BINDURA UNIVERSITY OF SCIENCE EDUCATION

A SURVEY ON THE IMPACT OF SALES PROMOTION ON PROFITABILITY OF RETAILERS. A CASE STUDY OF OK ZIMBABWE FROM 2009 TO 2013

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A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE BACHELOR OF BUSINESS STUDIES HONOURS DEGREE IN MARKETING OF BINDURA UNIVERSITY OF SCIENCE EDUCATION. FACULTY OF COMMERCE

(OCTOBER 2013)
ABSTRACT

The study primarily sought to survey the impact of sales promotion on profitability of retailers. The main objectives of the study were to establish the sales promotion techniques being used by retailers, to establish whether sales promotion stimulates sales volume and also to determine whether sales promotion influences profitability. This research is important to the boards, management and staff in the retail sector. The literature reviewed the theoretical and empirical aspects of sales promotion. Causal research design was used in the study. This enabled the researcher to gain insight into the general nature of sales promotion and techniques being used in the retail sector and also to explain the relationships between sales promotion and sales volume and profitability. Data was collected from both primary and secondary sources through questionnaires, interviews and company reports. Descriptive statistics on SPSS on version 16.0 was used to analyse the data. The study revealed a correlation coefficient (r) of 0.870 and R square of 0.757 that statistically depicts a strong positive relationship between the variables sales promotional budget and sales performance. The Pearson’s correlation coefficient (r) for profitability was 0.843 and R square 0.711 with a Sig. F Change of 0.073 which is below 0.1 implies that there is a strong positive relationship between sales promotions (independent variable) and profitability (dependant variable). Special price and price off forms of promotions were found to be popular at OK Zimbabwe. The results show that, sales promotion stimulate sales volume and also sales promotion influences profitability. The researcher concluded that sales promotion stimulates sales volume and profitability. The researcher recommended that much attention should be devoted to relationship marketing thus building relationships with customers with the sole aim of retaining customers.