

**COUPON STRATEGIES AND CUSTOMERS PATRONAGE OF FAST FOOD FIRMS PORT HARCOURT****Kalio Imeerani Aseminachin****Department of Marketing, Faculty of Business Studies****Ignatius Ajuru University of Education, Rumuolumeni, Port Harcourt, Nigeria***Email: imeeranionyewon@gmail.com***ABSTRACT**

*This study aimed to evaluate the relationship between coupon strategies and customer patronage of Fast food firms in Port Harcourt. The specific objective of the study was to examine the whether any relationship exist between coupon strategies and customer patronage. Three objectives, three research questions and nine null hypotheses were formulated to guide the study. The research used quasi experimental research design. The population for the study comprised sixty five (65) fast food firms in Port Harcourt. The study adopted census study of all the managers, staff and customers the 65 Fast food firms in Port Harcourt. The research instrument was questionnaires and personal interview. A five point scale was used to measure the response. Data was analyzed with simple percentage techniques and Spearman Correlation. Findings revealed that most of the firms use coupon strategies to better their customer patronage and they use different types of strategies. Based on the findings the study concluded that customers are generally satisfied with the company's coupon strategies which in turn influences customer patronage. The study recommended that Fast food firms should adopt the activities involved in sales allowances and sales bonus offers to enable them achieve optimal customer patronage. Bonus offers should be extended to managers, staff and customers.*

**Keywords:** *Coupon Strategy, Customer Patronage, Repeat Purchase*

**INTRODUCTION**

Recently business environment has become highly competitive in the 21st century due to the growth in technology, infrastructure and access to information around the globe. This has made the environment very complex and consumer preferences keep changing because of the low switching cost in the market. Due to this increasing demand of consumers in the market, management of business organizations have to increase their resources with attention focused more on attracting and retaining its customers (Kotler, 2003).

The ever increasing competition in the global market has prompted organizations to be determined and ensure satisfaction of customer needs and wants more efficiently and effectively than ones competitors (Kotler, 2003). Sales promotion is an initiative undertaken by organizations to promote and increase sales, usage or trial of a product or services (Aderemi, 2003). Sales promotion refers to the provision of incentives to customers or to the distribution channel to stimulate demand for a product. It is an important component of an organizations overall marketing strategy along with advertising, public relations and personal selling. Sales promotion acts as a competitive weapon by providing an extra incentive for the target audience to purchase or support one brand over the other. It is particularly effective in spurring product trials and unplanned purchases (Aderemi, 2003). Sales promotion is a marketing activity that adds to the basic value proposition behind a product (i.e. getting more for less) for a limited time in order to stimulate consumer purchasing, selling effectiveness or the effort of the sales force (Aderemi, 2003). This implies that, sales promotion may be directed either at end consumer or at selling intermediaries such as retailers or sales crews. This study focuses on the effects of sales promotion on customer patronage. The ultimate objective of every business is to increase the sale of goods that it deals in. Several methods can be adopted for the achievement of this goal; some direct while others indirect. Sales promotion is one of them. Sales promotion is defined as a "diverse collection of incentive tools, mostly, short term designed to

stimulate quicker and/or greater purchase of particular products/services by consumers" (Kotler, 2003).

### **Research Hypotheses**

- Ho<sub>1</sub>: There is no significant relationship between coupons and repeat purchase of Fast food firms in Port Harcourt
- Ho<sub>2</sub>: There is no significant relationship between coupons and word of mouth of Fast food firms in Port Harcourt
- Ho<sub>3</sub>: There is no significant relationship between coupons and customer retention of Fast food firms in Port Harcourt

### **Concept of Coupon**

A coupon is a promotional device that provides cent-offs savings to consumers upon redeeming the coupon (Kotler & Keller, 2016). Coupons can be disseminated to consumers through newspapers, sales point, and radio stations among others. The organization could organize a raffle, competition or decide to reward loyal customers with coupons to get more patronage for of their products. Coupon could be used to gain market competitiveness, it gives competitive edge against competitors (Armstrong and Gerene, 2007). 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.

### **Factors influencing sales promotion**

According to Kotler (2003), Sales Promotion is a key ingredient in marketing campaigns and consists of a diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase particular products or services by consumers. Sales promotions programmes are those activities other than stimulate consumer purchase.

The concept of sales promotion consists of diverse collection of incentive tools, mostly short term designed to stimulate quicker and/ or greater purchase of a particular product by consumers or the trade. It always offers an incentive to buy a product or service (Smith and Chaffey, 2015). Sales promotion efforts are directed at final consumers and designed to motivate, persuade and remind them of the goods and receives that are offered. There are therefore several reasons why firms are compelled to roll out sales promotional packages for its customers and potential customers.

Customers have become more price sensitive because of the increasing cost of living. The economic recession is likely to fuel this trend further, as consumers and dealers become more sensitive towards prices. Price offs or discounts for example discourage brand switching by users and new product launch by competitors (Smith and Chaffey, 2015). Timely sales promotion according to them can keep consumers from trying new brands or keep the wind out of a competitor's grand opening. Smith & Chaffey (2015) however attributes the rationale for price offs to what they called trial. According to them, motivating consumers to try products or switch is crucial to conversion. For instance, consumers have become expectant of the purchase incentives and always look out for firms who will offer such benefits.

### **Customers Patronage**

#### **Repeat Purchase**

A repeat purchase is the purchase by a consumer of a same-brand product as bought on a previous occasion. While customer repurchase intention is the chief component, it is just one of the many variables that can affect customer satisfaction (Sharma & Sheth, 2016). Henkel, et al (2016) proposed that satisfied customers in the service industry have a high future repurchase intentions. Fishbein and Ajzen (2015) agreed that the consumers' purchase intention is an essential index to predict consumer behaviour as a subjective attachment to the product. Purchase intention can be translated as the probability that the consumers will plan or be willing to buy a particular

merchandise or service in the future. A repeat purchase is an indicator of a degree of customer loyalty to a brand. It is also an opportunity for marketers to establish long-term customer relationships. A high number of repeat purchases indicate a satisfied and "well-retained" customer, which reduces new-customer acquisition costs and increases overall profitability. The business' repeat purchase rate may be increased using web and social media promotions, digital loyalty programs, and exceptional customer service, (Lambert, 2015).

Another outcome of customer patronage is repeat purchase. The more positive the relationship between the customer and the company is, the more often the customer buys products from the company which in turn influences the company's turnover positively. This is in agreement with sales-adjusted retention suggested as measure of customer patronage.

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### **Empirical Review**

Kerin and Cron, (2020) effects of sales promotional tools and understand the satisfaction level of customers for execution of sales promotion campaign. The retail stores covered under the study were Pyramid, Shoppers Stop, Max 10/10, Big Bazaar, Pune Central, Pantaloons, Ozone, Westside. For data analysis & hypothesis testing, researcher used SPSS software and used t-test, chi square test and regression equation. The author observed that sales promotion strategies are prime factor not only to improve the sales of a store but also enhance the loyalty of customer towards store. According to study, the most important sales promotion strategies adopted by customers are price and product discount followed by loyalty program, sweepstakes and premiums. While least important sales promotion strategies are posters and leaflets, point of purchase material and digital signage. It was also observed that satisfaction level of customer on sales promotion campaigns depends on creative skills involved in designing the campaigns and the type of its schemes.

Martyka (2019). examine the effects of sales promotion on the consumer buying behavior of food seasoning among Nigerian households using Nestle Nigeria Plc Maggi NAIJA POT brand as a case study. The study employed cross sectional research design and the population consists of consumers of Nestle product (Maggi seasoning) in Bwari Area Council, Abuja. The sample size is 246 determined using Topman's formula. Primary data was used through administration of questionnaire and regression analysis was used to test the relationship between the study variables. The findings revealed that most of the consumers enjoy the rebates which influence their decision before, during and after the purchase; there is a positive effect of free trial and free gift on customer patronage of Maggi NAIJAPOT in Bwari Area Council, Abuja. The study concluded that that sales promotion through rebates, free trial and free gifts is one significant tool marketing companies should give attention to in order to influence their consumers' buying behavior, and recommended among others that providing free samples for food seasoning is a good technique to use in introducing new products to the Nigerian marketplace, also free gift should be included in the outer part of the product packaging to serve visual attraction to Nigerian consumers.

Aryal, (2018) examined sales promotion adopted by Nepalese business organizations and its effects on sales of soft drink in Kathmandu valley. This study is based on the primary data through convenience sampling technique. The primary data collected from the different places of Kathmandu valley by face to face field survey of 150 respondents. It is found that the sales promotion activities play positive impact on sales of soft drink brands. It is believed that the findings of this study may facilitate the Nepalese business organizations for formulating policies of sales promotion on sales of soft drinks products.

### **Research Design**

This research used quasi experimental research design, which implies that it is a rational observation of the features of the research subject without deliberately manipulating variables of the research. The study employed a descriptive survey with the use of a structured questionnaire. This design was chosen because it allows for generalizations across studies and can reveal useful patterns in the combined study data (Glass, 1981).

### **Research Population**

Population consisted of all the elements within the study scope. The population of this study comprised of sixty five (65) fast food outlets in Port Harcourt gotten from <http://www..researchgate.net>. Hence, a census study. The following categories of management staff provided information for the study: administrative manager, public relations officer, marketing manager and ICT manager. A total of 260 respondents were used as the study subjects.

### **Sampling Procedure and Sample Size**

A sample comprised of some members selected from the population. In order words, some, but not all elements of the population would form the sample (Ahiauzu & Asawo, 2016). Based on the population was 65, the study adopted a census approach and studied the entire population, the researcher administered copies of the questionnaire per firm.

### **Instrumentation**

Data collected and used in this study were both primary and secondary data. The secondary data are those obtained from the works of other people for different purposes, which includes textbooks, past researches projects, business magazines, and journals. This also may include structured information produced either from previous investigations or research study. The primaries data are those obtained through the research instrument of questionnaires and personal interview. The researcher distributed questionnaires and conducted on-field interviews with some of the stakeholders.

### **Validity of Instrument**

Nwekeala and Abadonm (2008) said that validity refers to the degree of which a test measure what it is supposed to measure. Therefore, in order to effectively establish the validity of the research, the research instrument was examined by the supervisor and other researchers before its final administration.

### **Reliability of Instrument**

An instrument is said to be reliable when it consistently measures what it is supposed to measure. Against this backdrop, a test retest was conducted using Spearman Rank Correlation Coefficient formula for reliability.

### **Administration of Instrument**

A structured questionnaire was administered and retrieved personally by the researcher with the help of some research assistants which were trained to understand the procedure of administering and retrieval of the questionnaire. The instrument for data collection in this study was a structured

questionnaire designed to elicit needed information from the respondents. The instrument used for data collection was a 25-item instrument divided into two sections developed to assess information on sales promotion strategies and customer patronage of the selected Fast food firms in Port Harcourt in Port Harcourt, Rivers State, Nigeria. The first section of the questionnaire examines the respondent firms' characteristics in terms of application of sales promotion strategies. The second part of the questionnaire examines customer patronage of the Fast food firms operationalised from the following variables of word of mouth, sales turnover, and customer retention. A five point scale was used to measure the response. Oral interview was conducted to corroborate and augment information generated from the questionnaire. Interview is also intended to elicit more information that may hitherto be difficult to get through the use of questionnaires. This really helped to streamline the pattern of questions. Personal observation of the researcher was also used.

### **Data Analysis Technique**

The techniques that were used in this study are the simple percentage techniques and Spearman Correlation. However, rating, ranking, percentage score and averages are used in analysis of data in this study. The analysis of the information obtained from the questionnaire was done by summing up the finding of the variables. For investigative questions, "Yes" and "NO" were used as the data classification categories and a five point scale was used to measure the response. The frequencies count of each response options were recorded in the appropriate category, compared, and translated into percentages to aid comparison.

### **Hypothesis One: This hypothesis is stated in the null form.**

Ho<sub>1</sub>: There is no significant relationship between coupons and repeat purchase of Fast food firms in Port Harcourt

$$P = \frac{1-6\sum d^2}{N(N^2-1)}$$

Where d-difference in the ranking of the subject of the two variables

N= Sample size

The significance of the relationship is tested by **T and as Z-P/J N-1**.

The hypothesis is tested at a 5% level of significance and the degree of freedom is N-1= 40-1 = 39.

**Decision Rule:** At 0.05 for a one tailed test, critical Z= 1.96. Accept the Null hypothesis; if computed Z value is less than 1.96 otherwise accept the alternative hypothesis.

### **Computation**

$$P = \frac{1-6\sum d^2}{N(N^2-1)}$$

Where N=40, d<sup>2</sup> = 6500.25

$$P = \frac{16*774.25}{40*(3600-1)} = \frac{1-4644.5}{215940} = 0.8581.$$

To test for positive relationship of the hypothesis using Z-test procedure it implies P√N-1.

$$Z = 0.6587 (\sqrt{40-1}) = 3.854.$$

**Decision:** Since computed **Z = (3.854)** is greater than the critical **Z(1.96)** reject the Null hypothesis and accept the alternative hypothesis that; Ho<sub>1</sub>: There is no significant relationship between coupons and repeat purchase of Fast food firms in Port Harcourt

### **Hypothesis Two: This hypothesis is stated in the null form.**

Ho<sub>2</sub>: There is no significant relationship between coupons and word of mouth of Fast food firms in Port Harcourt

$$P = \frac{1-6\sum d^2}{N(N^2-1)}$$

Where d-difference in the ranking of the subject of the two variables

N= Sample size

The significance of the relationship is tested by **T and as Z-P√J N-1**.

The hypothesis is tested at a 5% level of significance and the degree of freedom is

$N-1 = 40-1 = 39$ .

**Decision Rule:** At 0.05 for a one tailed test, critical  $Z = 1.96$ . Accept the Null hypothesis; if computed Z value is less than 1.96 otherwise accept the alternative hypothesis.

#### Computation

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Where  $N=40$ ,  $d^2 = 6500.25$

$$P = \frac{16*774.25}{40*(3600-1)} = \frac{1-4644.5}{215940} = 0.8581.$$

To test for positive relationship of the hypothesis using Z-test procedure it implies  $P\sqrt{N-1}$ .

$$Z = 0.6587 (\sqrt{40-1}) = 3.854.$$

**Decision:** Since computed **Z = (3.854)** is greater than the critical **Z(1.96)** reject the Null hypothesis and accept the alternative hypothesis that;  $H_{02}$ : There is no significant relationship between coupons and word of mouth of Fast food firms in Port Harcourt

#### Hypothesis Three: This hypothesis is stated in the null form.

$H_{03}$ : There is no significant relationship between coupons and customer retention of Fast food firms in Port Harcourt

$$P = \frac{1-6\sum d^2}{N(N^2-1)}$$

Where d-difference in the ranking of the subject of the two variables

N= Sample size

The significance of the relationship is tested by **T and as Z-P√J N-1**.

The hypothesis is tested at a 5% level of significance and the degree of freedom is

$N-1 = 40-1 = 39$ .

**Decision Rule:** At 0.05 for a one tailed test, critical  $Z = 1.96$ . Accept the Null hypothesis; if computed Z value is less than 1.96 otherwise accept the alternative hypothesis.

#### Computation

$$P = \frac{1-6\sum d^2}{N(N^2-1)}$$

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To test for positive relationship of the hypothesis using Z-test procedure it implies  $P\sqrt{N-1}$ .

$$Z = 0.6587 (\sqrt{40-1}) = 3.854.$$

**Decision:** Since computed **Z = (3.854)** is greater than the critical **Z(1.96)** reject the Null hypothesis and accept the alternative hypothesis that;  $H_{03}$ : There is no significant relationship between coupons and customer retention of Fast food firms in Port Harcourt

#### Discussion of the Findings

As stated earlier, discussion in this study followed the hypotheses raised and tested and they are presented below:

As stated earlier, discussion in this study followed the hypotheses raised and tested and they are presented below:

The first hypothesis, which states that there is no significant relationship between coupon and repeat purchase, was rejected. This implies that there is significant relationships between coupon used by the selected firms as a trade sales promotion strategy and the repeat purchase recorded by the

firms. The finding is in line with Kotler and Keller, (2016) who stated that organization could use coupons to get more patronage for of their products.

The second hypothesis, which states that there is no significant relationship between coupon and word of mouth, was rejected. This implies that there are significant relationships coupon used as a trade sales promotion strategy and their word of mouth of consumers. The third hypothesis, which states that there is no significant relationship between coupon and customer retention, was rejected. This implies that there are significant relationships coupon used as a trade sales promotion strategy and customer retention. The findings agree with Armstrong and Gerene, (2007) assertion that coupon could be used to gain market competitiveness, it gives competitive edge against competitors.

### **CONCLUSION**

Cosmetic dealers have a lot of services and products that they make available to consumers through their various communication tools. One of the key promotional tools used in marketing these services and products is sales promotion. In conclusion, customers are generally satisfied with the company's sales promotion strategies which in turn influences customer patronage as this research sought to establish. The satisfaction derived from sales promotion have an effect on the number of consumers who are willing to repurchase the company's products. In effect, the more sales promotion strategies are customer friendly, the more it is capable of influencing those customers buying behavior.

The study revealed that sales promotion has an influence the customer patronage. It was realised that the consumer may not go through the entire decision making process anytime they want to purchase a service or product. This may be so because the evoked sets which present the consumer with established alternatives may inform the consumer's judgment in deciding which service or product to buy. This may eventually prevent the consumer from going through all the stages of decision making because of experience and available information to him.

### **RECOMMENDATIONS**

- 1) Fast food firms should adopt the activities involved in sales allowances and sales bonus offers to enable them achieve optimal customer patronage.
- 2) Bonus offers should be extended to managers, staff and customers.
- 3) Fast food firms should consider the sales promotion strategies that must be analyzed and evaluated from time to time, such that they can respond to ever increasing demands of the industry.

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