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## FACULTY OF COMMERCE

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### DEPARTMENT OF ACCOUNTING

#### RESEARCH TOPIC:

**The Impact of Promotional Strategies on Market share and Profitability of  
Telecommunication Industry (Case of Netone Cellular Pvt Ltd)**

**BY**

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**VISITING**

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*A research project submitted in partial fulfillment of the requirements of the **Bachelor of Commerce (Honors) Degree in Accounting** in the Department of Accounting at*

*Midlands State University.*

***Gweru: Zimbabwe, DECEMBER 2017***

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**The Impact of Promotional Strategies on Market Share and Profitability of Telecommunication Industry. (A case of Netone Cellular),**

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Submitted in Partial fulfilment of the requirements of the Bachelor of Commerce Honours Degree in Accounting at Midlands State University.

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## **DEDICATION**

This dissertation is dedicated to my family and lovely wife for their love and sacrifice.

## **ACKNOWLEDGEMENT**

I thank the Almighty God the provider of knowledge and wisdom for seeing me throughout my studies and for enabling me to undertake my research successfully, without His grace I would not have made it. I extend my deep appreciation to my supervisor, Mrs Mashiri for the guidance and advice provided during the study that made it possible for me to successfully complete this report. I am greatly indebted to the staff and subscribers of Netone Cellular Pvt Ltd for their valuable aid and cooperation in the provision of the needed information vital for this research. Special thanks go to my family for their parental love, sacrifice, and support may God bless you abundantly.

May Almighty Lord bless you abundantly?

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## **ABSTRACT**

Promotional strategies are fundamental tools towards increase of organisational profits and ultimately shareholders wealth. Therefore, this study aimed to assess the impact of promotional strategies on market share and profitability in telecommunication industrial with reference to Netone Cellular. The sample of the study included customers, employees and management, during the period between 2013-2016. To achieve the purposes of the study, and analyse the data extracted from the respondents, the researcher used descriptive method. The study concluded that sales promotion activities induce customers to consume Netone products on the market thus increasing consumption rate and the sales volume. However the strategies should not be prolonged as costs will outweigh the benefits and negatively affect the objective of aligning customer needs to shareholder values.

## CHAPTER 1

### 1.0 INTRODUCTION

The chapter looks at the background information, the problem statement, and the objective of the study, main research question and justification of the study. The chapter also highlights the significance, delimitations to the study as well as definition of key terms used and a summary.

### 1.1 BACKGROUND OF THE STUDY

Netone Cellular Pvt Ltd being the second largest of the 3 mobile service operators having been the first to operate in the country has been making losses, shrinking sales volume and ultimately failing to declare dividends to the government (Techzim 2016). The entity has been experiencing stiff competition in the industry posing a drastic decline in revenue and ultimately affecting sustainability of its operations and performance. The continued drop in profitability has left the entity to implement various sales promotional strategies to increase its market share and revenue flows (Netone Management Report 2015). The financial performance of Netone Cellular is analyzed as below.

**Table 1.1 Financial performance of Netone Cellular Pvt Ltd**

Year	2014	2015	2016	Variance	Variance	Sum
	\$mill	\$mill	\$mill	2014- 2015	2015- 2016	
Revenue	123.74	118.50	116.03	-4.23%	-2.08%	<b>358.27</b>
Costs	116.02	110.08	105.71	5.12%	3.97%	<b>(331.81)</b>
Profit after Tax	(7.72)	(8.42)	(10.32)	-9.07%	-22.57%	<b>(26.46)</b>
Market Share	16.10%	28.70%	36.60%			

*Source; Netone Financial Statements (2016)*

The entity recorded a decrease in revenue of 7.71% between 2014 – 2016 and an increase in costs of operations due to various factors which includes, high competition levels, debt servicing, employment costs and duty increase on telecom products. The inverse effects on revenue and cost resulted in drastic decrease in profits to \$10.32mill in 2016. (Netone Management Report 2016). According to Potraz (2016) active mobile Netone Cellular subscribers marginally rose by 0.35% to reach to 4.3mill from 3.2mill subscribers with the average Netone Cellular Subscriber basket price consisting of 60 calls and 30 SMSes declined from US\$11, 56 to US\$7, 60 in the same period.

Potraz (2016), reported that Netone Cellular Pvt Ltd has been the most aggressive entity in the industry launching several hybrid promotions during the first quarter of 2015 which include One Fusion, Dollar a Day, Data booster, One Platinum, Khuluma 24/7, One Click amongst others, where subscribers pay a set amount in return for bonus at discounted voice and data bundles in airtime. According to Netone Management report (2015) the main thrust of these promotions is to increase usage of Netone Products and services at the same time safeguarding the market share through affordability.

Enrico and Marcello (2011) argue that these promotions nevertheless consume into the profits of the entity as the Average Revenue per User (ARPU) will ordinarily decrease in line with the drop in tariff as consumers tend to increase usage in Average Minutes of Use (MoU) thereby suppressing revenues. The advent of alternative instant messaging platforms such as Whatsapp and Viber nonetheless may conversely see Minutes of Use gradually coming off.

It is clear that the Mobile Telecommunication Sector environment has become very complex, more competitive and challenging to the management. Hinson et al, (2010) argue that competition has become a part of the sector only until an entity develop strategies to compete successfully and profitably , it has practically no chance of growth and would remain a firm performing below its potential. The study seeks to investigate if these promotional strategies serve its purpose and their impact on organisation performance.

## **1.2 STATEMENT OF THE PROBLEM**

The increase in competition levels has forced Netone Cellular Pvt Ltd into coming up with various promotional strategies that aim to increase its market share and sustain its competitive advantage. The strategy intrigued the researcher to find out the impact of such promotions to the overall profitability of the entity. How have these promotional strategies affected its overall business performance?

## **1.3 THE MAIN RESEARCH QUESTION**

What is the Impact of Promotional strategy currently used by Netone Cellular on organisational performance?

## **1.4 THE RESEARCH SUB QUESTIONS**

- i. Why Netone adopted a promotional Strategy?
- ii. What is the effect of promotional Strategies on sales volume?
- iii. How effective are promotions in contributing towards subscriber growth?

- iv. What is the effect of promotional strategies on profitability?
- v. What are the strategies of market share growth that can be implemented to ensure profitability objective is achieved?

## **1.5 OBJECTIVES OF THE STUDY**

The aim of this study is to determine the Impact of promotional strategies on Market share and profitability of Telecommunication Industry. More specifically, the study seeks;

- i. To identify promotional strategies.
- ii. To determine the impact of promotional strategies on turnover.
- iii. To determine the effects of promotions on company market share (subscriber growth).
- iv. To determine the effects of promotional strategies on profitability (average revenue per user – ARPU).
- v. To identify strategies which can be implemented to ensure market share growth and accomplishment of profitability objectives?

## **1.6 SIGNIFICANCE OF THE STUDY**

The report will be of importance to the Student, to Midlands State University and to NetOne.

### **To the student**

The research is a prerequisite in the fulfilment of the Bachelor of Commerce Accounting Honours Degree and will help to develop skills in future research.



### **To Midlands State University**

The research will be used as a referral material by other students who will also be carrying out similar research in future and will be used as proactive tool in developing and preparing students in research.

### **To NetOne**

The research seeks to highlight areas for improvement and will seek to make recommendations for adoption.

## **1.7 DELIMITATIONS**

The scope of the research will be restricted to Netone Cellular Pvt Ltd which is located in Harare as a representative of the Telecommunication Industry. The respondents are the management, employees and key subscribers. All the information will be extracted relating to the period between 2014 and 2016 with content on the impact of promotional strategies and market share on profitability.

## **1.8 LIMITATIONS**

- i. Some of the information needed was classified as confidential and access to such information was limited. To overcome this, the student issued management with letter from the university proving that the research was solely for academic purposes.
- ii. There was very limited time to carry research as there were other commitments. The student overcame this by working after normal working hours.
- iii. The student did not exhaust all grounds to be covered due to financial constraints. To overcome this student conducted the research through email, fax and telephone.

## 1.9 DEFINITION OF TERMS

**Profitability** – Business’ ability to generate earnings compared with its expenses and other relevant cost incurred during a specific period.

**Expenditure** – payment of cash for goods or services.

**Revenue** – Income generated from sale of goods or services associated with the main operations of the organization before deducting costs.

**Sales Promotion** - Is defined as a key ingredient in marketing campaigns, consist of a collection of incentives tools mostly short term, designed to stimulate quicker or greater purchase of particular products or service by consumers or the trade.

**Average revenue per user** - Is used to measure average revenue attributable to designated services on a per user basis.

## 1.10 SUMMARY

This chapter provided background information to the study, statement of the problem, objectives of the study and research questions. It also encompasses the limitations and delimitations and definition of terms.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter reviews the literature that has been used extensively in forming the study. Hart (2013) stated that literature review examines the research that had been conducted in a particular field of study. The chapter gives an insight of what other reputable authorities and scholars advocate about the concept of promotional strategies in relation to market share and profitability and its overall impact on business performance.

#### **2.1 Promotional Strategy**

Kotler and Keller (2012) defines a promotional strategy as a key ingredient in marketing campaigns, consisting of a collection of incentives tools mostly short term, designed to stimulate quicker or greater purchase of particular products or service by consumers or the trade. Hart (2013) postulated that promotional strategy involves activities that create buyer incentives to purchase a product or that add value for the buyer or the trade. Sales promotion can be targeted toward consumers, channel intermediaries, or the sales force. He added that sales promotion includes a broad assortment of promotional elements because it encompasses activities other than advertising, public relations, and personal selling. Regardless of the activity and toward whom it is directed, sales promotion has one universal goal; to induce product trial and purchase.

Sales promotions includes several communication activities that attempt to provide added value or incentive to customers, wholesalers, retailers or other organizational customer to

stimulate immediate sales, Stanton et al (2014). According to Kuoekemor (2014), promotion strategy is a blend of marketing communication activities and material designed to intensify the effort of the markets, sales force and product push intermediary to stock sale market products and persuade consumers to buy the product within a specified period of time. This definition was supported by Cravanes et al (2015), who postulate that sales promotion is communication with the audience through a variety of non- personal, non-media such as free samples, gifts and coupons the audience clearly perceives the source of messages and the organization paying their delivery.

Jain (2013), clarifies that sales promotion include those promotional activities other than advertising, personal selling and public relations that are intended to induce buyer purchase or to stimulate dealer effectiveness in a specific period of time. Smith (2013) suggested that sales promotion is a below line activity which can be used externally with end user (customer), and intermediate (trade distributors) and also internally with an organization's own sales force. Shimp (2013) also agreed that sales promotion is the use of any incentive by a manufacture to induce the trade (wholesalers and resellers) and or consumers to buy the brand and to encourage the sales force aggressively sell it.

From the above definitions one can deduce that sales promotion is just a short term marketing gimmick. The above authors are agreeing that sales promotions are a short term incentive which can be employed by firms in order to pull and push their products through the market. However the definitions are lacking in the way that they dare not incorporating one vital group of people or audience, it is just aiming at the marketer's own sales people.

### 2.1.2 Types of sales promotions strategies.

Etzel, Walker and Stanton (2014) classified promotion strategies into three categories that is by the target audience which are business users or households, middle man and their sales force and the producers own sales force being the third. Gilbert and Jakaria (2011) hold that sales promotion is targeted at consumers and others are directed to sales people and to intermediaries and their sales forces. Kotabe (2011) postulates that promotional activities falls into two major categories namely trade promotions and consumer promotions. The table below shows the various types of sales promotional activities and if they have direct and or indirect effect on the targeted audience.

**Table 2.1 Types of Promotion strategies**

Money		Goods		Services	
Direct	Indirect	Direct	Indirect	Direct	Indirect
Price Reductions	Coupons	Free Goods and Samples	Stamps	Guarantee	Cooperative/Specialty Advertising
Cash Refunds	Vouchers	Premium Offers	Coupons	Group Participation events	Voucher for Services
Loyalty Schemes	Money Equivalents	Free Gifts	Vouchers	Free Services	Contests
Incentives	Contests	Trade In Offers	Money Equivalents	Risk Reduction Schemes	
Bonus	Extended Credits	Tied Offers	Contests	Training and Demostration	
Commission					

Kotabe (2010) ; Types of [Promotional Strategies

### 2.1.3 Consumer sales promotions

These are sales promotion strategies directed to end users and they include;

## • Price discounts

Strydom et al (2013), defines price discounts as reductions in the brand regular price. It occurs when a product is sold at a reduced cost. There are many purposes for discounting and they include; increasing short-term sales, to move out-of-date stock, to reward valuable customers, to encourage channel members to perform a function, or to otherwise reward behaviours that benefit the discount issuer.

With the freebies and discount culture spreading widely in the Zimbabwean telecommunication context, brands should take into consideration the possible implications before embarking on a discount strategy either for the long or short term. According to Kumar (2014), price discounting not only affects the profitability of brands but also the equity of the concerned brand as the kind of impression that would be conveyed to consumers is an important implication.

Chen, Monroe and Lou (2011) and Koekemoer, (2014) postulate that a price reduction or price off is a reduction in the brand's normal regular price. The others share the same notion that a price discount is a short term reduction of the listed price of a service or product when buyers are equally eligible for the price reduction. Straydom, *et al*, (2013), and Koekemoer, (2014) have the same perspective on the benefits accrued by both parties thus the marketer and the consumer.

However Stoner, Freeman and Gilbert (2014) differ in their perspective of sales promotion price-offs, the authors are of the opinion the effectiveness of a national price reduction strategies require the support of all intermediaries. When price reduction is given to the

consumer, the preference for these brands becomes more enhanced and the brand moves faster than the competing brands.

Blattberg and Scott (2011) state that price discounts may “pre-price” a product and consumers or customers then persuade the retailer to participate in the short term discount through extra incentives. For effective results from price reduction strategies, support must be garnered from all distributors in the channel. Rewards are perceived as discounts by existing customers and they often respond to them by purchasing in larger quantities. When price discounts are alone they usually do not bring on first time buyers.

- **Bonus packs**

According to Kazim and Batra (2011) price packs are the same with value-packs and these usually take any of the two forms namely bonus-packs and banded-packs. In case of a bonus-pack offer, an additional amount of the same product is presented for free when the standard pack size of the product is purchased at the usual price. However Kotler and Armstrong (2012) bonus packs are generally limited to low bulk, low price products as the consumer appreciates additional quantity of some product or additional unit of the product as a reward.

According to Jobber (2011) he states that this is a way to reward the present consumers for their loyalty which however may not have any impact on other competitive brands. Shimp (2013) postulates that this form of promotion represents an immediate reward for consumers and serves to encourage repeat purchasing by rewarding consumers for their loyalty to a brand. However Strydom et al. (2013) state that bonus packs is an extra quantity of the markers given to consumers and increase the price of the regular price.

Bontis and Chung (2011) alludes that to several advantages to bonus pack promotions as they give marketers a direct way to provide extra value without having to get involved with complicated coupons or refund offers. Shiu et al (2012) alludes that the additional value of a bonus pack is generally obvious to the consumer and can have a strong impact on the purchase decision at the time of purchase.

- **Premiums**

Premiums are goods offered either free or at low cost as an incentive to buy a product ranging from toys included in children products to phone cards and CDs. Zikmond, (2011), defined a premium as a tangible compensation, an incentive, given for rendering a particular deed, usually buying a product. The premium may be free, or, if not, the cost is well below the usual price. Getting a bonus amount of the product is a premium, as is receiving the prize in a cereal box, a free glass with a purchase of detergent, or a free atlas with a purchase of insurance. Belch, et al., (2014), has his own view of premiums which is similar to that of Zikmond, (2011). He states that another form of sales promotion involving free merchandise is premium or "give-away" items. He further propounds that premiums differ from samples and free product in that these often do not consist of the actual product, though there is often some connection. For example, a cell phone manufacturer may offer access to free downloadable ringtones for those purchasing a cell phone.

- **Refunds or rebates**

According to the advanced dictionary of marketing (2011), this is a promotion offering refund or rebate by a marketer is a promise to give back a certain amount of money after the



purchase. The offer may be for a product purchased by itself or in a blend with other products. Depending on the objectives, refund offers are used to encourage trial of a new product, purchase of increased quantity or increasing the frequency of purchase, or to encourage the customers to purchase those products whose purchase can be postponed such as consumer durable products.

According to Shimp (2013), unlike coupons, which the consumer redeems at retail checkouts, rebates are mailed with proofs of purchase to manufacturers and unlike premiums, the consumer receives a cash refund with a rebate rather than a gift item. Mercer, (2011) and Belch et al... (2014), states that a refund or rebate promotion is an offer by an entity to return a certain amount of money when the product is purchased alone or in combination with other products.

Refunds are quiet effective in competitive situations where consumers perceive little or no differentiation among brands, thus the refund offer may sway the decision in favour of the promoted product. Ladish (2014) also argues that a money back or rebate promotion is an offer by a marketer to return a certain amount of money when the product is purchased on its own or in combination with other products. Kotler and Armstrong (2012) state that refunds are mainly meant to increase the quantity or the purchase frequency so as to persuade customers to hoard the product. This approach dampens competition by momentarily taking competitors out of the market, it also stimulates the buying of postpone-able goods such as major appliances and it creates in self-excitement by encouraging special displays.

## • Coupons

According to Kotler and Armstrong (2012) a coupon is a certificate that gives buyers a saving when they purchase specified products. Koekoemoer (2014) and Zikmound, (2011), states that a coupon is promotional devices that provide a cash savings to customers when redeemed by the costumers. Coupons produced by manufacturers for use by consumers are called manufacturers' coupons and they remain very much a part of the consumer promotion landscape. The authors agree, coupons grant specified savings on selected products when presented for redemption at the point of purchase.

A number of critics are present for coupons effectiveness, Belch and Belch (2014) argues that coupons are not only wastefully but may actually increase the price of the consumer product. Belch (2014) further argues that charges are difficulty to deny or confirm, Koekoemoer, (2014) have a different perspective, he argue that, despite the real high cost of coupons, their extensive use suggests that they are effective.

Quelch (2012) suggests that are legal certificates offered by manufacturer and retailers for specific terms. They grant specified savings on selected products when presented for redemption at the point of purchase. Manufacturers sustain the cost of advertising and distributing their coupons, redeeming their face value and paying retailers a handling fee. Retailers who offer double or triple the amount of the coupon shoulder the extra cost. Retailers who offer their own coupons incur the total cost, including paying the face value. In this way, retail coupons are equivalent to a cent off deal.

## • Contest and Sweepstakes

According to the American Association of Advertising Agencies a contest is an event that invites the customer to apply skill to solve or complete a special problem. The same agency says “a sweepstakes does not call for the application of skill on the part of the consumer. Winners are determined by a draw from all entry forms. In other words, prizes are awarded on the basis of chance. These are part of interest promotions because such sales promotions create not only interest but also produce excitement and enthusiasm in customers.

Grewal and Levy (2012) state that a contest requires the participants to perform same task, for example the participants may be required to write a slogan, choose a name or create a design. A sweepstake is a random drawing and is sometimes called a chance contest. This too may or may not involve the purchase of any product or service.

Tellie (2012) says that the main difference between contests and sweepstakes is that contests need entrants to perform a task or display a skill that is judged in order to be deemed a winner, while sweepstakes involves a random drawing or chance contest that may or may not need an entry requirement. Contests were more usually used as sales promoters and due to legal restrictions on gambling many marketers feared this might apply to sweepstakes. The use of sweepstakes as a promotional method has grown dramatically in recent years, partly because of legal changes and the lower costs. Furthermore, participation in contests is extremely low if compared to sweepstakes since they require some sort of skill or ability.

## **2.1.4 Trade Sales promotional Strategies**

### **• Slotting Allowances**

Shimp (2013) refers to slotting allowances as the fees manufacturers pay retailers for access to the slot, or location, that the retailer must make available in its distribution centre to accommodate the manufacturer's new brand. This form of trade allowance applies specifically to the situation where a manufacturer attempts to get one of its brands typically a new brand accepted by retailers. Jama (2015) relates this to street money where retailers impose on manufacturers as a supposedly to compensate them for added costs incurred when taking a new brand into distribution and placing it on the shelf.

According to Kotler and Armstrong (2012) state that organisations in a perfectly competitive industry compete to obtain market share where producers charge a high wholesale price and give back their profits via up-front payments to retailers .However if the retailer price terms are unobservable by competitors then the price maintenance will be seen .However the resale price maintenance yields greater surplus than the slotting allowance

### **• Trade Shows**

Griffin (2012) stressed trade shows as items offered for free or at a bargain price to customers in return for buying a specified product .It allows companies to booths to display and demonstrate their product to consumers who have a specified interest who are ready to buy.

Zubes (2011) state that trade show expenditures are the second largest item in the business marketing communications budget after advertising, and they account for nearly one-fifth of the total budget for most firms. However Schoenberg et al... (2013), argues that companies

strive to gain a competitive advantage by treating marketing expenditures as an investment. Suwa et al... (2014), reflect the there are challenges that management faces for tracking the return on investments in trade shows and other marketing activities.

- **Sales Conferences**

According to Kotler and Armstrong (2012) state that ,as competition intensifies, cost reduction pressures continue, and buyer-seller relationships become more complex, businesses seek to hire salespeople with the knowledge and skills that will enable them quickly to become productive members of their organization. Erickson & Dagnoli (2014) outlines sales conferences as an effective way of disseminating information and stimulates growth through involvement of sales personnel\ intermediary through sharing real world experiences

These techniques convey knowledge, skills, process, concepts, and activities that allow the personnel to make the leap from theory to practice (Henke, Locander, Mentzer, and Nastats 2012). However Mayo (2013) argues that while such techniques are effective in enhancing a more traditional classroom approach, it is important to go beyond the technique and provide the students with full cycle feedback and integrative self-assessment in order to improve the skills acquired through experiential learning.

- **Volume discounts.**

Schindler (2012) stated that a price is reduced for units above a certain level. He goes on to say, a quantity discount is a program whereby the same deal scheduled is offered to all.

Alternatively, some discounts “kick in” when an account exceeds its own last year’s sales volume.

According to Sumra et al. (2014) traditional volume discount schemes consist of a set of decreasing prices and a set of associated increasing demand break points and to obtain each price, demand must meet or exceed its respective break point. However Kotler and Armstrong (2012) argues that without requiring negotiation between the vendor and the retailers, a price discount scheme provides a powerful mechanism to allow the vendor to effectively coordinate the supply chain and achieve the best performance from the vendor's point of view.

## **2.2 Effects of Promotional strategies on Turnover**

This subchapter will describe the impact of promotional strategies on Turnover and its extensive effect on the sustainability to the organisation’s competitive advantage. The subchapter will further present a broader conceptualization of that relationship and so that the view of this connection would be as wide as possible.

### **2.2.1 Sales Effect**

According to Reed (2012) promotional strategies influence sales positively, it is important to understand that they are different ways in which different strategies affects sales for example point of sale displays and contests affect sales through brand switching .Blattberg and Scott (2011) argued that by offering coupons, point of sale displays and contests, promotions intensify the consumers overall attitude towards buying the brand on sale however the degree

to which this occurs depends on the size of the price which influences the consumer belief that the brand on sale is generally attractive.

According to Koekoemoer (2014), argument is the same with the above authors, on how brand switching through sales promotions affects the sales of an organization. He stated that from a classical point of view special promotional display and rewards to customers may influence brand switching because they serve as a conditional stimuli associated with price reductions and contests.

Hartley (2014) state that over the years the need to increase sales volume especially in the short run by use of sales promotion compared to the other tools of promotion. According to Kotler (2012), sales promotion is now more accepted by top management as an effective sales tool and product managers are widely using it to increase their current sales. Mercer (2011) argues that most companies are concerned with increasing the sales in the short-run, which makes sales promotion the resort. He further argues that organisations use promotional strategies to create a stronger and quicker response, it is used to dramatize product offers and to boost sagging sales.

Zubes (2011) states, the purpose of promotional strategies in telecommunication industry is maximization of the entity's sales value, however Drury (2012) state that this is determined by validity of the contract, profitability, and characteristic of the product through many years of continual existence.

### **2.2.2 Sales Volume Effect**

Shi, Cheung, and Prendergast (2012) postulate that, service products require a systematic scheme of setting the price in order to avert from possible negative consequences in the long run due to brand switching which affects the volume of sales. Schlinder (2012) state that, sales promotions have a short term effect on sales which can be elaborated by a “sale bump” as, both brand-loyal and non-loyal buyers responds to a discount promotion.

According to Tellis (2012), the effects of a price discount on sales promotion are explained further by an analysis of baseline sales, incremental sales, and sales promotional lift. Estimates of baseline sales establish a benchmark for evaluating the incremental sales generated by specific marketing activities. This baseline also helps isolate incremental sales from the effects of other influences, such as seasonality or competitive promotions. However, because some marketing costs are often assumed to be fixed (for example, marketing staff and sales force salaries), one rarely sees incremental sales attributed to these elements of the mix.



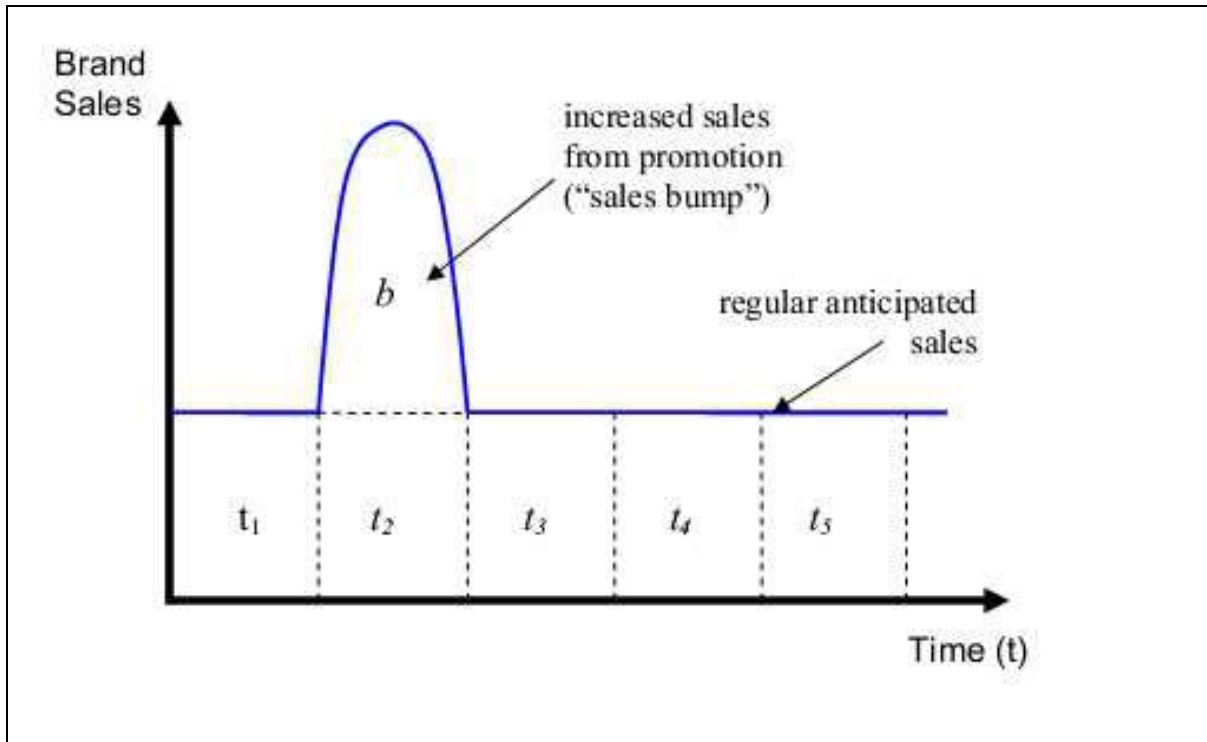


Fig 2.1; The “Sales Bump” from Promoted Brands (adapted from Tellis 2012)

The sales promotion curve propounded by Tellis (2012) for a consumer oriented promotion Shows that for the promotion to be profitable, the increase in profit attributed to the promotion must exceed the profit that would have occurred had the promotional offers not been made. The sales at (t2) represent the bump caused by the promotion. The area above the regular sales line (b) represents the additional sales from the promotion, t1 represents the time of trading of regular anticipated sales.

Koekoemoer, (2014) however state that the most powerful framework for evaluating temporary price promotions is to partition sales into baseline and incremental. Baseline sales are those that a firm would have expected to achieve if no promotion had been run. Incremental sales represent the “lift” in sales resulting from a price promotion .Therefore by separating baseline sales from incremental lift, managers can evaluate whether the sales

increase generated by a temporary price reduction compensates for the concomitant decrease in prices and margins. Similar techniques are used in determining the profitability of other various promotional strategies.

### **2.2.3 Dealer Forward Buys Effect**

Yeshin (2012) argues that promotional strategies encourage dealers to forward buy ensures that retailers will not go out on stocks and help increasing the stores traffic. Kotler (2012) views this that producers can introduce price discrimination as they can charge different prices to different consumers and different trade segments depending with their price sensitivity. This price discriminating sales promotion will assist consumers and traders to pay less in certain market areas or stores and usually bring in more contributions than if one price is charged to all.

Danks (2011) state that more customers get exposed faster to new product introductions as promotions induce choice and retailers perceive less risk in stocking new products. However, this benefit maybe offset by undermining preference for the brand when it is no longer promoted.

### **2.3 Effects of Promotional strategies on Market Share**

This subchapter will describe the impact of promotional strategies on market share and its extensive effect on the sustainability to the organisation's competitive advantage. The subchapter will further present a broader conceptualization of that relationship and so that the view of this connection would be as wide as possible.

### **2.3.1 Market Share Effect**

According to Dodson, Tryout and Sternthal (2012) promotional strategies increase the market share of the promoted product, in the short term however, they suggested that a high price discount led to a greater increase in market share than a low discount. Porter (2012) state that although the short-term effect of a price promotion is almost invariably measured by its increase in sales which has a significant effect on market share , over longer periods management becomes concerned about the percentage of sales on deal and the percentage of time during which a product is on deal .

Guerreiro et al (2014), postulated that other studies which were carried in the manufacturing sector explored the subsequent behaviour of brand switchers to determine whether consumers reverted to the purchase patterns they held prior to the price promotions, states that price promotions may increase market share of an organization through brand switching. However Gilbert et al (2012) concluded market share gained from promotion could be as temporary as promotion itself. Thus he concluded that these promotions may have a limited effect because they serve only to disrupt consumer's short term purchase behaviour, which eventually resumes its normal pattern.

### **2.3.2 Luring New Customers with Price**

Kotler (2012) states that when an organisation offers a reduced price on a popular product, it lures customers away from competitors, who may ultimately help turn them into regular shoppers thereby increase market share of the business. Koekoemoer (2014) state that customers are served with care and in time during the promotional period as they kept

coming back for more purchases. Mercer (2011) argues that, this forms a habit towards purchasing the brand, sustains the habit, and learns about the performance of the brand.

### **2.3.3 Encourage Repeat Purchases**

Kumar (2011), states that most research in the retail and service industry has indicated that larger sales volumes and repeat purchases can be achieved by promotional strategies through offering price discounts, coupons and free samples. They all argued that free gifts, samples and coupons can have positive impact in repeat purchases and overall organizational performance. However Guerreiro and Santos (2014) argues that, it is important to adopt systematic methods of setting free gifts and discounts to encourage repeat purchase otherwise negative consequences may occur in the long run for example brand switching for any product or service provider.

However Shi, Cheung and Predergast (2012) states that in order for organisations to achieve the repeat purchase it is necessary to distinguish between loyal ones and switchers. This means that entity should decide whether the promotional strategy implemented can cause brand switching from competitors brands or it's targeted to the existing loyal customers as well as to thank them for their support to the business. Bontis and Chung (2011) , propounds that organisation need to understand the threshold effects of price discounts that is the minimum value of a price discount required to entice consumers to purchase the product. This means that it's true that price promotions such as price discounts, price offs and coupons can affect usage of product trial and repeat purchase but for that to be achieved a correct price discount and coupon frame should be chosen by marketers.

According to Pereanut (2012), argues that too much emphasis on sales promotions don't help develop close relationships with consumers and instead erode brand loyalty. However Guerreiro et al, (2014) states that sales promotion can lead to more negative consumer perceptions by undermining the perceived quality of the discounted item. This however may lower the probability of future purchases since consumer might have developed negative perception of the reduced priced item. Blattberg et al (2011), in agreement with the above authors states that some critics suggest consumers are sceptical of sale prices, in that they view the lower selling prices, rather than the initial price, as the true price of the item.

According to Gilbert and Jackara (2011), price discounts and samples are by far the most common form of sales promotion employed in the services industry. They argue that in many instances price discounts has been found to be effective tool in influencing purchase acceleration and product trial as well as they offer consumers an incentive to purchase a brand.

From the arguments above regarding the effectiveness of price promotions on repeated purchase , it is true that price offs promotions can yield the repeat purchase objective however it is important that the correct price level and price frame is put into place so as to avoid negative perception from customers toward the items on promotions.

#### **2.3.4 Brand Loyalty**

According to Ricky et al ,(2014) he state that sales promotion has the effect of increasing the likelihood that new buyers will try products and tend to motivate present users to buy larger sizes, while discouraging current users from buying competitor's products .Blanchard et al, (2012) concurred that ,that sales promotion induces consumers to buy brand extensions by

enhancing product recognition and can increase the size and amount of product which consumers patronise in a certain organisation. This leads to the development of brand loyalty.

### **2.3.5 Consumer behaviour Change and Price Sensitivity**

Kotler (2012) defined consumer behaviour is as a process in which experience with the environment leads to a relative change in behaviour or the potential for a change in behaviour due to a sales promotional effect .Chung (2011) state that sales promotions are announced for a limited period of time and consumers may feel a sense of urgency and might stop comparing the alternatives. The consumers are convinced to act at this moment rather than later and this gives a boost to sales for a short period.

However Schlinder (2012) allude that this short term orientation might have a negative effect on long term future prospects of the organisation as sales promotions mostly build short term sales volume, which are difficult to maintain. According to Tellis (2012) consumers will wait for the promotional deals to be announced and then purchase products even for brands where loyalty exists. Mercer (2011) argues that customers will therefore wait and time their purchases to coincide with promotional offers on their preferred brands. Thus, the routine sales at the market price are lost and the profit margin is reduced because of the promotional discounts offered during the promotional period.

### **2.3.6 Entice Reluctant Consumers**

According to Kotler (2012) most consumers are reluctant once in a while and there is need of giving away free products or services and this is a good way to get people to try them for the first time, which may lead to a purchase. For example one owns a deli and they added a new sandwich to the menu, there is a need to pass out small samples to each of the customers as

they come through the door. For companies that operate health clubs, they should offer free trial membership or free personal training sessions to get people to give you a try.

## **2.4 Effects of Promotion Strategy on Profitability**

There are several effects caused by promotional strategies which have a significant impact on organisation profitability (Kotler 2012). Schindler (2011) also pointed out discounted prices and high promotional & advertising cost as the major challenge being faced by organizations.

### **2.4.1 Profitability Effect**

According to Monroe (2013), promotional strategies are one of the most important decisions of management because it affects profitability and the companies' return along with their market competitiveness. De Toni & Mazzon (2013) state that the task of developing and defining prices is complex and challenging, because the managers involved in this process must understand how their customers perceive the prices, how to develop the perceived value, what are the intrinsic and relevant costs to comply with this necessity, as well as consider the pricing objectives of the company and their competitive position in the market.

Nagle and Hogan (2012) argue that companies which do not manage promotional strategies lose control over them, impairing their profitability and cost effectiveness mainly due to the customers will on paying a determinate price, which not only does it depend on the perceived value, but also depends on the prices set by the leading competitors. Consequently, Holden (2013) stated that, mistaken or inexistent pricing policies could lead buyers to increase the volume of information while allowing them to augment their bargaining power thus forcing price reductions and discounts.

However, Tellis (2012) , has a different approach towards promotional strategies and organizational profitability as he state that for a sale promotions to be profitable, the increase in profits due to the promotion must exceed the profits that would have occurred had the promotional offer not been made. This means that management should not consider whether the promotion will make money at all but should consider whether the promotion will make more money than not having the promotion. Schindler (2012) agree on that, profitability of the promotion depends on whether the sales bump produces sufficient revenues to overcome the costs that produced the sales bump in the first place regular anticipated sales.

Brito & Hammond (2012), postulate that the nature and duration of the effects of promotional strategy is still a topic of contention among scholars as the incremental, and usually temporary, effect of promotional strategy on sales seems to be widely accepted, while the profitability of promotional strategy is a more contentious issue.

## **2.5 Effective ways of Implementation of Promotional Strategy**

In this subchapter, I will look into the ways for effective implementation of promotional strategies on the entity with relevant literature relating to them.

### **2.5.1 Cost efficiencies Strategy**

Sudarsanam and Lai, (2012) cited that cost efficiencies is one of the main objectives of all the firms that are in the profit making organisations as it aids on the success and operations of the company in a foreseeable future and is however implemented by various firms. Hambrick and Schecter (2013) argued that for cost efficiency to be greatly achieved many companies looks at reducing the research and development, collecting and reducing accounts receivable,



cutting inventory, stretching accounts payable, reducing marketing activity and eliminating pay increases This act will seek to increase on the company's financial background which will seek to fund and finance the on-going business.

However, Porter (2012) argues that for a company to be successful it should engage itself in the research and development activities so as to see how the rival firms are coping up use them as a benchmark and upgrade their strategies. This was one of the Netone Cellular aims this resulted as failure in the sense that other than reducing on costs the company actually incurred higher costs as the adoption of all the recovery strategies called for more funds and did not realise as per expectation. However Robbins & Pearce, (2012) concluded that," cost retrenchment was so pervasive as to be considered indispensable in achieving turnaround".

### **2.5.2 Focus on core activities**

A focus on the firm's core activities is a further market recovery strategy repeatedly identified in the literature and frequently works hand in glove with asset retrenchment (Boyne & Meier , 2011).This strategy entails determining the markets, products and customers that have the potential to generate the greatest profits and refocusing the firms activities on these areas which is therefore the breakthrough of absolute success. Successful market recovering strategies have been associated with a focus on product lines for which the firm is best known, customer segments that are particularly loyal or less price sensitive, and areas where the firm has distinct competitive strength.

Hambrick and Schechter (2013) stated that the company should concentrate and put more effort on activities that have a positive impact for it to be very successful on recovering.

However, Netone Cellular instead of concentrating on profitable activities such as Post Paid

Customers (Contract lines) it engages into many activities which becomes very difficult to manage and monitor. In conclusion Focus allows the firm to develop a clear competitive strategy in its chosen core activities.

### **2.5.3 Build for the future Strategy**

Filatotchev and Toms, (2012) reveals that a “build for the future” strategy typically involves a pre-plan drafted prior to the company in the days ahead which will make it easy for the company to manoeuvre whenever changes arise. Sudarsanam and Lai, (2012) went on to explain that the success of a company or a business lies in the future strategies other than the present day to day as we are now operating in dynamic and ever-changing macro- economic fundamentals such as inflation. In this case Netone Cellular did not undertake adequate research on how the various promotional activities on prepaid lines will result in them recouping low profits as compared to previous statistics.

### **2.5.4 Launch new products and increase trial**

According to Kazmi and Batra (2011), firms which cannot afford sustained expenditures to promotes new products and match the costly promotional blitz, find sales promotion through increase trial on new products to be more cost effective and helpful in generating sales volume .Kotler (2012) state that offering incentives to resellers or encourage trial by consumers without offering some immediate or extra benefit along with a coupon of attractive value, may prove to be a more effective promotional strategy in inducing trial of a new product by consumers and may also lead to purchase of the regular pack from the market. Schlinder (2012) state that consumers often use samples that are distributed free with or without a coupon, to introduce a new product or induce trail of even an existing product.

### **2.5.5 Effective Organisational Public Relations Skills**

Belch and Belch (2012) state that public relation is concerned with people's attitudes toward the firm or specific issues and designed to sell a product or service and help marketing activities. Public relation activities include raising awareness, informing and educating, gaining understanding, building trust, giving consumers a reason to buy, and motivation consumer acceptance. According to Jobber (2012) public relations can be defined as "the management of communications and relationships to establish goodwill and mutual understanding between an organization and its public."

Public relations activities build a favourable company image with firm's publications through publicity Zeithaml, Bitner & Gremler, (2014). "Publicity represents one of the most visible elements of public relations and as such draws a lot of attention from both within and outside the profession" (Lobovitz, Hagendorn, R., 2013). Publicity is a subset of the public relations. "Publicity refers to the generation of news about a person, product, or service that appears in broadcast or print media". Publicity is so much more powerful than advertising or sales promotion because publicity is highly credible for its news value and the frequency of exposure of product or service (Belch & Belch, 2012).

### **2.5.6 Behavioural Targeting Strategy**

Kotler and Armstrong (2012) state that promotional strategies use behavioural targeting marketing for target consumers through their web site surfing behaviours. According to Bearden and Etzel (2012), the products that a consumer purchases, quantity and the brands that they select can be significantly influenced by the reference groups they subscribe to. Childers and Rao (2012) state that there are two types of referent groups which are

comparative and normative referents. Normative referents are close in proximity to the average consumer which includes peers and family members who set the standard of behavior and values that are provided for the individual to assimilate to .Ostlund (2013) state that a consumer would be influenced by this type of reference group because they want to fit in and be accepted by this group.

McCarthy (2012) refers comparative referents as a "yardstick against which the individual can evaluate their position relative to others". Comparative referents often have far proximal distance to the consumer which includes professional athletes, entertainers and celebrities. Although the average consumer does not have direct contact with these individuals, they can be a representative of the product they endorse. According to Kotler (2012), models can bring non -verbal meaning to a message based upon how the viewer interprets visual cues or previous knowledge about that endorser.

## **2.6 Chapter Summary**

This chapter explained literatures with regards to promotional strategy from a number of scholars were used in moulding a research on the area of sales promotion. The author's differing perspectives aided the researcher to have diverse views on definition of sales promotion, scope of sales promotion, objectives of sales promotion, the rationale behind the growth of promotional strategy and its effect on the overall business performance. The researcher managed to identify and analyse the knowledge gaps amongst the various author's perspective.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.0 Introduction

This chapter mainly focuses on different types of method and techniques that were used to gather information and data from the respondents. The researcher used different research methods as stipulated by different aspects of the topic in question. Furthermore, this chapter gives detailed information on research design used in carrying out the study, justification for the use of specific research instruments, data collection procedures, sampling methods, sampling procedures and sample size are highlighted in this chapter.

#### 3.1 Research design

Burns and Burns (2012), is a set of advance decisions that make up the master plan specifying the methods and procedures for collecting and analysing the needed information. Research design is a blue print, a frame-work for conducting a study, control over factors that may interfere with the validity of the findings. According to Schoenberg et al... (2013), it is a plan that describes how, when, and where data are to be collected and analysed. Robins (2012) state that the blue print is for collection, measurement and analysis of data. Research design comprises of three types of research design namely the exploratory, descriptive and casual. After an in-depth examination regarding the suitability of the above mentioned research design, the researcher resolved to explorative and descriptive where the most appropriate.

### **3.1.1 Explorative research design**

Burns and Burns (2012) propounded exploratory research design as mostly unstructured, informal research that is undertaken to gain background information about the general nature of the research problem. The design is to be employed so as to investigate and discover the real state of the market. Exploratory research is undertaken when a new area is being invested or little is known about the area of interest. It is used to investigate the full nature of the phenomenon and other factors related to it. Data can be gathered from a diverse sources ranging from company's marketing database or reviewing magazines, journals and newspaper articles on the subject. Then the researcher might approach experts inside and outside the company to discuss the problem in greater depth. The explorative research design is complemented with the use of secondary data.

#### **Justification**

For the purpose of this study, the researcher made use of the causal design because of the secondary data that the researcher relied heavily on. Troachim (2013), states that this research method goes beyond the mere gathering and tabulating of data. It involves describing, recording, analyzing and interpretation of data for specific purposes.

### **3.1.2 Descriptive Research**

Descriptive research design according to Shiu, Hair, Bush and Ortinau (2012) aims to identify meaningful relationships, determine whether true difference exist, or verify the validity of relationships between the marketing phenomena. It can be used to identify and classify the elements or characteristics of the subject. This type of research often follow

explorative research because the researcher has to appreciate the problem at hand to be able to conduct research that will describe it in greater and clearer details .In this case the research design uttered had to draw a sample of management, employees and key subscribers with the primary motive being to gain an insight into the effects of promotional strategies in the telecommunication sector in Zimbabwe. The rationale behind the use of descriptive design in this study is that it makes generalised, inductive and probabilistic inferences about the defined target population as a whole.

The research design was utilised as it assisted the researcher to get the most up to date and comprehensive data in order to get a vivid picture of the impact of sales promotional techniques on company performance.

#### **3.1.4 Data sources**

Primary and Secondary sources were employed in coming up with the data needed for the achievement of objectives of the research. According to Lewis (2015) it is the source of information the researcher will base the research findings to derive a research conclusion. The researcher used the triangulation of data sources, which involves the use of both the primary and secondary data sources in an effort to address the research problem.

#### **3.1.4.1 Primary Data**

Borg and Gall (2012) suggests that, primary data involves direct description of occurrences by individuals who actually observed, witnessed or are participants in the occurrences. For the purpose of this research, primary data is information collected by the researcher during the course of the study and this was made possible by the use of questionnaires and interviews. The data was obtained mainly from Prepaid and Postpaid Customers as well as Netone employees and management.

Questionnaires were used to data by the researcher so as to complement the weaknesses that may be associated with survey and archival studies. Questionnaires were also used to help provide some of the useful data that can be missing or difficult to extract from published data (Saunders, et al, 2012). Because of the current and relevant data obtained from the use of primary data the researcher then preferred this compared to archived data (Greener, 2012). This in turn rendered the collected data valid, authentic and reliable for this research.

#### **3.1.4.2 Secondary data**

Shiu et al (2012) defines secondary data as historical data structures of variables previously collected and assembled for some research problem or opportunity situation other than the current situation. Data that was collected for other purposes and published in some form that is fairly readily accessible is secondary data (Leedy 2011). Secondary sources of data that were used for this research include company publications of financials, company journals, industry journals and weekly, monthly and yearly sales reports. Secondary data was of paramount importance in this research study since it led to the compiling of various publications into a single publication. This therefore means that, secondary data paved way



for the researcher to better understand the effect of sales performance of the company in terms of sales turnover, market share, level of repeat business and profitability.

Secondary data was used in this research by the researcher as the main source of data since the study in a way adopted the archival research strategy. Saunders, et al (2012) supported the use of secondary data stating that, it is inconspicuous, cost effective and time saving as it has fewer resource requirements and because of the fact that the data was collected over a long period of time it enables longitudinal studies to be feasible. The authors further said that, when secondary data is used it enables comparative and contextual data to be collected; using the secondary data may lead to unforeseen and new findings; and out of all this there is high degree of permanence and availability in secondary data and it is ideal for future references.

### **3.2 TARGET POPULATION**

Nisbert and Entwistle (2012) define a population as any group of individuals that have one or more characteristics in common that are of interest to the researcher. In studying the effect of sales promotional activities on a companies' performance and its profitability at Netone Cellular, the population of interest to the researcher is all employees including management in the relevant departments that work hand in hand with the marketing team, prepaid and post – paid (Contract) customers at Netone. The population element is any individual in the marketing department and is working towards bringing about a sale.

**Table 3.1 – Target Population**

<b>Description</b>	<b>No. of people</b>
Netone Employees	87
Customers	93
<b>Population size</b>	<b>180</b>

In studying the sales promotional activities to improve performance at Netone, the population of interest to the researcher is all employees in relevant departments that work hand in hand with the sales and marketing department and those directly involved in decisions regarding sales and product development, like the finance department and the operations department and finally the prepaid and post- paid customers.

### **3.2.1 Sampling methods and techniques**

When one selects some of the elements in a population, conclusions can be drawn about the entire population (Cooper and Schindler, 2013). Greener (2012) will also support this saying stating that, sampling is where one takes a part (representative) of a population chosen and findings from the study of this part can be used as a basis for the whole population. Saunders, et al (2011) goes on to say that sampling saves time and as few people are involved it makes the data collected manageable and also it will enable the collection of more detailed information.

### **3.2.2 Sample frame**

According to Shiu et al (2012) a sample frame is a list of all eligible sampling units. Sampling frame is the set of sources material from which the sample is selected. Burns and

Burns (2012), postulates that it is a master list of the entire population. Therefore the sample frame comprise of Netone Management, employees and key customer (subscribers).

### **3.2.3 Sample procedure**

Shiu et al (2012) postulate that probability is a technique of drawing a sample in which each sampling unit has a known probability of being included in the sample used. Non probability sampling is a sampling process where the probability of selecting each sampling unit is unknown. There are two sampling methods which are probability and non-probability sampling. Probability sampling is a sampling procedure in which each element of the population has a fixed probabilistic chance of being selected for the sample. The researcher made use of sampling techniques that fall under probability sampling, that is, stratified sampling.

#### **Stratified sampling**

The researcher used stratified random sampling because the target population under study contains well defined strata; this implies that the nature of the target population allows for strata formulation based on homogeneity, mutually exclusive and exhaustive. Malhotra (2012) defined stratified sampling as a probability sampling technique that uses a two-step process to partition the population into subpopulations or strata. Elements are selected from each stratum by a random procedure. The strata should be mutually exclusive and collectively exhaustive in that every population element should be assigned to one and only one stratum and no population elements should be omitted. In this research the heterogeneous strata comprises of management, employees and key account subscribers who form the target respondents. Simple random sampling was conducted in each stratum in gathering an array of

data. This technique gives each element within each stratum, an equal probability of being selected.

### **3.2.4 Sample size**

According to Shiu et al (2012) it is the determined total number of sampling units needed to be representative of the defined target population; that is the number of elements (people or objects) that have to be included in a drawn sample to ensure appropriate representation of the defined target population.

### **3.2.5 Determining sample size**

According Lucy (2012) 10 % of the target population is sampled when the population is above 200 and 40 % of the population is sampled when the population is below 200. In this research the researcher's targeted population is 180 respondents, therefore the sample size is be (thus 40% of 180). In this research the sample size which the researcher used is 72 respondents.

**Table 3.2 ; Sample Size**

<b>Elements</b>	<b>Population</b>	<b>Sample Size</b>	<b>Percentage</b>
Corporate Finance	<b>15</b>	<b>12</b>	80%
Retail & Sales	<b>12</b>	<b>8</b>	67%
Marketing Department	<b>15</b>	<b>8</b>	53%
Revenue Assurance Department	<b>12</b>	<b>9</b>	75%
Key Account Clients	<b>93</b>	<b>20</b>	22%
Operations Department	<b>15</b>	<b>6</b>	40%
Back Office Staff	<b>18</b>	<b>9</b>	50%
<b>Total</b>	<b>180</b>	<b>72</b>	<b>40%</b>

### **3.3 Research instruments**

According to Bell (2012), research instruments are tools that are employed in collecting indispensable data from respondents. Research instrument is a logical model that guides the researcher in the process of collecting; analysing and interpreting data. The research will use questionnaires and personal interviews.

#### **3.3.1 Questionnaires**

Malhotra (2012) postulated that a questionnaire is a structured technique for data collection that consists of a series of questions, written or verbal, that a respondent answers. Shiu et al. (2012) defined a questionnaire as a formalized framework consisting of a set of questions and scales designed to generate primary data. A series of questions made up the questionnaires so

as to gather all the relevant information from respondents for the purpose of making investigation and conclusion of the problem understudy. The researcher utilised both closed-end and open end questions in designing the questionnaire.

The primary motive of having structured questions was to save the respondent amount of thinking and effort. According to Shiu et al (2012), structured questions offer the researcher an opportunity to have control over the thinking of the respondents in order to answer the question. Open ended questions required respondents to answer in their own words and do not restrict the respondents this widening their scope of response .Unstructured question offer the respondent the opportunity to give more information other than that which is confined within the structure parameters. Questionnaires give the respondent ample time to give the required information in the provided document, hence it assures high rate of response.

The researcher realised that questioning was a faster and cheaper research instrument and hence designed questionnaires addressed to subscribers and employees to get an insight into sales promotion strategies employed by the company. The use of questionnaires made it easy for respondents to develop confidence due to the secrecy clause on the questionnaire hence employees express themselves at will without fear of persecution.

According to Fraenkel and Wallen (2013), the use of questionnaires will definitely assist in the speeding up of the data analysis process. The completed questionnaires will be subjected to careful screening where the researcher will check for inconsistency and the pre-coded nature of the questionnaires to be circulated will also facilitate the entry of data for statistical analysis in the research. The researcher will have a wider coverage of respondents at minimum expense, through the use of questionnaires, and this will also help individuals to iron out their inconsistencies. Cooper and Schindler (2013) stated that questionnaires are

inexpensive and save time as a way of surveying a number of people. The researcher will use internet and physical distribution to get in touch with participants. A questionnaire will act as a guide line to respondents and will draw them along a certain line of thought.

However, Fraenkel and Wallen (2013) saw limitations of this technique as that it limits the researcher from interpreting non verbal reactions of the respondents and also that it can be costly for the researcher if s/he will produce a large quantity of questionnaires if the targeted population is large. Interviews will then be used in conjunction with questionnaires to complement on such limitations. Cooper and Schindler (2013), states that failure to interpret questions by respondents might also be a problem with questionnaires. If the respondents fail to understand the question, the answers given will be accordant but wrong data may be collected. Even if the expression is wrongly interpreted, the results from the conclusion being drawn up will not be correct. This is unlike with interviews; the researcher will never know the emotions of the respondent.

### **3.3.2 Interviews**

Shiu et al (2012) defined an interview as a formal process in which a trained interviewer asks a subject a set of predetermined and probing questions usually in a face-to-face setting. Kothari (2014) defines an interview as encompasses presentation of oral-verbal stimuli and reply in terms of oral-verbal answers. Interviews facilitate the revelation of more information through the recording and taking down of notes from respondents. More qualitative and reliable data is disclosed as questions can be clarified for a better understanding by the respondents.

The advantage of interviews with prearranged questions was that they gave the researcher a guide and will assist one from moving away from his pre - selected questions hence there is

need on the part of the researcher to carefully plan and design the questions to ensure that nothing that is important will be left out. The researcher is very flexible and uses his inventiveness to arouse respondents to bring out more of their attitudes and motives. The interviewer can use penetrating questions to get information especially on complex and emotional questions. The interviews will enable the researcher to gather in depth information by redefining issues in order to come up with complete data, due to the instrument flexibility in terms of being able to interpret non- verbal reactions of respondents. The interviews also enabled the researcher to attaining immediate responses from employees in the sales and marketing department at once.

On the other hand Saunders (2012) noted that the interviewer’s presence may influence the way in which the questions are going to be answered. Some of the respondents may feel challenged, uneasy and intimidated by the questions and this may produce biased data. The respondent may not divulge some crucial information if they believe that it would not be in their best interest should it be known that they disseminated the information.

### 3.3.3 Likert Scale

The Likert scale, according to Bryman & Bell (2015), is a measure of respondents’ attitude on a scale from strongly agrees to strongly disagree. The respondents have to indicate whether they agree or not on each and every question on the questionnaire. Below is the 5point Likert scale to be used in this research.

**Table 3.3; Likert Scale**

Item	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Points	5	4	3	2	1

*Source; Bryman & Bell (2015)*



The Likert scale presented an advantage to the researcher because it could be easily understood and responses could be easily quantified making computation, analysis and interpretation of data easy

### **3.4 Data Collection Procedure and Administration**

The researcher obtained a letter from the university to use for introductory purposes in carrying out the research. The researcher was issued with a certifying document from Netone to carry out the research, the document to be used in administering questionnaires to employees so that they can give data pertaining to the organisation. The questionnaires were revised by the management before they were administered to other employees, the primary motive bring to honour the confidentiality clause that stipulate that not all information is available for public consumption. The researcher issued employees questionnaires and interviewed management.

Key account subscribers were issued questionnaires to respond to. The questionnaires were collected immediately after completion by the respondents. The data collected was examined accordingly in each segment of the questionnaires to observe if it is relevant and suitable to the study. Data validity and reliability was conducted to ascertain applicability of the data to the study.

### **3.5 DATA PRESENTATION**

Data will be presented in the form of tables by the researcher. The researcher will use tables because they are easy to draw and to will convey the necessary information. Presentation of data should be done in a manner that will communicate the utmost information in the most

efficient manner. According to Blumberg (2013), having a visual interpretation on data is the major purpose of putting results into tables and bar graphs, see what happened and make interpretations.

The researcher used tables as a form of data presentation because they are easy to draw, convey and interpret the information. According to Kumar (2012) the tables are used to visualize and interpret that data.

### **3.6 Data analysis**

#### **Descriptive analysis**

Data analysis is the organization of data to extract useful information. It is the process of evaluating data using analytical and logical reasoning to examine each component of the data provided (Blumberg 2013). The researcher intends to use descriptive analysis to analyze data. Descriptive narration will be used to analyse the qualitative data collected from respondents whilst graphs, tables and pie charts were used to present, interpret and analyse the quantitative data collected.

The researcher used descriptive analysis in describing the raw data into understandable form, which is, answering the questions asked in the questionnaire and interviews.

### **3.7 VALIDITY**

Validity means that the method used should be applicable to situation at hand. Saunders, et al, (2012) also suggested that validity is concerned with whether the findings are really about what they appear to be about. Robert (2012) pointed out that there are threats to validity and

hence the need pay special attention to this attribute in research studies. To ensure validity, pre-testing will be done in order to identify weaknesses and strengths in the possible responses in comparison with data extracted from secondary data.

### **3.8 RELIABILITY**

Reliability refers to the consistence with which a research instrument measures something. The reliability of a research method entails that the outcome would be believable to the fact that the method used was considered to be reliable. The researcher can ensure reliability as assessed by Easter by- Schinder (2013), by posing that the measure will yield the same results on other occasions and there is transparency in the sense made from the raw data. According to Robson (2012), the researcher ensured that there is no participant error. The researcher found a neutral time where it is permissible to yield correct results from the participants especially when dealing with questionnaires. Also the researcher ensured that there is no participant bias using instruments that would permit him to draw warranted or valid conclusions about the characteristics (perceptions, attitudes, and so on) of the individuals .The researcher asked for permission from the Human resource manager to allow him carry out his research and gave the researcher a cover letter that would allow the researcher to access information from the respondents. Robson (2012) enlightened that the researcher should be aware of potential problem when designing research questions. The researcher ensured reliability in a questionnaire and structured interviews if it yields the same results if repeated over and again, thus consistence of the study.

### **3.9 Chapter summary**

The chapter presented details pertaining to research methodology, research design and research instruments. The research target population, sample size and the sampling

procedures were highlighted in this chapter. Data sources, data collection instruments and data collection procedure were also embark upon as well.

## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.0 INTRODUCTION**

This chapter presents and analyses the findings from the primary research conducted through questionnaires and interviews tailor made to the research questions and objectives of this study. The results obtained from the sample population, secondary sources of data applied in the analysis of the primary data in an effort to determine the impact of promotional strategies on market share and Profitability in telecommunication Industry. Tables, bar graphs and pie charts will be used in the presentation of data.

#### **4.1 RESPONSE RATE**

For the primary purpose of this study, questionnaires and interviews were used as research tools.

##### **4.1.1 Questionnaire Response Rate**

The response rate shows us the number of questionnaires that were distributed and the ones that were returned back to the researcher by the respondents. In total, the researcher distributed 56 questionnaires to the Corporate Finance ,Chief Finance Officer, Marketing Department ,Revenue Assurance Department ,back office staff ,operations department ,retail and sales Department and customers .The researcher managed to return back 49 questionnaires from the 56 that were distributed and this gives a response rate of 88%. The following table describes the response rate.

**Table 4.1 Questionnaire response rate**

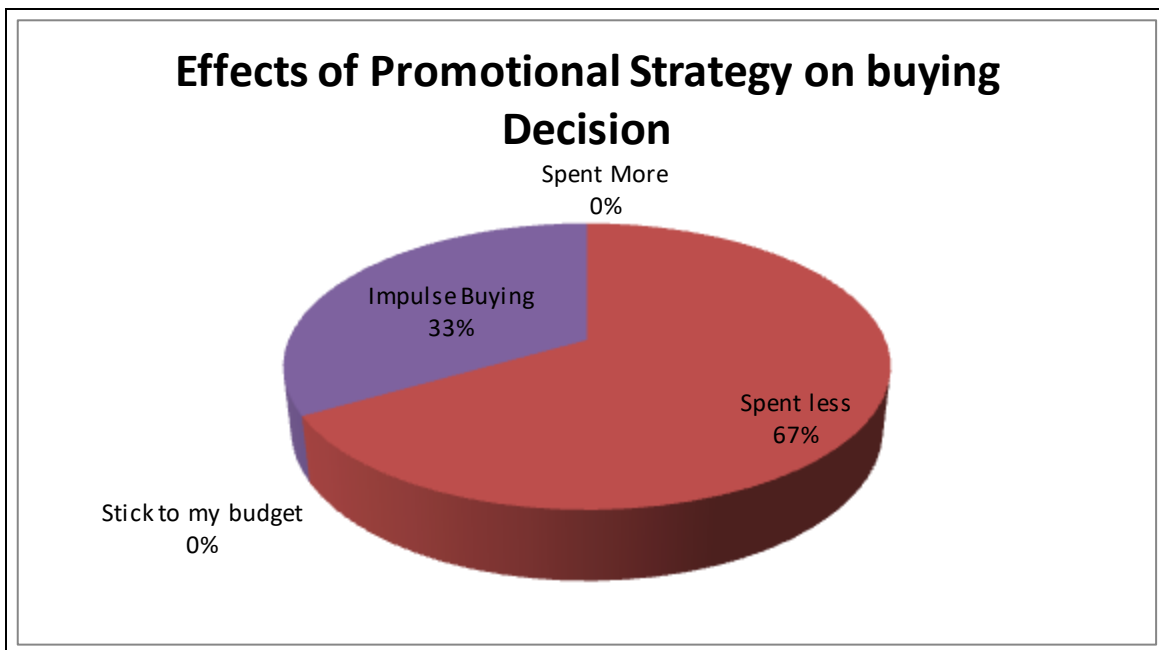
<b>Targeted Responses</b>	<b>Questionnaires Sent</b>	<b>Questionnaires Returned</b>	<b>Response Rate %</b>
<b>Back Office Staff</b>	5	5	<b>100%</b>
<b>Corporate Finance</b>	5	5	<b>100%</b>
<b>Customers</b>	20	15	<b>75%</b>
<b>Marketing</b>	4	4	<b>100%</b>
<b>Operations Department</b>	5	5	<b>100%</b>
<b>Retail and Sales</b>	5	5	<b>100%</b>
<b>Revenue Assurance</b>	5	5	<b>100%</b>
<b>Total</b>	<b>49</b>	<b>44</b>	<b>90%</b>

Although the researcher could not achieve a total response rate of 100%, 90% is reliable since it falls within the recommendations of some other scholars. Converse et al (2013) stated that the minimum response rate should be 60% whilst Monkey (2011) asserts that it should be at least 70% to produce reliable results.

## 4.2 Customer Questionnaire Response

### 4.2.1 Effect of Promotional strategies on Customer Budget and Buying Decision

Fig 4.1 Respondents to the effect of Netone Promotional strategies to budget and buying decision.



*Fig 4.1*

The Fig 4.1 above reflect that 10 out of 15(67%) of the customers spent less on airtime and data cost, 5 out of 15 (33%) buy impulsively when the products are on promotion .However none stick to the budget or spent more as the promotions already motivate both new and old customers to enjoy more talk-time at a cheaper price which is a motivating factor. Strydom et al (2013), supported this that promotions reduces the brand regular price and occurs when a product is sold at a reduced cost bringing value to the customer and encourages repeat purchase .

However 33% of the customers buys impulsive. According to Zimmerman (2013) this is the more social, status – conscious and image concerned and its difficulty to control and resist the emotional urges to impulsively buy .These continue to buy the product so that they continue to experience that pleasure.

#### 4.2.3 Promotional strategies used by Netone that encourage repeat purchase.

Table 4.2 Respondents to the effectiveness of promotional strategies used by Netone on repeated purchase.

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Bonus Paks	7	5	3	0	0	15
Free Goods and Samples	0	0	1	3	11	15
Sweepstakes(Scratch & Win	0	3	4	3	5	15
Contest and Sweeps	0	8	4	3	0	15

The results on table 4.2 signify that 7 out of 15 (47%) strongly agreed, 5 out of 15(33%) agreed, while 3 out of 15(20%) were uncertain that Bonus Paks contributed effectively on repeat purchase. This shows that this strategies employed by the company are efficient and are conducted in a manner that pleases the subscribers.

On Free goods and samples promotional strategy 73% (11/15) strongly disagreed that it contributed effectively on repeated purchase ,whilst 20% and 7% disagreed and were uncertain respectively on the its contribution towards repeat purchase. This shows that these strategies employed by the company was not effective in motivating repeat purchase on



customers citing unequal distribution of promotional goods and samples which concentrated mainly on larger cities.

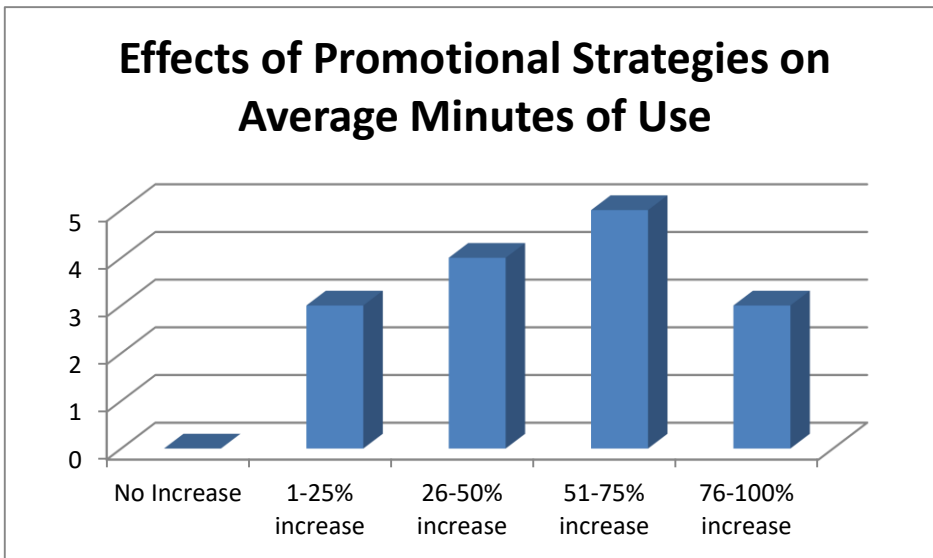
However 20% (3/15) agreed that sweepstakes contributed effectively on repeated purchase, with a 26% (4/15) uncertain on its contribution. A further 20% (3/15) disagreed and 33% (5/15) strongly disagree that the strategy was effective in contribution towards a repeat purchase. The results reflected that the strategy has little impact on repeat purchase as most respondent strongly disagreed in its impact to motivate a repeat purchase.

Overall with the results of the respondents above it shows that bonus Paks was the effective strategy used by Netone to promote repeat purchase by both new and old subscribers .This shows that the Bonus Paks promotional strategy employed by the company was efficient and conducted in a manner that pleases the subscribers. The results illustrate that the technique of bonus paks has a positive impact on subscriber's decision when making a purchase of the company's service. Price discount strategy contributed significantly towards influencing subscribers to subscribe to the service provider.

#### **4.2.4 Contribution made by promotional Bonus Paks (*one fusion/Dollar a Day/More Data/One Platinum*) towards minutes of use Minutes of Use**

##### **Minutes of Use per Subscriber**

The researcher sought to assess how the promotions increase the average minutes of use per subscriber. Fig 4.2 Respondents from customers to the effect of promotional bonuses on average minutes spent per month on key subscribers.



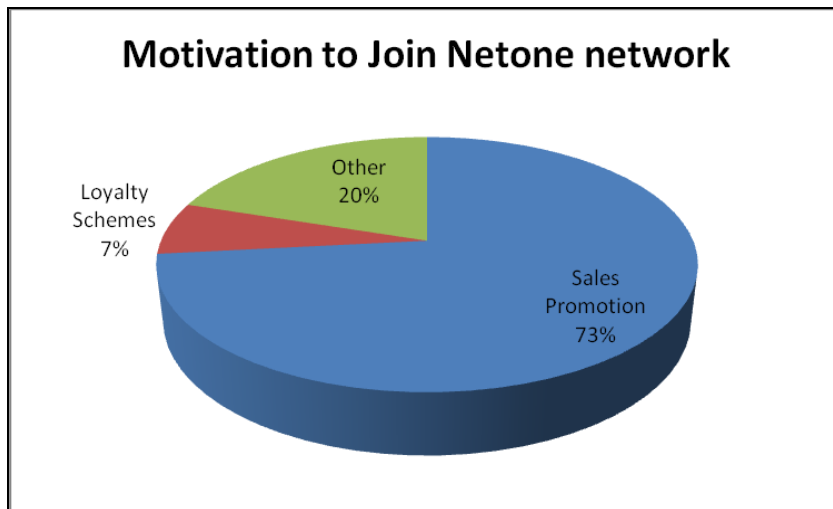
*Fig 4.2*

From the results shown in Fig 4.2, the majority of respondents 53% (8/15) stated that there was increased their spending minutes of use above 50% as of promotional strategies. 26% (4/15) responses indicated an increase of between 26% - 50%, 20% (3/15) stated that they increased their spending minutes of use between 1% and 25% and none responded that did not change their spending patterns. It is evident that bonus Paks (in the form of one Fusion ,Dollar a day ,Nkuluma 24/7 and more data ) contributed significantly towards the growth of Average Minutes of Use per subscriber.

This indicated that bonus Paks contributed significantly to the growth of average minutes of use which is the number of minutes consumed by the subscribers. This is evidenced by the respondents (key account subscribers) who increased their spending as a result of the bonus Pak conducted by the organization.

#### 4.2.5 Motivation to Join Netone Cellular Network

Fig 4.3 below shows the responses to the motivation by customers to Join Netone Cellular Network.



*Fig 4.3*

From the results shown in Fig 4.3 above, the respondents were asked to state the factors that influence them to join the Netone network, 73% (11/15) of the sample population alluded to promotional strategies as the motivation factor, 7% (1/15) mentioned Loyalty schemes whilst 20% (3/15) cited other motivating factors which included faster network and availability of network in remote areas. The results illustrate that the technique of promotional strategies has a positive influence towards influencing subscribers to join the network and subscribe to the service provider.

Blattberg and Nelson, (2012) supports that bonus Paks intensify customer overall attitude towards purchasing brand on sale as the degree depends on the size of the discounted price offered which influence belief the attractiveness on the product or service.

#### 4.2.6 Effects of Promotions on Customer service delivery

Fig 4.4 below shows the responses on the effect of promotional strategies on customer service delivery.



*Fig 4.4*

From the results shown in Fig 4.4 above, the majority of respondents 53% (8/15) stated that there was good customer service delivery as results of the promotional strategies. 40% (6/15) responses indicated a better service delivery and only 7% (1/15) expressed that there was the best in customer service delivery.

According to Cronin & Taylor (2012) state that customer satisfaction has been considered to be based on the customer's experience on a particular service encounter, in line with the fact that service quality is a determinant of customer satisfaction. The results above evidently show that the customers perceived that promotional strategies brought in significant changes in terms of customer satisfaction and service quality.

### 4.3 Employee Questionnaire Response

#### 4.3.1 Employees responses to effects of promotions to profitability

Fig 4.5 below shows the respondents by the employees on the effects of promotional strategies to profitability of Netone Cellular.

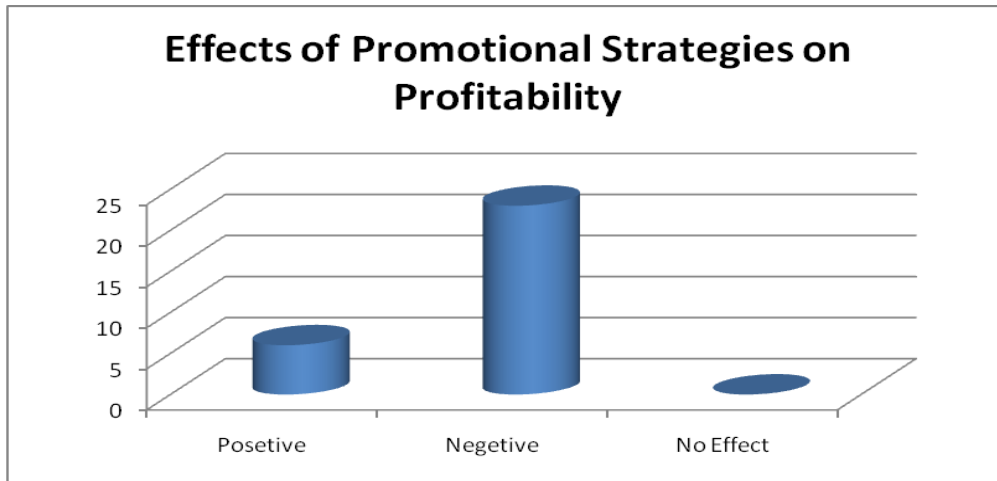
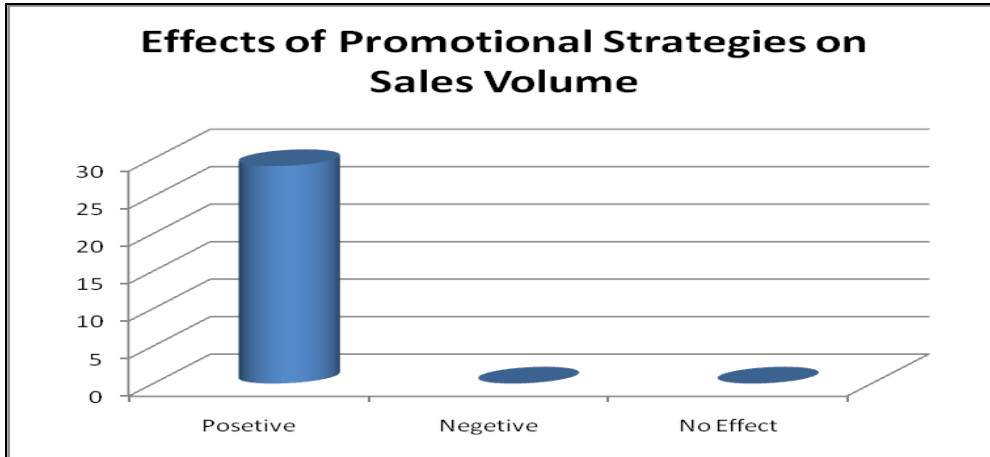


Fig 4.5

From the results shown in fig 4.5, 79% (23/29) of respondents stated that promotional strategies contributed negatively on profitability of the company, 21% agreed to the notion that these strategies contributed positively to profitability. The 79% thought the effect is negative on profitability in the long term as costs to sustain a promotion relatively increase if a promotion is lengthy. This has been supported by Aworemi et al (2012) who made a research and concluded that sales promotion had a negative impact on profitability of Niger State Transport Authority if it is prolonged as costs will begin to outweigh benefits.

#### 4.3.2 Employee responses on effect of promotional strategies (One Fusion/Dollar a Day/Nkuluma 24/7/Data Bundles) on sales volume

Fig 4.6 shows respondents by the employees on the effects of promotional strategies to sales volume profitability of Netone Cellular

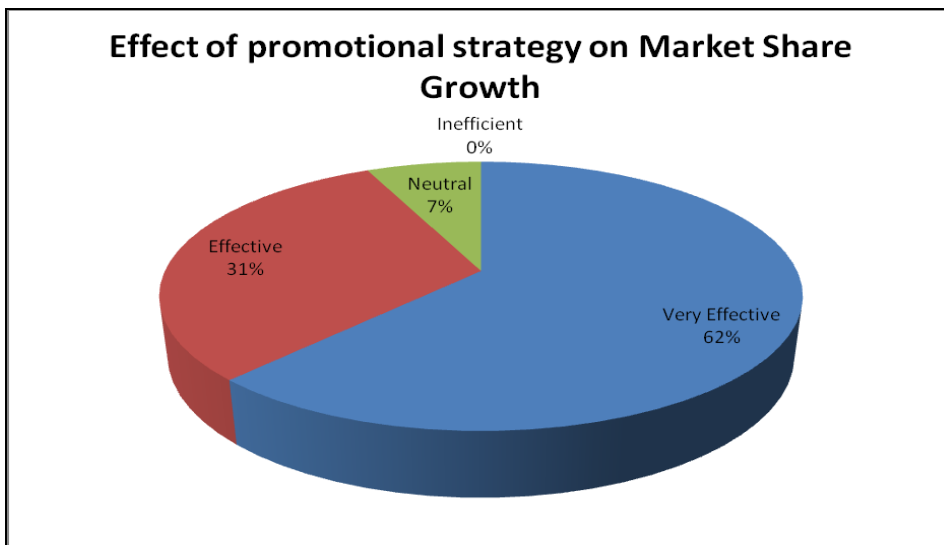


*Fig 4.6*

The fig 4.6 above shows that 100% (29/29) of respondents stated that promotional strategies contributed positively towards sales volume. The data presented show that all employees concurred the increase of sales volume due to promotional strategies which motivate repeat purchase and interest to entities product and service.

**4.3.3 Employee responses on effect of promotional strategies (*One Fusion/Dollar a Day/Nkuluma 24/7/Data Bundles*) on market share growth**

Fig 4.7 below shows the respondents by the employees on the effects of promotional strategies to market share growth of Netone Cellular.



According to Fig 4.7, 62% (18/29) respondents confirmed that promotion strategy was very effective on market share growth. 31% (9/29) respondents also confirmed that the promotional strategy were effective towards an increase in market share growth objective. 7% (2/29) could neither confirm if these strategies where effective or not .This is supported by Kotler & Armstrong (2013) who states that promotion takes the form of gradual increase in the frequency of purchase by customers, a repeat purchase phenomenon and a growth in sales at times during the promotional period, and impact negatively on customer loyalty because it leads to brand switching.

According to Belch et al (2004), promotional strategies are most typically associated with transaction building, but may serve brand building purposes as it increase market share. The data above shows that the employees concurred those promotional strategies was very effective in the growth of market share for Netone Cellular.

#### **4.3.4 Employee responses on effect of promotional strategies (One Fusion/Dollar a Day/Nkuluma 24/7/Data Bundles) on Revenue growth**

Fig 4.8 below shows the responses by the employees on the effects of promotional strategies to revenue growth of Netone Cellular.

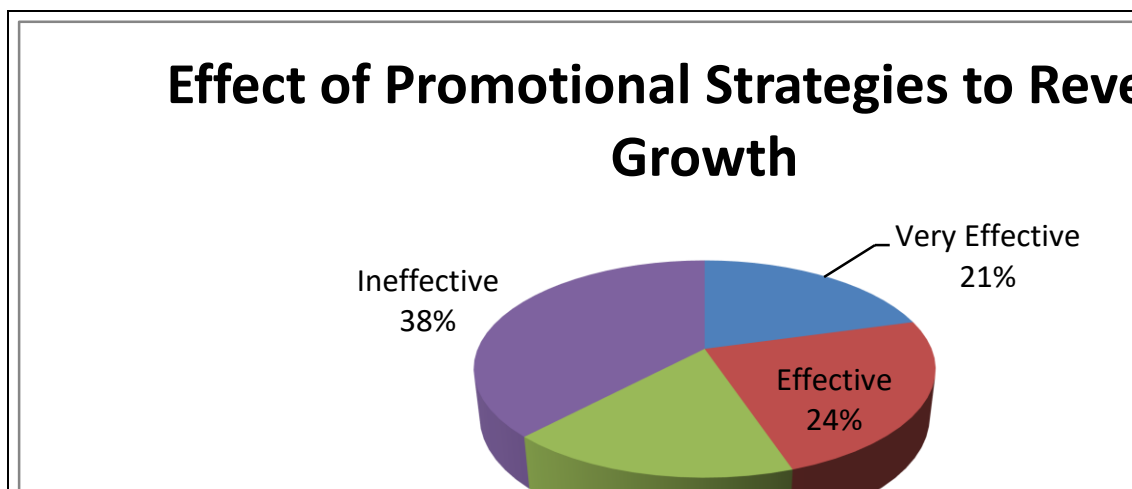


Fig 4.8

According to Fig 4.8 above , 21% (6/29) respondents agree that promotional strategies were very effective in enhancing revenue growth .24% (7/29) respondents agree that the promotional strategies were effective whilst 17% (5/29) respondents were neutral if promotional strategies had an effect on revenue growth . Fig 4.11 also shows that the percentage for those who agree that the promotional strategies were ineffective to revenue growth is 38% (11/29).

Summatively, 45% (13/29) respondents (6 very effective and 7 effective) recognise that the promotional strategies were effective to organisation revenue growth .This is supported by Rotimosho (2013) when he says, promotion strategies consists of diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase of products or service by consumers stimulating consumer purchase in larger quantities resulting in a significant increase in turnover of the organisation.

The 17% (5/29) respondents who are neutral uncertain concur with Andreason and Wind (2014) who say that an organisation cannot clearly conclude an increase in turnover on promotions without exploration of commensurate volumes before and after the promotions . Dekimpe et al. (2011) also concurred by saying that there are rarely any permanent effects of sales promotions on the turnover and the promotion does not change the structure of sales over the long run.

Given that 38% (11/29) respondents agree that the promotional strategies were ineffective to revenue growth, most likely because of the drop in average revenue per user from \$11.56 to



usd\$7.60 and the period of promotion which ran for over three years is relatively too long for a promotion and has a long term negative effect on revenue (Potraz 2016).

#### 4.3.5 Employee responses on the Justification of promotional budget

Fig 4.9 below shows the responses by the employees on the justification of the increase of promotional budget to increase in market share, sales volume and average revenue per user.

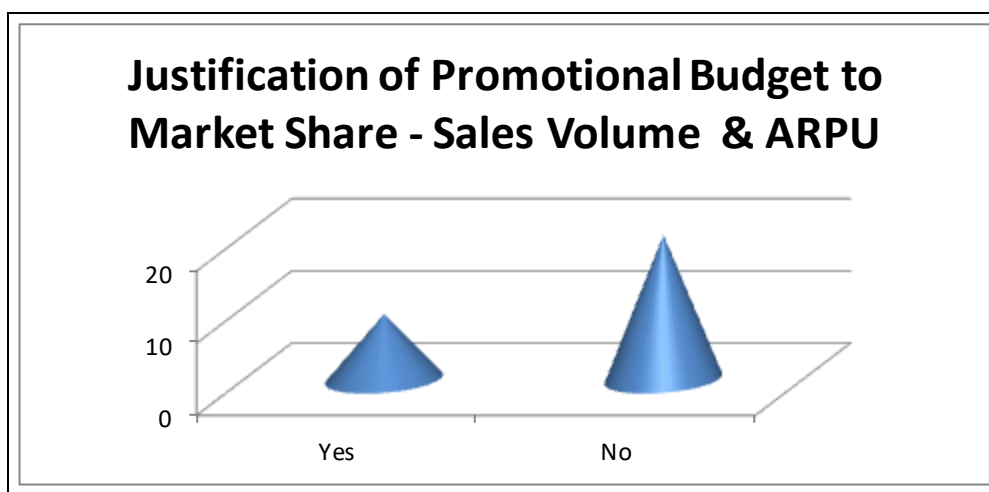


Fig 4.9

The fig 4.9 above shows that 31% (9/29) of the employees responded that promotional budget was justifiable to the increase in market share, sales volume and average revenue per user .On the other hand 69% (20/29) employees thought that the promotional budget was not commensurate to the increase in market share, sales volume and average revenue per user. Rosenberg (2011) postulating that increased competition force organisations to adopt strategies to maintain their clientele base by compromising on certain costs however the profit margin to be realized from the these promotional activities are not really cushioning anything rather leave the company in a deficit.

**4.3.6 Employee responses on other Profitable promotional strategies that Netone can implement.**

Table 4.3 below shows the responses by the employees on other ways of implementing a profitable promotional strategy at Netone.

	<b>Excellent</b>	<b>Good</b>	<b>Fair</b>	<b>Poor</b>	<b>Not Applicable</b>	<b>Total</b>
Costs Efficiency	19	8	2	0	0	29
Focus on Core Activities	4	12	9	0	3	29
Built up on Future Strategies	7	15	5	2	0	29
Launch-new products & Increase Trials	1	2	6	18	2	29
Customer Behaviour Strategy	24	4	1	0	0	29
Effective Public Relations	0	11	2	9	7	29

*Table 4.3*

The table 4.3 above list the different ways of implementing a profitable promotional strategy at Netone .From the above, the major highlight is the cost efficiency strategy where 100% (29/29) supported the strategy that will ensure profitability. Such is the case on Customer behaviour strategy with an agreement rate of 100% supporting the strategy .On the other hand launch of new products and increase trial was however seen as a poor and not applicable strategy with 69% (18 for poor and 2 not applicable) as it increase research and development costs which might not be recouped if the product fails.

#### 4.4 INTERVIEW ANALYSIS

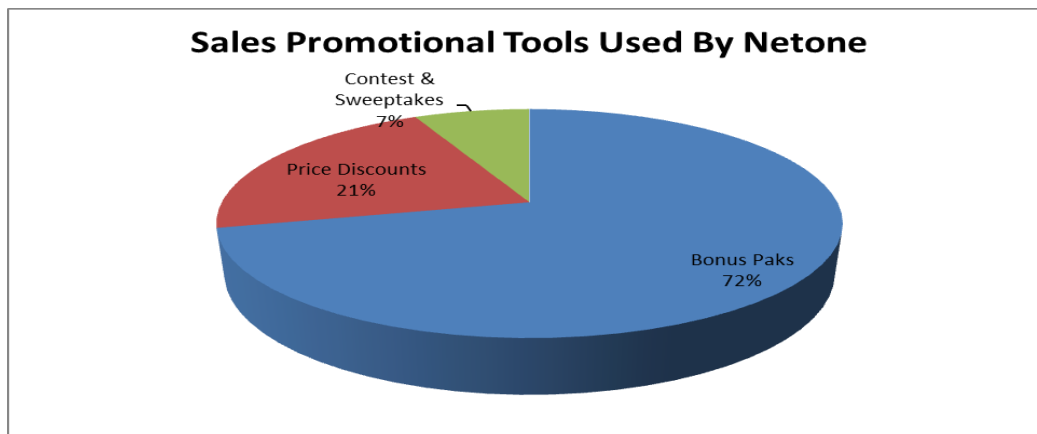
The researcher conducted 14 interviews with the management and employees at Netone Cellular. Table 4.4 below represents a summary of the interviews that were planned and those that went successful.

**Table 4.4 Interview Response rate**

Designation	Interview Appointments Requested	Interviews Carried Out	Percentage
Chief Finance Officer	1	1	100%
Marketing Executive	1	1	100%
Revenue Assurance Officers	4	2	50%
Finance and Admin Officers	5	3	60%
Back Office Clerks	4	2	50%
Operations	3	2	67%
Sales Representatives	5	3	60%
<b>TOTAL</b>	<b>23</b>	<b>14</b>	<b>60%</b>

##### 4.4.1 Promotional Strategies being used by Netone Cellular

Fig 4.10 below shows the responses by management and employees on the promotional strategies used by Netone.



*Fig 4.10*

As shown in fig 4.10 72% (10/14) agreed that Bonus Paks were the tools used by Netone and 21% (3/14) and 7% (1/14) supported contest and sweepstakes .However of the 72% who agreed on Bunus Paks stated that the strategy was mainly used, to lure both new and old customers using cheaper prices of airtime and data services with an objective of increasing market share.

According to table 4.2 the promotional tool encouraged repeat purchase with 47% strongly agreed that it promoted repeat purchases as this motivated subscribers.This however motivated subscribers to join the network and subscribers as shown in Fig 4.3 where 73% of customers attributed to the strategy to join the network.

#### 4.4.2 Effect caused by promotional strategies on your organization profitability?

Fig 4.11 below shows the responses by management and employees on the effect of promotional strategies implemented by Netone on profitability.

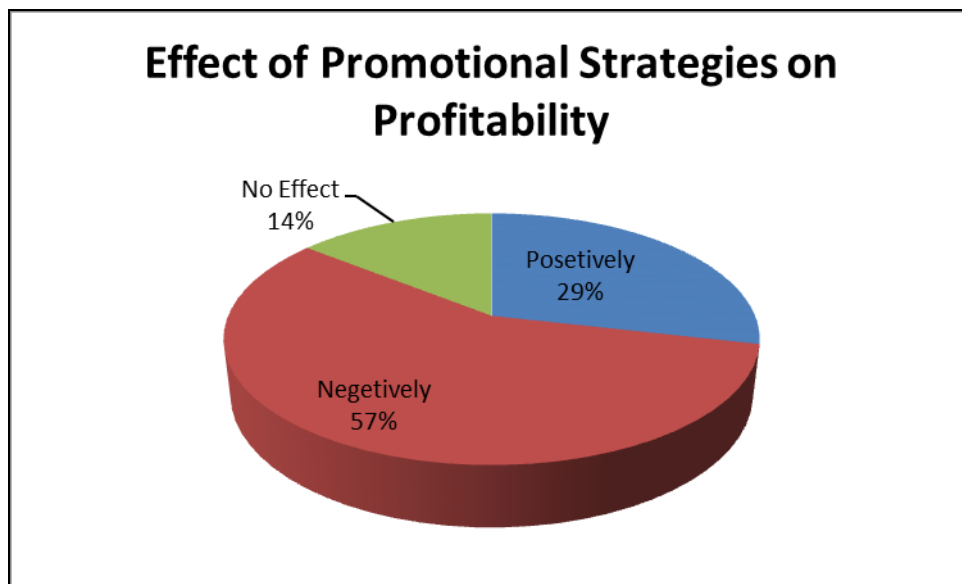


Fig 4.11

Based on the data gathered from interviews responded by management and employees in fig 4.11 it shows that 57% (8/14) agree that promotional strategies implemented by Netone had a negative effect on profitability, 29% (4/14) agree that it affected positively whilst the remaining 14% (2/14) thought these tools have no effect on profitability.

Of the 29% respondents in the above fig 4.11 who agreed that the promotional tools had a positive effect on profitability due to repeat purchase and increase in volume of sales as shown in fig 4.6 where 100% customers positively responded to its contribution towards sales volume.

The 57% thought the effect was negative felt that the relationship between an increased volume and minutes of use against reduced average revenue per user (ARPU) has a negative effect on profitability especially when the promotion is prolonged. According to fig 4.1, 67% of customers respondent that they spent less on airtime and data costs due to promotions hence reduction in average revenue per user per month coupled with an increase in minutes of use as shown fig 4.2 where 53% stated that they increase their spending minutes on data and airtime above 50% which overall affects profitability of the organisation.

#### **4.4.3 Effect of promotional strategies on Sales / Turnover**

Table 4.5 below shows the responses by the employees on the effects of promotional strategies on Netone Sales.

	<b>Positives</b>	<b>Negative</b>	<b>No Effect</b>	<b>Total</b>
Response	5	8	1	14

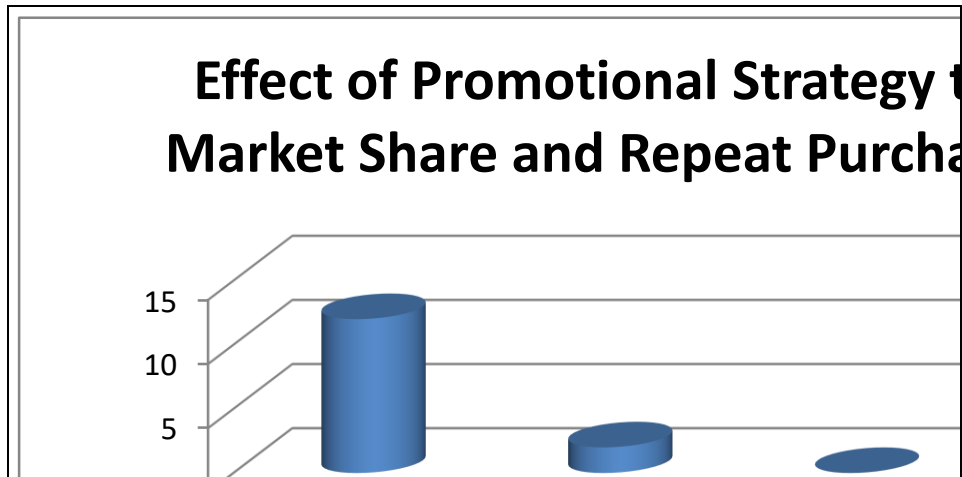
The table 4.5 above shows that 36% (5/14) of respondents stated that promotional strategies contributed positively towards turnover, 57% (8/14) agreed that promotional strategies contributed negatively towards sales turnover, whilst 7% (1/14) confirmed that the promotional strategies did not have any effect on sales turnover.

From the 36% who responded that promotional strategies had a positive impact on Netone Sales, this was supported by respondents in Fig 4.6 where 100% positively concurred that sales volumes increase due to promotional strategies .However 57% who respondents that the promotions had a negative effect on sales, this was supported by respondents in fig 4.1 where 67% confirmed that they spent less as their buying decision was motivated by the strategy.

From the findings that were gathered it is evident that the impact of sale promotion took the form of increase in sales volume which has a direct impact on sales turnover. However the average revenue per user (ARPU) will determine the overall sales turnover over time from the time the promotion starts up to the time it expires.

#### **4.4.4 Effect of the promotional strategies on market share and repeat purchase**

Fig 4.12 below shows the responses by the employees on the effects of promotional strategies on market share and repeat purchase.



*Fig 4.12*

The fig 4.12 above shows that 86% (12/14) of respondents stated that promotional strategies contributed positively towards market share growth and repeated purchase and 14% (2/14) of the respondent agreed that the promotional strategies contributed negatively.

According to fig 4.3, 73% of respondents were motivated by promotional strategies to join the Netone network hence influencing subscription to the service provider and increasing market share. A positive increased in repeat purchase is reflective in table 4.2 where 80% strongly agreed that promotional strategies increased repeat purchases which have an overall effect on market share and subscriber growth.

From the above results 14% respondent agreed that it contributed negatively in repeat purchase as shown by fig 4.2 where 53% stated an increase in number of minutes of use by 50% as they will not frequently visit the Netone One World shops as more minutes are spread over a long period before they purchase again. Gilbert et al (2012) state that sales promotion had more impact at stimulating sales by modifying more than one marketing mix elements and nurtured time and again to build loyalty which in turn will increase market share.

## **4.5 CHAPTER SUMMARY**

This chapter made a closer look at the major findings of the research. It goes on to analyse and discuss findings in relation to the objectives of the study and the research questions. The main findings of the research have been on the effects of promotional strategies on market share and profitability on Netone Cellular performance. The next chapter will look into the summary of the research findings, conclusions for the research as well as recommendations by the researcher to Netone.



## **Chapter Five**

### **Summary, Conclusion and Recommendations**

#### **5.0 Introduction**

This chapter serves to highlight the major conclusions drawn from this research on the impact of promotional strategies on market share and profitability at Netone Cellular Pvt Ltd. It is also in this chapter that the researcher will give recommendations on the subject under probe. These recommendations are based from the information gathered during the course of the research to influence this informed conclusion.

#### **5.1 Summary of Chapters**

##### **5.1.1 Chapter One**

Chapter one centred on a brief of the study and the research problem which motivated the researcher to conduct this study. This research was carried out to investigate the impact of promotional strategies on market share and profitability of Netone Cellular Pvt Ltd, a telecommunication company. The objectives of the research were developed and the main research question and sub research questions were highlighted in a bid to address the research problem. It also covered the delimitation of the study, limitation of the study and definition of terms.

##### **5.1.2 Chapter two**

Literature was reviewed in the chapter two of the study contained theoretical findings and ideas from various authors to come up with supporting information relating to promotional

strategies and its impact on profitability and market share. The information gathered in this chapter was used to gain a more in-depth knowledge on the subject matter.

### **5.1.3 Chapter Three**

Chapter three covered the research methodology and design used by the researcher to collect data and for this study a quantitative research approach was used making use of interviews, questionnaires, closed-ended (Likert scale) questions and face to face interviews were used to collect data from respondents. Primary and secondary data was used to ensure reliability and accuracy of information. Sampling techniques were implemented to obtain a true representation of the target population. A sample size of seventy two people was used for questionnaires and fifteen individuals from the company were interviewed.

### **5.1.4 Chapter Four**

In chapter four of the study was on data presentation and analysis of the primary data and the views of scholars reviewed in chapter 2 were presented for analysis. The questionnaires were 98% successful and the interviews were 100% successful. The findings were presented in the form of tables, graphs and pie charts.

## **5.2 Major Research Finding**

The research sought to assess the impact of promotional strategies on market share and profitability in telecommunication industry .There are various effects on the performance of the organisation that were noted following the implementation of promotional strategies ,increased market share ,increased sales volume ,reduced sales value and reduced profitability .The challenges faced by Netone Cellular during the promotional period of implementing the strategies which caused a negative effect on overall performance includes ;a prolonged period

of promotions , reduced average revenue per user , short term benefits of promotions and reduced turnover .The promotional strategies influence customer efficiency by offering better customer service delivery due to network expansion that met the high network demand of the increased subscriber and market share. However there are several profitable promotional strategies which can be implemented to improve organisation which include cost efficiency strategy, customer behavior strategy and built up on future strategies. The major driving force amongst these strategies is price charged on the products and other variable costs which support customer and shareholder value.

### **5.3 Conclusion**

The research was successfully done and managed to review the stated objectives of this study, which was to determine the Impact of promotional strategies on market share and profitability of Telecommunication Industry. Promotional strategies are a useful tool for survival, sustenance and expansion of companies in the telecommunication sector in Zimbabwe. These are powerful sales techniques that increase sales volumes and market share in a short term, however it has a negative long term effect on profitability if the promotional period is prolonged as the flow of revenue will not be commensurate with the costs of sustaining the strategy. A profitable promotional strategy should be developed aligned to customers' needs and shareholders values with the focal point hinged explicitly on the firm long run competitive advantage and reciprocal relationship between a firm, clients, competitors and other stakeholders.

## **5.4 Recommendations**

Based on the findings the researcher recommends the following;

- Netone's emphasis on Bonus Paks and price discounts are being over-used in the telecommunication sector in Zimbabwe. There is need to venture into other promotional techniques such as coupons, rebates and premiums. There is need for the company to conduct a formalized consumer opinion research as parastatals are viewed as poor market performers. The company should not base its business strategies on integrated marketing communication only, but it should invest also technological innovation, increasing its capacity so as to enjoy economies of scales, in a profitable context.
  
- Due to the competitive nature of the telecommunication industry in Zimbabwe Netone need to constantly analyse and monitors its promotional strategies as long promotional period has a negative effect on company performance and its evaluation is vital.

## **5.5 Suggested areas for further research**

The researcher proposes that attention by future researchers to be focused on cost benefit analysis of investing in state of art technology like Information Management Systems.

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## APPENDIX A

Midlands State University

P Bag 9055

Gweru

01 August 2017

The Managing Director

Netone Cellular Pvt ltd

1 Jason Moyo Avenue, Harare

Dear Sir/Madam

### **RE: APPLICATION TO CONDUCT A RESEARCH AT YOUR ORGANISATION**

I am a final year student at Midlands State University studying Bachelor of Commerce Accounting Honors Degree. The final year involves undertaking an industry oriented research. My topic is “**The Impact of Promotional Strategies on Market share and Profitability of Telecommunication Industry .A case of Netone Cellular Pvt Ltd**”.

To make the research a success, I kindly request you to assist by responding to questions in this questionnaire. Be guaranteed that all information will be treated with confidentiality as the research is strictly for academic purposes only.

Your assistance will be greatly appreciated.

Yours Faithfully

Collen Gunde

## APPENDIX B

### Questionnaire for employees

Good day to you. My name is Collen Gunde final year student at Midlands State University (MSU) studying Bachelor of Commerce Accounting Honours Degree. I'm carrying out a research study on the **"The impact of Promotional Strategies on Market share and Profitability"**. This study is carried out in partial fulfilment of the requirements of the Honors Degree in Accounting.

The information that you are going to provide is purely for academic purpose and it will be treated with the severest privacy manner and confidentiality. Therefore your cooperation is greatly appreciated.

### Questionnaires

#### Instructions to respondents

1. Do not write your name on the questionnaire
2. Tick in the relevant box for your response

1) What is the effect of promotional strategies implemented by Netone has on profitability?

Positive	Negative	No Effect
----------	----------	-----------

2) What is the effect of promotional strategies on sales volumes of Netone Cellular Pvt Ltd?

Positive	Negative	No Effect
----------	----------	-----------

3) What is the effect of promotional strategies on market Share growth of Netone Cellular Pvt Ltd?

Positive	Negative	No Effect
----------	----------	-----------

4) How has the promotional strategies launched by Netone in the past 3 years influenced its revenue?

Positive	Negative	No Effect
----------	----------	-----------

5) How effective do you think One Fusion/dollar a day /Nkuluma 24\_7/Data Bundles are enhancing Netone profitability?

Very Effective	Effective	Neutral	Ineffective
----------------	-----------	---------	-------------

6) How effective do you think One Fusion/dollar a day /Nkuluma 24\_7/Data Bundles are enhancing Netone market share growth?

Very Effective	Effective	Neutral	Ineffective
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7) How effective do you think One Fusion/dollar a day /Nkuluma 24\_7/Data Bundles are enhancing Netone sales Volume?

Very Effective	Effective	Neutral	Ineffective
----------------	-----------	---------	-------------

8) How effective do you think One Fusion/dollar a day /Nkuluma 24\_7/Data Bundles are enhancing Netone turnover?

Very Effective	Effective	Neutral	Ineffective
----------------	-----------	---------	-------------

9) Does increase in the promotional budget justifiable to the increase in market share, sales volume and average revenue per user?

Yes	No
-----	----

10) How do you rate the following ways of implementing profitable promotional strategy at Netone?

	<b>Excellent</b>	<b>Good</b>	<b>Fair</b>	<b>Poor</b>	<b>Not Applicable</b>
Costs Efficiency					
Focus on Core Activities					
Built up on Future Strategies					
Launch-new products & Increase					

Trials					
Customer Behaviour Strategy					
Effective Public Relations					

11) Gender

Male	Female
------	--------

12) For how long have you been working with Netone Cellular Pvt Ltd?

Less Than 1 year	1 -5 years	5-10 years	More Than 10 years
------------------	------------	------------	--------------------

13) What is your position in the organization?

Director	Technical	Managerial
Sales Rep.	Clerical	Other - State

14) What are your qualifications?

Ordinary /Advance Level	Degree	Professional
Unskilled	Other - State	

15) Netone financial Statements are communicated to staff through;

	Strongly Agree	Agree	Disagree	Strongly Disagree
Meetings				
Notice Boards				
Electronic Mail				
Supervisors				

16) What other effective way of implementing Promotional strategies that you may suggest will increase the entities profitability levels?

.....  
.....  
.....

## APPENDIX C

### **QUESTIONNAIR FOR CUSTOMERS**

*Please indicate your response with a tick (√) or explanation where necessary.*

1. Does Netone Cellular Promotions have an effect on your budget?

Yes	No
-----	----

2. What is the effect of promotions on your buying decisions?

Spend More	Spend Less	Stick to me Budget
------------	------------	--------------------

4. The following sales promotion strategies used by Netone Cellular on repeat purchases have been effective?

**Strongly Agree=5, Agree=4,Uncertain= 3,Disagree =2,Strongly Disagree =1 (A very effective E less effective)**

**Promotion strategy Score**

Promotional Strategy	Strongly Agree = 5	Agree = 4	Uncertain = 3	Disagree= 2	Strongly Disagree =1
Bonus Paks					
Free Goods and Samples					
Sweepstakes(Scratch & Win					
Contest and Sweeps					

5. What is the effect of the One Fusion /Dollar a Day /More Data and One Platinum on you as a customer or buying behaviour?

Spent Less	Heavily Spent	Indifference	Impulse Buying
------------	---------------	--------------	----------------

6. Have the Netone sales promotion bonuses made you increase your average minute Per month you spent.



No Increase	1-25% increase	26-50% increase	51-75% increase	76-100% increase
-------------	----------------	-----------------	-----------------	------------------

7. What was your buying behaviour on Netone Cellular Brands during the period 2014 – 2016?

Bought goods on Promotions	Remain Loyal to a specific Product	Shifted to other product
----------------------------	------------------------------------	--------------------------

8. What is the effect of sales promotions on customer service delivery?

Good	Better	Best	Poor
------	--------	------	------

9. What motivated you to join the Netone Cellular family?

Sales Promotions	Loyalty Schemes	Other (Specify)
------------------	-----------------	-----------------

10. Would you recommend someone to join Netone family as a result of sales promotion?

Recommend	Strongly Recommend	Indifferent	Do not Recommend
-----------	--------------------	-------------	------------------

10. Gender

Male	Female
------	--------

11. For how long have you been dealing with Netone Cellular promotional products?

Less than 1 year	1-5 years	5-10 years	More than 10 years
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## APPENDIX D

### Research Interview Questions

- 1.) Can you please identify the sales promotional tools that you have adopted and implemented at Netone Cellular between 2014 and 2016?
- 2.) Is there any effect caused by promotional strategies on your organization profitability?
- 3.) If YES by what percentage on profit?
- 4.) Is the percentage effect positive or negative?
- 5.) Do promotional strategies have any effect on the sales of the organization?
- 6.) If YES, is the effect positive or negative?
- 7.) By what percentage of the total sales?
- 8.) What is the effect of the promotional strategies on market share and repeat purchase?
- 9.) By what percent do the promotional strategies an effect on market share and repeat purchases?