



## **EFFECT OF SALES PROMOTION AND RELATIONSHIP MARKETING ON CUSTOMERS' RETENTION IN THE TELECOMMUNICATION INDUSTRY IN ACCRA, GHANA**

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**ABSTRACT:** *The study examines the effect of sales promotion and relationship marketing on customers' retention in the telecommunication industry in Accra, Ghana. Convenience sampling technique was used to gather data from a sample of 150 customers of telecommunication firms in Accra, Ghana, using structured interview guide and data analyses carried out using SPSS version 22. The findings of the study showed bonuses as the most favourably, sweepstakes and contest as favorable, price discounts as less favorable and sample as the least favorable sales promotion method(s) used by telecommunication firms in Accra, Ghana, to retain customers. Also, the study revealed a moderate but significant relationship between sales promotion and customers' retention. Based on these findings, it was recommended that the use of bonuses, sweepstakes and contest as methods of sales promotion should be encouraged since its potency in influencing retention is high whilst reducing the use of price discount and avoiding the use of sample since its retention capability is not realized in the industry. Additionally, the study recommends telecommunication firms in Accra, Ghana, to continue the use of sales promotion in order to keep retaining customers but caution its abuse since it has the propensity of brand damage.*

**KEYWORDS:** Sales Promotion, Telecommunication, Customer Relationship, Customer Retention, Relationship Marketing, Ghana

### **INTRODUCTION**

In today's sophisticated business environment with ever-increasing competition for customers, most organizations have adopted the use of sales promotion as a marketing strategy to induce consumers to make a purchase and to retain them. According to Lau *et al.* (2006), sales promotion has been in continuous growth since the 1960's and have today become one of the key factors in the promotional mix. According to Cummins & Mullin (2010), companies use on the spot offers to induce consumers to make a purchase. These companies often use sales promotions for different purposes such as: increasing a particular product's usage, improving sales of existing product, retaining and rewarding loyal customers, helping to introduce new products and data capturing. Lamb *et al.* (2010) described sales promotion as 'generally a short run tool used to stimulate immediate increase in demand'. More often, sales promotions are used as tactical tools to have short term outcomes- for example, as a response to competitors' activity or improving the sales of a product or service. Syeda & Sadia (2011) argued that sales promotion has become a valuable tool for marketers and importance of it has been increasing rapidly over the past few years.



According to Achrol & Kotler (1999), companies all over the world allocate huge money for sales promotions. Boulter (2013) opines that sales promotions accounted for about 60% of what is spent on promotion in the United States. It is common in Europe to find a company where the investments in sales promotion exceed the advertising budget (d'Astous & Jacob 2002). According to Chandon *et al.* (2000) this is because sales promotion provides utilitarian benefits such as monetary savings, increased quality (higher quality products become attainable), and convenience, as well as hedonistic benefits such as entertainment, exploration, and self-expression. Oyeniyi (2011) mentioned that to retain consumers in the face of keen competition, service providers must develop marketing strategies that will not only win customers but help to retain them. Sales promotion plays an important role in retaining old customers and attracting new ones. Keiningham *et al.* (2007) found relationship marketing as an essential condition during sales promotion for customer retention. Solnet *et al.* (2010) upheld this assertion due to its possible influence on consumer buying intentions and retention. Kotler *et al.* (2007) defined relationship marketing as the process in which the construction, cultivation and strengthening of strong value laden-relationships with customers and other stakeholders occur.

Given the fierce rivalry in the Ghanaian telecommunication industry, the use of sales promotion and relationship marketing has resonated as a marketing strategic tool to retain existing customers and to woo new ones. One of the reasons for the rise in the use of this strategy is that losing a customer means losing the entire stream of purchases that this particular customer would make over a lifetime of patronage (Kotler & Keller, 2006). McIlroy & Barnett (2000) highlighted that the financial implications of attracting new customers may be five times as costly as keeping existing customers. Companies recognize that keeping an existing customer is more profitable than acquiring a new one to replace the lost one (Boulter, 2013). Research done by Gupta (2004) found that a 1 per cent increase in customer retention had almost five times more impact on firms' value than a 1 per cent change in discount rate or cost of capital. This study is therefore carried out to assess the effect of sales promotion and relationship marketing on customers' retention in the Ghanaian competitive telecommunication industry in Accra, Ghana.

### **Statement of the Problem**

The telecommunication industry in Accra, Ghana, has witnessed one of the fiercest competitions in recent times. The heightened competition has engendered switching of networks by consumers. To arrest switching of networks, the service providers in the industry, however, have fashioned several communication and relationship marketing strategies to retain the existing customers and win new ones. One of the commonest communication strategies adopted by these service providers is sales promotion. The significance of retaining customers is not new to marketing, since it is as much concerned with retaining customers as with attracting new ones (Drucker 1963). However, as competition intensifies and markets become saturated, an awareness of the benefits of retention is growing, particularly in the service industry. According to Duncan (2002), customers tend to change brands with time, and the only way to retain customers is through sales promotion offers. Studies carried out by Nagar (2009) and Bridges *et al.* (2006) posit that sales promotion has the potential of retaining customers. It is therefore not surprising to hear several sales promotion offers such as bonuses, sweepstakes and contests, amongst others, being advertised by telecommunication firms in Accra, Ghana, in a bid to induce existing customers in order to retain them and to encourage trials of new products. This has



generated a perception that consumers usually acquire additional sim-cards of the service provider engaged in the sales promotion for calls, but easily switch or avoid purchasing air-time when promotion offers are over. This assumption is corroborated by Shimp (2003) who posits that sales promotions are short-term in nature. Fill (2006) is another supporter of this school of thought. He believes that 'just as other communication tools such as advertising seek to work over the long-term, sales promotion can achieve short-term upward shifts in sales. However, Gupta *et al.* (1997 cited in Yeshin, 2006) oppose this view on the premise that many empirical researches have focused on identifying short-term effects of sales promotions. Thus, most marketing practitioners and, in particular, academics, fail to see the long-term effects of sales promotions. The question then is: How have sales promotions and relationship marketing activities of telecommunication firms in Accra, Ghana, led to customer retention?

### **Aim of the Study**

The primary aim of the study is to examine the effect of sales promotion and relationship marketing on customers' retention in the telecommunication industry in Accra, Ghana.

### **Specific Objectives of the Study**

In order to achieve the stated aim of the study, the following objectives have been set;

1. To identify the most favourable method(s) of sales promotion used by telecommunication firms in Accra, Ghana to retain customers;
2. To examine the relationship between sales promotion and customer retention in the telecommunication industry in Accra, Ghana and;
3. To determine the relationship between relationship marketing and customers' retention in the telecommunication industry in Accra, Ghana.

### **Scope of the Study**

The study examines the effects of sales promotion and relationship marketing on customers' retention in the telecommunication industry in Accra, Ghana. It is therefore imperative to realize that the scope of the study was limited to only one administrative capital (Accra) of Ghana. More so, the study focuses on telecommunication firms in Accra, Ghana. Therefore, other service industry falls outside the scope of the study.

### **Significance of the Study**

Customer retention has become a significant way to grow business and in a keenly business environment, customer retention is considered the organization's best bet. Given the strenuous competition in the telecommunication industry in Accra, Ghana, the study is significant in that it will aid the telecommunication firms in Accra, Ghana, to appreciate the appropriate method(s) of sales promotion needed to retain customers. Also, the firms in the telecommunication industry in Accra, Ghana, will be in a better position to understand how sales promotion influences customer retention. More so, the significance of relationship marketing is come to bear to aid the firms in retaining customers.



## **Limitations of the Study**

Just as any study with limitations, this study is no different. Participation was a challenge due to some respondent's inability to appreciate that the responses given would be used for the intended purpose. As a result, a lot of expatiations had to be done in order for respondents to appreciate the purpose of the study. This enabled them to participate in their own volition. This hampered the smooth success of the study. There was also the financial challenge. Notwithstanding the challenges, the study was carried out with a success.

## **LITERATURE REVIEW**

### **Sales Promotion Defined**

Sales promotions are, traditionally, defined in most textbooks as activities such as deals, discounts, coupons, loyalty programs, refunds, contest, sampling and special displays which are used to encourage the target audience to act in a particular way by reducing the perceived value of the product being promoted usually to achieve short term goals (Fill, 2006; Broderick & Pickton, 2001). According to Institute of Sales Promotion (2004; cited in Yeshin, 2006), sales promotion is defined as 'a planned and implemented marketing activity that both enhances product and service appeal and changes customer behaviour positively in return for an additional benefit for purchase or participation.' 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 of particular products or services by consumers. Sales promotion has been defined as a direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the ultimate consumer with the primary objectives of creating an immediate sale (Blesh, 2008). Sales promotions are a key marketing tool for marketers to increase sales. Marketers use sales promotion tools to draw a stronger and quicker buyer response, including short-run effects such as highlighting product offers and boosting sales. Sales promotions are instruments which stimulate the sales of products and brands, especially in consumer-packaged goods. This study adopts the definition of (Blesh, 2008).

### **Sales Promotion Methods**

Wright (2000) and Boone & Kurtz (2001) identified three methods of sales promotions: consumer level sales promotion, channel level sales promotion and salesman level promotion.

### **Consumer Level Sales Promotion**

Broderick & Pickton (2005) defined consumer level sales promotion as a 'pull promotional activities designed to encourage demand by end-customers that will pull products through distribution channels. Consumer level sales promotions are used for improving sales of existing products, encouraging repeat purchase, trial of new products and brand loyalty, giving a response to competitors move and capturing customer database information. There are different tools of consumer targeted promotions and according to Nagar (2009), most popular and widely used ones are money-off, bonus-packs, sweepstakes and contest, prize discounts, sampling, couponing, premiums, and refunds.



## **Channel Level Sales Promotion**

A channel is the path or route along which goods move from producers to ultimate consumers. It is a distribution network through which a producer puts his products in the hands of actual users. A trade or marketing channel consists of the producer, consumers or users and the various middlemen who intervene between the two. According to Clow (2004), channel or trade promotions are directed at trade partners or channel members like distributors, wholesalers or retailers. The basic purpose of channel or trade promotion is to build 'push' in the channels so that they sell manufactures product with enthusiasm. It is carried out by manufacturers by providing various incentives such as staff training, credit facility, bonuses, dealer premiums, advertising materials, store demonstration, special display, special discount, money push amongst others.

## **Salesman Level Promotion**

In this type of sales promotion, the focus is to induce salesmen with incentives to sell more. Brassington & Pettitt (2003) described salesman promotion as certain incentives offered salesmen to encourage them to make some effort to increase sales and according to Smith & Taylor (2004), such incentives are not offered in regular course. The incentives are offered for a short period of time. These incentives may be financial or non-financial and may include extra commission (high rate or more mounts), free training, sales materials and sample for customers, gift articles, special allowance and commissions amongst others (Shimp, 2000).

## **Customer Retention**

Customer retention plays a very important role in organization's economic portfolio. It is "the act of keeping customers resulting from the ability of a firm's offer for a customer to purchase or patronage its product over a specific time period" (Shajahan, 2006). While the precise meaning and measurement of customer retention can vary between industries and firms (Aspinall *et al.* 2001), there appears to be a general consensus that focusing on customer retention can yield several economic benefits (Buttle, 2004). As customer tenure lengthens, the volumes purchased grow and customer referrals increase. Simultaneously, relationship maintenance costs fall as both customer and supplier learn more about each other. Kotler (2008) defines it "as how companies or organizations maintain the existing customers by establishing good relations with them.

## **Relationship between Sales Promotion and Customer Retention**

Sales promotions are comparatively easy to apply, and are likely to have abrupt and considerable effect on the volume of sales and retention (Hanssens *et al.* 2001) and according to Pickton & Broderick, (2001), organizations can use sales promotions for different purposes such as: increasing a particular product's usage, improving sales of existing product, retaining and rewarding loyal customers, helping to introduce new products and data capturing. Clearly, sales promotion has important uses including customer retention because it provides incentives which make switching unattractive. Research conducted by Ailawadi & Neslin (2008) had revealed that sales promotion has the potency of retaining customers and increases profitability. Shimp (2003) and Fill (2002) have documented a link between price promotion, product trial and retention. They also suggested that the price discounts are effective in inducing purchase acceleration, product trials and retention. Blackwell *et al.*





(2001) showed that price discounts encourage trials and retention. However, Chaharsoughi & Yasory (2012) disagreed by saying that consumers regard sales promotion as way of organizations disposing off inferior products. This is buttressed by Sathish & Naachimuthu (2011) who opined that consumers are of the notion that quality is compromised during sales promotion. Hence, the study's hypothesis: *H0: There is no significant relationship between sales promotion and customer retention. H1: There is a significant relationship between sales promotion and customer retention*

### **Relationship Marketing**

Relationship marketing lays emphasis on continuous and long-term interchange between the customer and the firm; also creates a more effective method of interacting. It is assumed that longer relationship might translate into repeat purchase which is in the interest of the firms because literature has shown that it is generally more profitable to retain existing customers than to attract and serve new customers (Gruen, 2004; Chang & Tseng, 2005; Aggarwal *et al.*, 2005). Tanner jr, (2006) posited that when long-term relationship exists between organizations and customers, the distance between them becomes shorter; it enables the organizations benefits from repeat purchase and goodwill of the customer. Thus, relationship marketing can form as a bridge between the organisations and customers by means of reinforcing linkages, responding to customer needs and serving micro-segments (Berry, 2002; Hennig-Thurau *et al.* 2002). Berger (2005) describes relationship marketing as an attempt to advance the sales culture beyond order taking to a more proactive form of direct selling which includes knowing more about the customer needs and tailoring products and services to suit individual requirements.

### **Relationship between Relationship Marketing and Customer Retention**

Relationship marketing has been shown to be a primary goal in firms that practice customer retention (Coviello *et al.*, 2002). Relationship marketing permits organizations to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers. A study conducted by Baran & Galka (2013) revealed that firms use relationship marketing as a protective marketing strategy to focuses on managing the customer experience by understanding their needs and purchase behaviour. It is an efficient way to strength the relationship between an organization and its customers, transforming links into friends and partners. Further studies discovered that, retained customers are very crucial business property for organizations and this asset cannot be duplicated by competitors. Therefore, there must be strong integration among customer related strategies (acquisition, retention and add-ons) through relationship marketing strategies (Gilaninia *et al.* 2011; Smith & Chang, 2010; Blattberg *et al.*, 2001; Renart, 2001; Bonnemaizon *et al.*, 2007). It is believed that service providers who practice relationship marketing efficiently gain competitive advantage over competitors and, are able to retain customers (Uppal, 2010; Bhattacharya, 2011). In buttressing this, David (2005) opines that relationship marketing helps in achieving objectives of the organization such as identification and management of customers though marketing campaigns which aid in improving customer satisfaction and retention. However, Brown & Muchira (2004) argued that relationship marketing may have an adverse impact on customer retention. Sending unsolicited promotional materials such as mass customised emails to customers may risk jeopardising the relationship. Hence, the study's hypothesis *H0: There is no significant relationship between*



*relationship marketing and customer retention. H1: There is a significant relationship between relationship marketing and customer retention.*

### **Empirical Review**

Ndubisi *et al.* (2005) in their study evaluated the impact of sales promotional tools, namely coupon, price, discount, free sample, bonus pack, and in-store display, on product trial and repurchase behavior and retention. The study found these elements of sales promotion to influence repurchase behavior and retention. A study carried out by Peattie & Peattie (2009) revealed that sales promotion is expected to repeat purchases if consumers are contented with the brand that is under promotion; it is more likely that they will be retained after the promotion is over. Similarly, Laroche *et al.* (2005) studied the effect of coupons on consumer's brand categorization and retention. The authors developed an approach that influences customer retention and more traditional short-term promotions. They argued that coupons successfully alter behavior and increase retention rates.

## **METHODOLOGY**

### **Research Design**

Churchill & Iacobucci (2006) define a research design “as the blueprint that is followed to complete the study” and it “ensures that the study is relevant to the problem and will use economical procedure”. The design of this study is a descriptive one. Descriptive research involved gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Mugenda & Mugenda, 2003). According to Brickman & Roy (2008), a descriptive design explains relationships between variables. As a result, the study employed the descriptive design to explain the relationship between the independent variables (sales promotion and relationship marketing) and the dependent variable (customer retention).

### **Population of the Study**

According to Ngechu (2004), a population is a well-defined set of people, services, elements, and events, group of things or households that are being investigated. The population is the set of objects under study. According to Agyedu *et al.* (2007) population ‘refers to the complete set of individual (subjects), objects or events having common observable characteristics in which the researcher is interested in studying’. Malhotra (2011) explains research population as the collection of elements or objects that possess the information sought by the researcher and about which inferences are to be made. The population for the study therefore consisted of all customers of telecommunication firms in Accra, Ghana.

### **Sampling Technique and Sampling Size**

Sampling techniques are population reduction methods used to restrict data collection to a subgroup of a population since it is almost impossible to collect data from every single individual or units within a population in most cases. In this study, a convenience sampling technique was used to achieve the set objectives.



## **Sample Size**

Sampling is the process of selecting a number of individuals for a study (Kothari, 2004). In this study, a sample of 150 customers of telecommunication firms in Accra, Ghana, was conveniently selected and structured questionnaires were administered to examine the effect of sales promotion and relationship marketing on customers' retention in the telecommunication industry in Accra, Ghana.

## **Sources of data**

The main source of data for the study was the field survey. A close-ended structured questionnaire and interviews were used in carrying out the survey.

## **Data Analysis**

The information received from the respondents through the data collection instrument was entered, coded and analyzed with the Statistical Package for the Social Sciences (SPSS) version 22. Data were presented by tables of frequencies and percentages which were computed for each item. Karl Pearson Product Moment Correlation Coefficient analysis was used to ascertain the relationship between the dependable and independent variables. Also, the mean and standard deviation was used to rank responses received from the respondents

## **Validity and Reliability of the Instruments**

Mugenda & Mugenda (2003) define validity as the accuracy and meaningfulness of inferences, which are based on the research results. In other words, validity is the degree to which results obtained from the analysis of the data truly measures what it is intended to measure and how truthful the research is known. Creswell & Miller (2000) identifies two types of validity: internal and external validity. According to Creswell & Miller (2000), internal validity avoids the contradiction of study results, that is, its extent is to claim that the independent variable truly influences the dependent variable. The validity of the research questionnaire in this study was achieved by pre-testing using 10 customers from the insurance industry in Accra, Ghana. The final interview guide was not modified since the respondents could grasp the understanding of the questionnaire. External validity on the other hand represents the extent to which a study's results can be generalized or applied to other people or settings (Isaac & Michael, 2005). Since the study was conducted in Accra, generalising the findings could be misleading since there is variation in characteristics of the various capitals in Ghana and so are the differences in industry making it difficult to generalize the findings.

On the other hand, reliability according to Treadwell *et al.* (2001) is one that constantly produces the expected results when used more than once to collect data from two samples randomly drawn from the same population and its level of internal consistency or stability over time. The reliability and strength of the scales were examined using Cronbach's alpha ( $\alpha$ ).

## **Ethical Consideration**

Ethics, as a term, is commonly used to refer both to morals beliefs 'beliefs about what are right and wrong to do' and ethical theory (justifications for moral beliefs) (Beauchamp &





Bowie, 2007). According to Halai (2006), during research, informed consent which involves individuals opting whether or not to be involved in the proposed study by the investigator is paramount. As a result, participants were informed about the purpose of the study and participation was done at the will of participants without coercion.

### **Overview of the Telecommunication industry in Ghana**

The telecommunication industry in Ghana is one of the highly visible and successful industries. The growth of mobile telecom in Ghana has profound effects on the economic development of the country. The industry is a highly competitive and innovative one. The Ministry of Communication was created in 2002 in response to global development in the telecommunications industry. Its major function is to develop policies and initiatives aimed at promoting telecom growth and economic development. Number Portability and SIM card registration are two of the projects it initiated and will make a big impact to the wireless industry. In 2010 two fixed line and six mobile phone companies were authorized to operate in Ghana of which 5 were operating, 13 satellite providers were authorized of which 8 were operating, 176 VSAT providers were authorized of which 57 were operating, and 99 public and private network operators were authorized of which 25 were operating. Authorized telecommunications companies include Mobile Telecommunications Networks (MTN), Vodafone Ghana which purchased Telecom Ghana, Tigo which replaced Mobitel (Millicom International Cellular), Bharti Airtel and Zain which acquired Western Telesystems Ltd, and Glo Mobile Ghana Limited In 2017, Tigo Ghana and Airtel Ghana merged to form AirtelTigo. Competition among multiple mobile-cellular providers has spurred growth, with a mobile phone teledensity in 2009 of more than 80 per 100 persons and rising. The cost of mobile phones is increased by taxes of around 38%

### **Background Characteristics**

The results of respondents obtained from the administration of questionnaires demonstrate that 70.0% of respondents were males whereas 80.0% of the respondents are females. It can be concluded that there were more female respondents than males. This confirms the predetermined notion held at the beginning of the questionnaire distribution.

It can be seen from the results that the percentage of respondents who are between the ages of 20-29 years was 23.3% while those between the age of 30-39 years was found out to be 33.3%. It was also found that 26.7% of the respondents are between the ages of 40-49 years whilst the age 50-59 years was 16.7%. The study showed that the customers of telecommunication firms in Accra, Ghana, cut across all the age brackets of the study however, the age group 30-39 were slightly up.

Respondents with WASSCE/SSCE holders accounted for the least with 13.3% of the total respondents. HND and Bachelor's holders accounted for 26.7% of the population respectively. Respondents with Master's degree accounted for 33.3%. From the statistics it is obvious that almost all the respondents had attained some level of education with master's degree holders slight up.

The demographic information regarding the number of years respondents have transacted business with the telecommunication firms in Accra, Ghana, shows that 40.0% of the respondents are in the years between 1-5, 46.7% of the respondents are in the years between 6-10 and 13.3% 11-15 years. It can be deduced that almost all of the respondents have spent



quite appreciable number of years with the telecommunication firms in Accra, Ghana, and are therefore knowledgeable with their responses. The results of the demographic information are presented in Table 1.

**Table 1: Background Characteristics of Respondents**

Characteristics	Frequency	Percent (%)
<b>Gender (N=150)</b>		
Male	70	46.7
Female	80	53.3
<b>Age in years (N=150)</b>		
20-29	35	23.3
30-39	50	33.3
40-49	40	26.7
50-59	25	16.7
<b>Educational Background (N=150)</b>		
SSCE/WASSCE	20	13.3
HND	40	26.7
Bachelor's degree	40	26.7
Master's degree	50	33.3
<b>Number of years spent with the network (N=150)</b>		
1-5 years	60	40.0
6-10 years	70	46.7
11-15 years	20	13.3

Source: Researcher's field work, December, 2019

### Reliability Statistics

Analysis of alpha coefficient of reliability was carried out to ascertain the dependency or consistency from the responses regarding the method(s) of sales promotion used by the telecommunication firms in Accra, Ghana, for customer retention and according to Sekaran (2000), a measure with reliability less than 0.6 is considered poor, it should be at least 0.70 or above. Based on the suggestion proposed by Cortina (1993), the higher the Cronbach's alpha value, the higher the internal consistency is. If a value was higher than 0.70, then it showed that the reliability of measurement was high. Therefore, the internal consistency of the responses received from the respondents was said to be high since they are above 0.70. The findings of the analysis are presented in Table 2

**Table 2: Showing the Reliability Value of the Method(s) of Sales Promotion used by Telecommunication firms in Accra, Ghana to Retain Customers. All the variables show a high degree of reliability**

SN	Variables	Alpha
1	Price Discounts	0.778
2	Bonuses	0.887
3	Sweepstakes and Contest	0.868
4	Sample	0.751

Source: Researcher's Field Work, December, 2019



### **Ranking of the Method(s) of Sales Promotion used by Telecommunication Firms in Accra, Ghana to Retain Customers**

The statistics provides ranking for the method(s) of sales promotion employed by telecommunication firms in Accra, Ghana to retain customers. The table shows ranking of the parameters in the scale of 1 to 4 where 1 is the most favorable method used by telecommunication firms in Accra, Ghana, and 4 is the least favorable. In the sample of 150 respondents, the data demonstrates bonuses as the most favourably sales promotion method(s) used by telecommunication firms in Accra, Ghana, to retain customers as it has the lowest mean rank of 1.27. The favorable method is sweepstakes and contest with a mean rank of 1.36, the less favorable is price discounts with mean rank of 1.57 and the least favorable is sample with a mean rank of 2.76. The results are presented in Table 3.

**Table 3: Showing the Mean Ranking of the Method(s) of Sales Promotion used by Telecommunication Firms in Accra, Ghana to Retain Customers**

<b>Favourable Sales Promotion Methods</b>	<b>Mean Rank</b>	<b>Mean</b>	<b>Std. Deviation</b>
Bonuses	1.27	3.0132	1.024
Sweepstakes and Contests	1.36	3.0262	1.036
Price Discounts	1.57	3.0782	1.799
Sample	2.76	3.1715	1.003

*Source: Researcher's Field Work, December, 2019*

### **Relationship between Sales Promotion and Customer Retention in the Telecommunication industry in Accra, Ghana**

The study aimed at determining the relationship between sales promotion and customer retention in the telecommunication industry in Accra, Ghana. From the statistics, it can be observed that the correlation of sales promotion is 0.520\*\* and the significant level is 0.01. The p-value is 0.000, which is less than ( $<$ ) 0.01. The coefficient value for sales promotion shows a moderate but significant relationship. Sales promotion is thus statistically significant and the variable is influencing customer retention. The findings of the study espoused the work of Krafft & Mantrala (2006) who argued that "sales promotion is more than a short-term sales tool" and that sales promotions have long-term effects on purchase event feedback and consequently on retention. Therefore, the first hypothesis of the study *H0: There is no significant relationship between sales promotion and customer retention* was rejected whilst *H1: There is a significant relationship between sales promotion and customer retention* was accepted. The findings also contradicted other literature Shimp (2000) and Fill (2006) who posited that sales promotion has a short-term nature in contrast to advertising, which typically, though not always, is relatively long term in orientation and best suited for retention. The finding of study is presented in Table 4.



**Table 4: Showing Pearson's Correlation between Sales Promotion and Customer Retention in the Telecommunication Industry in Accra**

		CR	SP
Customer Retention	Pearson Correlation	1	.780**
	Sig. (2 tailed)		.0000
	N	150	150
Sales Promotion	Pearson Correlation	.520**	1
	Sig. (2 tailed)	.0000	
	N	150	150

Source: Researcher's Field Work, December, 2019

\*\* Correlation is significant at the 0.01 level (2-tailed)

\*\*\* CR and SP denotes Customer retention and Sales Promotion respectively

### Relationship between Relationship Marketing and Customers' Retention in the Telecommunication Industry in Accra

The correlation between the independent variable (relationship marketing) and the dependent variable (customer retention) in the telecommunication industry in Accra, Ghana was established. From the statistics, it can be observed that the correlation of relationship marketing is 0.890\*\* and the significant level is 0.01. The p-value is 0.000, which is less than (<) 0.01. The coefficient value for relationship marketing (0.890\*\*) shows a significant relationship. Thus, relationship marketing is statistically significant and the variable is influencing customer retention. The result is in congruence with the findings of Parvatiyar & Sheth (2001) who concluded in their study that if organizations can achieve a high rate of customer retention, then relationship marketing has to be considered as a strategy. This is buttressed by Lo (2012) who averred in his study that relationship marketing strategies have a significant and positive impact on customers' retention. Hence, the first hypothesis of the study *H0: There is no significant relationship between relationship marketing and customer retention* was rejected whilst *H1: There is a significant relationship between relationship marketing and customer retention* was accepted. The findings of study is presented in Table 5

**Table 5: Showing Pearson's Correlation between Relationship Marketing and Customers' Retention in the Telecommunication Industry in Accra**

		CR	RM
Customer Retention	Pearson Correlation	1	.890**
	Sig. (2 tailed)		.0000
	N	150	150
Relationship Marketing	Pearson Correlation	.890**	1
	Sig. (2 tailed)	.0000	
	N	150	150

Source: Researcher's Field Work, December, 2019

\*\* Correlation is significant at the 0.01 level (2-tailed)

\*\*\* CR and RM denote Customer retention and Relationship marketing respectively.



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## CONCLUSION AND RECOMMENDATIONS

### Conclusion

1. The findings of the study revealed more female customers as against male counterpart of the telecommunication firms in Accra, Ghana. This confirmed the notion held by some people prior to the study.
2. The results from the study revealed the age group 30-39 as slightly up (33.3%) as against the rest of the age groups. 26.7% of the respondents are between the ages of 40-49 years, the age group 50-59 was 16.7% whilst the age group 20-29 was 23.3%. The study showed that the customers of telecommunication firms in Accra, Ghana, cut across all the age brackets of the study.
3. It was revealed that all the customers of the telecommunication firms in Accra, Ghana, have attained education, however, the level of education varied. WASSCE/SSCE holders accounted for the least with 13.3% of the total respondents. HND and Bachelor's holders were joint with 26.7% each of the population and Masters degree holders who were slightly up accounted for 33.3% of the study
4. The statistics of the study showed that 46.7% of the respondents have transacted business with telecommunication firms in Accra, Ghana, between 6-10 years, 40.0% of the respondents are in the years between 1-5, and 13.3% 11-15 years. It can be deduced that almost all of the respondents have spent quite appreciable number of years with the telecommunication firms in Accra, Ghana, and are therefore knowledgeable with their responses.
5. The findings of the study revealed bonuses as the most favourably, sweepstakes and contest as favorable, price discounts as less favorable, sample as the least favorable sales promotion method(s) used by telecommunication firms in Accra, Ghana, to retain customers.
6. The statistics showed a moderate but significant relationship between sales promotion and customers' retention.
7. The findings of the study showed a significant relationship between relationship marketing and customer retention in the telecommunication industry in Accra, Ghana.

### Recommendations

1. It is recommended that the use of bonuses, sweepstakes and contest as methods of sales promotion should be encouraged since its potency in influencing retention is high whilst reducing the use of price discount and avoiding the use of sample since its retention capability is not realized in the industry
2. The study recommends telecommunication firms in Accra, Ghana, to continue the use of sales promotion in order to keep retaining customers but cautions its abuse since it has the propensity of brand damage.
3. It is recommended that packaging should be given utmost priority by soft drink producers in Accra, Ghana since it has a positive relationship with consumer buying





behaviour; can act as a 'silent salesperson', helping consumers by bringing a particular brand to their attention.

4. Also, packaging must be recognised as having that potency of communicating and disseminating messages to consumers at the point of purchase.
5. It is also recommended that the use of visual elements such as colour, size/shape, graphics, and product information must not be compromised. Technology image must also be enhanced to make the packaging more aesthetic to appeal to the buying behaviour of consumer.

### Areas for Future Research

The study focused on the effect of sales promotion and relationship marketing on customers' retention in Accra, Ghana. Future studies can be conducted in other administrative capitals of Ghana with a larger sample size. Also, the study could be replicated in other industries to ascertain the relationship between these variables.

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