

# **A Study on Sale Promotion and Organizational Performance of Yoke Pyo Co., Ltd in Shwe Bo**

KHAING SHAN MYINT

Lecturer

Department of Management Studies

## **Abstract**

The objectives of the study are to identify sales promotional of Yoke PyoCo.,Ltd in Shwe Bo and to examine the relationship between sales promotion and organizational performance of Yoke PyoCo.,Ltd in Shwe Bo. In this study, the simple random sampling method was employed. Structure questionnaire was applied to collect data from (51) respondents. Results show that there is relationship between sale promotion and organizational performance of Yoke Pyo in Shwe Bo. Then, the study sales promotion showed that short term promotional activities designed to stimulate customers buying or co-operation from distributors, sales agents, or other members of the trade and have effect on organizational performance. Sales promotions have effect on organizational performance such as financial, market share and shareholder return. It can be recommended that full benefit effective and efficient sales promotion campaign that can also stimulate the consumers' awareness thereby leading to greater purchase of their products.

**Keywords: Yoke Pyo, Sales Promotion, Relationship, Stimulate.**

## **1. Introduction**

Nowadays, the world's economy is becoming globalized. Management of organizations therefore strive to improve their firm performance through marketing activities such as promotional incentives (Pauwels et al., 2004). Advertising and sales promotion are an integral part of our social and economic systems. Organizations is undertaken sales promotion to increase in sales, usage or trial of a product or services (i.e. initiation that is not covered by other elements of the marketing communication/promotional mix). Sales promotion is a crucial component of an organizations overall marketing strategy along side advertising, public relations, and personal selling. Sale promotion acts as a competitive weapon for the target customers to purchase or support one brand over another by providing an differentiating incentive. It's particularly effective in spurring product tests and unplanned purchases (Aderemi, 2003).

Sales promotion has become an efficient marketing tool that helps organizations to wax stronger in a competitive environment. The main objective of every organization is usually to maximize profit, have largest market shares and to become leader in a market competitive environment. Most marketers accepted that a product or service has a longtime perceived price or value, and that they use sales promotion to differentiate that price value relationship by increasing the worth and/or lowering the price compared with other elements of marketing mix.

Yoke Pyo Co., Ltd. is faced with both a competitive and dynamic market setting, through the company is doing many things to maintain its leadership role in the industry. The company has also applied marketing concepts as the basis for its marketing operations. It has become necessary for the company in order to continue informing and reminding its customers on how its brand services are different from the other in the market. Every business organization that determinesto succeed has to adopt an effective and efficient system for the promotion, distribution and sales of its services.

### **1.1 Rationale of the Study**

Sales promotion efforts are directed at final consumers and designed to motivate, persuade and remind them of the products are offered(Ampsonah Nti,2018).Kotler (2003) defined sales promotion that includes tools for consumer promotion (sample, coupons, cash refund offer, price off, premiums, prize, free trials, warranties, cross promotion point-of-purchase display); trade promotion

(price off, advertising and allowances);and sales-force promotion (trade show and conventions, contests for sales reps, and specialty advertising).

The different sales promotion tools are used according to their specific objectives. Sellers use incentive-type promotions to accept new triers, to reward loyal customers, and to increase the repurchase rates of occasional users. Sales promotions often attract brand switchers, who are trying to find low price, good value, or premiums(Kassahun,2013). If a number of them would not have otherwise tried the brand, promotion can yield long-term increases in market share.

Pressure from competitors and competition has increased to the demands for sales promotion in recent times. The increased competition has left companies to differentiate their services and product on price and not the opposite features of the service or product. A firm may feel obliged to also come out with its own sales promotion for consumers to benefit from the service lest they face out of the competition if competitors offer price reduction (Amponsah Nti,2018).

Sales promotion tools are main critical marketing issues that every organization is confronted with on a daily basis. Therefore, this study also aims to know the relationship between Sales Promotion and organizational performance.

## **1.2 Objectives of the Study**

The specific objectives of the study are as followed:

1. To identify the sale promotion tools of Yoke PyoCo.,Ltd in Shwe Bo.
2. To examine the relationship between Sales Promotion and organizational performance.

## **1.3 Scope and Limitation of Study**

This study is the sales promotion of the Yoke Pyo Co., Ltd with employee perception. The results from this study covered the only Yoke Pyo Co., not cover all indigenous medicine firms.

## **1.4 Method of the Study**

Data is collected by using simple random sampling method. The primary data are obtained from respondent that are collected with the questionnaires for sales promotion and organizational performance of Yoke Pyo in Shwe Bo. The secondary data are collected from the related articles, books and journals. The fifty-one respondents are randomly selected from (230) staffs of Yoke Pyo. The study applied a descriptive and inferential analysis.

## **2. Literature Review**

### **2.1 Sales Promotion**

Kotler (2003) defined sales promotion includes a various collection of incentive tools, mostly short-term, designed to stimulate quicker and/or further purchase of a product by consumers or the trade (Dionho, 2013). The direct inducement or incentive to the agents, or the consumer is sales promotion with the primary objective of creating an immediate sale. Sales promotion is unique in that it offers an additional incentive for purchase action (Adrian Palmer, 2004). Sales promotion refers to the promotion activities stimulate interest, trial or purchase by final customers or other in the channel(Pembi, 2017). Chitralka B (n.d) stated that sales promotion is marketing activities aside from personal selling, advertising, publicity and stimulate consumer purchasing and dealer effectiveness such as shows, display and exhibitions, demonstrations and various non-recurrent selling efforts not within the original routine.

George E.Blech& Michael A. Belch: 2013., studied that sales promotion, a direct inducement, gives an additional value or incentive for goods and services to the sales force, distributors, or the final consumer with the goals of creating an current sales (Sirohi).

First, sales promotion includes some type of inducements that provides an additional incentive to buy. This incentive is usually the key element in a promotional program; a coupon or

price reduction, the opportunity to enter a contest for the participating brands. Most sales promotion tools offer to add some value to the product or service.

Sales promotion can also provide the motivation for consumers, distributors, wholesalers and retailers. Manufacturers provide a trade allowance or discount to retailers a financial incentive to maintain and promote a manufacturer's products. To perform certain tasks or meet sales goals, a trade contest directed toward wholesalers or retail personnel gives them extra incentive.

Second point is that sales promotion is an essential tool that designed to speed up the selling process and increase in sales volume. Companies also use to accelerate the purchase process with limited-time offers such as price-off deals to retailers or a coupon with an expiration data. Sales promotion can lead to maximize sales volume by motivating customers who have not responded to advertising. The idea sales promotion program generates sales that would not be achieved by other means. However, many sales promotion offers end up being used by current users of a brand rather than attracting new users.

A final point concerning sales promotion activities is targeted to different parties in the marketing channel. There are two categories: consumer-oriented and trade-oriented promotions in sales promotion. The samples, coupon, premiums, contests and sweepstake, refunds and rebates, bonus packs, price-offs frequency programs, and event marketing are consumer-oriented sales promotion include. These promotions are targeted to consumers and are designed to attract them to purchase the marketer's products and services. Sirohi (n.d) stated that dealer contests and incentives trade allowances, point-of-purchase displays, sales training programs, trade shows are trade-oriented sales promotion. For the study, the promotion tools are the following:

#### Samples

A free amount of a product or service delivered door-to-door, sent in the mail, picked up in a store, attached to another product, or features in an advertising offer are samples to attract for consumers (Nakshita,R).

#### Coupon

A stated savings on the purchase of a specific product: mailed, enclosed in other products or attached to them, or inserted in magazine and newspaper ads are certificates of coupons.

#### Premiums

Premiums that offer free items or at a reduced price with the purchase of another item

#### Free Trials

Free trials are drawing prospective purchases to try the product without cost in the hope that they will buy.

#### Price-off

These are a direct reduction in the purchase price with the offer clearly labeled on the package or point of purchase display.

#### Cash refund offers (rebates)

Cash refunds provide a price reduction after purchase: consumer sends a specified "proof of purchase" to the manufacturer who "refunds" part of the purchase price by mail(Kotler, 2003).

#### Point-of-Purchase display

Point-of-Purchase display and demonstrations take place at the point of purchase or sales (Kotler, 2003).

## 2.2 Organizational Performance

Organizations accepted sales promotional activity that occurs within an organizational context. Organizational performance comprises the particular outputs or outcomes of it as measured against its intended outputs (or goals and objectives). Tandoh& Sarpong (2015) defined (a) financial performance, (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added, etc) as organizational outcomes. To effect the financial, market share and shareholder return, sales promotion tools can conduct on organizational performance. (Tandoh&Sarpong,2015).

### 3. Analysis of Sales Promotion tools and Organizational performance of Yoke PyoCo.,ltd.

This part is to study the demographic characteristics of the respondents that are obtained from the survey and are used to make general observations on the data such as gender, age, marital status, designation, educational level and so on.

**Table 1 Number of Respondents by Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Male	8	16
Female	43	84
Total	51	100

Source; Survey Data,

Above the table 1 shows that it can be found that most of the respondents 43 (84%) is female and male is 8(16%) of respondents.

**Table 2 Number of Respondents by Age**

<b>Age</b>	<b>Frequency</b>	<b>Percentage (%)</b>
18-20 years	8	16
21-30 years	28	55
31-40 years	13	26
41-50 years	2	4
Total	51	100

Source; Survey Data,

In the above table 2, it can be seen that 16% of the respondents are between 18 and 20 years, 55% are between 21 and 30 years, 26% are between 31 and 40 years and 4% are between 41 and 50 years.

**Table 3 Marital Status of Respondents**

<b>Marital status</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Single	16	32
Married	35	68
Total	51	100

Source; Survey Data,

The table 3 indicates that 32 % of the respondents are single and 68 % are married.

**Table 4 Number of Respondents by Education Level**

Education Level	Frequency	Percentage (%)
High School	3	6
Diploma	9	18
Graduate	39	76
Total	51	100

Source; Survey Data,

In education level, most respondents are graduate holders accounting for 76% of the respondents, while Diploma and High School holders are 18% and 6% respectively.

**Table 5 Number of Respondents by Designation**

Designation	Frequency	Percentage (%)
Manager	6	12
Supervisor	9	18
Staff	25	49
Other	11	21
Total	51	100

Source; Survey Data,

The table 5 indicates that 12% of the respondents are manager, 18% are supervisor, 49% are staff and 21% are others.

**Table 6 Increase in Market Share**

Increase in Market Share	Frequency	Percentage
Disagree	1	2
Neutral	8	16
Agree	40	78
Strongly Agree	2	4
Total	51	100

Source; Survey Data,

According to Table, seventy eight percent respondents agree "sales promotion tools can increase in market share". And,16 % of respondents are neutral about whether sale promotion increases in market share. Then, 4% of respondents strongly agree that sales promotion increase in market share. The rest are 2%of respondents. This implies that sales promotion can increase in market share.

**Table 7 Increase the sales volume**

Sales Volume	Frequency	Percentage
Neutral	8	16
Agree	36	70
Strongly Agree	7	14
Total	51	100

Source; Survey Data,

Table 7 demonstrates, 36 respondents agree that sales promotion can increase sales volume. It is the largest and this represents 70%. Only 7 respondents strongly agree for increase sale volume. The results of Table 7 imply that sales promotion can increase the sales volume of the organization.

**Table 8 Increase the profit of the organization**

Increase the profit	Frequency	Percentage
Neutral	11	21
Agree	33	65
Strongly Agree	7	14
Total	51	100

Source; Survey Data,

According to the table 8 , 65 % of respondents agree that sales promotion can increase the profit. 21% of respondents are neutral and 14% of respondents strongly agree. This implies that sales promotion can increase the profit of the organization.

**Table 9 Increase the shareholder returns of the organization**

Increase the shareholder return	Frequency	Percentage (%)
Neutral	13	25
Agree	31	61
Strongly Agree	7	14
Total	51	100

Source; Survey Data,

As show in the table 9, 61% of the respondents agree, 25% of the respondents are neutral, 14% of the respondents are strongly agree. This implies that sales promotion can increasing the shareholder return of the organization.

**Table 10 Attract potential customers**

Attract potential customers	Frequency	Percentage (%)
Disagree	1	2
Neutral	14	27
Agree	28	55
Strongly Agree	8	16
Total	51	100

Source; Survey Data,

Above the table 10, 55 %of the respondents agree that attract potential customers whereas 16% strongly agree that sales promotion can attract potential customers. However, 27% of respondents are neutral and 2%of respondents disagree for attracting customers.

Respondents are asked sales promotion tools questionnaire to identify organizational performance in Yoke Pyo co., Ltd. in Shwe Bo. There are(9) questions with likely scale that are related to Free sample,Refunds and rebates, Free trials, Point of purchase,Bonus, Premium, Coupons, Trade show, Price-off. There are (9) close-ended questions which are related the sales promotion Tools. Mean value of each factors are calculated and presented in the following table.

**Table 11 Mean for Sales Promotion**

<b>Particulars</b>	<b>Mean</b>	<b>Standard deviation</b>
Free sample	4	0.77
Refunds and rebates	3.9	0.72
Free trials	4	0.76
Point of purchase	3.9	0.71
Bonus	4	0.77
Premium	3.9	0.73
Coupons	3.9	0.72
Trade show	4.1	1.01
Price-off	4	0.78
Overall	3.9	0.74

Source; Survey Data,

According to the Table 11, “Conducting trade show” is a promotion for most respondents. Since mean value of this factor is 4.1 which is between the mean score of agree and strongly agree. Most respondents agree the five sales promotion tools that are free sample package with the existing product before launch to the market, free trial customers before purchase, additional products at the regular price in an enhanced package and direct reduction in the purchase price with the offer clearly labeled on the package or point of purchase display. Finally, it can be concluded that most number of respondents will desire to use increasingly sales promotion tools than ever before.

Organizational performance included three dimensions. Organizational performance is related with shareholder return, financial performance and product market performance.

**Table 12 Correlation between Sales Promotion Tools and Organizational Performance**

<b>Sales Promotion Tools</b>	<b>Organizational Performance</b>
Free sample	0.835
Refunds and rebates	0.609
Free trials	0.408
Point of purchase	0.361
Bonus	0.465
Premium	0.609
Coupons	0.343
Trade show	0.461
Price-off	0.835

Source; Survey Data,

Table (12) demonstrates the correlation coefficient for dependent variable i.e., organizational performance and independent variables i.e., nine dimension of sales promotion. Pearson correlation coefficients illustrate that there are positive relationship between independent variables and organizational performance. The correlation coefficient between free trial, bonus, point of purchase, coupon and trade show and dependent variable, organizational performance are between size of correlation .30 and .50. This shows that there is relationship between sales promotion and organizational performance. But they are low correlation. The correlation coefficient between refund and rebates, premium and dependent variable, organizational performance are between size of

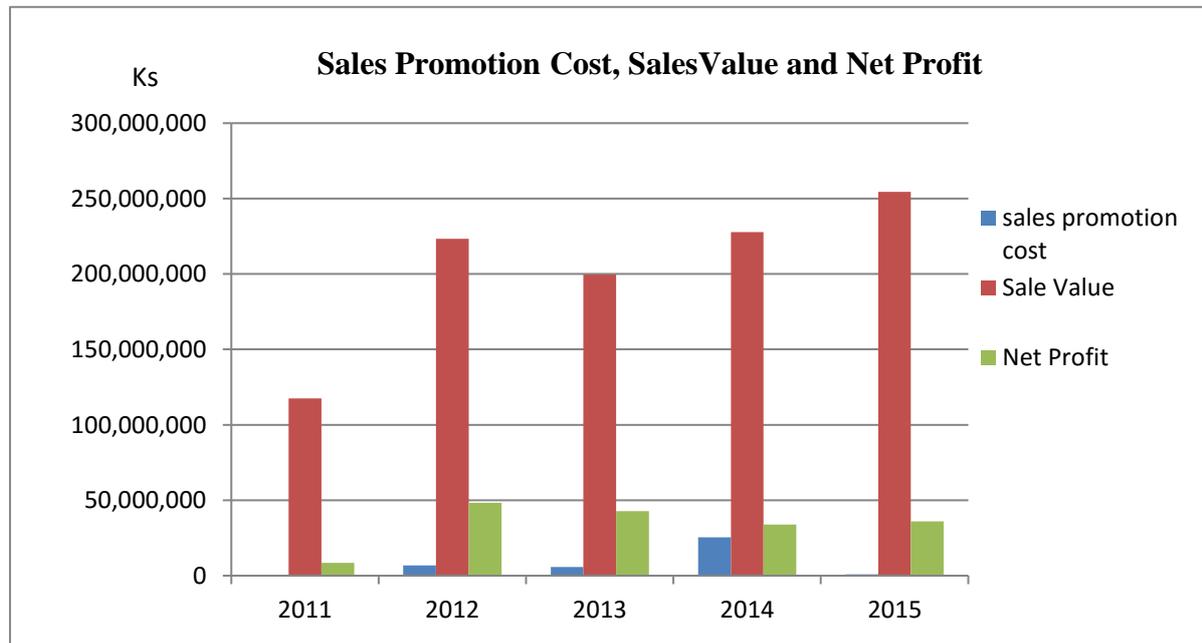
correlation .50 and .70. This shows that there is relationship between sales promotion and organizational performance. But they are moderate. The correlation coefficient between free sample and point of price-off and dependent variable, organizational performance are between size of correlation .70 and .90. This shows that there is relationship between sales promotion and organizational performance. Besides, they are high correlation.

**Table (13) Sales Promotion Expenses, Sales Value and Profit by Year**

Sr No.	Year	Sales Promotion Expenses (Ks)	Sales Value (Ks)	Net Profit (Ks)
1	2011	-	117,534,026	8,565,412
2	2012	6,904,000	223,295,695	48,366,173
3	2013	5,723,325	199,736,145	42,689,007
4	2014	25,502,806	227,739,304	33,849,007
5	2015	977,510	254,546,340	35,917,106

Source; Survey Data,

**Figure 1 Sales Promotion Cost, Sales Value and Net Profit**



As show in the table (13), in Year 2011, Yoke PyoCo.,Ltd do not conduct Sales Promotion .Sales Value and Net Profit are 117,534,026 and 8,565,412. In Year 2012, it began to conduct Sales Promotion. As soon as sale promotion began, sales value increase from ks 117,534,026 to ks 223,295,695 when the company spend ks 6,904,000 for sales promotion expenses. Besides, net profit also increases from ks 8,565,412 to ks 48,366,173.

And company continue to perform sales promotion in year 2013, the company does not spend sale promotion expenses as before sales value decrease from ks 223,295,695 to ks 199,736,145. Similarly, net profit also decreases from ks 48,366,173 to ks 42,689,007.

But the company spend to increase ks 25,502,806 sales promotion expenses, in year 2014. Although sales value increase in 2014, net profit is ks 33,849,007 due to increasingly spend for promotion expenses.

Although the company spend less sales promotion expenses, ks 977,510 in year 2015 than sales promotion expenses ks 25,502,806 in year 2014, sales value and net profit are greater than last year. Because the customers aware, accept and consume the product due to increasingly conduct sales promotion in year 2014.

## **4. Conclusion**

### **4.1 Finding**

From the findings, majority of the respondents accept the facts that sales promotion can increase in market share. This is found in table (6) where 78% of respondents agree. And table (7) demonstrates that most respondents agree sales promotion can increase sales volume of the organization. According to the table (8), 65 % of respondents agree that sales promotion can increase the profit of the organization. As show in the table (9), 61% of the respondents agree that sales promotion can increase the shareholder return of the organization. Then, table (10) also shows that 55 % of the respondents agree that sale promotion can attract potential customers.

By analyzing the mean value of all items for sales promotion tools; bonus, premium, price off, free sample, trade show, refund, sample trial, point of purchase are greater than 3.5. Thus, it can be found that there are sales promotions in Yoke Pyo Co., Ltd.

According to the results, the correlation coefficient between sales promotion and organizational Performance is size of correlation .30 and .90. This shows that there is relationship between sales promotion tools and organizational performance.

The company spend less sales promotion expenses, ks 977,510 in year 2015 than sales promotion expenses ks 25,502,806 in year 2014, sales value and net profit are greater than last year. Because the customers aware, accept and consume the product due to increasingly conduct sales promotion in year 2014.

### **4.2 Suggestion and Recommendations**

As the results, Yoke Pyo Co., Ltd is currently implementing sales promotions. However, it is still needed to apply increasingly because the overall mean value of all items for sales promotion is 3.9.

According to the results, the correlation coefficient between sales promotion and organizational performance is size of correlation .30 and .90. This shows that there is relationship between sales promotion and organizational performance. But some are low correlation and some are moderate and high correlation. Thus, sales promotion should be more applied than before. Finally, every business should apply promotion mix to be maximized profit, have largest market shares and to become leader in a market competitive environment.

### **4.3 Conclusion**

Sales promotion is an important tool for businesses success and for attracting existing and new customers. If an organization effective and efficient sales promotion tools, it will not only encourage large purchase but it will also increase the sales performance of an organization.

The study concludes that promotion activities can induces customers to consume products in the market. Thus, they can increase the consumption rate and organizational performance for the businesses. Therefore, the managers have to study, explore and practice the effective sale promotion activities to be competitive in the market for their businesses.

