PROMOTIONAL PRACTICES OF SELECTED FOOD CHAINS STORES IN THE UNIVERSITY BELT

Dr. Marivic F. Flores
Assistant Professor IV, CME-PLM

Abstract

This research paper was undertaken to know the management and customer’s perception on the promotional practices of selected food chain stores in the university belt. Specific research questions were: (1) What are the promotional practices implemented and the media most commonly use by the selected food chain stores? (2) What are the promotional practices that attracts most of the customers in patronizing the store? (3) What are the promotional practices problems that beset the food chain stores and their suggested solutions to these problems? The descriptive method of research was used in this study. The instrument used in gathering data is the researcher-constructed questionnaire. The respondents were three hundred (300) customers and nineteen (19) managers of the five food chain stores in Claro M. Recto Area. Findings revealed that the selected food chain stores used TV Program, Value/Combo Meal/Price Pack, Endorsement by Well-known Personalities, Billboards, Product Advertisement and Premium. Television is the most commonly used media by the food chain stores while the most attractive promotional practice is TV Program and Endorsement by Well-known Personalities. Lack of continuous program to effectively launch direct selling strategies is the most serious promotional problem.

Key words: Promotional practices, food chains stores, university belt

Introduction:

The growth of fast food chains in the Philippines can be attributed to the increasing growth of population in the country and the changing characteristics of Filipino consumers.

The basic needs of individuals will continue to grow in terms of total outlets and a number of product concepts. Changing food habits among consumers, stimulated by the massive media advertising and the growing number of working classes, which include women, both single and married, young and old, have created more demand for food services away from home at affordable prices. Thus, fast food chains have expanded to cater to the needs of these working classes and their families.

According to the Fast Food Restaurants Survey dated 2003 there are about 20,000 fast food restaurants operating in Metro Manila. The number seems to indicate a food market that is already saturated. However, in the consumer pulse survey conducted by the Consumer Pulse Incorporated in Metro Manila 2003, it was pointed out that most fast food chains have acquired gains in terms of patronage level. This increase can be attributed to the expansion undertaken by most fast food restaurants in terms of branch network. Thus, this indicates that the market has still room for expansion.

It is imperative therefore, for management to determine what effective practices can be applied for the promotion program of the firms. Many in the business, however, are not aware of the extent to which advertising or other promotional strategies can help to achieve the decision on how to fit the product, pricing, place and the promotion strategies into a marketing program.

The fast food industry is actually a sub-sector of the larger restaurant industry. Here, the researcher will review the promotional practices of five (5) selected fast food chains in the Philippines particularly their operation in University Belt along Claro M. Recto Avenue. Data from the Fast Food Restaurant Association of the Philippines show that most of the fast food restaurants have customer ranging from A to D economic classes with a bulk of customers below 50 years of age. This market
developed mostly in Manila with the change of urban lifestyles which has put a premium on convenience and time saving. The industry’s rational, in short, is efficient high quality products that have broad consumer acceptance supported by advertising and promotions. The success of the food industry in the Philippines can be attributed to the following factors:
1. Quality product;
2. Production technology;
3. Advertising; and
4. Properly trained staff.

Statement of the Problem

This study aims to identify the promotional practices of five (5) selected food chain stores in University Belt along Claro M. Recto Avenue.

The following problems will be answered in this study:

1. What is the profile of the respondents with respect to:
   A) Company
      1.A.1 Forms of organization
      1.A.2 Ownership
      1.A.3 Number of Personnel
      1.A.4 Years of operation
   B) Managers and Customers
      1.B.1 Age
      1.B.2 Sex
      1.B.3 Civil Status
      1.B.4 Educational Attainment
      1.B.5 Family Income
      1.B.6 Employment

2. a. What are the promotional practices implemented by the selected food chain store?
   b. What media is most commonly used by the food chain stores?
      b.1 Broadcast Media;
      b.2 Print Media; and
      b.3 Outdoor Media

3. What are the promotional practices that attracts most of the respondent customers in patronizing the food chain store?

4. What promotional practices problems beset managers of the selected food chain stores and their suggested solution to solve these problems?

Theoretical Framework

This study is anchored on the theories of Engel, Warshaw and Kinnear, Govani, Eng and Galper, and Kotler and McCarthy. According to Engel, Warshaw and Kinnear promotion is defined as the component of the marketing mix concerned with “effectively communicating the results of the marketing strategy to the various target audiences.

Promotion is a controlled integrated programs of communication methods and materials designed to present a company and its products to facilitate sales and thus contribute to a long-term profit performance.

Promotion is any communicative activity whose whole purpose is to move forward a product, service, or idea in a channel of distribution.

There are three characteristics of promotion, namely:
1. The actual intent of the message may change depending on the objectives of the communicator.
2. There is the presence of wide assortment of customers or target audiences.

Promotional strategy plays a significant role in marketing in the creation of mutually beneficial exchanges between producers and consumers of goods, services and ideas. Both sides benefit when promotional strategy operates properly, both can be hurt when it is done improperly. As such, promotional strategy must be guided by marketing concepts and marketing management. That is, it must focus on consumers needs and integrating all activities of the organization to satisfy these needs. Thus, promotional activity must be consistent with the needs of the consumer and integrated with the other elements of the marketing mix.

Promotion being the communication function of marketing helps an organization sell its products, service or idea to its target market. For this reason effective learning about promotional strategy is based on a solid understanding of the communication process and consumer behavior.
communication highlights general principles that shape promotional strategy, the key to successful communication lies in understanding the target clientele and adapting the message and media strategy accordingly. People see and hear what they want to see and hear. In short, the clientele is sovereign, they influence mix promotion tools used to communicate the timing of message. Decisions concerning message to be communicated largely involved determining what combination of sales will be included in the presentation.

Based on the understanding of the target clientele, promotional strategy is strongly tied to the real world of promotional decision-making. Thus, coordinated management of various components of the promotional strategy obviously is essential.

The success of a promotional strategy depends on many details of media choices, creativity in ads, sales training and so on. However, all of these depend in two key strategy choices of segment or segments to be targeted for promotional effort and the designation of the position desired for the organization’s products in consumer’s mind. It is critical that segmentation, targeting and competitive positioning be done well for promotional strategies to have their optimal impact. (Govani, Eng and Galper, 2001)

According to Kotler, in a broad sense, promotion consists of coordinated seller-initiated efforts to establish channels of information and persuasion to foster the sale of goods or services, or the acceptance of ideas or points of view.

It is an element in the marketing mix that is used to inform and persuade the market regarding the organization’s products and services.

Most widely used methods of promotion are personal selling and advertising. Other methods are sales promotion, publicity or public relations.

Sales promotion is a key ingredients in marketing campaigns, consists of a diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase of particular products by consumers.

Whereas advertising offers a reason to buy, sales promotion offers an incentive to buy. Sales promotion tools vary in their specific objectives. A free sample stimulates consumer trial, whereas a free management advisory service aims at cementing a long-term relationship.

Sellers used incentive-type promotions to attract potential clienteles, to reward loyal customers, and to increase the repurchase rates of occasional users. Sales promotion attract brand switchers who are primarily looking for low price, good value or premiums. Sales promotion turn them into loyal users.

Sales promotion is most effective when used together with advertising or personal selling. Consumer promotions usually must be advertised and can add excitement and pulling power to ads. Trades and sales force promotions support the firms personal selling process. (Kotler, 2003).

McCarthy pointed out that marketing is the main concern of the firms to satisfy the consumers. The factor that is crucial in the satisfaction of consumers is it’s promotion which is one of the components of marketing mix.

He categorized promotion into personal selling, mass selling, and sales promotion. Mass selling is communication with large numbers of customers at the same time.

The promotion strategies contribute to the survival and growth of business regardless of their size. The objectives of promotion are to:

1. provide information;
2. create competition;
3. improve promotional efficiency;
4. maintain and/or improve market share; and
5. to shift inventory and profit.

Business avails of the services of sales persons because of their ability to contact and deal with prospects and customers tactfully. Therefore, businesses recruit sales persons according to their personal qualities to excel in the selling process. (McCarthy, 2000).
It is from these theories, therefore, that this study on promotional practices used by selected food chain has been anchored.

**Conceptual Framework**

Figure 1 shows the paradigm of the study. The paradigm of the study is presented into three boxes representing input-process-output chart.

The input box indicates the:

a) Company profile as to:

- **Forms of organization**
- **Ownership**
- **Number of Personnel**
- **Years of operation**

**INPUT**

Company Profile
- Forms
- Ownership
- Number of Personnel
- Years of Operation

Managers and Customers Profile
- Age
- Sex
- Civil Status
- Educational Attainment
- Income
- Employment

Promotional Practices Used by the Food Chain Stores
- Direct Selling
- Sales Promotion
- Advertisement
- Publicity or Public Relations

Media of Communication Used:
- Broadcast Media
- Print Media
- Outdoor Media

**PROCESS**

Identification of the promotional practices used by the food chain stores

Determine the frequency of use of the communication media

**OUTPUT**

Better Promotional Strategies

Effective media of communication

Creation of Goodwill

Stimulating the Desire to purchase

Continuous patronage of the products

Increase volume of sales
b) Respondents profile as to:
   Age  
   Sex  
   Civil Status  
   Educational attainment  
   Family Income; and  
   Employment

   The promotional practices and the frequency of communication media used by the food chain stores are also included in the input box.

   The process box represents the promotional practices used by the food chain stores and the frequency of use of the communication media.

   The third box enumerates the benefits that can be realized by the food chain stores such as better promotional strategies, creation of goodwill, stimulating the desire to purchase continuous patronage of the products and increase volume of sales.

Research Method:

   The descriptive method of research was used in this study. The instrument used in gathering data is the researcher-constructed questionnaire. The respondents were three hundred (300) customers and nineteen (19) managers of the five food chain stores in Claro M. Recto Area.

Findings of the Study:

   It was found out that the selected food chain stores used same type of promotion in promoting their products. These are direct selling, sales promotion, advertising and public relations or publicity. Television Program and Endorsement by Well-known Personalities are still the most attractive promotional practices. Broadcast media specifically television is the most commonly used media of communication used by the food chain stores.

Recommendations:

   Based on the findings of the study, the following are being recommended:
   1. The food chain stores should try to vary their promotional strategies to catch more customers attention
   2. To attract more regular customers, the food chain stores can serve same kind of products but distinguishably different from one another and should put more advertisements through the different media of communications.
   3. They should continue innovating their products lines by adding some features which will attract the middle income group as their customers especially students
   4. Competitors have to be considered and follow-up by management so that activities could be monitored.

Conclusions:

   It was concluded that the selected food chain stores used same type of promotion in promoting their products. These are direct selling, sales promotion, advertising and public relations or publicity. Television Program and Endorsement by Well-known Personalities are still the most attractive promotional practices. Broadcast media specifically television is the most commonly used media of communication used by the food chain stores.

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