

The Impact of Sales Promotion and Product Branding on Company Performance (“STATE LIFE” Insurance Industry of Pakistan)

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Keywords: sale promotion; product branding; organization performance

ABSTRACT

Purpose: The aim of this study is to investigate how to effect of product branding and sales promotion to an organization growth has its performance . the insurance industry because the growth of this industry is mainly tied to the success of good product brands and sales promotion. However, the organizational performance and increase in profit and revenue should be understood by the content. The study also aims to show focus .how to insurance industry effect the performance of slae promotion and product branding.

Design/methodology/approach: Survey of insurance companies is to be considered but due to the large number of the operators, the authors chose only one case sample of State Life Insurance which has a larger sales outlet and good number of branches nationwide . total of 60 field survey questionnaires were distributed while 14 refined.

Findings: The data collected and analyzed using the chi square (χ^2) method

Conclusion: Hence, our conclusions from findings show that product branding and sales promotion affect organizational growth.

Originality/value: By reviewing the different findings that the Sale promoton and product branding. the contribution of this paper is to look at how to find the effective solution of sale promotion and product branding to effect the performance of insurance idustry.

Study of paper: The study of this paper is exploratory is qualitative study of research.

1. INTRODUCTION

The research topic of this study was coined from the inadequate awareness of the insurance Business in Pakistan of tawny down to the acceptability of the said product due to the frequent and persistence of none claim payment by the insurance companies in Pakistan. However, the regulatory body that regulates the operation of insurance business in Pakistani i.e. Pakistan

“Universal Insurance Company Limited” have gone so far to create the need for the acceptability of insurance businesses, due to this certain policies have been recently formulated to encourage and or mandate compulsory cover, such policy are motor third party insurance, employee liability cover, pension policy, to mention a few.

Many authors have reported the increasing importance of product branding and sales promotion.

In enhancing organizational growth and business performance. The resultant effect of this is that several products are being differentiated, and some services are identified by brand names, strengthening the argument that branding has become a major force in product strategy. Branding has become a strong product issue, meaning that hardly anything goes unbranded. Kotler (2004) put forward that a brand is a name, term, sign, symbol, or design or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors (Kotler, 2004, Kotler and Armstrong, 2004). Simply put, brands reflect reputation and advertising, it is often used to create and reinforce this image and reputation, as competition intensifies more and more products are perceived as commodities, sold essentially on price tag, when this happens, differentiation and branding seems increasingly significant. A company’s brand

is also very essential because product needs to clear brand identification by enhancing a supportive corporate image. This assertion can be likened to the Coca-cola which is universally regarded as the best known brand in the world. Brand names such as Coca-cola and emblems such as McDonald golden arches are symbols that characterize products and distinguish them from one another's. The essence of this research consists of the following;

Product branding, how it increases acceptability in Pakistan.

Sales promotion, its significance to organizational growth.

Low patronage due to loss of confidence in the industry.

Brand creation and improvement on nationwide advert in the industry.

Profit maximization and cost effectiveness to the company

1.1 OBJECTIVES OF THE STUDY

The purpose of this study is to consider the viability of product branding and sales promotion to the effects on organizational growth. The study attempt to;

Evaluate the practice of product branding and sales promotion effects on organizational growth.

Evaluate the practice of product branding and sales promotion as a strategy for insurance Industries increase in share capital.

Examine the determinant for the choice of branding and packaging system.

2. LITERATURE REVIEW

According to Kapperer (2006) and Ogundele, (2007) brands is a complex symbol and it conveys significant levels of meaning such as attributes, benefits, value, culture and personality. Ogundele (2007) posits that building and managing brands is the entrepreneur's most important Marketing task. Consequently a brand can be seen as an actual product or services augmented by some additional added value. The drive to establish and maintain a recognized brand image can bring about differentiation and innovation. Nescafe, MTN, Fidelity Bank, Eco-bank for example; has had several variants and improvements over the years. However, the value added must be real as informed customer today will quickly see through any marketing hype. However, this definition is being increasingly stretched. As the internet grows ever more pervasive, many online brands have virtually no tangible attributes. It could be assumed that brands such as Amazon and Yahoo! exist purely in virtual reality. Moreover, the concept and services, movie stars, politicians and company executives all realize that success is dependent on their ability to market themselves as brands.

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. They are important because they increase the likelihood that buyers will try products, they also enhance product recognition and can increase purchase size and amount. Sales promotion includes displays, exhibitions and administrations. There is often a direct link between sales promotion and short term sales volume. It is different from advertising in that it offers the consumers an incentive to buy, whereas advertising merely offers a reason to buy, as such sales promotion can be particularly useful in inducing trials by consumers of rival products.

Brown (2002) investigated on the problems created by a promotional culture, and opined that the pressure to run promotions can have an impact on overall marketing performance. A review by major consumer goods companies indicated that a great deal of time was required to design,

implement and oversee sales promotion efforts. Brown added that this accounted for 25% of sales forces time and 33% of brand manager's time.

Relationship Marketing

Osuagwu (2002) opined that Relationship Marketing attempts to enlarge the role of customer services with quality and marketing management functions. According to Osuagwu (2002), relationship marketing means establishing between and or among relevant business partners in order to achieve the objectives of the relevant partners. He maintains that it requires a system approach whereby all aspects and sections in an organization work synergistically towards the achievement of client satisfaction level of economic, social, technical competitive, cultural and legal interest. Although marketing often focuses on single transaction for products, services, or ideas marketers also take a long-term perspective to look at these issues.

Kotler (2004), emphasized that relationship marketing focus on lasting relationships with customers and suppliers stronger relationship-including stronger economic and social relations result in greater long-term satisfaction and customer loyalty. Commercial banks for example offer economic incentives to encourage longer lasting relationships. Branding helps establish, build and cement relationships among manufacturers, their customers and their distributors. Relationship marketing is used to reinforce the argument that marketing should be succumbed as the management of network of relationship between the brand and its various customers (Zekeri, 2004, Kotler, 2004). Marketing, therefore, aims to enhance brand equity and thus ensure continued satisfaction for customers and increased profits for the brand owner. Implicit in this is the realization that new customers are harder and more expensive to find than existing ones are to retain.

Organizational Growth

Thompson (2004) mentioned that the process of economic growth is determined by two types of Factors, economic and non-economic. Economic growth is dependent upon its natural resources, human resource, capital, enterprise, technology, etc. Economic growth is not possible so long as social institution, political conditions and moral values in a nation do not encourage development. Organizational growth as sustained by appropriate utilization of the available human and natural resources in the right order. Organizational growth can be organic or inorganic, but the study will focus on the organic aspect which are; productivity, performance, and profitability.

Productivity

Ebert and Griffin (2005) defined productivity as the measure of economic growth that combines how much a system produces with the resources needed to produce it. It is a major factor in the growth of an economic system. It means achieving the highest level of performance with the least expenditure of resources. Production depends on natural resources, people, and tool traditionally designated by economists as land, labor, and capital. People exercise physical and mental effort in the production of economic goods and services. Then tools which can be described as man-made are used for further production. The telecommunication and internet are two factors that have improved productions to bring about cost benefit advantage. Man has used this tool to expand production or increase productive power and making condition favorable to produce more (Pond, 2000; Brown, 2002).

Performance

For business to remain in business and remain profitable, it needs to work towards meeting up the target goals and objectives on the business. The functions and processes of the different units in an organization work together to achieve a set objective. The undertaking of these acts to create utility is what is called organizational personnel, and they are a reflection of the degree of performance of that organization. For optimum expected performance, the internal and external stakeholders need to be encouraged. Performance can be stated mathematically as

performance=capability x capacity x motivation x motivation. Omoregie (2005) suggest that management is saddled with the task to define who determines and relates the tone of work motion. They should be able to guide employees on the areas of the organization that will create a difference as real competitive advantage. Thompson (2004) mentioned three important measures of performance as; economy, efficiency and effectiveness. When organizations set performance standards, this enables them determine and define standards and deviations. the measurements and review of performance not only clarify how well an organization is doing, the processes in firms and guides change, both continuous, improvement, Emergent and discriminates change to new paradigms. STATE LIFE with the dynamic environment and current global trend will adopt and adapt into global village by offering services that will cut across a positive representation of their brand. Hence, a good performance policy can help the organization maximize their potential and achieve a superior success.

Profitability

Profitability is described as financial ratios which look at profits generated in relation to the capital that has been employed to generate them. Two related ratios are trading to total capital employed as the return on capital employed, and profits after interest and tax as shareholders fund.

According to Omoregie (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. STATE LIFE should seek for external capital to grow a brand quite outstanding in the insurance industry. Profitability objective is meaningless and misleading unless we know for how many years the profit can be expected. Some profitability variables include' return on equity, earnings per share. Therefore, STATE LIFE insurance industry should also capitalize on profitability to expand further to other states of the federation and West sub-region.

Research Hypothesis

Ho1: Sales promotion and product branding have no significant effect on repurchase patronage.

Ha1: Sales promotion and product branding have significant effect on repurchase patronage.

Ho2: Sales promotion has no significant effect on the profitability of State life Insurance.

Ha2: Sales promotion has significant effect on the profitability of State life Insurance.

3. METHODOLOGY OF THE STUDY

The primary sources of information were collected from questionnaires administered to both the customers and staffs of STATE LIFE insurance Pakistan. The secondary data was obtained from relevant reports, documents of insurance professional organizations and financial institutions periodic publications. A sample of 80 respondents' was chosen from the total universe population. Convergence sampling technique was used to select the representative sample from the study population. In presenting the information gathered from this study, tables were used to highlight the responses of the customers and the staffs of STATE LIFE to the questionnaires. The table would be divided into three columns, the options frequencies and the percentage columns. The chi-square (χ^2) method is frequently used in testing hypothesis concerning the significant difference between a set of observed frequencies of a sample and a corresponding set of expected or theoretical frequencies. The null hypothesis would be stated if the calculated value is greater than the calculated value then, null hypothesis is rejected but it is acceptable when the calculated value is less than the tabulated value. The level of significance that would be used in testing the hypothesis is 5% Validity refers to the degree to which the test measure what is supposed to measure for the purpose of this study, the content validity was adopted. Two senior lecturers in the department read

through the work to ascertain the content appropriateness of the study instruments, made contributions and constructive criticisms. The review materials were also vetted by our academic advisor. Reliability is the characteristics of a research which allows it to be respected by the same different researchers but always, with the same result. The usefulness of an attitude scale, depend upon its properties. At minimum, a useful scale must be reliable.

3.1 Data analysis and interpretation

This section documents the results of the investigation, by analyzing the data collected from the Field survey of the target populations. The relevant data for this study came from the primary and secondary sources. The presentation of the data is in table using frequency and simple percentages. The chi square will be used in testing the hypothesis.

3.2 Test of Hypothesis

The chi-square method is vigorously used in the entire questionnaires analysis adopted in the test of the hypothesis for the study at 5% i.e. 0.05 levels of significance. The chi square formula is as follows:

$$\chi_e^2 = \frac{(\partial_1 - E_1)^2}{\Sigma E_1}$$

Where χ_e^2 = chi square
 ∂ = observed frequency
 E = expected frequency
 Σ = summation sign

Where χ_e^2 = chi square; ∂ = observed frequency
 E = expected frequency; Σ = summation sign

The initial value will be determined with the aid of the statistical table and compared with the chi-square to reach a decision, which will be to know whether or not the hypothesis should be accepted. The decision rule is that if the computed test statistics is greater than the critical value, the null hypothesis is rejected and if otherwise, the null hypotheses is accepted and the alternative value to be accepted if the null hypothesis is dropped. The degree of freedom df is given as (r-1).

4. RESULT OF TESTED HYPOTHESIS

The table 1, 2 and 3 below is a summary of the hypothesis to be tested by questions. The Hypothesis is stated in the null and alternative form below.

H01: Sales promotion and product branding have no significant effect on repurchase patronage.

Ha1: Sales promotion and product branding have significant effect on repurchase patronage.

Table 1. Summary of Hypothesis to be tested

Hypothesis	Questions	Table
1	6	IX
2	5	XI
TOTAL	11	X

Table 2. Result of Hypothesis tested

Responses	$\partial 1$	E1	$(\partial 1 - E1)$	$(\partial 1 - E1)^2$
Yes	60	30	30	900
No	-	30	- 30	900
Total	60	60	0	1800

Step 2

Determination of critical value of freedom difference is given as $r-1$.

D.F=2-1=1

Critical value at 5% level of significance with D.F. =1

$\chi^2 E=3.84$

Step 3

Decision rule

If $\chi^2 E < \chi^2 c$, accept H_0 and reject H_1

And if $\chi^2 E > \chi^2 c$, reject H_0 and accept H_1

That is sales promotion and product branding has significant effect on repurchases patronage.

From the Statistical computation, $\chi^2 c = 30$ and $\chi^2 E = 3.84$

Since $\chi^2 c > \chi^2 E$, accept H_0

For

H_0 : sales promotion has no significant effect on the productivity of STATE LIFE insurance.

H_1 : sales promotion has significant effect on the productivity of STATE LIFE insurance.

5. SUMMARY OF FINDINGS

This study findings show that there is an important impact on the effect of product brands and sales promotion on the development of the insurance industry in Pakistan and this effect cannot be underestimated. There has been, therefore, a need to carry out continuous research and development with a view to finding out the impact of product branding and sales promotion on the profitability and market share of insurance industries using Pakistan as our case company, and possibly make recommendations towards the benefits of the concept of product brands and sales promotion. The focus of branding is the promotion of sales attracting of some customers in the market based on data collected from renewed literature and research work, therefore based on the working hypothesis that sales promotion and product branding have significant effect on repurchases patronage and also that sales promotion have significant effect on the profitability of STATE LIFE industry.

6. CONCLUSIONS AND RECOMMENDATIONS

Following the renewal of literature, the data analysis and testing of hypothesis, the following conclusions were arrived at; we can infer from the results of the hypothesis that product brand and sales promotion can positively impact on the productivity level of STATE LIFE Insurance. Also, we can infer from the result of hypothesis that sales promotion and product branding have significant effect on repurchases patronage. These would enhance the financial strength of STATE LIFE Insurance; hence, result to a higher increase in its customer base higher among other competitors in the industry. Product branding and sales promotion must be seen as available means

of increasing the status of the organization ranging from product line and product breadth of the company, like that of the STATE LIFE Insurance where such products are services product and it is subdivided into two parts which are general business and life business. Considering the implementation of branding and promotions by STATE LIFE Insurance this result to the opening up of growth opportunities which they could hardly attain on their own within the save time-seal Following the foregoing, therefore, it follows that sales promotion and product branding has a positive impact on the development of insurance business in Nigeria. As a result that branding has been identified as the bedrock of product development and differentiation which helps in enacting a perception of product and organization amongst customers. Branding grows from searching activities or through experiences within the business environment. However, the authors recommend that branding of products should be adopted by STATE LIFE management as a strategy for global re-engineering through the consideration of the key success factors. Furthermore, that financial services provided such as STATE LIFE should utilize strategic capabilities such as offering superior practice and products and also by allegiances or accessing of complimentary products through network building on a need-to-win capabilities. Branding should be part of the organizations strategy aimed at creating, developing and sustaining a competitive advantage that will attract the customer and sustain his patronage. STATE LIFE should therefore note that it is that competitive advantage that translate to unique selling point of any product or service and consistently too by making available to customer an ideal combination of attributes tangible and intangible, practical and symbolic, visible and invisible

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