EFFECTS OF MARKETING MIX ON SALES PERFORMANCE: A CASE OF UNGA FEEDS LIMITED

BY

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UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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A Research Project Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirements for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY –AFRICA

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STUDENTS DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ________________________  Date: ______________________

Michael Mwenda Gituma (645829)

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

Signed: ________________________  Date: ______________________

Dr. Peter Kiriri

Signed: ________________________  Date: ______________________

Dean, Chandaria School of Business
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ABSTRACT
The purpose of the study was to determine the effects of marketing mix on sales performance. The research was guided by the following objectives: To evaluate the relationship between product and sales performance at Unga group, to evaluate the relationship between price and sales performance Unga group Ltd, to evaluate the relationship between place and sales performance at Unga group Ltd, and to evaluate the relationship between promotion and sales performance at Unga group Ltd.

Descriptive research was used in the study. Target population was 127 middle level staff at Unga Group Limited. Stratified random sampling was used to select a sample size of 96. Structured questionnaires were used to collect data. Descriptive and inferential statistics was used to analyze data. Tables and figures were used to present data. Statistical Package for Social Sciences (SPSS) software was used to analyze the data.

The first objective sought to evaluate the relationship between product and sales performance. It was also established that majority of the respondents agreed that product quality has a positive impact on sales performance, brand awareness influences organizational performance, packaging influence consumer-perceived product quality, packaging is used to describe the product and its use, company’s brand image, and loyalty has an influence on profitability However, respondent strongly disagreed that product perceived quality does not influence purchase intention.

The second objective aimed to evaluate the relationship between price and sales performance. It was also established that majority of the respondents agreed that use of pricing strategy has increased sales volume, price promotion has a significant impact on perceived product quality, use of penetration pricing influences customer purchase and value based pricing has a positive impact on profitability. However respondents disagreed that that price promotion strategies does not affect sales performance and use of price discount influences to a significant reduction in sales performance.

The third objective was set to evaluate relationship between place and sales performance. It was established that majority of respondents agreed that distribution channels located in urban areas generate more returns than those in rural areas, use of distribution channels influences product availability, store design has a positive effect on consumer purchase and sales volume, use of distribution channels influences sales and profit. Findings also
revealed that respondents disagreed that physical surrounding does not have any effect on sales.

The fourth objective intended to evaluate relationship between promotion and sales performance. Findings revealed that majority of the respondents agreed that advertising is used to present product and ideas, sales promotions influences sales volume, e-marking has a positive influence on performance, direct marketing increase profit. Findings also revealed that respondents disagreed that Unga Ltd does not use personal selling and publicity to promote products and does not offer price discounts and coupons.

The study concluded that product quality has a positive impact on sales performance, brand awareness influences organizational performance, packaging is used to describe the product, brand image, and loyalty influences company’s profitability and pricing strategy increases sales volume. In addition, store design and use of attractive stimuli such as music has an influence has a positive effect on consumer purchase and sales volume, and geographic location has a significant influence on profitability, advertising, direct marketing and increases sales volume.

The study recommended that the Unga Group should improve on their packaging design hence increase product visibility and recognition. Improve on their branding strategy. Use price promotion strategy such as uses price discounts, free samples, bonus packs to increase customer’s intention to purchase their products hence increase in sales volume. Unga Group should also use attractive stimuli’s in their work environment and also during promotion hence influences customer’s perception and increase sales.
ACKNOWLEDGEMENT

I take this opportunity to thank my supervisor professor Peter Kiriri for his invaluable assistance while undertaking this project.

I do appreciate Lucy Gitau for her guidance in executing this research. It would not be the same without her advice.

Finally, I do acknowledge my friends and family in supporting me and especially in funding for the research.
DEDICATION

I dedicate my project to my family for their invaluable assistance during the time when I was conducting my research.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

The duty of marketers is to create marketing activity and gather all marketing program which are integrated to create communication and convey value to customers. According to Kotler and Armstrong (2012), marketing mix is the set of tactical marketing tools - product, price, place, and promotion - that the firm blends to produce the response it wants in the target market. Marketing tools or the marketing mix or often referred to as the four P's (The Four Ps of the Marketing Mix).

Marketing is one of the key ways in which companies try to create awareness of their products or services (Fuerderer, Herrmann and Wuebker, 2013). Marketing is undertaken through the five key elements known of the marketing mix. With the ever-rising significance of the financial sector, there has been a rise in pressure for efficient marketing management and regulation of company’s financial services. According to Green, Whitten and Inman (2014), it is vital to point out that marketing strategies are very important in the long run performance of an organization. The marketing targets should be specific, measurable, attainable, relevant and timely (SMART).

According to Mullins, Walker and Boyd (2012), the benefits of setting a clear marketing target are as follows. First, it aims at giving the staff a clear sense of direction in terms of where the business is going and what is expected of them. Secondly, it’s useful when evaluating the success of the business. The third benefit is that it will ensure that all the efforts and actions are focused on obtaining the set objectives and lastly, it will help motivate the staff both leaders and their team and also help reward them when the project is completed (Fuerderer et al, 2013).

Organizations are therefore required to set aside a significant portion of their budgets on marketing to ensure that the company experiences an exponential growth in the sales. However, it is important to note that most companies have failed to record an increase in their sales revenue due to poor marketing strategies (Rodriguez, Peterson and Vijaykumar, 2012). According to Palmer (2011), organizations use marketing mix as part of their marketing strategy. According to Gronroos (2010), upgraded the early version of marketing mix from the 4Ps to 7Ps. This included people, physical appearance and process. Marketing mix is a mix of strategies or variables that managers
are able to control. Marketing mix consists of 4Ps which helps a manager come up with strategies thus define the direction in which their marketing strategy will use in order to achieve and create a competitive advantage (American Marketing Association, 2008).

Saguti (2015) asserts that marketing mix is a model used by organizations to create and improve their marketing efforts. It is used to blend different factors in such a way that the organization is able to achieve their objectives and meet customers' need. According to Palmer (2010), marketing mix is a conceptual framework that marketing managers use to come up with strategies that can use to target their market and meet consumer’s needs. Marketing mix can also be used to develop long term and short term goals. According to Kiprotich (2012), marketing mix is a set of marketing tools that organizations blend to get the response it wants from its target market. Marketing mix is grouped into four variables known as the 4Ps. Product, price, place, and promotion.

According to Kotler (2015), marketing strategies; product, price, place and promotion are strategies that organizations use to react to market and internal forces that will enable an organization achieve their objective. Ghouri, Khan, Malik and Razzaq (2011) asserts that organizations that have implemented effective marketing strategies are able to increase their sales performance, market share and achieve a competitive advantage.

According to Owomoyela, Oyeniyi and Ola (2013), marketing strategy is a strategy that organizations use to provide their target customer with quality products, at affordable price, offer effective promotional strategy and interact with their distribution outlets hence creating demand for their products and increasing performance. Marketing mix is a business tool that is used by organizations to achieve a competitive advantage. Marketing mix refers to 4P’s that organizations use in their marketing process to achieve organizational goals and meet customers’ needs and wants. It is a set of tactical marketing tools that includes product, price, place and promotion that marketing managers are able to control to achieve the required objective (Shankar and Chin, 2011).

Amirhosein and Zohre (2013) researched on the effect of marketing strategy on sales performance: the moderating effects of internal and external environment. It was revealed that marketing strategy has a positive and meaningful relationship on sales performance. Haghighinasab, Sattari, Ebrahim and Roghanian (2013) conducted a research on identification of innovative marketing strategies to increase the performance of SMEs in Iran. It was established that innovative marketing strategies; product, price, place and
promotion influences sales performance. Ahmad, Al-Qarni, Alsharqi, Qalai and Kadi (2013) conducted a research the impact of marketing mix strategy on hospitals performance measured by patient satisfaction: an empirical investigation on Jeddah private sector hospital senior manager’s perspective. It was revealed that promotion, physical evidence, process has a significant influence on performance whereas pricing and distribution strategies have an insignificant influence on performance.

Bintu (2017) researched on effect of marketing mix strategy on performance of small scale businesses in Maiduguri Metropolitan, Boron State Nigeria. It was revealed that marketing strategy; product, price, promotion and place have a significant influence on business performance. Ebitu (2016) researched on marketing strategies and the performance of small and medium enterprise in AkwaIbom State Nigeria. It was established that product quality strategy and relationship marketing strategy has a positive and significant influence on profitability and increase in market shares. The study recommended that SME’s in Nigeria should invest more in product quality rather than advertisement.

Adewale, Adesola and Oyewale (2013) conducted a research on impact of marketing strategy on business performance in small and medium enterprises in Oluyle local government, Ibadan, Nigeria. It was established that product, price place, packaging and after sales services affects business performance. Owomoyela, Oyeniy and Ola (2013) conducted a research on the impact of marketing mix elements on consumer loyalty: An empirical study of Nigeria Breweries Plc. It was recommended that Nigeria Breweries should produce superior products, charge competitive price, position appropriately, promote widely and provide other distinctive functional benefits to consumers.

Ardjouman and Asma (2015) researched on marketing strategies affecting performance of small and medium enterprise (SME’s) in Cote d’ivoire. It was established that marketing management strategies has a significant influence on performance of SME’s. Dzis and Ofosu (2014) conducted a research on marketing strategies and performance of SME’s in Ghana. It was revealed that strategic marketing enables an organization position itself in the industry, enhance and develop new products and increase performance. Langat (2016) conducted a research on influence of product, price, promotion and place on enterprise project performance: A case of Safaricom enterprise project, UasinGishu County, Kenya.
Findings revealed that of product, price, promotion and place influences enterprise project performance.

Kariithi (2015) researched on the influence of marketing strategies on growth of small and medium business in air travel agencies in Nairobi County in Kenya. It was established that marketing strategies influenced growth and performance of SME’s who operate air travel agencies. Obonyo (2013) researched on marketing strategies adopted by supermarkets for a competitive edge in Kisii town Supermarkets Kenya. It was revealed that marketing strategies influences organizational performance. Wawira (2016) researched on marketing strategies and performance of large hotels in Nairobi County. It was established that marketing strategies has a positively and significant influence on performance of large hotels in Nairobi.

Magunga (2010) researched on effects of marketing strategies on the performance of insurance companies in Kenya. It was revealed that marketing strategy has a positive influence on performance of insurance companies. Aila (2013) researched on application of the marketing concept and performance of supermarkets in Kisumu City, Kenya. It was established that use of marketing concept influence performance of supermarkets in Kisumu City. Ames (2016) researched on effect of marketing strategies on performance of Small and Medium Enterprises in Kitengela Township, Kajiado County. It was established that place, promotion and product have a positive and significant relationship with business performance whereas, price marketing strategy have a positive but insignificant relationship with business performance of SMEs.

1.2 Statement of the Problem
Marketing strategy has been an important aspect in objectives achievement in most organizations. Organization’s decision making process on selection and implementation of appropriate marketing strategy makes it possible for them to adhere to the objectives easily; however most of them do not meet their objectives while others venture into different strategies due to the competition in the market (Renart, 2007). Companies are therefore evaluating their retail services with an aim of coming up with more focused strategies that help them meet their unit and companywide objectives. They are working towards developing coherent strategies on how to differentiate and add value to the customers.

Kiprotich (2012) conducted a research on effects of 4ps marketing mix on sales performance of automotive fuels of selected service stations in Nakuru Town. Muthengi (2015) carried out a research on the effects of marketing strategies on sales performance of commercial banks in Kenya and found out that marketing mix enhances sales performance. Kiprotich (2012) carried out a research on effects of marketing mix on sales performance of automotive fuels of selected services stations in Nakuru Town and found out that marketing mix enhances sales performance. Munyole (2015) carried out a research on marketing strategies adopted by veterinary pharmaceutical firms in Kenya to enhance performance and he found out that marketing strategies improve performance. Muthengi (2015) conducted a research on the effects of marketing strategies on sales of Commercial Banks in Kenya. Muchiri (2016) conducted a study on the effectiveness of marketing mix strategies on performance of Kenol Kobil Limited. The study recommends that Kenol Kobil should put more emphasis on the marketing mix strategies they use hence influencing sales performance.

Muchohi (2015) conducted a study on marketing mix strategies adopted by tennis affiliated organizations to enhance competitiveness. The results revealed that there is a strong positive relationship between marketing mix strategies and competitiveness. However, it is evident that the study did not focus on marketing strategies adopted by petroleum companies in Kenya. Obonyo (2013) evaluated marketing mix strategies adopted for competitiveness by supermarkets in Kisii Town. The study established that price management rarely attracts customers. However, the study fails to determine the proportional level each strategy needs to be employed to maximize the performance. A lot of studies have been done in other industries to find out the effects of marketing mix on sales performance but none have been done on Feeds manufacturing companies.
Therefore the study seeks to address this knowledge gap by focusing on effects of marketing mix on sales performance at Unga feeds.

1.3 General Objective
The general objective of the study was to investigate the relationship between marketing mix and sales performance.

1.4 Specific Objective
1.4.1 To evaluate the relationship between product and sales performance at Unga group.
1.4.2 To evaluate the relationship between price and sales performance at Unga group.
1.4.3 To evaluate the relationship between place and sales performance at Unga group.
1.4.4 To evaluate the relationship between promotion and sales performance at Unga group.

1.5 Importance of the Study
1.5.1 Organizations
Since this research is conclusive, organizations can use the findings to draw important inferences and information which the marketing team can use to improve sales performance. The inferences drawn from the research can be used to conduct the overall analysis of the company’s strengths, how to improve them against their competitors and as well improve on their weaknesses. Through this research the company will be able to identify the best marketing strategies to use.

1.5.2 Researchers
Future researchers who will be researching on a similar or related topic will benefit from the findings by borrowing a leaf in form of related literatures. The study will also help build on the researcher’s knowledge and understanding of the variables and gain more skills of conducting research.

1.5.3 Public
The study will be of importance for people who might become future managers, leaders and entrepreneurs. This research will enable marketing managers and entrepreneurs to gain knowledge on marketing strategies and identify the most appropriate one for their businesses and how to use the strategies to gain competitive edge.
1.6 Scope of the Study
The study was carried out at Unga Feeds Group Ltd in Nairobi. Target population was 127 middle level staff. The limitation of the study was time spent to distribute questionnaires and employees unwillingness to respond and return the questionnaires. Respondents were encouraged to ask questions they were not able to understand this motivated a lot of respondents to answer and return the questionnaires. The study was carried out from September to December 2017.

1.7 Definition of Terms
1.7.1 Marketing Mix
According to Kotler and Amstrong (2010) marketing mix is the set of marketing tools used by an enterprise to achieve the objectives of the adapted marketing in the particular marketing segment.

1.7.2 Sales Promotion
Sales performance is a direct inducement that offers an extra value or incentive for the product to the sales force distributors or consumer with the primary objective of creating an immediate sale (Zhang and Tang, 2010).

1.7.3 Product
Product is anything that can be offered to a market for attention, acquisition, use, or consumption hence satisfying customers want or need (Kotler and Armstrong, 2013).

1.7.4 Price
According to Kotler and Armstrong (2008) price is the sum of all the values that customers give up to gain to the benefits of a product or service.

1.7.5 Place
Place is the process where organizations decide where to locate their store and how many stores to have at the convenience of the shoppers (Kanoga, 2016)
1.7.6 Promotion

According to Armstrong (2008), promotion is all activities undertaken to communicate and promote products or services to the target market.

1.8 Chapter Summary

This chapter gives the background of information, statement of problem, general and specific objectives, importance of the study to management and the researcher, the scope of the study and definition of terms. Chapter two discussed literature review based on research objectives. Chapter four discussed results and findings while chapter five covered discussion conclusion and recommendation.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

This chapter presents literature review in line with the research objectives. The first section discusses the relationship between product and sales performance. The second section discussed relationship between price and sales performance whereas the third section covers the relationship between place and sales performance and the fourth section discusses the relationship between promotion and sales performance.

2.2 Relationship between Product and Sales Promotion

Kotler and Armstrong (2013) noted that product is anything that can be offered to a market for attention, acquisition, use, or consumption hence satisfying customers want or need. Ferrell (2005) assert that product is a marketing mix strategy in which organizations offers consumers symbolic and experiential attributes to differentiate products from competitors. Gbolagade, Adesol and Oyewale (2013) researched on impact of marketing strategy on business performance a study of selected small and medium enterprises (SME’s) in Oluyole local government, ibadan, Nigeria. It was established that there was a significant influence between product and business performance. Owomoyela, Oyeniyi and Ola, (2013) researched on the impact of marketing mix elements on consumer loyalty findings revealed that product has an influence on customer loyalty hence increase in performance.

2.2.1 Perceived Product Quality

Perceived product quality is defined as an assessment that customers have about the product excellence (Poh, Ghazali, and Mohayidin, 2011). Flynn, Schroeder and Sakakibara (1994) noted that quality is an important element in the design and manufacture of products which are considered superior to those of competitors. According to Hitt and Hoskisson (1997), customers increasingly expect products to be of high quality. Hence, product quality is often considered to contribute to the development of a firm’s competitive advantage. Product quality is extent to which a product succeeds to meet the needs of its customer (Lemmink and Kasper, 1994). Perceived quality is “the consumer’s judgment about the superiority or excellence of a product” (Zeithaml, 1988, p.4). Thuy and Chi (2015) state that perceived quality refers to customer’s evaluation of a
product or a brand that meet an individual’s expectation”. Research has shown that product perceived quality directly influences purchase intention (Rust and Oliver, 1994).

According to Feng, Terziovski and Samson (2007), product quality, efficiency and business results affects firm performance measures. Mahmood and Fatimah Hajjat (2014) researched on the effect of product quality on business performance in some Arab Companies. A model was developed to illustrate the product development stages from conception to distribution. The research analyzed data using structural equation modeling techniques. Findings revealed that product extrinsic value influences external performance and product intrinsic value influences internal performance. Nirusa (2017) conducted a research on the mediating role of perceived product quality. Survey was used to 105 firms. It was revealed that was a relationship between organizational capability and perceived product quality.

2.2.2 Product Packaging

According to Ampuero and Vila (2006), product package contains visual and sensual attributes which communicate to consume. A product package is a container that has a direct contact with the product, protects, preserves and identifies the product. Good package design requires knowledge of materials, their properties, manufacturing methods and conversion process (Sehrawet and Kundu, 2007). Package design not only increases the visibility of the product it also helps in easy recognition of the product. It also improvements in product packaging revitalize brands leading to increase in sales (Immonen 2010 and Leong, 1998). Package designs has an effect on consumer belief about the products and consumption beliefs leading to higher purchase decision and increase in sales volume (Horsky and Honea, 2012).

According to Kotler (2000), product packaging is used to attract attention, describe the product and clutter on retailer shelves hence motivate customers to purchase a product. Silayoi and Speece (2007) suggested that packages should be exciting and safe and of high quality. In addition, colors used on the package is perceived and associated with quality attributes. Edward (2013) conducted a research on the influence of visual packaging design on perceived food product quality, value, and brand preference. It was established that attitudes toward visual packaging directly influence consumer-perceived food product quality and brand preference.
Holmes and Paswan (2012) conducted a research on consumer reaction to new package
design. Based on previous research, it is suggested that a combination of product quality
and price influences customers purchase intention. Packaged goods that are priced low
receive less attention than products that are high priced. In addition, studies have also
suggested that customer attitude towards product package and quality influences their
purchase decision to buy products that have low prices (Holmes and Paswan, 2012).

Kamotho (2011) conducted a research on influence of packaging and labeling on
consumer perception of hair care products quality. The study used descriptive research
design. 60 hair dressers and 60 salon customers were sampled. It was concluded that icon,
symbols, font size and patterns, usage instructions, country of origin and information are
example of package label attributes that customers look for when buying a product. It was
recommended that hair care companies should put more emphasis on the product,
package appearance and colors they use on their package. Through this hair care
companies will be able to attract customer’s attention and influence purchase intention.

Rizwan, Vishnu, Raheem and Muhammad (2014) researched on impact of product
packaging on consumer's buying behavior. Findings revealed that product packaging
influences consumer purchase decision. It was concluded that packaging elements such
as color, design of wrapper, packaging material are factors consumers consider before
purchasing a product. Saeed, Lodhi, Mukhtar, Hussain, Mahmood and Ahm (2013),
conducted a research on impact of labeling on customer buying behavior in Sahiwal,
Pakistan. Quantitative research was used. Data was collected through survey. The study
sampled 100 customers. It was established that product labeling influences consumer
buying behavior.

2.2.3 Branding

According to American Marketing Association’s (2010), brand is a name, term, sign,
symbol or design, or a combination of name, term, sign, symbol or design to differentiate
goods and services from competitors. Green et al (2014) state that organizations use
brands to tell who they are, how they want people or market to perceive them and how the
organization wants to be. Fransisca, Tan and Ruth (2012) noted that brand is a name, a
word, letter or a combination of all of these terms that are used to differentiate
organizational products from its competitors. According to Yi Zhang (2015), brand
identity influences band equity thus creating customer appeal and visual image about a
particular brand. Adeleye (2003) state that a brand is a name attached to a product or service.

Deborah (2016) conducted a research on the effect of branding on organizational performance in the retailing of pharmaceutical products, on the mediating role of customers. It was revealed that findings, branding had a positive significant effect on organizational performance. Kim, Kim and Jeong (2003) conducted a research on the effect of consumer-based brand equity on firm’s financial performance. It was established that brand loyalty, awareness and image has a significant positive effect on profitability whereas brand quality has a negative effect on financial performance.

Musibau, Choi and Oluyinka (2014) researched on the impact of sales promotion and product branding on company performance. The study sampled 60 employees. Data was collected using survey questionnaires. Data was analyzed using chi-square ($x^2$). It was revealed that product branding and sales promotion affect organizational growth. Kalemb (2015) researched on Contribution of branding in enhancing performance of tourism sector in Rwanda. Findings revealed that there was a relationship between branding and tourism performance in Rwanda. Wed (2016) conducted a research on the impact of brand identity on customer loyalty and sales performance in local companies it was revealed that brand identity has an influence on the customers’ loyalty and the sales performance.

Njawa (2015) researched on the effects of advertising on organizational performance of TIGO Telecommunication Network Junior. Population of the study was employees who work at Tigo employees. Questionnaires, interviews, and documentary review were used to collected data. It was established that brand awareness, brand loyalty, and brand equity has a significance influence on organizational performance. Omotayo and Adegbuyi (2015) conducted a research on strategic roles of branding on organization sales performance. The study used a survey method. Structured questionnaires were used to collect data from150 respondents. Findings revealed that branding has a significant influence on sales performance.

performance. Convenience sampling was used to select sample of 291 respondents. Findings revealed that brand equity has a positive and significant influence on marketing performance.

Koh, Lee and Boo (2009) conducted a research on impact of brand recognition and brand reputation on firm performance at U.S. based multinational restaurant companies. It was established that brand reputation had a positive influence on a firm’s value performance. However, it was also revealed that brand reputation had no significant influence on the firm’s performance. Park, Pol and Eisingerich (2012) conducted a research on the role of brand logos in firm performance. It was revealed that brand logo significant influence firm’s performance.

Tsai, Cheung and Lo, (2010) conducted a research on an exploratory study of the relationship between customer-based casino brand equity and firm performance. It was revealed that customer-based casino brand equity has an impact on firm performance. However, a study done by Mei (2013) on brand identity, brand equity, and Performance revealed that brand equity; brand loyalty, perceived quality, and brand awareness does not have a significantly effect on firm’s performance.

2.3 Relationship between Price and Sales Promotion

According to Kotler (2007), price is a cost of producing, delivering and promoting the product charged. According to Jain (2004), pricing is the process where an organization determines what it will receive in exchange for its product after factoring in manufacturing costs, market place, competition, market condition and quality of product. According to Kotler (2004), companies use pricing strategies such as; premium pricing, value pricing, penetration pricing, cost plus pricing, competitive pricing, price skimming, going rate pricing, geographical pricing, segmented pricing, product mix pricing, psychological pricing and discriminatory pricing. Odhiambo (2013) researched on effect of pricing as a competitive strategy on sales performance of selected pharmaceutical companies. It was established that pricing strategy and decision has a significant effect on sales performance. Louter, Ouwerkerk, and Bakker (1991) in his research it was revealed that there was a positive relationship between pricing strategy and firm performance.
2.3.1 Value based pricing

Value-based pricing is the process of setting price based on customer perceived value of a product or service (Nagle and Singleton, 2011). According to research done by Hünerberg and Hüttmann (2003); Piercy, Cravens and Lane (2010), findings indicated that value based pricing is the most profitable pricing strategy. Nagle and Holden (2002) state that value pricing is the price of a customer’s next best alternative plus the value of differentiating features. Value based pricing is product driven and price is based on perceived product value (Schäder, 2006). Value based pricing is set by considering the value of a product or service has on its target customers (Hinterhuber, 2008). Value based pricing is setting a price in relation to an offering’s value (Anderson and Narus, 2004)

According to Deonir, Gabriel, Evandro and Fabia (2017), corporate profitability conducted a research on pricing strategies and levels and their impact on corporate profitability. It was revealed that value-based pricing has a positive effect on profitability of an organization. Liozu (2013) conducted a research on pricing orientation, pricing capabilities, and firm performance. The study surveyed 1,812 professionals who are involved in pricing to measure the influence of pricing approach on firm performance. It was established that there was a positive relationship between value-based pricing and firm performance. Andreas (2008) conducted a research on customer value-based pricing strategies and why companies resist it by adopting a two-stage empirical approach. It was revealed that deficits in value assessment; deficits in value communication; lack of effective market segmentation; deficits in sales force management; and lack of support from senior management are obstacles that hinder implementation of value-based pricing strategy.

Ingenbleek, Debruyne, Frambach and Verhallen (2003) conducted a research on successful new product pricing practices. The study conducted an empirical survey of 77 marketing managers in two business-to-business industries (electronics and engineering) in Belgium. It was revealed that value-based pricing is positively correlated with new product success. Nagle and Singleton (2011) surveyed 200 corporations on the impact of pricing strategies on the corporations’ profitability. They found that companies, which implemented sophisticated value-based pricing strategies, earn 31% higher operating income than competitors basing pricing strategies on market share goals or target margins.
Füreder, Maier, and Yaramova (2014) conducted a research on Value-based pricing in Austrian medium-sized companies. It was revealed that use of value based pricing enables a rim generate more returns and create a competitive advantage.

2.3.2 Penetration Pricing

According to Nagle (2006), penetration strategy is the process of charging a low price to product or services hence penetrate the market. Vikas (2011) state that penetration pricing is the process of setting a price at a lower price for new products or service hence breaking even the technique can also be used by organizations to look for new market for an existing product. Jim (2012) noted that penetration pricing is used to support the launch of a new product, and when a product enters a market with relatively little product differentiation and where demand is price elastic.

According Lamb, Hair and McDaniel (2004), penetration pricing is a technique of setting a low price on a new product hence attracting customers to try company’s products and services. Penetration price is setting low price for new products hence reaching a wider mass market and acquiring more market share. Penetration pricing is used when price of demanded product is at a level that will enable an organization increase sales volume (Szymanski and Henard, 2001). According to Mukhweso (2003), in his research on factors influencing tea pricing at the Mombasa tea auction. It was revealed that higher sales volume leads to low unit costs and higher profits in the long run. Organizations price their products at a lower price assuming that the market is price sensitive and that many companies price their products higher to “skim” the market.

Sije and Oloko (2013) conducted a research on penetration pricing strategy and performance of small and medium enterprises in Kenya. Stratified random sampling was used to select employees from various SMEs. Questionnaires were used to collect primary data. Descriptive and inferential statistics was used to analyze data. It was established that there was a strong positive correlation between penetration pricing and performance. Perminus and Wilson (2017) researched on effect of penetration pricing strategy on the profitability of insurance firms in Kenya. Target population was 45 insurance companies. The study used data from 2008-2012. A sample of 900 employees was used. Purposively sampling was used to sample 2 employees form each insurance companies. Questionnaires were used to collect data. Descriptive and inferential statistics
was used to analyze data. It was established that there was a positive relationship between penetration pricing and firm profitability.

Penetration pricing is used by firms to increase their market share or sales volume. Firms also use penetration pricing to speed up product adoption (Schnabl and Mckinnon, 2006; Oliver 2001). According to Harmon and Raffo (2007), organizations can use penetration pricing as a competitive pricing strategy to increase sales and reach a wider market share. Njomo and Margaret (2016) conducted a research on market penetration strategies and organizational growth: a case of soft drink. Stratified random sampling was used. Simple random sampling was used to select a sample of 160 respondents. Correlation was done to determine the relationship between variables. It was established that penetration pricing has a negative impact on organizational growth. Use of penetration pricing may lead to increase in sales volume and market share. In addition, Penetration pricing strategy is also used by organizations to promote complementary products (Njomo, 2016).

According to Matan (2016), organizations use penetration pricing strategy to price their products or services lower than its normal price. Through this, an organization is able to gain market acceptance, increase its market shares or discourage new competitors from entering the market. Marn, Roegner and Zawada (2003), postulated that use of very low price will make companies forego the potential revenues and give customers a perception that the product is of low quality hence making it difficult for companies to increase price of a product. In addition, products or services charged very low makes it difficult for products to takeoff in the market (Golder and Tellis, 2004).

2.3.3 Price Discount

According to Mullin and Cummins (2008), price promotions include money-off coupons, pence-off flashes, buy one get one free and extra fill packs. In addition, nowadays, price sensitive customers are more aware of promotional activities and more active in searching for price promotional offers (Yeshin, 2006). Price promotions have a strong effect towards customers. It influences customers to buy one particular brand instead of another and to also purchase it in greater quantities (Shimp, 2008). Price discount is the process of offering customer products at a reduced price from regular price of a product. According to Inman, Winer, and Ferraro (2009), price discount used by organizations to induce product trial and repeat purchases by new and current customers.
Hamed and Farideddin (2016) conducted a research on effects of promotion on perceived quality and repurchase intention. The study conducted a descriptive survey approach in terms of performance. Simple random sampling was done to select a sample of 230 customers of coffee shops in 5 districts of Isfahan. It was established that price promotion had a significant impact on perceived product and service quality. Bingqun, Kejia and Tingju (2016) conducted a research on analyzing the impact of price promotion strategies on manufacturer sales performance. Findings revealed that price promotion strategies affect sales performance.

According to Blattberg and Neslin (1990), use of price discount may lead to a significant reduction in sales performance. This is because organizations reduce their regular price purchase to attract customers. In addition, increase in use of price discount may lead to reduction of customer repeat purchase rate (Kopalle, Mela, and Marsh, 1999). Ajan (2015) conducted a research on effects of sales promotion on purchasing decision of customer in Baskin Robbins Ice–Cream Franchise Thailand. The study targeted customers in Bngkok and greater Bangkok area. 300 customers were sampled. Findings revealed that price discount, free sample and in store display influence product trial.

Martínez, Mollá, Gómez and Rojo (2006) conducted a research on evaluating temporary retail price discounts using semiparametric regression. Findings revealed that price discounts increase sales. Nelson and Chiew (2005) conducted a research on customer’s behavioral responses to sales promotion: the role of fear of losing face. Findings revealed that price discounts, free samples, bonus packs, and in-store display are associated with product trial. Osman, Chan, and Foon (2011) conducted a research on simulation of sales promotions towards buying behavior among university students. The study sampled 150 respondents. Systematic random sampling was used. Data was collected using self-administered questionnaires. Findings revealed that there was a significant relationship between attitude towards price discounts coupons, free samples and “buy-one-get-one-free” with buying behavior.

Dawes (2004) noted that price discount increases sales volume during the promotion period. Cui and Tingjui (2016) conducted a research on impact of price promotion strategies on manufacturer sales performance. Findings revealed that price promotional strategies have positive effects on sales performance.
2.4 Relationship between Place and Sales Performance

2.4.1 Distribution Channels

Distribution Channel is defined as a set of interdependent organizations involved in the process of making a product or service available for consumption or use (Gorchels, West, and Marien, 2004). Distribution channel can also include physical movement, warehousing, ownership of the product, presale transaction, post-sale activities; order processing, credit and collections; and other different types of support activities (Gorchels et al 2004). Distribution is the process of making a product or service available for use or consumption by a consumer or business user, using direct means, or using indirect means with intermediaries (Wren, 2007). Schoviah (2012) conducted a research on the effect of marketing distribution channel strategies on a firm’s performance among Commercial Banks in Kenya. Descriptive survey research design was used. Target population was 43 commercial banks operating in Kenya. Findings revealed that marketing distribution strategies increased sales, market share and profits.


Ferri, Mohd, Radia and Hamidreza (2012) conducted a research on impact of distribution channel innovation on the performance of Small and Medium Enterprises. Findings revealed that innovation in assortment; information sharing and transportation coordination had positive and significant relationships with firm performance. Laswai (2013) conducted a research on assessment of the effectiveness of channels of distribution models in the sales performance of an organization. The study sampled 90 respondents. Interviews, questionnaires and documentary reviews were used to collect data. Findings revealed that distribution channel has a positive influence on sales performance.

Chege, Muathe and Thuo (2014) conducted a research on the effect of marketing capabilities and distribution strategy on performance of MSP intermediary organizations’
in Nairobi County, Kenya. The study used descriptor-explanatory cross-sectional survey research design. Target population was of 397. Stratified and simple random sampling was used to select 219 respondents. Semi-structured questionnaire was used to collect primary data. It was established that marketing capabilities and choice of distribution strategy has a significantly influence on performance.

Vorhies, Morgan and Autry (2009) conducted a research on product-market strategy and the marketing capabilities of the firm: impact on market effectiveness and cash flow performance. It was revealed that there was a positive relationship between distribution channel management and firm performance. Afzal (2009) conducted a research on marketing capability, distribution strategy and business performance in emerging markets of Pakistan. Findings revealed that distribution strategy has an effect on business performance.

Oladun (2012) conducted a research on innovative distribution strategies and performance of selected multinational corporations (MNCs) and domestic manufacturing firms in Nigeria. Findings revealed that distribution strategies had a positive influence on performance. Cross-sectional survey was used. Simple random sampling was used to select 175 respondents. Findings revealed that innovative distribution strategies have a significant effect on performance. However, a study done by Sin, (2000) stated that there was no significant correlation between performances of companies with distribution channels.

2.4.2 Geographic Location

According to Schiele (2008), geographic location has a significant influence on firm’s profit margin and success. This might be due to availability and proximity of raw materials and labor, proximity to customers and competitors, infrastructure and transportation costs. Nguyen, McCracken, Casavant, and Jessup (2011) conducted a research on geographic location, ownership and profitability of Washington log trucking companies. The research used data from an extensive 2007 log trucking survey. Findings revealed that ownership and geographic location has a significant influence on profitability of the log trucking firm. In addition, firms anchored in clusters to form focal points can achieve, on average, higher productivity than isolated business organizations and consequently they can be more profitable (Nguyen et al, 2011). Delgado (2014) asserts that geographical cluster influences growth of an organization.
According to Heck, Rowe and Owen (1995), businesses located in urban areas generate greater returns than those located in rural areas. Bradley (2000) noted that geographic location plays a big role in survival of an organization. Edidijus and per (2015) researched on the role of clusters in innovation and performance of Small and Medium sized Technology Enterprises in Europe. It was established that there was a positive relationship between geographical proximity between firms and performance. Eze, Benedic and Juliet (2015) conducted a research on the correlation between business location and consumers patronage. The study used a survey design. 100 respondents were sampled. Data was collected using structured questionnaire. Findings revealed business location has a significant effect on business performance. The study concluded that proximity of the business to customers influences repeat purchase.

According to Kotler and Armstrong (2004), retailers should be location near their target customers thus ensuring accessibility. Retail stores located far away from their customers have a negative effect on their purchase intention. It reduces frequency of customers visiting a store (Hansen and Solgaard, 2004). Barnard, Kritzinger and Krüger (2011) conducted a research on location decision strategies for improving SMME business performance. The study targeted SMMEs in the Nelson Mandela Metropole. Convenience sampling was used to select 175 SMMEs. Questionnaires were used to collect primary data. Findings revealed that there was a positive relationship between location and business performance.

According to Fox, Postrel and McLaughlin (2007), agglomeration is the location of stores close to each other. Inter-type agglomeration is where different types of stores that deal in different product lines co-locate in shopping centers and malls. Intra-type agglomeration can also be defined as the close location of stores of organizations dealing in a similar product line, such as restaurants, hotels, jewelers, furniture stores, and automobile dealerships, often locate close together and (Fox et. al, 2007). Mogire (2015) conducted a research on agglomeration and performance of retail micro-enterprises in Kenya. Findings revealed that agglomeration had an effect on performance. Freeman, Styles and Lawley (2012) researched on "Does firm location make a difference to the export performance of SMEs? Findings revealed that there was a positive correlation between firms located inside industrial districts with export performance.
2.4.3 Physical Appearance

According to Zeithaml et al. (2009), services cape has an effect on customer’s experience. Additionally, services cape elements that influence customers behavior includes; signage, parking, surrounding environment, landscape, layout, equipment, signage, music and lighting. Mown and Minor (2004) noted that store design has a positive effect on consumer purchase decision hence increase in sales. According to study done by Simonson (1999); Levy and Wits (2009), findings revealed that in store music, pleasant smell, functional layout and suitable color have a positive effect on consumer perception towards the product and environment.

![Servicescapes Model](image)

**Figure 2.1: Servicescapes Model**

**Source: Bitner (1992)**

Egle, and Maciejewska (2012) conducted a study on the role of the perceived services cape in a supermarket. Findings revealed that lighting, noise, colors, signs and symbols space/function such as; layout and equipment creates emotionally pleasant environment in the supermarket hence influencing customers purchase decision. Ballantine, Jack and Parsons, Ballantine and Jack (2010) conducted a research on atmospherics cues and their effect on the hedonic retail experience. Findings revealed that attractive stimuli such as use of medium volume music with well-spaced sound sources increase customer’s interest.
Chang, Eckman, and Yan (2011) conducted a research on application of the stimulus organism response model to the retail environment. It was revealed that ambient/design in the retail environment has a positive emotional response to consumer’s impulse buying behavior. Kariuki (2012) conducted a study in the influence of interior design on business performance. Findings revealed music, appealing colors, lighting influences business performance. Morrison, Gan, Dubelaar and Oppewal (2011) conducted a research on in-store music and aroma influences on shopper behavior and satisfaction. Findings revealed that store music and aroma significantly influence consumer’s behavior and approach.

Mathiu (2016) conducted a research on the effect of services cape on sales in the hotel industry: a case study of Nairobi Serena Hotel. Descriptive research design was used. The study targeted 200 employees in Nairobi Serena hotel. 50 employees were sampled. The study used questionnaire to collect primary data. It was revealed that aesthetic features of the hotel had a positive effect on sales. The study recommended that the management should provide better working conditions thus making employee and customer comfortable. It was also recommended that management should ensure that the hotel is spacious, comfortable seats and good furnishings to attract customers thus increased sales.

2.5 Relationship between Promotion and Sales Performance
Promotion strategy is the use of advertising, sales promotion, personal selling, public relations, and direct marketing to promote organizational products (Czinkota and Ronkainen, 2004). According to Brrassington and Pettitt (2000), promotion is a direct way in which companies communicate their products or services to their target customers. Kotler and Armstrong (2008) assert that promotion is all activities undertaken to communicate and promote products or services to the target market. According to Kotler (1999), promotional mix includes advertising, sales promotions, personal selling and publicity. Kamba (2010) in his research on effectiveness of promotion mix methods on sales in local pharmaceutical manufacturing companies in Kenya. It was revealed that marketing managers should determine what combination of promotion mix will make effective promotion programs hence increase in sales. Aliata, Odondo, Aila, Ojera, Abong, and Odera (2012) in their research on influence of promotional strategies on
banks performance. It was revealed that there was a positive relationship between promotional strategies and bank performance. However, a research conducted by Oyewale (2013) on impacts of marketing strategy on business performance findings revealed that promotion has no positive significant effect on business performance.

### 2.5.1 Sales Promotion

Sales promotion is a strategy that is used by companies to promote sales, usage or trial of a product or service. Organizations use sales promotion along with advertising, public relations, and personal selling (Schiffman and Kanuk, 2004). Sales promotion is also used by organizations to achieve a competitive advantage and influence their target customers to purchase their products (Aderemi, 2003). Sales promotion is a media or non-media marketing strategy used by organizational for a specific period of time to increase demand, productivity and influence product trial (Kotler and Amstrong, 2010). Oyedepo et al (2012) noted that sales promotion is an uninterrupted incentive that offers an extra value or incentive for the product to the sales force, distributor, or the final consumer with main objective of creating an immediate sale.

According to Mullin (2010), sales promotion is used by organizations to increase volume, induce trial, increase repeat purchase, increase customer loyalty, increase product usage, create interest, create awareness and create brand awareness. According to American Marketing Association (2010), sales promotions as “media and non-media marketing pressures applied for a predetermined time frame to different target audience, thus consumers, retailers and wholesalers in order to stimulate trial, increase consumer demand and improve product viability.” According to Kotler (2003), sales promotion is a key ingredient in marketing campaigns and consists of a diverse collection of incentive tools such as; coupons, rebates, samples and sweepstakes it is a short term strategy designed to stimulate quicker or greater purchase particular products or services by consumers. According to research done by Alvarez and Casielles, (2005); De Run and Jee, (2008), it was revealed that use of sales promotion strategies will enable retailers and manufactures to attract more customers and encourage them to try their products and services hence achieve their objectives.

Festus (2016) in his research on the impact of sales promotion on organizational performance case study of Guinness Ghana Breweries Limited. It was revealed that there was a positive and significant relationship between sales promotion and performance.
According to a research done by Tandoh and Sarpong (2015), on the impact of sales promotions on the performance of Auto-Mobile Industries in Ghana. It was established that sales promotion has a positive effect on organizational performance. Danga iso (2014) conducted a research on the effects of sales promotion strategies on company performance of Auto-Mobile Industries in Ghana, it was revealed that Findings revealed that use of sales promotional activities such; as bonuses, price and contest sweepstakes has a positive influence on company performance.

Ibojo and Ogunsiji (2011) in their research on effect of sales promotion as a tool on organizational performance, findings revealed that sales promotion has a positive effect on organizational performance and sales volume of the organization. Syeda, Zehra and Sadia (2011) in their research on impact of sales promotion on organizations’ profitability and consumer’s perception in Pakistan, it was revealed that sales promotion has a positive effect on brand loyalty hence increase in organizational profitability. Adeniran, Egwuonwu and Egwuonwu (2016) research on the impact of sales promotions on sales turnover in airlines industry in Nigeria. It was established that sales promotions incentives has a significantly impact on sales turnover in the airlines industry. Osogbo (2014) conducted a research on effects of advertising on organizational profitability. Findings revealed that advertising has an effect on organizational profitability. It was revealed that sales promotion affects organizational performance and sales volume of the organization.

Amusat and Ajiboye (2013) conducted a research on sales promotion as an antecedent of sales volume. Simple random sampling was used to select a sample of 80 respondents. Data was collected using structured questionnaires. It was revealed that sales promotion activities such as bonus, coupons, free samples, price promotion and premiums affects sales volume. Bamiduro (2001) conducted a research on an analysis of sales promotion on sales volume in the beverage industry in Nigeria Bottling Company Plc. It was revealed that there was a positive significant relationship between sales promotion dimensions and sales volume of the beverage industry. However, according to a study done by Srini, Srinivasan and Anderson (2000) on concepts and strategy guidelines for designing value enhancing sales promotions. Findings revealed that sales promotion dimensions do not change the structure of sales volume over the long run.
2.5.2 Advertising

According to Abiodium (2011), advertising is a non-personal paid form of “communication about an organization or its product to a target audience through amass broadcast medium by an identified sponsor”. Adewale (2004) state that advertising is a non-personal communication strategy that is directed at target audience through various media in order to present and promotes products, services and ideas. According to Engel (2000), advertising is a strategy used by organizations to inform, remind and persuade customers to purchase a product. It is also used to present product, ideas and reach targeted customers. Advertising is any paid form of non-personal communication about an organization, good, service or idea by an identified sponsor (Berkowitz, Kerin, Hartley and Rudelius, 2000). Ashkan (2016) conducted a research on the role of advertisement in sales increase and promotion in Hamadan Province Insurance Companies. It was revealed that advertising has an impact on sales increase.

According to Olusegun (2006), advertising is used to inform customers an existing product or new product, maintain sales, attract new customers, introduce new packages and achieve a competitive advantage. Akanbi and Adeyeye (2011) conducted a research on the association between advertising and sales volume in Nigerian Bottling Company Plc Akanbi. It was established that there was a significant relationship between advertising and the sales of the company. Agbeja, Adelakun and Akinyemi (2015) researched on analysis of the effect of advertising on sales and profitability of company it was revealed that there was a significant effect between advertising and profitability. Gan (2010) conducted a study on empirical analysis: advertising effects on firm performance in the Malaysian consumer products sector. It was established that there was a positive relationship between advertising and firm performance.

Njawa (2015) in his research on the effects of advertising on organizational performance: Case study of Tigo telecommunication network junior. The finding revealed that advertising has a significant influence on organizational performance. Musa (2003) researched on relationship between advertising and organizational performance in Tanzania. It was established that advertising has a direct relationship with overall business performance in a company. Dauda (2015) conducted a research on effect of advertising on the sales revenue and profitability of selected food and beverages firms in Nigeria. It was revealed that there was a positive and significant relationship between
advertising and firm profitability. However, that study also revealed that there was no positive significant relationship between advertising expenses and sales revenue of the companies. It was recommended that the organization should not only concentrate on advertising to increase sales revenue and firm profitability they should also use sales promotion, personal selling, publicity.

Jebungei (2014) researched on influence of advertising on organizational performance of cosmetic manufacturing firms in Kenya. The finding revealed that use of advertising enables an organization create awareness and appeal. In addition advertisement also has an influence on performance of products. It enables an organization increase sales volume and profit. Liban (2015) researched on the impact of advertisement on sales in telecommunication companies in Somalia it was established that advertising had a significant impact on the sales volume.

Joshi, Prabhu and Chirputkar (2016) researched on impact of advertising and sales promotion expenses on the sales performance of Indian Telecommunication Companies. It was revealed that there exists a significant positive relationship between advertising and sales promotion on sales performance. Nana, Gloria and Kwamena (2011) conducted a research on the effect of marketing communications on the sales performance of Ghana Telecom (Vodafone, Ghana). Findings revealed that there was a strong relationship between strong relationships between sales promotion, advertising budgets and total sales.

2.5.3 Direct Marketing

Direct marketing is a direct communication strategy used by organizations to target their customers thus gets an immediate response. It includes a face to face interaction (Kotler, 2000). Direct mail is the process of sending information about special offer, product, sale announcement, service reminder to target customers. It includes telemarketing, email marketing, catalogue, brochures, newsletters and online marketing (Berry and Wilson, 2004). Through direct marketing an organization is able to collect relevant information about their customers and develop products based on their customers’ needs and wants (Lawson, 2008).

Direct marketing is the use of mail, fax, e-mail, or internet to communicate directly with or solicit response or dialogue from specific customers and prospects (Kotler and Armstrong, 2010). Wisdom (2015) conducted study on the impact of e-marketing on
business performance. Findings revealed that use of e-marking has a positive influence on performance.

Mukorombindo (2014) researched on the impact of direct marketing on sales performance at seed potato co-op. Findings revealed that there was a weak relationship between direct marketing, and sales performance. This is due to lack of formal marketing plan, lack of customer data base lack of market budget and poor communication. It was recommended that the company should use several direct marketing strategies. Afande (2015) conducted a research on effect of promotional mix elements on sales volume of financial institutions in Kenya at Kenya Post Office Savings Bank. It was revealed that sales promotion has the most effect on sales volume followed by personal selling, public relation then direct marketing which had the least effect on sales marketing.

Hiroki and Ashok (2011) conducted a research on use of direct marketing strategies by farmers and their impact on farm business income. Findings revealed that direct marketing does not have an impact on farm business income. Chiang, Chhajed and Hess (2003) researched on direct marketing, indirect profits. It was revealed that use of direct marketing increases the flow of profit through retailers and it also helps manufacturers improve their profitability. However, a researched done by Arnold and Tapp (2001) on research on the effects of direct marketing techniques on performance indicated that direct marketing has an effect on performance.

Aliata et al (2012) conducted a research on influence of promotional strategies on banks performance. Descriptive research was conducted. Simple random sampling technique was used to select 88% of bank branches. Questionnaires were used to collect data. It was revealed that there was a positive relationship between promotional strategies; direct marketing, sales promotion, personal selling, advertising and viral marketing on expenditure and bank performance.

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

This chapter has discussed literature review based on the following research objectives; to evaluate the relationship between product and sales performance at Unga group, to evaluate the relationship between price and sales performance at Unga group, to evaluate the relationship between place and sales performance at Unga group and to evaluate the relationship between promotion and sales performance at Unga. Chapter three highlighted research methodology that was used in the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter highlights research methodology that has been used in the study. It gives an overview of research design, population and sample size, sampling techniques, data collection and data analysis that were used in the research.

3.2 Research Design

According to Zikmund (2012), a research design is a framework that is used by researchers to conduct research. This research framework includes the procedures as well as the procedural framework necessary for obtaining the data and information needed to structure and solve a research problem. The study used a descriptive research design. According to Sekaran and Bougie (2013), descriptive research is a design used to answer the what, how and why. Descriptive design was appropriate for this study because it enabled collection of data by measurement of central tendency, variation and correlation (Shajahan, 2008). Cooper and Schindler (2011, p.149) descriptive studies help a researcher discover association between variables. The research used quantitative research to gain better knowledge and understanding of the results. Quantitative research relies on deductive reasoning or deduction (Sekaran and Bougie, 2010).

3.3 Population and Sampling Design

3.3.1 Population

According to Mugenda and Mugenda (2003), a population is the entire set of relevant units or elements that a researcher tends to study. The target population for this study was 127 middle level staff at Unga Group Limited in Nairobi. It comprised of production supervisor, sales assistant, finance assistant and marketing assistant.
Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>Population</th>
<th>Total Population</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Assistant</td>
<td>50</td>
<td>39</td>
</tr>
<tr>
<td>Sales Assistant</td>
<td>30</td>
<td>24</td>
</tr>
<tr>
<td>Finance Assistant</td>
<td>30</td>
<td>24</td>
</tr>
<tr>
<td>Production Supervisor</td>
<td>17</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>127</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Unga Limited Data Base (2017)

3.3.2 Sampling Design

3.3.2.1 Sample Frame

According to Cooper and Schindler (2014), a sampling frame is a list of elements from which a sample is drawn. A sampling frame is the source material from which a sample is drawn. It represents a list of all elements within a population that can be sampled (Zikmund and Babin, 2012). The sample frame was 127 Management staff of Unga Group Limited (Unga Limited Data Base, 2017).

3.3.2.2 Sampling Techniques

The study used stratified random sampling. According to Kothari (2004), sampling technique is the process of selecting a number of respondents for study. Stratified random sampling is the process of stratification hence creating a strata based on income level, management level, and life stages (Sekaran and Bougiea, 2010). Stratification is used to reduce standard error and provide some control over variance (Oso, 2009). The target population was divided into a stratum which included; marketing assistant, sales assistant, production supervisor and finance assistant.

3.3.2.3 Sample Size

According to Polit (2001), a sample size is a proportion of a population. Tustin, Ligthelm and Van (2005), state that sample size is a smaller set of the larger population. Use of a
sample enables a researcher to save time and money hence get more detained information for its respondents. Sample size was drawn using the following formula.

\[ n = \frac{N}{1 + Ne^2} \]

Where \( n \) = number of samples, \( N \) = total population and \( e \) = error margin / margin of error.

\[ N = 127 \]

\[ [(1+ 127 (0.5)^2)] \]

\[ = 96 \]

**Table 3.2: Sample Size Distribution**

<table>
<thead>
<tr>
<th>Departments</th>
<th>Total Population</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Manager</td>
<td>50</td>
<td>37</td>
<td>39</td>
</tr>
<tr>
<td>Sales Manager</td>
<td>30</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>Finance Manager</td>
<td>30</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>Production Manager</td>
<td>17</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>127</strong></td>
<td><strong>96</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**3.4 Data Collection Methods**

According to Cooper and Schindler (2008), data collection is the systematic and calculated gathering of information based on research variables. Closed ended questionnaires were used to collect primary data. According to Sansoni (2014), a questionnaire is a data collection tool that is designed to collect structured and unique data from respondents. Questionnaire is a powerful instrument that assists the researcher to collect data from non-public and non-personal way. The questionnaire had a five-point Liker scale were five; (1) Strongly Disagree, (2) Disagree, (3) Neutral (4) Agree and (5) Strongly Agreed. The questionnaire was also sub-divided into five sections; demography,
product and sales performance, price and sales performance, place and sales performance and promotion and sales performance.

3.5 Research Procedures
The study conducted a pilot study to check for accuracy and clarity. Mugenda and Mugenda (2003) suggested that use of a pilot study enabled a researcher identify errors and make required changes. Feedback received from the pilot study was added into the questionnaire before distributing the final copy. A letter from Chandaria School of Business was obtained to enable the researcher collect data. Questionnaires were self-administered. They were dropped and picked immediately respondents were done answering. Ample time was given to respondents to answer the questionnaire. Respondents were also informed that information received was confidential and was only used for academic purpose.

According to Mugenda and Mugenda (2003), reliability is a measure of the degree to which a research instrument yields reliable results or data after repeated trials. An instrument is reliable when it can measure a variable accurately and obtain the same results over a period of time.

3.6 Data Analysis Methods
According to Cooper and Schindler (2008:93), data analysis is the process where collected data is reduced to a more controllable and convenient size, and a researcher can start to identify trends or patterns, apply statistical techniques and give a summary of the data. Collected data was sorted and coded. Statistical Package for Social Sciences (SPSS) was used to analyze data. Descriptive and inferential research was used to analyze data. The researcher used frequencies, mean, variances, and standard deviations to analyze descriptive research. Inferential statistics is a technique used by researchers to study samples and make generalizations about the population (Zulfiqar and Bala, 2016). The study analysed inferential statistics using Pearson correlation to determine relationship between variables. Tables and figures were used to present findings.

3.7 Chapter Summary
This chapter covers research methodology that was used in the study. It has discussed population, sampling design, sample technique that was used, sample size, data collection methods, research procedures, and the data analysis methods used in. Chapter four covered data analysis method that was used in the study. Results and findings of the study
were analyzed using statistical package for social sciences (SPSS) then presented using tables and figures.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 INTRODUCTION

This chapter provided analysis and findings obtained from the field. It also discusses results on demography; age, gender, marital status, number of years in the organization, level of education and department in the organization. The chapter further outlines effects of marketing mix on sales performance.

4.1.1 Response Rate

The researcher issued a total of 96 questionnaires and only 58 were filled and returned giving a response rate of 60%. This was sufficient for the study as indicated in Table 4.1.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled and returned</td>
<td>58</td>
<td>60</td>
</tr>
<tr>
<td>Non-response</td>
<td>38</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>96</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.2 Demographic Information

This section gives an analysis on the results on demographic factors of the respondents who participated in this research study.

4.2.1 Age of Respondents

The researcher sought to investigate the age of the respondent’s. Findings revealed that 31% of respondents were between 31-35 years, 26% of the respondents were between 26-30 years, 21% were between 36-39 years, 15% of respondents were 25 years and below and 7% were above 40 years. As shown in Figure 4.1 below
4.2.2 Gender of Respondents

The researcher sought to investigate the distribution of respondents by gender. Findings revealed that 50% of respondents were male, 45% were female and 5% never answered as shown in Figure 4.2 below.

4.2.3 Marital Status

The researcher sought to investigate the marital status of the respondent’s and the findings revealed that 27 respondents were married this represents 47% of the total population. 19 respondents were single this represents 33% of the total population, 7 respondents were divorced this represents 12% of the total population, 4 respondents
were widowed this represents 7% of the total population and 1 respondent did not respond this represents 2% of the total population as show in Figure 4.3 below.

![Marital Status](image)

**Figure 4.3: Marital Status**

**4.2.4 Years in the Organization**

The researcher sought to investigate the duration respondents have worked in the organization and findings revealed that 26 respondents have been in the organization for 6-10 years this represents 45% of the total population, 16 respondents have been in the organization for 11-14 years this represents 28% of the total population, 12 respondents have been in the organization for 2-5 years this represents 21% of the total population and 4 respondents have been in the organization for less than 2 years this represents 7% of the total population as shown in Figure 4.4 below.

![Years in the Organization](image)

**Figure 4.4: Years in the Organization**
4.2.5 Level of Education

To research sought to investigate respondent’s literacy level and the findings revealed that 17 respondents have diploma this represents 29% of the total population, 16 respondents have a degree representing 28% of the total population, 14 respondents have masters this represents 24% of the total population as shown in Figure 4.5 below.

![Figure 4.5: Level of Education](image)

4.2.6 Department in the Organization

The researcher sought to investigate the departments the respondent’s work for in the organization, and findings revealed that 40% of respondents are in the marketing department, 33% finance department and 27% production as shown in Figure 4.6 below.

![Figure 4.6: Department in the Organization](image)
4.3 Relationship between Product and Sales Performance

The study sought to analyze the relationship between product and sales performance. Respondents were asked a number of questions and were supposed to rate them with the highest being strongly agree (5) and the least being strongly disagree (1).

4.3.1 Relationship between Product and Sales Performance

On analysis findings revealed that majority of the respondents agreed that product quality has a positive impact on sales performance (4.71), brand awareness influences organizational performance (4.60), packaging influence consumer-perceived product quality (4.48), packaging used describes the product and its use (4.47), packaging is used to attract attention (4.31), company’s brand image, and loyalty has an influence on profitability of a company (4.28) and package designs increases product visibility and recognition (4.10). However, respondents did not reach an agreement on product appearance, smell, and flavour affect sales volume (3.62). In addition, respondent strongly disagreed that product perceived quality does not influence purchase intention (1.57) and branding does not influences firm performance (1.54) as shown in Table 4.2.

On analysis of the standard deviation, product appearance, smell, flavour affect sales volume had the highest deviation of (1.412). This means the there was a bigger variation between those who agreed, disagreed and neutral. Whereas, packaging is used to attract attention had the lowest deviation of (0.568). This implies that there was little variation between those who agreed, and those who disagreed.
Table 4.2: Relationship between Product and Sales Performance

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product quality has a positive impact on sales performance</td>
<td>4.71</td>
<td>.459</td>
</tr>
<tr>
<td>Product appearance, smell, flavour affect sales volume</td>
<td>3.62</td>
<td>1.412</td>
</tr>
<tr>
<td>Package designs increases product visibility and recognition</td>
<td>4.10</td>
<td>.640</td>
</tr>
<tr>
<td>Packaging influence consumer-perceived product quality</td>
<td>4.48</td>
<td>.682</td>
</tr>
<tr>
<td>Product perceived quality does not influence purchase intention</td>
<td>1.57</td>
<td>1.045</td>
</tr>
<tr>
<td>Branding does not influence firm performance</td>
<td>1.54</td>
<td>.946</td>
</tr>
<tr>
<td>Company’s brand image, and loyalty has an influence on profitability of a company</td>
<td>4.28</td>
<td>.643</td>
</tr>
<tr>
<td>Packaging is used to attract attention</td>
<td>4.31</td>
<td>.568</td>
</tr>
<tr>
<td>Packaging used by Unga Ltd describes the product and its use</td>
<td>4.47</td>
<td>.599</td>
</tr>
<tr>
<td>Brand awareness influence on organizational performance</td>
<td>4.60</td>
<td>.591</td>
</tr>
</tbody>
</table>

4.4 Relationship between Price and Sales Performance

The study sought to analyze the relationship between price and sales performance. Respondents were asked a number of questions and were supposed to rate them with the highest being strongly agree (5) and the least being strongly disagree (1).

4.4.1 Relationship between Price and Sales Performance

On analysis of the means majority of the respondents agreed that use of pricing strategy has increased sales volume (4.59), price promotion has a significant impact on perceived product quality (4.25), use of penetration pricing influences customer purchase (4.09) and value-based pricing has a positive impact on profitability (4.03). However respondents could not reach an agreement on Unga Ltd offer products in lower prices market segments (3.34), price penetration has a positive effect on organizational growth and performance (3.28), Unga Ltd uses price discounts, free samples, bonus packs (3.24) and Unga Ltd use penetration pricing to increase product adoption (3.17). In addition findings also revealed that respondents disagreed that price promotion strategies does not affect
sales performance (2.86) and use of price discount influences to a significant reduction in sales performance (2.19) as shown in Table 4.3 below.

On analysis of the standard deviation Unga Ltd uses price discounts, free sample; bonus packs had the highest mean of (1.689). This means the there was a bigger variation between those who agreed, disagreed and neutral. In addition, use of pricing strategy has increased sales volume had the lowest deviation of (0.497). This implies that there was little variation between those who agreed, disagreed and neutral.

Table 4.3: Relationship between Price and Sales Performance

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of pricing strategy has increased sales volume</td>
<td>4.59</td>
<td>.497</td>
</tr>
<tr>
<td>Value-based pricing has a positive impact on profitability</td>
<td>4.03</td>
<td>.725</td>
</tr>
<tr>
<td>Use of penetration pricing influences customer purchase</td>
<td>4.09</td>
<td>.864</td>
</tr>
<tr>
<td>Price penetration has a positive effect on organizational growth and performance</td>
<td>3.28</td>
<td>1.519</td>
</tr>
<tr>
<td>Price promotion strategies does not affect sales performance</td>
<td>2.86</td>
<td>1.605</td>
</tr>
<tr>
<td>Use of price discount influences sales performance</td>
<td>2.19</td>
<td>1.370</td>
</tr>
<tr>
<td>Unga Ltd offer products in lower prices market segments</td>
<td>3.34</td>
<td>1.433</td>
</tr>
<tr>
<td>Unga Ltd use penetration pricing to increase product adoption</td>
<td>3.17</td>
<td>1.187</td>
</tr>
<tr>
<td>Price promotion has a significant impact on perceived product quality</td>
<td>4.25</td>
<td>.872</td>
</tr>
<tr>
<td>Unga Ltd uses price discounts, free samples, bonus packs</td>
<td>3.24</td>
<td>1.689</td>
</tr>
</tbody>
</table>

4.5 Relationship between Place and Sales Performance

The study sought to analyze the relationship between place and sales performance. Respondents were asked a number of questions and were supposed to rate them with the highest being strongly agree (5) and the least being strongly disagree (1).
4.5.1 Relationship between Place and Sales Performance

On analysis of the means majority of the respondents agreed that distribution channels located in urban areas generate more returns than those in rural areas (4.70), use of distribution channels influences product availability (4.68), store design has a positive effect on consumer purchase and sales volume (4.61), use of distribution channels influences sales and profit (4.59), use of attractive stimuli such as music has an influence on customers (4.33), music, appealing colors, lighting influences business performance (4.21), location of retail stores far from customers has a negative effect on their purchase intention (4.13), close location of organizations selling similar products affects performance (4.04) and geographic location has a significant influence on profitability (4.02). Findings also revealed that respondents disagreed that physical surrounding such as finishing, good working environment, and aroma does not have any effect on sales (2.35) as shown in Table 4.4.

On analysis of the standard deviation distribution channels located in urban areas generate more returns than those in rural areas had the highest deviation of (1.402). This means the there was a bigger variation between those who agreed, disagreed and neutral. In addition, use of distribution channels influences sales and profit had the lowest deviation of (0.497). This means that there was little variation between those who agreed, disagreed and neutral.
Table 4.4: Relationship between Place and Sales Performance

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of distribution channels influences sales and profit</td>
<td>4.59</td>
<td>.497</td>
</tr>
<tr>
<td>Geographic location has a significant influence on profitability</td>
<td>4.02</td>
<td>.876</td>
</tr>
<tr>
<td>Close location of organizations selling similar products affects</td>
<td>4.04</td>
<td>.865</td>
</tr>
<tr>
<td>performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Store design has a positive effect on consumer purchase and sales</td>
<td>4.61</td>
<td>.620</td>
</tr>
<tr>
<td>volume</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Music, appealing colors, lighting influences business performance</td>
<td>4.21</td>
<td>1.013</td>
</tr>
<tr>
<td>Physical surrounding such as finishing, good working environment, and</td>
<td>2.35</td>
<td>1.395</td>
</tr>
<tr>
<td>aroma does not have any effect on sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of distribution channels influences product availability</td>
<td>4.68</td>
<td>.469</td>
</tr>
<tr>
<td>Use of attractive stimuli such as music has an influence on customers</td>
<td>4.33</td>
<td>.740</td>
</tr>
<tr>
<td>Distribution channels located in urban areas generate more returns</td>
<td>4.70</td>
<td>.807</td>
</tr>
<tr>
<td>than those in rural areas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location of retail stores far from customers has a negative effect on</td>
<td>4.13</td>
<td>1.402</td>
</tr>
<tr>
<td>their purchase intention</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.6 Relationship between Promotion and Sales Performance

The study sought to analyze the relationship between place and sales performance. Respondents were asked a number of questions and were supposed to rate them with the highest being strongly agree (5) and the least being strongly disagree (1).

4.6.1 Relationship between Promotion and Sales Performance

On analysis of the means majority of the respondents agreed the organization uses advertising to present product and ideas (4.55), sales promotions influences sales volume (4.53), use of e-marking has a positive influence on performance (4.52), use of direct marketing increases profit (4.52), promotion of products gives companies a competitive edge (4.50), sales promotion is used to create interest, and brand awareness (4.41),
advertising has increased sales (4.38), and sales promotion has increased brand loyalty (4.02). Findings also revealed that respondents disagreed that personal selling and publicity was used to promote products (2.17) and Unga Ltd offers price discounts and coupons (2.03) as shown in Table 4.5.

On analysis of the standard deviation personal selling and publicity was used to promote products had the highest deviation of (1.142). This means the there was a bigger variation between those who agreed, disagreed and neutral. In addition, advertising was used to present product and ideas had the lowest deviation of (0.502). This means that there was little variation between those who agreed, disagreed and neutral.

**Table 4.5: Relationship between Promotion and Sales Performance**

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales promotions influences sales volume</td>
<td>4.53</td>
<td>.821</td>
</tr>
<tr>
<td>Use of sales promotion has increased brand loyalty at Unga Ltd</td>
<td>4.02</td>
<td>.982</td>
</tr>
<tr>
<td>Advertising has increased sales at Unga Ltd</td>
<td>4.38</td>
<td>.671</td>
</tr>
<tr>
<td>Use of sales promotion create interest, and brand awareness</td>
<td>4.41</td>
<td>.702</td>
</tr>
<tr>
<td>Use of e-marking has a positive influence on performance.</td>
<td>4.52</td>
<td>.504</td>
</tr>
<tr>
<td>Use of direct marketing at Unga Ltd has led to an increase in profit</td>
<td>4.52</td>
<td>.504</td>
</tr>
<tr>
<td>Promotion of products gives companies a competitive edge</td>
<td>4.50</td>
<td>.504</td>
</tr>
<tr>
<td>Unga Ltd offers price discounts and coupons</td>
<td>2.03</td>
<td>1.059</td>
</tr>
<tr>
<td>Unga Ltd uses personal selling and publicity to promote their products</td>
<td>2.17</td>
<td>1.142</td>
</tr>
<tr>
<td>Unga Ltd uses advertising to present product and ideas</td>
<td>4.55</td>
<td>.502</td>
</tr>
</tbody>
</table>

**4.7 Effects of Sales Performance**

The study sought to establish the effects of sales performance. Respondents were asked a number of questions and were supposed to rate them with the highest being strongly agree (5) and the least being strongly disagree (1).
4.7.1 Effect of Sales Performance

On analysis of the means majority of the respondents agreed that pricing influences sales volume (4.67), use of promotion strategy has increased business performance (4.66), place strategy has influenced quick distribution (4.57) and product influences customer loyalty (4.52) as shown in Table 4.6 below.

Table 4.6: Descriptive of Sales Performance

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricing influences sales volume</td>
<td>4.67</td>
<td>.473</td>
</tr>
<tr>
<td>Our product has influenced customer loyalty</td>
<td>4.52</td>
<td>.504</td>
</tr>
<tr>
<td>Place strategy has influenced quick distribution of our products</td>
<td>4.57</td>
<td>.500</td>
</tr>
<tr>
<td>Use of promotion strategy has increased our business performance</td>
<td>4.66</td>
<td>.479</td>
</tr>
</tbody>
</table>

4.8 Regression Analysis

The research analyzed relationship between sales performances against promotion, price, place and product. The results showed that the R2 value was 0.197 hence 18% of the variation in sales performances was explained by the variations in promotion, price, place, and product as shown in Table 4.7 below.

Table 4.7: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.444a</td>
<td>.197</td>
<td>.136</td>
<td>.27539</td>
<td>.197</td>
<td>3.246</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td>53</td>
</tr>
</tbody>
</table>

A. Predictors: (Constant), promotion, price, place, product

An ANOVA analysis was done between sales performances, promotion, price, place and product at 95% confidence level, the F critical was 3.246 and the P value was (0.000) therefore significant as shown in Table 4.8 below.
Table 4.8: ANOVA^a

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>985</td>
<td>4</td>
<td>.246</td>
<td>3.246</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>4.019</td>
<td>53</td>
<td>.076</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5.004</td>
<td>57</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A. Dependent Variable: sales performances

B. Predictors: (Constant), promotion, price, place, product

4.6.3.3 Coefficients of Sales Performances and Promotion, Price, Place and Product

The findings in table 4.9 indicates that only promotion has a significant positive effect on sales performance (β = 0.444, p < .001) whereas product (β = 0.137, p > 0.305) and price (β = 0.043, p > 0.730) had a positive effect, and place (β = -0.094, p > 0.249) had a negative effect as shown in Table 4.9
<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Performance</td>
<td>2.801</td>
<td>.977</td>
<td>2.867</td>
<td>.006</td>
</tr>
<tr>
<td>Product</td>
<td>.131</td>
<td>.127</td>
<td>1.035</td>
<td>.305</td>
</tr>
<tr>
<td>Price</td>
<td>.033</td>
<td>.095</td>
<td>.347</td>
<td>.730</td>
</tr>
<tr>
<td>Place</td>
<td>-.070</td>
<td>.094</td>
<td>-.744</td>
<td>.460</td>
</tr>
<tr>
<td>Promotion</td>
<td>.374</td>
<td>.109</td>
<td>3.430</td>
<td>.001</td>
</tr>
</tbody>
</table>

### 4.9 Chapter Summary

This chapter has presented results and findings based on data collected. The first section provided an analysis on respondent’s demographic factors, the second section discussed between product and sales performance, the third section examined relationship between price and sales performance, the fourth section covered relationship between place and sales performance and the fifth section explode relationship between relationship between promotion and sales performance. Chapter five discussed conclusions and recommendations made with regard to sales performance at Unga Group.
CHAPTER FIVE
5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 INTRODUCTION
This chapter discusses findings in regards the following research objectives relationship between product and sales promotion, relationship between price and sales promotion, relationship between place and sales promotion, and relationship between promotion and sales promotion. The chapter also gives conclusion and recommendation for improvements and further studies

5.2 Summary
The purpose of the study was to determine the effects of marketing mix on sales performance. The research was guided by the following objectives: To evaluate the relationship between product and sales performance at Unga group, to evaluate the relationship between price and sales performance Unga group Ltd, to evaluate the relationship between place and sales performance at Unga group Ltd, and to evaluate the relationship between promotion and sales performance at Unga group Ltd.

Descriptive research used. Target population was 127 middle level staff at Unga Group Limited. Stratified random sampling was used to select a sample size of 96. Structured questionnaires were used to collect data. A pilot study was done to check for accuracy and clarity. Questionnaires were self-administered. They were dropped and picked immediately respondents were done answering. Ample time was given to respondents to answer the questionnaire. Five-point Liker scale was used. The questionnaire was also sub-divided into five sections; demography, product and sales performance, price and sales performance, place and sales performance and promotion and sales performance. Descriptive and inferential statistics was used to analyze data. Tables and figures were used to present data. Statistical Package for Social Sciences (SPSS) software was used to analyze the data.

The first objective set to relationship between product and sales performance. It was also established that majority of the respondents agreed that product quality has a positive impact on sales performance, brand awareness influences organizational performance, packaging influence consumer-perceived product quality, packaging used describes the product and its use, packaging is used to attract attention, company’s brand image, and loyalty has an influence on profitability of a company and package designs increases
product visibility and recognition. However, respondent strongly disagreed that product perceived quality does not influence purchase intention.

The second objective set to relationship between price and sales performance. It was also established that majority of the respondents agreed that use of pricing strategy has increased sales volume, price promotion has a significant impact on perceived product quality, use of penetration pricing influences customer purchase and value based pricing has a positive impact on profitability. However respondents disagreed that that price promotion strategies does not affect sales performance and use of price discount influences to a significant reduction in sales performance.

The third objective set to relationship between place and sales performance. It was established that majority of respondents agreed that distribution channels located in urban areas generate more returns than those in rural areas, use of distribution channels influences product availability, store design has a positive effect on consumer purchase and sales volume, use of distribution channels influences sales and profit, use of attractive stimuli such as music has an influence on customers, music, appealing colors, lighting influences business performance. Findings also revealed that respondents disagreed that physical surrounding such as finishing, good working environment, and aroma does not have any effect on sales.

The fourth objective was set to evaluate the relationship between promotion and sales performance. Findings revealed that majority of the respondents agreed that advertising is used to present product and ideas, use sales promotions influences sales volume, e-marking has a positive influence on performance, direct marketing has led to an increase in profit, promotion of products gives companies a competitive edge, sales promotion creates interest, and brand awareness. Findings also revealed that respondents disagreed that Unga Group does use personal selling and publicity to promote products and Unga Ltd does not offer price discounts and coupons.

5.3 Discussion

5.3.1 Relationship between Product and Sales Performance

The study revealed that majority of the respondents agreed that product quality has a positive impact on sales performance. This is in line with a study done by Feng et al (2007) product quality, efficiency and business results affects firm performance measures. According to research by Nirusa (2017), on the mediating role of perceived product

Findings also revealed that respondents agreed that brand awareness influences organizational performance. This is in line with similar studies done by Deborah (2016), Musibau, Choi and Oloyinka (2014), Wed (2016) and Omotayo and Adegbuyi (2015) which revealed that brand awareness has a significant positive effect on sales performance hence affect organizational growth and performance. However, According to a study done by Kim et al (2003), findings revealed that brand quality has a negative effect on financial performance.

Findings also revealed that respondents agreed that packaging influence consumer-perceived product quality. This is in line with studies done by Rizwan et al (2014), Edward (2013) and Holmes and Paswan, (2012) which revealed that consumers attitude towards product packaging influences consumer purchase decision.

Findings revealed that respondents agreed that packaging is used to describe product and attract attention and package designs increases product visibility and recognition. According to Ampuero and Zohre (2006), product package contains visual and sensual attributes which communicate to consume. A product package is a container that has a direct contact with the product, protects, preserves and identifies the product. Good package design requires knowledge of materials, their properties, manufacturing methods and conversion process (Sehrawet and Kundu, 2007). In addition, according to Kotler (2000), product packaging is used to attract attention, describe the product and clutter on retailer shelves hence motivates customers to purchase a product.

According to Immonen (2010), package design not only increases the visibility of the product it also helps in easy recognition of the product. Also improvements in product packaging revitalize brands leading to increase in sales.

Findings revealed that respondent’s disagreed on product perceived quality does not influence purchase intention. This is in contrast to Rust and Oliver, (1994) research has shown that product perceived quality directly influences purchase intention. Hitt and Hoskisson (1997) stated that customers increasingly expect products to be of high quality. Hence, product quality is often considered to contribute to the development of a firm’s competitive advantage.
5.3.2 Relationship between Price and Sales Performance

The study revealed that majority of the respondents agreed that pricing strategy increase sales volume. This is in line with a research done by Odhiambo (2013) which revealed that pricing strategy and decision has a significant effect on sales performance. Louter et al (1991) in his research it was revealed that there was a positive relationship between pricing strategy and firm performance.

Findings revealed that respondents agreed that price promotion has a significant impact on perceived product quality. Similar to this statement, according to a study conducted by Bingqun et al (2016) on analyzing the impact of price promotion strategies on manufacturer sales performance. Findings revealed that price promotion strategies affect sales performance. Hamed and Farideddin (2016) in their study on effects of promotion on perceived quality and repurchase intention. Findings revealed that price promotion had a significant impact on perceived product and service quality.

Findings revealed that respondents agreed that use of penetration pricing influences customer purchase. According Lamb et al (2004), penetration pricing is a technique of setting a low price on a new product hence attracting customers to try company’s products and services.

Findings revealed that respondents agreed that and value-based pricing has a positive impact on profitability. Similar to this statement studies done by Hünerberg and Hüttmann, (2003); Piercy et al (2010), and Deonir et al (2017) revealed that that value-based pricing has a positive effect on profitability of an organization.

Findings revealed that respondents could not reach an agreement on price penetration has a positive effect on growth and performance of an organization. According to a research done by Njomo and Margaret on market penetration strategies and organizational growth at soft drink sector in Kenya. It was established that price penetration has a negative effect on organizational growth. However, a study done by Sije and Oloko (2013) on penetration pricing strategy and performance of small and medium enterprises in Kenya revealed that there was a strong positive correlation between penetration pricing and performance.

Findings revealed that respondents could not reach an agreement on Unga Ltd uses price discounts, free samples, bonus packs. According to Nelson and Chiew (2005), price
discounts, free samples, bonus packs, and in-store display are associated with product trial. Osman et al (2011) conducted a research on simulation of sales promotions towards buying behavior among university students. Findings revealed that there was a significant relationship between attitude towards price discounts coupons, free samples and “buy-one-get-one-free” with buying behavior.

Findings revealed that respondents disagreed on price promotion strategies does not affect sales performance and use of price discount has led to a significant reduction in sales performance. According to Blattberg and Neslin (1990), use of price discount may lead to a significant reduction in sales performance. This is because organizations reduce their regular price purchase to attract customers. In addition, increase in use of price discount may lead to reduction of customer repeat purchase rate (Kopalle et al 1999).

However, a study done by Martínez et al (2006) on evaluating temporary retail price discounts using semi parametric regression indicates that use of price discounts increase sales.

5.3.3 Relationship between Place and Sales Performance

The study revealed that majority of the respondents agreed that distribution channels located in urban areas generate more returns than those in rural areas and distribution channels influences product availability. This is in line with Wren, (2007) distribution is the process of making a product or service available for use or consumption by a consumer or business user, using direct means, or using indirect means with intermediaries. In addition, according to Rowe et al (1995) businesses located in urban areas generate greater returns than those located in rural areas.

Findings revealed that respondents agreed that use of distribution channels influences sales and profit. This is in line with studies done by Schoviah (2012), Nashwan (2015), Louter et al (1991), Revino et al (2015) and Laswai (2013) which revealed that distribution channels has an influences sales, customer and financial performance of firms.

Findings revealed that respondents agreed that use of store design has a positive effect on consumer purchase and sales volume and use of attractive stimuli such as music has an influence on customers. This is in line with Mowen and Minor (2004) store design has a positive effect on consumer purchase decision hence increase in sales.
Findings are in line with studies done by Egle, and Maciejewska (2012), Parsons et al (2010), Chang et al (2011), Kariuki (2012) and Morrison et al (2011) which revealed that use of attractive stimuli’s such as medium volume music with well-spaced sound sources lighting, noise, colors, signs and symbols has an influence on customers purchase decision.

Findings revealed that respondents agreed that location of retail stores far from customers has a negative effect on their purchase intention, geographic location has a significant influence on profitability and close location of organizations selling similar products affects performance. These statements are similar to studies Hansen and Solgaard (2004) retail stores located far away from their customers have a negative effect on their purchase intention. It also reduces frequency of customers visiting a store. Barnard et al (2011) in his research it was revealed that was a positive relationship between location and business performance.

Findings are in line with studies done by Nguyen et al (2011), Delgado (2014) and Edidijus and per (2015) which revealed that geographical cluster influences growth and profitability of an organization.

Findings revealed that respondents disagreed that physical surrounding such as finishing, good working environment, and aroma does not have any effect on sales. This is similar to a study done by Mathiu (2016) which recommended that management should ensure that the hotel is spacious, comfortable seats and good furnishings to attract customers thus increased sales.

5.3.4 Relationship between Promotion and Sales Performance

The study revealed that majority of the respondents agreed that advertising is used to present product and ideas and advertising has increased sales. This is in line with Engel (2000) advertising is a strategy used by organizations to inform, remind and persuade customers to purchase a product. It is also used to present product, ideas and reach targeted customers. In addition findings are also similar with studies done by Ashkan (2016) and Akanbi and Adeyeye (2011) which revealed that advertising has an impact on sales increase.

Findings revealed that respondents agreed that sales promotions influences sales volume, use of sales promotion creates interest, brand awareness; use of sales promotion creates
interest, and brand awareness, sales promotion has increased brand loyalty. This is similar to study done by Mullin (2010) which revealed that sales promotion is used by organizations to increase volume, induce trial, increase repeat purchase, increase customer loyalty, increase product usage, create interest, create awareness and create brand awareness.

Syeda et al, (2011) in their research on impact of sales promotion on organizations’ profitability and consumer’s perception in Pakistan, it was revealed that sales promotion has a positive effect on brand loyalty hence increase in organizational profitability

Findings revealed that respondents agreed that use of e-marking has a positive influence on performance and use of direct marketing has led to an increase in profit. This is in line to a study done by Wisdom (2015) on the impact of e-marketing on business performance. Findings revealed that use of e-marking has a positive influence on performance.

Findings are in line with studies done by Mukorombindo (2014), Afande (2015), Hiroki and Ashok (2011) and Chiang et al (2003) which revealed that direct marketing has led to an increase in sales performance.

Findings revealed that promotion of products gives companies a competitive edge. This is in line with Aderemi (2003) sales promotion is also used by organizations to achieve a competitive advantage and influence their target customers to purchase their products.

Findings also revealed that respondents disagreed that personal selling and publicity was used to promote products and Unga Ltd offers price discounts and coupons. According to research done by Cheruiyot and Peter (2016) findings revealed that direct marketing advertising, personal selling, sales promotion and public relations enhance the company’s performance by enhancing customer attraction, customer loyalty, sales volumes, branch expansion and reminding customers. Amusat and Ajiboye (2013) in their research, it was revealed that sales promotion activities such as bonus, coupons, free samples, price promotion and premiums affects sales volume.
5.4 Conclusion

5.4.1 Relationship between Product and Sales Performance

Based on the findings it can be concluded that product quality has a positive impact on sales performance, brand awareness influences organizational performance, packaging influence consumer-perceived product quality, packaging is used to describe the product, its use, product visibility and recognition and attract attention, brand image, and loyalty influences company’s profitability.

5.4.2 Relationship between Price and Sales Performance

Use of pricing strategy increases sales volume, price promotion influences customer’s perception towards product quality, penetration pricing influences purchase intention and value-based pricing has a positive impact on profitability. Unga Ltd does not use price discounts, free samples, bonus packs and price promotion strategies does not affect sales performance.

5.4.3 Relationship between Place and Sales Performance

Distribution channels located in urban areas generate more returns than those in rural areas, store design and use of use of attractive stimuli such as music has an influence has a positive effect on consumer purchase and sales volume, geographic location has a significant influence on profitability and physical surrounding such as finishing, good working environment, and aroma affects sales.

5.4.4 Relationship between Promotion and Sales Performance

Unga Group uses advertising to present product and ideas hence increase sales, e-marking has a positive influence on performance and direct marketing increases profit. In addition, Unga Group uses sales promotion is used to create interest, brand awareness and increase brand loyal, advertising has increased sales and Unga Group does not use personal selling and publicity and price discounts and coupons.
5.5 Recommendation

5.5.1 Recommendation for Improvement

5.5.1.1 Relationship between Product and Sales Performance

It is recommended that due to high competition in the market, Unga Group should improve on their packaging design hence increase product visibility and recognition. Improve on their branding strategy. Through this, the company will be able to increase firm performance.

5.5.1.2 Relationship between Price and Sales Performance

Unga group Ltd should use price promotion strategy such as uses price discounts, free samples, bonus packs to increase customer’s intention to purchase their products hence increase in sales volume. Price penetration strategy should also be used to increase product adoption.

5.5.1.3 Relationship between Place and Sales Performance

The study recommend that Unga Group should use attractive stimuli’s in their work environment and also during promotion hence influence customers perception and increase sales. Increase their distribution channels in urban areas thus influence product availability.

5.5.1.4 Relationship between Promotion and Sales Performance

Unga Group should use personal selling and publicity to promote their products. Through this, the will be able to have a direct interaction with their customer hence know what their customers need and want. Price discounts should also be used to encourage customers to buy products and services.

5.5.2 Recommendation for Further Studies

The study focused on effects of marketing mix on sales performance. However, from our findings only promotion had a significant effect on sales performance. Therefore, there is a need for similar study to be conducted in other organizations to determine other factors that affects sales promotion. Due to limited research, the study also recommends that a research should be done to determine the effect of price on sales performance.
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APPENDIX I: QUESTIONNAIRE

EFFECTS OF MARKETING MIX ON SALES PERFORMANCE: A CASE OF UNGA FEEDS LIMITED

This questionnaire assists in data collection for academic purpose. The research intends to give an analysis of the effect of product, price, place and promotion on sales performance. All information obtained will be handled with high level of confidentiality. Please do not incorporate identification or names in this questionnaire.

*Please answer every question by using either a cross(x) or tick (✓) in the option that applies.*

SECTION A: RESPONDENT´S PROFILE

Please tick the most appropriate answer (✓/x)

**Age**  
- 25 and below  
- 26-30yrs  
- 31-35yrs  
- 36-39yrs  
- Above 40yrs

**Gender:**  
- Male  
- Female

**Marital status:**  
- Married  
- Single  
- Widowed  
- Divorced

**Number of years worked in the organization**  
- Less than one year  
- 2-5 years  
- 6-10 years  
- above 11 years

**Which is your highest education level?**  
- Certificate  
- Diploma  
- Degree  
- Masters  
- PhD

**Which department of the organization do you work in?**
SECTION B: Relationship between Product and Sales Performance

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guideline. 5= Strongly Agree 2= Agree, 3= Neutral, 4 =Disagree, 1= Strongly Disagree

<table>
<thead>
<tr>
<th></th>
<th>PRODUCT</th>
<th>Strongly</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Product quality has a positive impact on sales performance</td>
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<td>2</td>
<td>Product appearance, smell, flavour does not affect sales volume</td>
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<td>3</td>
<td>Package designs increases product visibility and recognition</td>
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<td>4</td>
<td>Packaging influence consumer-perceived product quality</td>
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<td>5</td>
<td>Product perceived quality does not influence purchase intention</td>
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<td>6</td>
<td>Branding does not influences firm performance</td>
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<td>7</td>
<td>Company’s brand image, and loyalty has an influence on profitability of a company</td>
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<td>8</td>
<td>Packaging is used to attract attention</td>
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<td>9</td>
<td>Packaging used by Unga Ltd describes the product and its use</td>
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<td>10</td>
<td>Brand awareness influence on organizational performance</td>
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SECTION C: Relationship between Price and Sales Performance

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guideline. 5= Strongly Agree 2- Agree, 3= Neutral, 4 =Disagree, 1= Strongly Disagree

<table>
<thead>
<tr>
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<th>Strongly Agree</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Use of pricing strategy has increased sales volume</td>
<td></td>
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<td>2</td>
<td>Value-based pricing has a positive impact on profitability</td>
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<tr>
<td>3</td>
<td>Use of penetration pricing influences customer purchase</td>
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<tr>
<td>4</td>
<td>Price penetration has a positive effect on growth and performance of organization</td>
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<td>5</td>
<td>Price promotion strategies does not affect sales performance</td>
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<tr>
<td>6</td>
<td>Use of price discount influences sales performance</td>
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<tr>
<td>7</td>
<td>Unga Ltd offer products in lower prices market segments</td>
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<td>8</td>
<td>Unga Ltd use penetration pricing to increase product adoption</td>
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<td>9</td>
<td>Price promotion has a significant impact on perceived product quality</td>
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<tr>
<td>10</td>
<td>Unga Ltd uses price discounts, free samples, bonus packs</td>
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</table>
**SECTION D: Relationship between Place and Sales Performance**

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guideline. 5= Strongly Agree 2- Agree, 3= Neutral, 4 =Disagree, 1= Strongly Disagree

<table>
<thead>
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<th>PLACE</th>
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<th>Neutral</th>
<th>Agree</th>
<th>Strongly</th>
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</thead>
<tbody>
<tr>
<td>1 Use of distribution channels influences sales and profit</td>
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<tr>
<td>2 Geographic location has a significant influence on profitability</td>
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<td>3 Close location of organizations selling similar products affects performance</td>
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<tr>
<td>4 Store design has a positive effect on consumer purchase and sales volume</td>
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<td>5 Music, appealing colors, lighting influences business performance</td>
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<tr>
<td>6 Physical surrounding such as finishing, good working environment, and aroma does not have any effect on sales</td>
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<td>7 use of distribution channels influences product availability</td>
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<td>8 Use of attractive stimuli such as music has an influence on customers</td>
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<td>9 Distribution channels located in urban areas generate more returns than those in rural areas</td>
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<td>10 Location of retail stores far from customers has a negative effect on their purchase intention</td>
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</table>
### SECTION E: Relationship between Promotion and Sales Performance

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guideline. 5= Strongly Agree 2- Agree, 3= Neutral, 4 =Disagree, 1= Strongly Disagree

<table>
<thead>
<tr>
<th></th>
<th><strong>Promotion</strong></th>
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<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Sales promotions influences sales volume</td>
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<td>2</td>
<td>Use of sales promotion has increased brand loyalty at Unga Ltd</td>
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<td>3</td>
<td>Advertising has increased sales at Unga Ltd</td>
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<tr>
<td>4</td>
<td>Use of sales promotion create interest and brand awareness</td>
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<td>5</td>
<td>Use of e-marking has a positive influence on performance.</td>
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<td>6</td>
<td>Use of direct marketing at Unga Ltd has led to an increase in profit</td>
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<tr>
<td>7</td>
<td>Promotion of products gives companies a competitive edge</td>
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<tr>
<td>8</td>
<td>Unga Ltd offers price discounts and coupons</td>
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<tr>
<td>9</td>
<td>Unga Ltd uses personal selling and publicity to promote their products</td>
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<tr>
<td>10</td>
<td>Unga Ltd uses advertising to present product and ideas</td>
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</table>
**SECTION F: Sales Performance**

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guideline. 5= Strongly Agree 2- Agree, 3= Neutral, 4 =Disagree, 1= Strongly Disagree

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1</td>
<td>Pricing influences sales volume</td>
</tr>
<tr>
<td>2</td>
<td>Our product has influenced customer loyalty</td>
</tr>
<tr>
<td>3</td>
<td>Our Place strategy has influenced quick distribution of our products</td>
</tr>
<tr>
<td>4</td>
<td>Use of promotion strategy has increased our business performance</td>
</tr>
</tbody>
</table>