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FACULTY OF BUSINESS AND DEVELOPMENT STUDIES

DEPARTMENT OF ECONOMICS AND MANAGEMENT

SALES PROMOTION AND PROFITS MAXIMIZATION OF MANUFACTURING COMPANIES

Case study of CIMERWA plc, Rusizi District

Period: 2018 – 2021

Undergraduate research thesis presented in partial fulfillment of the requirements for the award of
Bachelor's degree with honour in Economics and Management

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Kibogora, August 2022

DECLARATION

Declaration by the Candidates

We **IRADUKUNDA Louise** and **MUJAWIMANA Anastasie** hereby declare that this is our own original work and not a duplication of any similar academic work. It has therefore not been previously or concurrently submitted for any other degree, diploma or other qualification to Kibogora Polytechnic or any other institution. All materials cited in this paper which are not my own have been duly acknowledged.

IRADUKUNDA Louise

Signed.....

Date.....

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Date.....

Declaration by the Supervisor

I declare that this work has been submitted for examination with my approval as KP Supervisor

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Date.....

ABSTRACT

This study entitled the sales promotion and profit maximization of manufacturing company was guided by the following objectives: to assess the extent to which the strategies of sales promotion are adopted by CIMERWA plc; to examine the effect of sales promotion on the profit maximization of CIMERWA plc, to ascertain challenges of sales promotion and suggest mitigation strategies to overcome them. Literature review went through theoretical, conceptual and empirical framework related to the sales promotion and profit maximization of manufacturing company. This study was conducted on a population of 285, among whom a sample size of 74 respondents were selected. Primary data and secondary data were collected to achieve the stated objectives. Questionnaire was the instrument used to obtain the primary data. The data were analyzed using quantitative methods. Frequency tables showing the frequency of response to particular questions were calculated. Findings were interpreted and summarized based on percentages of responses to the questions. Findings showed that there are the sales promotion strategy applied within CIMERWA plc such as trade discount on the products where 31.2% strongly agree and 50% agree with, and there is the effect of sales promotion on profit maximization such as sales promotion affects organizational performance as confirmed by 99.9% of all respondents, and also there is same challenge such as negative thinking about the products, lack of training is the challenge that affect the company negatively as confirmed by 75.4% of all respondents. However, the possible solution of this challenge is recruiting and retaining good employees where 38.2% of all respondents are strongly agree with this statement and 55.5% of all respondents. Based on the findings of the study the following measures have been recommended to improve the sales promotion strategy for the achievement of profit maximization of CIMERWA plc. The company needs to develop communications and keep honest with employees and their customers in order to sharing more information as reducing the negative thinking about the products and their services within the customers. Although, the customer are satisfied but the company needs to give their customers a way of giving the feedback about the products and services. Therefore, further research should be carried out on the impact of profit maximization of the public company on the sustainable development of the country, and the further research should be carried out on the contribution of working hours on the profit maximization of manufacturing company

DEDICATION

This Work is dedicated to our beloved Parents, families, friends and classmates for their intimate love, support and encouragement towards a successful completion of this project.

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LIST OF ABBREVIATIONS AND ACRONYMS

CRM:	Customer Relationship Management
CS:	Capital Structure
EBIT	Earnings before Interest and Tax
ECR:	Efficient Consumer Response
EVA:	Economic Value Added
IT:	Information Technology
IASB:	International Accounting Standards Board
KP:	Kibogora Polytechnic
MFIS:	Microfinance Institutions
MINICOFIN:	Ministry of Finance and Economic Planning
NFATR:	Net Fixed Asset Turnover Ratio
NLDST:	Net loans to deposit short term
NLTA:	Net Loans to total asset ratio
NPLs:	Non-performing loans
NPM:	Net Profit Margin Ratio
POPAI:	Point of Purchase Advertising Institute
ROA:	Return on Asset
ROE:	Return on Equity

RDB: Rwanda Development Board

ROI: Return on Investments

RWFs: Rwandan Francs

SDGS: Sustainable Development Goals

SME: Small and medium-sized enterprise

CHAPTER ONE: GENERAL INTRODUCTION

1.0. INTRODUCTION

This chapter presents the background of the study, the statement of the problem, the purpose of the study, research objectives, research questions, and significance of the study, scope of the study and organization of the study.

1.1. BACKGROUND OF THE STUDY

The growing of global trade and sales activity in the world has increasingly accentuated the importance of promotion for companies and countries (Souise et al., 2008). Promotion is one of the four elements of marketing mix that are; product, price, promotion, and Place. It is the communication link between sellers and buyers for the purpose of influencing, informing, or persuading a potential buyer's purchasing decision. Sales promotions are designed for different purposes and different targeted audiences: retailer, trade, and consumer. Retailer promotions are offered by retailers to consumers to increase sales for the item, category, or store. (David L Kurtz, 2016).

Sales promotions are a marketing tool for manufacturers as well as for retailers. Manufacturers use them to increase sales to retailers (trade promotions) and consumers (consumer promotions). Our focus will be on retailer promotions, which are used by retailers to increase sales to consumers. Typical examples of retailer promotions are temporary price reductions (TPRS), features, and displays. Sales promotions have an important role in the marketing programs of retailers. Such initiatives as efficient consumer response (ECR) and collaborative planning, forecasting, and replenishment (CPFR) have tried to promote more cooperation between manufacturers and retailers, one area of cooperation being sales promotions (Huchzermeier,2018).

Sales promotion therefore consists of short-term incentives to encourage purchase or sale of a products or services. Whereas personal selling and advertising offers reason to buy a product or service, Sales promotion offers reason to buy now. (P. Armstrong 2017). Sales promotion is an important tool in creating customer loyalty, this is because sales promotion does not only bring

the product to the attention of the buyers but also provide incentives to encourage purchase. The impact of sales promotion on customer behavior reveals mixed results.

Lau, Chaung, Mon a Liu (2016) study shows that sales promotion is an important factor to differentiate hardcore loyal customer to brand switchers and that sales promotion was most important factor to attract brand switchers. For example premium (gift) which is merchandise offered at a relatively low cost or free as an incentive to purchase a particular product. A pack premium accompanies the product inside a package. A free in the mail premium is mailed to customers who send in a proof of purchase such as a box top is sold below its normal retail price to consumers who request it. This might lead to a higher customers' perceived valued of the product or service.

Conventionally, the glamour in promotion is stolen by advertising expenses so for accounted for more than 60 pc of the total promotion budget, sales promotion got a little share. Today, sales promotion is attracting more and more of the promotional budget. The annual expenditure for sales promotion is rising rapidly. With more and more brands flooding the market, the pressure to occupy display space at retail outlets is more. Retailers thus demand more sales promotion. (Bartle, (2017).

At the point of the purchases, the only promotional device is sales promotion. Advertising has reached the target audience when they were away from the store. The time for buying has arrived. Perhaps, there is no effect of advertising now. Sales promotion tools at the point-of purchase remind the buyer of the ad or otherwise provoke him to purchase. Those who look at sales promotion tools in store setting are very good prospects, or else they would not have been in-store in the first place. (Balaji, B. 2015).

In Rwanda the situation is not different either. Manufacturing companies, for example CIMERWA, attempt to find varying promotional tools in order to gain a competitive advantage over and above their competitors and so as to attain a higher degree of consumer loyalty. They as such use promotions as a way to differentiating their products and services since they provide contributions that give additional value to consumers leading to a strong and quick response. This in turn increases the sales volume and revenue therefore improving sales performance. The

researcher therefore wants to find out whether sales promotional activities have contributed to the profit maximization of CIMERWA for Rusizi district in western -Rwanda.

1.2. PROBLEM STATEMENT

As known, there are competitors anywhere some markets are highly competitors, while others are a lot less so. A good example of a competitive market in which there are many buyers and sellers is that of manufacturing companies. Because there are any other manufacturing company offering identical services then the price of these manufacturing company's products will be highly similar. This competition leads to drive down the profit that such institutions can make (Philip, 2019).

According to Batarf et al,(2017) In economics Profit maximization is the short run or long run process by which a firm determines the price and output level that will result in the largest profit. Firms will produce up until the point that marginal cost equals marginal revenue.

In the real world, it is not easy to achieve profit maximization. Profit maximization focuses on maximizing the difference between the revenue and the cost. The company must accurately know the marginal income and the marginal cost of the last commodity sold.

For business to remain in business, stay competitive and remain profitable by creating higher value for consumers firms are in constant search for strategies and tactics that will maximize profit. Profits can be maximized by increasing per unit revenue, decreasing unit cost or a mix of both

Profitability is a measure of a company's ability to generate maximum revenue while incurring minimal costs. In the most basic sense, profit goes up as sales increase and/or costs decrease. Generally, sales refer to the number of units of products a company sells. On the other hand, revenue refers to the money generated through sales. It is also known as profit. (Omeregic, 2005)

According to Omeregic (2005) profit is defined as revenue minus cost and cost as calculated by the economist is greater than cost calculated by accounting profit. Economic profit is what you earn over and above the normal profit. Profit maximization is crucial for business owners. To

reach to this objective it is importance to develop sales promotion budget, profit maximization, and the sales-to-advertising response function.

On the other hand, Oyedapo et al,(2012) denotes that sales promotion can be an expensive process, but sales promotion is essential to help keep consumers informed of a product or service. In sales promotion efforts many costs, like management/ Salesforce time and effort, do not consider in the direct costs. These costs reduce the actual benefits and for many promotions, the cost of selling was ‘greater’ than the earning from the selling.

At any point before profit maximization, profits are not maximized, because when companies invest more in their advertising budget, they will not be able to receive more profit, as inefficient sales promotion may cost money and reduce profit.

However, this shows that there exists a research gap which still needs to be addressed. The essence of this research work is to carry out further examination on the sales promotion and the profit maximization in manufacturing companies, case study of CIMERWA Plc. This study was aimed at contributing to resolving the contending level of inadequacies associated with sales promotion and profitability in manufacturing companies.

1.3. OBJECTIVES OF THE STUDY

This study was guided by both general and specific objectives.

1.3.1. General objective

The objective of the study was to assess the sales promotion and the profits maximization of manufacturing company. With a case of CIMERWA plc for Rusizi district in western -Rwanda.

1.3.2. Specific objectives

1. To assess the extent to which the strategies of sales promotion are adopted by CIMERWA plc;
1. To examine the effect of sales promotion on the profit maximization of CIMERWA plc
2. To ascertain challenges of sales promotion and suggest possible solutions to overcome them.

1.4. RESEARCH QUESTIONS

The study was guided by the following questions:

1. To which extent the strategies of sales promotion are adopted by CIMERWA plc?
2. What is the effect of sales promotion on the profit maximization of CIMERWA plc?
3. What are the challenges of sales promotion on profit maximization and the possible solutions to overcome them?

1.5. SIGNIFICANCE OF THE STUDY

The choice of this study was encouraged by the aim of understanding the effect of sales promotion on the profit maximization of manufacturing company in Rwanda. It is interesting on three dimensions; Researcher, Kibogora polytechnic and Community.

1.5.1. To researchers

This study helped the researcher to improve knowledge and skills acquired theoretically in class and helped them to come with their practice in final project.

This research also enabled the researchers to fulfill the requirements for the award of Bachelor's Degree with honor in Economics and Management.

1.5.2. To Kibogora Polytechnic

The copies of this research report is submitted to the library of KP so that students who will be interested to conduct further research in this area will use it as a secondary resource of data on the scientific hand, this study enriched us with the knowledge got from different types of books, It will also be a source of documentation and guidance to whoever will be interested in this topic because marketing is one of several researchers therefore is sources of supplementary inspiration put at disposal of future researchers.

1.5.3. To community

In the social hand, we believe that this work is of great interest because it is a diagnosis that allows investors, business and population of Rwanda to understand the effect of manufacturing

company in society. This will help our society in general and enterprise, and Rwandan population in particular.

1.6. SCOPE OF THE STUDY

As required to any scientific research, it is necessary to delimit this study in time, space and in the domain.

1.6.1. Time Scope

In time, this study covered the period of four years from 2018 to 2021. This year was the period where CIMERWA was characterized by improvement and expansion of marketing strategy through the practices of sales promotion in Rwanda. The research underwent the three months search to get the required information to make this report.

1.6.2. Geographical scope

This study is limited on CIMERWA located at MUGANZA sector, RUSIZI District, WESTERN Province in Rwanda.

1.6.3. Content scope

This study is in the domain of marketing and enterprise management.

1.7. THESIS ORGANIZATION

This study of organized in five chapters: Chapter one of the study is general introduction, background of the study, statement of the problem, research question, significance to the study and scope of the study which show in details the ground upon which the researcher based to carry this research. Chapter two Literature review provided the information related to the study said by other authors. Chapter three Research Methodology, this chapter presented different techniques and methods to be used in the ongoing of this study. Chapter four Data Presentation, analysis, Interpretation and summary of findings. This chapter presented the results from the research in line with the verification of the hypothesis of the study. Chapter five: this chapter outlines the Conclusion and Recommendations based on the research findings.

SUMMARY

The first chapter of this thesis on effect of sales promotions on profit maximization of manufacturing company opens with the introduction, background of the study and further describe statement of the problem, objectives of the study, research questions, significance of the study, scope of the study, limitation of the study and the thesis of organization. The importance of the study relies on the role played by the sales promotion in insuring the profits maximization of manufacturing company in Rwanda.

CHAPTER TWO: LITERATURE REVIEW

2.0. INTRODUCTION

Literature review for this study was based on literature of authors who have written much about the sales promotion and the profit maximization of manufacturing company in Rwanda". Literature was gotten from magazines, publications, books and internet, journals and other secondary sources

2.1. DEFINITIONS OF KEY CONCEPTS

This research has given various definitions in which are taken the various key terms and concepts. These key concepts are the following:

2.1.1. Sales promotion

The American Marketing Association as cited in Zekeri (2004) defines sales promotion as those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchases and dealer effectiveness.

According to Blattberg and Neslin (1990) define a sales promotion as "an action-focused marketing event whose purpose is to have a direct impact on the behavior of the firm's customer." Sales promotions are temporary and a "call to-action." Sales Promotion is to communicate with consumers and touch their hearts.

Sales promotions are almost always combined with some type of communication (e.g., a retailer ad) that the price is reduced and that the time period is limited (price is reduced only up to some point in time) (Blattberg and Neslin.1990).

2.1.2. Profit

It defined as a financial benefits that is realized when the amount of revenue gained from business activity. It refers to a financial gain, especially the difference between the amount earned and the amount spent in buying, operating, or producing something. It can also mean as advantages, benefit (Thompson, d., 1995).

2.1.3. Profit maximization

Profit maximization is the capability of a business or company to earn the maximum profit with low cost which is considered as the chief target of any business and also one of the objectives of financial management. According to financial management, profit maximization is the approach or process which increases the profit or Earnings per Share (EPS) of the business. (Bob.,2019)

According to Brigham and Houston (2006), Profit maximization means maximizing the rupee income of firm. Firm produces goods and services. They may function in a market economy, or in a government-controlled economy. In market economy, prices of goods and services are determined in competitive markets. Firms in a market economy are expected to produce goods and services desired by society as efficiently as possible.

In the economic theory, Profitability is the company's ability to earn profits, in relation to sales and total assets and own capital and the behavior of a firm is analyzed in term of profit maximization. While maximizing profit, a firm either produces maximum output for a given amount of output or use minimum input for producing a given output of profit maximizations efficiency. The use of the objective of wealth maximization has been advocated as an appropriate and operational feasible criterion to choose among the alternative financial action. It provides an unambiguous measure of what capital structure should seek to maximize in making investment and financial decisions (Solomon Ezra, colombia University Press, 2014).

2.1.4. Manufacturing

Manufacturing is the production of good for use or the process of converting raw materials into finished goods that meets an expectation of customer or specifications (Kotler P., 2015).

Leonnie (2015) has stated that Manufacturing is the making of goods by hand or by machine that upon completion the business sells to a customer. Items used in manufacture may be raw materials or component parts of a larger product. The manufacturing usually happens on a large-scale production line of machinery and skilled labor.

According to Mohammad (2013), Manufacturing firms turn ideas into products and services, in today's globally competitive background manufacturers are inventors, innovators, global supply chain managers and service providers

2.1.5. Company

According to Terry. G. Frankline (2014) a company is a form of business organization. It is association or collection of individual real person and other companies who each provides form capital. This group has a common purpose or focus and usually an aim of gaining up. This collection, group or association of person can be made to exist in law and then come itself considered as "legal person".

According to the law in the USA, A company can be a “corporation, partnership, association, joint-stock company, trust, fund, or organized group of persons, whether incorporated or not, and (in an official capacity) any receiver, trustee in bankruptcy, or similar official, or liquidating agent, for any of the foregoing” (David 2021)

Rwanda Development Board defines a company is a legal entity which is made up of at least one physical person, or one corporate person, for the purposes of doing business. A company shall have a separate legal personality from its shareholders. (RDB, 2018).

2.2. THEORIES OF SALES PROMOTION AND PROFIT MAXIMIZATIONS

2.2.1 Sales Promotion Theory

Pull Theory

The Pull Theory is about trying to market directly to customers to increase their demand for your product. Advertising and tie-ins with other products or services is the key to this strategy. The theory goes that if you increase the demand for your product by consumers, they will in turn demand the product from retailers, retailers will demand more of your product from wholesalers and wholesalers will demand more products from you. This is a way to increase your sales without decreasing the sale value of your merchandise. Most of the costs are in advertising, so using a tie-in with a related product or service can disperse this cost across both companies. (Schiffman and Kanuk, 2007).

Push Theory

According to Schiff man and Kanuk, (2007); using the Push Theory, you can increase sales by creating incentives to wholesalers or retailers to sell more of your product. In this method you would offer discounts to wholesalers or retailers who buy your product in bulk. This leaves them with more of your merchandise on hand and drives them to sell more of your product. Giving them the discount "pushes" them to buy more of your product at a lower price to increase the amount of money they make. In turn they must "push" your products to customers because they will make a better return on them than on similar products supplied to them by your competitors.

Combination Theory

This theory requires both of the above theories working together. The "push" is used to get more products into the hands of retailers and wholesalers while advertising and product tie-ins with other products are used as a "pull" to get more people to want to buy the product. (Schiff man and Kanuk, 2007).

2.2.2. Profit maximizations

In the neoclassical theory of the firm, the main objective of a business firm is profit maximization. The firm maximizes its profits when it satisfies the two rules: (i) $MC = MR$ and, (ii) MC curve cuts the MR curve from below Maximum profits refer to pure profits which are a surplus above the average cost of production. It is the amount left with the entrepreneur after he has made payments to all factors of production, including his wages of management. In other words, it is a residual income over and above his normal profits, (Kotler, 2009)

The loosing importance of profit maximization is not baseless and it is not only because it ignores certain important areas such as risk, quality, and time value of money but also because of the superiority of wealth maximization as an objective of business or financial management (Anderson, 2004). Profit maximization is the main aim of any business and therefore it is also an objective of financial management. Profit maximization, in financial management, represents the process or the approach by which profits of the business are increased. In simple words, all the decisions whether investment, financing, or dividend etc. are focused to maximize the profits to optimum levels. Every decision relating to business is evaluated in the light of profits. All the decision with respect to new projects, acquisition of assets, raising capital, distributing dividends etc are studied for their impact on profits and profitability. If the result of a decision is perceived

to have positive effect on the profits, the decision is taken further for implementation (Bryson, 2004).

2.2.3. Types of sales promotion

Promotion according to Doyle and Saunders (1985) is most important in changing the timing rather than the level of purchasing because customers tend to buy earlier. Promotion is a marketing effort by any organization in trying to communicate to its customers. According to Kotler (1994), a good promotional strategy should encompass sales promotion, public relations, advertising and personal selling in order to communicate with their present and potential consumers. Promotion is responsible for moving the demand curve upward and to the right by utilizing some or all of the elements of the promotional mix.

Again, Kotler and Keller, (2006), also grouped sales promotion methods into two. Consumer sales promotional methods are directed towards consumers and they include coupons, contests, bonuses, vacations, shopping, gifts, free products and services, and free samples. Trade sales promotion methods focus on wholesalers, retailers and sales person. This includes sales contests, free merchandise, demonstrations, point-of purchase and displays

2.2.3.1 Consumer Sales Promotion

When the sales promotion strategies are targeted to the end consumers, **it is referred to as** consumer sales promotion. An example would be offering 20% off on certain products to the customers. The main motive of consumer-oriented promotion is to increase sales directly by attracting new customers and wooing existing ones. (Kotler and Keller, 2006)

Kotler and Keller, (2006) highlighted the following Sales promotion tools used for consumer-oriented promotion as:

Free Samples: Distributing free samples increases brand awareness and triggers the psychology of ownership where the person chooses the promoted product if he liked the sample.

Free Gifts - Offering free gifts attract customers as they get more while paying for less.

Discounts/Discount Coupons - Discount coupons are a great method of increasing sales for the short term. People go for discount coupons as they let them buy the products they couldn't afford otherwise.

Exchange Schemes: Exchange schemes attract many customers as they get some value even for their old product.

Finance Schemes: Finance schemes like no-cost EMI, low-interest EMI, etc. makes it easier for customers to purchase expensive products.

Shipping Schemes: Sometimes huge shipping costs discourage the customers from buying products. Such short-term shipping schemes remove friction.

Bundle Discounts: These deals are a great way to reduce unsold inventory. It includes selling bundled products at a price lesser than when those number of products are bought separately.

Bulk Purchase Deals - This is a great sales promotion tactic to reduce unsold inventory. It includes providing discount to customers who buy in bulk.

2.2.3.2. Trade Sales Promotion

When the promotion activities are strategized keeping in mind the dealers, distributors, or agents, it is called trade sales promotion. In this type of sales promotion, offers are provided within the trade channels with an aim to woo retailers, wholesalers, agents, or distributors. This is done to get more shelf space as compared to competitors, motivate the dealers to sell more of the brand's products and to increase the sales indirectly. (Kotler and Keller, 2006)

2.2.3.3. Discounted products

Adding a discount to your products is possibly the most popular type of promotion. Customers love to grab a bargain, so it makes sense to offer discounts every now and then. When it comes to deciding the way you choose to promote - % vs \$ - think about what will look more attractive to the buyer. Always consider your bottom line and be sure to not constantly have a sale, as people will just come to expect this as the norm. (Aderemi, 2003)

2.2.3.4. Free Shipping/Free Returns

Incorporate shipping cost into your product generates a security inside customer that he won't lose out anything if he had to return the product. Walker Sands Info graphic reports that 80% of the online consumers would be more tempted to go for Amazon, if offered free shipping; next day delivery would attract 66% more customers and 64% said they would buy if they were offered free returns. Free shipping and returns gives the customer a sense of security that they won't lose out if they wanted to send the product back

2.2.3.5. Flash Sale

According to the Indian Express Tech (2016), a flash sale is basically an offer that only lasts for a limited time and it's a great way to create a sense of urgency for the customer to buy. Many retailers are now adopting this strategy as a way to sell more products and get rid of surplus stock. Monetate found that 56% of businesses agree that flash-sale campaigns are better received than regular campaigns. The more successful flash sales are ones that don't last very long and 50% of purchases occur during the first hour of a flash sale.

2.2.3.6. Buy More, Save More

This promotion deal is quite preferred by the customers because it immediate, therefore, the customer does not feel they need to go through a long process to get the promotion. On the contrary, it is a very simple promotion which makes many customers go for this promotion. Moreover, it is a pushing tool for those customers who are feeling guilty to buy a specific product because of its high price because once they see there is an additional/free product they obtain, they just go for it. On the other side, as a store or marketing team you do not need to offer a huge deal, but to just make sure it is attractive enough to grab the attention. Example: buy three and get one for free. (Yin Xu and Jin-Song Huang 2014),

2.2.3.7. Product Giveaways/Branded Gifts

Product giveaways are structured to increase brand awareness and increase the follower base based on the targeted users. When a customer buys a product, they are usually given a gift which could be a new product for they are launching, and they want to introduce to customers or an existing product that not many people are actively buying it. Therefore, the engagement on it can

be increased this way by making customers trying it and maybe consider buying it. . (Yin Xu and Jin-Song Huang 2014),

2.2.3.8. Loyalty Points

According to Yin Xu and Jin-Song Huang (2014) in his books stated that customers can collect points or credits for buys and exchange them for prizes. The point of Loyalty Reward Plan is to increase the customers' engagement and drive the customers' loyalty. If loyalty programs are used effectively, it can generate as much as 20% of a company's profits. Sales promotion tools are characterized that they are short-term, and its effect does not last on long run. As a result, this tool is trying to solve the ingrained defect that sales promotion tools have

2.2.3.9. Coupon Giveaway

A coupon is a promotional devise that provides cent-offs savings to consumers upon redeeming the coupon (Kotler and Keller, 2006). Coupons can be disseminated to consumers through newspapers, sales point, and radio stations among others. Coupons are issued by manufacturers either in the packet of a product or through an advertisement printed in the newspaper or magazine or through mail. These coupons can be presented to the retailer while buying the product. The holder of the coupon gets the product at a discount This is a different way of promoting discounts. Sending your customers virtual coupons will make the promotion seem more exclusive and will give the customer more of a push to visit your online store. Think about sending coupons to loyal customers that have spent over a certain amount. You could also consider sending coupons to visitors that have experienced bad customer service, to try and convert them back to happy customers! (Heliacal.J.D.2009).

2.2.3.10. Competitions

The great thing about running a competition is that you only have to give away one thing, but you gain so much – making it a popular type of promotion! It will not only help raise your profile, but every person that enters, will then become an email contact that you can try and convert into a sale. If they're entering your competition, chances are they are interested in your products, so running a competition is a great idea - particularly for start-ups. (Belch 1998)

2.2.3.11. Price Match Promise

Price match promise has fast become one of the most popular ways to promote your brand, particularly if you have a lot of competitors out there. It allows your customers to shop with you and will be safe in the knowledge that if they can get it cheaper somewhere else, you'll refund the difference. There's nothing to lose for them and it means that you still get to keep a solid customer base. It's a bold move that will build loyal customers (Fred R. (1999))

2.2.4. Challenges of sales promotion

While most sales promotions do successfully increase sales, many also come with a cost. When considering using a sales promotion, it's important to remember that it has many challenges

2.2.4.1. People are not trained

When an organization does not spend the time to fully train their people the consequence is poor service. Solution: Dedicate resources (time and money) for training and reinforcement. Employees should be fully informed about company goals, the products and services. Emphasis and training should be focused upon the importance of listening and responding to the customer's requests. People can only do the job if they are given the right tools and objectives. It costs money to train people. It will cost more if you decide not to train them (Kotler and Keller, 2006).

2.2.4.2. People don't care

In sales promotion strategies, selecting the correct personality is crucial for your business success. Apathetic or self-centered personality types have no place in a business that requires customer contact. Solution: Focus the selection and evaluation **process to identify personalities** that do not fit the required profile. Get the wrong people out immediately, it also sends a clear message to everyone (Ndubisi and chiew, 2006).

2.2.4.3. Sabotage

Angry or frustrated employees can actively work to sabotage and try to destroy the company. Solution: Keep honest and open communications with employees. **Informally and formally**

review performance, goals, objectives and feelings to stop potential problems before they reach the customers. Get these people out of the front lines immediately (Coate, 2015).

2.2.4.4. Negative thinking to the new product or service

If the image, sales promotion strategies and promotion of the company is quite different from the reality, workers will not be able to sustain a positive attitude in the face of problems they know exist. Solution: Be honest. Work closely with customer service, sales promotion strategies and quality control to identify real problems and fix them (Coate, 2015).

2.2.4.5. Personal problems reflected in work

When an employee's personal life is in crisis or out of control, they may exercise control, aggression and negativism toward customers in an attempt to put some part of their life in order.

Solution: Clear communications with employees: If their personal life is affecting work performance, talk about it. Time off, access to counseling or just listening may prevent more serious problems (Lentinen, 2017).

2.2.4.6. Incentives/salary not tied to results

If you insist that the company depends upon people, and that people are the key to success, implement compensation packages, evaluations and incentives that support and reinforce this (Khan, 2015).

2.2.5. MEASURES FOR EFFECTIVES SALES PROMOTION

2.2.5.1. Recruiting and retaining good employees

There are many benefits that a company can achieve through sales promotion strategies, not only monetary benefits but also intangible benefits. When a regular customer is being served, the time used in the process is much shorter than the time used with a new customer and the risk of misunderstandings decreases. This will make the customer more satisfied and the communion between the customer and the personnel more relaxed (Simons, 2014).

When the manufacturing company's personnel are able to serve happy customers, the atmosphere within the entire manufacturing company raises the rate of satisfaction of the employees with it. When the employees of the manufacturing company are satisfied, they tend to expend more effort in serving the customers and keeping the customers satisfied, making a cycle of satisfaction. The manufacturing company needs to make the first effort in achieving the cycle through implementation of sales promotion strategies (Rapert, Velliquette and Garretson, 2017).

2.2.5.2. Use of technology as strategy

To implement sales promotion strategies driven strategy, the balance of power should be roughly equal, with everyone subordinating to the very precise individual needs of the end customer (Olson, Slater and Halt, 2015). There is no place for political and power games, which have long been acknowledged as restrictive to total system effectiveness. In each of these areas, leadership and human behavior are critical to achieving a paradigm shift from traditional ways of thinking and working (Purcell and Boxall, 2017). Organization is all too familiar with silo-driven mentality in organizations where decisions are made based upon the perspective of a single department and not on the need of the end customer. Investigate technology that can improve convenience for your customers. Setting up a self-service page on your website where customers can find solutions to popular technical queries, for example, helps customers to resolve issues quickly. Including a link to a customer service specialist for additional support improves customer care and convenience even further (Kotler, 2004).

With the continued use of cost/profit centers and internal transfer pricing, managers in organizations often make win/lose decisions between internal departments that impact badly on the bottom line of the company (Aaltonen, and Ikåvalko, 2013).

2.2.5.3. Involvement of managers in strategic implementation

The most important thing when implementing a strategy is the top level management's commitment to the strategic direction itself. This is undoubtedly a prerequisite for a strategy implementation. Therefore, top managers must demonstrate their willingness to give energy the implementation process. This demonstrable commitment becomes, at the same time, a positive signal for all the affected organizational members (Raps and Kauffman, 2015).

To successfully improve the overall probability that the strategy is implemented as intended, senior executives must abandon the notion that lower-level managers have the same perceptions of the strategy and its implementation, of its underlying rationale, and its urgency and instead, they must believe the exact opposite. They must not spare any effort to persuade the employees of their ideas (Raps and Kauffman, 2015). Overall though, it is increasingly acknowledged that the traditionally recognized problems of inappropriate organizational structure and lack of top management backing are the main inhibiting factors to effective strategy implementation (Ikávalko, 2016).

2.2.5.4. Accountability for sales promotion strategies

This is something we do particularly well at Client Heartbeat. It involves breaking sales promotion strategies into categories and assigning team members to be responsible for each category. For example, we break our sales promotion strategies survey up into four questions: Value, Design, Support and Education. Each team member is responsible for an area, there's obviously some overlap but you get the idea. Value Gordon, he makes sure that we are delivering outstanding value to our customers. Design Dave, he ensures that the user experience is second to none. Always working with customers to improve the experience, make it easier and simpler. Support – Dave & Raj handle support, they're quick and love working with customers. Education - This is my reign; I'm responsible for educating customers on how they can improve satisfaction and retain more customers. By making everyone accountable, we all know who needs to follow up with specific customers.

If one customer gives us a rating of 5/10 for education, it's my responsibility to follow up, understand why they gave us a subpar rating, and quickly resolve the problem. I then pass the feedback on to the whole team at the next company meeting so everyone is well informed of the problem and solution. This is a great way to close the loop' on customer feedback. It helps to understand and improve sales promotion strategies. By empowering employees to take ownership of sales promotion strategies, you encourage a culture that is focused on keeping customers happy (Evans and Berman, 2019).

2.2.5.5. Give the customers a way to provide feedback

No matter how proactive you are, you'll never be able to get in front of every customer issue. To make sure you learn about the good, the bad, and the ugly experience your customers have, create an easily accessible way for customers to give feedback. Whether it's a phone survey at the end of a service call, an email survey sent directly from your CRM tool, or a form on the "Contact Us" page of your website, creating a means for customers to give feedback makes it easier for you to learn what needs improvement. It also helps keep unhappy customers on voicing their displeasure on highly visible places like your social media pages. Whatever steps you choose to take, remember feedback's importance to sales promotion strategies. Unsure what your strengths and weaknesses are? Don't know why the numbers are dipping? Make an effort to get closer both to your customers and your reps. Not only will you discover touch points and skills that need improvement, but your customers will see that are dedicated to providing top notch, proactive customer service (Evans and Berman, 2019).

Cater to the customers: Make sure you are fully meeting your customers' needs. Consider assigning reps to specific customers so they can build a relationship. Offer VIP treatment for your best customers to let them know they are appreciated. What special services might your customers like? Set up focus groups, interview customers, or run a survey to get ideas (Barbera and Mazursky 2017).

Create communities: The customers will feel even more valued if you treat them as important members of a community. You can bring various customers together in numerous ways, including webinars, interactive websites, social media, trade shows and conventions. And don't forget that while your customers come to these forums to learn from you, you can learn as much if not more from them (Zairi, 2018).

2.2.5.6. Service Quality

Research identifies many characteristics that are associated with service quality. Business researchers Benjamin Schneider and David Bowen assert that "service organizations must meet three key customer needs to deliver service excellence:" security, esteem, and justice. Research identifies an array of service quality factors that are important for customers, including:

timeliness and convenience, personal attention, reliability and dependability, employee competence and professionalism, empathy, responsiveness, assurance, availability, and tangibles such as physical facilities and equipment and the appearance of the personnel. Research shows that these characteristics also apply to citizen satisfaction with public service quality. Timely service is an especially strong determinant of quality across different types of public services. Fairness and outcomes are additional factors important to public service customers. Public sector quality improvement initiatives are on the rise worldwide as contracting and private service provision has become more common. (Aaltonen, 2017).

At the same time, European researcher Dr. Jane Pillinger notes that consumer demand for more transparent, equitable, and consumer-oriented services has produced a quality gap: a gulf in perceptions of quality and the impact of services on the end user. She calls for rethinking quality initiatives to interlink quality improvement with user involvement and participation and with social equality and inclusion. The experiences of successful businesses both support this perspective and offer experiences, tools and lessons for putting customers first (Coldwell, 2015).

2.2.5.7. Identify the activities or business processes that impact on company's performance

Set out a framework for improving performance in critical areas of customer care, such as time to respond to customer inquiries, delivery times, and accuracy of invoicing or ability to resolve service problems quickly. List the customer care activities, identify the individuals or departments who deliver customer care and set out the performance standards for each activity. The framework provides overall direction for the company and focuses employees on their role in delivering customer care. Establish a timescale for delivering your strategy. Set key dates for achieving performance standards and include dates for holding regular review meetings (Jacobsen, 2016)

2.2.5.8. Build an incentive and reward scheme into your sales promotion strategy

Recognize employees who have made a significant contribution to customer care by publicizing their achievements and offering them an award. Introduce a competitive element into the program by setting targets for different departments and rewarding the top-performing departments (Hokanson, 2016).

2.2.6. Component of sales promotion strategies

2.2.6.1. Advertising

Advertising is: “the non-personal communication of information usually paid for and persuasive in nature about products, services or ideas by identified sponsors through the various media” (Kates and Galbraith, 2007).

Efficient advertising is necessary for achieving both the commitment and perceived value of a product or a service (Stanley, 1982). People have different preferences and choices. This can be due to the diverse experiences and backgrounds of individuals. This past experience and state of mind of the person subjected to advertising may determine the impact that advertising has on him or her (Abiodun, 2011). Consumers must always choose between making an immediate decision (to buy or not to buy) and delaying this decision to seek additional information, and thus reduce the decision risk. This reveals how advertising casts its shadow on consumer culture (Hackly, 2005). To purchase a product or a brand, buyers need a certain level of information; pre-purchase information-seeking activities depend on four factors. Two of them are purchase-situation related and the other two relate to the type of product and market

Consumers must always choose between making an immediate decision (to buy or not to buy) and delaying this decision to seek additional information, and thus reduce the decision risk. This reveals how advertising casts its shadow on consumer culture (Hackly, 2005). To purchase a product or a brand, buyers need a certain level of information; pre-purchase information-seeking activities depend on four factors. Two of them are purchase-situation related and the other two relate to the type of product and market. Every person has a reason as to why to choose to purchase or use a particular product. An advertisement reaching a potential buyer while the buyer is seeking information will have a greater impact, since the buyer is spared the time and effort needed to seek out this information him/herself. This is why they become a choice for the target advertiser, provided the advertiser can identify and locate them. Every business organization that is determined to succeed has to adopt an effective system for the promotion, distribution, and sales of its services. In order to fully understand the situation the problem has to be determined if advertising has any impact on the volume of sales for the consumer preference

of a particular service. (Abiodun, 2011). Advertising has the ultimate goal of expanding sales and consumption in two ways. It both reminds and teaches. It reminds consumers in order to influence their immediate brand choice and teaches to increase brand awareness. This makes it easier for future advertising to influence brand choice. Advertising is the key for building, creating and sustaining brands. It plays a major role in persuading, informing and reminding both potential and existing customers towards making a purchase decision (Ingavale, 2013). Most advertising is intended to attract consumers such as “a good, service or idea”. The advertising objective declares where the advertiser wants to be with respect to consumer awareness, attitude, and preference. Advertisers create adverts with a variety of objectives in mind. They may have the ultimate goal of getting people to sample a product, or persuading them to take an action. (Abiodun, 2011). Advertising plays a vital role in shaping dreams and aspirations, and helps customers take conscious product and brand decisions. Often, advertisement with endorsements creates easy remembrance for the customer’s for the advertised product. The customer tends to associate the brand with the celebrity and can easily register the brand in their mind (Ingavale, 2013). The promotion practice of advertising is strategically used to “induce consumers to purchase goods and services” (Robbs, 2009). Increasingly, advertising has become an inevitable strategy used to promote a product, business, or event to attract and increase public interest. In spite of the impact of advertising on company’s sales volume, the role and effectiveness of advertising in achieving organization marketing objectives include increased sales volume which has become a subject of controversy among marketers, advertisers, and business experts. While advertising is being criticized by some, on the other hand, argued in favour of advertising as a tool for increasing company’s sales and organizational profitability (Osogbo, 2014).

2.2.6.2. Personal selling

This is the process by which the seller sells to the consumer face to face. Personal selling is the most expensive form of promotion. In essence personal selling involves the building of relationship through communication for the purpose of creating a sales transaction. Personal selling is defined by Weitz and Castleberry (2004) as an interpersonal process whereby a seller tries to uncover and satisfy buyer’s needs in a mutually long term beneficial manner suitable for both parties. Thus Personal selling is interpersonal communication regarding goods and services. Communication is the most basic activity for the sales representative during personal selling

exchanges (Engel & Kollat, 2011). It is a social situation involving two persons in a communication exchange. Success depends on how well both parties achieve a common understanding enabling mutual goal fulfillment through social interaction (Kotler, 2013). Weitz and Castleberry (2004) state that the role of sales representative is to engage and collect information about a prospective customer, develop a sales strategy based on that information, transmit a message that implements organizational strategy, evaluate the impact of these messages and make adjustments upon this evaluation. Personal selling involves person to person communication with a prospect. It is a process of developing relationships; discovering 3 needs; matching the appropriate products with these needs; and communicating benefits through informing, reminding, or persuading (Manning and Reece 2007).

2.2.7. Importance of sales promotional activities

Sales promotion therefore consists of short term incentives to encourage purchase or sale of a product or service. Whereas personal selling and advertising offers reason to buy a product or service, Sales promotion offers reason to buy now. (P. Kotler and G. Armstrong 2015). Sales promotion is an important tool in creating customer loyalty, this is because sales promotion does not only bring the product to the attention of the buyers but also provide incentives to encourage purchase. The impact of sales promotion on customer behavior reveals mixed results.

For example, Lau, Chaung, Mon a Liu (2016) study shows that sales promotion is an important factor to differentiate hardcore loyal customer to brand switchers and that sales promotion was most important factor to attract brand switchers. For example premium (gift) which is merchandise offered at a relatively low cost or free as an incentive to purchase a particular product. A pack premium accompanies the product inside a package.

With promotional activities a firm communicates directly with potential persuade a remind the market of the firm and its product and ultimately to influence it is important to maintain a comprehensive customer database in the company

Business promoting is the action process of getting staff sold. Failure to promote defeats the purpose of being in business and is a proven route to going out of business. (MINECOFIN, 2016).

Despite the need to promote or perish many small business operators after fail to march the promotion with their selling objective. Using the wrong promotional to get staff sold usually produce unwanted result.

The branding process establishes customer preference for your staff based on perceived difference and uniqueness when your customers prefer you ever your competition can usually command high price point that customers willingly pay.

Because branding is totally of experience you deliver to your customer, successful small business operators strive to deliver excellent customer experience at all touch-points where customer comes in contact with their business. (Srinivasan et al., 2004)

Conventionally, the glamour in promotion is stolen by advertising expenses so for accounted for more than 60 pc of the total promotion budget sales promotion got a little share today, sales promotion is attracting more and more of the promotional budget. The annual expenditure for sales promotion is rising rapidly. The manager type's organization structure in which product manager are constantly goaded to sell more has given a boost to sales promotion. Competitive pressure also calls for the use sales promotion. With more and more brands flooding the market, the pressure to occupy display space at retail outlets is more. Retailers thus demand more sales promotion. At the point of the purchases, the only promotional devices is sales promotion. (Aderemi, 2003)

Advertising has reached the target audience when they were away from the store. The time for buying has arrived. Perhaps, there is no effect of advertising now. Sales promotion tools at the point-of purchase remind the buyer of the ad or otherwise provoke him to purchase. (Briesch et al., 2022)

Those who look at sales promotion tools in store setting are very good prospects, or else they would not have been in-store in the first place. Just as there is advertising clutter because of large number of advertising messages, we also have promotion clutter on account of a large number of promotional tools used. Marketers must be on the lookout for ways to rise above the clutter. (S.A chunawalla 2015).

2.3.PROFITABILITY

One of the main theoretical controversies is the relationship between leverage and profitability of a firm. Profitability is a measure of earning power of a firm. The earning power of a firm is the concern of its shareholders. The effect of profitability on leverage was well explained by the “picking order” theory that was suggested by Myers (1984). According to this theory, firm ordered preference for financing whereby they prefer retained earnings as their main source of funds for investment which is followed by debt. The last resort sought by a firm would be external equity financing. The reason for this ranking that internal funds were regarded as 'cheap' and not subject to any outside interference. External debt was ranked next as it was seen cheaper and having fewer restrictions than issuing equity and the issuance of external equity is seen as the most costly way of financing a firm. Therefore, when firms which was profitable is seen to have more retained earnings and choose have lower leverage, hence a negative relationship between profitability and leverage is expected.

However, according to the static trade-off theory, high profitability level gives high level of borrowing capacity. This situation promotes the use tax-shield. Firms normally have to pay taxes on their profits. To avoid this, they prefer to take more debt in their capital structure as interest payments on debt are generally tax deductible. Agency costs theories also predict that profitable firms would take more debt in their capital structure to control the activities of managers. Hence, the more profitable a firm is, the more debt it will have in its capital structure. Thus, the trade-off theory hypothesizes a positive relationship between profitability and debt level (Frank and Goyal, 2013)

Profitability is seen as the ability of a company to earn a profit. It is a relative measure of success for a business. Besant (2013) noted that a firm, particularly in the private sector, is operated basically for the purpose of making profits. Naturally, the management is concerned about the levels of profits made by the firm.

There may be many reasons for the existence of a business, but none are as fundamental as profitability. Without it no other objectives can be achieved because the business will die. (Finch, 2016).

Finch (2006:13) confirms that profitability comes from difference between the value perceived by customers and the cost of creating it. What customers will value, however, is not always obvious or guaranteed to remain constant. The plan for creating value now and in the future is a strategy. The creation of a strategy at corporate, business, and functional levels provides a framework for achieving the business goals. That strategy dictates how the company will meet customers' value expectations.

2.3.1. PROFITABILITY FROM OPERATIONS RESOURCES

As proposed by Finch (2006:44)" processes are derived from grouping resources together. These processes create value. Profitability is generated by selling that value. Without the effective use of resources, value isn't created, and the potential for profitability is lost. Clearly, operations resources are critical to a firm's profitability. Operating resources are often broken into the four broad categories of inventory, capacity, facilities, and workforce". Those components are generally thought of as productivity measures, but contribute to profitability.

2.3.1.1 *Inventory*

Inventory consists of products and the components of products sold. Some items, like an inventory of retail items, are sold in the same form they were in when purchased.

Others, like the raw material inventory of a manufacture, are changed substantially before being sold (Finch, 2006: 44).

2.3.1.2. Capacity

Capacity is the capability of workers, machines, plants, servers, or organizations to produce output in a specific period of time. Capacity particularly that associated with equipment utilized in the production of a service or product is expensive. Maximizing the return on equipment investments is a high priority for any manager. Ineffective measurement of the productivity of equipment has long resulted in disagreement and poor decision making for many businesses (Finch, 2006: 47).

2.3.1.3. Facility

As noted by Finch (2006:48), Facilities consist of the buildings used to house all aspects of a business. Facilities are expensive, they are frequently a long-term investment, and they are used

for a variety of important purposes. The size of an investment in a particular facility is often closely related to the cost of the land on which it is located. Land costs and building costs facility cost is almost always associated with the facility's size. To determine how well such an investment generate a financial return, output measures must be compared to the input measure most closely tied to the initial investment (Finch, 2006: 48).

2.3.1.4 Workforces

The workforce consists of all of the employees of the company. Employees are often described being a company's most important asset. Employees are also commonly accepted as the source of a manager's greatest problems. Hiring, training, and managing employees have always been expensive. One can argue that many businesses, particularly manufacturers, have moved toward increasing levels of automation to eliminate the need for as many employees (Finch 2006: 48).

2.3.2. INCREASING PROFITABILITY

Lehmann & Winner (2002: 142) put forward two ways for increasing profitability.

Decreasing inputs: one way to increase profits is cost reduction. For instance: advertising, promotion, selling expenses, marketing research etc are concerned. But a reduction in the inputs can cause a commensurate reduction in the outputs if some of the variable cost reduction affects product quality. A second way to decrease the inputs is to improve the utilization of the assets.

Increasing outputs: the easiest way to increase revenues from existing sales is to improve prices. For example increasing the list price, reducing discounts, reducing trade allowances etc are concerned. The other way to increase revenues is to improve the sales mix. The 80/20 rule often holds: 20 percent of the product variants (sizes, colors, etc) produce 80 percent of the sales or profits. In such an instance, it may make sense to reduce the product line and emphasize selling more of the profitable items.

2.3.3 PROFITABILITY MEASURES

Finch (2006: 40) identifies four profitability measures such as Profit Margin, Return on Assets, Return on Equity and economic value Added. Other scholars mainly sustain profit margin, return on assets and return on equity. To earn a profit is the goal of a business enterprise. Although that goal certainly simplifies the objectives of a business nicely, it falls short as a measure of

performance to provide first direction for day-to-day decisions. It is difficult to edict the impact daily operations have on profit. There are too many separations between daily

Operations have on profit. There are too many separation between daily decision and a measure like profit. Second, profit alone isn't a measure of investment success.

Any measure of investment success must measure the productivity of the resources involved (Finch, 2006:40).

Financial productivity is frequently referred to in terms of profit. The term profit is often misused; however when people say "profit" they often actually mean "net income"! Net income provides an absolute measure but lacks the input comparison necessary for a measure of productivity. It doesn't really tell us anything about the productivity of resources. Profitability measures, on the other hand, are measures of the productivity of money. They relate outputs (net income) to inputs. The three most common measures of profitability are profit margin, returns on assets, and return on equity. Each compares net income to a particular input and each is a critical measure of the success of operations (Finch, 2006:40).

2.3.3.1. Profit Margin

Profit margin tells us how much profit is generated per dollar of sales. It measures the productivity of our business. A high profit margin, which is desirable, can result from low expenses relative to sales or high sales relative to expenses. High levels of sales result from products and services valued highly by customers. The value is created by processes. Processes are at the root of many costs, and they are also key to adding the value that leads to sale. Low costs result from processes that make good use of inventory, capacity, facilities, and work force. (Robinson et al., 2015).

2.3.3.2. Return on Assets

The second profitability measure, return on assets (ROA), is an indication of profit per dollar of assets. It is the broadest measure of asset productivity. It measures how well assets are used to generate income. Return on assets is extremely relevant to operations because operations controls an extremely valuable set of assets (Faello, 2015)).

2.3.3.3. Return on Equity

Return on equity (ROE) quantifies how well stockholders did during a year by providing a measure of the productivity of their investment. It is the stock holders' gauge of the effectiveness of their investment, which, in turn, becomes their evaluation of how well the firm's management utilized its assets (Finch, 2006:42).

2.3.3.4. Economic Value Added

A fourth profitability measure, also called economic profit is the after-tax operating profit minus the annual cost of capital. A positive EVA indicates that the company is creating wealth from its capital. A negative EVA means that it is actually destroying wealth (Finch, 2006:42).

2.3.4. RATIO ANALYSIS

Ratio analysis can be defined as the process of ascertaining the financial ratios that are used for indicating the ongoing financial performance of a company.

2.3.4.1. Profitability ratio

Profitability ratios also play a significant role in the financial positions of enterprises. Profitability Ratios is known as the measurement that is used by the company in order to measure the company's ability to generate the profit from the income after deducting it from all of its costs (Rashid, 2018).

2.3.4.1.1. Measures of profitability

a. Return on equity

This ratio related to profit earned after tax by the bank to resources contributed by its owners, i.e. ordinary share capital plus reserves. (Rashid, 2018).

$$\text{ROE} = \frac{\text{After tax income}}{\text{Owerers'equity}} \times 100$$

b. Return on asset

It refers to a relation between net profit and assets. The rise in the ratio refers to an effectiveness of the employment of assets by the company (Robinson et al., 2015).

$$ROA = \frac{\text{After tax income}}{\text{Total assets}} \times 100$$

c. Return on loans

Loans are important earning asset for the bank. The ratio of the interest and fees earned on loans to total loans is a significant measure of management's ability to price its loan and to achieve any optimum loan mix (Rashid, 2018).

$$ROL = \frac{\text{Interest and fees earned on loans}}{\text{Total loans}} \times 100$$

d. Return on investments

This ratio relates interest earned on securities to total book value of securities held by a bank government securities are held primary for liquidity purposes while other securities are held for getting benefit from their tax-free status (Edgeman et al. 2015)

$$ROL = \frac{\text{Interest earned on securities}}{\text{Total books value of securities}} \times 100$$

e. Interest spread ratio

Spread is the difference between what they pay for the fund and what they get for the funds. This ratio includes only those assets and liabilities that they carry an interest rate as a result; it reflects the impact of the interest rate bank profits this would provide better understanding the source of the bank earnings and of the vulnerability. (Edgeman et al. 2015)

$$ISR = \frac{\text{Interest and fees earned on loans}}{\text{Total loans}} \times 100 - \frac{\text{Interests expenses}}{\text{Interests earning liabilities}} \times 100$$

f. Net income per staff

According to Rashid, (2018). Profit per employee, also referred to as net income per employee (NIPE), is a metric that you can use to calculate your business's net income divided by the total

number of employees. Put simply, it tells you how much profit each of your employees brings in over the course of a given period. Theoretically, the higher your net income per employee, the more efficient your company

$$\text{NIPS} = \frac{\text{Net income after tax}}{\text{Total number of the staf}} \times 100$$

2.4. SALES PROMOTION AND PROFITS MAXIMIZATION

Marketing started as a result of economic and business pressure due to a need which arises to focus on embracing a set of managerial measures in order to satisfy customers' needs. The evolution of marketing in the manufacturing company is similar to every other industry. The main reason for the marketing in the hotel business is because of the growth in the number of guests who are in need of accommodation and the increase in competitions by the accommodation service providers. Moreover, the manufacturing company is becoming a more and more mature market whereby the competition is increasing globally and winning customers becomes a problem. Therefore, there is a huge shift to marketing (Cooper et al. 2018).

A product-oriented company focus on making a high quality product with functional features which make it make it superior to that of the competitors, without making relevant market research to what the customers need. The company that uses this approach believes that a superior will automatically sell itself in the market. Applying this philosophy into manufacture, the goal is to have facilities that go beyond regular to luxurious facilities with the hope that guest will automatically embrace the hotel product since it is superior to the ones provided by the rivals. The shortfall of using this approach is that the outcome of it is not guaranteed since not known whether or not the guests wanted the product. (MINECOFIN, 2018).

A sales orientated company makes products without much research whether or not the product is needed in the market place. This marketing orientation is built around the philosophy that customers will not will not buy a product or service unless they are persuaded to buy. Companies that use this approach spend a lot of money on advertising and promotion. The goal is to make sure that they sell their product irrespective of what the customer or the market really needs. A sales orientated company believes that an aggressive sales method is the key to success in

business' marketing orientated company focuses all its business activities on satisfying the customers' needs. (World Bank, 2016).

A company that adopts this approach usually considers the customer the king and its primary goal is to deliver value to its customer. To achieve this, the company spends a lot of time and researches how to meet the needs and expectations of the customers. The customers are the center focuses during product development as well as when implementing the company's marketing strategies. The application of market research on a continuous basis gives companies of this type a marketing edge in understanding the needs of the customer (Cooper et al. 2018).

According to Smith and Harrison (1996) and Bubnjevic (2011), a cordial seller-buyer relationship enhances sales. Sales volume is the profit a firm gets in activities/operation over a period of time. Knowing customers' needs and providing same would create customer value and firms profitability. Sales promotion strategies plays a vital role in the success of any business organization. Since all aspects of the business depend on successful sales promotion strategies, it is difficult to highlight all the roles which marketing plays in a company. However, some of the major impact of marketing will be highlighted in the following paragraphs. Marketing helps in building a company's brand name and placing the company's product or service in the heart of prospective customers. In the manufacturing company, the success of any manufacturing companies often depends on good reputation. Bubnjevic (2011)

As the reputation of a manufacturing company, the success of any manufacturing company often depends on good reputation grows bigger within society, more customers will lodge in the hotel, thereby making the hotel's room occupancy rate increase and generate more income to the manufacturing company. Additionally, it is fair to say that marketing really helps in the aspect of branding as it creates and supports effective communication within and outside the hotel unit.

A business may offer the best product in the market, but without a good marketing campaign, it will not generate the desired returns on investment because it is marketing that makes the product or service known to prospective customers. A good marketing campaign helps a company to efficiently manage its resources. When an effective and efficient marketing strategy is adopted in a company, resources wastage is reduced if not eliminated. (Kotler P. et al.,1999).

The manufacturing company is an industry with perishable products, in other words, if a room is not occupied during a particular period, the income that is supposed to be realized on that particular room is lost forever and it cannot be regained. Marketing helps to ensure that a company's income increases as more people get to know about a company's products or services, the company's share of the market increases as well as its sales revenue. (Chevalier and Curhan 1976)

2.5 Empirical review

Sales Promotion Theory is the study of increasing short-term sales revenue. This study can be conducted readily and effectively as the results can be measured quickly and, because of the narrow focus of the promotion, other factors can be tightly controlled for. Sales promotions are a source of some debate, as some argue that increasing short-term sales does not lead to long-term profitability. Others argue that the benefits of creating more income for the company in the short term allows that company to more rapidly grow to gain a larger market share. While promotions come in many different forms, most fall into three categories: Push, pull, and Combination. (Van Heerde et al. 2017)

Earlier studies carried out by Siyanbola and Raji (2013) analyzed the impact of sales promotion on manufacturing industries' profitability. Their main objective was to investigate the contribution sales promotion to the profitability of manufacturing companies. They analyzed technics related to sales promotion and confirmed that there was a positive impact of sales promotion on the industries' profitability

More recently in a study across many categories, Van Heerde et al. (2017) found that the percentage of the incremental volume attributable to brand switchers was only about one-third of the total incremental volume. They show that the difference in the percentage in their study versus previous studies arises from the fact that previous studies had not accounted for category growth in their calculations and hence overestimated the percentage attributed to brand switching. Van Heerde et al's findings have been supported by another study using store-level data (Pauwels et al., 2012).

Studies have found that promotions can increase consumption in categories where the consumption rate is related to the amount of the product consumers have in their pantry

(Ailawadi and Neslin, 1998; Nijs et al.2001), especially when the promotions involve strong brands (Sun, 2015). For instance, two categories that exhibit this pantry effect are carbonated beverages and ice cream.

Bell et al. (1999) quantified the proportion of the increase in sales due to a promotion that is attributable to purchase acceleration and increases in purchase quantity and found it ranged from 0.7 to 42.3%, with an average of 10.6% across 13 categories.

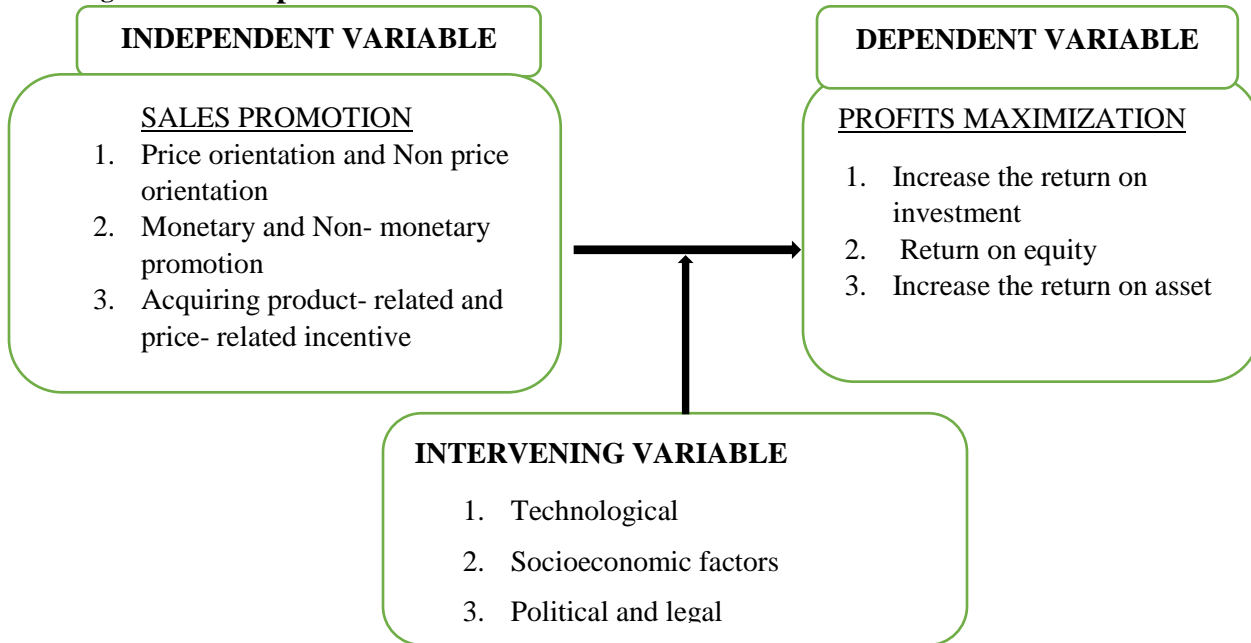
Although short-term effects do exist (Ailawadi and Neslin, 1998; Nijs et al., 2001). In a recent study of the effects of promotions at CVS Drug Stores, Ailawadi et al. (2007) find that 45% of the increase in sales due to promotions is attributable to category expansion effects.

Even if the other researchers carried out their research related to Sales promotion and found that there is a relationship between sales promotion and profitability of the company, the literature does not find long-term category expansion effects and they did not identify the tools that should be used to reduce the challenges faced by sales promotion and profitability in manufacturing companies., though much more work needs to be conducted on this topic.

2.6. CONCEPTUAL FRAMEWORK

Conceptual framework was a concise description of the phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study (Mugenda, 2008). According to Young (2009), conceptual framework was a diagrammatical representation that shows the relationship between dependent variable and independent variables. In the study, the conceptual framework looked at the influence of personal selling on brand performance on retail shoes companies in Nairobi central district.

Figure 1: Concept framework



Source: Own Developed Model (May, 2022)

Independently, the methodological approach of the research focused on to assess the effect of sales promotion on profit maximization of manufacturing companies, Case Study of CIMERWA plc for Rusizi district in western -Rwanda. The conceptual framework was developed out of an extensive review on existing literature. The model explains the relationship between the variables under study. This is depicted in the figure above, as it is depicted also from the above conceptual framework.

However, there might be the other factors in the conceptual framework which can affect both variables named as Intervening variables. The research investigates on them and the level at which they contribute on profit maximization.

SUMMARY

In this chapter we presented introduction, Conceptual review like the definition of key concepts of this work, theoretical review which formulated according to themes of the study. It reflect to the objectives, hypotheses, methods, and research questions, Review of related literature which characterized by the Theory on sales promotion and theory to the profits maximization and finally conceptual and theoretical perspectives this conceptual framework introduced the themes to be used in the research process.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0. INTRODUCTION

This chapter was concerned with methodology; it attempts to describe the methods of investigations from which data was collected to meet the objectives of the study. It consists of the research design, the study population, the sample size and how it is used. Methods of data collection, data processing, and tools of analysis are also discussed. In addition to that it indicates different methods and techniques that been used in collecting and interpretation of information either from the field or other sources.

3.1. RESEARCH APPROCH AND DESIGN

3.1.1. Research approaches

The data two research approach were used quantitative and qualitative approaches. Quantitative approach numerical data collected through documentary and questionnaires. The researcher used numerical data to reckon research questions. The data are then analyzed using statistical methods to find out the meaning of data so that the findings can be used to make fact based conclusions. With qualitative approach, the researcher collected and analyzed non numerical data to describe in depths comprehension of the study respondents.

3.1.2. Research design

The study made used descriptive research design to examine the relationship between dependent and independent variables. In the light of the research objectives, it is absolute that this approach with all its inherent assistances is best suitable. As the researcher tries to find out the contribution of sales promotional activities and the profit maximization of manufacturing company.

3.2. TARGET POPULATION

Population is a group of individuals who have one or more characteristics in common (Kothari, 2004). To achieve good population validity, quantitative researchers must select their sample from a defined population to which they wish to generalize their results (Gall et al., 1996). The study population was 285 (CIMERWA Annual Report, 2021) all those are the employees of

CIMERWA plc who have information's related to our study. Thus the researchers used purposive sampling technique.

3.3. SAMPLING PROCEDURES

Sampling procedure is the statistical tool for selecting a fraction or percentage of a group of people to represent the total or entire population. (Kakooza, T.1996). In this study, on sampling techniques were used namely simple random sampling and described below. The sampling technique consists of choosing, according to the criteria defined in certain number of other individual composes of the groups defined; and lastly realized on them of measures and observation which allow on generalized the results. Therefore, according to Yamane's formula,

the sample is $n = \frac{N}{1+Ne^2}$

Where n: sample size

N: Total population

e: margin of error (10%)

Data is collected from selected respondents from the study population due to the reasons of necessary and convenience.

3.3.1 Stratified sampling

The study population was stratified into two strata, one stratum was comprised of member of management and other by the members of Non-Management employees at CIMERWA plc. From these two strata, we used both simple random and purposive sampling techniques as these was enable us to select respondents who could provide with the information needed for the study.

3. 3.2. Purposive sampling

Purposive sampling technique was used whereby we used our own judgment about which respondents to choose and pick, are only those who can best meet the purposes of the study.

3.4 SAMPLE SIZE

According to Yamane (1967), if a sample is taken from a population, a formula must be used to taken into account confidence levels and margins of errors.

Therefore, according to Yamane’s formula, the sample is $n = \frac{N}{1+Ne^2}$

Where n: sample size

N: Total population

e: margin of error (10%)

Sample size = $\frac{285}{1+285 \times (0.1)^2} = 74$ respondent

It was on this ground that we took 7 staff members management and 67 members of non-management employees at CIMERWA. Our intention was to ensure that the sample includes the elements that are directly relevant to the problem being investigated /studied.

Table 1: Composition of the Sample

Department	Number of populations	Selected sample size
Management	7	7
Non-Management	278	67
Total	285	74

Source: CIMERWA Report, 2021

3.4.1. Inclusive Criteria

The study dealt only 7 members of management and 67 members of non-management employees who worked in CIMERWA plc at least four years.

3.4.2. Exclusion criteria

Anybody who is neither in management nor is non-management employees at CIMERWA do not worked within at least four years are not concerned with the study.

3.5. RESEARCH INSTRUMENT FOR DATA COLLECTION

The primary data was obtained by using questionnaire and observation but documentary was used to obtain secondary data.

3.5.1 Questionnaire

According to Williams & Grinner (1990), a questionnaire is information gathering information about: attitudes, beliefs, behaviors, characteristics from several respondents in the enterprise, whom may be affected by a given phenomenon or system.

The whole process of distributing questionnaire s was as follows: the researcher first contacted managing director of CIMERWA plc about issue before the process started. At this stage, the researcher gave the manager a pre-test questionnaire to fill. This helped to test the under stability of respondents in relation to questions asked by the help of pre-tests, the researcher are able to identify the gaps in the questionnaire and made collections where necessary

After the pre-test questionnaire was collected and necessary collections made, questionnaire are distributed to the respondents for filling. The questionnaires were distributed to these above 74 respondents in a way that facilitated the process of collecting them. The researcher had to be personally present to help the respondent for completing questions.

The advantage of close-ended questions the respondent was often clear about the meaning of the questions and could give the answers to the questions which are asked.

3.5.2. Documentation

According to Grinnell & Williams (1990), documentation is the analysis of data that exist in the boxes, in some enterprise's basements or hidden in the core of a computer. In this research, the

researcher has been collected the already existing data, by finding them where they are stored or field. During the process of documentary analysis, the researcher read document after understanding and analyzing the relevance texts to that study. The researcher reads documents such as manual procedures, newspapers and other applications.

3.6. RELIABILITY AND VALIDITY MEASURES

3.6.1. Reliability

Reliability refers to whether or not you get the same answer by using an instrument to measure something more than once. In simple terms, research reliability is the degree to which research method produces stable and consistent result.

3.6.2. Validity

The validity of research study refers to how well among the study participants represent true findings among similar individuals outside the study.

3.7. DATA ANALYSIS

In order to bring the results of the study to be undertaken in a meaningful from, the data were analyzed through sub- processes of editing, coding, classification, and tabulation. The researcher transformed the collected data into frequencies and the percentage that made it easy for clarity and interpretation.

3.7.1. Data processing

This is the classification of answers into meaningful categories in order to bring about their main patterns in data processing the given answers are distinguished and grouped based on their comprehensiveness. This used for interview questions and questionnaires to which answers have been provided by different respondents (Mugenda, 2017).

Both quantitative and qualitative methods were used during data analysis. Quantitative data involves the use of frequencies, tables against their percentages these were showing values that

aided in data interpretation. Qualitative data presented in writing useful information from the respondents as presented in in relation to the study variables. Before processing the responses, the completed questionnaires edited for completeness and consistency.

3.7.1.1 Editing

William K. (1982:40) defined editing as the process where errors in completed questionnaires are identified and are eliminated whenever possible.

It was done immediately after such responses are cross-checked to make sure that completion, accuracy and Uniformity are purposefully reinforced. And also was done to find out how well the answered questionnaires were done in line with consideration paid to questions by the study respondents

3.7.1.2. Coding

This is a process of classifying alternative answers to the question into meaningful categories as it was defined by Kendall (1992: 78).

After editing we classify gathered results from the questionnaire into a meaningful categories so as to bring out essential patterns for each question, a list probable answers is prepared. The researcher insured the list is mutually exclusive.

3.7.1.3. Classification

Data classification is the process of organizing data into categories for its most effective and efficient use. In this study a well-planned data classification system made essential data easy to find and retrieve.

3.7.1.4. Tabulation

According to Saunders et al., (2007), tabulation refers to the part of technical process on statistical analysis of data that involves counting to determine the number cases that fall into various categories.

After carrying out editing, coding, and classification, frequency distribution table were used. Tables were constructed according to the main themes in the questionnaires summarized all the findings of the study. Therefore, the results were presented in terms of frequencies and percentages.

3.7.2. Methods of data analysis

In carrying out this study, the researcher used statistical Package for Social Science (SPSS) software during analysis of data collected from the field.

It is the researcher to make an analysis of the data from questionnaire. It is also helped to analyze response from point of view of respondents. Statistical treatment of data is essential in order to make use of the data in the right form. Data were gathered, coded, and recorded into Statistical Package for Social Sciences (SPSS) Program.

3.8. ETHICAL CONSIDERATIONS

In this study the researcher has ensured the quality and integrity of this investigation by confidentiality and anonymity of the research respondents and ensures that the e participated in this work through questionnaires voluntarily and the researcher avoided any intention to harm the participants in order that this research work may be independent and impartial.

SUMMARY

This chapter provided practical approach to the research steps and methods that was selected to attain the objectives and to respond the questions identified for covering and supporting the problem under the study.

CHAPTER FOUR: PRESENTATION, INTERPRETATION, ANALYSIS AND DISCUSSIONS OF FINDINGS

4.0. INTRODUCTION

This chapter presents and interprets the data collected for the study to enable the researcher to draw conclusions in light of the study objectives. Findings of the study are based on primary data analysis, and are presented in the form of tables, percentages and descriptions.

4.1. DATA PRESENTATION AND INTERPRETATION

The data gathered are planned in categories and analyzed item by item according to the research objectives and questions. The data is represented in form of Frequency tables.

4.1.1. Classification of respondents by gender

The finding in the table one shows the gender of respondents.

Table 2 Gender of respondents

Gender	Frequency	Percent
Male	56	75.6
Female	18	24.3
Total	74	100.0

Source: Primary data, July 2022

Table two shows that the majority of respondents were male corresponding to 75.6% and 24.3% were female. This implies that the male were the ones interested in working with CIMERWA plc as a way of getting financial income.

4.1.2. Classification of respondents by age

The table two shows the age of respondents; in fact, somebody's age affects his or her ability to work hard, to save and to consume.

Table 3: Ages of respondents

Age categories	Frequency	Percent
Under 20	4	5.4
Between 21-30	18	24.3
Between 31-40	28	37.8
Between 41-50	16	21.6
Above 50 years	8	10.8
Total	74	100.0

Source: Primary data, July, 2022

The table three shows that the study revealed that the majority of respondents, 37.8% were between 31-40 years old and 24.3% of all respondents corresponded to the age bracket of 21-30 years, and the age bracket of 41-50 years corresponded to 21.6% of all respondents, then 10.8% of respondents were above 50 years old while 5.4% of all respondents were less than 20 years old. This means that people of various age were interested in services as offered by CIMERWA plc. This also implies that the data provided reflected the views of the entire population as the majority of the respondents are mature enough to give matured views.

4.1.3. Classification of respondents by marital status

The respondent's marital status has been considered in order to know their supposed availability and effectiveness on the work.

Table 4: Respondent's marital status

Marital status	Frequency	Percent
Single	14	18.9
Married	46	62.1
Widows(ers)	9	12.1
Divorced	5	6.7
Total	74	100

Source: Primary data, July, 2022

The table four presents that the majority, 62.1% of all respondents were married, while 6.7% of all respondents had divorced, 18.9% of all respondents were single and 12.1% of all respondents were widows (ers). This implies that most employees of CIMERWA plc were married people, this reflects the reality as people who are married are the most likely hard workers.

4.1.4 Respondent’s experience

This part highlights the experience of CIMERWA’s respondents. This experience vary from 4 to over 10 years of activity.

Table 5: The respondent’s experience

Experience (Years range)	Frequency	Percent
4 – 6	8	10.8
6 – 8	24	32.4
8 – 10	31	41.8
10 above	11	14.8
Total	74	100

Source: Primary data, July, 2022

From table five shows the respondent’s experience where 4 to 6 years represented by 10.8% of all respondents, from 6 to 8 years represented by 32.4% of all respondents, from 8 to 10 years represented by 41.8% of all respondents and finally those experienced over 10 years represented by 14.8% of all respondents. Thus, the majority of company’s respondents have experience of between 8 to 10 years in company’s activities.

4.1.5. Respondent’s education level

The table five shows the Respondent’s education level

Table 6: Respondent’s education level

Education level	Frequency	Percentage
Primary	16	24.6
Secondary	32	43.2
Diploma	9	12.1
University	11	14.8
Masters	6	8.1
Total	74	100

Source: Primary data, July, 2022

Table six indicates that the highest number of respondents 43.2% had completed secondary level, those who had completed primary level correspond to 24.6% of respondents, 12.1% of respondents had completed diploma level , 14.8% of respondents had completed university level, and 8.1% of respondents had completed masters level. This implies that the majority had the intellectual basis namely literacy and numeracy proving the relevance of collected information.

4.1.6. Sales promotion strategies within CIMERWA plc

Sales promotion strategies are a marketing approach used to motivating customers to take a specific action through sales incentives.

4.1.6.1. Strategies of sales promotion applied within CIMERWA plc

This table six shows the extent to which the strategies of sales promotion are applied.

Table 7: Sales promotional strategies applied by CIMERWA plc

Sales Promotion Strategies	Strongly Agree		Agree		Neutral		Disagree	
	F.	%	F.	%	F.	%	F.	%
	Coupons	12	25	20	41.6	10	20.8	6
Sample	16	33.3	23	47.9	6	12.5	3	6.2
Price packs	13	27.0	21	43.7	9	18.7	5	10.4
Trade show	17	35.4	22	45.8	7	14.5	2	4.1
Discount	15	31.2	24	50	5	10.4	4	8.3
Price penetration	12	25	19	39.5	10	20.8	7	14.5
Transportation of product to the clients	18	37.5	20	41.6	6	12.5	4	8.3
Patronage awards	10	20.8	26	54.1	8	16.6	4	8.3

F.: Frequency, %: Percentage

Source: Primary data, July, 2022

According to Table seven shows that most respondents agree to the statements on sales promotions. 25% strongly agree, 41.6% agree that coupons are the strategy of sales promotion applied by the CIMERWA plc. 33.3% strongly agree, 47.9% agree that sample are sales promotion strategy adopted by the CIMERWA. 27% strongly agree and 43.7 agree that price packs are the strategy used by the CIMERWA plc on profit maximization. 35.4% strongly agree and 45.8% agree that trade show enable the company to achieve on profit maximization as a sales promotion strategy. The respondents also 31.2% strongly agree and 50% agree that the discount are also the sales promotion strategy used by Company on profit maximization. 25% strongly agree and 39.5% agree that price penetration are the sales promotion strategy on profit maximization 37.5% strongly agree and 41.6% agree that the Transportation of product to the clients are sales promotion strategy applied by it. 20.8% strongly agree and 54.1% agree that the patronage awards are also the strategy of sales promotion applied by the company on the profit maximization.

4.1.7. Sales Promotion and profit maximization for CIMERWA Plc

4.1.7.1 Effect of Sales promotion strategies on profit maximization

The table seven indicates the extent to which you agree with each of the following Sales promotion strategies to their effect on profit maximization at CIMERWA PLC.

Table 8: Sales promotion strategies

Sales promotion strategies	Strongly Agree		Agree		Neutral		Disagree		Total	
	F.	%	F.	%	F.	%	F.	%	F.	%
Issuing Coupons encourages consumers to buy a new product and help in profit maximization	12	25	34	70.8	2	4.1	0	0	48	100
Providing Samples increase the demand for the new product	10	21.2	33	70.2	4	8.5	0	0	47	100
Trade show as a sales promotion strategy increase the awareness of the products	11	23.9	29	63	6	13	1	2.1	46	100
Price penetration or price skimming increase the company revenue	10	22.2	35	77.7	0		0	0	45	100
Discount on the product increase profit as the company sales more	13	27.6	34	72.3	0		0	0	47	100
Offering gifts increases the customers and the brand awareness	10	21.7	28	60.8	8	17.3	0	0	46	100
Exhibition displays attract attention of buyers and increase the volume of sales and profitability of the company	9	21.4	29	69	4	9.5	0	0	42	100

F.: Frequency, **%:** Percentage

Source: Primary data, July, 2022

According to Table eight the Sales promotion strategies to their effect on profit maximization. Most respondents agree that Issuing Coupons encourages consumers to buy a new product or to purchase more than one family product and help in profit maximization (95.8%), Providing Samples increase the demand for the new product (91.4%), Trade show as a sales promotion strategy increase the awareness of the products (86.9%), Price penetration or price skimming as a competitive strategy to capture the market and increase the company revenue (99.9%) and Discount on the product as a sales promotion strategy in order to increase the number of customers increase profit as the company sales more (99.9%) it is the Sales promotion strategies to their effect on profit maximization. Also the respondent agree that the Offering gifts increases the customers and the brand awareness (82.5%) and Exhibition displays attract attention of buyers and increase the volume of sales and profitability of the company (90.4%) also it's the Sales promotion strategies to their effect on profit maximization of the company. This indicates that the sales promotion strategies is very important within the company on profit maximization.

4.1.8. Challenges of sales promotion and profit maximization.

4.1.8.1 Challenges of sales promotion

This table nine shows the extent to which the challenges of sales promotion affect negatively on profit maximization.

Table 9: Challenges of sales promotion affect negatively on profit maximization

Challenges	Strongly Agree		Agree		Neutral		Disagree		Total	
	F.	%	F.	%	F.	%	F.	%	F.	%
People are not Trained	12	26.6	22	48.8	7	15.2	5	11.1	45	100
Sabotages	14	29.1	23	47.9	8	16.6	3	6.2	48	100
Incentives/ Salary not tied to result	12	25.5	22	46.8	11	23.4	2	4.2	47	100
Negative thinking product or services	15	31.2	22	46.8	8	16.6	1	2.0	48	100
High sales promotion expenses	11	24.4	21	46.6	10	22.2	4	8.8	45	100

F.: Frequency **%:** Percentage

Source: primary data, July, 2022

According to Table nine shows the challenges of sales promotion affect negatively on profit maximization. Many respondents agree that the people not trained are the challenge of sales promotion affect negatively on profit maximization where 26.6% are strongly agree and 48.8% are agree, sabotages are also the challenge affecting negatively on profit maximization where 29.1% are strongly agree and 47.9% agree, respondents also agree that the Incentives/ Salary not tied to result are also the challenge of sales promotion as 25.5% strongly agree and 46.8% agree, and also the Negative thinking about product or services are challenge of sales promotion where 31.2% are strongly agree and 46.8 are agree. High sales promotion expenses the 24.4% strongly agree and 46.6% agree that it's the challenge of sales promotion affecting negatively on profit maximization.

4.1.8.2. Mitigation strategies to challenges

This table ten shows the different solution on the challenges of sales promotion on profit maximization.

Table 10: Mitigation strategies to challenges

Mitigation strategies	Strongly Agree		Agree		Neutral		Disagree		Total	
	F.	%	F.	%	F.	%	F.	%	F.	%
Recruiting and retaining good employees	18	38.2	26	55.3	3	6.3	0		47	100
Involvement of managers in strategic implementation	15	32.6	29	63	0		2	4.3	46	100
Give the customers a way to provide feedback	16	33.3	32	66.6	0		0		48	100
Decrease the input such as advertising cost, selling expenses and promotion expenses	12	28.5	24	57.1	3	7.1	3	7.1	42	100
Discount Build an incentive and reward scheme into your sales promotion strategy	17	34.6	31	63.2	1	2	0		49	100
Focus the selection and evaluation process to identify personalities that do not fit the required profile	16	35.5	29	64.4	0		0		45	100
Keep honest and open communications with employees	18	36.7	29	59.1	2	4	0		49	100

F.: Frequency, **%:** Percentage

Source: Primary data, July, 2022

According to table ten the different Solutions on the challenges of sales promotion on profit maximization. Most respondents agree that Recruiting and retaining good employees (93.5%), Involvement of managers in strategic implementation (85.6%), give the customers a way to

provide feedback (99.9%) and Decrease the input such as advertising cost, selling expenses and promotion expenses (85.6%) it's the Solution on the challenges of sales promotion on profit maximization. And also the respondents agree that the Discount Build an incentive and reward scheme into your sales promotion (97.8%), Focus the selection and evaluation process to identify personalities that do not fit the required profile (89.9%) and Keep honest and open communications with employees (95.8%) also it's the Solution on the challenges of sales promotion on profit maximization. This is the solutions of many challenge affect the sales promotion on profit maximization of the company.

4.1.9 Analysis of profit maximization of CIMERWA plc.

4.1.9.1 Return on Equity

ROE measures the rate of return of the ownership interest of the common stock owners. It measures a firm's efficiency at generating profits from every unit of shareholder's equity (Also known as net assets or asset minus liabilities) ROE shows how well a company uses investment funds to generate earnings growth.

$$ROE = \frac{\text{Net income from operations}}{\text{Owner's Equity}}$$

Years	Net profit	Owner' equity	Ratios
2019	3 454 386	55 627 600	$\frac{3\,454\,386}{55\,627\,600} = 0.06$
2020	1951 740	57 579 340	$\frac{1\,951\,740}{57\,579\,340} = 0.03$
2021	4 120 140	61 699 480	$\frac{4\,120\,140}{61\,699\,460} = 0.06$

Sources: Secondary data, September 2022

Basing on the ratios we calculated the profits of the company are decreased from 60% in 2019 to 30% in 2020. This table shows that the organization performance are not well because the profits of the company or shareholder are decreased.

4.1.9.2 Return on Assets

ROA is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings.

$$ROE = \frac{\text{Net income from operations}}{\text{Total Asset}}$$

Year	Net income	Total Assets	Ratio
2019	3 454 386	109 915 280	$\frac{3\,454\,386}{109\,915\,280} = 0.03$
2020	1 951 740	112 252 496	$\frac{1\,951\,740}{112\,252\,496} = 0.01$
2021	4 120 140	109 569 545	$\frac{4\,120\,140}{109\,569\,545} = 0.03$

Sources: Secondary data, September 2022

The above table shows that the assets employed have generate profits, in 2019 it was 30% but it is decreased in 2020 where the profits of the company was 10%. Therefore, the assets employed are decrease the returns as shown in the above table. This means that the performance of the company was not well because the return on assets are decreased. So, the profits of the company also decreased.

4.5 DISCUSSION OF FINDINGS

Referring to collected data as shown through examining the sales promotion and profit maximization of manufacturing company, with a case study of Cimerwa plc in Rusizi district, throughout a period of three years from 2018 up to 2021 the findings should be discussed as follows:

Findings revealed that, the males' respondents make a big part of respondents as contribute to the highest percentage of 75.6% of the total number of the all respondents while 24.3% were female. This implies that the male were the ones interested in working with CIMERWA plc as a way of getting financial income. According to the study finding the greater number of people who participated in the companies' activities are adults (those ranging from 31 to 40) with 37.8% of all respondents, the reason being that their social situation such as being heard of family and being mature enough, their responsibility are motivated to carry out the economic activities. The study revealed that married make the highest percentage with 62.1% of all respondents followed by single with 18.9%, windows (ers) with 12.1% of all respondents , and divorced represented by 6.7% of all respondents. The study shows that the

majority of company's respondents are married. According to study showed that the majority of company's respondents have experience of between 8 to 10 years in company's activities with 41.8% of all respondents. According to the findings 43.2 % of the respondents completed secondary school. This implies that the study findings were collected from literate respondents with made the findings to be reliable and valid.

The study shows that, 25% strongly agree, 41.6% agree that coupons are the strategy of sales promotion applied by the CIMERWA plc. 33.3% strongly agree, 47.9% agree that sample are sales promotion strategy adopted by the company. 27% strongly agree and 43.7 agree that price packs are the strategy used by the company on profit maximization. 35.4% strongly agree and 45.8% agree that trade show enable the company to achieve on profit maximization as a sales promotion strategy. The respondents also 31.2% strongly agree and 50% agree that the discount are also the sales promotion strategy used by Company on profit maximization. 25% strongly agree and 39.5% agree that price penetration are the sales promotion strategy on profit maximization 37.5% strongly agree and 41.6% agree that the Transportation of product to the clients are sales promotion strategy applied by it. 20.8% strongly agree and 54.1% agree that the patronage awards are also the strategy of sales promotion applied by the company on the profit maximization

According to the findings from the study, The most respondents agree that Issuing Coupons encourages consumers to buy a new product or to purchase more than one family product and help in profit maximization (95.8%), Providing Samples increase the demand for the new product (91.4%), Trade show as a sales promotion strategy increase the awareness of the products (86.9%), Price penetration or price skimming as a competitive strategy to capture the market and increase the company revenue (99.9%) and Discount on the product as a sales promotion strategy in order to increase the number of customers increase profit as the company sales more (99.9%) agree that it is the Sales promotion strategies to their effect on profit maximization. Also the respondent agree that the Offering gifts increases the customers and the brand awareness (82.5%) and Exhibition displays attract attention of buyers and increase the volume of sales and profitability of the company (90.4%) also it's the Sales promotion strategies to their effect on profit maximization of the company. This indicate that the sales

promotion strategies has the great impact on the organization performance on their profit maximization.

According to the findings, this study revealed that many respondents agree that the people not trained are the challenge of sales promotion affect negatively on profit maximization where 26.6% are strongly agree and 48.8% are agree, sabotages are also the challenge affecting negatively on profit maximization where 29.1% are strongly agree and 47.9% agree, respondents also agree that the Incentives/ Salary not tied to result are also the challenge of sales promotion as 25.5% strongly agree and 46.8% agree, and also the Negative thinking about product or services are challenge of sales promotion where 31.2% are strongly agree and 46.8 are agree. High sales promotion expenses the 24.4% strongly agree and 46.6% agree that it's the challenge of sales promotion affecting negatively performance of the company on the profit maximization.

Findings revealed that, the proposed solution to challenges facing sales promotion on profit maximization include: Recruiting and retaining good employees (93.5%) of all respondents, Involvement of managers in strategic implementation (85.6%) of all respondents, give the customers a way to provide feedback (99.9%) and Decrease the input such as advertising cost, selling expenses and promotion expenses (85.6%) of all respondents, Build an incentive and reward scheme into your sales promotion (97.8%) of all respondents, Focus the selection and evaluation process to identify personalities that do not fit the required profile (89.9%) and Keep honest and open communications with employees (95.8%) of all respondents agree that it's the possible Solutions on the challenges of sales promotion on profit maximization of the company.

4.6 SUMMARY OF FINDINGS

According to the study objectives, the findings and results from questionnaire and documentary technique were studied and showed that there are different sales promotion strategy used by the CIMERWA plc where the most respondents agree that the discount on the products are the strategy of sales promotion used by the CIMERWA plc at 99.8% of all respondents and transportation of the products to the clients at 98.9% of all respondents.

Which means that this is the most strategies of sales promotion that upraising the profits earned by the company within their activities.

According to the findings of the study, showed that there is any effect of sales promotion on the profit maximization of the CIMERWA plc where the findings showed that the most respondents agree with Price penetration or price skimming as a competitive strategy used to capture the market and increase the company revenue as the 22.2% of all respondents are strongly agree and 77.7% of all respondents agree with, and also the most respondents agree that Trade show as a sales promotion strategy increase the awareness of the products where 23.9% of all respondents strongly agree and 63% of all respondents agree. Which means that using the sales promotion as a strategy has the high effect on the profit maximization within the company. So, it is the important strategy in the manufacturing company.

According to the objectives, the study revealed that there is the challenges of sales promotion and the possible solution of them. The finding and results showed that the People not trained are the challenge affect the company negatively at the 75.4% of all respondents. However, the possible solution of this challenge is Recruiting and retaining good employees where 38.2% of all respondents strongly agree and 55.5% of all respondents and also to focus on the selection and evaluation process to identify personalities that do not fit the required profile where 35.5% of all respondents strongly agree and 64.4% of all respondents agree.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.0. INTRODUCTION

This chapter presents the conclusions drawn, and recommendations made in line with the study research questions. The major objective of the study was to assess the sales promotion and the profits maximization of manufacturing company and suggestions for further research.

5.1. CONCLUSION

The research aimed at assessing on the sales promotion and the profits maximization of manufacturing company with a case of CIMERWA plc for Rusizi district in western -Rwanda. The objectives of the study is: To assess the extent to which the strategies of sales promotion are adopted by CIMERWA plc and examine the effect of sales promotion on the profit maximization of CIMERWA plc also ascertain challenges of sales promotion and suggest possible solutions to overcome them.

According to the study conclude that there is sales promotion strategies used within the company such as trade show where 35.4% strongly agree and 45.8% agree and the discount where 31.2% strongly agree and 50% of all respondents agree that it is some strategies used by the Cimerwa plc in order to capture the market and increasing their revenue.

study can conclude that the sales promotion impact the profits maximization of manufacturing company as it was agreed by respondents (98.7%) agreed that the profits maximization impacted by the sales promotion strategies. Which means that the sales promotion strategies has great impact on the organizational performance this enable the company to achieve on profit maximization as the effect of sales promotion strategies.

According to the objectives, the study can conclude that there is the challenges of sales promotion and the possible solution of them. The finding and results showed that the People not trained are the challenge affect the company negatively at the 75.4% of all respondents. However, the possible solution of this challenge is Recruiting and retaining good employees where 38.2% of all respondents strongly agree and 55.5% of all respondents and also to focus on the selection and evaluation process to identify personalities that do not fit the required profile where 35.5% of all respondents strongly agree and 64.4% of all respondents agree.

5.2. RECOMMENDATIONS

Based on the findings of the study the following measures have been recommended to improve the sales promotion strategy for the achievement of profit maximization of CIMERWA plc.

The company needs to develop communications and Keep honest with employees and their customers in order to sharing more information as reducing the negative thinking about the products and their services within the customers. Although, the customer are satisfied but the company needs to give their customers a way of giving the feedback about the products and services.

5.3. SUGGESTION FOR FURTHER RESEARCH

The major of this study is that it concentrated on the sales promotion and profit maximization of the manufacturing company.

Therefore, further research should be carried out on the impact of profit maximization of the public company on the sustainable development of the country, and the further research should be carried out on the contribution of working hours on the profit maximization of manufacturing company, the researcher also suggests further researcher to carry the research on the effects of sales promotion on profit maximization of other public company in Rwanda.

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APPENDICES

Appendix 1: *Introductory letter*

RE: Request for information

We, IRADUKUNDA Louise and MUJAWIMANA Anastasie, undergraduate students at Kibogora Polytechnic), faculty of Business and Development Studies, department Economics and Management , option Economics and Management conducting a research for the completion of Bachelor's Degree with honor. This questionnaire is a part of this research which is designed on the topic entitled “**Sales promotion and profit maximisation on manufacturing company in CIMERWA PLC**”

You are kindly requested to assist by answering the questions as concisely and honestly as possible. The information you provide will be treated confidentially, highly valued and used strictly for the purpose of this research.

Your cooperation is highly appreciated.

Thanks.

IRADUKUNDA Louise

And

MUJAWIMANA Anastasie

Appendix 2: Questionnaire for respondents

Instruction:

1. This questionnaire has three parts
2. You are requested to give your opinion on every question which is applicable
3. If Yes or No, tick the sign to the relevant option. (*it is allowed to tick more than one if it is possible*)

PART I: IDENTIFICATION OF THE RESPONDENT

1. Gender

Male () Female ()

2. Age:

Under 20 years () 21- 30 years () 31- 40 years() 41-50years() 51 years and above ()

3. Respondent's marital status

Single ()

Married ()

Widows (ers) ()

Divorce ()

4. For how long have you worked the company?

4 – 6years () 6 - 8 years () 8 – 10 years () 10 years and above ()

5. What is your education level?

Primary school

Secondary school

Diploma level

Bachelor degree

Masters

PART II: QUESTIONS RELATED TO THE TOPIC OR SPECIFIC

SECTION A: Questions regarding to strategies of sales promotion adopted by CIMERWA plc

6. What sales promotional strategies are employed by CIMERWA plc? The extent to which the sales promotion are applied.

Sales Promotion	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Coupon					
Sample					
Price packs					
Trade show					
Discount Price penetration					
Transportation of product to the cost					
Patronage awards					

SECTION B: Questions regarding to Effect of Sales Promotion on the profit maximization of CIMERWA Plc

7. Please indicate the extent to which you agree with each of the following Sales promotion strategies to their effect on profit maximization at CIMERWA PLC. Your respective answers are to range from maximum to minimum (5= strongly agree 4=Agree 3= Undecided, 2 = Disagree 1= strongly disagree)

Sales promotion strategies	5	4	3	2	1
Issuing Coupons encourages consumers to buy a new product or to purchase more than one family product and help in profit maximization					
Providing Samples increase the demand for the new product					
Trade show as a sales promotion strategy increase the awareness of the products					
Price penetration or price skimming as a competitive strategy to capture the market and increase the company revenue					
Discount on the product as a sales promotion strategy in order to increase					

the number of customers increase profit as the company sales more					
Offering gifts increases the customers and the brand awareness					
Exhibition displays attract attention of buyers and increase the volume of sales and profitability of the company					

SECTION C: Challenges of sales promotion on profit maximization and the possible solutions to overcome them.

8. Indicate the extent to which the following challenges of sales promotion affect negatively on profit maximization at CIMERWA Plc

Challenges	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
People are not trained					
Sabotage					
Incentives/ salary not tied to result					
Negative thinking product or service					
High sales promotion expenses					

9. Concerning solution on the challenges of sales promotion on profit maximization at CIMERWA Plc, fill the following tables using 5= strongly agree 4=Agree 3= Neutral, 2 = Disagree 1= strongly disagree for the statements.

Measures for effectives sales promotion for profit maximization	5	4	3	2	1
Recruiting and retaining good employees					
Involvement of managers in strategic implementation					
Give the customers a way to provide feedback					
Decrease the input such as advertising cost, selling expenses and promotion expenses					

Build an incentive and reward scheme into your sales promotion strategy					
Focus the selection and evaluation process to identify personalities that do not fit the required profile					
Keep honest and open communications with employees					

Thank you for your time and cooperation