Social Sciences was used to organize, arrange and present the research data. Research data was coded and entered into the computer system using the Version 3.4.3. of SPSS package. Tubular and graphical presentations were produced which gave a meaningful interpretation to the end used.

### **3.8 Data analysis**

Research reliability refers to the ability of the researcher to produce accurate results is based on the level of the researcher's consistency in terms of data management. Validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. For this particular research study, the research reliability and validity involved testing the research tools or instruments to ascertain their degree of accuracy, truthfulness and consistency in the research data gathered while in the field. During the study, validity and reliability were conducted using the pre-tests to ensure data accuracy. For example the administered questionnaires were administered to the research participants and thereafter, the same questionnaire were re-administered to the same group but in alteration of the research questions and then results of the two questionnaires from the same group will be compared. This was purposely done to ascertain the degree of consistency and accuracy of the research responses given by the research participants.



### **3.9 Ethical Considerations**

Ethical considerations refer to the research principles that were adhered to while conducting the research study. Amin (2005) points out that it is always prudent to conduct research studies in accordance with higher moral values. For that reason, the following were the ethical considerations that were adhered to while carrying out the study. The identity of individuals from whom information was obtained in the course of the research was strictly confidential. No individual became a subject of the research without his/her freely given consent that he/she will participate in the study. In general, the researcher agreed to comply with the above principles aimed at protecting the dignity and privacy of the research participants.

### **3.10 Limitations of the Study**

(1) Financial constraints in terms of photocopying, secretarial services, transport costs were heavily faced. However, the researcher solicited some funds just enough to conduct the research study.

(2) The researcher also faced the problem of unresponsive respondents in conducting the research study. This was based on the fact that most of the research respondents were kept busy on their daily routine office work. Consequently, some didn't give sufficient time to participate and take part in the research study.

(3) The time frame in which the researcher was required to produce the final report was also not enough. This was handled to by using the projected research schedule more accurately.

## CHAPTER FOUR

### Research Data Presentation, Interpretation and Discussion

#### 4.0 Introduction

This chapter of the research report presents interpretations and discusses the research findings of the survey. The chapter comprises a detailed analysis of the research data and findings that was gathered from the research field on “*The Impact of Strategic Marketing on Sales Performance*” with specific reference to Riley Packaging Company Limited. Out of the targeted sample size of 58 research respondents, only 44 were able to participate in the research study and the following findings relate to their responses.

#### 4.1 Background Information of the Research Respondents

##### 4.1.1 Gender of the Research Respondents

In order to establish the sexual orientation of the research respondents, the researcher asked the research participants to state their genders. The following information was obtained.

**Table 1.1: Gender of the Research Respondents**

**Gender\_of\_Respodents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	24	54.5	54.5	54.5
Female	20	45.5	45.5	100.0
Total	44	100.0	100.0	

**Source: Primary Research Data, 2014**

Table 1.0 above presents the research data on the gender of the research respondents. From the research data, it can be noted that whereas 54.5% of the respondents were males, 45.5% of the research participants were females. The research study findings revealed that the study was not gender biased and as such, the findings can be relied on. These research findings are in agreement with Amin (2005) who points out that one of the qualities of social research studies is that it should not be gender biased.

**4.1.2 Highest Level of Education of the Research Respondents**

In order to establish the academic qualification of the respondents, they were asked to state their levels of education and the research results obtained from the research field are presented below.

**Table 1.2 Highest Level of Education of the Research Respondents**

	frequency	percent	valid percent	cumulative percentage
primary level	4	9.1	9.1	9.1
secondary level	8	18.2	18.2	27.3
tertiary level	16	36.4	36.4	63.6
university level	10	22.7	22.7	86.4
masters level	4	13.6	13.6	100
<b>TOTAL</b>	<b>44</b>	<b>100</b>	<b>100</b>	

**Source: Primary Research Data, 2014**

Table 1.2 above presents the research findings on the participant's highest level of academic qualification. From the information presents above, where 9.1% were primary graduates, 18.2% where secondary, 36.4% Tertiary, 22.7% University Graduates and lastly 13.6% were masters' degree graduates.

From the research findings therefore, Riley Packaging Company Limited has a higher number of staff. Therefore the information given was gathered from informed respondents, who understand what they do.

#### 4.1.3 Period of Work with the Organization

In order to establish the knowledge respondents have on the strategic marketing of Riley Packaging Company Limited, the research respondents were asked to state their period of work with the company. The following research data was obtained.

**Table 1.3 Period of Work with the Organization**

	frequency	percent	valid percent	cummulative percentage
less than 1 year	8	18.2	18.2	18.2
2-5 years	14	31.8	31.8	50
6-9 years	14	31.8	31.8	81.8
over ten years	8	18.2	18.2	100
<b>total</b>	<b>44</b>	<b>100</b>	<b>100</b>	

**Source: Primary Research Data, 2014**

Table 1.2 above presents the research findings on the research respondents' period of work with Riley Packaging Company Limited. From the table above, whereas 18.2% and 31.8% had worked with the company for less than 1 year and 2-5 years respectively, 31.8% and 18.2% had worked for 6-9 years and over 10 years respectively.

From the research findings above, it can be deduced that 80% of the respondents who participated in the research study had worked for Riley Packaging for at least 2 years. Consequently, the research participants had sufficient information on company's way of doing business or culture and understanding of company objectives.

## 5.0 Product Strategy and Sales Performance

During the research study, the researcher sought to find out whether there is a relationship between the product strategy and sales performance at Riley Packaging Company Limited. The findings of the research study are presented in the table below.

**Table 1.3 Product Strategy and Sales Performance**

	frequency	percent	valid percent	cumulative percentage
strongly agree	25	56.8	56.8	56.8
agree	11	25	25	81.8
neutral	2	4.6	4.6	86.4
disagree	4	9.1	9.1	95.5
strongly disagree	2	4.5	4.5	<b>100</b>
<b>total</b>	<b>44</b>	<b>100</b>	<b>100</b>	

**Source: Primary Research Data (2014)**

Table 1.3 above presents the research findings on the product strategy and sales performance. From the findings of the research study, whereas 25% of the respondents agreed that there is a relationship between product strategy and organizational performance, 46% of the respondents were neutral and 19% disagreed, 56.8% strongly agree that there is a relationship between product strategy and organizational performance.

From the findings of the research study, it was noted that the product strategy defines any tangible or physical item or a service or an idea which a consumer needs and for which he is ready to pay and as such, the product strategy will define the key product attributes which will always entice the any potential customer to buy the product or service, the product strategy will also define the packaging and the labeling for the product to sale, and also the strategy will define the after sales and support services for the customer (Eric, 2008).

Generally, from the findings of the research study, it was noted that developing an effective product strategy is part and parcel of the work of the marketing team in an organisation. It can rightly be argued that a well developed product strategy will provide differentiation for organisation products and services while at the same time maximizing sales volumes of the organisation from close industrial competitors.

### 5.1 Pricing Strategy and Sales Performance

The study sought to find out whether there is a relationship between the pricing strategy and sales performance. The findings of the research study are presented in the table below.

**Table 1.4 Pricing Strategy and Sales Performance**

	frequency	percent	valid percent	cumulative percentage
strongly agree	20	45.5	45.5	45.5
agree	12	27.3	27.3	72.8
neutral	2	4.5	4.5	77.3
disagree	7	15.9	15.9	93.2
strongly disagree	3	6.8	6.8	100
<b>total</b>	<b>44</b>	<b>100</b>	<b>100</b>	

**Source: Primary Research Data (2014)**

Table 1.4 above presents the research findings on the relationship between pricing strategy and sales performance. From the findings of the study, whereas 45.5% of the respondents strongly agreed that there is a relationship pricing strategy and sales performance, 22.7% and 4.5% of the respondents agree and neutral respectively on the assertion between pricing strategy and sales performance.

Generally, it can be argued that a pricing strategy adopted by an organization can positively or negatively influence its sales performance. This is because a pricing strategy will directly affect the amount for which a customer or consumer will pay for a given product or service (Smith, 2011). Consequently, an organization should always charge a price which covers the cost of the product or service at a fair rate of return for its investment in the pricing strategy.

Further, from the findings of the research study, it was noted that a pricing strategy can also influence the cost of sales for goods and services offered for sale by the organization. Still, a pricing strategy can influence the overall sales turnover of an organization because high prices for products and services will lead to a decrease in consumer purchasing behavior and ultimately this will lead to a reduction in the sales turnover. Consequently to increase the volume of sales turnover, organizations should adopt a favorable pricing strategy for their products and services.



## 5.2 Promotional Strategy and Sales Performance

During the research study, the researcher sought to find out whether there is a relationship between promotional strategy and sales performance. The following are the research findings that were captured from the research field.

**Table 1.5 Sales promotion enhances the purchase of products**

	frequency	percent	valid percent	cumulative percentage
strongly agree	9	20.5	20.5	20.5
agree	15	34	34	55.5
neutral	12	27.3	27.3	82.8
disagree	5	11.4	11.4	94.2
strongly disagree	3	6.8	6.8	100
<b>total</b>	<b>44</b>	<b>100</b>	<b>100</b>	

34% of the respondents agree compared to 27.3% who are neutral. This means that sales promotion enhances the purchase of company product and in agreement with Gitman et al (2008) who assert that companies carry out promotion to expand their markets, hold their current positions and to reach selected markets.

**Table 1.6 Promotional Strategy and Sales Performance**

	frequency	percent	valid percent	cumulative percentage
strongly agree	9	20.5	20.5	20.5
agree	15	34	34	55.5
neutral	12	27.3	27.3	82.8
disagree	5	11.4	11.4	94.2
strongly disagree	3	6.8	6.8	100
<b>total</b>	<b>44</b>	<b>100</b>	<b>100</b>	

**Source: Primary Research Data (2014)**

Table 1.5 and table 1.6 above present the research findings on whether there is a relationship between promotional strategy and sales performance. From the findings above, it can be noted that whereas 34% of the respondents agreed that promotional strategies can enhance sales performance, 27.3% and 11.4% were neutral and disagreed respectively. From the findings of the research study, it was noted that promotion is an important marketing strategy that can profoundly influence the sales performance of an organisation based on the fact that it influences the consumers' purchase and buying decision right after persuasion and informing about a given product and service offered by the organisation. The findings of the research also revealed that promotional strategies can increase organizational profitability in such a way that the higher the promotion of a given product, /service, the higher the sales. Consequently, with a well developed promotional strategy, the organisation can extend its products to any target market.

### 1.3 Does company's advertising program have impact on the sales volume.

	frequency	percent	valid percent	cumulative percentage
strongly agree	9	20.5	20.5	20.5
agree	19	43.2	43.2	63.7
neutral	7	15.9	15.9	79.6
disagree	6	13.6	13.6	93.2
strongly disagree	3	6.8	6.8	100
<b>total</b>	<b>44</b>	<b>100</b>	<b>100</b>	

**Analysis:** The table reveals that 43.2% agreed, 20% strongly agreed, 15.9% were neutral.

This tells us that sales promotion helps in increasing sales of the organization.

#### 4.4 Relationship between Strategic Marketing and Sales Performance

In order to establish the strength of the relationship between the strategic Marketing and sales performance, the researcher used the research findings in table 1.7 above to determine the Spearman's Rank of Correlation Coefficient.

**Table 1.7 Strength between Strategic Marketing and Organizational Performance**

Response	Frequency	Rx	Ry	D (Rx-Ry)	d <sup>2</sup>
Yes	22	1	1	0	0
No	12	2	3	-1	1
Others	10	3	2	1	1
Total	44				2

**Source: Primary Research Data**

Rx-Rank of research responses according to weight

Ry-Rank of Research frequency according to their weight

d-is the difference between Ry and Rx. Therefore using spearman's rank of correlation coefficient, the strength of the relationship was computed as follows where:

R =Strength of the Relationship

N =Number of Paired Ranks of the Observations

**Testing hypothesis:**

$$r = \frac{1 - 6\sum d^2}{n(n^2 - 1)}$$

$$n(n^2 - 1)$$

$$r = \frac{1 - 6 \times 2}{3(3^2 - 1)}$$

$$3(3^2 - 1)$$

$$r = \frac{1 - 12}{3 \times 8}$$

$$3 \times 8$$

$$r = \frac{1 - 12}{24}$$

$$24$$

$$r = 1 - 0.5$$

$$r = 0.5$$

Where  $r = 0.5 \times 100 = 50\%$

From the correlation coefficient above, there is a balanced ( $r = 50\%$ ) between strategic marketing and sales performance. From the correlation coefficient above, it can be argued that marketing strategies of products, price and promotion can influence the level of sales performance by 50% chance. On the other hand, the remaining 50% are attributable to other factors that were not considered in the study.

## **CHAPTER FIVE**

### **General Research Summaries, Conclusions and Recommendations**

#### **5.0 Introductions**

This is the concluding chapter of the research study. The chapter entails the general summaries, conclusions and recommendations of the research study with reference to the research objectives.

#### **5.1 Summary of the Study**

During the research study, the following were the major findings in accordance with the research objectives and research questions.

##### **5.1.1 Strategic Marketing and Sales Performance**

Strategic marketing is simply the process of allowing an organization to concentrate its limited resources on the greatest opportunities with the aim of increasing their sales turnover and sustain their competitive advantage. By developing marketing strategies, the organisation often hopes to attain or achieve its marketing objectives which include the desire to increase sales performance, differentiating the organizational products and services, increasing the market share and gaining a higher competitive advantage over the company competitors.

### **5.1.2 Promotional Strategy and Sales Performance**

A promotional strategy is the process of informing, persuading and influencing consumer decision. In reality, a promotional strategy aims at developing a primary demand and desire of a given product or service. Essentially, the primary objectives of promotional strategies is to expand current organisational product and service their markets, build a strong and sound corporate mission, penetrate in selected markets segments, differentiating the product, increasing and stabilizing sales while at the same time enhancing product's value.

### **5.1.3 Product Strategy and Sales Performance**

A product refers to a physical product or a service or an idea which a consumer needs and for which he is ready to pay. It is important to note that products include any tangible good or item which can be offered and purchased by consumers. Consequently, a product strategy is the key element of any marketing strategy and the decisions concerning product may relate to branding, packaging, labelling, and product support service. From the findings of the research study, it was noted that product attributes refer to the quality, features and design of the product which often serve the purpose for which it is made in terms of utility and quality. Still, branding is also a crucial decision in designing product strategies. In a competitive market, many products are sold by brand names and for that reason, a brand is an identification of product. Therefore, branding plays an important role in creation of demand for any product and should be simple, easy to read, pronounce and should have an appeal to the customer.

#### **5.1.4 Pricing Strategy and Sales Performance**

Generally, price is the amount charged for a product or service. In other words, price is that consideration paid by consumers for the benefit of using any product or service. Essentially, price fixation is an important aspect of marketing since a company is affected by both internal as well as external factors. These factors can either be internal or external. An organization often charges a price which covers the cost of the product and a fair rate of return. Nature of demand, competitors' costs, price offers and government policy are very important factors to be considered while fixing prices. Economic factors, like rate of interest, state of industry (boom or recession, inflation, etc. affect the price-fixing decision. Consumers will pay more only when they find distinctive differences in the product and its substitutes. Sometimes business enterprises get ready to supply products at a price lower than the market price.

### **5.1 Conclusion**

Accordingly, from the research findings, it is evident that strategic marketing can significantly impact on the sales performance of not only Riley Packaging Company Uganda Limited but also every organisation. Indeed pricing, product and promotional strategies can considerably influence the volume of product sales made by an organisation, corporate profits, market share, customer loyalty and product awareness. This study has therefore confirmed the contribution of Jenkins (1995) who asserts that strategic marketing entails all efforts that aim to persuade people to buy products and services of an organisation.



### **5.3 Recommendations**

Based on the research findings of the research study, the following are the recommendations from the research study.

The company should embark on awareness of marketing strategies through seminar and workshops to educate and intimate all categories of the employees on the strategy.

Top management should be involved in the continuous evaluation and monitoring of marketing strategies to ensure that the goals and objectives set are achieved and appropriate corrective actions are taken in the event of deficiencies.

The company should harmonize all departments so as to realize the goals and objectives of strategic marketing.

### **5.4 Suggestion for Further Research**

Basing on the assessment, analysis and evaluation of the entire research study about strategic marketing and Sales Performance that mainly focused on product strategy, price strategy and promotional strategy, it is of no doubt that the study has not cover all the necessary areas in marketing that can lead to an increase in the sales volumes of an organisation but emphasis should also be noted in the areas of advertising, brand management, quality control and customer care. Therefore I would suggest that further research needs to be carried out to cover wider in the formulation of strategies that will improve the sales performance of an organisation. The topic advertising and Sales Performance would be an appropriate topic for further research.

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## Appendices

### Appendix (I) QUESTIONNAIRE

**Dear respondent,**

I am a final year student of Uganda Martyrs University carrying out a research study intended to find out *“the impact of strategic marketing on the sales performance of an organization”*. This research study is purposely being conducted as a partial fulfillment of the requirements for the award of the Bachelors Degree of Business Administration and Management. As the principle researcher, I guarantee that all your responses will be handled with utmost confidence.

#### (A) Demographic Characteristics of the Respondents

(a) Gender of the Respondent

(1) Male  (2) Female

(b) Title of the Respondent: .....

(c) Highest level of education

Primary  Secondary  Tertiary  University  Masters

(d) Period of work with the organization

Less than 1 Year  2-5 Years  2-9 Years  Over 10 years

**Product Strategy and Sales Performance**

**Instructions: 1- strongly agree, 2- agree, 3- neutral, 4 – disagree, 5 – strongly disagree**

	1	2	3	4	5
Does Branding affect the sales of products/services					
Does brand and packaging mean safety and increased sales					
your product would last a long time among other brands					
Your products have consistently acceptable standards of quality					
Customer comments and recommendations often lead to changes					
Customers are increasingly demanding quality and reliable products					
Customer’s needs, wants are rapidly changing					

**Pricing Strategy and Sales Performance**

**Instructions: 1- strongly agree, 2- agree, 3- neutral, 4 – disagree, 5 – strongly disagree**

	1	2	3	4	5
Economic downturn reduce purchasing power thus sales volumes					
Are discounts used so as to increase sales					
Does competitors’ prices affect the pricing decision of your products/services					
Do government policies affect your pricing decisions					
Does selling directly to consumers affect the price of products/services					
1`					



**Promotional Strategy and Sales Turnover of an Organization**

**Instructions: 1- strongly agree, 2- agree, 3- neutral, 4 – disagree, 5 – strongly disagree**

	1	2	3	4	5
The company uses different promotions tools					
Does Advertising offer feedback about organization ‘s products/services					
personal selling is effective in increasing sales					
Does personal selling offer feedback about organization’s products/services					
Do sales increase after company implements its advertising programs					
Marketing and sales are connected in your business unit					
Publicity/public relationship is very effective when dealing with customers who don’t adhere to sales promotion and advertising					
Does company’s advertising program have impact on the sales volume.					
Does Sales promotion enhance the purchase of products					

**Other comments**

.....

.....

.....

.....

**Thank you for the time spent on answering this questionnaire**

**Appendix ii :**

**Proposed Budget**

<b>S/N</b>	<b>ITEMS</b>	<b>AMOUNT</b>
1	Stationery	50, 000
2	Data Processing	30,000
3	Printing and binding	75,000
4	Food and Transport	250,000
5	Communication	50,000
	Grant total	455, 000