



## **THE EFFECT OF SALES PROMOTION ON BRAND IMAGE**

**(The case of Commercial Bank Of Ethiopia)**

**A Thesis Submitted to the School of Graduate Studies of Addis Ababa University in Partial Fulfillment for the Award of the Degree of Master of Arts in Marketing Management**

**By: - Ephrem Gossaye**

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE  
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**June, 2017**

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**By: Ephrem Gossaye**

**Advisor: Temesgen Belayneh (PhD)**

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**Approved by Board of Examiner**

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## **Certification**

This is to certify that Ephrem Gossaye has carried out his research work on the topic entitled **The Effect of Sales Promotion on Brand Image: the case of commercial bank of Ethiopia** is his original work and is suitable for submission for the award of Masters Degree in Marketing Management.

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Advisor: Dr. Temesgen Belayneh(PhD)

## **Statement of Declaration**

I hereby declare that **The Effect of Sales Promotion on Brand Image. (The Case of Commercial Bank Of Ethiopia)** project is wholly the work of **Ephrem Gossaye**. I have carried out the present study independently with the guidance and support of the research advisor, **Temegen Belayneh (PhD)**. Also any other contributors or sources have either been referenced in the prescribed manner or are listed in the acknowledgements together with the nature and the scope of their contribution. And the study has not been submitted for award of any Degree or Diploma Program in this or any other Institution. It is in partial fulfillment to the requirement of the program Master's Degree in Marketing Management.

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**Ephrem Gossaye**

Date:

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## **Acknowledgment**

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**ACRONYMS**

**CBE.....COMMERCIAL BANK OF ETHIOPIA.**

**POS.....POINT OF SALE**

**TPR.....TEMPORARY PRICE REDUCTION**

**IMC.....INTEGRATED MARKETING COMMUNICATION**

## **ABSTRACT**

*The main purpose of this study was to assess the effect of sales promotion on brand image on the case of Commercial Bank Of Ethiopia. It assesses commercial bank of Ethiopia sales promotion mix elements usage and their effect on its brand image. The individual perception about both monetary and non-monetary sales promotion tools effects and the overall success of the sales promotional campaign have been observed from the perspective of building up positive brand image. All the issues mentioned above have been assessed by conducting Survey Questionnaires to 385 commercial bank of Ethiopia Customer who were selected based on convenience. The data analysis was conducted through statistical techniques such as descriptive statistics, correlations and multiple linear regressions by using SPSS version 20. And the data has been analyzed by using explanatory method. The Survey showed that commercial bank of Ethiopia's brand image is positively built by its sales promotion. Brand image is positively placed by the Sales promotion campaign and which result coupon, free gift and rebate have a positive effect on sales promotion. The finding indicates that the effect of sales promotion on brand image is practical and highly affected by the tools used to promote the brand image. From the sales promotion tools Coupon is observed as the highest effect on brand image of Commercial bank of Ethiopia. The results indicated that all had a positive correlation with brand image. It is known that currently CBE is using coupon as one tool to attract customers thereby giving them additional incentives to use its services. Therefore the bank should focus on better application of the coupon method of sales promotion since it was found to prominently affect brand image. All in all commercial bank of Ethiopia's positive image is enhanced by its sales promotion.*

**Key words: Sales Promotion, Coupon, Free gift, Rebate, and Brand Image**

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Every business uses a combination of different promotional mix elements to achieve high performance. These promotional mix elements are General advertisement, Sales promotion, personal selling, Publicity/PR, Direct Marketing and Interactive Marketing (Belch & Belch, 2009). An optimal combination of these promotional mix elements ensures a company to build up a positive brand image in customer's mind. This optimal combination is known as Integrated Marketing communication. For any business company, achieving a high integrated market communication have a positive effect on its Brand image.

Sales promotion is one of the promotional tool elements and has become an effective marketing tool that assists organizations to wax stronger in a global competitive environment. Oyedapo et al, (2012) identified sales promotion as a key ingredient in marketing campaigns which assist organization to achieve its objectives. The main aim of any organization is to maximize profit, have largest market shares and to become leader in a market competitive environment. Okoli (2011) confirmed that the essence of setting up a business organization is to make profit. Sales promotion simply exists to have a direct impact on the behavior of the firm's customers.

The role of sales promotion in achieving organizational stated objectives cannot be underestimated. The purpose of sales promotion is to motivate the customers to immediately purchase a particular product thus enhancing its sales volume (Sadia and Syeda, 2012; Odunlami and Ogunsiji; 2011; and Aderemi, 2003). According to Shimp (2003), sales promotion refers to any incentive used by a manufacturer to induce the trade (wholesalers, retailers, or other channel members) and/or consumers to buy a brand and to encourage the sales force to aggressively sell it. Kotler (2003) sees sales promotion a key ingredient in marketing campaigns and consists of a diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase particular products or services by consumers.

A sales promotion helps to build up positive brand image for a company. The amount invested in sales promotion is not only used to accelerate short term sales but also helps in achieving long term objectives.

Brand image is the impression in the consumers' mind of a brand's total personality. It's a perception towards a brand ([www.businessdictionary.com](http://www.businessdictionary.com)). It is developed over time through advertising campaigns with a consistent theme, and is authenticated through the consumers' direct experience.([www.businessdictionary.com](http://www.businessdictionary.com))

Brand image is an essential element in marketing research, is defined as “perceptions about a brand as reflected by the brand associations held in consumer's memory” (Keller, 1998). Every business needs to have qualified promotional services in order to build up a positive brand image. A business doesn't only need to sell an offering to a market; it must also need to promote it. Promotion is a core component of any business company. A positive brand image is created by marketing programs that link strong, favorable and unique associations to the brand in memory (Keller, 2004).

Now-a-days people are conscious to look for the best one and that's why their fluctuating mind may switch on to new brands with a simple stimulus. In this case an extra incentive can be added to a product by different promotional activities. Sales promotion has a recent history in banking industry marketing process and is the preferred tool used to reach consumers. Again it is remarkable that a product lack of any significant advantage can be made it difficult to create an advertising campaign which can be used to make people to try the product.

Sales promotions have become a vital tool for marketers and its importance has been increasing significantly over the years (Manalel et al, 2007). Sales promotions are divided into two types: monetary promotions and non-monetary promotions. Monetary promotions are considered the best alternative for short-term increased sales, and these promotions play a key role in consumer choices (Alvarez & Casielles, 2005). This assumption is reinforced by Blattberg and Neslin(1990), who argued that this promotion type satisfies consumers' desire for savings. Studies such as those of Davis, Inman and McAlister (1992) and Taylor and Neslin (2005) indicated that consumers always respond to monetary promotion campaigns, as this promotion

type is based on a transactional incentive, which provides immediate rewards and utilitarian benefits (Chandon et al., 2000; Kwok & Uncles, 2005).

Non-monetary promotions embrace a vast variety of actions where the incentive is not directly evidenced in a lower purchase price. Unlike price promotions, both in professional and academic contexts, these types of promotions have been recommended because not only do they have a harmless effect on brand image (Mela et al, 1997), but they may help to reinforce it. These promotions, such as loyalty programs and prize contests, are related to entertainment and other actions that aim for long-term effects, such as brand strengthening (Chandon et al., 2000; Kwok & Uncles, 2005).

Somehow it is easy to say that sales promotion elements are familiar in some industries; But not that in banking industry. Even if it is a recent innovation in Ethiopian banking sector, currently banks substantially used sales promotion tools to meet their objectives. Commercial bank of Ethiopia is serving people all across Ethiopia and the leading bank in Ethiopia in terms of capital, no of customers used its service and profit earned ([www.combanketh.et](http://www.combanketh.et)).The bank tries substantially used a sales promotion tools to mobilize deposits.

The bank uses different sale promotion tools at different times such as coupon, rebate, and give away materials (t-shirt, hat, key holder and flash). Commercial bank of Ethiopia currently in promotional campaign which is for 6<sup>th</sup> time in row.

Hence the student researcher was attempted to indicate the effect of sales promotion on brand image in Commercial bank of Ethiopia.

## **1.2 Statement of the problem**

Today marketers are really confused to take up the appropriate marketing strategy due to a variety of products, increased customer's expectation and rapid industrial growth. In this situation, it is observed that some marketers are not considerate to different promotional activities where some others use these unconsciously. So it is time to rethink the actual effects of sales promotion on the consumer's mind which result in brand image.

Different types of promotional tools may have different effects on sales, profitability or brand equity (Srinivasan & Anderson, 1998). In the analyses of these differences numerous studies distinguish between monetary and non-monetary promotions because each of these categories has clearly differentiated costs and benefits (Chandon et al, 2000). Monetary promotions, or

price promotions, are those actions which allow the consumer to purchase a product at a lower price than usual. Several studies stress the long-term risks and negative effects of these promotions (Diamond and Campbell, 1989). The first argument that would explain why monetary promotions have a negative effect on brand image is that these actions diminish the internal reference price (Kalwani and Yim, 1992). This lower reference price will reduce the perceived brand price, resulting in lower brand equity (Blattberg et al, 1995), also (Montaner&Pina,2008) concluded that monetary promotions reduce consumer's expectations regarding the regular price of the product and reduce brand image assessments of the promoted product, on the other hand (Sinha& Smith ,2000) show that price deals have not any effect on brand image.

Non-monetary promotions embrace a vast variety of actions where the incentive is not directly evidenced in a lower purchase price. Unlike price promotions, both in professional and academic contexts, these types of promotions have been recommended because not only do they have a harmless effect on brand image (Mela et al, 1997), but they may help to reinforce it. The first reason why non-monetary promotions would not have negative effects on brand images is that its frequent use does not affect consumer internal reference prices. Unlike monetary promotions, the promotional incentive is not integrated in the product price so this type of action is unlikely to entail a reduction of the consumer reference price (Campbell &Diamond, 1990). Furthermore, (Mela et al. 1997) verified that these promotions made brand-loyal customers less sensitive to price. On the other hand, non-monetary promotions may improve image in the long term, generating differentiation (Papatla&Krishnamurthi, 1996) and helping brands maintain their competitive position. These actions often contain messages about the brand which enable an increase of knowledge without information about the price. (Mela.etal,1998) observed a positive, though not significant, relationship between the use of non-monetary promotions and brand differentiation. Besides, this type of action does not modify brand loyalty (Gedenk&Neslin, 1999), also (Montaner&pina, 2008) concluded non-monetary promotions do not modify the expected regular price of the product and increase brand image assessments of the promoted brand.

As stated, there are different thought about the effects of sales promotion on brand image and the researcher was interested to conduct the study by which the researcher tried to understand and show the effect of sales promotion on brand image in service sector, specifically, the effect

of Sales promotion on Brand image in case of Commercial bank of Ethiopia. By which the researcher believes that this paper will be a value added in terms of narrowing the gap in stated sector by showing the effects.

### **1.3 Basic research questions**

- ❖ Which salespromotion tool element is more effective in building positive brand image?
- ❖ What is the effect of monetary sales promotion on brand image?
- ❖ What is the effect of non-monetary sales promotion on brand image?
- ❖ What is the effect of overall sales promotion tools on brand image?

### **1.4 Objectives of the study**

#### **1.4.1 General objectives**

The main objective of this research paper was to figure out the effect of sales promotion on brand image (Commercial bank of Ethiopia).

#### **1.4.2 Specific objectives**

- ❖ To identify which sales promotion tool is more effective that used to attract, persuade and retain customers so that a positive brand image can be built.
- ❖ To identify the effect of monetary sales promotion on brand image.
- ❖ To identify the effect of non-monetary sales promotion on brand image.
- ❖ To identify the effect of the overall sales promotiontools on brand image.

### **1.5 Significance of the study**

The research paper helps to determine what sales promotional services and their effects on building up positive brand image.

The importance of this study can be viewed from two dimensions: theoretical contributions and practical implications. Theoretically, the study was fill an important gap in the literature and can serve as an input on which future studies can be built. On the practical side, this

study can help companies to execute their promotion in the way that can build positive attitude towards their company, product, service they are providing.

In addition to that, it will help the company to figure out the gaps and possible solutions in its sales promotional services and their effect on brand image in practice. And it will also assist commercial bank of Ethiopia as a foundation for further study. Moreover, the study will helps Commercial Bank of Ethiopia in identifying which promotional tools have favored by its customers. It will also help the bank gaining a better understanding of its customers' attitude towards sales promotion activity. By understanding customers' attitude towards promotion, promoters and marketers of the bank can better strategize their promotion specifically sales promotion.

### **1.6 Scope of the study**

The scope of this study was limited to finding out and explaining sales promotion tools and their effects on brand image in case of Commercial bank of Ethiopia found in Addis Ababa city. This study focused on the tools of the sales promotion which are coupons, free gift and rebate that the company is engaged on and it was empirically tested.

### **1.7 Limitation of the study**

Due to time and financial constraints in taking large sample size, it was difficult and unmanageable to include all branches of commercial bank of Ethiopia, therefore the scope of this research was delimited geographically to customers of branches in Addis Ababa, namely North, South, West and East though the bank has country wide coverage. So for the applicability of the study results all over the country needs further study.

### **1.8 Definition of Terms**

**Sales promotion:** Fill (2002), a range of tactical marketing techniques designed within a strategic marketing framework to add value to a product or service in order to achieve specific sales and marketing objectives. This includes exhibitions, coupons, fairs and trade shows, premiums and gifts, sampling, rebates low-interest financing etc.

**Coupon:** is a certificate with a stated value, presented to the retail store for a price reduction on a specific item (Arens, Weigold&Arens, 2011), which is granted immediately at the time of purchase (Lamb, Hair & McDaniel, 2009).

**Free gift:** is a trial-size version of a product that is given to the consumer at no extra cost (Belch & Belch, 2012) in order to encourage product trial. In this case, which is a gift provided by a bank for its customers for free such as key holder, hat and t-shirt etc.

**Rebate:** When you get a rebate, you are refunded part (or all) of the purchase price of a product back after completing a form and sending it to the manufacturer with your proof of purchase.

**Brand image:** is a consumer's overall impression of a specific brand through the influence of a consumer's reasoned or emotional perceptions (Dobni&Zinkhan, 1990; Aaker, 1996)

**Monetary sales promotion:** The price promotion instrument used most often is a temporary price reduction (TPR).

**Non-monetary sales promotion:**Is communication instrument used to alert the consumer to the product or to other promotion instruments.

## **1.9 Organization of the study**

The final paper for the study is organized into five chapters and other sections, namely, the list of reference and appendixes. The first chapter deals with the background of the study, statement of the problem, research questions, objectives of the study, significance of the study, and limitation of the study. The research is carried out with the assessment of the theoretical and relevant literature in chapter two and the suitable methodology utilized to answer the research question were discussed in chapter three. Data analysis and interpretation of the research result found by using the appropriate instrument for the methodology selected were dealt in chapter four. The final chapter five covered the discussion of results, conclusion and recommendation.

# CHAPTER TWO

## LITERATURE REVIEW

### 2.1 Elements of Marketing Communications

According to fill (2002) the communications mix is the use of any or all the (elements of marketing communications mix) in a unified and cohesive manner designed to achieve specifically defined and measurable promotions objectives. The elements of the marketing communications mix all have different properties and different potentials to achieve different tasks. It is therefore, essential for marketers to mix the tools in such a way that they achieve the actual tasks at hand, within the resources available.

The major elements of the marketing communications mix are:

◆ **Advertising:** (is a paid form of non-formal communication that is transmitted through mass media such as television, radio, newspapers, magazines, direct mail, outdoor displays, the internet and many more)

◆ **Public relations:** (the Institute of Public Relations define it as “the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organization and its public”. This includes speeches, seminars, press kits, sponsorships, publications, community relations, Events and so on.)

◆ **Sales promotion:** (a range of tactical marketing techniques designed within a strategic marketing framework to add value to a product or service in order to achieve specific sales and marketing objectives. This include exhibitions, coupons, fairs and trade shows, premiums and gifts, sampling, rebates low-interest financing etc)

◆ **Personal selling:** (an interpersonal communication tool which involves face-to-face activities undertaken by individuals, often representing an organization, in order to inform, persuade, or

remind an individual or group to take appropriate action, as required by the sponsor's representative. e.g. incentive programmes, shows, sales presentations, samples etc.)

◆**Direct marketing:**(an interactive system of marketing which uses one or more advertising media to affect a measurable response at any location. For example, cat logs, mailings, telemarketing, email, electronic shopping, and so on.)

## **2.2 Sales Promotion**

One of the promotional mix elements is sales promotion, which is generally defined as those marketing activities that provide extra value or incentives to the sales force, the distributors, or the ultimate consumer and can stimulate immediate sales. (Keller, 2008)

Kotler (2000), states that sales promotion tends to be thought as being different than other all promotions, apart from advertising, personal selling and public relations. For example: -coupon. Others include Buy One Get One Free, money-off promotions, competition (contests), free accessories (Such as free blades with new razors), introductory offers (Such as buying digital TV and get free installation), and so on. Each sales promotion should be carefully costed and compared with the next best alternative.

According to Keller (2008) sales promotion can be defined as short term incentives to encourage trial or usage of a product or service. While Kohler (2002) provides various reasons for sales promotion, he says that sales promotions to end customers increase short term sales and help building long term relationships, while trade promotions aimed on distributors and retailers so that they buy large volumes and advertise the product more. Similarly The American Marketing Association (AMA) defined it as, sales promotion is a non-media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand or improve product quality.

The frequent use of price promotions has a negative impact on perceived quality and brand association dimensions because this tool leads consumers to think primarily about price, and not about the brand (Yao et al. 2000)

On the other hand, researchers show that non-price promotions can differentiate brands and communicate distinctive brand attributes, contributing to the development and reinforcement of brand equity (Chu and Kei, 2006)

Sales promotion is generally broken into two major categories: consumer-oriented and trade oriented activities.

### **2.2.1 Consumer-oriented sales promotion**

Is targeted to the ultimate user of a product or service and includes couponing, sampling, premiums, rebates, contests, sweepstakes, and various point-of-purchase materials. These promotional tools encourage consumers to make an immediate purchase and thus can stimulate short term sales.

### **2.2.2 Trade-oriented sales promotion**

Is targeted toward marketing intermediaries such as wholesalers, distributors, and retailers. Promotional and merchandising allowances, price deals, sales contests, and trade shows are some of the promotional tools used to encourage the trade to stock and promote a company's products.

## **2.3 Techniques of Sales Promotion**

The variety of sales promotion methods that may be employed are limited only by the creativity of the organisation offering the promotion (Ferrell & Hartline, 2008). Well-known techniques include free samples, coupons, rebates, discounts (price-off deals), premiums, bonus packs, loyalty programmes, contests, sweepstakes and the like (Kotler, 2003; Ferrell & Hartline, 2008; Belch & Belch, 2012).

Coupons, discounts, free samples and bonus packs are some of the most effective sales promotion techniques employed by marketers and retailers to increase short-term sales (Gamliel&Herstein, 2011).

The major techniques of sales promotions are discussed as follows:

**Coupon:** is a certificate with a stated value, presented to the retail store for a price reduction on a specific item (Arens, Weigold&Arens, 2011), which is granted immediately at the time of purchase (Lamb, Hair & McDaniel, 2009).

Coupons are presented to consumers by direct mail, on the product's packaging, through the media, direct mail, door-to- door leaflets and at the point of sale (Pickton& Broderick, 2005). Semenik (2002) opine that by offering coupons marketers are providing a price sensitive consumer that takes the time and effort to cut out coupons with a discount, while the product is selling at full price to the regular customer.

Reasons for using coupons include rewarding loyal customers, encouraging current customers to buy greater quantities, attracting customers that have been lost to competing brands (Pride & Ferrell, 2010), inducing the trial of new, improved or modified products amongst current and non-users (Belch & Belch, 2012), encouraging repurchasing and encouraging brand switching by competitors' customers (Semenik, 2002).

**Discount:** is a short term price reduction of the regular price of a product (Belch & Belch, 2012) and has several synonyms, namely price-off vouchers (Shimp, 2010), money-off vouchers (Pickton& Broderick, 2005), cents-off vouchers (Semenik, 2002) and price incentives (Du Plessis, Cook, Van Heerden, Van Rooyen, Mulder, Du Plessis, Franck & Muir, 2010).

Discounts are appealing to consumers because they provide an immediate reward (Shimp, 2010) and an easily recognised value to the consumer (Belch & Belch, 2012). The use of the discount sales-promotion technique offers marketers and retailers several benefits.

A discount promotion require minimal testing and can be implemented in a short time period (Yeshin, 2006), it can be controlled by the marketer (Semenik, 2002), thereby ensuring that the discount will reach the intended target market and it can assist in manufacturers gaining greater trade support from the retailer (Belch & Belch, 2012).

Discounts can stimulate sales (Pride & Ferrell, 2010), encourage consumers to repurchase or to purchase greater volumes (Shimp, 2010), encourage consumers to switch brands and can persuade price sensitive consumers to buy (Lamb et al., 2009). However, discounts may attract only current and not new customers (Belch & Belch, 2012) and if continuously offered, may result in a weak brand image as customers may always expect lower prices and may perceive the brand as low cost or low quality (Pride & Ferrell, 2010).

Discounts are relatively easy to copy, which may result in price wars among competitors (Pickton& Broderick, 2005), and often result in consumers delaying purchasing until a discount is offered (Yeshin, 2006).

**Free Sample:** is a trial-size version of a product that is given to the consumer at no extra cost (Belch & Belch, 2012) in order to encourage product trial; for example, a small container of body lotion included when purchasing a magazine (Pickton& Broderick, 2005).

Sampling offers credibility, as the consumer can experience the benefits of the product first hand (Ouwensloot & Duncan, 2008). Consumers generally perceive a certain amount of risk in trying new products, and samples help mitigate that risk in that they allow the consumer to try the product prior to purchase (Lamb, Hair, McDaniel, Boshoff, Terblanche, Elliott & Klopper, 2010).

Samples can be distributed through direct mail, door-to-door delivery, on the package of another product, in retail stores or through the media (Bird, Blem, Duckles, Koekemoer, Skinner & Van der Westuizen, 1998). Sampling is beneficial in restoring a declining product and demonstrating a product that is difficult to describe in words alone (Du Plessis et al., 2010).

Sampling is especially effective when the consumer perceives the product to be different from that of competitors (Ouwensloot & Duncan, 2008), or to encourage competitors' customers to switch brands (Lamb et al., 2009). Furthermore, sampling can stimulate sales when a product is still in the early stage of the product life cycle (Pride & Ferrell, 2010) or establish a brand within an area with weak market share (Semenik, 2002).

**Premiums or bonus packs:** are defined as a sales promotion technique offering items, either free or at a small cost, as an incentive for consumers to purchase a product (Pride & Ferrell, 2010). Premiums can include more of the product (multiple units) offered at the regular price, such as 'buy one and get one free', also referred to as 'two-for-the-price-of-one' (Lamb et al., 2010) packages that include more of the product (Du Plessis et al., 2010), or a bonus pack with a different product (Yeshin, 2006).

Premiums are used to entice consumers to buy immediately (Belch & Belch, 2012), reinforce the consumer's purchase decision, induce trial for new or improved products, increase consumption, encourage repeat purchase (Shimp, 2010) and persuade consumers to switch brands (Lamb et al., 2010).

**Rebate:** are popular with both consumers and the manufacturers that provide them. When you get a rebate, you are refunded part (or all) of the purchase price of a product back after completing a form and sending it to the manufacturer with your proof of purchase. The trick is completing the paperwork on time. Many consumers forget or wait too long to do so. Consequently, they do not get any money back. This is why rebates are also popular with

manufacturers. Rebates sound great to consumers until they forget to send it back.(Belch & Belch, 2012).

**Money-refund orders:**The technique indicates refund of full purchase price if the buyer so wants. It is helpful in the introduction of a new product. Refund offer creates additional interest and increases sales considerably. It is a good device for creating new user and to strengthen the brand loyalty (Gednek et al. 2002).

**Contests or quizzes:**These are held to stimulate consumer's interest in the product. In these contests, and quizzers, participants compete for prizes on the basis of their skill or creative ideas. In Sweepstakes, they submit their names to be included in a draw of prize winners. This type of sales promotion is not a lottery because there is chance or luck, prizes are offered and a payment to participant is there.(Gednek et al. 2002).

**Trading stamps:**Trading or Bonus stamps are issued by retailers to customers who buy goods from there. The number of stamp given to a buyer depends upon the amount of purchases made by him. These stamps are given free of charge and the customers can redeem them to obtain products out of the specified list. This technique induces customer to buy their requirements from the retailers who offer such stamps. The purpose is to increase customer loyalty.(Gednek et al. 2002).

**Fairs and exhibitions:**Trade shows, fashion shows or parades, fairs and exhibitions are important technique/tools of sales promotion. They provide a forum for the exhibitions or demonstration of products. Free literature can be distributed to introduce the firm and its products to the public. Fairs and exhibitions are organized usually by big firms or trade associations. At these fairs and exhibitions, business firms are allotted stalls wherein they display their products. Fairs and exhibitions have wide appeal as several people visit there. Customer can be attracted through gifts, special concessions and free demonstrations of technical and specialty products. They provide an opportunity to the visitors to observe the competing products and help to promote sales.(Gednek et al. 2002).

**Public relations activities:**These include greetings or thanks in newspapers, donating space for noble causes, offer of Privileged Citizen Card, etc. Their purpose is not to create immediate

demand or to increase sales. They are designed to create a good image of the firm in the society.(Gednek et al. 2002).

**Loyalty Program:** According to Arunmuhil&Arumugam (2013), consumers do not have a propensity to make more purchases from a particular store just because they possess loyalty card of the store. They also shop in stores that provide them with better discount options, whether they have loyalty card of the same or not.

## **2.4 Promotion Instruments**

Different promotion instruments that retailers may use. A 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. (Gednek et al. 2002).

“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. Note that they 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. Therefore, our focus in the following will be on price and supportive non-price promotions. (Gednek et al. 2002).

## 2.5 Importance of Sales Promotion

The business world today is a world of competition. A business cannot survive if its products do not sell in the market. Thus, all marketing activities are undertaken to increase sales. Producers may spend a lot on advertising and personal selling. Still the product may not sell. So incentives business Studies need to be offered to attract customers to buy the product. Thus, sales promotion is important to increase the sale of any product. Let us discuss the importance of sales promotion from the point of view of manufacturers and consumers. From the point of view of manufacturers Sales promotion is important for manufacturers because

- ❖ it helps to increase sales in a competitive market and thus, increases profits;
- ❖ it helps to introduce new products in the market by drawing the attention of potential customers;
- ❖ when a new product is introduced or there is a change of fashion or taste of consumers, existing stocks can be quickly disposed off;
- ❖ It stabilizes sales volume by keeping its customers with them. In the age of competition it is quite much possible that a customer may change his/her mind and try other brands. Various incentives under sales promotion schemes help to retain the customers.

From the point of view of consumers Sales promotion is important for consumers because

- ❖ The consumer gets the product at a cheaper rate;
- ❖ It gives financial benefit to the customers by way of providing prizes and sending them to visit different places;
- ❖ The consumer gets all information about the quality, features and uses of different products;
- ❖ Certain schemes like money back offer creates confidence in the mind of customers about the quality of goods; and
- ❖ It helps to raise the standard of living of people. By exchanging their old items they can use latest items available in the market. Use of such goods improves their image in society (Gednek et al. 2002).

## **2.6 Promotional planning elements**

### **2.6.1. Receiver/comprehension:**

Can the receiver comprehend the ad? Marketers must know their target market to make their messages clear and understandable. A less educated person may have more difficulty interpreting a complicated message. Jargon may be unfamiliar to some receivers. The more marketers know about the target market, the more they see which words, symbols, and expressions their customers understand (Belch & Belch, 2009)

### **2.6.2 Channel/presentation:**

Which media will increase presentation? Atop-rated, prime-time TV program is seen by nearly 12 million households each week. TV Guide and Reader's Digest reach nearly 12 million homes with each issue. But the important point is how well they reach the marketer's target audience. CNN's financial show Lou Dobbs Money line reaches only around a million viewers each weekday evening, but its audience consists mostly of upscale businesspeople who are prime prospects for expensive cars, financial services, and business-related products (Belch & Belch, 2009).

### **2.6.3 Message/yielding:**

What type of message will create favorable attitudes or feelings? Marketers generally try to create agreeable messages that lead to positive feelings toward the product or service. Humorous messages often put consumers in a good mood and evoke positive feelings that may become associated with the brand being advertised. Music adds emotion that makes consumers more receptive to the message. Many advertisers use explicit sexual appeals designed to arouse consumers or suggest they can enhance their attractiveness to the opposite sex. Some marketers compare their brands to the competition (Belch & Belch, 2009).

### **2.6.4. Source/attention:**

Who will be effective in getting consumers' attention? The large number of ads we are bombarded with every day makes it difficult for advertisers to break through the clutter. Marketers deal with this problem by using sources who will attract the target audience's attention—actors, athletes, rock stars, or attractive models (Belch & Belch, 2009)

## **2.7 Steps Involved in developing promotional activities**

The development and implementation of promotional program consist of the following steps (Andersean, 1995; Jha, 1999 cited in Morrison, 2005)

### **i) Determine Objective: -**

Objective of the communication or promotion may be create awareness, to facilitate knowledge, to encourage preference/liking for the behavior, to encourage conviction to develop the intention to perform the behavior or to facilitate performance as the behavior amongst the target audience (Jha, 1999 cited in Morrison, 2005).thus the most effective campaign set fairly modest but attainable goals in terms of behavior change.(Backer et al.,1992 cited in McGrath 1995)

### **ii) Decide on the promotion mix:-**

The major elements of the promotion mix include advertising, personal selling, publicity/Public relation, sales promotion, direct marketing and Interactive marketing (Belch & Belch, 2009). A careful analyzing and evaluation of each tool is very important to address the target audience.

### **iii) Develop message**

Choosing a message to communicate to the target audience depends on an analysis of their characteristics, the benefit they seek and the meaning and effect they associate with different words and image (Jha, 1999 cited in Morrison, 2005)

### **iv) Select Channel of communication**

Effective communication vehicles and channels to which the target audience will respond and deem credible, must be selected. Channel of communication can be divided into three broad categories as mass media, selective media and personal media (Kotler&Lee, 2008). The choice of media depends on a number of factors including the nature of the target audience,educationlevel and its media habit, promotional objective, the message and its

execution, the cost and availability of media, and impact /credibility of the media with the target audience (Jha, 1999 cited in Morrison, 2005)

**v) Pretest Message**

Pretesting of the promotional aspect of the campaign with the target audience is an essential components of a successful marketing program .It ensures target audience comprehension, defects, and unforeseen interpretations, facilitate the refinement of messages and materials, and allow for selection of most effective approach (Weinreich, 1999)

**vi) Implement the promotional program**

**vii) Evaluate outcomes**

Promotional activities need to be periodically monitored and systematically evaluated Using marketing research (Jha, 1999 cited in Morrison, 2005)

## **2.8 The Role of IMC in Branding**

One of the major reasons for the growing importance of integrated marketing Communications over the past decade is that it plays a major role in the process of Developing and sustaining brand identity and equity. As branding expert Kevin Keller notes, “Building and properly managing brand equity has become a priority for companies of all sizes, in all types of industries, in all types of markets.” With more and more products and services competing for consideration by customers who have less and less time to make choices, well-known brands have a major competitive advantage in today’s marketplace. Building and maintaining brand identity and equity require the creation of well-known brands that have favorable, strong, and unique associations in the mind of the consumer (Belch & Belch, 2009).

Brand identity is a combination of many factors, including the name, logo, symbols, design, packaging, and performance of a product or service as well as the image or type of associations that comes to mind when consumers think about a brand. It encompasses the entire spectrum of consumers’ awareness, knowledge, and image of the brand as well as the company behind it. It is

the sum of all points of encounter or contact that consumers have with the brand and it extends beyond the experience or outcome of using it. These contacts can also result from various forms of integrated marketing communications activities used by a company, including mass-media advertising, sales promotion offers, sponsorship activities at sporting or entertainment events, websites on the Internet, and direct-mail pieces such as letters, brochures, catalogs, or videos. Consumers can also have contact with or receive information about a brand in stores at the point of sale; through articles or stories they see, hear, or read in the media; or through interactions with a company representative, such as a salesperson (Belch & Belch, 2009)

Marketers recognize that in the modern world of marketing there are many different opportunities and methods for contacting current and prospective customers to provide them with information about a company and/or brands. The challenge is to understand how to use the various IMC tools to make such contacts and deliver the branding message effectively and efficiently. A successful IMC program requires that marketers find the right combination of communication tools and techniques, define their role and the extent to which they can or should be used, and coordinate their use.

To accomplish this, the persons responsible for the company's communication efforts must have an understanding of the IMC tools that are available and the ways they can be used. (Belch & Belch 2009)

## **2.9 Benefits of Integrated Marketing Communication**

Research by the Centre for Integrated Marketing determined that the typical scale of benefit for marketers adopting Integrated Marketing was a 10 – 25% enhancement in business performance. This gain is achieved from a number of inter-related factors: (Assessment of Integrated Marketing Communication)

- ❖ Improvements in customer attitudes and behaviors arising from improved and more consistent experiences of brand value.
- ❖ Synergy and multiplier effects on profitability from improvements in customer attitudes and behaviors.
- ❖ More efficient (and effective) media choices and mixes as well as better deployment of communication disciplines.

- ❖ More flowing, efficient (and effective) business processes, creating higher added value.
- ❖ Substantially enhanced evaluation and improved applied learning across the brand organization.
- ❖ Improvements in staff morale, work rate, cohesion, stress and creativity □ Reduced employee replacement costs, employee cost/benefit synergies and an enhanced employee cost/customer value ratio.
- ❖ Reduction in internal fragmentation and cost holes.
- ❖ More cost effective use of agencies and business partners with better team results.
- ❖ Cost effective synergies.

Although Integrated Marketing Communications requires a lot of effort it delivers many benefits. It can create competitive advantage, boost sales and profits, while saving money, time and stress. IMC also increases profits through increased effectiveness. At its most basic level, a unified message has more impact than a disjointed myriad of messages. In a busy world, a consistent, consolidated and crystal clear message has a better chance of cutting through the 'noise' of over five hundred commercial messages which bombard customers each and every day (Assessment of Integrated Marketing Communication: Case of MSIE Page 24). Finally, IMC saves money as it eliminates duplication in areas such as graphics and photography

## **2.10 Brand**

The word Brand is derived from the old Norse word brand, which means “To burn” as brands were and still are a means by which owners of livestock mark their animal to identify them (Keller 2004). According to American Marketing Association (AMA), a brand is a “name, term, sign, symbol or design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.

## **2.11 Brand Image**

Brand image, an essential element in marketing research, is defined as “perceptions about a brand as reflected by the brand associations held in consumer’s memory” (Keller, 1998). Although the term brand image has been broadly defined and used in various ways, one general agreement of the definition is that brand image is a consumer’s overall impression of a specific brand through the influence of a consumer’s reasoned or emotional perceptions (Dobni&Zinkhan, 1990; Aaker, 1996). Brand image is formed by the combined effect of brand

associations; (Biel, 1991; Dohni&Zinkham, 1990; Yoo, Donthu, & Lee, 2000; Keller, 1998, 2003) therefore, brand association is considered an important factor in several brand image studies. Brand association is often based on the associative network model (Farquhar & Herr, 1992), in which a person's memory is made up of links and nodes: links represent relationships (positive or negative, weak or strong), and nodes represent concepts (e.g. brand associations) and objects (e.g. brands). Aaker (1991) refers to brand associations as the category of brand's assets and liabilities that include anything linked in memory to a brand. Similarly, Keller (2003) brand association as informational nodes linked to the brand node in memory that contains the meaning of the brand for consumers.

Associations come in all forms and may reflect characteristics of the product or aspects independent of the product itself (Keller, 2003). Strength, favorability, and uniqueness are three dimensions of brand associations that reflect brand image (Keller, 1998). According to Keller (1988), brand associations have been classified into three categories: (1) Attributes (product-related attributes such as ingredients and features and non-product-related attributes such as price, user imagery, usage imagery, feelings, experiences and personality) (2) Benefits (functional benefits such as healthy or nutritious and symbolic benefits such as fashion ability and prestige) and (3) Attitude (overall evaluations). He argues that a positive brand image is created by marketing programs that link strong, favorable, and unique associations to the brand in memory.

Associations that are the strongest, most favorable, and unique are most likely to be activated and contribute to the brand image (Keller, 2003).

Even though the brand image construct has been used in various technical and casual applications and a lot of researchers have measured and categorized the dimensions of brand image, there has not always been much agreement on how to measure brand image and its dimensionality (Dobni&Zinkhan, 1990). Low and Lamb (2000) assert that brand image measurement and dimensionality should be measured by different items depending on the product or service category. Several researchers focus on the role of one aspect of brand image in forming a single image construct (MacKenzie& Lutz, 1989; Kwun& Oh, 2007; Ryu et al., 2008), while other researchers propose a multidimensional structure of brand image. For example, Park

et al. (1986) propose three benefits of brand image for consumers: symbolic benefits, experiential benefits and functional benefits that can be defined as brand-unique abstract meanings. In the same vein, Hsieh (2002) includes sensory, utilitarian, economic, and symbolic brand image dimensions within a product category in his study of cars. Many researchers propose functional and symbolic concepts of brand image (Dohbi&Zinkhan, 1990; Bhat&Reddy, 1998; Sirgy&Samli, 1985). Functional brand image is likely to be referred to by product-related attributes of the brand; in other words, inherent characteristics of the brand to perform its function. In the product category, reliability, design quality and other features of the core product can be examples of product-related attributes that form a functional brand image (Grace &O’Cass, 2002). Consequently, functional brand image is gained through the intrinsic product related attributes of the brand that are intended to satisfy a customer’s basic motivations and needs. On the other hand, symbolic brand image is likely to be referred to by non-product related attributes of the brand. Therefore, it can be generally acquired from extrinsic characteristics of the brand to satisfy higher-level needs of customers such as social approval needs or personal expression that can maintain or increase their self-esteem (Keller, 1993). Accordingly, features such as atmosphere, reputation, external appearance, and the layout can be examples of symbolic brand image attributes (Kandampully&Suhartanto, 2000).

## **2.12 Brand association**

Keller (2003) Brand associations are the other informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers. Associations come in all forms and

May reflect characteristics of the product or aspects independent of the product itself. It is anything that is directly or indirectly linked in memory to a brand. In addition to product attributes and customer benefit associations’ brands gain strategic position by association with use or application, product users, celebrity, life style & feelings, product class, symbol, country of origin, other brands, and events and so on.

According to Chen A.C.H. (2001) Brand associations can be categorized into two: product associations and organizational associations. Product associations include the functional attributes like performance characteristics, consumers used to link when evaluating the brand. (Keller, 2003)

Non-functional attributes like social image, trustworthiness, perceived value, differentiation and country of the origin to the brand. Social image is about consumer's perception of the esteem in which consumers' social group holds the brand. It includes the attributes a consumer makes and a consumer thinks that others make to the typical user of the brand. ChiengFayrene Y.L. Goi Chai Lee (2011) as quoted (Lassar, 1995) Trustworthiness is a nonfunctional association. It is the confidence a consumer places in the firm and the firm's communications and as to whether the firm's action would be in the consumer's interest. Consumers put high value in the brands they trust. Chen (2001) stated organizational associations include corporate ability associations via discharging societal obligations. Aaker (1991, 1992, and 1996) delineated brand associations as assets that can provide value for companies in several ways. First, brands association can provide an important basis for differentiation. Associating the brand name can provide a unique and distinguishable attribute that will stand the brand differently. Second, brand association can represent a basis for purchase decision and brand loyalty by providing product attributes or customer benefits that provides a specific reason to buy and use a brand. Third, it can also influence purchase decision by ascribing credibility & confidence to a brand by stimulating positive feeling that are transferred to a brand. Aaker (1991, 1992,1996) fourth, brand association create value through creating a positive feeling during the use experience, serving to transform a product into something different than what it might otherwise be. Finally, it provides the basis for an extension and associations can serve to summarize a set of facts and specification that otherwise would be difficult for the customer to process and access, and expensive for the firm to communicate.

A positive brand image is created by marketing programs that link strong, favorable and unique associations to the brand in memory (Keller, 2004).

### **2.12.1 Strength of brand association**

Strength is a function of both the amount, or quantity, of processing that information receives as well as the nature, or quality, of that processing. Brand attributes are those descriptive features that characterize a product or service. Brand benefits are the personal value and meaning that consumers attach to the product or service attributes. In general the source of information creating the strongest brand attribute and benefit associations is direct experience. This type of information can be particularly influential in consumers' product decision (Keller, 2004). The

next strongest associations are likely to be formed on the basis of word of mouth or other non-commercial sources of information (Keller, 2004)

### **2.12.2 Favorability of brand association**

In the most basic sense, favorable brand associations are created by convincing customers that the brand possesses relevant attributes and benefits that satisfy their needs and wants, such that they form positive overall brand judgments. Thus favorable associations for a brand are those associations that are desirable to consumers and are successfully delivered by the product and conveyed by the supporting marketing program for the brand (Keller, 2004) Brand Image is the favorable position customers give to a particular brand as a result of its equity (Keller, 2004).

Besides marketers effort brand image can be acquired through

- ❖ Customers' direct experience with the product
- ❖ Customers' exposure to non-commercial source of information about the brand.
- ❖ Assumptions or inferences made from the brand name
- ❖ Associating the brand with a company, country, distribution channel, celebrity, place, event etc. (secondary associations)

### **2.12.3 Uniqueness of brand association**

The essence of brand positioning is that the brand has a sustainable contrive advantage or “unique selling proposition” that gives consumers a compelling reason why they should buy a particular brand. These differences may be communicated explicitly by making different comparisons with competitors, or may be highlighted without stating a competitive frame of reference. Furthermore, they may be based on product related or non-product related attributes or benefits. In fact in many categories, non-product related attributes, such as user type or usage situation, may more easily create unique associations (Keller, 2004).

## **2.13 Brand Imagery**

Brand imagery deals with the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers' psychological or social needs. Brand imagery is how people think about a brand abstractly rather than what they think the brand actually does. Thus, imagery refers to more intangible aspect of the brand. Imagery associations can be formed

directly (from a consumer's direct experiences and contact with the product, brand, target market, or usage situation) or indirectly (through the depiction of these same considerations as communicated in brand advertising or by some other source of information, such as word of mouth). (Keller, 2004). Many kinds of intangibles can be linked to a brand, but four categories can be highlighted:

### **2.13.1 User profiles**

One set of brand imagery association is the type of person or organization who uses the brand. The imagery may result in a profile or mental image by customers of actual users or more aspirational, idealized users. Associations of a typical or idealized brand user may be based on descriptive demographic factors or more abstract psychographic factors. Demographic factors might include: Gender, Age, and race or/and Income. And the Psychographic factors might include: attitude toward life, careers, possession, social issues, or political institutions. (Keller, 2004).

### **2.13.2 Purchase and usage situations**

A second set of association is under what conditions or situations the brand could or should be bought and used. Associations of typical usage situation might be based on a number of different considerations, such as particular time of the day, week, month or year to use the brand or location to use the brand; and a type of activity where the brand is used (e.g. Formal or Informal) (Keller, 2004).

### **2.13.3 Personality and values**

Brands may also take on personality traits. A brand like a person, can be characterized as being modern, old fashioned, lively or exotic. Brand personality reflects how people feel about a brand as a result of what they think the brand is or does, the manner by which the brand is marketed, and so on (Keller, 2004) Thus, consumers often choose and use brands that have a brand personality that is consistent with their own self-concept, although in some cases the match may be based on consumer's desired self-image rather than their actual image. (Keller, 2004)

### **2.13.4 History, heritage and experiences**

Brands may take on associations to their past and certain noteworthy events in the brand history. These types of associations may involve direct distinctly personal experiences and episodes or be related to past behaviors and experiences of friends, family or others (Keller, 2004).

## **2.14 Matching Communication options**

In Assessing the collective impact of an IMC program, the overriding goal is to create the most effective and efficient communication program possible. Toward the goal. Six relevant criteria can be identified.

### **2.14.1 Coverage**

Coverage relates to the proportion of the audience that is reached by each communication option employed, as well as how much overlap exists among communication options (Keller, 2004)

### **2.14.2 Contribution**

Contribution relates to inherent ability of marketing communication to create the desired response and communication effects from consumers in the absence of exposure to any other communication option (Keller, 2004)

### **2.14.3 Commonality**

Regardless of which communication options are chosen, the entire marketing communication program should be coordinated to create a consistent and cohesive brand image in which brand association share content and meaning. The consistency and cohesiveness of the brand image is important because the image determines how easily existing associations and responses can be recalled and how easily additional associations and responses can become linked to the brand in memory (Keller, 2004).

### **2.14.4 Complementarily**

Complimentarily relates to the extent to which different associations and linkages are emphasized across communication options. For example researches have shown that sales promotion can be more effective when combined with advertising (Keller, 2004).

### **2.14.5 Versatility**

Versatility refers to the extent that a marketing communication is robust and effective for different group of consumers (Keller, 2004)

### **2.14.6 Cost**

Evaluations of marketing communications on all of the preceding criteria must be weighed against their cost to arrive at the most effective and efficient communication program (Keller, 2004)

## **2.15 Review of Empirical Literature**

Regarding earlier related studies, many studies have been carried out on the subject. In this section, a few of the related studies carried out will be reviewed.

Among many studies a study by Hayan and Mokhles,(2013) reviewed. The purpose of the study was to examine the effect of promotion type and promotional benefit level on brand image. The findings of the study showed that there are not significant differences between the effect of promotion type on brand image. In addition to that which assess the effect of price discount on brand image will be stronger at high promotional benefit than free gift but the difference between them are not significant.

An article was written on the impact of advertising and sales promotion on brand equity by Zeinolabedin et.al (2012), and in its finding sales promotions are not proposed as a way for providing brand equity because it is easily duplicate and soon it is deactivated (Aaker, 1991) and only they are increased short term operation. In addition, repetitive price promotions may tow the low quality of the brand that in long term period endanger the brand because it is caused customer confusion due to difference in expected price and observed price which is caused making the image of unstable quality.

According to an article by Isabel buil.et al (2010), found that monetary promotion would have a negative effect on brand association and non-monetary promotions were positively related to brand association. In summary, the above studies fail to review effects of sales promotion on brand image.

## **Conceptual Framework**

The student researcher designed this framework based on the theories in the literature review. Currently the bank uses different Promotion instrument such as monetary and non-monetary sales promotion instruments to achieve organizational stated objectives. Thus, the study was showed the effect of sales promotion on brand image in commercial bank of Ethiopia. There are a number of sales promotion tools but only three sales promotion tools adopted by commercial bank of Ethiopia; one from monetary sales promotion which is Rebate and two from non-monetary sales promotion which is Coupon and Free gift. So these tools are used under its classification as independent variable and brand image as dependent variable. Therefore, it assessed the effect of sales promotion on brand image in CBE.

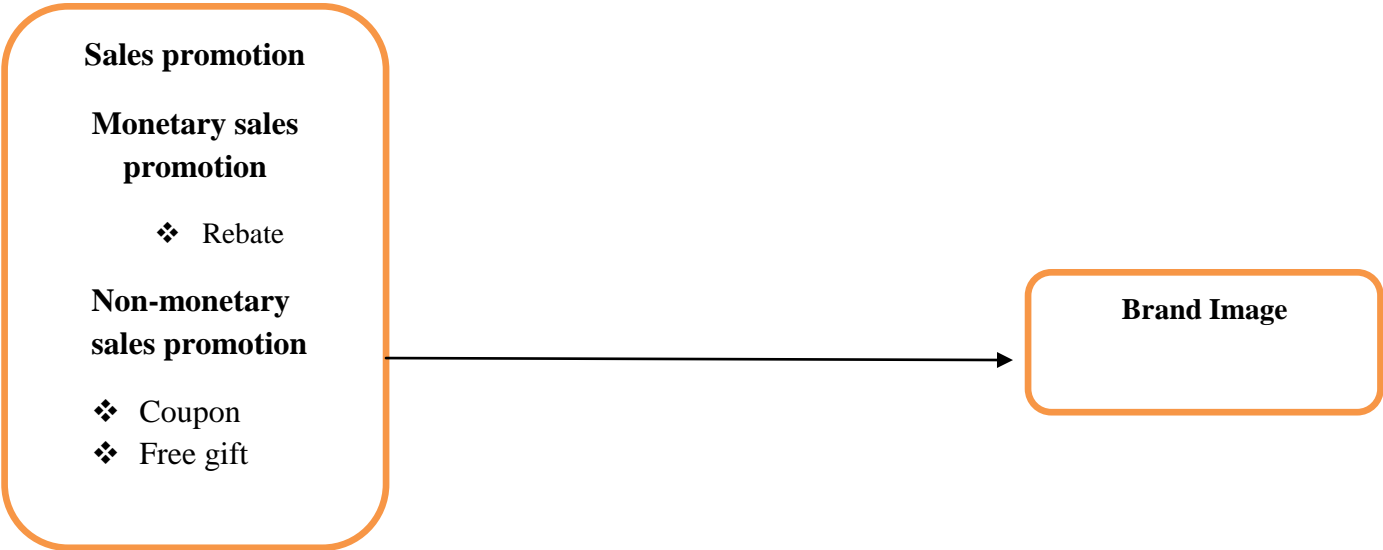


Figure 1: A Conceptual frame work of the study (Own source)

■

# **CHAPTER THREE**

## **RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Research approach**

The type of research method employed in this study was quantitative research method. Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and their relationships (Kothari, 2005). It involves studies that make use of statistical analyses and theories to obtain their findings (Marczyk & et al., 2005). The study used quantitative research using survey design. The survey method, it is hoped that the findings from the sample customers could be generalized into a large target population (Bobbie, 1990). Since this research uses systematic collection and measurement of data as well as application of statistical tools to obtain the findings, it is a quantitative research.

### **3.2 Research design**

The research design employed in this paper was explanatory type of research design on a cross-sectional basis utilizing survey method as a primary sources and revision of related literature review as a secondary source for data collection.

### **3.3 Population**

The target population in this research was the customers of Commercial Bank of Ethiopia residing in Addis Ababa. They can be referred as customers of city branches of Commercial Bank of Ethiopia.

### **3.4 Sample Size**

The sample size for this study is determined by using confidence interval approach. Furthermore, 95% confidence level is applied.

Sample size was calculated by using the following formula (Burns and Bush, 1995);

$$n = \frac{z^2 O^2}{e}$$

e = acceptable sample error at 5% (e= 0.05)

2 Where  $n$  = the sample size  $z$  = the confidential level at 95% ( $z=1.96$ )  $O$  = standard deviation ( $O = 0.5$ )

Therefore,  $n = (1.96)^2(0.5)^2 / (0.05)^2$

$n = 384.16$

The result from calculating the sample size is 384.16 samples which mean that the appropriate sample size for this study should be at least 384 samples. However, 385 sets of questionnaires were distributed.

The bank has currently 158 city branches ([www.cbcombanketh.com](http://www.cbcombanketh.com)). From which sample sizes of 385 respondents was selected and distributed to all who are willing and are the customers of city branches of the bank.

### **3.5 Sampling Techniques**

The sample targets are presumed to often use bank services to save, receive and transfer money to and from different corners of the country. Given the nature of the study (due to the unavailability of sampling frame of banks' customers or infinite population), a non-probability (Convenience) sampling chosen. However, an attempt is made to achieve geographical balance in the selection of the branches by clustering them into four districts in which respondents were selected to fill questionnaires.

There are four districts, namely East Addis Ababa, West Addis Ababa, North Addis Ababa, and South Addis Ababa District. There are also different branches under each district categorized by grade level ranging from grade II to Special Branch (Addis Ababa Branch).

Finally, the student researcher purposively selects all 22 grade IV branches found in Addis Ababa. This is because the researcher believes that Grade IV and the Special branch have multiple bank products/services which are not provided by grade II and grade III branches. More, over the number of customers served in such branches are relatively higher (larger customer base). From each branch 17 or 18 respondents selected which is due to the average number of respondents to be selected per branch is 17.5. Only those customers who are willing to fill the questionnaire were invited to participate in the study. (The detail is attached in the appendix).

### **3.6 Data Collection**

Primary and Secondary data (collected from texts, journals and magazines) data were used for this study. Fin (1995) identifies four types of data collection methods: Self-administered Questionnaires, Interviews, structured record reviews and observations.

For this study structured Questionnaires data collecting method were used. Because, primarily this method is easy to standardize and produce results that are easy to summarize, compare, and generalize. Secondly, it is easy to use large sample by fitting direct experiences into predetermined response categories. Thirdly, it contributes to reliability by promoting greater consistency; since every respondent has been asked the same list of questions. In order to obtain correct information from customers a number of close ended questions were designed.

The data was collected by distributing Questioners to customers of Commercial Bank of Ethiopia residing in Addis Ababa. With the survey method, it is hoped that the findings from the sample customers could be generalized into a large target population (Bobbie, 1990).

### **3.7 Method of Data Analysis**

The data that is gained from the questionnaires were analyzed and interpreted using statistical package for social science (SPSS) version 20. As result, descriptive and inferential analyses were conducted by employing different methods. In descriptive statistics mean values, frequencies and standard deviations of the respondent's answers were calculated. In inferential Cronbach's Alpha test takes place to assure reliability of the items. Simple regressions and correlation analysis was also used to analyze the impact and the relationship between the dependent and independent variables.

### **3.8 Research Instrument**

A questionnaire was be used by the researcher to collect the primary data. The questionnaire is of structured type. A structured questionnaire is used to increase the credibility of information that is provided by the respondents. In this approach the researcher first checked whether the respondents used the bank service for at least one year. The reliability of the study wastested by undertaking pilot study on 20 customers' and then proceeds to others.

### **3.9 Ethical Consideration**

The study considers ethical issues. When distributing questionnaires to managers of the selected branches letter of recommendation from the head office were shown and permission was asked to fill the questionnaires. Respondents" were not asked to write their name in order to increase the confidentiality of the information they give. And also the questionnaire explains that the purpose of research was for academic purpose.

## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSION OF RESULTS

#### 4.1- Introduction

In this chapter data was presented and discussed to address the research questions and objectives. The following are the main headings: response rate, respondents' general information, descriptive statistics results, reliability and validity test, Pearson correlation analysis and multiple regression analysis but before the main data collection pilot test was performed to check/pre-tested the reliability of the questionnaire developed.

#### 4.2- Response Rate

A total of 385 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	385	100%
Collected	330	85.71%
Remain Uncollected	55	14.29%

**Source:** - Own survey result, 2017

From the above table, out of 385 distributed questionnaire 330 (85.71%) were collected while 55(13.74%) of the questionnaire remained uncollected. Therefore, analysis was made based on the responses obtained from 330 questionnaires i.e. (85.71%).

#### 4.3- General Information of Respondents

The general information of the respondents include: gender, age, marital status, level of education, and customer's banking experience with CBE.

This aspect of the analysis deals with the personal data on the respondents of the questionnaires given to them. The table below shows the details of general information of the respondents.

**Table 4.2- General Information of Respondents**

<b>Variable</b>	<b>Category</b>	<b>No.</b>	<b>Percentage</b>
<b>Gender</b>	Male	221	67%
	Female	109	33%
<b>Age</b>	18-29	85	25.75%
	30-45	169	51.21%
	46-60	50	15.15%
	>60	26	7.89%
<b>Marital Status</b>	Single	104	31.52%
	Married	197	59.70%
	Other	29	8.78%
<b>Level of Education</b>	Primary school	41	12.42%
	High school	72	21.82%
	Certificate	69	20.90%
	Diploma	53	16.06%
	Degree	56	16.97%
	Masters and above	39	11.83%
<b>Banking experience with CBE</b>	Less than 5 years	122	36.97%
	5-10 years	99	30%
	11-20 years	63	19.09%
	> 20 years	46	13.94%

**Source:** - Own survey result, 2017

The general information of the respondents of Commercial bank of Ethiopia is presented in Table 4.2. Gender of respondents is 67% of them are males and 33% are females. In terms of age, 25.75% of the respondents are between 18-29, 51.21% between 30 and 45 years, 15.15% between 46-60, and 7.89% were above 60 years. The majority of the respondents are between 30-45 years of age. In terms of marital status 59.70% of the respondents are married and 31.52%

are single. The remaining 8.78% fall under other category. The respondents have an educational background of which 12.42% primary education, 21.82% high school, 20.90% certificate, 16.06% diploma, 16.95% degree and 11.83% masters and above. With regard to customers banking experience with CBE, 36.97% of the respondents have less than 5 years' experience, 30% of customers have 5 to 10 years banking experience, 19.09% of customers have 10-20 years and the remaining 13.94 customer have more than 20 years banking experience with CBE.

#### 4.4- Descriptive Statistics Results

**Table 4.3 - Mean and standard deviation of Coupon**

	N	Mean	Standard Deviation
<b>Coupon</b>	330	3.6866	0.81167

**Source:** - Own survey result, 2017

According to the analysis made all the items used to measure the effect of coupon on brand image has positive results. As presented in the above table coupon with the mean of 3.68 and standard deviation of 0.81.

**Table 4.4 - Mean and standard deviation of Free gift**

	N	Mean	Standard Deviation
<b>Free gift</b>	330	2.7797	1.09092

**Source:** - Own survey result, 2017

Free gift was also measured in a six measure items and the mean score for free gift is 2.77 and standard deviation of 1.09 as presented in the above table.

**Table 4.5 - Mean and standard deviation of Rebate**

	N	Mean	Standard Deviation
<b>Rebate</b>	330	2.3022	0.78432

**Source:** - Own survey result, 2017

Concerning Rebate effect on brand image customers have positive view; the mean result appeared to be 2.30 and standard deviation of 0.78.

**Table 4.6- Mean and standard deviation of variables**

	<b>N</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>Coupon</b>	330	3.6866	0.81167
<b>Free gift</b>	330	2.7797	1.09092
<b>Rebate</b>	330	2.3022	0.78432
<b>Brand image</b>	330	3.2399	1.17528
<b>Valid N</b>	330		

**Source:** - Own survey result, 2017

As presented in the above table, Coupon with the mean of 3.68 and standard deviation of 0.81. For free gift the mean and standard deviation is 2.77 and 1.09, respectively. For Rebate, mean and standard deviation is 2.30 and 0.78, respectively. The standard deviation is therefore a measure of how well the mean represents the data. Whereas, small standard deviation means (relative to the value of the mean itself) indicates that the data points are close to the mean. In this case, larger standard deviation (relative to the mean) indicates that the data points are distant from the mean (i.e. the mean is not an accurate representative of the data) (Andy, 2010). Similarly, high standard deviation means that the data are wide spread, which means that customers give variety of opinion and the low deviation means that customers express close opinion. Therefore from the above table we can learn that customers seem to express a close opinion and the mean is a good fit of the data.

#### **4.5 Reliability and Validity Tests**

It is important to make sure that the instrument that we develop to measure particular concept is indeed accurately measuring the variable and then in fact, we are actually measuring the concept that we set out to measure. In this case, the use of better instrument will ensure more accuracy in result, which in turn will enhance the scientific quality of the research. Hence in some way we need to assess the ‘Goodness’ of the measure developed, that is, we need to reasonably be sure that the instrument we use in our research do indeed measure the variable they are supposed to and that they measure them accurately. For this, the researcher have applied two elements of measurement i.e. validity and reliability.

Hair et al (2007) mentioned (cited from Kazi, 2010) the definition of validity as the degree to which measure accurately represent that it is supposed to; validity is concerned with how well the concept is defined by the measure (Kazi, 2010). Kazi,(2010) pointed out that the rational for internal constancy is that the individual items or indicators of the scale should all be measuring the same construct and thus be highly inter- correlated.

**Table 4.7- Measurement of Reliability of the instrument**

No	Dimension	Number of items	Alpha Value
1	Coupon	Six	0.942
2	Free gift	Six	0.848
3	Rebate	Five	0.889
4	Brand image	Four	0.935

**Source:** - Own survey result, 2017

According to Hair, et al., (2010), if  $\alpha$  is greater than 0.7, it means that it has high reliability and if  $\alpha$  is smaller than 0.3, then it implies that there is low reliability. The independent variable were tested and found to be acceptable. i.e coefficient  $\alpha$  for each scale were found reliable where cronbach alpha of variables were greater than 0.7, revealing satisfactory reliability as all items are developed based on theories and literature.

About coupon there are 6 questions covering this perspective which is used to evaluate the effect of coupon. The value of cronbach  $\alpha$  is 0.942; therefore, the reliability is good. The next is free gift, in which 6 questions also raised and the value of cronbach  $\alpha$  is 0.848; the reliability is acceptable. Rebate is the third and in which the value of cronbach  $\alpha$  0.889 from 5 question raised; the reliability. Further, none of the reliability alphas is below the cutoff point of 0.60, which is generally considered to be the criterion for demonstrating internal consistency of new scales.

To meet consistency reliability, the questionnaire was distributed to twenty customers who are similar to the population of the study. In this study, all the independent variables and dependent variable, met the above requirement. The alpha value is identified and summarized in the above table.

**Table 4.8- Reliability statistics of Overall Factor of the Likert Five Scale Questions**

<b>Cronbach's Alpha</b>	<b>N of items</b>
0.919	21

**Source:** - Own survey result, 2017

In this case , the most popular test of internal constancy reliability is the Cronbach's coefficient alpha, which is used for multipoint scale item, and the higher the coefficient ,the better the measure instrument (Andy, 2010), If the Cronbach alpha is closed to one , the higher the internal constancy reliability and understandable to the respondents.

#### **4.6 Normality test**

Normality test is 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 was checked by two terms i.e. kurtosis and skeweness using SPSS. For kurtosis the normal value is less than 3 whereas for skewness the normal value is supposed to be less than 6 (Asghar andSaleh 2012)

**Table 4.9- Skewness and Kurtosis test for each variable**

		<b>Coupons</b>	<b>Rebate</b>	<b>Free gift</b>	<b>Brand Image</b>
<b>N</b>	<b>Valid</b>	330	330	330	330
	<b>Missing</b>	0	0	0	0
<b>Skewness</b>		0.418	0.293	0.407	0.166
<b>Std. Error of Skewness</b>		0.128	0.128	0.128	0.128
<b>Kurtosis</b>		-1.400	-1.238	-1.125	-1.938
<b>Std. Error of Kurtosis</b>		0.255	0.255	0.255	0.255

**Source:** - Own survey result, 2017

The values from table 4.6 shows that skewness values are all under three for all independent variables (Coupons', Free gift and Rebate) and dependent variable (Brand image) and the same thing exists for kurtosis values which are under six for the existing variables, independent and dependent variable listed above. Therefore, from the results shown above we can say that the data was normally distributed among the sample population.

#### 4.7- Pearson Correlation Analysis

To determine the relationship between dependent variables (coupon, free gift and rebate) and brand image, Pearson correlation was computed. Table 4.7 below presents the results of Pearson correlation on the relationship.

**Table 4.10- Pearson Correlation analysis**

		<b>Brand Image</b>
<b>coupon</b>	Pearson Correlation	0.727**
	Sig. (2-tailed)	0.000
	N	330
<b>Free gift</b>	Pearson Correlation	0.566**
	Sig. (2-tailed)	0.000
	N	330
<b>Rebate</b>	Pearson Correlation	0.113*
	Sig. (2-tailed)	0.028
	N	330
<b>Brand image</b>	Pearson Correlation	1
	Sig. (2-tailed)	
	N	330

**Source:** - Own survey result, 2017

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

**\*.** Correlation is significant at the 0.05 level (2-tailed).

As cited by Andy F. (2010), Pearson's correlations require only that data are interval for it to be an accurate measure of the linear relationship between two variables. The correlation matrix is extremely useful for getting a rough idea of the relationships between predictors and the outcome, and for a preliminary look for multicollinearity. However, if we want to establish whether the correlation coefficient is significant, then more assumptions are required: for the test statistic to be valid data have to be normally distributed. As presented in the above table, the SPSS output provides correlation coefficients for the three variables. Each correlation coefficient with both the significance value of the correlation and the sample size (N) on which it is based, are displayed. The output shows that each variable is perfectly correlated with itself (obviously) and so  $r=1$  along the diagonal of the table. As per the source of the same author, usually, social

scientists accept any probability value below 0.05 as being statically meaningful and so any probability value below 0.05 is regarded as indicative of genuine effect. A correlation coefficient is a very useful way to summarize the relationship between two variables with a single number that falls between -1 and +1 (Welkowitz et al., 2006).and as cited by Morgan et al. (2004) that -1 (a perfect negative correlation), 0.0. (No correlation) and +1 (a perfect positive correlation)(kazi, 2010)

As can be seen from Table 4.10 there was a significant positive correlation between the three independent variables (Coupon, Free gift and Rebate) and dependent variable (Brand image). And the result was found to be statistically significant at ( $P < 0.01$ ) for Coupon and Free gift variables, and at ( $P < 0.05$ ) for Rebate. The table shows that coupon has a positive strong correlation with brand image. For free gift, it has a positive moderate correlation and for Rebate, it has a positive but weak correlation with brand image. This shows that all the factors have positive correlation and have an effect on Brand image.

#### **4.8- Multiple Regression Analysis**

Multiple regression analysis was employed to examine the effect of sales promotion on brand image. The following subsections present the results of multiple regressions analysis. Multicollinearity test in multiple regression analysis refers to the correlation among the independent variables (Kline, 1998).

According to (Kline, 1998) multicollinearity is not a threat if a correlation value is less than 80%. Before conducting the multiple regression analysis, the researcher examined the result of multiple correlations among the independent variables and found out that, the pair wise correlation between the independent variables is less than 80%, as shown in table 4.11. VIF (Variance Inflation Factor) is another factor for diagnosis of collinearity so it is supposed to be less than five which indicates no multicollinearity problem exists among the independent variables. The following subsections present the results of multiple regression analysis.

**Table 4.11- Multi Collinearity test**

Independent Variables	Collinearity Statistics	
	Tolerance	VIF
Coupon	0.658	1.519
Free gift	0.698	1.433
Rebate	0.928	1.078

**Source:** - Own survey result, 2017

As seen in the above table VIF results of the independent variables are less than five which indicates there is no multi collinearity among them.

The output provides some measure of whether there is collinearity in the data. Specifically, it provides the VIF (Variance inflation Factor) and tolerance statistics (with tolerance being 1 divided by the VIF) .For this, as cited by Andy, 2010, there are few guidelines from section that can be applied:

- ❖ If the largest VIF is greater than 10 then there is cause for concern.
- ❖ If the average VIF is substantially greater than 1 the regression may be biased
- ❖ Tolerance below 0.1 indicates a serious problem.
- ❖ Tolerance below 0.2 indicates a potential problem.

For the current model the VIF values are all well below 10 and the tolerance statistics all well above 0.2; therefore, we can safely conclude that there is no collinearity within our data.

## 4.9 Model summary

**Table 4.12- Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.727 <sup>a</sup>	0.529	0.527	0.80842	0.529	321.705	1	287	0.000

**Source:** - Own survey result, 2017

Predictors: (Constant), Coupon, Free gift, Rebate

In the above table 4.12 using the linear regression coefficient of R and the corresponding R<sup>2</sup>, we can assess how well the model fits the data in this 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<sup>2</sup> 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<sup>2</sup> for the model that has been derived.

The above table represents the analysis of multiple regression models for the beta coefficients of each independent variable. Independent variable accounted for 52.9% of the variance in the creation of positive brand image (R<sup>2</sup>= 0.529). Thus, 52.9% of the variation in brand image could be explained by the three independent variables (Coupon, Free gift and Rebate) and other unexplored variables may explain the variation in which brand image which accounts for about 47.1%, shown in table 4.12.

#### 4.10 Anova results

**Table 4.13- ANOVA Result for sales promotion and its effect on Brand Image**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	228.715	3	76.238	128.495	0.000 <sup>c</sup>
	Residual	169.096	327	.593		
	Total	397.811	330			

Source: - Own survey result, 2017

As indicated in table 4.13 there is statistically significant effect between independent variable (brand image) and dependent variable (sales promotion) where, (F) value was (128.495) at 0.000 which states that there is significant effect of sales promotion on brand image.

#### 4.11 Multiple regression analysis

**Table 4.14- Multiple regression analysis**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.212	.288		-3.697	.000*
	Coupon	.897	.069	.619	13.010	.000*
	Free gift	.255	.050	.237	5.125	.000*
	Rebate	.125	.060	.084	2.088	.038**

Source: - Own survey result, 2017

R<sup>2</sup>= .529, p<0.001

\*Implies results are significant at 0.01 level

\*\*Implies results are significant at 0.05 level

#### The linear regression equation

$$BI = a + (B1) C + (B2) FG + (B3) R$$

Where, BI=Brand Image

- C =Coupon
- FG=Free gift
- R=Rebate
- a= constant and
- B1, B2, B3= beta coefficients.

$$BI = 0.212 + .897C + .255 FG + .125R$$

The SPSS output in the above table 4.14 provides details of the model parameters (the beta values) and the significance of these values. So from the table, we can say that  $b_0$  is 0.212 and this can be interpreted as meaning that when no consideration is given for the three variables (when  $X=0$ ), the model predicts that 0.212 brand image 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. And, then this  $b$  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). Therefore, if coupon is increased by one unit, then our model predicts that 0.619 increase in brand image. In general the table titled coefficient helps us to see which among the three independent variables influences most the variance in building positive brand image (i.e. the most important). If we look at the column Beta under standardized coefficient, we see that the highest number in the beta is 0.619 for coupon.

# CHAPTER FIVE

## SUMMARY, CONCLUSION AND RECOMMENDATION

### 5.1 Summary

The study intended to find out the effect of sales promotion on brand image in CBE. From the analysis and data collected the following discussions, conclusions and recommendations were made. The analysis was based on the objectives of the study. The study revealed that the majority of respondents (more than 65 %) had banked with commercial bank of Ethiopia for less than ten years which was a clear indication that they were well versed with the banks changes.

The study was done to determine the effect of monetary (rebate) and non-monetary (coupon and free gift) sales promotion on brand image separately and jointly.

- ❖ Descriptive and inferential statistical techniques were used to analyze the primary data collected through structured questionnaires from Commercial bank of Ethiopia in the study. Appropriate tests are also undertaken in order to check the validity and reliability of questionnaires.
- ❖ From the Pearson correlation analysis we have found out that coupon and free gift strongly correlate with brand image and rebate weakly correlate with brand image.
- ❖ The multiple regression analysis output stated that all the three variables which are coupon, free gift and rebate positively affect brand image.
- ❖ Different Companies recognize the importance of sales promotion as a tool to achieve short-term aims (Huff.et al, 1999). Consequently, sales promotion is increasingly gaining relevance within company communication programs. Nevertheless, although promotions may prove to be useful for a rapid sales increase, these marketing tools have long-term effects. The coefficient of Rebate on brand image was found to be .084 implying relatively weaker effect on brand image at five percent level.
- ❖ Whereas non-monetary promotions i.e. gifts or contests do not damage brand image and may even help to create it (Mela.et al, 1997). Furthermore, (Mela et al. 1997) verified that these promotions made brand-loyal customers less sensitive to price. Coefficient of coupon on brand image was found to be .619 implying strong effect on brand image. And

the coefficient of free gift was found .237 implying 23.7% effect on brand image, both on one percent significance level. So the effect of non-monetary sales promotion on brand image is highly significant.

- ❖ As a result, non-monetary sales promotion build positive brand image than as monetary sales promotion.
- ❖ Even though it takes a smaller share than coupon, Rebate also contributes to positive brand image construction.
- ❖ Free gift is one of the sales promotion tools that are regularly used by the company. Unlike most literature, it has a positive effect on brand image.
- ❖ The research paper has found sales promotion as one of an essential tool to build up positive brand image.
- ❖ All in all, the sales promotional campaign used by the company has helped to build up positive brand image. These results are perfectly in line with the theories and finding stating the significance effect of positive brand image results from non-monetary sales promotion and overall sales promotion on brand image.

## **5.2 Conclusion**

Marketers spend an enormous amount of time finding out what customers really want and what promotions will be most effective. Given the very large expenditures allocated to sales 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 academics 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 brand image. As suggested in the literature reviewed, the effect of sales promotions on brand image differs according to the type of sales promotion tool used in the long term ( Montaner&Pina, 2008). Finally, the sales promotional campaign used by the company has

helped to build up positive brand image and has found sales promotion as one of an essential tool to build up positive brand image.

### **5.3 Recommendation**

Based on the study conducted and the findings of the analysis, the following remarks are highly recommended:

It is known that currently CBE is using coupon as one tool to attract customers thereby giving them additional incentives to use its services. Therefore the bank should focus on better application of the coupon method of sales promotion since it was found to prominently affect brand image.

Free gifts should also be taken as another great means of attracting wide range of customers apparently resulting in brand image boost for CBE. Nonetheless, care must be taken regarding the application of this tool since it might force the bank to incur cost.

Results of the research show that sales promotion directly influences brand image, thus, the more applicable these communication tools, the more effective they are in increasing positive brand image. Thus, managers of marketing unit of Commercial bank of Ethiopia Company with their proposed strategies try to increase the level of customers' awareness of brand and exposure to different sales promotion techniques and consequently these activities take place to increase brand image.

Rebate was not communicated to most commercial bank of Ethiopia customers in the past. Taking action in this regard could increase the effect of rebate for a rise in brand image.

Similar research focusing on tools other than the ones included in this study could render a much improved decision base for the bank in the effort to improve brand image.

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WEBSITE

[WWW.BUSINEESDICTIONARY.COM](http://WWW.BUSINEESDICTIONARY.COM) (DD 23.12.16)

[www.COMBANKETH.ET](http://www.COMBANKETH.ET) (DD 23.12.2016)

# APPENDIX

## **APPENDIX-I**

**ADDIS ABABA UNIVERSITY**

**SCHOOL OF COMMERCE**

**MASTERS OF MARKETING MANAGEMENT**

### **Questionnaires to be filled by customers of CBE**

As partial fulfillment towards the completion of my postgraduate degree, the research titled “The effect of sales promotion on brand image: The case of commercial bank of Ethiopia is undertaken. Hence, I kindly request you to fill this questionnaire while assuring you to that the information that you provide will be treated with confidentially and shall only be used for the purpose of this academic research.

Your honest response and due attention is very much important to complete the questionnaire.

Please attempt to answer all the questions and tick the appropriate box that best suits your perspective for each statement.

**Thank you very much for your time and assistance.**

Best regards

[ephigossu@gmail.com](mailto:ephigossu@gmail.com)



**PART II: PERCEPTION OF CUSTOMERS TOWARDS THE EFFECT OF SALES PROMOTION ON BRAND IMAGE**

**Instruction:** Please indicate the perception that you have on the effect of sales promotion on brand image. Based on your level of perception, choose and circle one of the available option stated from 1 up to 5. “1” for strongly disagree, “2” for Disagree, “3” for neutral, “4” for agree, and “5” for strongly agree.

N O.	DESCRIPTION	STRONG LY DISAGR EE	DISAGR EE	NEUTR AL	AGRE E	STRONG LY AGREE
	<b>coupon</b>					
1	Coupons encourage you to open a new account in CBE.					
2	I tend to visit CBE more often when a bank not introduces a coupon.					
3	Coupon influences me to make unplanned visit and positive image.					
4	I have positive perception about CBE brand image because a bank introduces a coupon.					
5	I think the regular usage of coupon have a negative effect on brand image.					
6	I would go out my way to use CBE only when a bank introduces a coupon.					

	<b>Free gift</b>					
1	I am delighted with free gifts the bank offers and let me to have a positive impression.					
2	Free gifts influence me to visit the bank more.					
3	I am only willing to work with CBE when the bank offers me free gifts.					
4	I am willing to switch brands if CBE offered me free gifts.					
5	I will have a positive attitude because of the gifts.					
6	The regular free gifts have a negative influence in my attitude towards a bank.					
	<b>Rebate(refund some %age of purchase price)</b>					
1	I would go out my way to use CBE POS machine only when a bank introduces a rebate.					
2	Rebate would help me to have a positive attitude.					
3	The regular usages of rebate have a negative influence in my mind.					
4	I think free gift and coupon have create more positive brand image than rebate (i.e. refund some percentage of					

	purchase price.)					
5	Rebate encourages me to banked with CBE.					
	<b>Brand image</b>					
1	CBE's brand image is positively placed on its promotion.					
2	Sales promotion tools are the means to build positive brand image.					
3	I choose CBE because which has a favorable image in my mind.					
4	When I think of a bank I think CBE.					

## Appendix-II

From which a sample size taken.

<b>o.</b>	<b>Name of Grade IV Branches</b>	<b>NO of questionnaires distributed in a particular branch</b>
1	<b>ADDIS KETEMA</b>	17
2	<b>MEHAL KETEMA</b>	18
3	<b>ABAKORAN</b>	17
4	<b>TEKELHAYMONT</b>	18
5	<b>ANDINET</b>	17
6	<b>BOLE</b>	18
7	<b>AFRICA AVENUE</b>	17
8	<b>MESKEL SQUARE</b>	18
9	<b>MEGENAGNA</b>	17
10	<b>ARADA</b>	18
11	<b>ARAT KILO</b>	17
12	<b>SILASSIE</b>	18
13	<b>GULELLE</b>	17
14	<b>FINFINE</b>	18
15	<b>SENGATERA</b>	17
16	<b>LIDETA</b>	18
17	<b>TEMENJA YAZ</b>	17
18	<b>KIRKOS KEBELE</b>	18
19	<b>GOFA SEFER</b>	17
20	<b>NIFAS SILK</b>	18
21	<b>MINASE LEMMA</b>	17
22	<b>ADDIS ABABA</b>	18