A STUDY OF THE EFFECTIVENESS OF SALES PROMOTION ON COKE

THE CASE OF NAIROBI CONSUMERS AND RETAILERS

BY

CAROLINE N. GITHUKU

United States International University
Africa - Library

A Research Project Presented to the Graduate Faculty of the School of Business, United States International University – Africa in partial Fulfillment of the Requirements for the Degree of Masters of International Business Administration (MIBA)

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

August 2001
DECLARATION

I hereby declare that this project is my original work and has not been submitted, either in the same or in different form to this, or any other University or Institution for a degree.

Signed: Caroline N. Githuku

Date: 30/08/01

This project has been submitted for examination with my approval as the supervisor.

Supervisor and Faculty, USIU in Nairobi
Dr. Pius S. W. Owino.

Date: 03/09/2001

Dean, School of Business, USIU in Nairobi

Meoli Kashorda, Ph.D

Date: 19/02/2002

Deputy Vice-Chancellor, Academic Affairs, USIU in Nairobi

Freida A. Brown, Ph. D.

Date: 22/02/02
ACKNOWLEDGEMENT

I am greatly indebted to my supervisor, Dr. P.W. Owino, of USIU in Nairobi for his guidance, support and positive criticism that led to the fruition of this project. I am also grateful to Mr. P. Ochola, Lecturer at Kenyatta University for assisting me in the analysis of data and interpretation of the results.

My sincere appreciation also goes to the Coca Cola Company for their tremendous support. Lastly, I would like to thank my family, friends, and the entire staff of the Comtec Group Limited for their encouragement throughout the research period.
DEDICATION

This work is dedicated to the Githuku family for their support, love, patience and understanding throughout the entire period of the project.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of figures</td>
<td>vii</td>
</tr>
<tr>
<td>List of graphs</td>
<td>viii</td>
</tr>
<tr>
<td>List of tables</td>
<td>ix</td>
</tr>
<tr>
<td>List of appendices</td>
<td>x</td>
</tr>
<tr>
<td>Abstract</td>
<td>xi</td>
</tr>
<tr>
<td><strong>CHAPTER 1 – INTRODUCTION</strong></td>
<td></td>
</tr>
<tr>
<td>1.1 Background</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Statement of the Problem</td>
<td>2</td>
</tr>
<tr>
<td>1.3 Research Objectives</td>
<td>3</td>
</tr>
<tr>
<td>1.4 Importance of the Study</td>
<td>4</td>
</tr>
<tr>
<td>1.5 Research Questions</td>
<td>5</td>
</tr>
<tr>
<td>1.6 Hypothesis</td>
<td>5</td>
</tr>
<tr>
<td>1.7 Limitations</td>
<td>6</td>
</tr>
<tr>
<td>1.8 Organisation of the Paper</td>
<td>6</td>
</tr>
<tr>
<td><strong>CHAPTER 2 – LITERATURE REVIEW</strong></td>
<td></td>
</tr>
<tr>
<td>2.1 Introduction</td>
<td>7</td>
</tr>
<tr>
<td>2.2 Marketing Mix</td>
<td>7</td>
</tr>
<tr>
<td>2.3 Communication</td>
<td>9</td>
</tr>
<tr>
<td>2.4 Consumer Behaviour</td>
<td>11</td>
</tr>
<tr>
<td>2.5 Sales Promotion</td>
<td>12</td>
</tr>
<tr>
<td>2.5.1 Definitions</td>
<td>12</td>
</tr>
<tr>
<td>2.5.2 Evolution</td>
<td>14</td>
</tr>
<tr>
<td>2.5.3 Retailer Focus</td>
<td>15</td>
</tr>
<tr>
<td>2.5.4 Consumer Focus</td>
<td>17</td>
</tr>
<tr>
<td>2.5.5 Advantages</td>
<td>18</td>
</tr>
<tr>
<td>2.5.6 Disadvantages</td>
<td>19</td>
</tr>
</tbody>
</table>
CHAPTER 3 - METHODOLOGY

3.1 Introduction ................................................. 23
3.2 Type of Research ........................................... 23
3.3 Target Population and Size ................................. 23
3.4 Data Collection Methods ................................. 23
  3.4.1 Secondary Data ....................................... 24
  3.4.2 Primary Data ......................................... 24
3.5 Methods of Data Analysis ............................... 24

CHAPTER 4 - DATA ANALYSIS AND PRESENTATION 26

4.1 Introduction ................................................ 26
4.2 Consumer Demographic Characteristics ............... 26
  4.2.1 Sales Promotion and Consumer Demographic Characteristics ........... 27
4.3 Retailer Characteristics ................................ 28
4.4 Product Characteristics ................................ 29
4.5 Sales Performance and Promotion Tools .................. 30
4.6 Sales Performance and Outlet age ....................... 31
4.7 Sales Performance and Price ............................. 32
4.8 Sales Performance and Distribution .................... 33
4.9 Coke consumption prediction mode .................... 33

CHAPTER 5 - CONCLUSIONS AND RECOMMENDATIONS 35

5.1 Conclusions ............................................... 35
5.2 Recommendations ....................................... 36
<table>
<thead>
<tr>
<th></th>
<th>Diagram 1 – Factors affecting sales</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>II</td>
<td>Diagram 2 – Kotler’s Model of Communication</td>
<td>10</td>
</tr>
<tr>
<td>III</td>
<td>Diagram 3 – 5 Ws Model of Communication</td>
<td>11</td>
</tr>
<tr>
<td>LIST OF GRAPHS</td>
<td>PAGE</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>Graph 1: Awareness of Sales Promotion</td>
<td>28</td>
</tr>
<tr>
<td>II</td>
<td>Graph 2: Changes on sales and age outlet</td>
<td>32</td>
</tr>
</tbody>
</table>
# LIST OF TABLES

<table>
<thead>
<tr>
<th></th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Prices of various sizes of Coke</td>
<td>22</td>
</tr>
<tr>
<td>2</td>
<td>Consumer preferences by occupation</td>
<td>26</td>
</tr>
<tr>
<td>3</td>
<td>Results of analysis of age as a factor in awareness, point of purchase and Coca Cola size</td>
<td>27</td>
</tr>
<tr>
<td>4</td>
<td>Retailer participation in sales promotions</td>
<td>29</td>
</tr>
<tr>
<td>5</td>
<td>Consumers' response</td>
<td>30</td>
</tr>
<tr>
<td>6</td>
<td>Effects of sales promotion and sales performance</td>
<td>31</td>
</tr>
<tr>
<td>LIST OF APPENDICES</td>
<td>PAGE</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>Letter of introduction</td>
<td>37</td>
</tr>
<tr>
<td>II</td>
<td>Consumer questionnaire</td>
<td>38</td>
</tr>
<tr>
<td>III</td>
<td>Retailer questionnaire</td>
<td>41</td>
</tr>
<tr>
<td>IV</td>
<td>List of variables (consumer)</td>
<td>44</td>
</tr>
<tr>
<td>V</td>
<td>List of variables (outlets)</td>
<td>48</td>
</tr>
<tr>
<td>VI</td>
<td>References</td>
<td>53</td>
</tr>
</tbody>
</table>
ABSTRACT

Sales promotion refers to those marketing activities that stimulate consumer purchasing and dealer effectiveness. Sales promotion has been on the increase in the recent past as a mode of promoting products and services in Kenya. This is clearly evident in the increase in the number of advertisements in the media especially in the form of contests. Again, most of the big companies are known to increase their sales promotion budget especially around the festive seasons. In spite of these developments, the effectiveness of sales promotion to most of the organisations is yet to be ascertained.

Undoubtedly, sales promotion is expensive in financial and time terms and it is critical to assess its effectiveness, in order to ascertain whether or not the organisations should continue using it. This paper identifies how variables such as time, human resource, substitute products, income, tastes, distribution, etc. affect sales promotion. The marketing strategies used in the sales promotion of Coke were looked into to determine their effectiveness. The study used the descriptive research design whereby information was acquired from a population sample of 122 consumers and 46 retailers from within Nairobi through the use of structured questionnaires. Other modes of data collection included interviewing and observation. Additional data was obtained from journals, books, magazines, internet and from a case study of one company.

The Statistical Package for Social Scientists (SPSS) was used for data analysis and the results indicated that only consumer contests and point of purchase display modes of sales promotion were effective. It was recommended that in future, sales promotion should be used when competition is stiff and when the sales are down.
1.1 Background

Sales promotion is not a new phenomenon in Kenya. More often sales promotion is directed at the distributors, consumers and the salesforce.

One of the challenges facing marketers today is the increase of sales promotion in order to make a short-run increases in sales. Many big organisations are opting for this mode of promotion towards the end of the year or during the festive seasons. Therefore, marketers have no choice but to compete aggressively. This, however, entails high expenses and if not well managed it could lead to heavy losses.

This paper questions the effectiveness of sales promotion in communicating to the persons targeted. Though the mode may affect the sales level, especially when the contests are going on, the question is whether or not the message is effectively delivered to the consumers. There is also need to establish whether the sales levels are affected by the sales because the customers are after the product or the competitions in the hope of winning fabulous prizes.

The paper looks into the sales promotion of Coke, a soft drink manufactured by the Coca Cola Company. Coke was selected because it has undergone numerous sales promotions using almost all the different modes of sales promotions. Among the modes Coke uses and which will be used as variables to measure their effectiveness include: promotion allowances, sales contests, point of purchase displays, consumer contests, and free samples. The study aimed at identifying the circumstances under which sales promotion should be used and when it should not be undertaken.
1.2 Statement of the problem

For a long time Coke has been a market leader, taking about 95 percent of the market share of the soft drink industry in Kenya. In the advent of liberalisation however, Coke is now facing intense competition from new entrants, both local and foreign manufacturers.

To face the challenges, there is need for companies such as Coca-Cola Company to re-examine their competitive strategies to capture additional or retain their market share. This undoubtedly requires a consideration of the four Ps (namely Product, Price, Place and Promotion) each of which is important in ensuring the effectiveness of any given marketing strategy. This study focused on assessing the effectiveness of sales promotion by Coca Cola Company for its products.

More specifically, we examined the effectiveness of sales promotion as a promotional tool for Coke with a focus on the views of the consumers, distributors and salesforce.
1.3 **Research objectives**

The broad objective of the study was to investigate the effectiveness of sales promotion on the marketing of Coke as a soft drink.

The specific objectives were to:

i) Analyse the effectiveness of sales promotion in influencing the purchasing and distributing decisions of consumers and distributors of Coke respectively.

ii) Identify problems associated with sales promotions and ways in which they can be resolved.

iii) Establish the various sales promotion strategies adopted by the Coca-Cola Company in the marketing of Coke.

iv) Establish the effectiveness of each of the above strategies in promoting the product.

v) Identify circumstances under which sales promotion would be used more effectively.

vi) Provide appropriate changes required in sales promotion to enhance creation of loyalty for Coke.
1.4 Importance of the study

The purpose of this study was to investigate the attitudes of customers towards sales promotion of Coke - a soft drink manufactured by Coca-Cola Company (CCC).

This research will help marketers identify some of the problems inherent in the use of sales promotion as a promotional tool in stimulating the demand for Coke as well as its benefits.

The research will further identify the feelings of the consumers and distributors on the sales promotion efforts directed on Coke. The study will help CCC identify their strengths and weaknesses in relation to their sales promotion. It is from this study that they will be able to decide when to use sales promotion. To the consumers and the distributors, the study will provide an indepth into sales promotion's effectiveness and provide their views on sales promotions.
1.5 Research questions

i) How does sales promotion influence the decision of consumers?

ii) What are the problems associated with sales promotion from the marketers and consumers point of view?

iii) What are the sales promotion strategies adopted by Coca-Cola in the marketing of Coke?

iv) What is the effectiveness of each of the strategies in promoting Coke?

v) Under which circumstances would sales promotion be used more effectively?

vi) What changes are required in sales promotion to enhance creation of loyalty for Coke?

1.6 Hypothesis

In view of the objectives highlighted, the following hypothesis guided the study:

“Sales Promotion is effective in the marketing of Coke.”
1.7 Limitations

Due to time constraints the study was confined to Nairobi. It also took relatively longer to fill in the questionnaires because of several reasons. One, the researcher with the help of the assistants had to fill in questionnaires in instances where the respondent was not fluent in English or lacked adequate time to complete the questionnaires. Similarly, delays in administering of the questionnaires were also experienced with the retailers because the respondents were more often busy serving customers. In spite of these limitations, however, there was co-operation among those who participated in the interviews thus facilitating the generation of adequate valid questionnaires for analysis. Similarly, due to the homogeneity of the customers of this particular brand "Coke", responses from Nairobi were applicable for the wider part of the country.

1.8 Organisation of the paper

The paper is organised as follows: it starts by giving the background of the research, problem statement, objectives and importance of the study. Chapter two reviews the literature of the available written material on sales promotion. Other issues looked at include consumer behaviour, communication and the marketing mix. In chapter three we present the methodology, the type of research undertaken, target population and size, data collection methods and modes of data analysis. Chapter four is on data analysis and presentation; it details the findings on sales promotion such as its performance in relation to the marketing mix. Finally in chapter five we conclude the study and make the recommendations.
CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter discusses what has been written on sales promotion, starting with the principles of the marketing mix, how they are related and how they affect sales promotion. We further look at how communication affects the consumers' behaviour either positively or negatively. Sales promotion is also extensively defined and its evolution is looked into. Different modes of sales promotion especially those directed at consumers and retailers are discussed. The advantages and disadvantages of sales promotion are looked into as well as the other promotional tools such as advertising, direct marketing, public relations among others.

2.2 Marketing mix

Saleemi and Njoro (August, 1997) define marketing mix as “the apportionment of effort, the combination, the designing and integration of the elements of marketing into a programme of mix which on the basis of an appraisal of the market forces, will best achieve the objectives of the enterprises at a given time.” The ACC Study Text (1999), further explain it as “the combination of detailed strategies, tactics, operational policies, programmes, techniques and activities to which resources may be allocated such that the company's marketing objectives are achieved.”

Kotler, (1994) states that “a business firm must determine a marketing mix in order to satisfy the needs of its customers. The marketing mix denotes a combination of various elements which in their totality constitute an organisation’s marketing system. These elements are referred to as the Four Ps, namely: product, price, place and promotion.”
Kotler, (1994) further states that “the product element of the marketing mix is what is being sold. It involves planning, designing and developing the right type of products and services to satisfy customers' need. It also involves decisions with regard to the following: product size, quality, design, range, volume output, package, brand name and label, warranties and after-sale service and production testing, etc.”

According to Kotler (1994) the price component of the marketing mix “involves decisions regarding base price, price policy, discount and credit. Pricing policies and decisions exercise direct influence on sales volume and profit margin. Cost, demand, competition, cycle stage of the product and government control should all be taken into consideration before vital decisions on price are taken.”

The place element in the marketing mix deals with how the product is distributed and how it reaches its customers. Russell et al (1996) states that some of the issues to be tackled here include: “Channel - which relates to where the products are sold, eg. in supermarkets, shops, kiosks, etc. Logistics which relates to the location of warehouses and efficiency of the distribution systems, is also important. A customer might have to wait a long time if the warehouse is far away. A firm can distribute the product itself (direct distribution), or distribute it through intermediary organisations such as retailers, brokers, etc.”

And lastly on promotions element in the marketing mix, Arens (1996) states that it “is concerned with informing and persuading the customers about the products of the firm. It includes all marketing communications which inform the public on the product or service. Promotional tools include: Advertising, Sales Promotion, Personal Selling, and Public Relations”. The diagram below summarises all the factors that affect sales.
Diagram 1 – Factors affecting Sales (Belch & Belch, 1993)

2.3 Communication

According to Milner, (1995), when a company develops a new product, changes an old one, or simply wants to increase sales of an existing product, it must transmit its selling message to potential customers. According to Chartered Institute of Marketing (CIM) (1999), the process of communication is generally divided into explicit and implicit communications. Explicit communication involves the use of language to establish common understanding among the people, while implicit communication is an intensive interpretation of symbols and is basically a form of non-verbal communication. Shimp (1997) states that “selling is the heart of marketing, but in order to sell goods there is need to create and maintain demand. Creation of demand can only be achieved through promotion. Therefore, promotion is concerned with the establishment of contact with the members of the society through media of communication with the object of creating customers.” It is then through this function that the members of a community are shown how the products offered by the firm will serve their needs and sales promotion is one of the modes used to achieve this.
Engel et al (1994) states that without proper flow of information and effective communication from the producer to the consumer either along with the product or well in advance of the introduction of product into the market, no sale is possible today. The prime aim of marketing communications is therefore to influence consumers’ buying behaviour. Due to this, marketers need to know how communication works, that is how to use it effectively to reach their objectives. The simplest mode starts with the sender who creates a message and sends it to a receiver. The next step in analysis is to recognise that most communication is a two way process and involves an element of feedback. Kotler (1994) in (diagram 2) illustrates a communication model.

![Diagram 2 – Kotler’s Model of Communication (CIM Study Text, June 1999)](image)

The sender is the person sending the message to another party. The message is encoded by putting the message into symbolic form. The receiver, who is the party receiving the message decodes it by assigning meaning to the symbols. The receiver then responds by sending back the feedback. The message can be distorted by either noise or media (communication channel).

Another popular concept used by Belch & Belch (1993) of the communication process is the basic model developed by Lasswell (1948), which is popularly referred to as the 5-Ws model of communications. This model states that a communication model must deal with at least five basic elements or questions as seen in diagram 3 below.
2.4 Consumer behaviour

Kotler (1994) defines consumer behaviour as the decision processes and acts of individuals involved in buying and using products or services. He identifies the general stages in the buying process as follows:

i) Need recognition. The process begins when the buyer recognises a need or problem. This can be triggered by internal stimuli. The task for marketers is to identify the circumstances and / or stimuli that trigger a particular need and use this knowledge to trigger consumer interest.

ii) Information Search. Once aroused, the customer will search for more information about the products that will satisfy the need. Consumer sources of information include: personal sources: eg family, friends, neighbours etc commercial sources: eg advertising, sales people etc, public sources: eg mass media, and experiential sources - handling, examining etc.
Alternative evaluation. After acquisition of information from as many sources as possible the consumer evaluates the finds and settles on the best alternative. The consumer does this by comparing the various brands or products and services that have been identified as being capable of solving the problem or need.

Purchase decision. At some point, the consumer has to stop searching for and evaluating information about alternative brands and make a purchase decision. These decisions are generally based on a matching of purchase motives with attributes or characteristics of brands under consideration.

Post Purchase Evaluation - Having purchased the brand, the consumer will experience some level of satisfaction or dissatisfaction, depending on the closeness between the consumer’s product expectations and the product’s perceived performance.

2.5 Sales promotion

2.5.1 Definitions

Many of the actual activities of the marketing department are related to promotion. Promotion is the element of the marketing mix over which the marketing department generally has most control. The aims of promotion are intended to include among others: arouse attention, generate interest, inspire desire and initiate action.

Donaldson (1998) states that “sales promotions are essentially short-term sales techniques and an advertiser planning a campaign should not be tempted to sacrifice long-term prospects, eg brand image built up through media advertising in order to spend too much on short-term promotions.” Sales promotion can, however, supplement media advertising. The Chartered Institute of Marketing (CIM) (1999) states that sales promotion activities may be directed at: people who do not currently use the product or service; existing customers (so that they will use the product or service more frequently, or in larger quantities) and people who currently use rival products (to weaken their...
current brand loyalty). Sales promotion activities include: consumer promotions, eg. free samples, coupons, competitions, free gifts etc; retailer or middlemen promotions - eg extended credit, merchandising facilities, contest etc.; sales force promotion - include bonuses, contests between salesmen (based on volumes of sales) and sales motivators e.g. gifts linked to sales. Also industrial promotions which include sales literature and catalogues, special discounts, exhibitions and trade fairs, events, etc.

Moutinho et al, (1998) further states that, promotion is an exercise in information, persuasion and influence. Accordingly, promotion has come to mean the overall coordination of advertising, selling, publicity and public relations. Therefore, promotion is a helping function designed to make all other marketing activities more effective and efficient.

Christopher (1997) defines it as activities which stimulate consumer purchasing and dealer effectiveness such as displays, shows and exhibitions, demonstrations, free samples, coupons, premiums and various other non-recurrent selling efforts not in the ordinary routine. Jefkins (1976) further adds that sales promotion also comprises that range of techniques used to attain sales or marketing objectives in a cost-effective manner by adding value to a product or service either to intermediaries or end users, normally but not exclusively within a defined time period.

In Kenya, the Marketing Society of Kenya (MSK, 1999), has identified a code which is based on a thorough analysis of the interests of all parties likely to be affected by any sales promotion and it is in the interest of all parties involved in the marketing process – producers, distributors and consumers. Sales promotions play a very important and vital role in this process as a means of stimulating sales. The code is designed primarily as an instrument of self-discipline but is also intended for use by the courts as a reference document within the framework of the law of Kenya. With such a code in existence, protection of all the key figures involved, e.g. consumers, distributors and producers is already guaranteed.
As observed from most of the prizes offered, the quality has improved in that nowadays there are fabulous and expensive prizes such as large sums of money, vehicles and property worth millions. Sales promotion was once thought of as having only a short-term tactical value in stimulating the sales of a slow-moving item. Today, it is recognised that it can have a longer-term strategic value. According to Kibera et al, (1988) sales promotion costs are almost equally to those of advertising. This is due partly to manufacturers' desire to find a cheaper alternative to expensive television advertising and partly to their wish to have more control over the fate of their products in the retail stores. The ability to tie sales promotions in with other activities such as sponsorship, direct mail or public relations has also played a part. The development of sales promotion techniques to secure long-term goals, such as building customer loyalty, desceasonalising the demand for seasonal products, blocking off competitors and increasing market share, is now well recognised.

2.5.2 Evolution

Kibera et al (1988) states that the term "promotion" originates from the Latin term "promovere" meaning to move forward. In this sense promotion is used to move forward a product in a channel of distribution. He further states that in the early days promotion was a "short-run push to gain a short-run good". Thus it meant clearing some old stock or to put some extra pressure behind a slow moving product. It was totally sporadic and unplanned. It was then a minor activity related either to advertising or to personal selling.

The importance of sales promotion in modern marketing has increased mainly on account of its ability in promoting sales and preparing the ground for future expansion. The main objective of sales promotion is to attract the prospective buyer toward the product, and induce him to buy the product at the point of purchase. At the salesman's level, its object is to achieve more sales. At the retailer's level, the purpose is to sell a particular product or a manufacturer. At the consumers' level, the main idea is to enable the consumer to buy more of a product more frequently and also to introduce new uses for the product. Thus it is a "catch-all" method and is used as an effective tool of marketing.
Cummins (1993) says that at the core of any promotional activity are benefits, or reasons why prospective customers should buy a product or services, these can be categorised into three types: Functional – this is what the product or service actually does; Image – the style, prestige and emotional value of the product or service; and Extra – the additional benefits that are not essential to the product or service but are available with it now. There are several reasons why extra benefits stand alongside functional and image benefits as one of the three types of benefit that a company can offer its customers. A sales promotion offer is normally put on for a specified period, and it is easy to measure the volume and profit consequence of doing so. Companies use sales promotion to the extent that they do because they have daily proof of its effectiveness.

2.5.3 Retailer focus

Manufacturers need some help from retailers in promoting their products. Just stocking the product is helping the manufacturer. Manufacturers, however, require a little more help than that. This addition is not easy to get, simply because most retailers have their own problems and they are not concerned about the manufacturers’ problems. Retailers are not particularly concerned about which products consumers purchase as long as the products are bought from their shops. On the other hand, manufacturers are not really concerned about which shop the consumer patronises as long as their products are bought. Thus there is a conflict of promotional goals between the manufacturer and the retailer, which the manufacturer must resolve before any help can be expected from the retailer in promoting the product.

In trying to resolve the conflict, Haas (1992) states that the manufacturer needs to understand that the retailer cannot be expected to help promote the product unless there is something to be gained from doing so. The manufacturer’s success in the use of sales promotion devices aimed at stimulating retailer support depends on the retailer’s perception of advantage. There are a variety of sales promotion methods used by manufacturers. They offer retailers extra incentives to purchase, stock and display a manufacturer’s products. Among the common sales promotions identified by Kibera and Waruingi (1988) include:
Promotion Allowances. This is sometimes offered to a retailer for actively promoting the sale of the manufacturer's product for a specified period of time. It generally takes the form of a reduction from the invoice price of the merchandise and is particularly useful in the introduction of new products. This mode is usually applicable especially where retailers refuse to stock a new product for fear of losses in case it does not sell.

Buying Allowances. Similar to promotion allowance, only that the retailer is not asked to actively promote the product. Further, the retailer gets a temporary price reduction for purchasing specified quantities during a specified period.

Point of Purchase Displays. This includes items such as outside signs, window displays and posters. These are used to attract attention to inform customers and to encourage retailers to carry particular products. Point of purchase material has increased importance in Kenya with the trend towards self-service retailing.

Free Merchandise. This promotion method offers free products to retailers and/or wholesalers who purchase a stated quantity of the same or different products.

Merchandise Allowance. This consists of a manufacturer's agreement to pay resellers certain amounts of money for providing special promotional efforts such as advertising or displays. Before payment is made, the retailer's performance must be verified.

Spiffs (Push Money). This is a monetary award paid to a retail salesman by a manufacturer for selling the manufacturer's line of products. The amount paid is in addition to the regular salary earned by the salesperson and paid by the retailer. The implementation of this sales promotion method obviously requires the consent of the retailer.

Sales Contest. The desire to participate in a contest seems to be a fairly universal human characteristic. The general purpose of a contest for retailers is to stimulate retailer activity in pushing the manufacturer's product.
Trade Exhibitions. Participation in the Agricultural Society of Kenya (ASK) shows all over the country is one most effective, interesting and expensive sales promotion device a manufacturer can use. During the shows manufacturers give out sample merchandise to prospective customers and distribute brochures, pamphlets and other advertising material to showgoers. In this environment, many orders are written for new customers and buyers.

2.5.4 Consumer focus

The most visible forms of sales promotion are those aimed at the buyer of the product. Sales promotion aimed at the consumer is particularly useful when the manufacturer is introducing a new product. A gentle prod can overcome the consumer's natural hesitancy to try something new. Sales promotion can also be used to encourage consumers to buy more of the product at one time, thus increasing total usage. Despite logic to the contrary, the consumer who has a reserve supply of a product will be inclined to use more of it than if the item in use is the only one on hand. The supplier may simply want to provide the consumer with additional incentive to pick the right brand from an often large number of brands available in the market place.

Some of the most common and successful sale promotion techniques aimed at the consumer that have been identified by Kibera and Waruingi (1988) include the following:

Free samples. Marketers use free samples for several reasons: to stimulate the trial of a product, to increase the sale volume in the early stages of the product's life cycle, or to obtain the desirable distribution. Samples may be distributed by post, door to door or in shops, or included with another product.

Coupons. A coupon is a certificate with a stated value which is presented to a retail shop for a price reduction of a specified item. Coupons may be distributed in newspapers, magazines, door to door and by post. The purpose of coupons is to bring customers into a particular shop and build the sales volume of a specific brand.
**Premiums.** A premium is an item that is offered free or at substantially reduced price to stimulate the purchase of the product being promoted. It is intended to produce quick sales. It does not have to be related to the product being purchased. A premium can be attached to, or put inside, the package of the product. For example, in most filling stations, for every purchase of over a specified amount the consumer gets a bar of soap and enters into a draw whereby after consumption of a stated amount he/she gets a bigger prize.

**Consumer Contests and Sweepstakes.** Both these modes imply opportunities to win something. A contest offers prizes based on the skills of the entrants. To enter a contest it is necessary to submit proof of product purchase, while sweepstakes prizes are based on the luck of entrants. Most manufacturers require the entrants to answer questions related to the product or manufacturer's organisation as well as send a sample proof of the purchased product together with the answers.

2.5.5 *Advantages*

Some of the advantages of sales promotion that have been compiled by Saleemi and Njoroge, (1997) include:

**Low unit cost.** Sales promotion is always the outcome of large-scale production. Large scale production itself is meant for low cost. But this could be achieved only with appropriate methods of large-scale selling. Ultimately, therefore, sales promotion assures low cost.

**Effective sales support.** Basically, sales promotion policies supplement the efforts of personal and impersonal salesmanship. Good sales promotion materials make salesmen's efforts more productive. The activities reduce their time spent in prospecting and reduce the turndowns.
**Increased speed of product acceptance.** Most of the sales promotion devices (contest, premia, coupons, etc) can be used faster than the other promotion methods such as advertisements.

**Better control.** The management has effective control over the various methods used (and their effectiveness). The final aspects also could be brought under control of the management. For example, the cost of sales promotion could be compared with the profit per unit of the product sold.

2.5.6 **Disadvantages**

Sales promotion devices are only supplementary to advertising and not a substitute. This is because the main impact of sales promotion is felt only during the limited periods of the actual promotion and frequent repetition of offers on the same product will have a diminishing effect.

Furthermore, simultaneous competitive promotion will also have disadvantages. For example, when a product is first launched the special offers have the greatest influence. Subsequent offers have to be carefully timed in relation to competitive activity, overall manufacturing levels and requirements strategy and stock holding of the manufacturers wholesalers, and retailers.

Sales promotion involves additional expenditure on the part of the manufacturer. Therefore, the effect of such promotions should be clearly weighed in terms of expected additional sales. In other words sales promotions should be capable of increasing sales volume.

Timing is another factor to be considered in planning sales promotion. Certain demand fluctuations at particular times are predictable on the basis of accumulated historical information. Such fluctuations can sometimes be countered even without special promotion. For the remaining unpredictable fluctuations, sales promotional activities must be undertaken with maximum care and proper planning.
Another problem is due to similar methods adopted by competitors. It has been seen that many manufacturer's simultaneously adopt sales promotion methods during the same period. The "off-season" discounts for fans is one example of this promotion. As such real benefit that accrues to the manufacturer is difficult to assess and moreover the buyers may compare economic benefits before they decide to buy a particular brand.

Therefore, sales promotion will be most valuable in the case of commodities for which there is a lack of regular brand preference. It is better to avoid sales promotion schemes that are inadequately supported, planned and co-ordinated.

2.6 Other promotional tools

Promotion has become necessary as the process of selling is more complex today because products are more technical, buyers are more sophisticated, and the competition is more intense. Other than sales promotion, some of the other promotional tools used include:

**Advertising.** According to Belch and Belch (1993), "this is a public mode of communication whereby many persons receive the same message, buyers know that their motives for purchasing the product will be publicly understood." Advertising is a pervasive medium that permits the seller to repeat a message many times. It also allows the buyer to receive and compare the messages of various competitors. Large-scale advertising by a seller says something positive about the seller's size, power and success. Advertising also provides opportunities for dramatizing the company and its products through the artful use of print, sound, and colour. However, unlike some of the other promotional tools, advertising cannot be as compelling as a company sales representative. The audience does not feel obligated to pay attention or respond. Advertising is able to carry on only a monologue, not a dialogue, with the audience. Therefore, advertising is an efficient way to reach numerous geographically dispersed buyers at a low cost per exposure. Certain forms of advertising, such as TV advertising, can require a large budget, while other forms, such as newspaper advertising, can be done on a small budget.
Advertising has an effect on sales in that sometimes consumers might believe that a heavily advertised brand must offer good value otherwise why would advertisers spend so much money on advertising.

**Direct Marketing.** This has several forms e.g. direct mail, telemarketing, electronic marketing etc. Unlike other advertising, the message is normally addressed to a specific person and does not reach others. The message can also be customized to appeal to the addressed individual and most of these messages are up to date.

**Public Relations and publicity.** These are highly credible news stories and features which seem more authentic and credible to readers. Public relations can reach many prospective customers who might avoid salespeople and advertisements. The message gets to the buyers as news rather than as a sales directed communication. Like advertising, public relations has a potential for dramatizing. Marketers tend to underuse public relations or use it as an afterthought. Yet a well thoughtout public relations program, co-ordinated with the other promotion-mix elements, can be extremely effective.

**Personal Selling.** This is the most cost-effective tool at later stages of the buying process, particularly in building up buyers' preference, conviction, and action. The reason is that personal selling, when compared with advertising, has several distinctive qualities, namely: it involves a live, immediate and interactive relationship between two or more persons; it makes the buyer feel under some obligation for having listened to the sales talk. A salesforce represents a greater long-term cost commitment than advertising. Advertising can be turned on and off, but the size of a salesforce is more difficult to alter.

### 2.7 The Coca Cola Company

According to the Daily Nation, (1998), The Coca Cola Company was established on May 08, 1886 in Atlanta, Pharmacist John Pemberton stirred the secret formula and his bookkeeper, Frank Robinson, a man with a fine ear for alliteration named the resulting beverage “Coca Cola”. Today it is the global soft-drink industry leader, with world
headquarters in Atlanta, Georgia. The Company and its subsidiaries employ nearly 30,000 people around the world. Marketing Intelligence (2000) further states that the Coca Cola has been declared the world’s most popular soft drink and the world’s best known brand and indeed the world’s second most recognised word (only “Okay” is more universal). The Company takes pride in being a worldwide business that is always local. Bottling and distribution operations are, with some exceptions, locally owned and operated by independent business people who are native to the nations in which they are located.

The Coca Cola company has been in existence in Kenya since 1950 and it was not until November, 1995 that the current Coca Cola Sabco (CCS) emerged. This followed a merger between South Africa, Mozambique and the Coca-Cola businesses in Namibia, Kenya, Uganda and Tanzania to form the joint venture Company, CCS.

CCS is the franchised bottler of Coca-Cola, Fanta, Sprite, Krest, and Stoney and bottles these products on behalf of the Coca-Cola Company, in Atlanta, Georgia. In Nairobi their head offices are located in Chancery building, while the bottling plant is in Nairobi’s Industrial Area. It has a total of eight bottling plants in other major towns like Mombasa, Kisumu, Eldoret etc. The table below shows the Coke prices during the month of May, 2000 when the study was undertaken.

Table 1 Prices of various sizes of Coke, May 2001

<table>
<thead>
<tr>
<th>Size</th>
<th>Kshs</th>
</tr>
</thead>
<tbody>
<tr>
<td>300 ml</td>
<td>16.00</td>
</tr>
<tr>
<td>500 ml</td>
<td>25.00</td>
</tr>
<tr>
<td>1 litre</td>
<td>45.00</td>
</tr>
</tbody>
</table>
CHAPTER 3: METHODOLOGY

3.1 Introduction

This chapter presents the methodology used to attain the study objectives. To start with we discuss the approach used in the study. After this we look at the target population and size, data collection methods and conclude with the methods of data analysis.

3.2 Type of research

This study used the descriptive research design with an objective of establishing the effectiveness of sales promotion on the behaviour of consumers of Coke.

3.3 Target population and size

Two types of population were targeted in the survey: one, direct consumers of Coke within Nairobi; and two, the point of purchase outlets of Coke such as Kiosks/shops, Supermarkets and Strategic Sales Depots (SSD). Considering the numerous consumers of Coke, the survey adopted a random selection criteria that captured about 122 consumers and 45 outlets for Coke. The target population of this research was current consumers of Coke aged above 15 years of age and individual outlets for Coke. Due to time and financial constraints, it was not possible to reach more respondents. For the point of purchase outlets, Nairobi was divided into five regions, namely: Nairobi Central, North, East, South and West. From each region 10 outlets were randomly provided with questionnaires.

3.4 Data collection methods

For executing this project, both primary and secondary data were used as described overleaf:
3.4.1 Secondary Data

The research relied on secondary data obtained from the files of Coca Cola Company. This source provided data on such aspects as the trends in sales, nature and type of point of purchase outlets and stock levels.

3.4.2 Primary Data

The primary data was chiefly selected using questionnaires administered to consumers and the company's major outlets and selected managerial staff. In the first case, the respondents were asked questions relating to the effectiveness of sales promotion in the consumption of Coke. In turn, their responses on the respective issues were recorded accordingly. In the majority of cases, the questionnaire was presented in a pre-arranged order to allow the respondents to choose from a set of predetermined answers. In a few cases, however, questions on personal opinion were elicited through unstructured questionnaires.

The survey also administered personal interviews to a few senior marketing executives from Coca Cola Sabco (CCS) and Nairobi Bottlers. The questionnaires used in both cases were first pre-tested and edited before being sent out.

3.5 Methods of data analysis

Out of the 130 questionnaires sent out for consumers and 50 for retailers, 122 and 45 were received respectively from each group. After editing and correcting for ambiguities, errors and inconsistencies, the responses were later coded and entered into a personal computer for analysis. The Statistical Package for Social Scientists (SPSS) was used for data analysis due to its speed, accuracy and sophisticated capabilities.
The data was analysed using the following analytical tools: descriptive statistics namely range, mean, standard deviation and variance to determine central tendencies. Secondly, frequencies were used to determine the commonness of each of the factors mentioned by the consumers and retailers. Lastly, cross-tabulation was used to check the differences between respondent groups and between the central tendencies. The analysed data was interpreted and presented in diagrams and tables carried out in Excel '98 but transferred and printed in Microsoft Word '98.
CHAPTER 4: DATA ANALYSIS AND PRESENTATION

4.1 Introduction

The identification and analysis of the critical factors affecting effective implementation of the sales promotion function at Coca Cola was the focus of this study. In this chapter, the findings of the analysis of these factors: customer characteristics, retailer profile, product characteristics, promotion, price and distribution as they relate to the sales promotion function are presented.

4.2 Customer demographic characteristics

From a male to female population ratio or 4:5, 64 percent were single and the rest married. The majority of these were within the 15 – 20 years age bracket. A small proportion (8 percent) of the population were jobless. Indicating that a large majority had some source of livelihood as indicated by only 40.3 percent earning less than Kshs 40,000. Further, the major consumers of Coke earned between Kshs 20,000 and 40,000 per month.

When point of purchase (kiosk), favourite mode of package (bottle) and size (300 ml) were analysed by source of livelihood, the results indicated that 57.4 percent of the respondents purchase Coke from kiosks, 53 percent prefer 300 ml and 67.7 percent the bottle. (Table 2)

Table 2 - Consumer preferences by occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Point of Purchase Kiosk (%)</th>
<th>Favourite mode of Package – Bottle (%)</th>
<th>Favourite size 300 ml (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>32.0</td>
<td>45.9</td>
<td>30.3</td>
</tr>
<tr>
<td>Unemployed</td>
<td>7.4</td>
<td>8.2</td>
<td>5.7</td>
</tr>
<tr>
<td>Students</td>
<td>18.0</td>
<td>12.3</td>
<td>17.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>57.4</td>
<td>66.4</td>
<td>53.3</td>
</tr>
</tbody>
</table>
4.2.1 Sales Promotion and Consumer Demographic Characteristics

Analysis of the effects of consumers' age on the one hand and awareness of sales promotion, point of purchase of the drink and the product size on the other, indicated that about 72.6 percent of the respondents of all ages were aware of issues related to sales promotion. Further, the results showed that awareness among the consumers increases with age, notwithstanding the fact that the proportion of the respondents who purchased Coke decreased with increasing of size. This was confirmed by the 89 percent indicating preference to 300 ml, the rest was shared between 500 ml and 1000 ml.

Table 3 – Results of analysis of age as a factor in awareness, point of purchase and Coca Cola size

<table>
<thead>
<tr>
<th>AGE</th>
<th>AWARE (%)</th>
<th>PLACE</th>
<th>SIZE</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YES (%)</td>
<td>Kiosk (%)</td>
<td>Supermarket (%)</td>
<td>Hotel (%)</td>
<td>Other (%)</td>
<td>300 ml (%)</td>
<td>500 ml (%)</td>
</tr>
<tr>
<td>15-20</td>
<td>26.6</td>
<td>18.9</td>
<td>3.3</td>
<td>3.3</td>
<td>5.7</td>
<td>18.0</td>
<td>9.8</td>
</tr>
<tr>
<td>21-25</td>
<td>16.4</td>
<td>16.4</td>
<td>1.6</td>
<td>1.6</td>
<td>0.8</td>
<td>12.3</td>
<td>7.4</td>
</tr>
<tr>
<td>26-30</td>
<td>12.3</td>
<td>5.7</td>
<td>6.6</td>
<td>2.5</td>
<td>2.5</td>
<td>8.2</td>
<td>7.4</td>
</tr>
<tr>
<td>31-35</td>
<td>6.6</td>
<td>7.4</td>
<td>1.6</td>
<td>4.1</td>
<td>0.0</td>
<td>7.4</td>
<td>4.1</td>
</tr>
<tr>
<td>&gt;35</td>
<td>10.7</td>
<td>9.0</td>
<td>1.6</td>
<td>7.4</td>
<td>0.0</td>
<td>7.4</td>
<td>6.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>72.6</strong></td>
<td><strong>57.4</strong></td>
<td><strong>14.7</strong></td>
<td><strong>18.9</strong></td>
<td><strong>9</strong></td>
<td><strong>53.3</strong></td>
<td><strong>35.3</strong></td>
</tr>
</tbody>
</table>

It was noted that the highest level of awareness in sales promotion was recorded within the age bracket of 15 - 20 years, attributed to the claim of high participation of this age group and the fact that product advertisements are undertaken by those in this bracket. Over 55 percent of those aware of sales promotion were below 30 years of age.

However, the chi-square results using the Pearson's grading indicated that there is a negligible relationship between age and the level of awareness of sales promotion. Hence our null hypothesis was rejected at 0.054.
Graph 1: Awareness of Sales Promotion

The graph above shows the awareness levels of respondents regarding sales promotions, that is those who are already aware of sales promotion and those who are not.

4.3 Retailer characteristics

The retail outlets for Coke were categorised into three: Kiosks (46.7 percent), Supermarkets and Strategic Sales Depots (SSDs) each with 26.7 percent. In relation to the length of time a retail outlet had been in operation it was found that, only 6 percent of these had been in operation for between 6 -10 yrs. The study area was divided into five regions, Nairobi west recorded the highest respondents at 26.7 percent while Nairobi central was the lowest with 8.9 percent. It was established that the largest sales are derived from kiosks despite the fact that they normally carry the lowest stock level. There was no evidence that source of product e.g. kiosk, supermarket or SSD was a function of age group. Whatever the age group a greater proportion of the respondents (57.4 percent) sourced Coke from kiosks, 14.7 percent from supermarkets while the rest from SSDs. Interestingly, the proportion of respondents sourcing the product from kiosks decreased with increasing age while those sourcing from hotels increased with increasing age. There was no pattern discerned with respect to supermarkets (4.2.1). Analysis of
possible relationship between age and Coke size purchased indicated that a greater proportion of respondents consuming 300 ml, 500 ml and 1 liter were in the 15 – 20 years age group. A Chi-square test of possible influence of size of Coke consumed by age indicated that there is a slight statistically significant relationship (p=0.05). The study results further showed that the most popular type of sales promotion by kiosks, supermarkets and SSDs was point of purchase displays (78 percent) with retail sale contest being the least preferred (7 percent) (Table 4).

Table 4 - Retailer participation in sales promotions

<table>
<thead>
<tr>
<th>Nature of Business</th>
<th>Type of Sales Promotion directed at Retailers</th>
<th>Promotional Allowance (%)</th>
<th>Point of Purchase Display (%)</th>
<th>Retailer Sales Contest (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kiosk</td>
<td></td>
<td>6.7</td>
<td>40.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Supermarket</td>
<td></td>
<td>4.4</td>
<td>20.0</td>
<td>2.2</td>
</tr>
<tr>
<td>SSD</td>
<td></td>
<td>4.4</td>
<td>17.8</td>
<td>4.4</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>15.6</td>
<td>77.8</td>
<td>6.6</td>
</tr>
</tbody>
</table>

4.4 Product characteristics

Literature review results indicated that Coke, manufactured by Coca-Cola Company, has been in the market in Kenya since 1950, its character if not content having seen a marked improvement over the years. Critical among these has been the size and packaging of the product. This study undertook to determine the marketable potentials intrinsic in these developments. Results show that the majority (53.3 percent) preferred the 300 ml with the most (66 percent) popular package mode being the bottle. These were mostly consumed from kiosks (57.4 percent). SSDs were the major stockists of the drink while the least stocks were held by the kiosk owners. Analyzed by month of the year, evidence indicated highest consumption in January and December with the number of cases sold in an outlet dependent on among other factors, its physical location, ease of accessibility, and security. Further analysis indicated a strong relationship between age and mode of
package preferred (0.0054), and preference for cold drinks (0.02011). However, the study showed that there was no relationship between age and the favourite size of Coke with a chi-square of 0.7051. Analysed by gender, there was no significant difference in preference by males or females (66 percent) of both sexes preferred the bottle. The majority (31 percent) of males purchased the drink from kiosks while most supermarket purchases of the drink was by females (10 percent). Overall both sexes at 66.4 percent preferred it packaged in a bottle (Table 5).

Table 5 - Consumers' responses

<table>
<thead>
<tr>
<th>Gender</th>
<th>AWARE (%)</th>
<th>Point of Purchase</th>
<th>Cup as Package (%)</th>
<th>PSP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Supermarket (%)</td>
<td>Kiosk (%)</td>
<td>Preferred (%)</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>37.7</td>
<td>9.8</td>
<td>26.2</td>
<td>6.6</td>
</tr>
<tr>
<td>Male</td>
<td>32.8</td>
<td>4.8</td>
<td>31.1</td>
<td>5.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>70.5</td>
<td>14.6</td>
<td>57.3</td>
<td>12.3</td>
</tr>
</tbody>
</table>

4.5 Sales performance and sales promotion tools

Evidence from this study indicates that 86 percent of the consumers agreed they were aware of sales promotion, even then 64 percent of these people had learnt of it through advertising while 7.4 percent was through observation. Observation is only possible when sampling, (which is a sales promotional tool) is incorporated into the promotional process. Our study revealed that 45.9 percent of the respondents had not participated in any sales promotion contests while only 4.1 percent had participated in both sampling and sales contest. The majority (64.6 percent) of these respondents participated in sales contests due to possibility of winning a prize. On reception of sales promotion, male respondents were the majority (25 percent).
As regards retailers, analysis indicated that 77.8 percent were involved in point of purchase displays, results further indicated that, 91.1 percent of the retailers considered that the current promotional allowance was poor. Of value to the retailers were the consumer contests since it was indicated during the periods of sales contests sales level increased. Also for these outlets, the point of purchase displays were considered appropriate. Both the consumers (80.3 percent) and the retailers (88.9 percent) asserted that sustainable consumption and stocking of Coke was not purely a function of sales.

4.6 Sales performance and outlet age

Analysis of the length of business operation and effects of sales promotion on sales indicated a marked improvement on new business (< 2 years) possibly since such business invest more in sales improving programs, 51 percent of outlets which had been in operation for less than 2 years indicated sales promotion had a positive effect on sales, compared to 21 percent of 3 - 5 years and 4 percent of 6 - 10 years of business. Table 6 and graph 2 depict this more clearly.

Table 6 - Effects of Sales Promotion and Sales Performance

<table>
<thead>
<tr>
<th>Effectiveness of SP on Sales</th>
<th>No. of Respondents (%)</th>
<th>Length of Business Existence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Less 2 yrs (%)</td>
</tr>
<tr>
<td>Sales have doubled</td>
<td>55.0</td>
<td>33.3</td>
</tr>
<tr>
<td>Slight increase</td>
<td>35.6</td>
<td>17.8</td>
</tr>
<tr>
<td>No effect</td>
<td>8.8</td>
<td>2.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>53.3</td>
</tr>
</tbody>
</table>
4.7 Sales performance and price

Results indicate the stocking and consumption by retailers and consumers respectively regardless of the change of price, proving that price is not the major determinant. However, the two sets of users cautioned on the unlimited increase beyond the price threshold. This was confirmed by the respondents (22 percent) stating that increase in sales would be realized if the prices were decreased by a big margin.
4.8 Sales performance and distribution

The current distribution strategy of Coca Cola was considered appropriate by a majority of respondents (66 percent) except for diet Coke whose distribution and availability was considered poor. Although the out of stock situation was considered rare, availability of cold drinks was indicated as being a major problem (65 percent), hence the provision of fridges by the producer. When the location of point of source was analysed by age of consumer, a strong relationship was detected (P=0.00103) thus disapproving the study hypothesis. Similar results were obtained when location of source was analysed by level of consumption per monthly income (P=0.0000). Consumers occupation did not seem to have a significant relationship with location of source (0.5402).

4.9 Coke consumption prediction model

As conceptualized, the consumption of the soft drink was predictively analyzed using the regression model. It is assumed that the relationship between the variables is initially linear. The strength and significance of the association between $\gamma$ and $\chi$ is measured by the coefficient of determination, $r^2$. It is the correlation coefficient obtained by correlating the two variables (stock level and sales). It signifies the proportion of the total variation in $\gamma$ that is accounted for by the variation in $\chi$. The higher the $r^2$, the linear the relationship while the lower it is the non-linear the relationship is between $\chi$ and $\gamma$.

In this study, an attempt was made to predict the number of cases of Coke sold per day in a month $t=(1 = July, 2 = December and 3 = January)$, $\gamma_i$ given stock level is $\chi_{i^t}$ (number of cases of Coke size $i$ at time $t$ consumed). Where $i = 1 = 300 \text{ ml}$, $ii = 2 = 500 \text{ ml}$ and $iii = 3 = 1000 \text{ ml}$. Assuming a linear relationship, $\gamma_i = f(\chi_{i^t})$

For $t = 1$, $\gamma_1 = \alpha_0 + \alpha_1 \chi_{1^t}^1 + \alpha_2 \chi_{1^t}^2 + \alpha_3 \chi_{1^t}^3$ (i)

$t = 2$, $\gamma_2 = \alpha_0 + \alpha_1 \chi_{2^t}^1 + \alpha_2 \chi_{2^t}^2 + \alpha_3 \chi_{2^t}^3$ (ii)

$t = 3$, $\gamma_3 = \alpha_0 + \alpha_1 \chi_{3^t}^1 + \alpha_2 \chi_{3^t}^2 + \alpha_3 \chi_{3^t}^3$ (iii)
Where equation (i), (ii) and (iii) are the prediction models from the months of July, December and January respectively.

\[
\gamma_1 = -1.34 + 0.44 \chi_i^{l_l} + 0.10\chi_i^{l_2} + 0.07\chi_i^{l_3} \quad r = 62 \text{ percent}
\]

\[
\gamma_2 = -2.34 + 0.13 \chi_i^{l_l} + 0.11\chi_i^{l_2} + 0.42\chi_i^{l_3} \quad r = 63 \text{ percent}
\]

\[
\gamma_3 = -1.61 + 0.18 \chi_i^{l_l} + 0.20\chi_i^{l_2} + 0.21\chi_i^{l_3} \quad r = 63 \text{ percent}
\]

Analysis of the July (\(\gamma_1\)) performance results in a regression model with \((r = 62 \text{ percent})\) explanation of variability. The rate of contribution by the 300 ml was found to be \(\chi_i^{l_l}\) highly significant \((P = 0.006)\) while those of 500 ml and 1000 ml within this month were not statistically significant. The December regression model (equation \(\gamma_2\)) had \(r = 63 \text{ percent}\) indicating a good variability explaining model, with contribution by the 500 ml being statistically significant \(P = 0.03\) the rest \((\chi_i^{l_2})\) being insignificant. During this month the major contributor to December sales volume turnover was 1000 ml while in July it was 300 ml.

Equation \(\gamma_3\) indicates the results for the January performance model with \(r = 63 \text{ percent}\) and the 1000 ml contribution being statistically significant \((P = 0.005)\). The main contributory bound size to the sales was found to be 1000 ml.
5.1 Conclusions

It is evident from the study results that competition in the soft drinks industry has been very stiff, especially with the entry of Schweppes and Softa drinks into the market. Coke is also experiencing competition from substitutes such as juices, mineral water, dairy products, among others. In order to retain their market share, Coca Cola Company (CCC) has engaged in aggressive sales promotion. CCC however, currently uses only sales contests and sampling for consumers and point of purchase for outlets.

Effectiveness of Sales Promotion

The study set out to investigate among other issues the effectiveness of sales promotion. The results of the study indicate that only consumer contest and point of purchase displays were effective while, the other modes were not. Sales promotion is an important and effective tool for enhancing sales levels in the short term. It adds value to a brand on a temporary basis, while advertising adds more permanent value like in the case of point of purchase displays which falls under sales promotion as well as advertising. Therefore, it becomes a marketer’s weapon to solve instant problems and achieve short term results. Sampling which is one of the modes that Coca Cola Company uses is used on a lower scale probably because it’s expensive to offer free drinks.

Problems with Sales Promotion

The study established that only three modes were used by Coca Cola Company, namely: point of purchase displays, contests, sampling and promotional allowances (which was not effective at all). Most of the consumers complained that sales contests concentrated only in urban centres especially Nairobi. Sampling on the other hand was rarely done and when done people were not well informed about it in advance. The retailers complained that they were not involved in retailer contest and could also do with promotional allowances.
5.2 Recommendations

The sales levels of Coke increase when there is a sales promotion taking place because consumers increase their consumption in order to participate in the contest thereafter they go back to their usual soft drinks. We suggest that, sales promotion should be undertaken when the sales levels are affected by competition as established by the research where 95.6 percent concurred that this would be the best time to undertake it. When sales are down or if there is a seasonal slow period approaching such as a cold weather, sales promotion can increase sales in quiet periods to compensate for bad periods. Also to cope with withering of brand loyalty due to better brands and poor marketing, sales promotion is also the solution to this problem. Special events as evidenced by the study are good attractions for sales promotion e.g. Christmas, Easter Holidays, or major sporting events. Coca Cola Company should use more sales promotion modes and alternate them to cover longer periods so that the sales are improved e.g. coupons, premiums, spiffs, etc which are rarely used by Coca Cola Company. Evaluation of Sales Promotion should be done during and after it is over to make sure it is achieving the intended purpose i.e. show immediate results and increase the sales volume.

Further research should also be undertaken if the conclusions made in this study are to be validated and thus generalised. The suggestion is to expand the sample size in order to cover a representative sample of all Kenyans. This way the results will be nationally representative.
TO WHOM IT MAY CONCERN

I am a graduate student at USIU-A currently undertaking a study on the effectiveness of sales promotion on Coke, a soft drink manufactured by the Coca Cola Company.

Since we consider your views to be valuable to this research, we would highly appreciate if you could answer the questionnaire provided to the best of your knowledge. Data collected will be analysed as aggregates and treated as confidential.

Thank you for taking part in this research.

Yours faithfully,

CAROLINE N. GITHUKU
RESEARCHER
CONSUMER QUESTIONNAIRE

1. Consumer Profile

Gender: ............................................... Age:  
15 – 20 ......  
21 – 25 ......  
26 – 30 ......  
31 – 35 ......  
36 + ......  

Marital status: ...............................................  

Occupation:  
i) Employed  
ii) Unemployed  
iii) Student  

Level of Education:  
i) Graduate  
ii) College  
iii) Secondary  
iv) Primary  

Monthly income (gross) Kshs  
i) below 20,000  
ii) btw 21,000 – 40,000  
iii) btw 41,000 – 60,000  
iv) above 61,000  
v) Not applicable

2. How often do you take a Coke in a week? Where do you buy it?

   i) Once ..........  
   ii) Twice ..........  
   iii) Thrice ..........  
   iv) Daily ..........  
   v) Other ..........  

   i) Kiosk  
   ii) Supermarket  
   iii) Hotel/Restaurant  
   iv) Other (Specify) .................

3. a) Which is your favourite size of Coke:

   i) 300 ml ...........
   ii) 500 ml ...........
   iii) 1 litre ...........

b) Which of the following mostly influences your decision on size:

   i) the cost is reasonable  
   ii) it is the size that quenches my thirst  
   iii) it is easily available  
   iv) it is ideal for the family  
   v) Other (please explain) .................

4. a) How do you like the Coke packaged and why?

   i) Cup .............  
   ii) Bottle .............  
   iii) Can .............
Which of the following mostly influences your decision on package:

i) It is easy to drink
ii) It is easy to carry
iii) It is affordable
iv) Other (please explain)

5. Are you aware of the various sales promotion on Coke? (Eg Contests, Sampling, etc)

Yes ................ No ................

If yes, please indicate the source of your awareness

6. a) Which of the following Coca Cola’s Sales Promotion on Coke consumers have you participated in?

i) Consumer contest .... ii) Sampling .... iii) None ........ iv) None ........

b) If Yes for contest, which of the following mostly influenced your decision to participate:

i) Because of the fabulous prizes to be won
ii) Because of the continuous encouragement from advertisers to participate
iii) To pass time
iv) Other (please explain)

6. c) If yes for sampling, which of the following mostly influenced your decision to participate:

i) Because it was free
ii) Because I needed to quench my thirst
iii) Other (please explain)

6. d) Which of the two (Contest & Samples) stimulated your demand for Coke?

i) Contest
ii) Sampling
iii) Both

7. Please tick on one on a scale of 1 to 5

<table>
<thead>
<tr>
<th>Sales Promotion and demand for Coke</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) I would buy Coke regardless of whether or not there is a sales promotion.</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>ii) If the price of Coke is increased I would still continue consumption.</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Sales Promotion and demand for Coke</td>
<td>Strongly Agree</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>----------------</td>
<td>------------------</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>iii) If I went to a shop and missed Coke I would purchase any other available soft drink from Coca Cola</td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv) I often participate in the sales promotions on Coke</td>
<td></td>
<td></td>
</tr>
<tr>
<td>v) I have been taking Coke for more than ten years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>vi) I only purchase soft drinks made by the Coca Cola Company.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>vii) I always prefer my Coke cold</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. Have you ever increased consumption of other soft drinks manufactured by Coca Cola Company because of their sales promotion?

   Yes ..................   No ......................

   If Yes, which ones

   i) Fanta ........
   ii) Krest ........
   iii) Sprite ........
   iv) Not applicable ........

9. Do you have any criticism on each of the Sales Promotion strategies:

   ii) Contests
       ..........................................................................................................................
       ..........................................................................................................................

   ii) Sampling
       ..........................................................................................................................
       ..........................................................................................................................

10. Explain the various aspects of Coke that you would like improved.

       ..........................................................................................................................
       ..........................................................................................................................
       ..........................................................................................................................
1. Nature of the business, please tick one: 
   i) Kiosk/Shop  
   ii) Supermarket  
   iii) SSD

2. Location in Nairobi  
   i) North.....  
   ii) South.....  
   iii) West.....  
   iv) East.....  
   v) Central.....

3. How long has the business been in existence: 
   i) Less than 2 years  
   ii) 3 – 5 years  
   iii) 6 – 10 years  
   iv) Over 11 years

4. Which is the most favourite size of Coke for the consumers: 
   i) 300 ml  
   ii) 500 ml  
   iii) 1 litre

5. How many cases of Coke the following sizes did you sell in December 1999? 
   i) 300 ml  
   ii) 500 ml  
   iii) 1 litre

6. How many cases of Coke the following sizes did you sell in January 1999? 
   i) 300 ml  
   ii) 500 ml  
   iii) 1 litre

7. About how many cases of Coke the following sizes did you sell during the cold season eg July? 
   i) 300 ml  
   ii) 500 ml  
   iii) 1 litre

8. How many quantities of each of the following do you have in stock? 
   Bottles (cases) - 300 ml  
   - 500 ml  
   - 1 ltr

9. Which of the following Sales Promotion on Coke are you involved in? 
   i) Promotion allowances (discounts)  
   ii) Point of Purchase displays  
   iii) Sales Contests  
   iv) None  
   v) Other (please specify)  

---

41
10. On a scale of 1-5 could you please rank each of the sales promotion modes according to effectiveness on sales:

<table>
<thead>
<tr>
<th>Very Effective</th>
<th>Not at all Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

i) Promotion allowances (discounts) ........

ii) Point of Purchase displays ........

iii) Sales Contests ........

11. When Coca Cola uses Sales Promotions for consumers eg competitions, what has been the effect on sales and by what percentage? (Tick one)

i) Sales have doubled

ii) Slight increase of sales

iii) No effect

iv) Slight decrease of sales

v) Decrease of sales by more than half

12. Please tick one on a scale of 1 - 5

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

i) I would stock Coke regardless of whether there is a Sales promotions or not.

ii) If the price of Coke is increased I would still continue stocking it.

iii) I also stock soft drinks not manufactured by Coca Cola.

iv) I sell Coke more than any other soft drinks

v) Coke is the easiest brand to sell among the Coca Cola products.

vi) Sales Promotion on Coke are well organised.

vii) The discounted rates on Coke encourages me to stock more Coke.

viii) The displays on Coke encourages more consumers to purchase Coke

ix) Distribution of Coke is good.
13. Have you ever tried selling other soft drinks not manufactured by Coca Cola because of their attractive sales promotion?

Yes ................. No ......................

If Yes, from which companies

i) Kuguru Foods (Softa) ......
ii) Schweppes .........
iii) Other ......
iv) Not applicable ......

14. In your opinion under which of the following circumstances should the Coca Cola Company use sales promotions?

i) When the sales are down
ii) When introducing a new product
iii) When clearing dead stock
iv) When the competition is stiff
v) Other (please specify) ...................................................

15. Please identify any aspects of the Sales Promotion methods carried out on Coke that you would like improved?

i) Promotion allowances: ...........................................................................................................
........................................................................................................................................
........................................................................................................................................

ii) Point of Purchase displays: .................................................................................................
........................................................................................................................................
........................................................................................................................................

iii) Sales Contest: ......................................................................................................................
........................................................................................................................................
........................................................................................................................................

16. Are there any aspects on Coke you would like improved?

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION OF VARIABLE</th>
<th>MEASUREMENT</th>
</tr>
</thead>
</table>
| GEN      | Respondent’s gender    | 1 = “Female”  
|          |                        | 2 = “Male”   |
| AGE      | Age of respondent      | 1 = “15 – 20”  
|          |                        | 2 = “21 – 25”  
|          |                        | 3 = “26 – 30”  
|          |                        | 4 = “31 – 35”  
|          |                        | 5 = “36 +”   |
| MAR      | Marital status         | 1 = “Single”  
|          |                        | 2 = “Married” |
| OCC      | Occupation             | 1 = “Employed”  
|          |                        | 2 = “Unemployed”  
|          |                        | 3 = “Student” |
| EDU      | Level of Education     | 1 = “Graduate”  
|          |                        | 2 = “College”   
|          |                        | 3 = “Secondary”  
|          |                        | 4 = “Primary”   |
| SAL      | Monthly income (gross) in Kshs | 1 = “Below Kshs 20,000”  
|          |                        | 2 = “Btw. 21,000 – 40,000”  
|          |                        | 3 = “Btw. 41,000 – 60,000”  
|          |                        | 4 = “Above 61,000”  
|          |                        | 5 = “Not applicable” |
| WEEK     | Consumption of Coke in a week | 1 = “Once”  
|          |                        | 2 = “Twice”   
|          |                        | 3 = “Thrice”  
|          |                        | 4 = “Daily”  
|          |                        | 5 = “Other” |
| PLACE    | Point of Purchase      | 1 = “Kiosk”  
|          |                        | 2 = “Supermarket”  
|          |                        | 3 = “Hotel/Restaurant”  
|          |                        | 4 = “Other”  

44
<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION OF VARIABLE</th>
<th>MEASUREMENT</th>
</tr>
</thead>
</table>
| SIZE     | Favourite size of Coke | 1 = “300 ml”  
|          |                        | 2 = “500 ml”  
|          |                        | 3 = “1 litre”  |
| RSIZE    | Reasons for size preference | 1 = “Reasonable cost”  
|          |                        | 2 = “Quenches thirst”  
|          |                        | 3 = “Easily available”  
|          |                        | 4 = “Ideal family size”  
|          |                        | 5 = “Other”  |
| PAK      | Preferred package mode | 1 = “Cup”  
|          |                        | 2 = “Bottle”  
|          |                        | 3 = “Can”  |
| WPAK     | Reasons for preference in package mode | 1 = “Easy to drink”  
|          |                        | 2 = “Easy to carry”  
|          |                        | 3 = “Affordable”  
|          |                        | 4 = “Other”  |
| AWA      | Awareness of Sales Promotion on Coke | 1 = “Yes”  
|          |                        | 2 = “No”  |
| HAW      | Source of awareness | 1 = “Advertising”  
|          |                        | 2 = “Observation”  
|          |                        | 3 = “Other”  |
| SPC      | Sales promotion that the respondent has participated in. | 1 = “Consumer Contest”  
|          |                        | 2 = “Sampling”  
|          |                        | 3 = “None”  
|          |                        | 4 = “Both”  |
| CSP      | Reasons for participation in Consumer Contests | 1 = “Fabulous prizes to be won”  
|          |                        | 2 = “Continuous encouragement”  
|          |                        | 3 = “To pass time”  
<p>|          |                        | 4 = “Other”  |</p>
<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION OF VARIABLE</th>
<th>MEASUREMENT</th>
</tr>
</thead>
</table>
| SSP      | Reasons for participation in sampling | 1 = "Free of charge"  
2 = "Quench thirst"  
3 = "Other" |
| DEM      | Mode that stimulated demand | 1 = "Consumer Contest"  
2 = "Sampling"  
3 = "Both" |
| SP       | Consumption of Coke regardless of sales promotion | 1 = "Strongly disagree"  
2 = "Slightly disagree"  
3 = "Neutral"  
4 = "Slightly agree"  
5 = "Strongly agree" |
| PR       | Consumption of Coke regardless of price increases | 1 = "Strongly disagree"  
2 = "Slightly disagree"  
3 = "Neutral"  
4 = "Slightly agree"  
5 = "Strongly agree" |
| PL       | Consumption of any other soft drink when Coke is not available | 1 = "Strongly disagree"  
2 = "Slightly disagree"  
3 = "Neutral"  
4 = "Slightly agree"  
5 = "Strongly agree" |
| PSP      | Participate often in Coke’s sales promotion | 1 = "Strongly disagree"  
2 = "Slightly disagree"  
3 = "Neutral"  
4 = "Slightly agree"  
5 = "Strongly agree" |
| TM       | Taken Coke for a long time | 1 = "Strongly disagree"  
2 = "Slightly disagree"  
3 = "Neutral"  
4 = "Slightly agree"  
5 = "Strongly agree" |
<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION OF VARIABLE</th>
<th>MEASUREMENT</th>
</tr>
</thead>
</table>
| CCL      | Only consume soft drinks by Coca Cola | 1 = “Strongly disagree”  
2 = “Slightly disagree”  
3 = “Neutral”  
4 = “Slightly agree”  
5 = “Strongly agree” |
| COLD     | Always prefer Coke cold | 1 = “Strongly disagree”  
2 = “Slightly disagree”  
3 = “Neutral”  
4 = “Slightly agree”  
5 = “Strongly agree” |
| CON      | Tried consumption of other soft drinks made by Coca Cola because of their Sales Promotion | 1 = “Yes”  
2 = “No” |
| YCON     | Soft drinks made by Coca Cola of which the respondent has participated in Sales Promotion | 1 = “Fanta”  
2 = “Krest”  
3 = “Sprite” |
| CRITC    | Criticism on Sales Promotion strategies on contests | 1 = “Prizes”  
2 = “Place”  
3 = “Consistency”  
4 = “None” |
| CRITS    | Criticism on Sales Promotion strategies on sampling | 1 = “Place”  
2 = “Consistency”  
3 = “Other”  
4 = “None” |
| IMPRV    | Aspects that Coke should be improved on | 1 = “Product”  
2 = “Place”  
3 = “Price”  
4 = “Promotions”  
5 = “None” |
<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION OF VARIABLE</th>
<th>MEASUREMENT</th>
</tr>
</thead>
</table>
| NAT      | Nature of business     | 1 = “Kiosk/Shop”  
                      |             | 2 = “Supermarket”  
                      |             | 3 = “SSD”  
| LOC      | Location of business   | 1 = “Nairobi North”  
                      |             | 2 = “Nairobi South”  
                      |             | 3 = “Nairobi West”  
                      |             | 4 = “Nairobi East”  
                      |             | 5 = “Nairobi Central”  
| BYRS     | Length of business existence | 1 = “Less than 2 years”  
                      |             | 2 = “3 – 5 years”  
                      |             | 3 = “6 – 10 years”  
                      |             | 4 = “Over 11 years”  
| FAV      | Favourite size of Coke for consumers | 1 = “300 ml”  
                      |             | 2 = “500 ml”  
                      |             | 3 = “1 litre”  
| D3       | Cases sold of 300 ml in December last year per day | “Quantity provided in number”  
| D5       | Cases sold of 500 ml in December last year per day | “Quantity provided in number”  
| D1       | Cases sold of 1 litre in December last year per day | “Quantity provided in number”  
| J3       | Cases sold of 300 ml in January per day | “Quantity provided in number”  
| J5       | Cases sold of 500 ml in January per day | “Quantity provided in number”  
| J1       | Cases sold of 1 litre in January per day | “Quantity provided in number”  
| C3       | Cases sold of 300 ml in July last year per day | “Quantity provided in number”  

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION OF VARIABLE</th>
<th>MEASUREMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>C5</td>
<td>Cases sold of 500 ml in July last year per day</td>
<td>“Quantity provided in number”</td>
</tr>
<tr>
<td>CI</td>
<td>Cases sold of 1 litre in July last year per day</td>
<td>“Quantity provided in number”</td>
</tr>
<tr>
<td>STO3</td>
<td>Stock level of 300 ml (in cases)</td>
<td>“Quantity provided in number”</td>
</tr>
<tr>
<td>STO5</td>
<td>Stock level of 500 ml (in cases)</td>
<td>“Quantity provided in number”</td>
</tr>
<tr>
<td>STO1</td>
<td>Stock level of 1 litre (in cases)</td>
<td>“Quantity provided in number”</td>
</tr>
</tbody>
</table>
| SPINV    | Sales Promotion the retailer is involved in | 1 = “Promotion allowances”  
2 = “Point of Purchase displays”  
3 = “Sales Contests”  
4 = “Other”  
5 = “None” |
| EFFPA    | Effectiveness of Promotion Allowances | 1 = “Not at all effective”  
2 = “Slightly ineffective”  
3 = “Neutral”  
4 = “Slightly effective”  
5 = “Very effective” |
| EFFPPD   | Effectiveness of Point of Purchase displays | 1 = “Not at all effective”  
2 = “Slightly ineffective”  
3 = “Neutral”  
4 = “Slightly effective”  
5 = “Very effective” |
| EFFSC    | Effectiveness of Sales Contests | 1 = “Not at all effective”  
2 = “Slightly ineffective”  
3 = “Neutral”  
4 = “Slightly effective”  
5 = “Very effective” |
<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION OF VARIABLE</th>
<th>MEASUREMENT</th>
</tr>
</thead>
</table>
| CONEFF   | Effectiveness of sales promotion on sales | 1 = “Sales have doubled”  
2 = “Slightly increase of sales”  
3 = “No effect”  
4 = “Slight decrease of sales”  
5 = “Decrease of sales by more than half”  |
| SPC      | Stocking of Coke regardless of sales promotion | 1 = “Strongly disagree”  
2 = “Slightly disagree”  
3 = “Neutral”  
4 = “Slightly agree”  
5 = “Strongly agree”  |
| PR       | Stocking of Coke regardless of sales increases | 1 = “Strongly disagree”  
2 = “Slightly disagree”  
3 = “Neutral”  
4 = “Slightly agree”  
5 = “Strongly agree”  |
| NCCL     | Stocking of soft drinks not made by Coca Cola | 1 = “Strongly disagree”  
2 = “Slightly disagree”  
3 = “Neutral”  
4 = “Slightly agree”  
5 = “Strongly agree”  |
| SELL     | Sell Coke more than any other soft drinks | 1 = “Strongly disagree”  
2 = “Slightly disagree”  
3 = “Neutral”  
4 = “Slightly agree”  
5 = “Strongly agree”  |
| EASY     | Coke is the easiest brand to sell | 1 = “Strongly disagree”  
2 = “Slightly disagree”  
3 = “Neutral”  
4 = “Slightly agree”  
5 = “Strongly agree”  |
<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION OF VARIABLE</th>
<th>MEASUREMENT</th>
</tr>
</thead>
</table>
| WORGSP   | Sales promotion on Coke well organised | 1 = “Strongly disagree”  
2 = “Slightly disagree”  
3 = “Neutral”  
4 = “Slightly agree”  
5 = “Strongly agree” |
| DRATES   | Discounted rates on Coke encourages stock | 1 = “Strongly disagree”  
2 = “Slightly disagree”  
3 = “Neutral”  
4 = “Slightly agree”  
5 = “Strongly agree” |
| DISP     | Display on Coke encourages more consumption | 1 = “Strongly disagree”  
2 = “Slightly disagree”  
3 = “Neutral”  
4 = “Slightly agree”  
5 = “Strongly agree” |
| PLACE    | Distribution of Coke is good | 1 = “Strongly disagree”  
2 = “Slightly disagree”  
3 = “Neutral”  
4 = “Slightly agree”  
5 = “Strongly agree” |
| OSP      | Stocking of other soft drinks not manufactured by Coca Cola because of attractive sales promotion | 1 = “Yes”  
2 = “No” |
| YWH      | Other companies you have stocked for soft drinks | 1 = “Kuguru Foods”  
2 = “Schweppes”  
3 = “Other”  
4 = “Not Applicable” |
| CIRCOM   | Circumstances that Coca Cola Company should use Sales Promotion | 1 = “When sales are down”  
2 = “When introducing a new product”  
3 = “When clearing dead stock”  
4 = “When the competition is stiff”  
5 = "Other" |
<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION OF VARIABLE</th>
<th>MEASUREMENT</th>
</tr>
</thead>
</table>
| CRITPA   | Criticism on Promotion allowances | 1 = “Time”  
2 = “Place”  
3 = “Organisation”  
4 = “Other”  
5 = “None” |
| CRITPP   | Criticism on Point of Purchase Displays | 1 = “More required”  
2 = “Other”  
3 = “None” |
| CRITSC   | Criticism on Sales Contest       | 1 = “Time”  
2 = “Place”  
3 = “Organisation”  
4 = “Other”  
5 = “None” |
| IMPRV    | Aspects on Coke that should be improved | 1 = “Price”  
2 = “Place”  
3 = “Product”  
4 = “None” |
References


Daily Nation, Friday, March 31, 2000 – Article on “Coca Cola Enjoy”


