

Effect of Promotional Mix Elements on Sales Volume of Financial Institutions in Kenya: Case Study of Kenya Post Office Savings Bank

Dr. Francis Ofunya Afande, PhD., FCIM (UK).
Dedan Kimathi University of Technology, P.O. Box 657, 10100, Nyeri Kenya

Fr. Mathenge Paul Maina
Dedan Kimathi University of Technology, P.O. Box 657, 10100, Nyeri Kenya

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Aims: The study sought to evaluate the influence of promotional mix elements on sales volume of financial institutions in Kenya. The study was guided by the following specific objectives: to evaluate the extent to which sales promotion affect sales volume of financial institutions in Kenya; to assess the extent to which personal selling affect sales volume of financial institutions in Kenya; to investigate the extent to which direct marketing affect sales volume of financial institutions in Kenya; and to assess the extent to which advertising affects sales volume of financial institutions in Kenya. The promotional mix elements comprise of advertising, sales promotion; personal selling, direct marketing and public relations. However, for purposes of this study, only advertising, sales promotion; personal selling and direct marketing were considered.***Place and duration of the study:*** The study focused on the staff of finance department, marketing department and sales representatives and operation department of Kenya Post office savings Bank Headquarters in Nairobi even though the bank has a wide branch network. ***Design:*** The study adopted a descriptive research design. ***Methodology applied:*** Population of the study comprised of the staff of finance department, marketing department and sales representatives and operation department of Kenya Post office savings Bank Headquarters in Nairobi, whose number stood at 240. A simple size of 96 was selected to participate in the study. The Statistical Package for Social Sciences (SPSS) was used as an aid in the analysis. SPSS was preferred because of its ability to cover a wide range of the most common statistical and graphical data analysis. The collected data from the questionnaire and secondary sources was systematically organized in a manner to facilitate analysis. ***Analysis:*** The data pertaining to profile of the respondents and the organizations was analyzed using content analysis. Content analysis may be used to analyze written data from experiments, observations, surveys and secondary sources. Qualitative data was analyzed using content analysis while quantitative data was analyzed using descriptive statistics, which include frequencies, percentages, means cores and standard deviations. In order to establish the relationship between the independent and dependent variables, inferential statistics will be used. In order to determine the relationship between independent and dependent variables, chi-square test and a regression analyses were undertaken. ***Results:*** The findings indicate that promotional elements usually are used by various organizations to elicit responses from target markets to increase the market share. The findings have been summarized systematically answer the research questions and objectives. Findings of the study reveal that sales promotion was the highest ranked promotional mix element with regards to its effect on sales volume, personal selling was ranked second, advertising was ranked third, and public relations was ranked fourth while direct marketing was the least ranked. Findings from the regressions analysis indicate that sales promotion was the highest ranked promotional mix element with regards to its effect on sales volume, personal selling was ranked second, advertising was ranked third, public relations was ranked fourth while direct marketing was the least ranked.
Keywords: Advertising; Promotional mix, Integrated marketing communication, Direct Marketing; Marketing Communications; Personal selling; Public Relations

1.0 INTRODUCTION
This chapter spells out the need for the study. This study seeks to explore the effects of selected marketing communication elements on sales volume of financial institutions in Kenya. The study focuses on Kenya Post Office Savings Bank. This chapter presents salient issues relating to the study title. It presents background of the study, statement of the problem, objectives of the study, significance of the study, scope of the study, definition of significant terms and summary of the chapter.

1.1 Background of the study
Promotional elements usually are used by various organizations. Marketers use numerous tools to elicit responses from target markets. These tools are known as the marketing mix that is defined as the set of tools that a firm uses to pursue its marketing objectives in the target market (Kotler, 2000). Promotion is one of the

elements of marketing mix (Mc Carthy, 1996) among other elements like Product, Price, and Place, which are the 4ps of marketing. Marketing mix decision must be made with the objective of influencing the trade channels as well as the final consumer and in return the sales. Promotion brings an interactive dialogue between an organization and its customers and it takes place during the pre- selling, selling, consuming and post- consuming stage. Such promotional elements include: sales promotion, advertising, sales force, public relation and direct selling.

Promotion is vital element of marketing mix. Brand equity is one of the most important concepts in business practice as well as in academic research. This is because success full brands can allow marketers to gain completive advantage (Lesser 1995) , including the opportunity for success full extensions, resilience against competitors, promotional presorts and the ability to create barriers to competitive entry (Farquhar, 1989) High level of brand equality increases consumer satisfaction, repurchasing intent, and degree of loyalty Brand equity has been defined as "the differential effect of brand knowledge on consumer response to the marketing of the brand" (Keller 1998) Brand equity is set of assets and liabilities linked to a brand, its name and symbol that add to or subtract form the value provided by a prouder or service so a firm and or that firm's customers" Brand equity consists of four dimensions like brand loyalty, barns awareness, perceived Quality and brand image (Asker 1991,1996).

In selecting appropriate promotional mix, the financial institutions must consider the target audience, the stage of the products, life cycle, characteristics of the products, and decision stages of the products and the channel of distribution (Kotler, 2000). This study therefore seeks to evaluate the effects of promotional mix elements on sales volumes of financial institutions in Kenya.

1.1.1 Promotional Mix

Kotler (1995) noted that in the past, the promotional elements were regarded as separate functions handled by experts in separate departments. The sales force designed and managed its activities independently of the advertising departments and sales promotion and public relation were often the responsibility of outside agencies or specialists. Today the concept of designing market communications program co-ordinate all promotional activities to provide a consistent message across all audiences. Many people have also carried out researches to find out if promotional elements have influence on sales. For instance, Ndambuki (2000) did a research and found out that indeed promotional elements have effect on sales which turned out to be different from the findings of Ondiri (1998) who found out that there is no significant difference effect on sales. However, the difference may have been caused by geographical difference as Ndamuki (2000) did his research in rural setting while Ondiri carried out research in town setting. Ndambuki's finding was also the same as (Kivuva, 2003) that, those products which are on promotion tend to have more demand than those which do not. Due to different findings which may have been caused by use of different organizations and geographical differences, the researcher needs to find out if promotional elements can have influence on sales among women group products.

1.1.2 The Kenyan Banking Industry

As at 31st December 2011, the banking sector comprised of the Central Bank of Kenya, as the regulatory authority, 44 banking institutions (43 commercial banks and 1 mortgage finance company - MFC), 4 representative offices of foreign banks, 6 Deposit-Taking Microfinance Institutions (DTMs), 118 Forex Bureaus and 2 Credit Reference Bureaus (CRBs). Out of the 44 banking institutions, 31 locally owned banks comprise 3 with public shareholding and 28 privately owned while 13 are foreign owned. The 6 DTMs, 2 CRBs and 118 forex bureaus are privately owned. The foreign owned financial institutions comprise of 9 locally incorporated foreign banks and 4 branches of foreign incorporated banks. The number of bank branches increased by 98 from 1,063 in 2010 to 1,161 branches in 2011 indicating increased access to banking products and services. Nairobi County registered the highest number of branches representing 40 percent of the total branches in 2011, which may be attributed to a higher level of economic activities compared to the other counties. Each of the 47 counties had banks branches with the Nairobi County recording 465 bank branches. The number of banks Automated Teller Machine (ATM) increased by 226 from 1,979 in December 2010 to 2,205 in December 2011 representing an increase of 11.4 percent. The increase demonstrated initiatives by banks to increase provision of their services by adopting cost effective channels (CBK, 2012).

1.1.3 Kenya Post Office Savings Bank

The Kenya Post Office Savings Bank (Postbank) was established in 1910. Similar Savings services were offered across the East Africa region. When the East African Community broke up in 1977, the Kenya Government established its own savings bank. Postbank is primarily engaged in the mobilization of savings for national development and operates under the Kenya Post Office Savings Bank Act Cap 493B. In addition, the Bank offers local and international credit cards under the sponsorship of a commercial bank, funds remittance collections and disbursement service (Postbank, 2010).

Postbank was established primarily to encourage thrift and mobilize savings, and has carried out this mandate successfully, through expansion of its outreach and development of products and services that meet the expectations of its customers. The bank has rolled out a new service delivery system -The New Business Model-that enables the customer to use a Debit Card to transact both at the Point of Sale Terminals and ATM machines. In this new system, we offer paperless banking as no forms are completed for debit and credit card transaction. The card and the PIN number are all you will need to make your transaction. Internet banking at Post Bank offers a unique opportunity to reach a higher number of the target customers without necessarily increasing physical branches and enhancing the product offering through innovation (Postbank, 2011).

In 2008, the bank rolled out a new service delivery system-The New Business Model - that enables the customer to use a Debit card to transact both at the Point of Sale Terminals and ATM machines. In this system, we offer paperless banking as no forms are completed for debit and credit card transaction. The card and PIN number are all you will need to make a transaction. As a savings bank the Bank offers 25 products and services including savings accounts for businessmen, salary payments, the youth, pensioners and children. We also sell stocks at the Nairobi stock exchange on agency basis for individual and household savers; safe custody and international money transfer services such as Western Union, Money Gram and M-Pesa. Postbank also offers credit access through the Postbank Visa Card. Postbank customers can now access banking services at their convenience by using the SMS banking service.

The bank is also engaged in a variety of programs. One of them is the Junior Achievement Job shadow. In this program, young boys and girls from different schools in Kenya visit the bank to learn more about the working environment and to get a glimpse of what happens around the Business world. The Students in Free Enterprise is another program supported by the bank that encourages college students on business skills and how to become entrepreneurs. Postbank is ISO 9001:2008 certified in line with initiatives by the bank to improve service quality to our customers within the requirements by the Ministry of Finance. To our customers, this means quality of services and high standards that meet their expectations. Postbank also has a service charter that entails the banks commitment to high standard of service in all aspect of business and initiatives feedback from those who use the Banks services.

1.2 Statement of the Research Problem

Foskett (1999) stresses that today's customers seek value from companies that provide leading-edge products, hassle-free transactions at competitive prices and customer intimacy. Promotion practices have changed dramatically to improve transactions and increase customer intimacy by emphasizing long-term relationships and increasing self-regulation. There is a lot of competition created by liberalization of the financial services sector, technological changes, and globalization. Financial institutions spend large sums of money to compete for outwit their competitors through various promotional means. However, there is scarcity of literature on the influence of the relative influence of each of the promotional tools on the sales volumes of the financial institutions. This study has therefore attempted to bridge the gap by seeking answers to the following research questions: to what extent does advertising affect sales volume of financial institutions in Kenya?; to what extent does sales promotion affect sales volume of financial institutions in Kenya?; to what extent does personal selling affect sales volume of financial institutions in Kenya?; and to what extent does direct marketing affect sales volume of financial institutions in Kenya?

1.3 Purpose of the Study

To evaluate the influence of promotional mix elements on sales volume of financial institutions in Kenya.

1.4 Objectives of the Study

The study was guided by the following specific objectives:

(i) Evaluate the extent to which sales promotion affect sales volume of financial institutions in Kenya.
(ii) Assess the extent to which personal selling affect sales volume of financial institutions in Kenya.
(iii) Investigate the extent to which direct marketing affect sales volume of financial institutions in Kenya.
(iv) Assess the extent to which advertising affects sales volume of financial institutions in Kenya

1.5 Scope of the Study

The study focused on the staff of finance department, marketing department and sales representatives and operation department of Kenya Post office savings Bank Headquarters in Nairobi even though the bank has a wide branch network. The promotional mix elements comprise of advertising, sales promotion; personal selling, direct marketing and public relations. However, for purposes of this study, only advertising, sales promotion; personal selling and direct marketing will be considered.

2.0 LITERATURE REVIEW

2.1 Introduction

In order to address the aim of the research, it is of importance to have established a sound literature base around which the study was built. This chapter presents a review of the literature related to the purpose of the study, and is organized according to the following specific objectives of the study. The review was undertaken in order to eliminate duplication of what has been done and provide a clear understanding of existing knowledge base in the problem area. The literature review is based on authoritative, recent, and original sources such as journals, books and dissertations.

2.2 Theoretical Literature

The study is based on communication theory. This theory asserts that communication involves a planned exchange of deliberate communication between a sender and receiver through pre-determined channels of communication to create the desired response and generate feedback. It's a transactional process between two or more parties whereby meaning is exchanged through the intentional use of symbols, (Engel, Blackwell and Miniard, 1994).

2.2.1 Communication Theory

Lasswell's communication model expounds the "Who" is the Source; "Says what", the message; and "To Whom" the destination. Communication involves a planned exchange of deliberate communication between a sender and receiver through pre-determined channels of communication to create a desired response and generate feedback, (Malan and L'estrange, 1991). It's critical for a university to analyze its target market and publics to determine each group's communications needs, what response it wants from each group and appropriate MC tools to use. A combination of MC tools is better placed for effectiveness to create an impact and desired response to increase student enrolment, (Mok, 2000).

Different elements are used for different publics. Indeed some publics, like prospective students, are so important that a number of promotional tools will be targeted at them for recruitment purposes. Wise (2006) opines that MC is a systematic relationship between a business and its market. MC entails all strategies, tactics, and activities involved in getting the desired marketing messages to intended target markets, regardless of the media used. MC tools mix includes advertising, sales promotion, and public relations, sales promotion and direct mail, (Maringe, 2004).

MC elements provide information and consultation that are important components to add value to a product or service. Marketing communications helps to define an organization's relationship with its customers. This emphasizes the strategic importance of such communication and its long-term effect on consumers. Communication models act as predictive guides, but in the end it is important to recognize the autonomy and unpredictability of consumers. Customers need information about the features of the product or service, its price and how they can access it, to make informed purchase decision. Thus, if customers are able to get the necessary information about the product timely and adequately, they may feel that they are buying quality product or service. This means having good and effective marketing communication channels adds value to the product or service of the company as customers have confidence in the choice of products and services over competitors.

The nature of the education service industry (intangibility of the service) and the challenges for educational institutions pushes universities to pursue holistic marketing approach to effectively interact with customers. In service setting, MC tools are especially important because they help create powerful images and a sense of credibility, confidence, and reassurance. It's vital to evaluate the effectiveness of all the MC elements and how to use the effectively to generate desired results, (Perreault and McCarthy, 2002).

The primary goal of MC is to affect the perception of value and behavior through directed communication. MC in financial institutions has emphasized the need to adjust objectives and strategies to changing marketing and communication realities. In the rapidly changing and highly competitive world of the twenty-first century only strategically oriented MC can help businesses to move forward, (Schultz and Kitchen, 2000). MC tools can be divided into personal communications and non-personal communications, *Personal communication tools* are those in which two or more people communicate with one another, and word of mouth is the primary means of communication, although other media, such as email, are growing insignificantly. *Non-personal communication tools* are those in which communication occurs through some other media other than person-to person. These include national and regional newspapers and magazines, television, satellite, and cable television. Radio offers a wide range of competitively priced promotional options. Posters can be placed in a wide variety of different environments, billboards at the roadside.

2.2.2 Promotion and the hierarchy of effects model

AIDA is an acronym for: Awareness, Interest, Desire and Action. According to AIDA model, marketers should begin by winning attention or gaining awareness, creating interest, inspiring desire and precipitating the action or purchase in the prospects in order to enable its products to be adopted by the target market, (Kimmel,2005). Before potential students decide to enroll with a university, they have to be aware on the existence of the institution and the programmes it offers. Awareness is expected to generate interest which in turn will lead to the potential students to apply and enroll with a university.

Under the hierarchy of effects model, the buyers purchase decision is preceded by steps such as conviction about product benefits, preference for the brand, liking for the brand, knowledge relating to the benefits and features of the product, after an awareness of the product has been gained**.** Students use different media when searching to choose universities they wish to enroll with thus they make use of the media for their specific needs. Basic implication of these models is that the function of persuasive communication should be handled differently at every stage of the buyer's adoption process. Porter (1985) argues that MC tools can create competitive advantage, boost sales and profits, while saving money, time and stress. MC wraps communications around customers and helps them move through the various stages of the buying process. The organization simultaneously consolidates its image, develops a dialogue and nurtures its relationship with customers. This 'Relationship Marketing' cements a bond of loyalty with customers which can protect them from the inevitable onslaught of competition. The ability to keep a customer for life is a powerful competitive advantage.

2.3 Conceptual Framework

The conceptual framework for the study is depicted by figure 2.1 below. Conceptualization attempts to visualize the causality of the research problem prior to understand this research in detail. In this research it is planned to explain the relationship between promotion mix and sales volume.

Independent Variables **Dependent Variable**

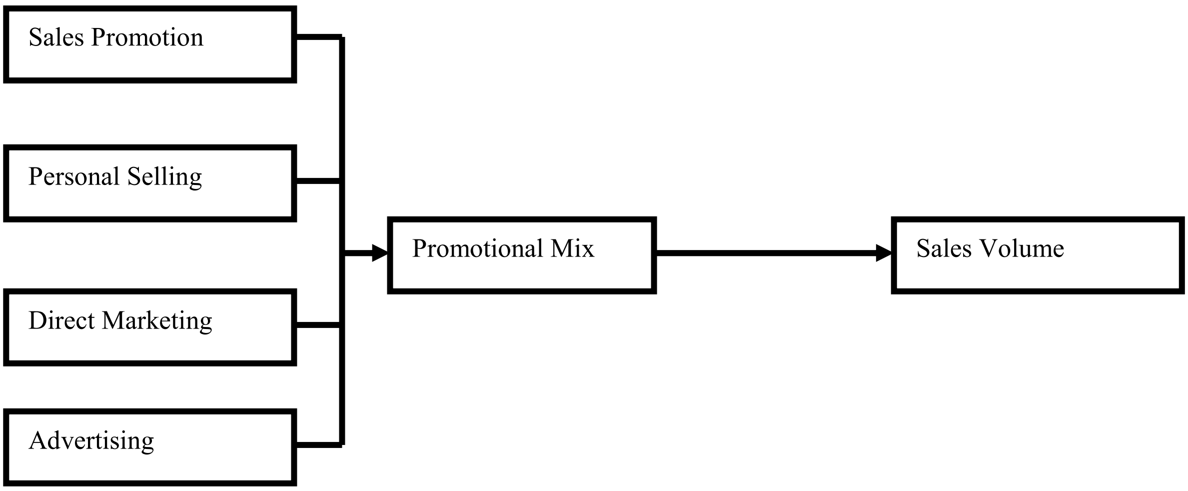

Figure 2.1: Conceptual Framework

2.3.1 Sales Promotion

Sales promotion is defined as a special offer or a part of marketing communication activities (Peattie, 1998; Alvarez and Casielles, 2005). Other studies defined sales promotion as an offer or incentive that induces manufacturers, and retailers, desired sales result (Gilbert and Jackaria, 2002). Sales promotion can also be referred to as any incentive used by manufacturers or retailers to provoke trade with other retailers or with other channel members, or with consumers to buy brands apart from encouraging the sales force to aggressively sell the items (Shimp, 2003). According to Kotler (2006) Sales promotion is short term incentives to encourage the purchase or sale of a product. Its objective vary that it seller may use consumer promotion to increase short term sales. Sales promotion boosts sales during promotion. It is often used to provide a short sharp shock to sales. Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples: Coupons, sweepstakes, contests, product samples, rebates, tie-ins, self-liquidating premiums, trade shows, trade-ins, and exhibitions. The purpose of sales promotion is to attract new customers, introduce new products. Sales promotion advantages include: ability to provide quick feedback, add excitement to a service or product, additional ways to communicate with customers, flexible timing and efficiency. The demerits include: high Cost per contact, inability to reach some customers as effectively.

The literature shows that sales promotion has grown in importance for both manufacturers and retailers worldwide (Ndubisi and Chiew, 2005). Such a general swing of importance of sales promotions is driven by several factors, including a rise in advertising clutters and pricing; sales promotion have become more respectable, increasing the influence of retailers' and practitioners' approaches towards micro-marketing, decreases in planning time horizons of sales promotions and snowball effects (Dickson, 1982; Kashani and Quelch, 1990; Lawrence *et al.,* 1986; Peattie and Peattie, 1995; Toop, 1992). Numerous recent studies have been done on the impact of sales promotions on consumers' values (De Run and Jee, 2009; Tybout and Artz, 1994), attitude and behaviour (Alvarez and Casielles, 2005). But still the success of sales promotion techniques have received little academic study despite the evidence on the growth of the importance of sales promotion compared to other forms of marketing techniques, such as advertising (Peattie, 1998).

Nevertheless, sales promotion was subjected to little research where nearly all were written in handbooks as sales promotion guides and was sourced from the USA (Foxman *et al.,* 1988). Too much concentration on the US market and consumer perspectives had made the application of sales promotion in other regions insignificant (Huff and Alden, 1998). In addition to this, most of the studies done on sales promotion mainly concentrated on the use of monetary promotions (Garretson and Burton, 2003) where little research has been done on the non-monetary promotions aspect and with little focus on the Asiamarket in particular (De Run *et al.,* 2010).

Studies in Malaysia found that for retailers or manufacturers to encourage customers to patronize their stores, sales promotion would seem to be the most appropriate method or medium (Ndubisi and Chiew, 2005, 2006). Previous studies showed that when properly implemented sales promotion techniques would help retailers or manufacturers to encourage customers to patronize their stores and to try out the products and services being promoted, and in return would help the retailers and manufacturers to achieve their objectives (Alvarez and Casielles, 2005; De Run and Jee, 2008). Malaysian consumers' behaviour and purchase patterns indicated that the most widely implemented and liked sales promotion techniques by retailers and manufacturers in Malaysia were coupon, price discount, free samples and bonus packs (De Run and Jee, 2008; De Run *et al.,* 2010). Malaysian consumers are less likely to feel embarrassed to enjoy monetary-saving promotional offers (Ndubisi and Chiew, 2005). This mainly occurred because they see these promotional offers as a sign of opportunity to buy more and it is worth to buy. This was rather different compared to countries like Japan where they see it as a sign of poverty or losing face even though they were categorized similarly as a collectivist country like Malaysia (Kashani andQuelch, 1990; Singelis andBrown, 1995; Singelis and Sharkey, 1995).

Product type: Another important variable in this study is product type. Product type is identified as one of the key factors in determining consumers' perspectives (Jarvenpaa and Todd, 1996). Consumer product literatures have documented the importance of personal values studies especially on consumers products (De Run and Jee, 2009; Pitts and Woodside, 1983). Personal value were shown to influence different consumer product and eventually consumer brand preferences (De Run and Jee, 2009; Kamakura and Mazzon, 1991; Kamakura and Novak, 1992; Pitts and Woodside, 1983; Pitts and Woodside, 1986).

Product type has been identified to some degree as one of the key elements in shaping consumers' perspectives (Jarvenpaa and Todd, 1996). Product type and its characteristics are mainly referred to as knowledge about the product type, frequency of purchase, product differentiation, product tangibility and price (Cheung and Rensvold, 1999). Previous studies showed that product differentiation was mainly used in competition between products that were located at various positions in a theoretical characteristics space in which consumers have personal preferences over the different positions (Lin *et al.,* 2005). It also allows firms to better serve the consumers' different preferences. It would also potentially help firms to better acquire localized market power. Thus, this study will expand the current knowledge to include sales promotion techniques for different types of consumer products, namely: convenience products, shopping products, specialty/luxury and unsought products (Gilbert, 1999; Kotler and Armstrong, 2004), and its impact towards customers purchase satisfaction and behavioural intention (Alvarez and Casielles, 2005; De Run and Jee, 2009; Smith *et al.,* 2002).

The growth of sales promotions: The boundaries defining sales promotions are neither clearly drawn nor used consistently, but a relatively workable definition of sales promotions is "marketing activities usually specific to a time period, place or customer group, which encourage a direct response from consumers or marketing intermediaries, through the offer of additional benefits" (Peattie and Peattie, 1994). Although the meaning of "above-the-line" marketing communications has been consistently used to denote mass media advertising channeled through advertising agencies, the concept of what exists below the conceptual "line" has changed. Originally all non-advertising forms of marketing communication were lumped together in the term "below-the-line". With the increasing tendency for public relations and sales to be treated as separate functions, sales promotion has generally become synonymous with "below-the-line" communication.

The division of the marketing communications budget either side of the line has become a key strategic issue for marketing practitioners. Although it must be viewed cautiously, owing to the variations in definitions used, there appears to be widespread evidence of a switch of emphasis by marketers away from advertising and towards sales promotion. For much of the 1980s expenditure "below-the-line" grew almost twice as fast as advertising expenditure (Keon and Bayer, 1986; Shultz, 1987), and it now accounts for up to 70 per cent of the marketing communications budgets of many large companies (Shultz, 1987). According to the WPP Group, by 1989 global expenditure on sales promotion had equalled advertising spend (*Financial Times*, 1989). This growth in promotions has been concentrated in retailing and manufactured goods, with no service companies featuring among the UK's largest promotion users (Peattie and Peattie, 1994).

Several factors are driving the general swing towards sales promotion (Dickson and Sawyer, 1990; Quelch, 1983; Shultz, 1987; Strang, 1976): *Rising prices and advertising "clutter"* – eroding advertising's cost-effectiveness as consumers become increasingly desensitized to mass media advertising. The effectiveness of advertising for services can also be hampered by their intangibility (Rathmell, 1966); *Sales promotions becoming "respectable"* – through increasing use by market leaders and increasing professionalism among sales promotion agencies; *Shortening planning time horizons* – time pressure can make the fast sales boost, which promotions are perceived to offer, attractive; *Micro-marketing approaches* – as a response to fragmenting markets, where sales promotions can provide more tailored and targeted communication than mass media; and *A "snowball" effect* – firms in markets where promotions are commonplace are virtually obliged to follow suit, or risk losing market share and competitive position (Lal, 1990).

Services, sales promotions and competitions: Despite the growth in sales promotions and their potential for services marketing, there are a number of factors which explain their neglect among many service providers and in much of the services literature. Many "below-the - line" activities rely on having a tangible product, without which it is difficult to offer 10 per cent extra free or a free trial sample, or to create price-packs or banded packs. If the service cannot easily be customized, pricing becomes the obvious element to change for promotional purposes. Farris and Quelch (1987) suggest that price promotions can encourage service trial, help to smooth demand fluctuations, allow differential service pricing to be targeted at different segments, and add excitement to the purchase of services that might otherwise become mundane or perceived as commodities.

Coupons or other forms of promotional pricing are widely used in certain services markets, such as travel and fast food, but there are difficulties and dangers which accompany their application to many other services. This is partly because setting prices for services is already difficult (Thomas, 1978), and consumers often use price as a surrogate measure of quality. Another problem with price-based promotions is that they assume that consumers are price averse or value seeking and are price aware. In practice, customers' assumption that price is linked to quality can often make them to some extent price-seeking (Tellis and Gaeth, 1990), and they are often surprisingly hazy about the price details of their purchases (Dickson and Sawyer, 1990). Woods (in Lovelock, 1984) suggests that promotional pricing in financial services has not proved worthwhile for several reasons including relatively high levels of customer loyalty, the dangers of price wars (e.g. the "disastrous" price wars waged in the USA over free checking in banks), and the often crucial role of pricing in overall positioning.

"Value-increasing" versus "value-adding" promotions: Price-based promotions, such as price deals, coupons and refund offers, seem to dominate the marketing literature because they are the most commonly used. Donnelley Marketing's (1991) US survey of promotional practice showed that price coupons were the favorite promotional tool (with 95 per cent of marketers planning to use them in the next year). Price promotions and quantity-based promotions offering "10 per cent extra free" or banded packs manipulate the quantity/price equation to increase the value of the product offering to consumers. Such "value-increasing" promotions cannot easily work for services by an increase in physical quantity, and therefore can only work through potentially dangerous, margin- and image-eroding, price reductions.

The other group of sales promotions which are often overlooked are the "value - adding" promotions. These leave the price and quantity of the core product untouched, and bundle something else with it to increase value to consumers. The "something else" could be a free gift, a "piggy-back" complementary product, or a competition. These value-adding promotions, and competitions in particular, are increasingly making an impact. In the Donnelley survey, sweepstakes (planned by 68 per cent) and other competitions (31 per cent) featured in many marketers' plans, while media advertising had reached a new low, accounting for only 30.6 per cent of marketing communications budgets. By leaving the price intact and not subject to the use of coupons, value – adding promotions avoid the financial dangers of price wars or coupon fraud associated with many price-based promotions. This does not mean that they are without potential pitfalls. Some very large and sophisticated companies have been involved in sales promotions which have gone badly wrong, including Pepsi, Esso, Hoover (Peattie and Peattie, 1994), Coca-Cola, Kraft Foods, Vidal Sassoon and Cadbury's (Smith, 1993). Investing money in promotions brings no guarantee of success. The key challenge for marketers seeking to gain competitive advantage through promotions is to choose a promotional tool which is suitable for the brand that they manage and the market within which it exists, and to execute the promotion flawlessly.

There are several aspects of competitions which make them particularly suitable for use by service marketers:

Differentiation opportunities: The added benefits provided by competitions

can form a useful source of differentiation from other service providers. Although rival "Me-too" competitions may be attempted, they risk failure if initial competitions have tapped the vein of available competitive consumers

Link-up opportunities: Linking up to advertising or PR campaigns

Point of sale opportunities: Services cannot readily be displayed (Rathmell, 1966), but competition posters and leaflets provide opportunities for interesting, tangible and visible PoS materials

Quality cue appeal: The intangibility of services prompts customers to look for tangible surrogate "cues" to judge the service provider's quality. A competition sponsor can offer a "quality" prize, such as Lloyds Bank's use of a Vicarage Mk II Jaguar, to symbolize a quality service provider. Competitions are a more cost-effective quality cue than "giveaway" promotions for services marketers, since giving customer "freebies" which project a high quality image can be prohibitively expensive.

Demand smoothing. The perishability of services means that demand fluctuations are the "most troublesome" of services marketing problems (Zeithaml *et al.,* 1985). Competitions' potential for demand smoothing is demonstrated by their use in promoting seasonal services such as tourism or foreign exchange.

Consumer interaction: Interactive marketing is vital for services (Kotler and Bloom, 1984), but difficult to create through relatively unidirectional forms of communication like advertising. Competitions can create interaction and involvement between the customer, the service and the service provider. Competitions may require the customer to analyze the service to answer questions or create a slogan, to send away for a brochure (common in travel services) or to meet the service provider, creating new service encounter opportunities.

Competitions and consumer behavior: Competitions are certainly effective in attracting consumers. A 1986 survey by Harris and Marketing Week showed that some 70 per cent of UK consumers had entered a product- or service-linked competition in the past year, and one-third

had entered in the previous month (Cummins, 1989). Why are consumers so attracted to competitions? The attractiveness of a competition has been linked to five factors (Selby and Beranek, 1981): the cost of entering; the monetary value of the prizes; the number of prizes and the perceived probability of winning; the pleasures of gambling (or perhaps more accurately of competing); and the desire to occupy leisure time.

Although all five factors are important, the importance of the last two has been obscured by an overemphasis on economic rational decision-making approaches based on the first three (which in turn is a symptom of the domination of value increasing promotions in the study of sales promotion). This view is confirmed by survey data showing that 60 per cent of competitors entered "just for the fun of it" and 61 per cent of entrants into competitions were found to be "unsure of what the prizes offered were" (*PIB,* 1986). Promotions in general have been shown to affect directly consumers in a variety of ways leading to retimed purchasing (Doyle and Saunders, 1985), brand switching (Vicassim and Jain, 1991), increased volume of purchasing (Gupta, 1988; Neslin *et al.,* 1985), product/service-type substitutions (Cotton and Babb, 1978; Moriarty, 1985), and retail outlet substitutions (Kumar and Leone, 1988; Walters, 1991).

In service markets competitions usually aim to encourage purchase retiming and brand switching. Service perishability means they are only consumed one at a time, so volume-increasing competitions are rare (although not unknown: The Co-op Bank offered to match the winner's initial savings account deposit pound for pound as a prize). Product type substitutions clearly exist in service markets such as those for leisure or transport services. A traveler might take a coach instead of a train, or someone might choose between visiting a restaurant or a theatre for an evening out. However, such substitutions are unlikely to be a major feature of services marketing in general. In practice, for most service markets, there will be no real difference between the channel and the brand. Whether one considers Barclays Bank, McDonald's or British Airways, there is no opportunity to switch channels without switching brands, beyond visiting one of their locations as opposed to another.

Ignoring confirmed non-users, we can define four types of consumer in relation to the service itself:

Potential users – who do not use the service, but who could be persuaded to purchase through manipulation of the marketing mix. These are often the main target of promotions (Keon and Bayer, l986).

Competitor loyals – successful promotions can attract substantial numbers of a competitor's otherwise loyal customers (Grover and Srinivasan, 1992; McAllister and Totten, 1985).

Brand switchers – distinct "switcher" market segments have been identified, whose consumers hop between the various competing brands (Grover and Srinivasan, 1992).

Loyal customers – within own-loyal and competitor-loyal segments, we can distinguish between long-term, brand-loyal consumers and those who tend to be "last-purchase-loyal" (Kahn and Louie, 1990) who will be repeat purchasers until encouraged to realign their loyalties.

The consumer as a competitor: Although promotions are usually discussed as though they are a distinctive element of the marketing communications mix, they are more accurately a customization of other elements of the marketing mix which change the price or enhance the product or service offering to attract consumers. The danger with such alterations to the mix is that consumers could react unexpectedly or unfavorably to the changes. Temporary price reductions may be appreciated by consumers, but they may also alter their "reference price", resulting in "significantly reduced loyalty once these deals are retracted" (Dodson *et al.,* 1978). Alternatively, they may perceive any price reductions as a move down-market or a sign of weakness. Changing the core service on a promotional basis can impair perceived service quality if anything goes wrong, or may become an expected part of the service package in future if it succeeds. Competitions, by contrast, can add value to a service by making awareness or use of it a "ticket" to entering the competition, which minimizes the risk of consumers' perception of the service, its price and quality being impaired. We can divide up consumers into three types of "competitive consumer" segments according to their attitude to competitions: *Non-competitors* – who considers competitions a waste of time, stamps or telephone units; *Passive competitors* – who enter competitions but will not change their normal purchasing behavior just to enter a competition; and *Active competitors* – who would change their purchase behavior (such as timing or brand choice) to enter an attractive competition.

The effectiveness of sales promotion competitions: Measuring the effectiveness of competitions is not straightforward, and is almost impossible to do by studying the competitions themselves. For service providers the obvious answer would seem to be to analyze sales patterns to determine the effectiveness of a promotion. However, this makes less sense in view of the fact that 54 per cent of all competitions run by service providers do not require any form of purchase for entry (compared with 25 per cent for the total sample). There appears to be little academic research examining the effects of competitions on sales turnover. However, there is evidence from the related field of generating mail survey responses which suggests that competitions are effective (McDaniel and Jackson, 1984) and capable of generating "very substantial" increases in response rates (Gajraj *et al.,* 1990).

Using short-term sales figures as a yardstick is also unwise in view of the varied roles that competitions can fulfill. Analyzing the competitions used, it is possible to deduce several roles for them: *Sales uplifts*- The clustering of holiday competitions visible during the traditional December booking season suggests a fight for market share; *Encouraging trial*. Pizza Hut ran a "Try It Traditional American" competition based on sampling a new (to the UK) pizza line; *Encouraging use*. Barclays Connections competitions required the use of their Connect card for qualification; *New product launch*. One month featured three different building societies using a competition to launch their new TESSAs; *Seasonal demand smoothing.* The presence of competitions for ski holidays during May does suggest an attempt at demand smoothing; and *Awareness raising.* The Post Office's competitions aimed at raising awareness of postcodes are interesting examples. To enter, one has to answer the questions, use the service (by sending in an entry) and use one's postcode correctly to qualify.

2.3.2 Personal Selling

The interactive nature of personal selling also makes it the most successful promotional method for building relationships with potential customers. Personal selling is a useful communication tool at certain stages of the buying process, particularly in building up buyers' first choices, certainty and proceedings. This is most imperative especially for a service sector like education, particularly in developing and underdeveloped countries, (Armstrong, 2001). Allen and Shen (1999) in a study on character of competition among institutions, found out that enrolments are significantly negatively related to either gross or net tuition prices, private education is a normal good and there is an empirically significant enrolment response to the opportunity cost of college enrolment. They concluded that tuition price subsidies play a critical role in managing demand at this institution.

Both practitioners and academicians recognize that personal selling effectiveness has become vital to the success of banking institutions (Berry and Kantak, 1990; Bernstel, 2001). Researchers in sales have examined several demographic and psychological characteristics of salespeople in order to find the determinants of salesperson effectiveness and success (Predmore and Bonnice, 1994; Sengupta *et al.,* 2000). Johnston and Marshall (2003) state that the performance of salespeople is a function of both personal traits and organizational factors. Churchill *et al.* (1985) found that the key individual-level determinants of salesperson performance are aptitude, personal characteristics, skill level, role perceptions, and motivation

Sengupta *et al.* (2000) found that two other individual-level variables, strategic ability and intrapreneurial ability, are significant determinants of salesperson effectiveness. The influence of these two variables is mediated by two relationship-process variables – communication quality and customers' trust. Strategic ability is defined by Sengupta *et al.* (2000, p. 254) as: . . .the cognitive capacity of a key account salesperson (KAS) to analyze customer organizational and business problems and focus on their long-term interests. They define intrapreneurial ability as: .. . .the KAS's ability to locate personnel or other resources within the seller firm and deploy them to assist the customer account (Sengupta *et al.,* p. 254).

Other individual-level variables that affect salespersons' performance include adaptability (Peterson *et al.,* 1995), voice characteristics (Peterson *et al.,* 1995), communication apprehension (Pitt *et* al., 2000), and interpersonal listening skills (Castleberry *et al.,* 1999). Many of the variables that influence performance such as sales aptitude, mental ability, and personal traits are individual characteristics of salespeople, and are out of the control of management. However, management directly controls how salespeople are trained and developed. Management control and training are important potential contributors to a salesperson's long-term performance (Johnston and Marshall, 2003). By designing and implementing appropriate training programs, sales managers may increase the performance of their sales force.

In order to design these programs, managers need an understanding of the importance salespeople place on different selling techniques. In an early exploratory study, Dubinsky (1980) identified the underlying dimensions of 84 selling techniques used in personal selling. He concluded that the 84 selling techniques of the personal selling process are divided into seven steps: (1) locating and prospecting for customers; (2) the pre-approach; (3) the approach; (4) the sales presentation; (5) handling objections and resistance; (6) the close; and (7) the post sale follow up.

Dwyer *et al.* (2000) studied the effectiveness of the selling techniques used by salespeople in the insurance industry, and found that some selling techniques have the potential of being critical factors in the success or failure of salespeople who sell homogeneous goods. Dwyer *et al.* (2000) identified 12 variables that differentiate salespeople into top and bottom performers and found that top sellers used non-manipulative and customer-oriented practices, and were able to adapt their presentations to meet the specific needs of each prospect. However, a limitation of Dwyer *et al.*'s (2000) study was that it only examined one firm, in one industry (life insurance), and in one country (USA). The degree of generalizability of Dwyer *et al.*'s (2000) findings may be questioned, as different types of selling and different situations often imply different and occasionally contradictory CSFs (Rackham and DeVicentis, 1999).

A second limitation of Dwyer *et al.*'s (2000) study was the use of only self-reported measures of salesperson performance. Self reported measures of performance might have an upward bias (Tsui and Ohlott, 1988) and a low correlation with supervisor reports. Meta-analyses by Harris and Schaubroeck (1988) and Mabe and West (1982) estimated the self-reported and supervisor appraisal correlation coefficient to be below 0.35. Evidence of a low correlation between the two evaluation approaches is also found in the sales literature (Chonko *et al.,* 2000). Tsui and Ohlott (1988) found that low correlations between appraisals are explained by differences in the appraisal criteria used by raters (i.e. differences in the superiors' and subordinates' perceptions of the roles that employees should perform) and the relative importance raters assigned to the criteria. Tsui and Ohlott (1988) argue that rater consensus on the appraisal criterion and criterion weights typically are not found in an organizational context, and to overcome this limitation recommend a multiple rater approach to assess employee effectiveness.

Personal selling represents the most costly but effective form of directly connecting a consumer with a company's products and services. It has been estimated that the average cost of a face-to-face sales call is $170 (Armstrong and Kotler, 2005). However, an in-person sales presentation, entailing an effective verbal presentation and interaction with the prospective buyer, is considered the most powerful marketing tool in use today (BusinessTown.com, 2005). Personal selling in the nonprofit sector is most appropriate when the financial support sought from the consumer is substantial.

An example may be an endowment to fund research (salaries, equipment, travel) in search of a disease cure. Although traditionally, salespeople have been characterized as aggressive and manipulative, personal selling has developed into a profession based on relationship building (Weitz *et al.,* 2004). The focus of successful salespeople today is on understanding customer needs (through questioning) then matching a product or service to meet those needs (Finkle, 2006). The high cost of implementing a face-to-face personal selling strategy is due to the recruiting, selecting, hiring, training, development, and compensating of selling resources (i.e. salespeople). However, such high-investment costs in salesperson resources allows for the firm to maintain higher levels of resource control. For example, managers can monitor, supervise, and mentor salespeople in order to further develop their skills. Likewise, the firm is in control of decisions such as how to evaluate and reward high-performing salespeople and whether to replace under-performing salespeople.

Personal selling process: The basic parts of a firm's promotional effort are personal selling, advertising, publicity, and sales promotion (Futrell, 1992). Personal selling is defined as "the personal communication of information to persuade a prospective customer to buy something – a good, service, idea, or something else" (Futrell, 1992). Johnston and Marshall (2003) believe that personal selling messages have the potential to be more persuasive than advertising or publicity due to the face-to-face communication with customers.

Brooksbank (1995) suggests that personal selling is a critical component of marketing success. He defines the personal selling process as the "positioning of goods or services in the mind of a particular prospective customer" (Brooksbank, 1995, p. 63). With increasingly fragmented markets, the role of personal selling becomes extremely important. The role of personal selling will continue to be of overwhelming importance in the case of those companies operating in markets characterized by high volume customized goods and services with relatively long and complex decision making processes (Brooksbank, 1995, p. 61).

Researchers have found that cultural values affect the preference for inter-personal communication tools, such as personal selling. For example, in a cross-cultural study, Kim and Merrilees (1998) found differences in Australian and Hong Kong retailers' perceptions of personal selling. The difference in perception was attributed to differences in the retailers' degree of cultural orientation, measured using Hofstede's (1997) collectivism index. Given the fact that Ecuador is a more collectivist society than is the USA, it is possible that the sales techniques used by successful Ecuadorian salespeople are different from the ones described by Dwyer *et al.* (2000). Since 1970, a steady increase has occurred both in the number of studies overall and in the variety of countries explored (Sojka and Tansuhaj, 1995). Cross-cultural researchers have found that culture affects consumer behavior (Luna and Fourquer, 2001; Sojka and Tansuhaj, 1995), salesperson selection (Hill and Birdseye, 1989), salesperson perceptions of management leadership and intrinsic/extrinsic motivations (DeCarlo *et al.,* 1999), salesperson turnover (Naumann *et al.,* 2000), personal selling measures (Herche *et al.,* 1996), communication apprehension (Pitt *et al.,* 2000), and communication preferences (Kim and Merrilees, 1998).

Models of advertising effect: For several decades, marketing executives and academics have attempted to develop formal theories of "how advertising works" with the aim of facilitating the design of advertisements and the practical execution of campaigns. These theories appear in marketing textbooks and have been taught by marketing educators to successive generations of students in the business and management field. Notable examples of the prescriptive models arising from theories of how advertising works are attention, interest, desire, action (AIDA) and its numerous hierarchy-of-effects derivatives, such as ACIAS, ACALTA, AAPIS, DAGMAR and others (Barry and Howard, 1990), the FCB grid (Vaughn, 1980) and such descendants as the Rossiter-Percy configuration, and various "affect" and "cognition"-based approaches (Vakratsas and Ambler, 1999).

Other conceptual frameworks sometimes employed as a foundation for advertising planning are derived from the disciplines of semiotics (Williamson, 1978; Barthes, 1985), psycholinguistics (Vestergaard and Schroder, 1985; Fairclough, 1989; Bruthiaux, 1996) and discourse analysis (Myers, 1999; Cook, 2001). Semioticians have attempted to conceptualize the way advertising works in terms of how customers define and interpret signs and symbols within messages. Psycholinguists focus on the textual dimensions of advertisements, using linguistic theory. Discourse analysts see language as a prime determinant of the ways in which people ascribe meaning to advertisements. Cook (2001), in particular, proposed that advertisements can be systemically decoded by examining the properties of their textual elements and the relationships among objects in the vicinities of those elements.

Advertising agencies may or may not subscribe to such frameworks. Possibly, the advertising practitioner community has limited awareness of the work of marketing academics and little confidence in their ability to solve practical problems. This is a matter of substantial concern, because formal theories of how advertising works can form a basis for planning an entire advertising campaign. They provide a wider perspective on the advertising process and contribute marketing intelligence to the campaign planning task (Crosier and Pickton, 2003).

The advertising agency function charged with the task of providing this input to campaign planning and development is "account planning". In this particular context, "account" has no connection with financial accounting, but is the term historically used to denote an advertising agency's client or, more precisely, those elements of its total advertising programme that it sub-contracts to that particular agency: for example, "the XYZ Bank home loans account". Writing in a special issue of Marketing Intelligence & Planning devoted to account planning, Baskin and Pickton (2003) noted how clients as well as agencies benefited from a "disciplined system" for understanding customers and devising campaigns. Account planners unearthed key insights into communications solutions, with advertising modelling constituting a critical element of their role. In the same special issue, Crosier and Pickton (2003) recorded how account planning required integration across the whole marketing communications mix. Advertising models, which had long pedigrees, offered integrated perspectives that facilitated strategic marketing communications thinking and practice. The models had developed substantially over time. Also in that issue, Zambardino and Goodfellow (2003) traced the rapid expansion of integrated account planning from the application of sequential AIDA models in the 1970s to increasingly sophisticated approaches in later decades.

Academics naturally regard the integration of marketing theory and practice as being both valuable and desirable, and believe that it is they who should drive marketing knowledge forward. It is relevant to note in the present context, however, that a firm which puts together its own presumptions about the fundamental determinants of successful creative advertising might be able to gain a competitive edge over its rivals by convincing clients that it possesses unique knowledge of the ways in which customers mentally process and respond to advertisements (Brierley, 1998). Hence, it could use the possession of an independently developed in-house model as a means for inducing clients to believe that the firm offers a superior service (Brockman and Morgan, 1999). Brierley (1998) observed that advertising agencies "actually differ very little from each other" and offer "essentially the same menu" to clients. Thus, a firm's conspicuous assertion that it has special insights into the basic constituents of advertising effectiveness could differentiate it from rivals and bestow considerable public relations and reputation-enhancing benefits (Alpert, 1994). On the other hand, the creation in-house of plausible propositions that can be put before clients concerning the elemental nature of advertising could be costly and time-consuming, and clients might not be impressed by them in the first place (Sundbo and Gallouj, 2000). Smaller advertising services providers in particular may lack the time, knowledge and financial resources necessary to nurture in-house their own ideas about how advertising works (Caputo *et al.,* 2002).

Practitioners' use of academic marketing knowledge Research-led marketing theory, according to Ottesen and Grønhaug (2004), should help practitioners to understand important issues and hence guide key decisions. Otherwise, they asserted, there was little justification for its existence. Yet, there was a considerable amount of evidence to suggest that the actual utilization of marketing theory by practitioners was limited, due perhaps to potential users finding the knowledge expounded by academics as arcane, banal, and/or intuitively obvious. Concomitantly, complicated theoretical offerings might be unintelligible to practitioner recipients, who might lack the education and backgrounds necessary to deploy intricate academic knowledge effectively. Advertising executives are busy people and are consequently restricted by the limits of their cognitive capacities. Also, they might demand hard evidence that a particular theory works before they are prepared to subscribe to it (Cohen and Levinthal, 1990).

The examination of evidence is a substantial task that could require close reading of large volumes of technical research literature, most of which will appear in peer-reviewed journals, academic textbooks and the proceedings of international conferences. Few practitioners access these materials, with the consequence, it has been alleged, that academics and practitioners "frequently operate in different worlds with different and often conflicting values, reward systems and languages" (Ottesen and Grønhaug, 2004, p. 522). Tapp (2004, p. 580) similarly noted the presence of a "sizeable gap" between the outlooks of academics and practitioners, with academics "talking to themselves" rather than to the dual community of scholars and practitioners. Indeed, the guest editor's introduction to a different special issue of Marketing Intelligence & Planning, concerning the divide between marketing academics and practitioners (Brennan, 2004) suggested that the "gap" had in fact become a "chasm" with both the public and private business-to-business sectors believing that much of the discipline of marketing was inaccessible and/or inappropriate. The papers included in that issue revealed problems arising from differences in perceptions of what is important, of what academic marketing programmes should deliver, and of the usefulness of academic marketing journals. A contribution by McCole (2004) emphasized the need for academics to understand recent changes in both the concept and function of marketing and how, in the real world, marketing is carried out. Traditional teachings, he asserted, had to be revised (though not discarded), with marketing texts reflecting contemporary thinking and developments in the field.

2.3.3 Advertising

Advertising consists of paid presentation and promotion ideas, products, programs, or services whether in magazines or newspapers, television, radio, billboards, bus card, direct mail, open days, events, exhibitions, speeches, or other mediums. Technological advancements have pushed institutions to do viral marketing through social networking sites like my space, twitter and face book, (Kashorda, 2002).

Advertising is one of the most universal and pervasive channels of communication. Advertising is about grabbing the attention of as many people as possible with a view to selling them some thing. The advertisers present their wares in as many different ways as possible. Advertising is part of our home environment. On the sauce bottle at the break fast table, in the news papers, on hoardings at the road side, on the sides of buses and trains, in shop windows - every where we look the advertisers bombard us with their messages in an at tempt to persuade us to buy goods or services. Because we are so used to advertising we hardly consider what we see. It is part of our world, we are being 'sold at' by the advertisers all day and every day. The social meanings of advertisements need to be understood. (Mil lam, 1975).

It is the very familiarity with the genre which works upon the readers to persuade us that we need the item or improvement that is being offered to us at a 'very reason able price': For a society to be open to the messages of advertising there needs to be a segment of the population who can afford to buy ex pensive products. It needs to be a literate population who can under stand the messages. The messages must reach the right audiences. There fore, those who receive the sales pitch must be of the right age and the right gender and they must be likely to have sufficient funds to buy the products that they see on offer (Dyer, 1995).

2.3.4 Direct Marketing

Direct mail involves the sending of information about a special offer, product, sale announcement, service reminder, or other type of communication to a person at a particular street or electronic address (Berry and Wilson, 2004). It encompasses a wide variety of marketing materials such as brochures, catalogues, postcards, newsletters, and sales letters. In contrast to most advertising, direct mail allows one-on-one communication thus increasing the certainty that the targeted customer will be reached (Berry and Wilson, 2004; Finkle, 2006). High levels of control over direct marketing resources exist as to who receives the message, when it is delivered, and the number of customers targeted (Lesonsky, 1998). An in-house resource used to design the direct mail piece further increases the level of control over content, design, and direct mail message. The cost to implement a direct mail program is relatively high since it requires duplication of printed material (e.g. outsourcing to a printer) and postage (outgoing and return).

Consumers' tendency to reject "junk mail" results in a relatively low response rate under 2 percent (Roman, 1988) thus driving up the indirect costs of implementing a direct mail program.

Catalogue marketing: Catalogue marketing has grown over the past 25 years to $126 billion and is expected to rise to $176 billion by 2008 (Armstrong and Kotler, 2005). Catalogue direct marketing is most commonly used to feature a variety of products that target the needs of a specific audience with a propensity to order from catalogues (Berry and Wilson, 2004). Entrepreneurs can use catalogs to sell to a small otherwise unreachable market, which can create initial sales momentum (Debelak, 2005). In the nonprofit segment consumers may wish to order branded attire (e.g. tee shirts), accessories (e.g. wristbands, necklaces, pins), and memento (e.g. plaques) from catalogues to commemorate their support of the social cause. However, due to the success of online direct marketing, traditional mail catalogues provide for a more costly form of direct marketing (Finkle, 2006). The paradox here is that revenues may be lost if business owners do not have a catalogue (Winicki, 2005).

In fact, recent research conducted on behalf of the United States Postal Service (USPS, 2004); found that a business doubles its chances of making an online sale by mailing a catalog. For small businesses, catalogue direct marketing is cost effective to implement in that sales and marketing expense is minimal. The major expense is the cost of producing and mailing the catalogue (Debelak, 2005). Control over direct marketing resources however is low since to produce a high quality catalogue, outsourcing the design and printing function is necessary.

Direct response marketing: Direct response marketing provides a means for entrepreneurs to measure the cause-and-effect relationship between advertising budget and its result (Williams, 2005). Direct-response marketing is any advertising that invites the recipient to contact the seller directly through a toll-free number, a mailing address, or a business reply card. It involves communicating with consumers through television (commercial or infomercial), radio, magazines, and newspapers (Berry and Wilson, 2004). Consumers who have previously supported a social cause through donations of time or money are most likely the targets of repeat mailings soliciting ongoing or increased support.

Although not necessarily suitable for all small-businesses, direct response TV works well for entrepreneurs who cannot obtain retail shelf space or whose unknown products would languish on the shelves (Gordon, 2002). The downside is that TV advertising costs are relatively high. Radio and print direct response advertisement can be effective depending on the content with costs lower than TV ads but relatively higher than other direct marketing forms previously reviewed. Typically, direct response marketing requires outsourcing the development and delivery of message content. For TV and radio, this would involve actors, production, and studio facilities. Control over resources required to implement magazines and newspaper direct response would be higher than TV/radio, but still relatively low compared to other direct

Telephone marketing: Telephone marketing or telemarketing uses the telephone to sell directly to consumers. It has become the major direct marketing communication tool accounting for more than 39 percent of all direct marketing expenditures and 36 percent of direct marketing sales (Armstrong and Kotler, 2005). This direct marketing strategy has grown to the extent that the average household is quite familiar with telemarketing calls (Berry and Wilson, 2004). In fact, The Direct Marketing Association claims that in 2005, telephone calls was the media with the highest average response rate (DMA, 2005). Successful telemarketing campaigns depend on a few essentials: well trained and rewarded salespeople, a good calling list, and an effective script (Berry and Wilson, 2004). If a consumer has previously donated financial support to a social cause, charity, or academic institution, they are recognized as having an established relationship with the nonprofit organization. Telemarketing regulations allow for consumers having such existing relationship with a business to be called.

The costs to implement a successful telemarketing direct marketing strategy are relatively high. Hiring, training, and compensating telemarketers is costly and compliance with the national “do not call” registry and other legal restrictions increases the uncertainty (e.g. fines for non-compliance) from the external regulatory environment (Geroux, 2003). However, because telemarketing salespeople can be supervised, sales can be measured, and processes can be monitored – entrepreneurial control over these resources is relatively high. Higher levels of resource control also provide opportunities to develop telemarketers to be high sales performers thus impacting revenue generation for the firm. Because of this, telemarketing is an attractive direct marketing alternative for entrepreneurs.

Direct Marketing: Direct marketing has matured into an increasingly exact and complex science requiring knowledgeable and experienced practitioners. More and more marketers are convinced that they need to develop closer relationships with their customers in order to achieve behavioral loyalty. Direct marketing has a much longer history, originating from organizations selling their products directly using a catalogue and mail-order. Much of the attraction of buying this way came from the credit facilities that such companies offered as well as the convenience of shopping from home and receiving one’s purchases through the mail. From these rather humble beginnings, direct marketing has metamorphosed into a complex science that involves collecting data on customers, storing transactional and behavioral information in a database, analyzing the performance of various tactics and manipulating data to maximize the return on investment.

Loyalty: Loyalty includes both attitudinal and behavioral dimensions (East *et al.,* 2000). The loyalty ladder (Christopher *et al.,* 1991) helps marketers categorize their customers according to their level of behavioral loyalty. These customers represent a more attractive proposition to the marketer than the one-off transaction customer. The model of the ladder has five rungs; suspect, prospect, customer, client and advocate. However, in transactional markets, for example consumer goods, it has been more difficult for marketers to develop relationship building strategies. O’Malley and Tynan (2000) report that marketers in such sectors almost ignored relationship marketing until the advent of database technologies which enabled direct marketing activities, customer relationship management and relationship marketing to take place. As a result, the term relationship marketing is often used as a catch-all phrase to describe direct marketing or database marketing (Tapp, 2005).

Online relationships: In the online environment, Davis *et al.* (1999) proposed the idea that retailers apply a trust building approach to consumer marketing relationships. Thus, relationships in the virtual world are moderated by the participants' ability to trust in each other. Thus relationship exchanges are now occurring in multiple dimensions (Cannon and Perrault, 1999) and customers can utilize many channels through which they can communicate with organizations and through which organizations can direct messages and encourage responses.

It is easy to see why some organizations might believe that because communication is made so easy with the advent of sophisticated technology, they do not have to think strategically about using direct marketing to kindle long-term relationships. However, writers such as Godin (1999) remind us that having a customer's permission to contact them means that messages are likely to be better received. This is because customers not only expect to hear from the organization to whom they have given communication permission, but also because they expect that the message will be both important and relevant to them. Because the message is relevant, expected and has value for the recipient, a positive response is more likely and a relationship can be started or enhanced. If an organization that has received communication permission from a customer but continues to send them irrelevant messages, then the organizations runs the risk of alienating customers. In exchange for offering personal data and preferences, customers have the right to expect that messages will be relevant. If messages are not relevant and meaningful to individual customers, organizations run the risk of alienating the very people with whom they wished to develop a relationship.

The database: Direct marketing requires that the marketer collects relevant information. The information which an organization stores about a customer should be fit for the purpose intended. In other words, data should be up to date and error free. Getting the single customer view (SCV) from the numerous touch-points to which a customer has access is not simple (Lawson, 2008) However, it is important because it does not inspire confidence in a customer to receive duplicate messages from an organization, whether by mail, e-mail, mobile or telemarketing. Messages sent to customers need to be personalized in terms of the way they like to be addressed and the method used to communicate. Customers then feel that they have control over the way in which marketing messages are received. As a result, direct marketing can be seen to be less of an intrusion. The database can be used to tailor relevant communications as well as provide information for future profiling.

It is also important not to betray customer trust by allowing data to be used by others. It is essential that data is kept safe and that privacy is not abused. Without confidence in security, customers may limit their communication with the organization. The risk of fraud or financial abuse may also restrict customers from using transactional technology (Tsiasmes and Siomkos, 2003). For this reason, a relationship may not develop if offline channels are not available.

Personalization: Digital printing and online facilities allow marketers to personalize products, pricing and promotions to match their customer needs. It is no longer necessary to bombard prospects with hundreds of offers (although my letter box and e-mail inbox denies this!). If an organization has any kind of relationship with a customer, even if it is only one transaction, they know much about that customer that allows the personalization of future communications. Previous purchases can act as a platform for the offer of similar or related products. Working on the principle that loyal customers are less likely to be price sensitive Amazon experimented unsuccessfully with personalizing prices, where loyal customers were offered higher prices than new customers (Cox, 2001). Some customers believe that such dynamic pricing is illegal or at least should not be allowed (Alreck and Settle, 2007). It is possible to personalize a price from analysis of previous purchases. At the very least, some customers think that it is unfair to loyal customers and boycott organizations that attempt price personalization.

Strategic customer relationships: Most organizations will need both to keep their existing customers and acquire new ones. Acquisition and retention strategies need to work together and concurrently to maximize share of customer wallet and prevent customer churn. Loyalty-schemes may help to get behavioral loyalty in the short term but do not necessarily achieve combined attitudinal and behavioral loyalty. Just because a customer is habitually loyal it does not mean that they will not transfer their custom to another provider if triggered to do so. For this reason, organizations need to discover who their most important customers are and how they are going to keep them. Organizations also need to know how those customers were recruited in the first place, thus allowing the opportunity for the marketer to replicate their success by using the same approach for acquiring similar customers (Sargeant, 2001) Satisfying these customers may not be enough, there may be more that an organization needs to do to prevent them from leaving, such as allocating a named contact person, offering privilege access, special events, etc. for such customers so that transferring their business to a competitor becomes an emotional wrench for them.

2.4 Empirical Literature

Drucker (1999) noted that marketers use numerous tools to elicit response from the target markets. These tools include: Place, Price, Products and Promotions also referred to as 4Ps of marketing (McCarthy, 1996). Marketing mix decisions must be made for influencing the trade channels as well as the final consumers and in return sales. Typically a firm can change any of the marketing mix to achieve the desired response from the potential buyers. For instance, a firm can change its price, sales force size and advertising expenditures in the short run. It can develop new products and modify its distribution channel only in the long run. Kotler (2000) indicated that the 4Ps represent the sellers' view of the marketing tools available for influencing buyers. From the buyers' point of view, each marketing tool is designed to deliver a customers' benefit. Lauter (1990) suggested that the seller's 4Ps correspond to the customer's four Cs that include: customer solution, cost, convenience and communication as shown in the table below.

Table 2.1: Customer's Cs corresponding to sellers' Ps

Four Ps	Four Cs
Product	Customer solution
Price	Customer cost
Place	Convenience
Promotion	Communication

Winning companies will be those who can meet customer needs economically and conveniently and with effective communication. Marketing mix is a controllable factor that the marketing manager can take to solve a marketing problem (Bekowitz *et al.,* 1997).

2.4.1 Promotional elements

Bekowitz *et al.* (1997) defined promotion as a means of communication between the seller and buyer. To communicate with consumers, a company can use one or more of the promotional alternatives that is personal selling, advertising, sales promotion and public relation. Fische (1996) noted that three of these elements, which include advertising, sales promotion and public relation, are often said to use mass selling because they are used with groups of prospective buyers. In contrast, personal selling uses person-to-person interaction between a seller and a prospective buyer. Personal selling activities include face-to-face, telephone and interactive electronic communication.

Advertising

Benette (1995) defined advertising as any paid form of non-personal communication about an organization, a good, service or an idea by an identified sponsor. The paid aspect of this definition is important because the space for the advertising message normally must be bought. The non personal component of advertising is also important as it involves mass media such as (TV, Radios and Magazines) which are non personal and do not have an immediate feed back loop as does personal selling (McCarthy, 1996) There are several advantages to a firm using advertising as its promotional mix. It can be attention getting. A company can control what it wants to say and to whom the message is sent. It also allows the company to decide when to send its message to all receivers in a market segment. Most firms concentrate on product advertisement and institutional advertisement as explained below.

Product advertisement: This is focused on selling a good or service. It is used in the introductory stage of the product life cycle. Pioneering advertisement tell people what a product is, what it can do and where it can be found. Basically, it informs the target market about the product. Comparative advertising shows one brand's strength relative to those of competitors. It also attracts more attention and increases the perceived quality of the advertiser's brand. Reminder advertising is used to reinforce a previous knowledge of product. It is good for products that have achieved a well-recognized position and are in a mature phase of their product life cycle. It also ensures current users that they made the right choice.

Institutional advertisements: This builds goodwill or an image for an organization rather than promoting a specific good or service. Four alternative forms of institutional advertisements often used, which, include advocacy advertisements, which states the position of a company on an issue, secondly, is pioneering institutional advertisement, which are used for announcement about what a company is, what it can do, or where it is located, third is competitive institutional advertisement, which promotes the advantages of one product class over another and are used in markets where different product classes compete for the same buyers and lastly reminder institutional advertisement, which brings the company's name to the attention of the target market again. The advertisement decision process is divided into developing, executing and evaluating the advertisement program. In developing the advertising program, a firm identifies the target audience, that is, group of prospective buyers toward which advertising program is directed. It also needs to specify the advertising objective. The objectives should be designed for a well defined target audience, be measurable and cover a specified time period (Magid and Loorsh, 1990). Kotler (1995) stresses that the firms also need to set budget though, there is no precise way to measure the exact results of spending advertising dollars.

In setting the advertising budget, the firm may use percentage of sales, competitive parity, all you can afford, objective and task whereby the company determine its advertising objectives and the tasks to accomplish, then determine the cost of performing the tasks. Magid and Loorsh (1990) support that when the company has developed the advertising objective, it then designs the advertisement. This consists of advertising copy and artwork that the audience is intended to see or hear.

The message usually focuses on the key benefits of the product that are important to a prospective buyer in trial and adoption. The firm then needs to select the right media, that is, the means by which the message is communicated to the target audience. Examples are newspapers, magazines, radio and television. The media selection decision is related to the target audience, type of product, nature of the message, campaign objectives, available budget and the cost of alternative media. Rotfeld (1990) indicates that the company needs to schedule advertising. There is no correct schedule to advertise a product but the firm should consider the buyer turn over which is how often new buyers enter the market to buy the product, purchase frequently.

This means that, the more frequently the product is purchased the less repetition is required. Finally, the company must consider the forgetting rate, that is, the speed with which buyers forget the brand if advertising is not seen. Kotler (2000) in executing the advertising program, the marketers can try to ensure that their advertising expenditure are not wasted by evaluating the program before and after the advertisements are run in the actual campaign. The evaluations also need post- testing to determine whether it accomplish their intended purpose. The tests include inquiry tests and sales tests.

Sales promotion

Hardie (1991) explains that sales promotion gives a short-term inducement of value offered to arouse interest in buying a good or service. It is offered to intermediaries as well as consumers inform of coupons, rebates samples and sweepstakes'. Foskett (1999) argues that sales promotions cannot be the sole basis for campaign because gains are often temporary and sales drop off when the deal ends so that advertisement is often used to convert the customer who tried the product because of sales promotion into a long-term buyer. Kotler (1994) noted that if sales promotion is conducted continuously, they lose their effect. Customers begin to delay until a coupon is offered or they question the product's value. When organizing sales promotion firms' can direct sales promotion to ultimate consumers, that is, Consumer-oriented sales promotion to support a company's advertising and personal selling.

On the other hand firms' can also direct their sales promotion to traders like the wholesalers, retailers or distributors. This can be done by giving the traders allowances and discounts. They can also carry out cooperative advertising whereby manufacturer pays a percentage of the retailers' local advertising expenses for advertising the manufacturer's products and lastly, firms can train distributor sales forces to increase their performance (Hardie, 1991).

Personal selling

Kotler (2000) noted that personal selling is a useful vehicle for communicating with present and potential buyers. Personal selling involves the two way flow of communication between a buyer and seller often in face to face encounter designed to influence a person's or group's purchase decision. However, with advances in technology, personal selling also takes place over the telephone, through video conferencing and interactive computer links between buyer and selling though personal selling remains a highly human intensive activity despite the use of technology. Kotler and Levy (1969) also noted that personal selling serves three major roles in a firm's overall marketing effort. Salespeople are the critical link between the firm and its customers; salespeople are the company in a customer's eyes. They represent what a company is or attempts to be and are often the only personal contact a customer has with the company; and lastly, personal selling may play a dominant role in a firm's marketing program. Salespeople can create customer value in many ways. For instance, by being close to the customer, salespeople can identify creative solutions to customer problems. Personal selling assumes many forms based on the amount of selling done and the amount of creativity required to perform the sales task (Foskett, 1999). The company uses sales force to carry out personal selling. It can use agents or the firm's sales force. The selling must be managed if it is to contribute to a firm's overall objectives.

Direct marketing

Kotler (2000) defined direct marketing as an interactive, marketing system that uses one or more advertising media to effect a measurable response and/or a transaction at any location. Hardie (1991) emphasized that sales produced through direct marketing are growing rapidly. Today many direct marketers see direct marketing as playing a major role that of building a long-term relationship with the customers.

Major channels for direct marketing: Direct marketers can use a number of channels for reaching prospects and customers. These include face-to-face selling, direct mail, catalog, telemarketing, TV and other direct-response media, kiosk marketing and online channels (Kotler, 2000).

Direct mail: Direct mail involves an organization sending an offer, announcement, reminder or other item to a person at a particular address (Hardie, 1991). Women groups deal directly with their customers and so giving an offer or making an announcement to the prospects become easier.

Catalog marketing: Catalog marketing occurs when companies mail one or more product catalog to select addresses. They may send full time merchandise catalog, specialty consumer catalog, and business catalog usually in print form but sometimes in CDs, videos or online (Kotler, 2000).

Kiosk marketing: Some companies have designed customer order placing machine called kiosk in contrast to vending machine, which dispense actual products. This can be important to companies, which produce perishable commodities like women groups as the customer without the need to travel the prospects (Hardie, 2000).

On-line marketing: In on-line marketing, the consumer, not the marketer gives permission and controls the interaction as they decide what marketing information they receive about which product and services under what condition (Kotler, 2000). Foskett (1999) emphasized that on-line marketing will enable women groups to adjust to market conditions by quickly add product to their offering change prices and descriptions, it will also enable them to dialogue with consumers and learn from them hence build strong relationship.

Public and ethical issues in direct marketing: Marketers using direct marketing as a their promotional tool experience various ethical issues. For instance, many people find the increasing number of hard sell direct marketing solicitation to be a nuisance (Kotler 2000). They dislike direct response TV commercials that are too loud or too long and too insistent. Customers also complain about unfairness, invasion of privacy. Women groups and other marketers should address these issues as left untended may lead to increased negative consumer attitudes, consumer response rate and calls for greater state and federal regulation (Hardie 2000).

Public relations

Fiske (1980) defined public relations as a form of communication management that seeks to influence the image of an organization and its products and services. Public relations usually focus on communicating positive aspect of the business. This involves a company to use publicity tools like news release whereby the company informs a newspaper, radio station or other media of an idea for a story. The firm can also use news conference in which the representatives of the media are all invited to an information meeting and advance materials regarding the content are sent. Kotler (2000) noted that non-profit organizations rely heavily on Public Service Announcements (PSAs), which are free space or time donated by the media. Non-profit organizations also use high visibility individuals as publicity tools to create visibility for their companies, their products and themselves. The publicity efforts are coordinated with news releases, conferences, advertising, donations to charities, volunteer activities endorsements and any other activities that may have impact on public perceptions.

2.5 Factors to consider when choosing promotional elements

A firm's promotional mix is the combination of one or more of the promotional elements it chooses to use (Kotler, 2000).

2.5.1 Target Audience

Gaunt, 1991) noted that promotional programs are directed to the ultimate consumer, to an intermediary (retailer, wholesaler or industrial distributor) or to both. Promotional programs directed to buyers or consumers' products use mass media. Kotler and Armstrong (2004) supported that advertising directed to industrial buyers is used selectively in trade publications, however, as industrial buyers have specialized needs or technical questions. Personal selling is particularly important as the sales person can provide information and the necessary support after sales.

2.5.2 Product life cycle

All products have a product life cycle and the composition of the promotional mix changes over the four life cycle stages.

Introductory stage: The promotional objective is to inform consumers in an effort to increase their level of awareness. At this stage, all promotional mix elements are used but advertising is particularly important as a means of reaching as many people as possible to build up awareness and interest (Pierce and Robinson, 2000).

Growth stage: Kotler and Armstrong (2004) noted that primary objective of promotional elements is to persuade the consumers to buy the product. Advertising is the primary promotional element used which stresses brand differences. Personal selling is used to solidify the channel of distribution.

Maturity stage: The need for promotion is to maintain existing buyers and advertising's role is to remind buyers of the product's existence. The company also uses sales promotion like discounts and coupons to maintain loyal buyers (Palmer, 2002). This enables women groups to maintain their customers because if that is not done the consumers can switch to other companies' products.

Decline stage: At this stage little money is spent in the promotional mix as the product is phased out (Kotler and Armstrong, 2004). Although Evans (1999) disagrees and says that women group's products is not fashion oriented and so they do not have decline stage, which may affect their choice of promotional elements.

2.5.3 Production characteristics

According to Evans (1995) the proper blend of elements also depends on the type of products. The characteristics include complexity, risks and ancillary services.

Complexity: It refers to the technical sophistication of the product and hence the amount of understanding required using it. In this case greater emphasis is on personal selling. This arouses the need to use promotional mix elements so that the potential consumers may not fear trying the product. (Kotler, 2000).

Risk: Risk for the buyer can be assessed in terms of financial risk, social risk and physical risk. Advertising may be used but the greater the risk, the greater the need for personal selling. (Barnes, 1993 and Evans, 1995).

Ancillary Services: James and Philips (1995) explain that the ancillary services pertains to the degree of services or support required after sales. Advertising is used to establish the seller's reputation. However, personal selling is essential to build buyer confidence and provide evidence of consumer service.

2.5.4: Stages of the buying decision

Kotler (2000) noted that knowing the customer's stage of decision-making also affects the choice of promotional mix.

Pre-purchase stage: In pre-purchase stage, advertising is more helpful than personal selling because advertising informs the potential customer of the existence of the product and the seller. Sales promotion in the form of free samples also can play an important role to gain low risk trial (Kotler, 2000).

Purchase stage: At this stage personal selling plays a greater role. Sales promotion in the form of coupon, deals, point of purchase displays and rebates are very helpful in encouraging demand (Kotler, 2000).

Post purchase stage: In this stage the buyer needs personal contact hence salesperson is important. Advertising is also important to assure the buyer that the right purchase was made while sales promotion in the form of coupons can help encourage repeat purchase from satisfied first-time triers (Palmer, 2002).

2.5.5 Channel strategies

Kevin *et al.,* (2003) noted that promotional strategies assist in moving a product through the channel of distribution. The manufacturer has to decide whether to use push, pull or both in its channel of distribution.

Push strategy: In this approach, personal selling and sales promotion play a major role. Salespeople call on wholesalers to encourage orders and provide sales assistance and this increases purchase of products (James and Philip, 2001).

Pull strategy: The manufacturer directs its promotional mix to customers to encourage them to ask retailers for the product. Seeing the demand from ultimate consumers, retailers order the product from wholesalers (Hardie, 1999).

3.0 METHODOLOGY

3.1 Introduction

This chapter articulates methodology for the research. In the previous chapter, literature pertaining to the study was reviewed, the theories and models used when conducting the study were discussed and research gaps identified. This chapter discusses the criteria for determining the appropriate methodology for the study, the research design, including the target population, data collection methods, research procedures, data analysis, interpretation and presentation are described. The following sections provide a detailed description of the research methodology used in the study.

3.2 Research Design

Research design is the master plan for collection and analysis of data which aids in answering the research questions. Research design is the general plan of how the researcher will go about answering research questions. It specifies the sources from which the researcher intends to collect data, measurement and analysis of data, (Saunders, Lewis and Thornhill, 2009). Various authors recommend the use of descriptive design (Orodho, 2004) contends that, to produce information that is of interest to policy makers even in business descriptive design is helpful. This involved collection of information by administering questionnaires and interviewing a sample of individuals.

The study adopted a descriptive research design. A descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variable of interest in a situation (Kothari, 2008). Correlation was undertaken to determine the relationship between the dependent (sales volumes) and independent variables (Advertising, Sales Promotion, Personal Selling, and Direct Marketing) addressing the relative influence of selected MC tools on sales volume in Postbank.

3.3 Population of the Study

Mugenda and Mugenda (2003) refer to target population as the entire group of individuals, events or objects having common observable characteristics to which the researcher wants to generalize the results of the study. Population of the study will comprise of the staff of finance department, marketing department and sales representatives and operation department of Kenya Post office savings Bank Headquarters in Nairobi, whose number stood at 240. The target population distribution is presented in table 3.1 below.

Table 3.1: Target Population

Department	Population
Finance	24
Marketing	60
Sales	84
Operations	72
Total	**240**

3.4 Sample and Sampling Procedure

This section presents the sampling techniques and sample size.

3.4.1 Sampling Technique

Stratified sampling technique was used to arrive at a representative sample for the study, where the population will first be divided into strata and treated as a population. This technique was used since the study unit has an equal chance of being selected in the sample size. Stratified sampling is a method of polling that separates the population into groups with commonalities and then polls members of each group. A stratified sampling provides greater accuracy than a simple random sampling of the same size and may be less expensive because a smaller sample often provides greater precision. Since a proportionate stratified sampling includes the group's percentages as they occur in the population, there was no danger that any one group was going have a disproportionate representation in the study. Dividing the population into series of relevant strata means that the sample is more likely to be representative as it ensures each strata is representative (Mark, Philip & Adrian 2009)

3.4.2 Sample Size

A simple size of 96 was selected to participate in the study. Table 3.2 below presents the sample size.

Table 3.2: Sample Size

Department (Strata)	Target Population	Sample Size
Finance	24	10
Marketing	60	24
Sales	84	34
Operations	72	28
Total	**240**	**96**

3.5 Data Collection

Primary data was collected using a questionnaire with both closed and open ended questions. The questionnaire will be pre-tested on a small number of respondents who were selected on a judgmental basis. The questionnaire was self administered through drop – and – pick method to selected staff of the targeted departments. Closed ended questions were presented on a Likert type scale. The Likert type scale, commonly used in business research was applied because it allows participants to provide their perceptions and opinions both in terms of direction (positive or negative) and intensity (degree of agreement or disagreement). The ratings were on a scale of 1 (lowest or least important) to 5 (highest or most important). Additionally secondary data related to Postbank will also be explored namely the financial results. In order to satisfy all the four objectives of the study, a listing of the various possible generic strategy practices will be provided and the respondents asked to tick (√) as appropriate, the extent to which they have adopted each of the strategies along a five-point scale.

3.6 Data Analysis Methodology

The Statistical Package for Social Sciences (SPSS) was used as an aid in the analysis. SPSS was preferred because of its ability to cover a wide range of the most common statistical and graphical data analysis. The collected data from the questionnaire and secondary sources was systematically organized in a manner to facilitate analysis. The data pertaining to profile of the respondents and the organizations was analyzed using content analysis. Cooper and Schindler (2005) states that content analysis may be used to analyze written data from experiments, observations, surveys and secondary sources. Qualitative data was analyzed using content analysis while quantitative data was analyzed using descriptive statistics, which include frequencies, percentages, means cores and standard deviations. In order to establish the relationship between the independent and dependent variables, inferential statistics will be used. In order to determine the relationship between independent and dependent variables, chi-square test and a regression analyses were undertaken.

Chi-square Tests

Pearson's chi-squared test (χ^2) is the best-known of many chi-squared tests (Yates, likelihood ratio, portmanteau test in time series, among others) – statistical procedures whose results are evaluated by reference to the chi-squared distribution (Ivory, Sinha & Hearst, 2001). Its properties were first investigated by Karl Pearson in 1900. In contexts where it is important to improve a distinction between the test statistic and its distribution, names similar to Pearson χ-squared test or statistic are used. It tests a null hypothesis stating that the frequency distribution of certain events observed in a sample is consistent with a particular theoretical distribution. The events considered must be mutually exclusive and have total probability. A common case for this is where the events each cover an outcome of a categorical variable. A simple example is the hypothesis that an ordinary six-sided die is fair", i. e., all six outcomes are equally likely to occur.

The study used the chi-square goodness of fit and test of independence as explained and used by Ivory, Sinha & Hearst (2001). In this case, an "observation" consists of the values of two outcomes and the null hypothesis is that the occurrence of these outcomes is statistically independent. Each observation is allocated to one cell of a two-dimensional array of cells (called a contingency table) according to the values of the two outcomes. Fitting the model of "independence" reduces the number of degrees of freedom by $p = r + c - 1$. The number of degrees of freedom is equal to the number of cells rc, minus the reduction in degrees of freedom, p, which reduces to $(r - 1)(c - 1)$.

For the test of independence, also known as the test of homogeneity, a chi-squared probability of less than or equal to 0.05 (or the chi-squared statistic being at or larger than the 0.05 critical point) is commonly interpreted by applied workers as justification for rejecting the null hypothesis that the row variable is independent of the column variable. The alternative hypothesis corresponds to the variables having an association or relationship where the structure of this relationship is not specified.

The chi-squared test, when used with the standard approximation that a chi-squared distribution is applicable, has the following assumptions:

Simple random sample – The sample data is a random sampling from a fixed distribution or population where every collection of members of the population of the given sample size has an equal probability of selection. Variants of the test have been developed for complex samples, such as where the data is weighted.

Sample size (whole table) – A sample with a sufficiently large size is assumed. If a chi squared test is conducted on a sample with a smaller size, then the chi squared test will yield an inaccurate inference. The researcher, by using chi squared test on small samples, might end up committing a Type II error.

Expected cell count – Adequate expected cell counts. Some require 5 or more, and others require 10 or more. A common rule is 5 or more in all cells of a 2-by-2 table, and 5 or more in 80% of cells in larger tables, but no cells with zero expected count. When this assumption is not met, Yates's Correction is applied.

Independence – The observations are always assumed to be independent of each other. This means chi-squared cannot be used to test correlated data (like matched pairs or panel data).b In the Pearson's chi-square, it was ensured that no result had more than 20% cells with expected count less than 5. This was according to the assumption of chi-square which would not be violated. The results are therefore reliable. In reporting the chi-square tests, the *X2* (chi-square) value was indicated to show that the results were from a chi-square test followed by the degrees of freedom (located under the "df" column for "Pearson Chi-Square" row of the "Chi-Square Tests" table) and the sample size in brackets. The significance level then followed; the exact significance level should was not reported unless it wasless than .005 (that would be written $p < .005$). For example, a chi-square test was performed and no relationship was found between gender firm size, X2 (2, N = 105) = 1.10, p =0.58.

Regression Model

A Regression model will be adopted to test the relationships between the study variables.
The model for the analysis is shown below:

$Y = X + X_1 AD + X_2 SP + X_3 PS + X_4 DM + e$

Where:

Y = Financial Inclusion
X = Constant
X_1, X_2, X_3 & X_4 = Co-efficients
AD = Advertising
SP = Sales Promotion
PS = Personal Selling
DM = Direct Marketing
e = residual error

3.7 Reliability and Validity

This section presents the reliability and validity of research instruments.

3.7.1 Reliability

Miller (2009), defines reliability as the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials. In short, it is the stability or consistency of scores over time or across raters. Reliability of the questionnaire was be tested by pre-testing the questionnaire with a selected sample. The pre-testing assisted in enhancing the clarity of the questionnaire. A pilot study was conducted to find the instruments reliability and the procedures of administration. Reliability co-efficient was obtained by correlating the scores of odd numbered statement with the score of even numbered statement in the questionnaire. The researcher used test-retest to ascertain the coefficient of internal consistency or reliability. The instrument was administered twice to the same group of subjects at an interval of two weeks. The scores of the first and the second were correlated using Pearson product moment correlation coefficient formula

$$r = \frac{N\sum xy - \sum x \sum y}{[(\sum x^{2} - (\sum x)^{2}][N\sum y^{2} - (\sum y)^{2}]^{\frac{1}{2}}}$$

Where $\sum xy$ = sum of the gross product of the value of each variable

$(\sum x)(\sum y)$ = Products of the sum of x and the sum of y

N = total number of items

A coefficient of 0.7 was obtained. According to Kothari (2004) a coefficient of 0.5 and above is deemed reliable

3.7.2 Validity

According to The Center for the Enhancement of Teaching, validity refers to how well a test measures what it is purported to measure. Validity is the accuracy and meaningfulness of inferences based on the research results. It is the degree to which results obtained from analysis of the data actually represent the phenomenon under study. It is the correctness and reasonability of the data. It refers to getting result that accurately reflects the concept being measured. In relation to construct validity that is the instruments measure the variables that they are supposed to measure and not other variables. Expert opinion from supervisors was sought to assess the validity of the data collection instruments. The researcher also improved validity, by matching assessment measure to the goals and objectives and by making useful adjustments to the research instruments after the pilot study.

3.8 Ethical Considerations

Hammersley, and Traianou (2012), emphasizes that some of the most important ethical principles in educational research are; minimizing harm, harm include among others financial and reputational consequences for the people being studied; protecting privacy; this means to keep data confidential; and respecting autonomy; that is showing respect for people in the sense of allowing them to make decisions for themselves, notably about whether or not to participate. In this study the researcher treated all the gathered information with utmost confidentiality to safeguard the public reputation of organizations and people concerned. Informed consent was obtained by informing the respondents the purpose of the study and benefits of participation, so as to provide sufficient information so that a participant can make an informed decision about whether or not to continue participation.

4.0 RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings of the study, the analysis of the data obtained and presentation. The findings were analyzed using simple percentages and presents in form of tables, graphs and pie charts. To facilitate the analysis of data, a number of questions were posed to the respondents by use of questionnaires which indicated more realistic results regarding the respondent's selection of alternatives. The study distributed 96 questionnaires to top management, middle management and lower level management employees of Postbank. However only 85 questionnaires were successfully filled and returned (88.6%) response rate. The response rate is summarized and presented in table 4.1 below.

Table 4.1: Response Rate Analysis

Response Rate	Frequency	Percentage
Response	85	89
No Response	11	11
Total	**96**	**100**

4.2 An evaluation of the effect of promotional mix elements on sales volume of financial institutions in Kenya

4.2.1 Descriptive Statistics

In order to meet the four specific objectives of the study, (i) to evaluate the extent to which sales promotion affects sales volume of financial institutions in Kenya; (ii) to assess the extent to which personal selling affects sales volume of financial institutions in Kenya; (iii) to investigate the extent to which direct marketing affects sales volume of financial institutions in Kenya; and (iv) to assess the extent to which advertising affects sales volume of financial institutions in Kenya, the respondents were asked to indicate the extent to which they agreed/disagreed that each of the following promotional mix elements affect sales volume in Postbank by ticking as appropriate against given alternatives. The findings are summarized and presented in table 4.2 below. ***Key:*** Strongly agree = 5; Agree = 4; Neutral = 3; Disagree = 2; Strongly Disagree = 1

Table 4.2: Extent to which sales promotion affects sales volume of financial institutions

Promotional mix element	Percentages					
	5	4	3	2	1	Total
Advertising (TVs, radios etc.)	36	29	20	9	5	100
Sales promotion (coupons, rebates, samples etc.)	41	27	26	6	0	100
Personal selling (salespeople, telemarketing etc)	31	35	28	2	4	100
Public relation (publicity, speeches, charity etc)	21	42	33	4	0	100
Direct marketing (mobile messaging, email, websites, etc)	14	36	42	7	0	100

Table 4.3 below presents a summary of only the respondents who indicated that they either agreed or strongly disagreed with the statements provided.

Table 4.3: Rankings of the promotional elements' effect on sales volume of financial institutions in Kenya

Promotional mix element	Percentages			
	Strongly Agree	Agree	Total	Ranking
Advertising (TVs, radios etc.)	36	29	65	3
Sales promotion (coupons, rebates, samples etc.)	41	27	68	1
Personal selling (salespeople, telemarketing etc)	31	35	66	2
Public relation (publicity, speeches, charity etc)	21	42	63	4
Direct marketing (mobile messaging, email, websites, etc)	14	36	50	5

Findings in table 4.3 above indicate that sales promotion was the highest ranked promotional mix element with regards to its effect on sales volume, personal selling was ranked second, advertising was ranked third, public relations was ranked fourth while direct marketing was the least ranked. Findings from the chi-square test are summarized and presented in table 4.4 below.

4.2.2 Chi-square test

The findings related to chi-square test are summarized and presented in the tables below.

Table 4.4: Chi-square test

Activity to increase sales volume	Observed values	Expected Value
Strongly Agree	122	85
Agree	145	85
Neutral	127	85
Disagree	24	85
Strongly Disagree	7	85
Totals	**425**	**425**

Chi-square = (observed-expected) 2/ (expected)

(122-85)2/85+ (145-85)2/85+ (127-85)2/85+ (24-85)2/85+(7-85)2/85 = **5.904775087**

df/prob.	0.99	0.95	0.9	0.8	0.7	0.5	0.3	0.2	0.1	0.05
1	0.00013	0.0039	0.016	0.64	0.15	0.46	1.07	1.64	2.71	3.84
2	0.02	0.1	0.21	0.45	0.71	1.39	2.41	3.22	4.6	5.99
3	0.12	0.35	0.58	1	1.42	2.37	3.66	4.64	6.25	7.82
4	0.3	0.71	1.06	1.65	2.2	3.36	4.88	5.99	7.78	9.49
5	0.55	1.14	1.61	2.34	3	4.35	6.06	7.29	9.24	11.07

From the table above our value 5.90 is between probability of 0.30 and 0.20 so we can interpolate that our probability is 0.30+0.20=0.50/2=0.25

0.25 from 0.25*100 =25%

1-0.25=0.75=75%

This shows the probability of the relationship between sales promotion mix elements and market share increase is 75% hence we accept the null hypothesis to be true.

4.2.3 Regression Analysis

Multiple regression analysis was employed to evaluate constraints to customer satisfaction by determining the magnitude and or direction of the relationship between the study variables. The analysis was carried out at a 95% confidence level. Table 4.5 below presents the findings from the regression analysis.

Table 4.5: Regression analysis

Coefficients						
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.548	.156		9.921	.000
	Sales promotion	.138	.021	.343	6.428	.000
	Public relations	-.105	.028	-.206	-3.792	.214
	Personal selling	-.037	.030	-.066	1.246	.000
	Advertising	-.051	.021	-.128	-2.504	.013
	Direct marketing	-.053	.027	-.210	-3.901	.232
	R-Squire = 0.484 , Adjusted R-Squire = 0.423, F = 42.63 , Sig. = 0.000					

Findings in table 4.5 above reveal that sales promotion (sig. = 0.000), personal selling (sig. = 0.000) and advertising (sig. = 0.013), public relations (.214) and direct marketing (.232). This means that among the study variables, sales promotion had the highest effect on sales volume of financial institutions in Kenya.

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of what the findings entails answers to research questions, conclusions of the researcher findings and there after gives the recommendation of the research study so as to assist the bank increase its market share. Finally the study has provided the suggestions for further research to this study.

5.2 Summary of Key Findings

This study was designed to evaluate promotional elements' effect on sales volume of financial institutions in Kenya. Hence this section summarizes the key findings as presented by the respondents. The study was guided by four specific objectives: (i) to evaluate the extent to which sales promotion affect sales volume of financial institutions in Kenya; (ii) to assess the extent to which personal selling affect sales volume of financial institutions in Kenya; (iii) to investigate the extent to which direct marketing affect sales volume of financial institutions in Kenya; and (iv) to assess the extent to which advertising affects sales volume of financial institutions in Kenya.

The findings indicate that promotional elements usually are used by various organizations to elicit responses from target markets to increase the market share. The findings have been summarized systematically answer the research questions and objectives. Findings of the study reveal that sales promotion (68%) was the highest ranked promotional mix element with regards to its effect on sales volume, personal selling (66%) was ranked second, advertising (65%) was ranked third, and public relations (63%) was ranked fourth while direct marketing (50%) was the least ranked.

Findings from the regressions analysis indicate that sales promotion was the highest ranked promotional mix element with regards to its effect on sales volume, personal selling was ranked second, advertising was ranked third, public relations was ranked fourth while direct marketing was the least ranked.

5.3 Conclusions

The findings in this study have brought a number of issues with regard to the use of promotional elements in organizations, especially financial institutions. First and foremost, it was established that sales promotion has the highest influence on sales volume of financial institutions in Kenya. Another very important finding is that the financial institutions use personal selling to increase sales volumes.

5.3.1 Effect of sales promotion on sales volume of financial institutions

To be successful in domestic and global markets in the twenty-first century, it is essential that marketing managers appreciate and implement carefully thought-out strategies and tactics that skillfully employ the different sales promotion tools. While understanding that most control and monitoring systems designed for evaluating other company expenditures cannot fully capture the impact of sales promotions, marketing managers must nevertheless use whatever data are currently available to help justify and evaluate sales promotions.

The study shows that competitions are a sales promotion technique which is now being used by a wide range of service providers. This will hopefully dispel the misconception that sales promotion is a part of the marketing mix that "doesn't apply" to services. The study may demonstrate that service providers are learning from the marketing of packaged goods, but does this make service competitions the same as those for tangible goods.

The fact that services offer relatively high value "jackpot" prizes does suggest that they are being used to try and symbolize the service and to project a "quality" image. There is a parallel argument used in competitions for tangible goods that a strong brand should be reinforced by a "quality" prize, but the need to provide tangible cues for the service customer makes this issue much more critical for services

Particularly, when new players enter the market, they tend to chip away at the existing players' market shares by targeted, short-run oriented sales promotion tactics. These sales promotions force the leading players to counter attack competitors with their own sales promotions. Even when there is little market competition, however, viewing sales promotion expenditures as wasteful is naive.

Sales promotion activities are never going to be equally profitable to all players in the market place but nearly all companies need to use sales promotions as either offensive and/or defensive tools in the never ending battle for markets. Hoping that competitors will not use sales promotions seems futile, unless there is no surplus in supply of the product category. In developed economies, where supply generally exceeds demand, sales promotion tools can and will be used by those players who will benefit most from such strategies.

It is important to keep in mind that advertising, personal selling, public relations, and sales promotions all have their own unique, often overlapping, roles to play in the promotional mix and, collectively, as one of the vital 4Ps of the company's overall marketing mix. Without effective sales promotion, overall marketing strategy would be severely hampered in its ability to respond to competitive initiatives. Thus, the old competitive question of whether to spend money on advertising or sales promotion in consumer promotional efforts is giving way to integrated marketing communication strategies.

5.3.2 Effects of personal selling on sales volume of financial institutions

The strength of personal selling lies in the fact that it allows for communicative interchange, a process more subtle but, at the same time, more hazardous than classical methods such as advertising, which rely on one-way communication.

In terms of efficiency, communicative interchange results in a reduction of reach losses; it is of primary importance in the marketing of commodities which have to be explained or demonstrated to the buyer and particularly, therefore, in industrial marketing and the marketing of services. It is recognized, however, that personal selling is a relatively expensive means of communication. The author undertakes a taxonomical review of the various constituents of the personal selling scene, analyzing the tasks involved and the composition of the sales force. In the latter half of the monograph he selects certain sales force management problems of special importance to discuss in greater detail with regard to the optimization of efficiency and job satisfaction.

Personal selling has declined in emphasis and expenditure, largely as a result of changes in retail distribution. This does not mean that personal selling is unnecessary. Sales force sizes are diminishing in relation to the retail sector. But the need for key-account sales executives in relation to large retail buyers has not diminished in importance at all.

5.3.3 Effects of direct marketing on sales volume of financial institutions

Direct marketing has a much longer history, originating from organizations selling their products directly using a catalogue and mail-order. Much of the attraction of buying this way came from the credit facilities that such companies offered as well as the convenience of shopping from home and receiving one's purchases through the mail. From these rather humble beginnings, direct marketing has metamorphosed into a complex science that involves collecting data on customers, storing transactional and behavioral information in a database, analyzing the performance of various tactics and manipulating data to maximize the return on investment.

Direct marketing has often been seen as a tool which enhances relationship building because it enables organizations to "get a response" from those targeted, thus establishing an exchange of views if not a full blown communication exchange. When customers do respond to an offer, their personal data can be collected. When this information is combined with that of other customers and is subsequently analyzed, it can yield important knowledge that aids customer segmentation and targeting.

Inviting customers to recount their dissatisfaction and invite them to talk about what is prompting their imminent departure can be built into interactive tools and direct marketing messages. Prompting discussion allows the direct marketer to investigate and improve the problem area by, perhaps reviewing customer service or developing preferential pricing for loyal customers. Both disciplines of direct marketing and relationship marketing have something of value to the other. The combination of the two strategies can only be of value and benefit to both customers and organizations.

5.3.4 Effects of advertising on sales volume of financial institutions

Because of the nature of the business-to-business buying process, personal selling is the primary technique for creating sales; advertising supports and supplements personal selling. Yet advertising does perform some tasks that personal selling simply cannot perform. Advertising is able to reach buying influential to which sales personnel often do not have access. Advertising supports personal selling by making the company and product known to potential buyers. The result is greater overall selling success. Effective advertising makes the entire marketing strategy more efficient, often lowering total marketing and selling costs.

Advertising can provide information and company or product awareness more efficiently than can personal selling. More than just an advertising medium, the Internet changes marketing communication from a one-way to a two-way process that permits the marketer to more readily exchange information with customers. Managing the advertising program begins with the determination of advertising objectives, which must be written and must be directed to a specific audience.

Once objectives are specified, funds must be allocated to advertising efforts. Rules of thumb, though common, are not the ideal methods for specifying advertising budgets. The objective-task method is more effective.

Advertising messages are created with the understanding that the potential buyer's perceptual process will influence receptivity to the message. The most effective appeal projects product benefits sought by the targeted buying influential.

5.4 Recommendations

In view of the findings of the study and the conclusions arrived at, the following recommendations are made:

5.4.1 Effect of sales promotion on sales volume of financial institutions

There is need for Postbank to initiate sales promotion programs that will see the bank promote its products. There is also need for Postbank to use sales promotion in introducing new products, overcoming any unique competitive situation, overcoming the seasonal slumps in sales, getting new accounts i.e. clients or customers, retrieving the lost accounts, it acts as a support and supplement to the advertising effort, it also acts as a support and supplement to the salesmen's efforts. The management should come up with marketing strategies that involve use of sale promotion.

By carefully reviewing and examining the key concepts and major variables impacting sales promotions discussed herein, it is hoped that marketing managers will be able to more effectively and efficiently plan, implement, and control these important marketing expenditures that can be so instrumental in determining the success and failure of their companies. Today's and tomorrow's marketing managers really do not have the choice whether or not to use sales promotion but only whether to use these valuable tools poorly or skillfully.

Sales promotions are unique in their ability to respond in quick, focused, and flexible ways to motivate consumer or trade or counter attack the sales promotion activities of competitors. These flexible, rapid-responses, market targeting characteristics of sales promotions are particularly well suited promotional tools for this technological age of worldwide communication, rapid innovations in technology, and intense competition. In earlier days of less fierce competition, leading manufacturers of consumer goods were able to increase market shares and charge premium prices by concentrating on advertising and building brand equity. The idea behind this strategy was to create a long-term competitive advantage that would help the brands to create and maintain loyal consumers. However, with the arrival of hyper-competition, rapid introduction of new products, and the need for utmost flexibility, a succession of small, often easily duplicated promotional strategies and tactics are increasingly being used.

5.4.2 Effects of personal selling on sales volume of financial institutions

There is need for the Postbank to recruit sales teams that will ensure that its target market are engaged and persuaded to use the company's products thus increasing sales volume. Personal selling will help Postbank to improve the sales volume of the company's different products, to ensure the proper mix of products in the total sales volume, to increase the market share of the company, to increase the profits of the company, to reduce the overall selling expenses, to gain new accounts and improve business growth, to achieve the desired proportion of cash and credit sales, to provide pre-sale and after-sale services. There is need for Postbank management to come up with strategies that will increase the morale of the sales team upped thus making them perform expectation thereby increasing sales volume.

Postbank should endeavor to have a long and short term programs they would ensure the increase in market share given that there is lot of completion in the financial sector. The selling concept holds that consumers and businesses, if left alone, will ordinarily not buy enough of the selling company's products. The Postbank must, therefore, undertake an aggressive selling and promotion effort.

5.4.3 Effects of direct marketing on sales volume of financial institutions

Direct marketing today necessitates entering into and maintaining a relationship with a customer. Getting and keeping loyal customers is an essential part of an organization continuing in business when threatened by recession and will continue to be important when the economy recovers. There are many media and tools available to the marketer and these should be chosen with care so that the best results can be achieved. Marketers should not forget the basics of direct marketing when instigating a relationship as customers are individual people or organizations with individual needs that need to be addressed.

Contemporary customers may be technology savvy but that does not necessarily mean that they wish to use technology to communicate with organizations. They may not wish to have any communication at all yet still remain loyal. As marketers, we have to form our strategies based on customer needs and collecting information on what those needs are is fundamental to marketing success.

Organizations should remember that personalization is fundamental to relationships and direct marketing. They should use the information they have about customers to enhance a relationship. Failure to do so has negative outcomes. First, a competitor could open communications and steal customers who feel neglected by lack of relevant communication. Alternatively, customers may be alienated by irrelevant, impersonal messages and choose to retract communication permission.

5.4.4 Effects of advertising on sales volume of financial institutions

Advertising effectiveness must be evaluated against the communication objectives established for the advertising campaign. Readership, recognition, awareness, attitudes, and intention to buy are typical measures of business-to-business advertising performance.

There is need for Postbank to strategically run advertisement through various media thus making its products known in the market by its target market. Postbank should endeavor to use advertisement that will communicate all the company's products periodically as it is a contributing factor in the firm's bottom line.

Based on the review of the individual effects of advertising and sales promotion discussed above, we expect that when budgets are allocated so that relatively more funds are spent on advertising and relatively fewer on sales promotions, consumer attitudes, brand equity, and profit will be higher, and market share will be lower compared to brands with relatively fewer funds allocated to advertising

5.5 Recommended areas for further study

The research explores the effects of promotional mix elements on growth of sales volume in Postbank which is crucial to the profitability of organizations. Further research should explore the following areas of further research:

(i) Evaluate the influence of each of the elements of the promotional mix on profitability of the financial institutions.

(ii) Whereas the current study focused on financial institutions, future studies should focus on other sectors of the economy.

(iii) Future research efforts could also explore the effects of other promotional mix elements not measured in the study, namely publicity and public relations.

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LIST OF ABBREVIATIONS

ABA	American Banking Association
AMA	American Marketing Association
ATM	Automated Teller Machine
CBK	Central bank of Kenya
EAC	East African Community
EAP&T	East African Post and Telecommunication
FI	Financial Institutions
KBA	Kenya Bankers Association
KCB	Kenya Commercial Bank
PCK	Postal Corporation of Kenya
POS	Point of Sale
Postbank	Kenya Post Office Savings Bank
SMS	Short Message Service
SPSS	Statistical Package for Social Sciences
TV	Television

DEFINITION OF KEY TERMS

Advertising is a form of communication for marketing and used to encourage or persuade an audience (viewers, readers or listeners; sometimes a specific group) to continue or take some new action

Direct Marketing is a channel-agnostic form of advertising that allows businesses and nonprofits organizations to communicate straight to the customer, with advertising techniques that can include, Cell Phone Text messaging, email, interactive consumer websites, online display ads, fliers, catalog distribution, promotional letters, and outdoor advertising.

Marketing Communications are messages and related media used to communicate with a market. Marketing communications is the "promotion" part of the "Marketing Mix" or the "four Ps": price, place, promotion, and product.

Personal selling is where businesses use people (the "sales force") to sell the product after meeting face-to-face with the customer. The sellers promote the product through their attitude, appearance and specialist product knowledge. They aim to inform and encourage the customer to buy, or at least trial the product.

Public Relations is the practice of managing the flow of information between an individual or an organization and the public. Public relations may include an organization or individual gaining exposure to their audiences using topics of public interest and news items that do not require direct payment.

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