

Addis Ababa University School of Commerce
College of Business and Economics
Department of Marketing Management
Post graduate program



**The Effect of In-Store Promotion towards Customers' Purchase Decision:
The Case of Shoa Supermarket**

By: Tinsae Afework

**Thesis Submitted to Addis Ababa University School of Commerce in Partial
Fulfillment of the Requirements for the Degree of Masters of Arts in
Marketing Management**

Advisor: Dr. Tewodros Mesfin

June, 2019

Addis Ababa

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Declaration

I, **Tinsae Afework**, hereby declare that this thesis work entitled “The Effect of In-Store Promotion towards Customers’ Purchase Decision: The Case Of Shoa Supermarket” submitted by me in partial fulfillment of the requirements for the award of degree of masters of arts in Marketing Management to Addis Ababa University School of Commerce, Department of Marketing Management supported distance learning is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. The matter embodied in this thesis work has not been submitted for any degree in this or any other university to the best of my knowledge and belief.

Tinsae Afework**Candidate**_____
Signature_____
Date

This is to certify that the above declaration made by the candidate was done under my supervision and is correct to the best of my knowledge.

Research Advisor_____
Signature_____
Date

Approval Sheet

Addis Ababa University School of Commerce, Graduate Studies Program
Department of Marketing Management
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The Effect of In-Store Promotion towards Customers' Purchase Decision: The Case of
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By: Tinsae Afework

Approved by Board of Examiners

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Research Advisor	Signature	Date

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Thank you!!!

Tinsae Afework

June, 2019

LIST OF ABBREVIATIONS AND ACRONYMS

FMCG - Fast moving consumer goods

GOs - Government organizations

KMO - Kaiser-Meyer-Olkin

MSA – Measure of Sampling Adequacy

NGOs - Non-government organizations

POP - Point of purchase

POS - Point of sale

SPSS - Statistical package for social sciences

TPR - Temporary price reduction

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ABSTRACT

Promotions generally have an important role in the marketing program of retailers. In recent times, retailers are diverting a growing proportion of their promotion budgets from traditional out-of store media advertizing to in-store communication. This research was conducted to investigate the effect of in-store promotion on customer's purchase decision: the case of selected shoa supermarkets in Addis Ababa. Thus, it has tried to assess the status and the ways in which in-store promotion are carried out in the selected branches of the supermarket. It has considered different in-store elements which are mostly applied by the supermarket through categorizing them in to two i.e. price based in-store promotions such as, temporary price reduction, loyalty discount, and multi-item promotion as well as non-price based in-store promotions such as point of sale advertisements, premiums and in-store salespersons. The kind of research design used was an explanatory type. To achieve the objective of the study, five point's likert scale questionnaire was physically distributed to 384 customers of the supermarket Out of which 330 (86%) were collected. Descriptive, correlation and regression analysis methods were used to analyze the collected data by using SPSS software version 20 and Questionnaires reliability was estimated by calculating Cronbach's Alpha. Descriptive analysis tools such as frequency, percentage, mean along with standard deviation and statistical analysis tools such as correlation coefficient were worked out and used to explore the relationships between variables. Finally, Regression analysis was performed to study the effect of independent variables on purchase decision. The research findings indicated that there was a significant relation between the selected in-store promotion elements and purchase decision. All the independent variables were examined simultaneously on purchase decision; results showed that temporary price reduction from price based and Point of sale as well as in-store salesperson from non-price based in-store promotion have a significant effect on purchase decision. The findings also suggested some measures which can be taken into consideration in order to enhance purchase decision behaviors of customers in the selected supermarket. As a result, from customers of the three selected supermarkets, the study has proved that in-store promotion has a significant influence on customer purchase decision.

Keywords: *purchase decision, price-based in-store promotion, non-price based in-store promotion.*

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Chapter one

This chapter describes the proposal of the study. It contains, the background, statement of problem, research questions, research objective, assumptions, scope, and benefits of the study. The limitations of this study are also included at the end of this chapter together with definition of important terms and the overall organization of the study.

1.1 Background of the study

Promotion is one of the variables through which information regarding products or services is being communicated to customers to change their attitude and behavior. In fact it adds the value proposition related to a product (i.e., getting more for less) for a limited time in order to stimulate consumer purchasing, effective sales and the effort made by the sales force (Suresh, Ramanathan, and Sanjay, K.Dhar 2015).

Today, promotion has evolved to encompass the “coordination of all promotional activities (media advertising, direct mail, personal selling, sales promotion, public relations, packaging, store displays, website design, and personnel) to produce a unified, customer-focused message” Ferrell, O.C., and Hartline, M. D. (2008). Because promotions are one of the most noticed activities of marketing, they can greatly impact any company's market share and sustainability. It is therefore imperative to understand which promotions consumers prefer and the effect of promotions on customer’s decision and customer behavior.

Promotions generally have an important role in the marketing programs of retailers. A large percentage of retailer sales are made on promotion, as retailers intend to address consumers at the point of sale. Thus, while advertising in classic media is becoming less effective, communication through promotions reaches the consumer at the place and time where most purchase decisions are made (Gedenk, K., Neslin, S. & Ailawadi, K. L. 2006).

Retail promotion in general is commonly referred to as retail communication and it encompasses all of the media and tools used by store-based retailers to attract and retain customers Kokemuller (2007). Retailers mostly rely on special events and creative pricing strategies to attract new and established customers into their store locations. Whether a business serves a niche market in a small town or competes with other stores for the patronage of a specific demography, it can take advantage of various types of promotional merchandise, strategies and events to help the retail location prosper. The management of

retailer promotions is not trivial, for several reasons. First, retailers can use many different forms of price promotions, such as temporary price reductions, coupons, and multi-item promotions, and combine them with non-price promotions like features, displays, and other point of sale (POS) material. Second, retailer promotions can have many different effects Gedenk et al. (2006).

The buying process in a retail environment on the other hand is influenced by the shopping environment as a whole and the promotional elements used that will have effect on customers' emotions. Consequently, retailers design their shops and apply their marketing strategy so that customers are attracted, locate merchandise easily, motivate unplanned purchases, and offer a satisfying shopping experience (Levy & Weitz 2009).

Retailers especially in the developed nation are diverting a growing proportion of their Promotional budgets from traditional out-of-store media advertising to in-store communication by applying various price and non-price promotions. The effects that these in-store promotions have on brand image, awareness and store choice has been examined by various prior researches.

To keep and increase revenues, supermarket chains must find some way of differentiating themselves from each other Cummins (1998). Shoa supermarket is among the major supermarket chains that appear at the heart of Addis Ababa, the capital city. It does supply a wide array of products through its seventeen outlets located in different parts of the city of Addis Ababa and Adama. Although, the supermarket currently relies heavily on imported items, it does also source vegetables, eggs, meat and few food items from different irrigation farms, the local vegetable markets and food complex manufacturers which are a great advantage to manage cost for it as well as reduce price for the customers. As a matter of fact, the supermarket applies in-store promotion by offering a Varsity of incentives, such as coupons and gift cards in order to encourage customers to shop at their stores. It also does offer price discounts on certain items. Therefore, it is important to empirically investigate the actual effect of in-store promotion on customers' purchase decision as such understanding will support the supermarket in designing a better promotional strategy which ultimately be a great advantage to the market performance regardless of every other competition.

Hence, this study attempts to empirically investigate the effects of in-store promotion on the purchase decision of customers of Shoa supermarket.

1.2 Statement of the problem

Many methods of marketing can and are employed by businesses to gain a stronger hold of their respective markets. Within the supermarket business, where many of the major competitors offer the same or similar products at the same or similar prices, it is necessary for businesses to stand out from each other so that they can maximize profits. Various means of marketing are employed to attract customers and as promotion is both one of the major forms of marketing and in some regards, one of the forms of promotion with the quickest results, it is in the best interest of supermarket stores (as well as business owners in general) to understand effective means of promotion and how promotion affects consumers and consumer behavior.

Consumers often interpret promotional signs and displays in the stores as a signal for a promotion, resulting in an increase in sales at full margin. This is an indicator that, not only do price reductions matter, but point of sale signage, displays, and features can have a large impact on sales and profit contribution.

Until recently, empirical analyses seemed to indicate that about three quarters of the sales bump results from brand switching. However, Van Heerde, Gupta, and Wittink (2003) have pointed out that these studies, which are based on a breakdown of the elasticity, have been interpreted in an inadequate way. When van Heerde, Gupta, and Wittink performed a unit sales decomposition and look at how much the promoted brand gains and how much competitors lose in sales, they found that two thirds of the sales bump resulted from purchase acceleration and only one third from brand switching. Other authors have shown that purchase acceleration can translate into additional category consumption through a faster use-up rate.

The most important promotion effect for a retailer, store switching, has not been studied as much, and the empirical evidence of it that exists is somewhat mixed. A few studies find no effect of promotions on store traffic and store sales, but these studies use store-level data from supermarkets that run promotions every week, so that they can only study differences between the promotion bundles advertised each week. Other studies such as by Lam et al. (2001) do indicate that promotions increase store traffic and that a substantial part of the

category expansion within the store comes from store switching (Van Heerde, Leeflang and Wittink 2004).

The purchase decision related to the goods depends on various factors like brand, quality, after sales services, warranty, advertising, rebates, offers, discount, mode of payment, display, sales person behavior, store location and many more. Efforts have to be made by the marketer to plan the optimum combination of the factors that can increase the sales of their products (Neha, S and Manoj, V. 2013).

It is very important for supermarkets to deduce what affect promotional activities have on consumer purchasing behavior and how consumers rank promotions relative to each other. Knowledge of how customers rank promotions relative to each other and how those promotions affect consumers can be useful in deciding which promotions made need to be altered and which promotions should be used more frequently.

Over the last decade, Ethiopia has seen a surge in the retail sector especially in the capital city, Global agricultural information network report (2016). This growing trend, which is expected to continue into the future, is primarily attributed to the country's double digit growth over the last decade, urbanization, and the expanding population of Addis Ababa, the country's capital.

As a consequence, more and more urban, middle-class consumers are turning to supermarkets, grocery stores, mini-marts, and neighborhood kiosks to satisfy some of the food and beverage demands.

The trend of modern supermarkets and hypermarkets is changing gradually as customers are becoming accustomed to the habit of shopping. According to a study by sagaci research (2013) this scenario is said to be insignificant yet as the trade that exists in supermarkets accounts for 0.5% of the total retail trade in the country. There are a number of reasons for the slowdown of the progress such as fear of higher prices relative to the open market; intimidation caused by the neat organization and big building and so on.

In past research it has been found that marketing tools have an impact on purchase decisions a consumer makes Mulhern (1997). Unfortunately, less research has been done on the effect of in-store promotion on purchase decision. Knowledge of this effect is beneficial for retailers such that they can design a marketing strategy in order to induce customers to buy their products.

Retailers, in order to get most out of the opportunities available, need to work on the communication one of the best method is in-store promotion. Even though many studies were discussed in other problem areas of the retail industry, there are very few studies conducted on this issue in our country especially in the selected supermarket. This gap has initiated the student researcher to involve in the problem area. Therefore, to fill this gap and point out possible solutions, the study undertakes to examine the effect of in-store promotion towards customers' purchase decision in the case of Shoa supermarket.

Within the study, the in-store promotions used by the selected supermarket are assessed and their effects in terms of influencing the customer's purchase decision were measured. The analysis of the study was conducted by taking two major categories of in-store promotion i.e. price based and non-price based in-store promotion. Within each category six explanatory variables representing temporary price reduction (TPR), loyalty discount, multi-item promotions, and point of sale (POS) advertizing, premiums as well as in-store sales persons were taken along with a dependent variable represented by customer purchase decision.

1.3 Research question

The basic question of this study is to find out what is the effect of price based in-store promotion as well as non-price based in-store promotion on customers' purchase decision in Shoa supermarket Addis Ababa, Ethiopia?

Sub-questions of the study:

- What is the effect of temporary price reduction (TPR) on customers' purchase decision?
- What is the effect of loyalty discount on customers' purchase decision?
- To what extent multi-item promotions influence on customers purchase decision?
- What is the effect of point of sale (POS) advertizing on customers' purchase decision?
- What is the effect of premiums on customers' purchase decision?
- To what extent in-store sales persons influence on customers purchase decision?
- Which in-store promotion element influences the customer purchase decision the most?

1.4 Objectives of the study

1.4.1 General objective

The overall objective of the study is to examine the effect of in-store promotion on customers' purchase decision of Shoa supermarket Addis Ababa, Ethiopia.

1.4.2 Specific objective

The specific objectives of the study are to:

- Examine whether TPR has an effect on customer purchase decision in shoa supermarket
- Identify the effect of loyalty discount on customer purchase decision in shoa supermarket
- Find out the effect of multi-item promotion on customer purchase decision in shoa supermarket
- Examine whether POS advertisement has an effect on customer purchase decision in shoa supermarket
- Indicate the effect of premium on customer purchase decision in shoa supermarket
- Identify the effect of in-store sales person on customer purchase decision in shoa supermarket
- Distinguish the most effective in-store promotion tool to be used to persuade the purchase decision

1.5 Research Hypothesis

In this study, six hypotheses (categorized under price based and non-price based in-store promotion) are formulated to prove the objectives of research;

H1: Temporary price reduction (TPR) has significant effect on customer's purchase decision

H2: Loyalty discount has significant effect on customer's purchase decision

H3: Multi-item promotion has significant effect on customer's purchase decision

H4: point of sale (POS) advertising has significant effect on customer's purchase decision

H5: premium has significant effect on customer's purchase decision

H6: in-store sales person has significant effect on customer's purchase decision

1.6 Significance of the study

This study provides important information about the effect of in-store promotion on customer's purchase decision pertaining to Shoa supermarket. It is hoped that the findings of the study will provide useful information that would insight the overall in-store promotion

tools used by the supermarket as a whole and give Comprehensive understanding of convincing in-store promotion tools that are in line with the purchase decision of customers. It is also hoped that the findings and recommendations put forward based on the analysis of the data gathered from customers will provide valuable information for the particular supermarket under the case. In addition, it will help those who would like to make further studies on related matters in the future.

1.7 Scope of the study

The study was limited to assessing the effect of in-store promotion on customer purchase decision in the case of selected branches of shoa supermarket found in Addis Ababa as it is found to be a potential area where empirical study could be conducted to clearly emphasize on customer's experience through survey questionnaire.

Conceptual scope

This study was conducted to analyze the effect of in-store promotion on customer purchase decision in the grocery retail industry more specifically supermarkets. In-store promotions are applied into two major categories (price based and non-price based promotions), for this study, the relevant categories of price based promotion i.e. temporary price reduction (TPR), loyalty discount and multi-item promotions and non-price based promotion i.e. point of sale (POS) advertising, premiums and in-store sales persons were examined.

In terms of the constructs illustrated in the research framework (figure 2.1), only three sub categories of price based promotion (temporary price reduction (TPR), loyalty discount and multi-item promotions) and three sub categories of non price based promotion (point of sale (POS) advertising, premiums and in-store sales persons) together with their influence on purchase decision was examined. Other elements of each category of in-store promotion were excluded from this study.

Geographical scope

The study was limited to assessing the effect of in-store promotion on customer purchase decision of Shoa supermarket located at Addis Ababa City. Due to time and financial constraints in taking large sample size, it was difficult and unmanageable to include all supermarkets and their branches found in the country. Thus, the target groups of the population were taken from customers of the selected supermarket found in Addis Ababa. Of

these customers, the sample size was determined by using formula from published article that is relevant to this study.

Methodological scope

The approach used in this study was quantitative approach. With regard to the secondary sources various publications, books and journals regarding the subject matter was addressed and population of the study includes customers of Shoa supermarket found in Addis Ababa. In order to achieve the objective of the study well designed structured questionnaire was distributed among the study respondents selected on convenience sampling basis.

1.8 Limitation of the study

The potential limitations foreseen to be suffered are availability and willingness of informant to give the desired information, absence of documented data and the time available to conduct the study. Moreover, the study will only focus on three selected outlets of Shoa supermarket in Addis Ababa. As the study is delimited to the respondents/customers of selected outlets in Addis Ababa it may limit the representativeness of the research.

1.9 Definition of terms

1.9.1 Definition of important concepts

In-store promotion: Sales promotion at a retailer's location, with bundled offers, expert advice, product demonstrations, product samples, special discounts, etc. (businessdictionary.com)

Purchase decision: Purchase decision is the thought process that leads a consumer from identifying a need, generating options, and choosing a specific product and brand. (KWHS.wharton.upenn.edu)

Supermarket: a large store which sells food and household goods and self-service is its major characteristics. The products which are sold include grocery products, meat, bakery and dairy products, and sometimes nonfood goods as well which includes personal care products, home care products, apparels, footwear and sometimes nutritional supplements and wine stores as well. (www.mbaskool.com)

Hypermarket: a retail store that combines a department store and a grocery supermarket. Often a very large establishment, hypermarkets offer a wide variety of products such as appliances, clothing and groceries. (www.investopedia.com)

1.10 Organization of the study

This study has been compiled in to five chapters. The first chapter which is the introduction contains background of the study, statement of the problem, basic research questions, objectives of the study, the research hypothesis, definition of terms, significance of the study and the scope. It is the major area where the situations existed and preliminary subject matter together with the objective of conducting the study is discussed.

The preceding chapter, literature review presents relevant journals pertaining to in-store promotion and its effect on customers' purchase decision. It generally encompasses an introduction, theoretical review, empirical review and the conceptual framework of the study. The type and design of the research, the subjects of the study, sources of data; data collection tools/instruments employed; procedures of data collection and the methods of data analysis used are discussed on the third chapter.

Chapter four summarizes and presents the results/findings of the analyzed data in addition, it also incorporates the discussion on the findings.

The final chapter, chapter five contains four sections that include summary of findings, conclusions and recommendations.

Chapter Two

Review of Related Literature

This chapter attempts to acquire comprehensive intellectual understanding on the concepts and constructs of in-store promotional activities. It consists of three major sections: Theoretical review where the variables are identified and a discussion on the concepts and their function, importance, advantages and disadvantages are discussed, Empirical review where the findings of different popular researchers with the kind of methodology used together with the uncovered areas and knowledge gaps are discussed including the final conceptual framework that demonstrate the operationalization of the research construct variables.

2.1 Theoretical review

Effective retail marketing is vitally important for today's manufacturers as well as consumers. Without a presence in retail stores, businesses rarely achieve the high level of exposure or widespread product distribution that retail stores offer. Retailers help businesses by performing a wide range of marketing services, from promoting products directly to customers to giving a chance of viewing and testing products.

Retail promotion is broadly defined as all communication that informs, persuades and/or reminds the target market or the prospective customers about the marketing mix of the retail firm. Retailers seek to communicate with customers to achieve several objectives such as increasing store traffic by encouraging new shoppers to visit the store, increasing share-of-wallet for all shoppers or specific groups among them, increasing sale of a given product or category and developing the store image or the retail brand (Chetan, Tuli and Nidhi 2010)

In-store promotions are any marketing or sales promotion done in a brick and mortar business location. It is a highly effective marketing tactic designed to bring customers to brick and mortar store and build brand or product awareness (Emily Weisberg 2015)

The elements that are generally used in in-store promotions are generally classified as price promotions such as temporary price reductions, coupons, and multi-item promotions, and can be combined with non-price promotions like features, displays, and other POS material. Gedenk et al. (2002) Product display & location is another type of In-store promotion tactic that is being

followed. The products are placed in such a manner that they catch the eye of the shopper & attract them to give it a try. The products which are being promoted are placed at end of the aisles or at different secondary locations in the store where they are more visible to the shopper. Demonstration or sampling of the product is also one type of store promotion that is being widely used by top FMCG companies to make people try their product & influence their buying decision.

In store promotion efforts are generally designed to complement other communication activities undertaken by a store. For example, awareness may be generated through media advertising but in-store promotion may be used tactically to overcome any resistance to purchase. The desire may be created by the media advertisement but its conversion into sales would be done by in store promotion by offering a short-term incentive.

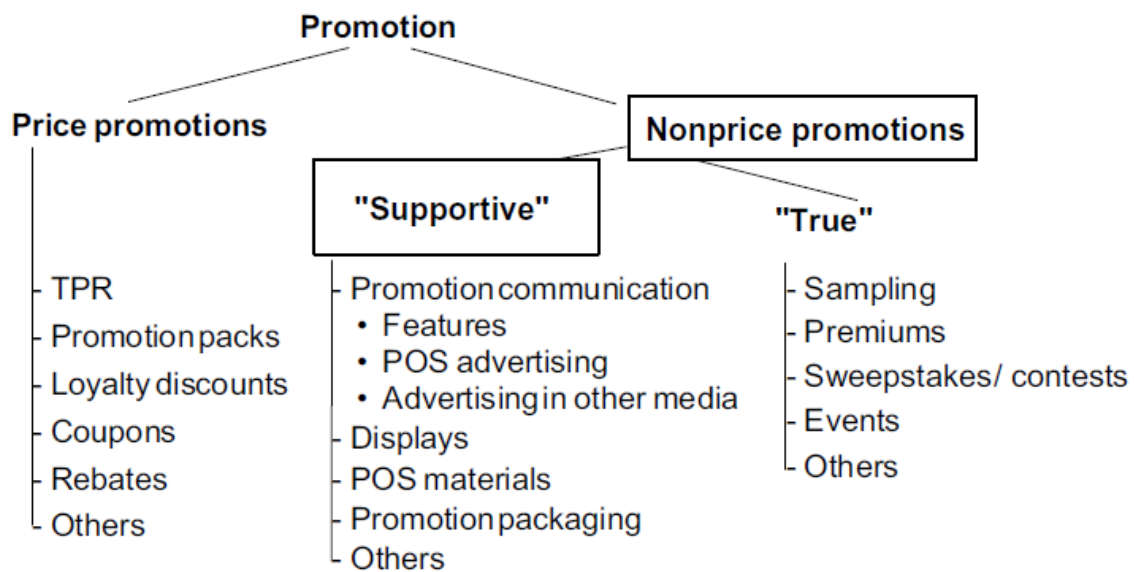


Fig. 2.1 Instruments for retailer promotions Gedenk et al. (2002)

First distinction can be made between price and non-price promotions. The price promotion instrument used most often is a temporary price reduction (TPR). However, other forms of price promotion are possible. Retailers can use promotion packs, i.e., packages with extra content (e.g., “25 % extra”), or multi-item promotions (e.g., “buy three for x” or “buy two get one free”). Loyalty discounts also require the purchase of several units, but the consumer can do this over several purchase occasions. Retailers can also use coupons or rebates. With coupons, consumers

have to bring the coupon to the store in order to get a discount. With rebates, consumers pay the full price, but they can then send in their receipt to get a discount.

“Supportive” non-price promotions are communication instruments used to alert the consumer to the product or to other promotion instruments. Very often they are used to draw attention to price promotions. For example, products on TPR are featured or displayed. Thus, the focus is not so much on the brand as on price.

Non-price promotions can also be used without a price promotion. For example, a feature can advertise an everyday low price policy or a new product. Interestingly, there is evidence that consumers may interpret supportive non-price promotions as a signal for a price cut even if they are not coupled with actual price discounts, since the two are closely linked in many consumers’ minds.

Finally, retailers can use “true” non-price promotions, where the focus of the promotion is clearly on a brand or store, and not on a price cut. However, instruments such as sampling and premiums are mostly used by manufacturers, and not by retailers.

It has been suggested by Bajaj et al. (2010) that In general; the marketing objectives of promotional efforts are aimed at attracting new customers, increasing sales, raising awareness, or expanding market penetration. In store promotion efforts are usually used:

- **To make customers stop and shop:** customers passing by with no intention of purchasing would be encouraged to enter the store through the effective promotional activity such that it does not directly hint at a purchase, but just a free trial.
- **To shop and buy:** once the customers have been persuaded to enter the store, they have to be convinced to purchase by presenting the merchandise in such a manner that the customer feels a desire to buy.
- **To buy bigger:** the promotional activity aims to persuade the customers to buy in a greater quantity or buy other products in addition.
- **Repeat purchase:** this encourages customers to return again and again to the store. It is achieved by instilling loyalty among the customers through previous purchases. The goodwill can be created by schemes like continuity programs or store cards.

2.1.1 Types of In-Store Promotions

The followings are the main in-store promotional activities:

Price discount: Fill (2000) indicated that price discount is the easiest method of reducing the price of the product that the percentage of the price discounted appears on the package of the product, offering a good price to persuading sales. Lessen the price on the given product or add more number of items to that product and use the same price to enhance value of the product and create an encouragement for the customer to purchase Raghubir and Corfman (1999). Some studies have proved that price discount method play a significant role in stimulating the client to try the product offered (Fill 2002); Shimp 2003).

Price discounting create a seasonal sales peak, this activities usually attract the occasional clients on the similar brand more probable than getting new clients to buy the product, in addition, the periodic clients seem to get back to their best interested brand after the discount season Ehrenberg, Hammond and Goodhardt (1994). Ndubisi and Chiew (2006) stated that item trial has an association with price discount, it might be said that the first can be expanded by value reduction for any item. Price discount has a connect with other sales promotional tools in the relationship of affecting each other and persuading the customers to purchase the product, like coupons and sample Gilbert and Jackaria (2002); Huff and Alden (1998). It likewise demonstrates that an extensive price reduction cost for any item that has happened amid the business season will be made by the merchants since buyers aware about the cost (Smith and Sinha 2000)

Promotion packs (Buy one, get one free): According to Smith and Sinha (2000) buy one get one free is one of the most commonly used advertising to promote products, in the sense that if you purchase a product, you will have a free product, by utilizing this procedure the client can be effectively pulled in to purchase the item with the fact that there is no extra cost and it ought to be more esteemed from the client point of view, therefore customer can't ignore such great deal. The extra bundles and additional items without cost motivate the client purchasing behavior to buy the product; since clients are getting positive emotion towards such offer particularly on the off chance that it is in substantial sizes bundles and properly publicized. This sales promotion method also benefits the sellers in speeding up the inventory clearance (Li, Sun & Wang 2007).

Loyalty discounts: also called patronage discounts are discounts offered to repeat customers to encourage larger purchases. Loyalty discounts give incentives on price or extra benefit or discounted rates for customers who are loyal to the brand. Thomas and Tobe (2013) emphasize that “loyalty is more profitable.” The expenses to gain a new customer is much more than retaining existing one. Loyal customers will encourage others to buy and think more than twice before changing their mind to buy other services. Customer loyalty is not gained by an accident; they are constructed through the sourcing and design decisions. Designing for customer loyalty requires customer-centered approaches that recognize the want and interest of service receiver. Customer loyalty is built over time across multiple transactions.

Rebate: A rebate is an amount paid by way of reduction, return, or refund on what has already been paid or contributed. It is a type of sales promotion that marketers use primarily as incentives or supplements to product sales.

Coupons: price-off coupons are printed on the pack or in store handouts and the customers can use them to save substantial amounts on their next purchase of the brand. Coupons is one of the most used practice by many marketers with the action of giving the customers a vouchers or certificate that reduce their spending on certain products utilitarian them financially later on and whenever in the future they want to purchase, like 25% discount from the actual price or a fixed amount like \$5 per piece Harmon and Hill, (2003). Robinson and Carmack (1997) indicated that coupon have been appeared for the trial period of the product. Customers are influenced by the value reduction on coupons; lead to conclude that coupon is a smart tool (Peter and Olson 1996).

Point-of-purchase (POP) display material: most suppliers produce sales-aid materials which are placed near the products to attract customers and induce them to purchase. Examples of this type of material are:

- a- **Leaflets:** these provide details of the product, the advantages of a particular retailer’s products over the competitor unique features and benefits, price etc.
- b- **Special fittings:** the products are kept in the special racks or stand provided by the suppliers. For example, racks provided by toothbrush suppliers, glass case for watches, dry-battery stands etc. these fittings make the product prominent compared to other

products kept in normal racks. As these fittings are large and attractive and kept at conspicuous places, they attract the attention of customers.

- c- **Demonstrators:** sometimes demonstrators are used to attract customers. For example a children's product may use a person dressed as the logo and the person can give away samples of the product or stand near the rack storing the product to induce purchases.

Premiums: These are in the form of small gifts that a customer gets on purchasing a product. The gifts are usually attached to the pack, or inside the pack. For example, the customer could get a coloring book or a jigsaw puzzle inside a pack of cornflakes, or a free mug with the purchase of a health drink.

Self-liquidating premiums: in these schemes, the customer has to write to the supplier for the gift, enclosing empty packets, bottle crowns, etc. of the product plus some money. Basically the customer provides some proof of purchase along with some money.

The gifts are likely to be bought in bulk by the retailers, giving them the benefit of large discounts. Thus the per unit purchase price is low enough to be covered by the profit on all extra sales made. And since the customer also sends in some amount of money, the purchase price is easily covered. Another advantage is that these gifts serve as promotional materials, as the name of the retailer is usually mentioned on them.

Personality promotions: many companies use show-business personalities to endorse their products. Retailers tend to associate the charisma associated with these personalities with their products. The idea being that the customer would be attracted towards purchasing the product. However, the appeal of these personalities may be declining because so many companies use the same celebrity models. Therefore, the customer is not able to associate that person with a single product. So, many companies now use personalities selectively to avoid overexposure.

Competitions: the information about these competitions is usually printed on the packs. The customer needs to follow the instructions and apply. Generally, proof of empty packs) is required to participate in the competition, but not necessarily so.

Cooperative promotions: sometimes, two or more products share and fund a joint in-store promotion. For example, shaving foam and after shave lotion.

Sampling: in this case, the customers are given product samples for free. It is usually an in-store activity. Sometimes, a demonstrator may also be present to explain the product. These samples aim at inducing trial of the product. Samples are some test taster of the product, some are free and some are charged with a little amount to requite the loss of the company Kotler (2003). According to Clow and Baack (2007) free samples are a way of introducing a new product out on the market. Samples also are a very clever method to deliver the product to the customers so the product can be tested by the direct customers and affect their decision on buying the product in the future (Kardes, 1999).

In-store salespersons: the retailers or their suppliers provide their own personnel to explain the features of the displayed products to the customers. These personnel persuade the customers to purchase by clearing their doubts and mentioning the advantages that their product has over competing products.

2.1.2 The Importance of In-Store Promotion

Independent and small retail stores go through periods when daily sales receipts are down. To increase sales, attract new customers, and retain current customers, many retail stores implement various sales promotion techniques. While most business owners sell products at full price all the time, in-store promotions have proven effective at increasing the overall bottom line in many retail stores. Understanding how to effectively run and track sales promotion campaigns are essential to increase profits (Tom Greenhaw 2012)

The primary benefit of in-store promotions is that they induce customer traffic and sales by offering a lower price and better value proposition Neil Kokemuller (2015). These Promotional tools are found to be effective in influencing consumer decisions Alvarez & Casielles (2005). They in fact are found to be more effective than advertising for consumers taking peripheral purchase decision Chakraborty, Hossain, Azad and Islam (2013). Nagadeepa, Selvi & Pushpa (2015) found that rebates & discounts motivate impulse buying among consumers followed by loyalty programs. Neha & Manoj (2013) found offer, premium and contest as significant variables for stimulating consumer purchase decision. On the other hand, retailers also use in-store promotions to clear out excess inventory at the end of a season, persuade a customer to buy

a more expensive item, sell an associated product which will also lead to viral word-of-mouth that expands the customer base further and encourage loyalty.

2.1.3 Steps in Designing In-Store Promotions

It is important to evolve a well- designed promotion plan to be able to obtain the key benefits. For this purpose the following steps can be taken by the retailer:

- 1- **Set goals:** this should be determined on the basis of the long-term goals of the retail organization which might be to attract audiences from a particular socio-economic group. It should also be determined by the particular needs of a specific promotion scheme and contextual factors like time of the year such as Christmas, wedding season, valentine's day etc. the specific promotion policies of the retail organization and the concerned manufacturer should also be kept in mind.
- 2- **Analyze benefits:** in identifying possible sales promotions, it is important to ensure that everyone involved including the customer, benefits. The benefits might be in the form of:
 - Access to customer information due to the creation of database of the users of the promotion activity
 - The 'feel good' factor the promotion may generate both for the customer and the manufacturer
 - Reinforcement of the retailer's image
 - Provision of rewards to customers
 - Stimulation to trial, increased sales
 - Value addition, special offers, cheaper prices, learning opportunities etc.
- 3- **Design the offer:** the promotion offer can be designed around one or a combination of the following;
 - **Experience:** providing unique experience can involve offers like dinner with a celebrity, free tickets to some sports event or movies, etc. these days most of the retailers, particularly the lifestyle segment, are devising their promotion mix to extend experiential benefits instead of economic benefits. This helps retailers to communicate with their privileged segment more effectively.
 - **Premium or value addition:** this can be achieved through a mixture of packaging or add-on offers and might include best seats at a movie theatre or play, dinner and hotel

accommodation at one of the well-known resorts or hotels, free massage and makeover at one of the parlors, signed copies of books or catalogues etc.

- **Discount:** this is a reduction on the price for a given quantity or increase the quantity available at the same price, thereby enhancing value and create an economic incentive to purchase” Raghurir and Corfman, (1999). Price discounts (cut off prices) play an important role in stimulating new customers’ behaviors to try the offered products.

4- Identify sources of promotion: identifying channels of in-store promotion involves evaluating the various media to distribute and display the message. The analysis related to popular media vehicles for advertising equally applies here. Some of the more popular in-store promotion tools used by a retailer include:

Inserts: brochures or fliers could be inserted into almost anything: newspapers, magazines, paper deliveries, any kind of bill, shopping bags (though the recipient is not necessarily in a receptive frame of mind.

Flyer distribution: this can be done through volunteers or students with a small monetary incentive. To implement this systematically, the retailer should list locations including good parking spots on easily understood route and distribute the flyers to the passersby.

Displays: window display is the most critical tool for retailers. Many discount or special offers and the products to which they relate find a place on the window display.

Blackboards and white boards: some food and coffee joints frequently use back boards and white boards to provide information on their special offers as well as some messages like thought for the day.

Joint promotions: there could be one-off theme networks that match with the specific promotion activity.

Events: retailers plan a Variety of special events such as special sales, grand openings, celebrity visits, product demonstrations etc to attract customers and encourage them to visit the store more frequently.

5- Designing the response and follow-up: There is a risk in giving people too many choices as it can take too long to work out what to do. On the other hand, customers like offers to be as flexible as possible. When the retailer designs a response plan for promotion, the prime consideration must be the ease with regard to customer, target customer identification for the offer, and the management of the program.

2.1.4 Customer Buying Decision

Customers usually have boundless demand to fulfill their needs and fulfillment to have something new. There are a number of literatures inspected regarding customer buying decision and these literatures reported that there are a lot of issues reflected in the consumer behavior during the buy or not to buy goods. Schiffman and Kanuk (2004) stated that there are four opinions for explaining consumer decision and behavior such as economic view which outstands others view for making more impact on customer decision followed by passive view, emotional view and cognitive view, they also stated that consumer purchasing behavior reflected on how consumers choose what product they want and how that assessment going and its influence on next purchases.

According to Smelser and Baltes (2001), our daily life activities mostly is about buying products, creating our behavior and experiencing services at the place such as shops, city center, shopping centers and so on, where some motivation range can be inspired. Kotler (2003) argued that social and economic factors can significantly affect the consumer choices like cultural and essential factors of consumer behavior. According to William (2002) social class has huge impact on buying assessment criteria.

Consumer behavior generally is a very wide subject and can be divided into various separate subcategories. However, independent of any specific category the broader topic shares three areas in common. They are: pre-purchase, purchase and post-purchase (Madichie 2009).

During pre-purchase, the first step that a consumer interested in buying a certain product recognizes is the need. Though one may have an idea of which system one would like to possess, one probably would also want to look for some information in order to narrow down to a few alternatives. This could be done through surfing the internet and

investigate manufacturers, resellers, and independent consumer organizations, asking friends and colleagues for advice and may even visit stores.

After evaluating alternatives, the customer will be in a position to focus on the preferred product category. This is followed by purchase decision. This stage is the most important stage in retailing that generates revenue. Therefore, retailers have to make a serious effort to understand the decision variables that influence consumer choice. Extensive research on store image and sales promotion provides an insight into some of the aspects considered by shoppers in making purchase decision.

2.2 Review of Empirical Literature

Among the various studies made on promotion and customer purchase decision related, a study by Giuliani Isabella et. al.(2015) states price is among the variables that affect the consumer's purchase decision. It has a significant influence on communication factors concerning the advantages of purchasing a product or hiring a service. Price can be accompanied by a "discount," which increases the perceived value of the product for the purchaser. The value is based on the consumer's perception of the benefits of the product. Furthermore price discount is well-known tool for offering a good discount in buying price, which is openly mentioned on the merchandise or point of purchase display.

According to the article by Moore and Carpenter, (2014) price perception affects the Patronage behavior. Smith and Sinha, (2012) also determined that price level has a considerable effect on store choice.

An article on impact of personality and sales promotions on brand equity by valette-Florence, Guizani, and Merunka (2011) has assessed the relative impact of brand personality and sales promotion. The authors have measured consumer perceptions of promotional intensity and brand personality. They stated in their finding that there is a positive impact of brand personality and a negative impact of sales promotion intensity on brand equity at the aggregate level.

The article written on consumer reflection on buy one get one free promotion scheme on Malaysian customers by Jayaraman Iranmanesh, Kaur and Haron (2013) found out that

consumers give more importance to the attributes like value added products and quality and the scheme is genuine in promoting sales and the businessmen involved.

According to Nijs, Dekimpe, Steenkamps and Hanssens (2001) sales promotions make significant impacts on consumers buying behavior in the field of product brand, purchase time, quantity and brand switching. Moreover, consumer purchase decisions occasionally can be founded on the price sensitivity; so consumers seem to be more attracted to promoted goods (Bridges, Briesch and Yim, 2006).

According to Quelch (1989) sales promoting, resources and methods have radically increased in the recent years performed by marketers. Blattberg and Neslin (1990) also admitted that sales promotion has a power on consumer buying behavior by concentrating on occasionally promotion. Schneider and Currim (1991) claimed that customers accepting the promotion methods are built on the out and in store sales promotion. Later on Schultz and Robinson (1998) directed that sales promotion has a straight effect on customers' behaviors. Chandon, Wansink, and Laurent (2000) stated that there are more influencing factors in consumer buying behavior rather than just price discount.

Reviewing these results, one of the major objectives of this research is to assess the effect of in-store promotion (sales promotion schemes used in a brick and mortar outlet) and their effect on the local customers' purchase decision. As can be seen on the above statements, all the studies referred were made on different demographic condition and their focus was on brand rather than purchase decision.

2.3 Conceptual Framework

Retail concepts are often replicated and transferred from one country to another. Replicating basic retailing features and adopting new retail marketing practices to local markets are commonplace activities in retail expansion and internationalization. Alexander and Doherty (2009) make clear that retailers operate very different concepts and formats. They may run large hypermarkets or warehouses, may license or franchise their operations or even enter the market on a pure online strategy.

Retailing concerns four elements: product, place, promotion and distribution. It is also vital to mention the selling environment especially as it places the retailing-mix in relation to its direct and local trends. In-store promotion in retail marketing involves various schemes which will have an impact on the purchase decision.

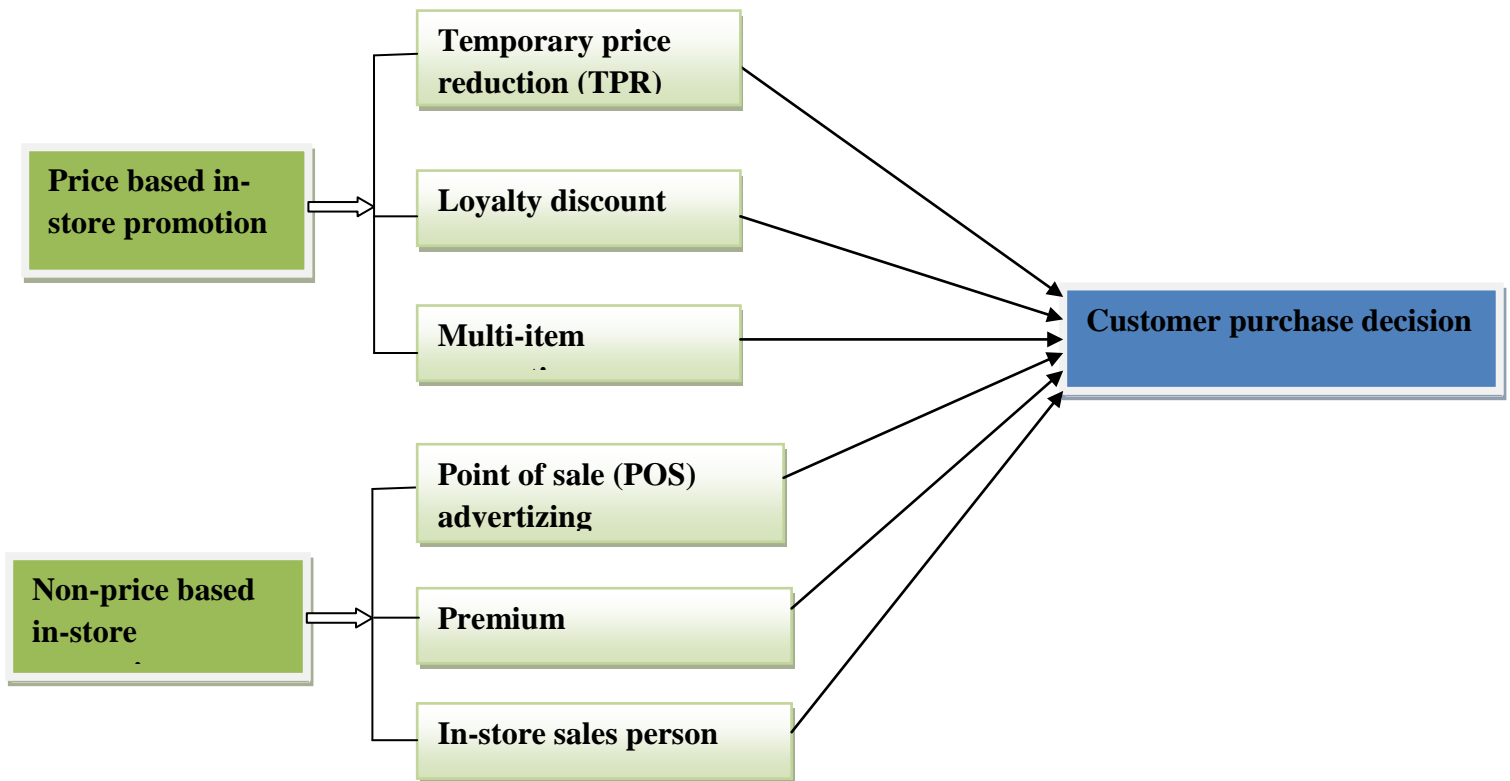


Figure 2.2: Conceptual frame work of the study adopted from Gedenk et al. (2002)

Chapter Three

Research Methodology

This chapter will give an overview of the research methodology employed in this particular study. It includes the research description, approach, research design, and target population, sampling designs along with techniques, source of data, data collection methods, as well as the methods of data analysis. Validity and the tested reliability along with ethical considerations are presented finally.

3.1. Research description, Approach and Method

3.1.1 Description of the Study Area

The study area has focused on Addis Ababa the capital city of Ethiopia. Among the seventeen branches of the supermarket located at different places of the city and outside (i.e. Adama) the hypermarkets found in Bole, Megenagna and CMC were considered as they are believed to be special areas that apply varieties of in-store promotion to attract and convince customers. In addition, the number of customers (foot traffic) is believed to be relatively higher.

3.1.2 Research Approach

In order to bring the most out of the result of the study, deductive approach i.e. drawing of specific conclusion using the general statements stated were used. Hence, the effect that different in-store promotion tools have on the purchase decision of the customer was investigated.

The study has tried to give answers to the stated research questions through integrating the theoretical aspect that has been dealt while attending the courses in the particular field of study. In addition, an extensive literature survey from various sources such as academic official and public sources were used together with the help of the advisor's feedback and recommendation.

3.1.3 Research Method

The study was undertaken based on quantitative research method to collect relevant data in addition hypothesis testing has been carried out to test which category (price based in-store promotion or non-price based in-store promotion) has significant effect on customers' purchase decision together with its ultimate consequence.

3.2 Research Design

The research design implemented to explain the behaviors of the research variables is descriptive and explanatory design. Case study design has also been used to explain the effect that in-store promotion has on customers purchase decision moreover, cross sectional survey has been carried out to generate quantitative data and examine consumer's perception on the in-store promotional tools through the developed structured questionnaire.

3.3 Population and Sampling

3.3.1 Population

As has been stated above, the research has aimed at assessing the effect of in-store promotion of selected hypermarkets (Bole, Megenagna and CMC) towards customer purchase decision. Therefore, the total populations of the research were considered to be the unknown customers in the hypermarkets and its surrounding. In order to outline the sample frame further and understand the influencing in-store promotion on purchase decision, only customers of the selected three stores were considered for this study.

3.3.2 Sample size

As the population size of this research is unknown, unknown population sample formula was used to determine the sample size. The following formula gives the size of the sample in case of unknown population when we are to estimate the proportion in the universe.

$$n = (Z^2 * p * q) / e^2$$

Where n the total number of sample required

Z = the critical table value of the confidence level (z=1.96)

P = the population variability (p=0.5)

q = the probability of the population not to be occurred (q=0.5)

e = the maximum allowed error i.e. (e =0.05)

The student researcher has taken the maximum allowed error as 5% at a confidence interval level of 95% and the moderate population variability interval 0.5(p=0.5) as this allows the researcher a largest sample size and the minimum error(q=0.5).

Therefore,

$$\text{Sample Size} = ((1.96)^2 * 0.5 * (0.5)) / (0.05)^2$$

Sample size= $384.16=384$

The result from calculating the sample size as shown above became 384.16 samples which indicate that the appropriate sample size for this study should be at least 384. Therefore, a total of 384 sets of questionnaires (128 questionnaires) in the three different locations were distributed on the month of March 1st week. 32 questionnaires per day per store for four days (three weekdays and Saturday) were distributed accordingly.

3.3.3 Sampling Technique

Though considering all customers of the hypermarkets would bring an accurate result, because of limitation in time, budget, lack of access to the store's list of customers and overall management of the research, a non-probability sampling was conducted as it provides a range of alternative techniques Saunders et al., (2012) and the structured questionnaire was distributed to customers that are conveniently available. A convenience sample was conducted whereby the participants were chosen in terms of availability of the student researcher due to the time constraints and lack of access to the companies' customer register. However, it is widely discussed that convenience sample is prone to bias and influences beyond researchers control and findings may provide little credibility Saunders et al., (2012). On the other hand, Saunders et al. (2012) argue that convenience samples often can fulfill the purpose and meet the sample selection criteria and thus be relevant to the research aim.

3.4 Data Sources and Types

Depending on the objective and research question of the study primary and secondary source of data were used. Primary data was collected from customers through a structured questionnaire, with a five point likert type scale. Respondents were provided with self administered questionnaires to complete the questions provided which was used as primary data. The Secondary data were collected from books, journals articles, full research paper and the internet. The following sources of data were used in summary for this research.

3.4.1 Primary source: A survey questionnaire to customers was used as a primary data. Physical observation was also of a great contribution to assess the overall activity of the business and confirm the indisputability of the responses given by the customers.

3.5 Data Collection Instrument

McQueen and Knussen (2002) mentioned that questionnaires are suitable method of generating descriptive primary data. Accordingly, this study aims at developing generalization through the use of questionnaires. The questions were adopted from earlier researches and have been translated in Amharic for the ease of understanding of respondents. It has aimed to cover three sections each contained 3 to 4 sub-questions (a total of 39 questions). The major section under which questions were framed was;

- General information (Demographic profile)
- In-store promotion preference
- In-store promotion and purchase decision related questions

The general information part contained six different questions that helped in understanding the composition of the sample in terms of gender, age, marital status, education level, occupation and income as well as comprehend their characteristics such as for how many people they shop for, their experience of shopping in terms of time, whether they receive messages from the supermarket and if they have a loyalty card provided by the supermarket. The In-store promotion preference section contained six questions (as of the variables) and has requested respondents to rank their fondness. It was aimed at identifying which in-store promotion is most liked and which was not. The final part, Customer's purchase decision was framed in a five-point Likert scale which was developed in order to measure the effectiveness of the independent variables i.e. price based and non-price based in-store promotions on purchase decision.

3.6 Data collection procedures

In the case of primary data, after getting the approval of the hypermarket officers, initial contact with respondents who came to shop in the store was conducted through face-to-face communication to introduce the student researcher and the nature of the study. During the communication, the respondents were asked to fill in the questionnaires and the student researcher has picked the questionnaire after a few minutes. The student researcher has also got assistance from friends in distributing and collecting the questionnaires.

3.7 Data analysis

The analysis of quantitative data has followed the collection and entry of data from the primary sources. The analysis was made using SPSS (Statistical Package for Social Sciences). According to Saunders et al. (2009), it is important that all types of quantitative responses be coded numerically in order to easily make sense of the answers graphically and statistically. Accordingly, all the questionnaires collected were given a code and analyzed through descriptive and inferential statistics. Statistical methods like: frequency, mean, standard deviation was used to describe the responses. In addition, correlation and regression method was conducted to determine by how much percent the independent variable i.e. in-store promotions explain the dependent variable which is customer purchase decision. Tables and charts are also used to ensure an ease of understanding.

Correlation analysis was employed to check the relationship between the independent variables and dependent variable, moreover, regression analysis was undertaken to identify the individual contribution of each independent variables to dependent variable.

The results of the statistical analysis was finally summarized, discussed, triangulated and interpreted accordingly.

3.8 Validity and Reliability

3.8.1 Validity

Validity is defined as how much any measuring instrument measures what it is intended to measure. Establishing the validity of the scores in a survey helps to identify whether an instrument might be a good one to use in survey research (Creswell 2009).

Before using the questionnaire for the study it is always advisable to conduct pilot study or pilot survey for testing the questionnaires. Pilot survey is in fact the replica and rehearsal of the main survey. Such a survey, being conducted by experts, brings to light the weaknesses (if any) of questionnaires and also of the survey techniques. From the experience gained in this way, improvement can be effected (Kotari 2004).

In order to keep the validity of the instrument the student researcher used previously developed questionnaires with some modifications to comply with the current study. The opinion of marketing and sales staffs of the store was also taken in order to consider the store's side.

3.8.2 Reliability

Reliability is the degree to which the measure of a construct is consistent or dependable it implies consistency, but not accuracy Bhattacharjee (2012). The level of reliability of the instrument that is the consistency of the variables is checked with the Cronbach's alpha statistics. Three standards were taken from Nunnally (1978), who suggests that in the early stages of research on predictor tests or hypothesized measures of construct, coefficient alpha of 0.9 or greater are always acceptable, 0.8 or greater is acceptable in most situations, and 0.7 is acceptable in some exploratory studies for some indices.

This study has both dependent and independent variables. It has one dependent variable i.e. purchase decision which was measured on five point likert scale ranging from (strongly agree) to (strongly disagree). It also has six independent variables under two major topics price based and non-price based promotions. The six independent variables are temporary price reduction, loyalty discount, multi item promotion, point of sale advertisements, premium and in-store sales person. In order to confirm the reliability, Cronbach's Alpha reliability test was employed on 30 distributed questionnaires as a pilot test and found the following test result demonstrated on the table below.

Table 3. 1: Reliability statistics of Overall Factor of the Likert Five Scale Questions

Cronbach's Alpha	N of items	Remark
0.925	25	

Source: survey result, 2019

The alpha coefficient for all factor of likert five scale questions is 0.925, suggesting that the items have excellent internal consistency, this indicates that the data is reliable and can be used for further analysis.

Table 3.1.1: Cronbach's Alpha coefficients (Reliability test for individual variables)

Construct	Cronbach's Alpha	N of items	Internal consistency
Temporary price reduction	0.931	4	Excellent
Loyalty discounts	0.816	3	Very good
Multi-item promotion	0.707	4	Good

POS advertisements	0.749	4	Good
Premiums	0.714	3	Good
In-store sales person	0.816	4	Very good
Purchase decision	0.710	3	Good

Source: survey result, 2019

As of the table presented above, all responses pertaining to the independent variables have been tested and found to be greater than 0.7 reviling satisfactory reliability.

3.9 Ethical Consideration

Concerning the ethical issues, the research work from its start to completion, has engaged a number of research participants. It maintained scientific objectivity, including the recognition of the limitations of the student researcher's competence.

Moreover, authorship issues were intensively maintained and intellectual property frankly discussed through acknowledging all assistance and collaboration of others.

It has followed informed-consent rules by taking voluntary participants and respecting the confidentiality as well as privacy of the respondents. Every person involved in the study was entitled to the right of privacy and dignity of treatment, and no personal harm was caused to subjects.

The student researcher, in accordance with this, took steps to make sure that no name of respondent who participate in this research work has been mentioned and the aims and objectives of the study, the person who is conducting the study and for what purpose the study will be used has been clearly disclosed for the respondents on the questionnaire.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

In this chapter, the data collected from the respondents in shoa supermarket through the developed questionnaire to find out the effect of in-store promotion on their purchase decision is presented. The data illustrates the results of the data collection which is based upon the research methodology discussed in Chapter 3. In addition, analysis is made and discussed on the basis of the result.

4.1 Response rate

A total of 384 questionnaires were distributed and the response rate was indicated in the table below.

Table 4. 1: Response rate

Items	Response rate	
	No	percent
Sample Size	384	100
Returned	330	86
Not returned	54	14

Source: survey result, 2019

From the above table, out of 384 distributed questionnaire 330 (86%) were collected while 54(14%) of the questionnaire remained uncollected. Therefore, analysis was made based on the responses obtained from 330 questionnaires i.e. (86%).

4.2 The Kaiser-Meyer-Olkin and Bartlett's test of Sphericity

The Kaiser-Meyer-Olkin (KMO) statistic is a measure of sampling adequacy (MSA) indicator to test whether a correlation matrix is appropriate for factor analysis or not. It also indicates whether the correlations between variables can be explained by the other variables in the data set. The final decision of whether the data are appropriate for principal components analysis should be primarily based on the KMO statistic. A small KMO value indicates that factor analysis may not be a good option. A KMO value of more than 0.5 is required in order to be suitable for factor

analysis and the Bartlett's Test of Sphericity is highly significant($P=0.00$), supporting the factorability of the correlation matrix.

Table 4.2: Threshold values for KMO and MSA

KMO/MSA Value	Adequacy of correlations
Below 0.50	Unacceptable
0.50-0.59	Miserable
0.60-0.69	Mediocre
0.70-0.79	Middling
0.80-0.89	Meritorious
0.90 and higher	Marvelous

Source: Mooi & Sarstedt (2011)

Table 4.2.1: Kaiser-Meyer-Olkin and Bartlett's test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.893
Bartlett's Test of Sphericity	Approx. Chi-Square	1694.462
	df	21
	Sig.	.000

Source: survey result, 2019

The result of KMO and Bartlett's Test of Sphericity as depicted in table 4.2.1 above shows that the computed KMO measures value of 0.893 and significant ($p < 0.01$). Thus, the sample data is suitable for further analysis.

4.3 Demographic characteristics of respondents

The results of the consumer demographic data have been analyzed using descriptive statistics and the values presented below show the frequency and the percentages of people that fall in each sub-category for each characteristic.

Table 4.3: Summary of Demographic variables of the respondents

	Frequency	Percent	Cumulative Percent	Remark
Gender				
Female	171	51.8	51.8	
Male	159	48.2	100	
Total	330	100		
Age				
18 – 30	95	28.8	28.8	
31 – 43	158	47.9	76.7	
44 – 56	64	19.4	96.1	
57 – 69	13	3.9	100	
Total	330	100		
Education level				
Elementary School	62	18.8	18.8	
High school	113	34.2	53.0	
Diploma	31	9.4	62.4	
Bachelors' Degree	74	22.4	84.8	
Masters Degree	50	15.2	100	
Total	330	100		
Marital status				
Married	130	39.4	39.4	
Single	155	47.0	86.4	
Other	45	13.6	100	
Total	330	100		
Occupation				
Public	155	47	47.3	
private	134	40.6	88.1	
Business owner	33	10	98.2	
Unemployed	6	1.8	100	
Missing	2	0.6		

	330	100		
Income (per month)				
>= 3,000 Birr	32	9.7	9.7	
3001 -8000 Birr	115	34.8	44.5	
8001 – 13000 Birr	93	28.2	72.7	
13001 – 18000 Birr	66	20.0	92.7	
>=18001	24	7.3	100	
Total	330	100		
Number of families respondents shop for				
One (Myself)	82	24.8	24.8	
Two	73	22.1	47.0	
Three or more	175	53.0	100	
Total	330	100		
Shopping experience from Shoa				
<1 year	100	30.3	30.6	
2 – 5 years	157	47.6	78.6	
More than 6years	70	21.2	100	
Missing	3	0.9		
Total	330	100		
Message received regarding discounts				
Yes	47	14.2	14.4	
No	279	84.5	99.7	
Missing	4	0.12	100	
Total	330	100		
Respondent having loyalty Card				
Yes	58	17.6	17.7	
No	270	81.8	100	
Missing	2	0.6		
Total	330	100		

Source: survey result, 2019

The table above (Table 4.3) depicts the general information of the respondents of Shoa supermarket. Accordingly, among the data collected gender wise 51.8% of respondents were females and 48.2% were males. In terms of age, 28.8% of the respondents were between 18-30, 47.9% between 31 to 43 years, 19.4%, 44 - 56, and 3.9 % were above 57 years. The majority of the respondents were found to be within the age range of 31-43 years. In terms of Education background, 18.8% attended elementary school, 34.2% attended high school, 9.4 were having their Diploma certificate, 22.4% were graduates and 15.2% were post graduates. Most of the respondents were found to be high school attendees. 39.4% of the respondents comprise Married persons and 47% were single the remaining 13.6% fall under other category. For the occupation category, 47% of respondents were found to be public servants, 40.6% private workers, 10% business owners, 1.8% unemployed and 0.6% did not mark any option provided to them. For the income wise question, 9.7% of the respondents were found to be earning Birr 3,000 and/or less monthly income, 34.8% earning Birr 3,001 – 8,000, 28.2% make Birr 8,001 – 13,000 while 20% earn 13,001 -18,000 and the rest 7.3% were found to get monthly income above Birr 18,001.

With regard to the question of mentioning the number of families the customers shop for 24.8% of them replied they shop for themselves while 22.1% stated they shop for two and the rest 53% shop for three and more number of families. Majority of the shoppers were found to shop for more than three persons. For the part that request about shopping experience with Shoa, 30.3% of the respondents have less than a year experience, 47.6% of customers have 2 to 5 years shopping experience and 21.2% of customers have More than six years experience.

With reference to the question for message receipt about discounts 14.2% of respondents confirmed they do receive messages while 84.5% reveal that they don't. For the final general question, which was about having loyalty card provided by the supermarket, 17.6% stated they have the card and 81.8% don't have it. Majority of the respondents were found to be not getting any message regarding discount as well as having the loyalty card.

4.4 Descriptive Statistics Results

Descriptive statistics are brief descriptive coefficients that summarize a given data set, which can be either a representation of the entire or a sample of a population. They are broken down into measures of central tendency such as mean scores, standard deviations and percentage and measures of variability (spread) such as range, and inter-quartile range (IQR). Interpreting the result of these values will provide an indication of the impact of the independent variable

(Pallant, 2005). The following table shows the mean and standard deviation of variables obtained from 330 respondents.

Table 4.4: Mean and standard deviation of variables

Variables	N	Mean	Std. Deviation
Temporary price reduction	330	2.86	1.156
Loyalty discount	330	3.06	1.071
Multi-item promotion	330	2.88	1.101
POS advertisement	330	2.90	1.146
Premium	330	2.91	1.099
In-store sales person	330	2.77	1.132
Purchase decision	330	2.82	1.074

Source: survey result, 2019

The statistical mean refers to the mean or average that is used to derive the central tendency of the data in question. It is determined by adding all the data points in a population and then dividing the total by the number of points. As presented in the above table, the mean of the variables TPR, loyalty discount, multi-item promotion, POS advertisement, premium, in-store sales person and purchase decision were found to be 2.86, 3.06, 2.88, 2.90, 2.91, 2.77 and 2.82 respectively. On the other hand, Standard deviation is a number used to tell how measurements for a group are spread out from the average (mean), or expected value. A low standard deviation means that most of the numbers are very close to the average and respondents expressed close opinion. A high standard deviation (relative to the mean) means that the numbers are spread out and respondents give variety of opinion. Accordingly, we can learn from the table that respondents have relatively expressed a fairly close opinion and the mean seem to be a good fit of the data.

4.5 Spearman's Correlation Analysis

Spearman ranked order correlation is a statistical measure of the direction and strength of the monotonic between two continuous or ordinal variables. It is the non-parametric alternative of Pearson correlation. Its coefficient is a statistical measure of the strength of a monotonic relationship between paired data. In a sample it is denoted by and is by design constrained as;

$$-1 \leq r_s \leq 1$$

Its interpretation is similar to that of Pearson's, i.e. the closer r_s is to ± 1 the stronger the monotonic relationship. Correlation is an effect size so we can verbally describe the strength of the correlation using the following guide for the absolute value of r_s :

- 0.00 - 0.19 "very weak"
- 0.20 - 0.39 "weak"
- 0.40 - 0.59 "moderate"
- 0.60 - 0.79 "strong"
- 0.80 - 1.0 "very strong"

The calculation of Spearman's correlation coefficient and subsequent significance testing of it requires the Interval or ratio level or ordinal and monotonically related data assumptions.

Table 4.5: Spearman’s Correlation analysis

		Mean of TPR	Mean of LD	Mean of Multi-item	Mean of POS	Mean of premium	Mean of in-store salesperson	Mean of purchase decision
Mean of TPR	Pearson Correlation	1	.467**	.698**	.662**	.660**	.736**	.696**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	330	328	330	330	330	330	330
Mean of LD	Pearson Correlation	.467**	1	.370**	.310**	.300**	.359**	.305**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	328	328	328	328	328	328	328
Mean of Multi-item	Pearson Correlation	.698**	.370**	1	.663**	.619**	.629**	.635**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	330	328	330	330	330	330	330
Mean of POS	Pearson Correlation	.662**	.310**	.663**	1	.856**	.739**	.768**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	330	328	330	330	330	330	330
Mean of premium	Pearson Correlation	.660**	.300**	.619**	.856**	1	.692**	.708**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	330	328	330	330	330	330	330
Mean of in-store sales person	Pearson Correlation	.736**	.359**	.629**	.739**	.692**	1	.748**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	330	328	330	330	330	330	330
Mean of purchase decision	Pearson Correlation	.696**	.305**	.635**	.768**	.708**	.748**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	330	328	330	330	330	330	330

** . Correlation is significant at the 0.01 level (2-tailed).

Source: survey result, 2019

As can be seen from Table 4.5 there exists a significant positive correlation between the six independent variables (TPR, loyalty discount, multi-item promotion, POS advertisement, premium, in-store sales person and purchase decision) and dependent variable (Purchase decision). The result was found to be statistically significant at ($P < 0.01$) for all variables. This indicates that all the variables have a positive strong correlation with purchase decision and have an effect on purchase decision.

4.6 Multiple Linear Regression Analysis

Multiple regression analysis is a powerful technique used for predicting the unknown value of a variable from the known value of two or more variables also called the predictors. It is an extension of simple linear regression used to predict the value of a variable based on the value of two or more other variables. The variable to be predicted is called the dependent variable (or sometimes, the outcome, target or criterion variable). The difference between simple linear regression and multiple linear regressions is that while Simple linear regression has only one x and one y variable (single independent variable is used to predict the value of a dependent variable), multiple linear regression has one y and two or more x variables. The goal of multiple linear regressions (MLR) is to model the linear relationship between the explanatory (independent) variables and response (dependent) variable. In essence, multiple regressions are the extension of ordinary least-squares (OLS) regression that involves more than one explanatory variable.

Multiple linear regressions are run in order to generalize the sample model to the entire population. To do so, the computation must meet several assumptions of the regression model. If these assumptions are violated, it stops the generalization conclusion to the target population because the results might be biased or misleading. Therefore, the analysis was employed considering the diagnostics of five assumptions i.e. linearity, no or little multicollinearity, homoscedasticity, normally distributed errors and independent errors to examine the effect of in-store promotion on purchase decision.

- Linearity diagnostics has been done through visual inspection of drawing straight line on the metric scatter plots. It shows the relationship of outcome/dependent variable to the predictor/independent variables.

- No or little multicollinearity assumes that there is little or no multi-collinearity in the data. Multi-collinearity occurs when the independent variables in the model are highly correlated with each other and provide redundant information about the response. The simplest way to address the problem is to remove independent variables with high VIF (Variance inflation factor) values. Multi-collinearity is measured by variance inflation factors (VIF) and tolerance. If VIF value exceed 4.0, or by tolerance less than 0.2 then there is a problem with multi-collinearity Hair et al. (2010).
- Independent errors diagnosis is made to check whether successive residuals are independent. There must not be any pattern or autocorrelation to the residuals.
- Homoscedasticity diagnosis is computed to check whether the variation about the predicted value is constant or not.
- Normally distributed errors diagnosis is a test used to determine whether sample data has been drawn from a normally distributed population or the population from which the data came is normally distributed. Normality for the purpose of this study was checked by two terms i.e. kurtosis and skeweness using SPSS.

The assumption test that has been conducted for the dependent variable (purchase decision) and all independent variables is attached as annexure at the end of this research report.

4.6.1 Model summary

Table 4.6: Model summary

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.826 ^a	.683	.677	.611
Source: survey result, 2019				
Predictors: (Constant), TPR, Loyalty Discount, multi-item promotion, In-store sales person, Premium, POS advertisement				

In the above table 4.6 using the linear regression coefficient of R and the corresponding R², we can assess how well the model fits the data for the study. Multiple R is the correlation between the observed value of y and the value of y predicted by the multiple regression models. Therefore

large values of the multiple R represent a large correlation between the predicted and observed values of the outcome. But, it can vary between -1 and 1 and a positive value indicates that as the predictor variable increases so does the likelihood of the event occurring. A negative value implies that as the predictor variable increase, the likelihood of the outcome occurring decreases. If a variable has a small value of R then it contributes only a small amount to the model. It follows that the resulting R^2 can be interpreted in the same way as simple regression. It is the amount of variation in the outcome variable that is accounted for by the model. With this assumption, the summary table presented above provides the value of R and R^2 for the model that has been derived.

It represents the analysis of multiple regression models for the beta coefficients of each independent variable. Independent variable accounted for 68.3% of the variance in the creation of influence on purchase decision ($R^2= 0.683$). Thus, 68.3% of the variation in purchase decision could be explained by the six independent variables (TPR, Loyalty Discount, multi-item promotion, In-store sales person, Premium, POS advertisement) and other unexplored variables may explain the variation in purchase decision which accounts for about 31.7%.

4.6.2 ANOVA Results

Table 4.7: ANOVA result for in-store promotion and its effect on purchase decision

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	258.010	6	43.002	115.292	.000 ^b
	Residual	119.727	321	.373		
	Total	377.737	327			
a. Dependent Variable: Purchase decision						
b. Predictors: (Constant), premium, LD, B1G1, TPR, salesperson, POS						

Source: survey result, 2019

As indicated in table 4.7 there is statistically significant effect between independent variable (in-store promotion) and dependent variable (purchase decision) where, (F) value was (115.292) at 0.000 which states that there is significant effect of in-store promotion on purchase decision.

4.6.3 Multiple linear regression analysis

Table 4.8: Multiple linear regression analysis

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.370	.124		2.994	.003	.127	.613
	POS	.331	.063	.353	5.227	.000	.206	.456
	Loyalty discount	-.035	.036	-.035	-.976	.330	-.105	.035
	TPR	.172	.051	.186	3.389	.001	.072	.272
	Multi item	.075	.047	.076	1.605	.110	-.017	.166
	In-store salesperson	.262	.051	.288	5.146	.000	-.066	.175
	premium	.054	.061	.276	.885	.377	.050	.215

a. Dependent Variable: Purchase Decision

Source: survey result, 2019

The linear regression equation

$$PD = a + (B1) TPR + (B2) POS + (B3) ISP$$

Where,

PD = Purchase decision

TPR = Temporary price reduction

POS = Point of sale advertisement

ISP = In-store salesperson

a = constant and

B1, B2, B3 = beta coefficients

$$PD = 0.370 + 0.186TPR + 0.353POS + 0.288 ISP$$

The SPSS output in the above table 4.9 provides details of the model parameters (the beta values) and the significance of these values. Consequently, we can say that b_0 (the base line) is 0.370 and this can be interpreted as when no consideration is given for the six variables (when $X=0$), the model predicts that 0.370 purchase decision will be resulted. The other value is the slope of the regression line, b represents the change in the outcome resulting from a unit change in the predictor and that if a predictor is having a significant impact on our ability to predict the outcome. b should be different from 0 (and big relative to its standard error). As a general rule, if this observed significance is less than 0.05, then social scientists agree that the result reflect a genuine effect (Andy, 2010). If we look at the column Beta under standardized coefficient, we see that the highest number in the beta is 0.353 for point of sale advertisement. Therefore, if POS is increased by one unit, then our model predicts that 0.353 increase in purchase decision. In general the coefficient table helps us to see which variables influences most (among the six independent variables) the variance in building positive purchase decision (i.e. the most important).

4.7 Hypothesis Testing

This section presents the tested hypothesis based on the coefficient result described on the above table;

H1: Temporary price reduction (TPR) has significant effect on customer's purchase decision

The output of the regression analysis shows that TPR has a positive significant influence on customer purchase decision with sig. level of (0.001). When there is a single unit change in TPR, customer purchase decision will be affected by 0.186. Considering the P value with significant level of influence at 95 percent confidence interval, we fail to accept the null hypothesis and accept that TPR has a positive and significant effect on customers' purchase decision.

H2: loyalty discount has significant effect on customer's purchase decision

The regression result of loyalty discount with customer purchased decision shows insignificant inverse level of influence at 95 percent confidence interval with a P value of 0.330. This result shows the rejection of the second hypothesis.

H3: Multi-item promotion has significant effect on customer's purchase decision

The result of regression analysis for multi-item promotion with customer purchase decision also shows insignificant level of influence at 95 percent confidence interval with a significant value of 0.076. Because of the p value, we fail to reject the null hypothesis.

H4: point of sale (POS) advertising has significant effect on customer's purchase decision

The output of the regression analysis of POS advertising with customer purchase decision shows a positive significant influence on customer purchase decision with sig. level of (0.000). When there is a single unit change in POS, customer purchase decision will be affected by 0.353. This beta value is the highest among all variables so we can say that POS advertising is the highest influencer of customer purchased decision than the other variables. Due to this result, the alternative hypothesis is supported.

H5: premium has significant effect on customer's purchase decision

The result of regression analysis for premium with customer purchase decision shows insignificant level of influence at 95 percent confidence interval with a significant value of 0.276. Because of the p value, we fail to reject the null hypothesis.

H6: In-store sales person has significant effect on customer's purchase decision

The output of the regression analysis of in-store sales person with customer purchase decision shows a positive significant influence on customer purchase decision with sig. level of (0.000). When there is a single unit change in in-store sales person, customer purchase decision will be affected by 0.288. Due to this result, we reject the null hypothesis and accept that in-store sales person positively and significantly affects customer's purchase decision.

4.7.1 Summary of Hypothesis Testing

The following table summarizes the hypothesis of the study along with its outcome;

Table 4.9: Summary of hypothesis testing

No	Hypothesis	Outcome
H1	Temporary price reduction (TPR) has significant effect on customer's purchase decision	Accepted
H2	loyalty discount has significant effect on customer's purchase decision	Rejected
H3	Multi-item promotion has significant effect on customer's purchase decision	Rejected
H4	point of sale (POS) advertising has significant effect on customer's purchase decision	Accepted
H5	premium has significant effect on customer's purchase decision	Rejected
H6	In-store sales person has significant effect on customer's purchase decision	Accepted

Source: Survey data (2019)

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter presents summary of the major findings, conclusions and recommendations that was drawn from the previous chapters. As the main question of this study was to assess the effect of in-store promotion on customers' purchase decision in shoa supermarket, the conclusion and recommendation below tries to address the issue exhaustively.

5.1 Summary of Major Findings

The study was done to determine the effect of price-based (TPR, Loyalty discount and multi-item promotion) and non-price based (POS, premium and in-store sales person) in-store promotion on purchase decision separately and jointly. Descriptive and inferential statistical techniques were used to analyze the primary data collected through structured questionnaires from selected Shoa supermarket. Appropriate tests such as normality test and Kaiser-Meyer-Oklin (KMO) were also undertaken in order to check whether sample data has been drawn from a normally distributed population and a correlation matrix is appropriate for factor analysis or not . Accordingly, the followings were the major findings of the study;

- ❖ The descriptive statistics result revealed that the mean of the variables TPR, loyalty discount, multi-item promotion, POS advertisement, premium, in-store sales person and purchase decision were found to be 2.87, 2.93, 2.97, 2.94, 2.88, 2.76 and 2.81 respectively. The standard deviation was also relatively low which indicated that respondents have relatively expressed a fairly close opinion and the mean seem to be a good fit of the data
- ❖ From the spearman's correlation analysis it has been found out that all the variables in price based as well as non-price based in-store promotion elements strongly and positively correlate with purchase decision.
- ❖ The multiple linear regression analysis has also been conducted through making a diagnosis of five basic assumptions of no or little multi-collinearity, linear relationship, normality, homoscedasticity and independent error. The result of no or little multi-collinearity indicated that all the variables did not exceed 10 and the tolerance was not

less than 0.2. The direct proportionality between independent and dependent variable has also been checked through plotting a straight line on a graph so as to see how far the variables are disbursed from the line.

- ❖ After checking whether the variables fulfill multiple regression test or not, the regression test has been conducted. Hence, the model summary revealed the fitness of regression equation explained by the dependent variable i.e. $r^2 = 68.3\%$. ANOVA result has also been computed that shows the model's statistical significance. The final table computed was the coefficients that show the properties of the very equation explaining how exactly purchase decision are explained by the in-store promotion variables.
- ❖ The details of the model parameters (beta values) in the coefficient table showed that when no consideration is given for the six variables the base line (b_0) predicts 0.370 purchase decision.
- ❖ The coefficient table also depicted the slop of the regression line i.e. the change in the outcome resulting from a unit change in the variable along with its significant impact. Accordingly, from price based in-store promotion, TPR was found to have a higher influence on purchase decision while multi-item promotion though revealed a positive effect, was found to have insignificant effect and that of loyalty discount has implied insignificant effect with an inverse relation.
- ❖ The Coefficient of non-price based promotions i.e. POS advertisement, premium and in-store sales person was also presented on the coefficient table. Among the variables, POS advertisement was found to have a higher influence on purchase decision followed by in-store sales person with a significant effect however; premium though showed a positive and significant effect, the p value could not be within 0.05.
- ❖ As a result, while testing the hypothesis, non-price based in-store promotions were found to have a significant effect on purchase decision than price based in-store promotions.
- ❖ The study has found in-store promotion as one of the essential tools to enhance the decision made by customers to purchase a product.
- ❖ In-store promotions are a highly effective marketing tactics designed to bring customers to brick and mortar stores and build brand image, product awareness and influence

purchase decisions. Different Companies recognize the importance of in-store promotion as a tool to influence customers toward buying a product and/or services and achieve short-term aims Huff.et al (1999). Consequently, in-store promotion is increasingly gaining relevance within company communication programs. Business promotion is communicating with the public in an attempt to influence them toward buying a product and/or services Susan ward (2012). Hence, although promotions may prove to be useful for a rapid sales increase, these marketing tools have also long-term effects.

5.2 Conclusions

The statistic methods were of a great help to get some findings throughout the study. The main purpose of this research was to examine the effect of in-store promotions on customer purchase decision by taking evidence from selected branches of shoa supermarket in Addis Ababa city. The in-store promotion elements that were included in this research are TPR, loyalty discount, multi-item promotion, POS advertisements, premiums and in-store sales person. Based on the previous theories and researches regarding promotion, more specifically in-store promotion and its outcomes, this study showed that there is direct relationship between in-store promotions and customer purchase decision, which helps to deeply understand the relationship and interaction between the stated variables.

In-store promotions can be a very effective means of affecting consumer purchase decision helping to push consumers to the final step of making a purchase. Given the very large expenditures allocated to the promotion tools, understanding what strategy to use for a given promotional cost/value remains important. Thus, one of the basic decisions confronting a manager, when implementing a promotion, is the type of promotion to be used and the benefit to be offered to customers. Therefore, it is a very relevant issue for both academicians and researchers to understand what promotional tool (monetary vs. nonmonetary) works better from the perspective of customers 'reactions. In this sense, one of the most interesting contributions of this research is that, even between two equivalent promotions, can lead subjects to infer different values for monetary and non-monetary promotions. The results obtained show there are significant differences between promotion types on purchase decisions. How promotions are administered, therefore, affects how consumers perceive promotions, which in turn affects the effectiveness of promotions in causing consumers to make a purchase. Although many of the

promotions which Shoa supermarket currently employs are somewhat effective in influencing consumer purchasing behavior, these promotions can be further improved and some promotions exist which are barely effective. Finding new ways to administer these promotions and improving upon the successful promotions can help to increase volume movement and can also help to create a more positive consumer sentiment towards promotions and the supermarket.

5.3 Recommendations

This study has demonstrated the influence of in-store promotion on customer purchase decision in the selected supermarket within the area of Addis Ababa city. It is helpful for marketers to understand the effectiveness of in-store promotion from consumers' perspective.

In light of the findings and conclusions made above, the following possible recommendations are suggested as being valuable to the supermarket for improving and properly administering the kind of promotional elements it uses to influence on customer purchase decision.

- ❖ Results of the study show that in-store promotion (both price based as well as non-price based) directly influences purchase decision, thus, the more applicable these communication tools, the more effective they are in influencing purchase decision positively. Thus, it is recommended that the marketing unit of Shoa supermarket should develop more effective in-store promotion strategies and apply the promotion tools so as customer's awareness and interest could grow and a positive effect on purchase decision could be created which will ultimately increase the level of customers' awareness of such promotions so as they could be convinced and make decisions.
- ❖ It was also found out in the study that there are correlations between how much a consumer likes a promotion and how likely it is that a promotion will affect consumer purchasing behavior. Therefore, one recommendation regarding promotions is to find ways to give more favorable impressions of promotions such as sweepstakes/contests, sampling, coupons and rebates through making them favorable among consumers which are not overly expensive for the supermarket but winning the customers' mind.
- ❖ The multiple linear regression coefficients that show the properties of the equation amplifying how exactly purchase decision is explained by the selected in-store promotion variables showed that loyalty discount to have a negative effect and multi-item promotion

as well as premium to have weaker effect on purchase decision. Therefore the supermarket should focus on better application of the three elements which will have a great effect if applied well.

- ❖ The multiple regression coefficient of price-based promotion i.e. TPR and non-price based promotions i.e. POS and in-store sales person was found to have strong effect on purchase decision. Hence, the supermarket should work more on the POS advertisements and displays. It should also train and motivate its salespersons as they were found to have a great impact on the purchase decision.

Generally, the supermarket should implement various elements of in-store promotions in a way that could convince customers and make aware of the benefits that they could get. As it is known, customers are the reason for the survival of the business as a whole, and the supermarket has to invest more on attracting new customers and retaining the existing ones.

5.4 Future research

Since this study focuses only on shoa supermarket and the selected in-store promotional elements, such concentration could limit generalization of the findings to the entire Grocery retail industry or other similar supermarkets. This limitation creates an opportunity for future researcher in this area. The future researches may replicate this study in other service sectors through the model developed in this study to other services.

In addition, it is believed that similar researches focusing on tools other than the ones included in this study and findings based on empirical study built on questionnaires and surveys could render a much improved decision base to get better reliable data for the supermarket in the effort to improve purchase decision.

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APPENDICES**APPENDIX A: ENGLISH VERSION QUESTIONNAIRE**

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE
POST GRADUATE STUDIES
DEPARTMENT OF MARKETING MANAGEMENT

Survey Questions (English)

I am conducting a research entitled “The effect of in-store promotion towards customers’ purchase decision: the case of Shoa supermarket” for the partial fulfillment of the completion of my post graduate degree. Gathering information from customers of Shoa supermarket is a vital part of this study in order to get appropriate understanding and give recommendation. Therefore, I kindly request you to fill this questionnaire while assuring you that the information that you provide will be treated with confidentiality and shall only be used for the purpose of this academic research.

Thank you very much for your time and assistance.

Sincerely,

tinazgrat@gmail.com

Part I: General Information

Please mark “√” for questions number 1- 6

- 1- Gender Male Female
- 2- Age 18 -30 31 – 43 44 -56 57 – 69
- Above 70
- 3- Marital status Single Married other
- 4- Education level Primary school High school Diploma
- Bachelors’ degree Masters Degree Doctorate degree

5- Occupation Public Private Business owner Unemployed

6- income per month less than Birr 3000 Birr 4000 – 8000 Birr 9000 -13000

Birr 14000 – 18000 Above Birr19000

7- How many people do you shop for?

One (myself) Two Three or more

8- How long have you shopped from Shoa supermarket?

Less than a year 2- 5 years More than 6 years

9- Do you receive message about discounts

Yes No

10- Do you have a loyalty card from Shoa supermarket?

Yes No

Part II : In-store promotion preference

Please rank from “0” to “10” for each promotion (10 = like the most 0 = Dislike the most)

A- Price based in-store promotions

- 11- _____ Price off promotions
- 12- _____ Membership/loyalty programs
- 13- _____ Buy-one-get one-free promotions

B- Non-price based in-store promotions

- 14- _____ Brochures, leaflets and/or special displays next to the checkout counter
- 15- _____ products that have additional items such as toys and collectables linked to the main product
- 16- _____ Demonstrations by sales persons

Part III: Questions related to in-store promotion

Please encircle for number 17 –36

Strongly agree = 1, Agree = 2, Neutral = 3, Disagree = 4, strongly disagree = 5

No	Statement	1	2	3	4	5
Temporary price reduction						
17	I make price comparison every time when I do shopping	1	2	3	4	5
18	If a price off promotion requires buying more than one product, I still like to participate in the promotion.	1	2	3	4	5
19	Price off promotions during holidays encourage me to buy from the supermarket	1	2	3	4	5
Loyalty discounts						
20	I make large purchases because of the loyalty discounts I get from shoa	1	2	3	4	5
21	I am more likely to purchase a product if I can earn extra rewards points for my membership program (loyalty card I have got)	1	2	3	4	5
22	The loyalty card I have got from the shoa encourages me to purchase from the supermarket	1	2	3	4	5
Multi-item promotion						
23	I am more likely to purchase a product if there is a "buy one get one free" promotion.	1	2	3	4	5
24	I go to the supermarket and purchase products only when a "buy one get one free" promotion is available	1	2	3	4	5
25	"Buy one get one free" in the supermarket makes me purchase more from the supermarket than premiums & POS adverts.	1	2	3	4	5
POS advertisements						
26	I often purchase products displayed near the checkout counter.	1	2	3	4	5
27	The unique displays at the supermarket often					

	encourage me to go to and shop	1	2	3	4	5
28	I look at different advertisements in the store (if any) before I start purchasing what I've planned to buy	1	2	3	4	5
Premiums						
29	Additional items linked to the main product encourage me to purchase more	1	2	3	4	5
30	I am more inclined to buy a product when the product has additional valuable item linked to it For example: buy a cartoon of corn flakes and receive a free coloring book	1	2	3	4	5
In-store sales person						
31	I am more likely to buy a product when the sales person at the store demonstrates about the product	1	2	3	4	5
32	Sales persons of the supermarket have influenced me to purchase products	1	2	3	4	5
33	Sales person in the supermarket makes me purchase more from the supermarket than price discounts	1	2	3	4	5
Purchase decision						
34	In-store promotion tools play a great role in influencing my decision to purchase	1	2	3	4	5
35	I choose Shoa supermarket because of various in-store promotions it applies	1	2	3	4	5
36	When I think of shopping (modern) I think of Shoa super market	1	2	3	4	5

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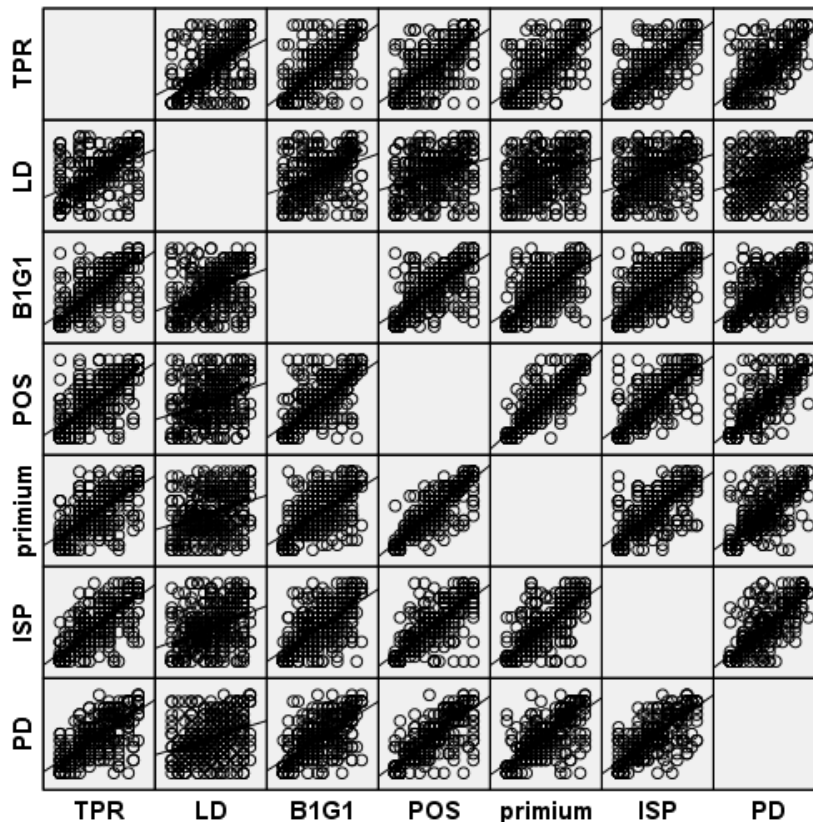
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APPENDIX C: Assumption Tests
1- Assumption of Linearity of the model diagnostics

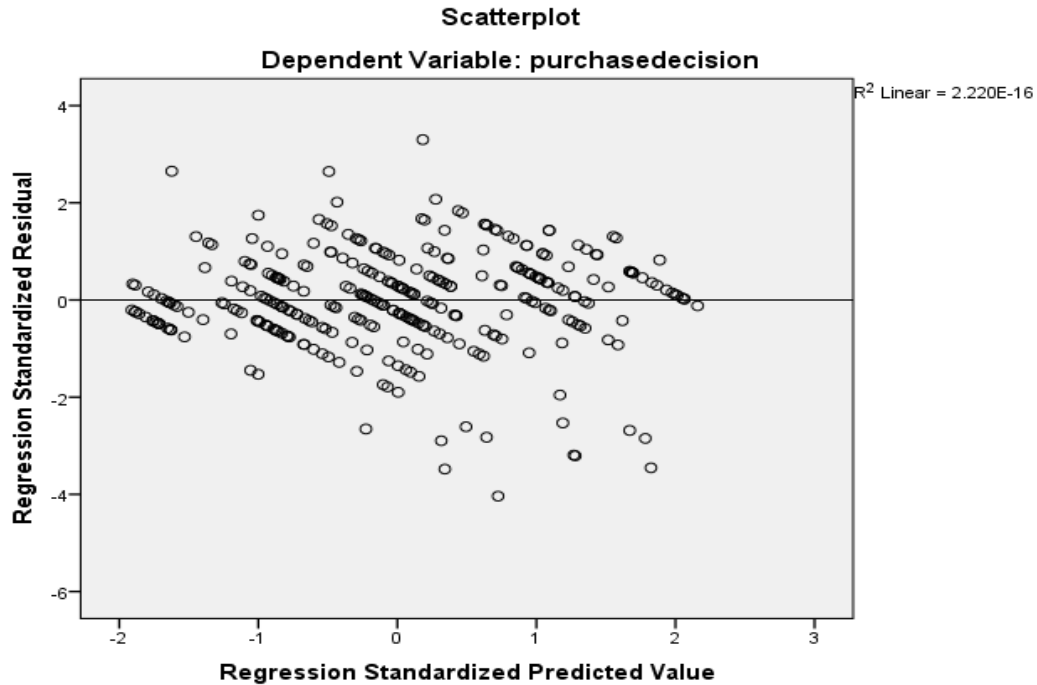


The matrix scatter plot above shows the relationship of dependent variable to each independent variable. As shown on the diagram we can say that the outcome variable is linearly related to each predictor variable.

On the other hand, since it is impossible to draw multiple regressions beyond two independent variables, it is recommended to plot the residuals on the vertical axis against the predicted variable (Y_i). Using the standardized residuals and standardized predicted variable the residuals are plotted which centered on 0. The points are scattered and no obvious pattern is recorded therefore, the plots support the assumption of linearity.

2- Assumption of independent errors diagnostics

This assumption similarly states that successive residuals should be independent and there must be no pattern to the residuals. Therefore, as can be seen above both positive and negative residuals are displayed which indicates that there is a random distribution of positive and negative values across the entire range of the variable plotted on the horizontal axis which support the assumption.



3- Assumption of Homoscedasticity diagnostics

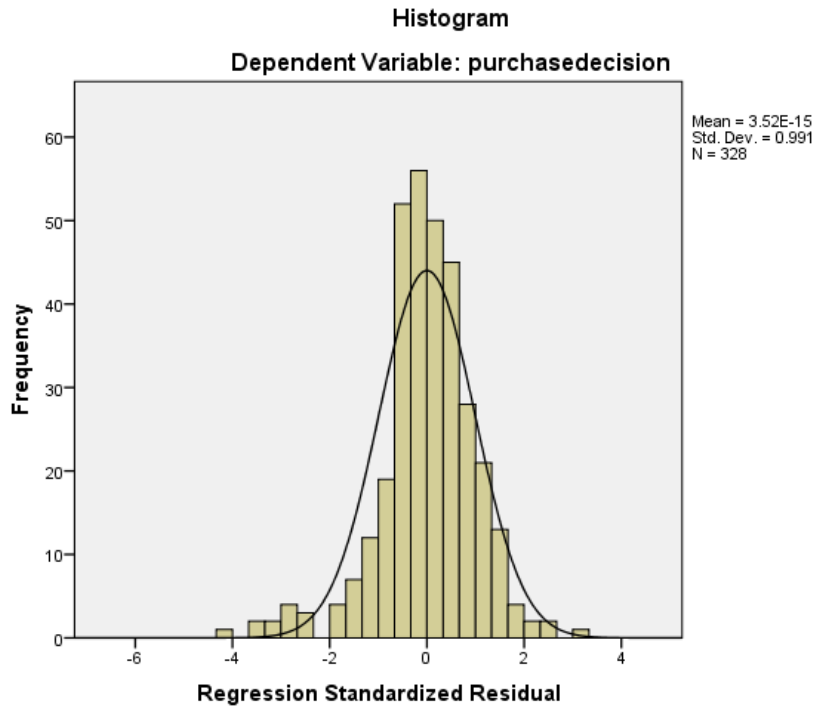
The requirement for this assumption is that the variation about the predicted values is constant regardless of whether the predicted values are large or small. As can be seen above, because the dots are scattered it indicates that the variances of the residuals are constant.

4- Assumption of Multicollinearity

Model	collinearity Statistics	
	Tolerance	VIF
TPR	0.329	3.041
Loyalty Discount	0.777	1.287
multi-item promotion	0.438	2.282
POS advertisement	0.217	4.618
Premium	0.252	3.963
In-store sales person	0.342	2.920

As can be seen from the above table, none of the tolerance level is ≤ 0.2 ; and all VIF values are well below 4.0. Thus the measures selected for assessing independent variables in this study, are not highly correlated.

5- Assumption of Normally Distributed Errors Diagnostics



Normal P-P Plot of Regression Standardized Residual

