

EVALUATION OF THE RELATIONSHIP BETWEEN PROMOTIONAL SALES TECHNIQUES AND HOTEL PERFORMANCE IN SELECTED HOTELS IN LAGOS STATE**¹Ibe, P. E., ²Ikegwu, E.M., and ¹Igbeka, V.C.**¹Department of Hospitality Management Technology, Yaba College of Technology, Yaba Lagos²Department of Statistics, Yaba College of Technology, Yaba Lagos***Corresponding Author:** emmanuel.ikegwu@yabatech.edu.ng; **Phone:**+2348066940814

Manuscript received on the 05/07/23 and accepted on the 28/07/23

ABSTRACT

This study examined the relationship between the promotional sales techniques of selected hotels on their performance. The objectives were to assess the different sales promotion techniques adopted by hotels, and how they relate to the profitability of the hotels. A survey research design was employed in the study and questionnaire was used as the research instrument used to collect the required data from 200 staff members of some selected hotels in the metropolis of Lagos state selected with a simple random sampling procedure. The data collected were analysed using frequency distribution, while the Pearson Product Moment Correlation coefficient was used to test the hypotheses formulated. The result showed the promotional techniques used by hotels in the Lagos metropolis are discounts with recreational facilities (71.3%), loyalty programs (86.7%), healthy menu options (95.9%), speedy check-in and check-out (100%) and easy transportation (100%). It also found that there is a strong, positive and significant linear relationship between sales promotional techniques used in the hotels and their profitability ($r = 0.672$; $p < 0.05$). The study, therefore, concluded that sales promotional activities of selected hotels in the metropolis of Lagos State significantly and positively correlate with their profits. It is therefore recommended that hotels should enhance their promotional activities to increase their profitability.

Keywords: Correlation analysis, Evaluation, Hotels, Promotional techniques, Profitability,**INTRODUCTION**

Hotel performance comprises the actual results of the organisation as measured against its intended outputs (or goals and objectives). Hotel performance according to Richard, Devinney, Yip & Johnson (2019), encompasses three specific areas of firm outcomes – Financial performance (profits return on assets, return on investment, etc.), product market performance (sales, market share, etc.), and shareholders return (total shareholder return, economic value added, etc.).

Promotional sales are one of the most effective marketing strategies for hotels (Akindamola, 2020). Effective promotional sales can be a critical game changer that encourages customers to directly respond by purchasing a product or service (Shamout, 2016). Service providers use promotional

sales like price discounts, loyalty program rewards, gifts, etc. to drive sales for many years which have been found to have direct impacts on customer attitudes and purchase intentions (Buil, Chernatony & Montaner, 2018). Lora (2017) found that 90% of the consumers who received gifts along with their purchases exhibit increased loyalty and purchase intentions, and companies that offer such giveaways maximise their customer draw.

Studies on the impacts of promotional tools within the hospitality industry show that only a few types of promotional tools have been investigated (Hanks, Cross & Noland, 2017; Shanshan, Wilco & Eric, 2016). Promotional sales are one of the key factors in the marketing mix and play a key role in the market success (Chandon, Wansink & Laurent, 2020). Promotional

sales are one of the key factors in the marketing mix and play a key role in the market success (Chandon, Wansink & Laurent, 2020). Promotional sales include advertising, personal sales, sales promotions, and other sales tools. Promotional sales are one of the elements of the market mix and a term often used in marketing (Chang, 2017). A promotional plan has a variety of objectives which include: increasing sales, adopting new products, creating brand equity, positioning, retaliating against competition, or creating a corporate image. The three basic objectives of promotional sales are: presenting information to consumers, increasing demand and differentiating a product (Mbagba, 2019). Sales promotions are suitable to accomplish various marketing objectives, such as stimulating sale force enthusiasm, invigorating sales for a mature brand, facilitating the introduction of new products, increasing on - and off-shelf merchandising space, encouraging repeat purchases, and reinforcing advertising (Shimp, 2020; Kwok & Uncles, 2020). This study aimed to assess the effect of different promotional sales techniques on hotel performance while the specific objectives include assessing the different sales promotional techniques used in the

hotel industry, ascertaining the contribution of sales promotion on hotel profitability and measuring the relationship between the different sales promotion techniques adopted by hotels and the performance of the hotels.

METHODOLOGY

The research design adopted in this study is a cross-sectional survey research design. The population of the study consists of the staff and management of five (5) selected hotels in Ikeja Local Government Area of Lagos State sampled through simple random sampling procedure. The sample size also consists of 200 staff members obtained using Taro Yamane (1967), with 40 of them selected from each hotel through equal size allocation. The data collection instrument for this study was a self-designed questionnaire which was tested for reliability with a Cronbach’s Alpha reliability coefficient of 0.774 and administered to the respondents through a one-on-one self-administration. The data analysis techniques employed in analysing the data collected and cleansed include frequency distribution and Pearson Product Moment Correlation coefficient. The researchers observed ethical considerations by seeking and receiving personal consent from respondents.

RESULTS

The data collected were entered into the Statistical Package for Social Sciences (SPSS 26.0), cleansed and analysed as indicated

above and the results were presented in tables and discussed as appropriate.

Table 1: Personal Data of Respondents

Variable	Category	Frequency	Percent
Sex of Respondents:	Male	163	83.6
	Female	32	16.4
Age of Respondents:	21-30 years	63	32.3
	31-40 years	27	13.8
	41-50 years	6	3.1
	51 years and above	99	50.8

Marital Status of Respondents	Single	131	67.2
	Married	64	32.8
Educational Qualification of Respondents	SSCE/ NECO/ GCE O' Level	19	9.7
	ND/ NCE/ GCE A Level	48	24.6
	HND/B.Sc./BA	122	62.6
	Postgraduate	6	3.1
Length of service of Respondent	1-5 years	171	87.7
	6-10 years	19	9.7
	11-15 years	5	2.6
Management level of Respondents	Top	23	11.8
	Middle	81	41.5
	Lower	91	46.7

Table 1 shows the demographic characteristics of the respondents from the five selected hotels. It reveals that 83.6% of the respondents were male while only 16.7% were female. Also, it shows that about half of the respondents were above 50 years, 32.3% were 30 years and below while 13.8% were 31 – 40 years and only 3.1% were 41 – 50 years old. In addition, 67.2% of the respondents were single while 32.8% were married.

In addition, 62.6% of them had at least a first degree or its equivalent, 24.6% had ND/ NCE/ GCE A' level, 1 in 10 persons had

SSCE/ NECO/ GCE O' level and only 3.1% had a postgraduate certification. Furthermore, 87.7% of the respondents had only worked 5 years or below in the hotels, 1 in 10 had worked between 6 – 10 years, and only 2.6% had worked for more than 10 years.

Lastly, while only 11.8% of them were in the top management cadre, 41.5% were middle management level and 46.7% were in the lower management cadre.

Table 2: The different sales promotional techniques used in the hotel industry

Variable	SA (%)	A (%)	U (%)	D (%)	SD (%)
We use loyalty programs to promote our products instead of standard popular promotional strategies	82 (42.1)	87 (44.6)	26 (13.3)	-	-
The provision of healthy menu options gives us an edge over our competitors in the market	75 (38.5)	112 (57.4)	8 (4.1)	-	-
Our firm ensures speedy check-in and check-out to attract people from various segments of the market	84 (43.1)	111 (56.9)	-	-	-
Our organisation provides easy transportation to ensure that our company gets a large share of the market and also copes with business challenges at hand	103 (52.8)	92 (47.2)	-	-	-
Our organisation offers discount rates with recreational facilities	28 (14.4)	111 (56.9)	44 (22.6)	12 (6.2)	-

Table 2 shows the different sales promotional techniques used in the hotel industry. It reveals that 86.7% agreed or strongly agreed that they use loyalty programs to promote their products instead of standard popular promotional strategies, 95.9% agreed or strongly agreed that the provision of healthy menu options gives them an edge over their competitors in the market and all the respondents agreed or strongly agree that their firm ensures speedy check-in and

check-out to attract people from various segments of the market.

Also, 100% of the respondents agreed or strongly agreed that their organisation provides easy transportation to ensure that their company gets a large share of the market and also cope with business challenges at hand and 71.3% agreed or strongly agreed that their organisation offers discount rates with recreational facilities.

Table 3: Sales Promotion and hotel profitability

Variable	SA (%)	A (%)	U (%)	D (%)	SD (%)
Our sales promotional strategies establish long-time relations with our customers and secure loyalty	78 (40.0)	99 (50.8)	6 (3.1)	12 (6.2)	-
As a promotional strategy, we ensure customer satisfaction during and after the process of product exchange, through direct phone calls between the entrepreneur and the customer	28 (14.4)	111 (56.9)	44 (22.6)	12 (6.2)	-
We promote in magazines, newspapers and other publications in a specified time interval	46 (23.6)	110 (56.4)	27 (13.8)	12 (6.2)	-
My organisation design promotional strategies to surpass our competitors in the industry	56 (28.7)	126 (64.6)	13 (6.7)	-	-
My organisation gives more attention (dedication) to our old customers to retain their loyalty	73 (37.4)	83 (42.6)	27 (13.8)	6 (3.1)	6 (3.1)

Table 3 shows the influence of sales promotion and hotel profitability. It shows that 90.7% agreed or strongly agreed that their sales promotional strategies establish long-time relations with their customers and secure loyalty and 71.3% agreed or strongly agreed that as a promotional strategy, they ensure customer satisfaction during and after the process of product exchange, through direct phone calls between the entrepreneur and the customer.

Also, 80.0% of them agreed or strongly agreed that they promote their businesses in magazines, newspapers and other publications in a specified time interval, 93.3% agree or strongly agreed that their organisation designed promotional strategies to surpass their competitors in the industry and 80.0% agreed or strongly agreed that their organisation gives more attention (dedication) to their old customers to retain their loyalty.

Table 4: Sales promotion activities suitable in the hotel industry

Variable	SA (%)	A (%)	U (%)	D (%)	SD (%)
Group bookings create efforts aimed at influencing the trial consumer	75 (39.3)	83 (43.4)	27 (14.1)	6 (3.1)	-
Direct bookings help to increase sales in a competitive market and thus, increase profits	104 (53.3)	58 (29.7)	33 (16.9)	-	-
Destination marketing attracts customer's attention and usually provides information that may lead the consumer to the product	80 (41.0)	94 (48.2)	21 (10.8)	-	-
Guest rewards strategies stabilise sales volume by keeping its customers with them	110 (56.4)	78 (40.0)	7 (3.6)	-	-
Local partnerships give financial benefits to the customers	78 (40.0)	99 (50.8)	6 (3.1)	12 (6.1)	-

Table 4 shows that sales promotion activities which were suitable in the hotel industry. It shows that 82.7% agreed or strongly agreed that group bookings create efforts aimed at influencing the trial consumer, 83.1% agreed or strongly agreed that direct bookings help to increase sales in a competitive market and thus, increase profits and 89.2% agreed or strongly agreed that destination marketing

attract customer’s attention and usually provide information that may lead the consumer to the product.

In the same vein, 96.4% agreed or strongly agreed that guest rewards strategies stabilise sales volume by keeping its customers with them and 90.8% agreed or strongly agreed that local partnerships give financial benefit to the customers.

Table 5: Hotel performance

Variable	SA (%)	A (%)	U (%)	D (%)	SD (%)
Our organisation achieves a high return on investment based on a universal scheme of promotional sales practices which we put in place using different lenses	104 (52.0)	78 (39.0)	6 (3.0)	12 (6.0)	-
Our firm’s Return on Investment is regularly assessed to ensure that it is constantly on a positive side	78 (40.0)	99 (50.8)	6 (3.1)	12 (6.1)	-
Our staff are regularly trained on quality practices and standards to make sure that our customers get the best	28 (14.4)	111 (56.9)	44 (22.6)	12 (6.1)	-
The firm’s annual sales volume exceeds expectations	46 (23.6)	110 (56.4)	27 (13.8)	12 (6.2)	-
Our firm’s Return on Investment is regularly assessed to ensure that it is constantly on a positive side	55 (28.2)	106 (54.4)	22 (11.3)	12 (6.2)	-

Table 5 shows hotel performance indices as detailed by the respondents. It reveals that 91.0% agreed or strongly agreed that their organisation achieves a high return on investment (ROI) based on a universal scheme of promotional sales practices which

we put in place using different lenses and 90.8% agreed or strongly agreed that their firm’s return on investment (ROI) is regularly assessed to ensure that it is constantly on a positive side.

Likewise, 71.3% agreed or strongly agreed that their staff are regularly trained on quality practices and standards to make sure that our customers get the best, 80.0% agreed or strongly agreed that their firm’s annual sales volume exceeds expectations and 82.6% agreed or strongly agreed that their firm’s return on investment (ROI) is regularly

assessed to ensure that it is constantly on a positive side.

Test of Hypotheses

The hypotheses in this study were tested using Pearson Product Moment Correlation coefficient (PPMC) at a 5% level of significance.

Hypothesis one

H₀: There is no significant relationship between different sales promotional techniques used and the Performance of hotels in the hotel industry

Table 6: Correlation coefficient between different sales promotional techniques used and Performance of hotels in the hotel industry

	Sales promotional techniques	Hotel performance
Sales promotional techniques	1	.672** (.002)
Hotel performance		1

***. Correlation is significant at the 0.05 level (2-tailed).*

Table 6 shows that the correlation coefficient obtained for the relationship between different sales promotional techniques used and the performance of hotels in the hotel industry is strong, positive and significant (r = 0.672, p < 0.05). This implies that hotels that use more of the different types of sales promotional techniques will experience higher performance. Hence hotels are encouraged to adopt different types of sales

promotional techniques that will stipulate their customers' patronage and translate to better performance overall.

Hypothesis two

H₀: There is no significant relationship between the contribution of sales promotional and the profitability of hotels in the hotel industry

Table 7: Correlation coefficient between the contribution of sales promotion and profitability of hotels in the hotel industry

	Contribution to sales promotion	Hotel profitability
Contribution to sales promotion	1	.654** (<0.001)
Hotel profitability		1

***. Correlation is significant at the 0.05 level (2-tailed).*

Table 7 shows that the correlation coefficient obtained for the relationship between the contribution of sales promotion and the profitability of hotels in the hotel industry is also strong, positive and significant (r = 0.654, p < 0.05). This implies that hotels that the use of sales promotional techniques will increase the hotels’ profitability through higher customer patronage and repeat purchases. Hence hotels are encouraged to incorporate sales promotion as their

corporate strategy for marketing the business as the same will stimulate their customers' patronage and translate to the profitability of the hotel.

Hypothesis three

H₀: There is no significant relationship between sales promotion activities and the performance of hotels in the hotel industry

Table 8: Correlation coefficient between sales promotion activities and performance of hotels in the hotel industry

	Sales promotion activities	Hotel performance
Sales promotion activities	1	.436** (0.003)
Hotel performance		1

***. Correlation is significant at the 0.05 level (2-tailed).*

Table 8 shows that the correlation coefficient obtained for the relationship between sales promotion activities and the performance of hotels in the industry is weak, positive and significant ($r = 0.436, p < 0.05$). This implies that hotels that engage more in sales promotion activities will experience higher performance. Hence hotels are encouraged to implement more varied sales promotion activities which appeal to customers motivate their patronage and enhance and improve performance overall.

DISCUSSION

The study found that the sales promotional techniques deployed by these hotels include providing easy transportation, speedy check-in and check-out, provision of healthy menu options, loyalty programs and offer of discount rates with recreational facilities. This affirmed the sales promotion tools and activities discussed by Acar, et al., (2012). The study also found that organisations design promotional strategies to surpass their competitors in the industry, establish long-time relations with customers and secure loyalty, promote their businesses in magazines, newspapers and other publications in a specified time interval, give more attention (dedication) to their old customers to retain their loyalty and ensure customer satisfaction during and after the process of product exchange. This agrees with Faluyi (2019) who reported advertising and personal selling as sales promotion strategies and recommended hotel managers to adopt sales promotion as strategies to avoid depending too much on only advertising.

The study found that the sales promotion activities suitable in the hotel industry and reported by their staff and management

include guest rewards strategies, local partnerships, destination marketing, direct bookings and group bookings. This aligns with Acar, et al., (2012) who itemised promotion activities as discount prices, complimentary familiar tours, additional services provision and providing facilities for free. The study found that the hotels' performance was assessed by high return on investment (ROI), quality practices and standards by staff, and beyond expectation annual sales volume. This was in tandem with Azhar Mohd Harif, et al., (2022) who measured business performance as growth in return on investment (ROI), return on assets (ROA), return on sales (ROS) and return on equity (ROE).

The study, in addition, also found that different sales promotional techniques used by hotels have a strong, positive and significant relationship with their performance in the industry. This finding agrees with Azhar Mohd Harif, et al., (2022) who reported that sales promotion as an innovation practice in hotels can increase business performance by growing return on investment, return on assets, return on sales and return on equity. The finding also agrees with other scholars that various sales promotional methods like discounts, premiums, samples, bundles, bonus packs and coupons have significantly increased customer patronage and sales performance in hotels (Abimbola, Abioro & Okeowo, 2020). The study further found that the contribution of sales promotion has a strong, positive and significant relationship with the profitability of hotels in the industry as the more the sales promotion, the greater the patronage and profitability of the firm. This finding agrees with Obinwanne & Ukabuilu (2019), who found that sales promotion significantly and

positively relates to brand equity and sales performance of hotels in Uyo, Nigeria. It also aligns with other scholars that sales promotion has a significant positive effect on hotel performance especially in sales (Wtim, et al., 2021; Bezabih, 2021; Acar, et al., 2012).

The study also found a weak, positive and significant relationship between sales promotion activities and the performance of hotels in the industry highlighting that hotels which engage more in sales promotion activities will experience higher performance. This finding agrees with Faluyi (2019) who found a positive relationship between sales promotion strategies and the performance of hotels but disagrees with the researcher on the significance of the relationship. However, the finding agrees in totality with Etim, et al., (2021) who reported that sales promotion has a positive significant effect on the performance of hotels. Also, it agrees with Etuk, et al., (2022) who found that promotion activities like allowances, contests and rebates have a relative and combined strong, positive and significant relationship with the performance of the firm.

CONCLUSION

The different sales promotional techniques used in the hotel industry include loyalty programs, provision of healthy menu options, speedy check-in and check-out, provision of easy transportation, and offering discount rates. Also, the contribution of sales promotion includes establishing long-time relations with our customers and securing loyalty, direct phone calls between the entrepreneur and the customer, promotion in magazines, newspapers and other publications, and giving more attention (dedication) to our old customers to retain their loyalty. In addition, there is a significant strong and positive relationship between different promotional sales techniques on hotel performance. Furthermore, there is a significant strong and positive relationship between the contribution of sales promotion

and the profitability of hotels in the hotel industry. Lastly, there is a significant weak positive relationship between sales promotion activities and the performance of hotels in the hotel industry.

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