

Analysis of Marketing Communication Tools and Sales Performance in Business Organizations in Kenya. A Case of Public Service Bus Companies in Mombasa.

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ABSTRACT

Marketing communication tools are a fundamental part of a company's marketing efforts and they include all the messages and media used to communicate with the target market with the intention of increasing product sales. This research project focussed on the analysis of marketing communication tools and sales performance in business organizations. It focussed on the case of public service bus companies operating in Mombasa with a fleet of ten (10) or more buses. It was conducted between March 2014 and June 2014. The study aimed to determine the effects of Advertising, to evaluate the effects of sales promotions, to examine the effects of personal selling and to analyse the effects of Public Relations on the Sales performance of Public service bus companies in Mombasa. It relied on primary and secondary sources of data to provide insights that helped to answer the research questions. The study was based on the Diffusion of innovations theory and The Hierarchy of effects model as its theoretical frameworks. The Descriptive research design was used and Data was collected through personally administered questionnaires. The target population was twenty one (21) bus companies operating in Mombasa and respondents were their Marketing and operational managers. A census of the target population was done and data analysis of the data collected by questionnaires was done using SPSS software. Descriptive statistics and correlation analysis was used to describe the findings after which presentation was done using tables and pie charts. Findings showed there is a positive relationship between Advertising budgets and ticket sales because an increase in Advertising budgets led to an increase in ticket sales. The respondents strongly agreed that Advertising and Sales promotions affect the sales performance of the bus companies in Mombasa to a very great extent, Personal selling moderately affects the sales performance while Public Relations was found to have the lowest effect on the sales performance. The study concluded that Advertising and Sales Promotion affect sales performance of the bus companies the most, Personal selling affects sales to a moderate extent while Public Relations has a very low impact on the sales performance of bus companies in Mombasa. The study recommended that the bus companies should develop creative Adverts that emphasise the benefits or unique selling points of the companies' offers as well as widening the scope of the media used while Sales Promotions should only be used when there is a decline in demand. For personal selling, company employees who deal with customers should be trained in aspects of customer service to affect customer interactions and sales positively. The bus companies should also participate more in Public Relations activities such as Exhibitions and open days to enhance public awareness of the companies and their services or offers.

KEYWORDS: Marketing Communication Tools. Sales Performance and Public Bus Service

1. Introduction

The research was about analysis of Marketing Communication tools and sales performance in business organizations. It focused on public service bus companies that operate in Mombasa, Kenya. In the current business environment, market positioning is a competitive tool and hence business organizations need to maximize the potential of integrated marketing communication tools (Weifels, 2002). An organization may have innovative and quality products but its success depends on how its managers communicate about its products with target customers to influence sales positively. This is done using Marketing Communication tools as the

main persuasive element to Communicate and impart certain perceptions of the company and its products to customers and other stakeholders (Glazer, 2000).

Public road transport remains a primary means of transport for people worldwide as they provide mobility services. In the United Kingdom, public bus services are dominated by the Stagecoach Group which also operates in the United States, Canada and Mexico. The level of competition and market dynamics in the United Kingdom led to the collapse of a public bus company in 2012 by the name RH Bus Company which cited increased operational costs as the reasons for its closure. However Stagecoach Company continues to dominate the industry in the United Kingdom. The situation is similar in Tanzania where the Dar express company leads in regional transport but the once popular Scandinavia bus company went into receivership in the year 2010 citing stiff competition and high operating costs. In Uganda, Nile coach is dominating but the Gasobus Company offering inter-city services went into receivership in 2013 as it was unable to maintain its fleet and pay its employees.

In Kenya, the industry is also characterized by stiff competition but has witnessed the entry of foreign investors such as Horizon coaches from Turkey. However, stagecoach from UK, Kenya bus services and Akamba bus companies also collapsed between the years 2002 and 2012 citing stiff competition and inability to maintain their fleets and pay their debts. These developments have left Coast bus, Mash and other companies as alternative choices in the Kenyan market. According to Kotler and Keller (2010), the main goal of marketing communication is to attract customers and to build profitable and long term relationships with them in order to achieve positive sales returns. Business success is influenced directly by the nature of the managerial decisions made by an organization's managers. These decisions and their implementation will affect business performance (Glazer, 2000). The public service vehicle industry in Kenya is competitive with both new entrants and old companies trying to overcome the treacherous terrain consisting of stiff competition, increased government regulations which affect sales revenue and increased operational costs. This has seen previous industry leaders such as Akamba bus, Kenya bus and Stagecoach collapse and exit the industry.

These developments have seen the remaining companies such as Coast bus, Mash and Horizon coaches to expand their fleet by purchasing new buses and introducing new route as they attempt to boost their sales revenues. The bus companies in Mombasa have adopted a variety of marketing communication tools to communicate their unique value proposition to target customers. Therefore, this research sought to investigate marketing communication tools and how they affect the sales performance of public service bus companies in Mombasa. This was in line with the recommendations of Sathish (2011), Aila (2012) and Muendo (2011) who all recommended further studies in the area of marketing communication and sales performance of business organizations.

2. LITERATURE REVIEW

2.1 Theoretical Review

Marketing Communication is the main element Business organizations can use to connect with their customers by communicating ideas and product information with the intention of imparting particular perceptions of the products to customers and other stakeholders. Communication has been traditionally approached and managed from the fictional perspectives of informing, persuading, reminding and reinforcing. Duncan,(1998) observed that many marketing roles especially in the services sector, consist of positions in which communication represents the Central element of marketing activities.

According to Kitchen and Schultz (2000), Marketing Communication is at the very core of all Company activities under the slogan "you cannot not communicate." According to these authors, organizations should integrate a wide range of activities and functions to influence the flow of information between an organization and its stakeholders because the marketing environment has become technologically dynamic. Organizations that are new in the market or have new products have a stronger need to communicate. This research was based on the following marketing communication theories:-

Diffusion of Innovations Theory

Rogers (1995) developed the diffusion of innovations theory to explain how marketing communication tools as well as interpersonal contacts provide information and influence opinion and judgment of the target audience. According to Rogers (1995) the Model consists, of four stages which are invention, diffusion or communication through the social system time and consequences. It explains how different categories of customers adopt new products at different periods of time with innovators (2.5%) being the first, early adopters (13.5%), early majority (34%), late majority (34%) and laggards at 16% in this order respectively. The theory further states that the rate of adoption always depends on the product's complexity, relative advantage, trialability, compatibility and observability. This theory implies that business organizations should strive to deliver marketing messages through a variety of marketing communication tools in order to increase the rate of adoption of a new product.

The Hierarchy of Effects Theory.

The Hierarchy of effects theory or model was also developed by Lavidge and Steiner (1961) and this marketing communication model suggests that there are six steps from viewing a product advert to product purchase. The job of the advertiser is to encourage the customer to go through the six steps and purchase the product. The six steps are Awareness, Knowledge, Liking, Preference, Conviction and finally purchase. According to Lavidge and Steiner (1961), it is a hierarchy of effects because the number of customers reduces as you move from one stage to another which implies that business organizations should try their best to get as many customers as possible to the final stages of purchase through creative marketing communication messages that convey unique value or service propositions to the target audience.

3. RESEARCH METHODOLOGY

3.1 Research Design

A research design is the methodology and procedures employed to conduct a study and it defines the study type as well as the data collection methods that were used in a study (Kothari, 2003). The research was a case of public service bus companies operating in Mombasa. The descriptive research design was used to help provide answers relating to the research problem. Kothari (2003) supports this design because it helps to obtain information concerning the current status of the phenomena and to describe what exists with respect to the research variables. Descriptive design is also suitable for small research budgets and it can provide detailed information that leads to important recommendations on the research problem.

3.2 Target population

A target population is the entire group of people or entities that the researcher is interested in and for which the researcher wishes to draw conclusions (Kothari, 2003). The target population for this research was 42 respondents comprised of 21 Public Service bus company operations managers and 21 public service bus company marketing managers. This was because companies with a large fleet were likely to have good management capable of making decisions regarding Advertising, Public Relations and other Marketing Communication tools.

3.3 Sampling Design

Since the target population was small in number, the sample size was taken as the target population of 42 respondents. Kothari (2003), supports the census of small target populations to provide reliable findings. In each of the twenty one companies selected, Marketing Managers and Operations Managers were selected as respondents for the research through judgement sampling because of their knowledge on the research title.

Table 3.1 Public Service Bus Companies in Mombasa

Company Name	Population			Sample Size		
	Operationsmanagers	Marketing managers	Total	Operationsmanagers	Marketing managers	Total
Randa coach	1	1	2	1	1	2
Horizon coach	1	1	2	1	1	2
Spanish coach	1	1	2	1	1	2
Dreamline coach	1	1	2	1	1	2
Mesina Coach	1	1	2	1	1	2
2NK Sacco	1	1	2	1	1	2
Chania Genesis Bus	1	1	2	1	1	2
Crown Bus	1	1	2	1	1	2
West Coach	1	1	2	1	1	2
Busways Coach	1	1	2	1	1	2
TSS Coach	1	1	2	1	1	2
Mombasa Raha	1	1	2	1	1	2
Chania special	1	1	2	1	1	2
Coast Bus	1	1	2	1	1	2
Imani Coach	1	1	2	1	1	2
Tahmeed Coach	1	1	2	1	1	2
Modern Coast Bus	1	1	2	1	1	2
Simba Coach	1	1	2	1	1	2
Mash Express	1	1	2	1	1	2
Taweel Coach	1	1	2	1	1	2
Vanga Coach	1	1	2	1	1	2
TOTAL	21	21	42	21	21	42

Source: Researcher (2014)

3.4 Data collection instruments

Data collection was done using personally administered questionnaires to collect primary data. The questionnaire was chosen because the researcher can establish rapport and motivate the respondents, doubts can be clarified and an almost 100% response rate is ensured.

3.5 Data analysis and Presentation

The data collected was edited to remove errors which could affect the validity of the findings. The SPSS software was used in data analysis. Descriptive statistics was used to describe the findings so as to answer the research questions. Data was presented in form of tables and pie charts to help in providing the visual impact. According to Mugenda and Mugenda (1999), Descriptive statistics allows the researcher to carefully describe and understand the findings. It also allows summary of data without using probability formulations hence it simplifies descriptions of data.

3.6 Validity and reliability of research instruments

According to Mugenda and Mugenda (1999), Validity is the degree to which the data collected is able to achieve objectives of the study. The researcher tested the validity of the research instrument by subjecting it to a critical evaluation by the Supervisor at Mt. Kenya University. To determine the reliability of the research instrument, the researcher did a pilot test by administering the questionnaire to five (5) respondents working in bus companies in Mombasa that did not participate in the study and the results critically evaluated to improve the Questionnaire.

4. DATA PRESENTATION AND ANALYSIS

Discussion of findings on the effects of Advertising on Sales performance

Findings from the study showed that the most common media of Advertising are newspapers and outdoor media such as billboards. This is similar to the findings of Nzuve (2012), who conducted a survey of competitiveness in the passenger road transport sector in Nairobi, Kenya and his findings showed that outdoor Advertising was the most preferred as the main tool of Marketing Communication. The correlation analysis also showed that there was a positive relationship between Advertising budgets and Ticket sales which conforms to the findings of Olufayo et al (2012) who conducted a study on the effects of Advertising on the patronage of a new product in

Lagos, Nigeria and the findings showed that Advertising has a positive effect on the sales of new products. Aila (2012), also did a study on the influence of promotional strategies on banks' performance in Nairobi, Kenya and found that a positive relationship existed between Advertising and the banks' performance.

Discussion of findings on the effects of Sales promotions on Sales performance

The research data showed that the most popular Sales promotion techniques used by public service bus companies in Mombasa are price discounts and buy 5 tickets and get one free offers. This findings agree with Sathish (2011), who conducted a study on the effectiveness of Sales promotions in Retail stores in India and also found that price discounts and buy one get one free offers had the strongest effect on sales revenue of the retail stores. Oyedapo et al also had similar findings in their study on the impact of sales promotions on product sales using a case study of Nestle Food Company and found that sales promotions significantly boosted sales revenue of Nestle company.

Discussion of findings on the effects of Personal Selling on Sales performance

The findings from the research data showed that the quality of service provided through personal selling affects ticket sales positively through the technique of providing excellent customer service at the point of sale and is very effective in creating long term relationships with customers which translates to repeat ticket sales. These findings were in agreement with Muendo (2011), who conducted a study on the effects of personal selling as a strategic response to the performance of commercial banks in Nairobi, Kenya and found that customers find personal selling to be credible because of the personal interaction with employee and the close relationships developed with employees.

Discussion of findings on the effects of Public Relations on Sales Performance

The findings from the research data showed that most public service bus companies in Mombasa do not engage in Public Relations activities because they believe that it affects sales performance to a very low extent. It was found that the few that did Public relations engaged in C.S.R activities and Media relations. However these findings are not similar to those of Ismail et al (2012) who did a study on marketing communication and sales performance of multi-national companies in Kuala Lumpur, Malaysia using a case study of Proctor and Gamble and found that there is a positive relationship between P.R activities and sales performance.

The following are the findings for each research question

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Summary.

Public road transport is the primary means of transport for people worldwide as it enables them to move from place to place. In the United Kingdom, public bus services are dominated by the stagecoach group which also provides bus services in the United States, Canada and Mexico. Industry competition led to British bus Company known as RH Company to close down citing increased operational costs. Intense competition has also been witnessed in Africa in the Public Service bus industry where the Scandinavia bus company went into receivership in the year 2010 while in Uganda, the Gaso Bus Company went into receivership with both companies citing stiff competition and high operational costs. In Kenya, foreign investors in the industry such as Horizon Coach from Turkey continue to operate.

However, the stagecoach group, Kenya Bus and Akamba Bus companies operating in Kenya collapsed between the years 2002 and 2012 because of stiff competition, inability to maintain their fleets as well as huge levels of financial debt. This has led to remaining bus companies to develop creative marketing communication strategies to position and differentiate themselves in a way that positively affects their sales turnover for tickets. This is why the study sought to analyse the effects of various marketing communication tools on the sales performance of bus companies.

5.2 Conclusions.

Based on the findings from the research data, the researcher made the following conclusions;

5.2.1 Advertising

Advertising has a direct influence on the sales performance of bus companies in Mombasa since it creates awareness, generates interest in the services offered as well as differentiating company services from those of Competitors which directly contribute to ticket sales. There was significant evidence to conclude that there is a strong and positive relationship between the level of Advertising budget used by an organization and the level of ticket sales. This means that higher levels of Advertising budgets are associated with higher levels of ticket sales and vice versa. The most common Advertising Media used by bus companies in Mombasa are newspapers and out-door media such as Billboards. Based on the findings Advertising affects sales performance to a great extent.

5.2.2 Sales Promotions

Findings indicated that Sales Promotions are very effective in attracting customers in short-run and especially during periods of low demand. Techniques such as Buy one get one free and price discounts are the most commonly used by bus companies in Mombasa to increase ticket sales and hence improve sales performance. Sales promotions have a great effect on the sales performance of the bus companies as they stimulate an increase in ticket sales through the incentives offered.

5.2.3. Personal Selling

Personal Selling is the Interpersonal arm of marketing Communications which affects ticket sales through face to face persuasion which can generate an immediate sale as well as resolving customer problems which helps in customer retention. Therefore personal selling is more credible than any other Marketing Communication but based on the findings, personal selling seems to have a moderate effect on the sales performance of the bus companies in Mombasa.

5.2.4. Public Relations.

Public Relations have a very low effect on the sales performance of public services bus companies in Mombasa because most of the respondents were undecided on how P.R. affects their ticket sales. This was illustrated by the low means of 2.7, 3.5, 3.3 and 3.3 for each statement. This implies that most bus companies do not believe P.R. can affect sales performance to a great extent and therefore very few companies invest in Public Relations activities.

5.3 Recommendations

On the basis of the conclusions of the study, the researcher made the following recommendations;

5.3.1 Advertising

The bus companies in Mombasa should consider investing in advertising on the internet and social media networks such as Facebook and Twitter as they represent the future of Advertising. They should also develop creative adverts that emphasize the benefits a customer will enjoy by using the company services. The companies should advertise through a wide variety of media to widen the scope of their Advertising. This requires the companies to have a sufficient level of Advertising budget to ensure a maximum level of awareness in a variety of media.

5.3.2 Sales Promotions

Sales Promotions programs should only be used to stimulate ticket sales during a low season or periods of low ticket sales since they are only effective in the short-term.

5.3.3 Personal selling

Employees of the public service bus companies such as booking clerks, loaders, drivers, conductors and hostesses should be trained in aspects of customer service since they interact with customers and potential customers directly which therefore has a direct impact on whether a customer will buy again or not.

5.3.4 Public Relations

The public service bus companies in Mombasa should frequently participate in events such as Exhibitions and trade fairs to showcase their services to the public as well as engaging more in Media relations and sponsorships to generate positive publicity about the Company and its services. This will have a stronger and positive effect on the sales performance.

5.4 Suggestions for further research

On the basis of the findings of the study, the researcher recommends that further studies should be done on importance or the role that public Relations plays as a tool of Marketing Communication and the general effects it has on business or sales performance of an organisation. This will enable more light to be shed on why public relations was considered by the respondents of this study to have the lowest effect on the sales performance of their companies.

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