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The Impact of Sales Promotion by Cocoa Licensed Buying Companies on Sales of Farmers in Wassa Amenfi East District of Ghana

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Authors' contributions

This work was carried out in collaboration between both authors. Author KP designed the study, performed the statistical analysis, wrote the protocol and wrote the first draft of the manuscript. Both authors managed the analyses of the study. Author DIL managed the literature review. Both authors read and approved the final manuscript.

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ABSTRACT

Aims: The study sought to assess the effects of sales promotional programmes on cocoa sales of farmers by Licensing Buying Companies (LBCs) in the district. The main aim of the research was to identify the influence of sales promotions on the purchases of LBCs in Wassa Amenfi East District. Specifically, the study sought to achieve the following objectives. (1) To identify the incentive programmes made available to cocoa farmers by Licensed Buying Companies in Wassa Amenfi East District. (2) To analyse the sales trend of cocoa in the Wassa Amenfi East District by the Licensing Buying Companies. (3) To identify the challenges associated with farmer incentive programmes as a marketing strategy in the Wassa Amenfi East District. (4) To assess how incentive programmes affect the purchases of Licensing Buying Companies (LBC's) in the District. (5) To propose ways of improving cocoa purchases in the Wassa Amenfi East District.

Study Design: A case study was used to investigate into this phenomenon to give generalization of that phenomenon. Again, the study did an in-depth review on the subject in Ghana to augment

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and validate empirical findings. Moreover, the study adopted a more scientific method in collecting and analyzing data for presentation. The research used both qualitative and quantitative methods of analysis. The intent of using quantitative method for this study was to establish, confirm, or validate relationships and to develop generalizations that contribute to theory. Qualitative method was used for this study because, it is less structured in description and it formulates and builds new theories. This made the findings of the study both valid and reliable.

Place and Duration of Study: The study was focused on cocoa marketing activities in the Wassa Amenfi East District in the Western Region of Ghana between March 2013 and June 2013.

Methodology: Data for the study was obtained from both primary and secondary sources. Purposive Sampling, Simple random sampling and Snow ball sampling techniques were used to select the purchasing clerks, cocoa farmers and district managers respectively. The District has thirty three thousand, five hundred and twenty four (33,524) cocoa farmers, fourteen (14) Licensing Buying Companies and about two hundred and sixty-one (261) purchasing clerks. The data was collected from one hundred and fifty-five (155) respondents who were cocoa farmers in addition to ninety eight (98) Purchasing Clerks (PCs) and fourteen (14) district managers of the various Licensing Buying Companies. The data was collated, synthesized and analyzed with the use of SPSS and Excel. The study adopted the quantitative analyses (Regression Analysis).

Results: The analyses have shown that the provision of fertilizer to farmers by LBCs is one most important sales promotional package that greatly influences farmers' decision to sell to a particular LBC. According to a Focus Group Discussion with Farmers, it was discovered that farmrelated sales promotional inputs such as fertilizers helps farmers to increase their productivity. Sales promotional programmes also increase the purchases of cocoa by PCs of LBCs and influence the choice of LBCs by the cocoa farmer. Fertilizers assist farmers to reduce their expenditure and thus keep the providing LBC in remembrance during the cocoa seasons.

Conclusion: The study therefore recommended that there should be timely supply of Sales Promotional Programmes, development of mechanism to check default, motivation of PCs by LBCs and equity in the Distribution of Sales Promotional Packages.

Keywords: Fertilizers; productivity; mechanism; motivation; distribution; sales promotion.

ABBREVIATIONS

LBCS: Licensed Buying Companies; PBC: Produce Buying Company; COCOBOD: Ghana Cocoa Board; ISSER: Institute of Statistical, Social and Economic Research; SSNIT: Social Security and National Insurance Trust; QCD: Quality Control Division; PCS: Purchasing Clerks. NHIS: National Health Insurance Scheme; SPSS: Statistical Package for Social Sciences; WAED: Wassa Amenfi East District; OGL: Olam Ghana Limited; AGL: Armajaro Ghana Limited; TGL: Transroyal Ghana Limited; ABC: Adwumapa Buyer Company; DC: Diaby Company; SACC: Sika Aba Cocoa Company; KKC: Kuapa Kokoo Company; AA: Akafo Adamfo; CC: Cdh Commodity; FEDCO: Federated Commodity Limited; CMC: Cocoa Merchant Company; MARRIE: Marrie; DJ: Dio Jean.

1. INTRODUCTION

Liberalization of the internal marketing of cocoa started in the early 1980's as a neoliberal panacea for economic growth in most cocoa-dependent countries in the world. This consisted of demolishing the states monopoly over the purchasing of cocoa beans from farmers and the fixing of cocoa prices. All cocoa producing countries in the developing world, particularly in West African sub-region undertook such a liberalization reform to reduce parastatal operational costs and offer better prices for farmers. Countries such as Cameroon, Togo,

Nigeria, Ivory Coast and Ghana liberalized their markets to include private buying companies in the cocoa marketing sector (Lundstedt and Pärssinen) [1].

Previously, cocoa marketing in the leading producing countries such as Ivory Coast, Ghana, Nigeria, Togo, Brazil, Indonesia and others was replete with state control and interference. The states established marketing boards to monopolize the purchasing and export of cocoa beans and price fixation in their respective countries. However, there was a shift in this form of cocoa marketing when as a neoliberal mechanism these countries began to liberalize

their markets in the early to mid-1990 (ibid.). In West Africa, countries such as Nigeria, Togo and Cameroon fully liberalize their system while Côte d'Ivoire and Ghana adopted a partial and gradual liberalization process. In the former category, prices are not fixed while farmers are also able to sell their produce to exporters without going through middlemen (ibid: LMC International and UG. [2]). However, in the latter, the state still regulates the price of cocoa beans and the number of private buying companies in the system (ibid.).

It is undeniable that, liberalization has led to an influx of a multiplex of marketing companies to compete with cocoa marketing boards across the world. This has therefore resulted in an intense competition at the local level for an increased share in cocoa purchases. The ability to gain access to cocoa beans by these private buying companies is therefore a product of the companies' capital and strategies. Central to these strategies are farmer incentives in the form of sales promotions. Incentives in the form of sales promotions have become a major tool for eliciting compliance from farmers on many agricultural-related issues. Many researchers have studied the impact of farmer incentives as sales promotions on a number of these issues with positive results. For instance, Hobbs [3] has shown that farmers tend to adopt good agricultural practices if there are incentives (sales promotions) for adoption. Saenger, Qaim, Torero and Viceisza [4] reported in their study of the Vietnamese dairy sector that, smallholder farmers are able to produce high quality milk if processors are able to incentivize them. Similarly, Quarmin et al. [5] posit that "[cocoa] farmers [in Ghana] sometimes are unable or unwilling to invest resources into the recommended farm practices [to produce high quality cocoa beans] because there are little or no incentives to do so". The above underscores the indispensability of incentives (sales promotion) in influencing the activities and decisions of farmers.

In Ghana's cocoa marketing sector, the effects of sales promotion are even more visible and usually evident in the willingness of farmers to sell to particular buying companies (Vigneri and Santos, [6] and Lundstedt and Pärssinen, [1]). Private buying companies – known as Licensed Buying Companies (LBCs) in Ghana – use various incentive programmes (sales promotion) to increase their share of cocoa purchases and the number of farmers in their domain. Some of

these sales promotional programmes include the provision of credit facilities; gifts in the form of clothes, soap, food items, building materials; and scholarship schemes among others (Owusu) [7]. Thus this study was designed to carry out an investigation into the specific effects these sales promotions have on cocoa purchases of LBCs in the Wassa Amenfi East District in the Western Region.

1.1 Problem Statement

Until 1992, Ghana maintained a cocoa marketing system fully controlled by the state through the Cocoa Marketing Board. As a condition under the Structural Adjustment Program, Ghana liberalized its system to bring on board LBCs to participate in the marketing of cocoa beans in the country. Despite this reform, Ghana is the sole country in the world with a hybrid marketing system involving state control of the whole volume of exports, price fixation and an indomitable presence in the internal marketing of cocoa through the Produce Buying Company (PBC) and about 27 Licensed Buying Companies (Vigneri and Santos, [6]; COCOBOD, [8]; Owusu) [7].

The increased number of LBC's in Ghana since the reforms has resulted in intense competition in the marketing of cocoa in the country. This competition is made more intense with the dominance of the PBC's in the market. PBC alone captures 36.8 percent of the market share leaving less than 70 percent for the 27 LBC's (COCOBOD [8]). Being the only state-owned company in the cocoa marketing business, the PBC is able to deploy the state machinery to outwit the other LBC's, creating a not conducive marketing environment for the LBCs (Lavern [9]; Laven and Baud, [15]). Despite the dominance of the PBC in the cocoa marketing business, private LBC's such as Olam, Adwumapa Buyers Limited, Akufo Adamfo are able to capture approximately 11 percent, 9 percent and 12 percent of the market respectively (COCOBOD, [8]). These buying companies adopt strategies which are mainly in the form of sales promotions to attract farmers to sell their produce to them. It must be noted here that LBC's are not able to adopt "price-related" sales promotions since cocoa prices are fixed by the COCOBOD. This implies that sales promotional programmes play important roles in increasing the shares of LBC's in the marketing business and thus becomes a focal area of academic and policy research.

However, research on the cocoa marketing in Ghana has overly concentrated on areas such as the debate on the success of the cocoa marketing reforms (Zeitlin, [10]; Ruf, [11]; Williams, [12]); liberalization and cocoa quality (LMC International Ltd. [13]; Sakyi-Bediako) [14]; the economics and benefits of liberalization (Vigneri and Santos, [6]; Kolavalli and Vignerin. d.; [15]); the activities of LBCs (Lavern [9]; Laven and Baud, [16]; Owusu, [7]); farmer incentives and productivity and cocoa quality (Takane [17,18]; Dormon et al. [19]; Dormon and Sakyi-Dawson, [20]; Quarmin et al. [5]) at the expense of how sales promotions affect cocoa purchases of LBC's in Ghana. However, the effects of sales promotions on cocoa purchases or choice of LBC's have only been treated as a subsidiary issue in a few research (Vigneri and Santos, [6]. The lack of specific in-depth studies on the above issue is regrettable since such studies can inform the strategies and practices of LBC's and help improve cocoa marketing in Ghana and make it more competitive and also beneficial to farmers. To close this gap therefore, this study will depart from previous studies to look into how sales promotions influence their choice of LBC's and affect the purchases of such LBC's. To provide a district specific study, the research focused on the Wassa Amenfi East Cocoa District in the Western Region.

The main aim of the research is to identify the influence of sales promotions on the purchases of LBCs in the Wassa Amenfi East Cocoa District. Specifically, the study seeks to achieve the following objectives.

1. To identify the incentive programmes (sales promotion) made available to cocoa farmers by Licensed Buying Companies in Wassa Amenfi East District.
2. To analyze the sales trend of cocoa in the Wassa Amenfi East District by the Licensing Buying Companies.
3. To identify the challenges associated with farmer incentive programmes (sales promotion) as a marketing strategy in the Wassa Amenfi East District.
4. To assess how incentive programmes (sales promotion) affect the purchases of Licensing Buying Companies (LBC's) in the District.
5. To propose ways of improving cocoa purchases in the Wassa Amenfi East District.

1.2 The Relevance and Effects of Sales Promotional Strategies

Sales promotion has been used as a tool by companies in beguiling consumers/producers to either sell or buy products or goods. This idea is supported by Maryam [21] who posited that sale promotion is one of the key elements used by companies in marketing mix in order to stimulate its customers or producers to purchase from them or to sell their produce to them. He further mentioned that promotions have been rapidly growing with marketers shifting their attention to sales promotional strategies more than other devices. The increasing use of sales promotions have influenced customer/consumers to become deal prone and it in turn stimulate marketers to rely more on sales promotions in order to respond to this consumer behavior trends (Maryam) [21]. This implies that sales promotional strategies has become the main marketing strategy used by most companies across the world to win producers or suppliers of a particular product, meet the needs of the supplier, improve productivity, and finally increasing the profit of the company and thus its impact or effect could not be downplayed.

Sales promotions are comparatively easy to apply, and are likely to have immediate and considerable effect on the volume of sales/purchase (Hanssens et al.) [22]. Institutions use sales promotional strategies in order to entice their customers or suppliers to either buy their products or sell their produce to them. This research looks at using sales promotional programmes to influence producers or suppliers (cocoa farmers) to sell their produce to Licensing Buying Companies in Ghana. The quintessence of setting up a business organization is to make profit. Without profit, a business is bound to fail (Okoli,) [23]. Loudon and Bitta [24] added that sales promotion plays a significant effect on decisions which help in achieving the organizational (company's) objectives. According to Anah [25], Kotler and Armstrong [26], sales promotion are used to; identify and attract new customers, establish fluctuating sales pattern, and to combat competitor's marketing efforts.

1.3 Cocoa Marketing Structures in Ghana

Farmers take their cocoa to buying centres, operated by the Ghana Cocoa Board (COCOBOD). Cocobod operates subsidiary organizations throughout the marketing chain, including the Produce Buying Company (PBC)

and Cocoa Marketing Company (CMC). The cocoa is weighed on certified scales. The Quality Control Division (QCD) then grades and seals it into export sacks. The cocoa is then taken to 'take-over points', such as Tema port, where it is sold to the CMC at a fixed price. A few licensed companies may be able to export up to 30 percent of their crop directly. Farmers may also sell their cocoa to co-operatives, notably Kuapa Kokoo, that sell to the government in the same way (Anti-Slavery International report) [27].

1.4 Trend and Impact of Cocoa Production in Ghana

Cote D'Ivoire and Ghana continues to be the leading producing countries of Cocoa in the world market. The splendid performance of these two countries had been noticed since 2000. For instance, over the last 10 years, Africa has firmly established itself as the leading cocoa supplier. Much of this growth has come from Ghana, which achieved the largest increase in output (up by 269,000 tons) and the second biggest producer after Cote d'Ivoire, representing 21% of global production (World Cocoa Foundation, [28]). In 2009 to 2010, annual cocoa production has increased globally reaching 3.6 million to increasingly concentrate in a handful of countries (ICCO) [29] such as Ghana and Cote D'Ivoire. Another important recent contribution of the cocoa industry in the country is the development of cocoa products. In recent years, because of technology many products have been developed from cocoa. Both cosmetics and consumables alike have been developed from cocoa. A case in point is cocoa butter and chocolate of various kinds. It must be recognized that these aspects of the contribution of cocoa owe much to the technological advancements in the country according to the Institute of Statistical, Social and Economic Research (ISSER) [30].

1.5 Development of Conceptual Framework for the Study

The identified variables from the review of literature are used to develop the conceptual framework for the study. The framework is developed through the review of literature on liberalization and sales promotional programmes by Licensing Buying Companies (LBCs) in Ghana. According to the diagram (Fig. 1), the Ghana Cocoa sector was liberalized to introduce competition in the marketing of cocoa by different Licensing Buying Companies (LBCs). The

competitive nature of the marketing system had resulted to the adoption of promotional strategies as incentives to control the market. These promotion strategies are adopted by the LBCs in the form of financial and non-financial incentives to win the loyalty of farmers to sell their produce to them. These sales promotional strategies have a short and long term effect on the farmers. In the short term, farmers shift their attention to a particular LBC providing the incentives while the long term effect is for the cocoa farmer to stick to a particular company. Fig. 1 depicts the conceptual framework for the study.

1.6 The Effects of Sales Promotion on Customer Purchasing Decision

Sales promotional programmes have enormous effects or influence on purchasing decision of customers. It is used as an attraction by companies to win the loyalty of its producers (cocoa farmers). Companies use sales promotion as their purchasing power to acquire more cocoa beans from cocoa farmers. It is continuously said that most types of sales promotions affect the decision making and purchasing stages of the buying-process directly that is, effective in the long-run since it leads to increased sales/purchases and profit of the company. Narasimhan et al. [31] posited that promotions typically cause a large bump in short-term purchase or sales of goods. They added that sales promotional elasticity's are higher for categories with a relatively higher producer propensity to stockpile (supply the goods or product).

There is no doubt that sales promotions have a gigantic effect on the purchase and sales of goods. Companies use sales promotion as a strategy to achieve their goals, objectives, and win clients but the effectiveness of the strategy depends very much on the tendency of the supplier or producer to supply the products. Licensed Buying Companies (LBCs) in Ghana have found ways to ensure that farmers sell their cocoa beans to them alone and therefore have instituted incentives and sales promotional programmes. Some of the incentives in the form of sales promotions include credit facilities; gifts in the form of clothes, soap, food items, building materials; and scholarship schemes among others (Owusu) [7]. Farmers in turn maintain loyalty to buyers who provide such incentives and cash rewards.

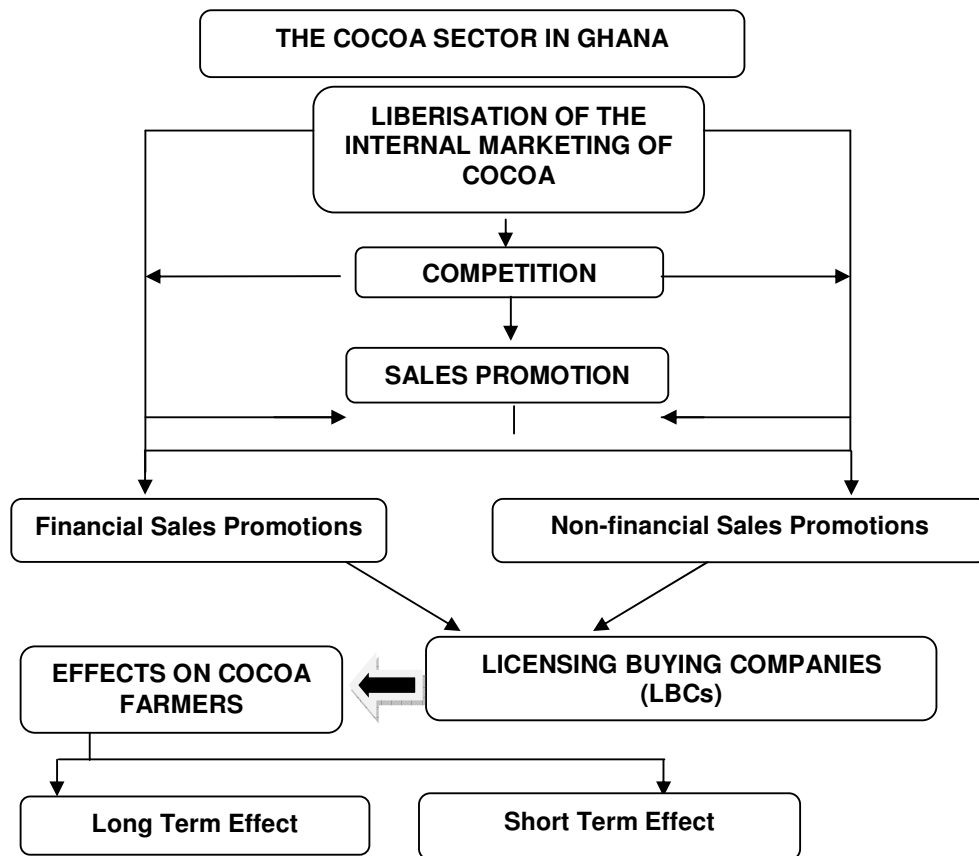


Fig. 1. Conceptual framework for the study

Source: Authors Construct, March, 2013

To add to the above, the use of sales promotion causes a switching of their clients or producers (cocoa farmers) from selling their produce (cocoa beans) from one company to another depending on the satisfaction receives from the company. Switching as used in this study is defined as a onetime decision taken by cocoa farmers to associate themselves with other companies (LBCs). When such a situation happens, then it becomes a cost to the company termed as 'switching cost'.

Some researches prove that sales promotions do not have a constant or continued effect on volume of purchase/sales which tend to diminish and come at the initial level at which it was before the sales promotion is being offered (Srinivasan et al. [32]). Research conducted by Ailawadi and Neslin [33] revealed that sales promotions motivate the clients or producers (cocoa farmers) to make immediate sale/purchases of goods and also positively impacts the purchase/sales volume. A research was conducted by Dekimpe et al. [34] on four

different product categories to find out the permanent and temporary effects of sales promotions on sales volume. Their research has proved that there are rarely any permanent effects of sales promotions on the volume of purchase/sales of a product- thus, showing that sales promotion does not change the structure of purchase/sales over the long run.

It is learnt from the above that, sales promotion though it influences sales or purchase of products, it is not the stronghold of enticing producers (cocoa farmers) to stick to a particular company for a long period of time but it is only encouraged at the short term and discouraged at the long term.

2. MATERIALS AND METHODS

In looking at the heterogeneous nature of the population, the research cannot study all the population and therefore it was limited to cocoa farmers, the Purchasing Clerks (PCs), Quality

Control Division (QCD) and the Licensing Buying Companies (LBCs) in the Wassa Amenfi East District. The District has thirty three thousand, five hundred and twenty four (33,524) cocoa farmers, fourteen (14) Licensing Buying Companies and about two hundred and sixty-one (261) purchasing clerks.

For the purpose of this study, the formula below was used to select Cocoa Farmers in the district.

$$n = \frac{N}{1 + (Ne^2)}$$

Where n is the sample size, N is the sampling frame and e is the margin of error.

N =Number of Cocoa Farmers (33,524)
 e = 8% margin of error (92% confidence interval)

$n = \frac{33,524}{1+33,534(0.08^2)} = 155$, Therefore the sample size for cocoa farmers is 155

2.1 Sample Size for Purchasing Clerks

$n = \frac{N}{1+(Ne^2)}$ Where n is the sample size, N is the sampling frame and e is the margin of error.

N =Number of Purchasing Clerk (261)
 e = 8% margin of error (92% confidence interval)

$n = \frac{261}{1+261(0.08^2)} = 97.73$, Therefore the sample size for Purchasing Clerk is 98 approximately

The categories of respondents included the farmers, purchasing clerks, district managers and a QCD officer and their respective sample sizes is illustrated in Table 2.1. Data was collected from 155 farmers in the district on cocoa marketing, LBCs and their sales promotional programmes and their effects on their choice of LBCs. Again, 98 purchasing clerks were interviewed on their operations, relationship with farmers, competing strategies, performances, Sales Promotion activities and general challenges faced in cocoa marketing in the district. Moreover, data gathered from district managers concern their operations, sales promotion programmes and their effects on markets shares. Finally, the QCD officer responded to questions relating to quality of cocoa purchased by LBCs, LBCs' performance and the operations of the QCD in the district.

These data are the bases for the issues discussed in this section.

Table 2.1 Categories of respondents

Categories	Frequency
Farmers	155
Purchasing clerks	98
District managers	14
QCD officer	1
Total	268

Field survey instruments such as questionnaires, interview guides and checklists were designed to collect data relevant to the study. Open ended and close ended questionnaires were designed and used. The research used both qualitative and quantitative methods of analysis. The intent of using quantitative method for this study was to establish, confirm, or validate relationships and to develop generalizations that contribute to theory. Qualitative method was used for this study because, it is less structured in description and it formulates and builds new theories. Structured interview was used by the researcher. The interview was done through a Focus Group Discussion with farmers. The researcher conducted Focused Group Discussion with Cocoa Farmers in five communities on the effects of sales promotional programmes on the sales and purchase of cocoa. The communities were Wassa Grumesa, Afranse, Saaman, Adesu and Adumako. The use of interviews in this study was deemed appropriate in order to get closer to the interviewee and be able to solicit information which was not divulged on the questionnaire. The use of interviews affords interviewee the opportunity to express themselves, the choice to ask other relevant questions pertinent to the study.

During the data collection, the researchers took into consideration ethical issues so the study did not encounter any crucial ethical problems. The researchers sought the consent of informants before interviews begun. Again, the researcher informed participants about the purpose of the study and ensure them of the confidentiality of their responses. The researchers anonymized responses to protect the interest of respondents.

Data from the field was edited, rationalized and collated. Qualitative data was coded with each sentence given a unique code using Statistical Package for Social Sciences (SPSS) software. Subsequently, data was categorized and tabulated to respond to the study objectives.

Qualitative research was used purposely for describing, explaining, and interpreting data collected from the field. Quantitative data collected was also coded using the SPSS software. It was analyzed and used to support the qualitative data for clearer understanding of the subject. The data collected was analyzed with the aid of Excel and Statistical Package for Social Scientists (SPSS) computer software to provide descriptive statistics and frequency tables, and bar graphs etc.

3. RESULTS AND DISCUSSION

The survey revealed that majority (37 percent) of farmers interviewed had been to only primary school while 24 percent have never been to school. Fig. 3.1 shows the educational background of cocoa farmers in the district.

Fig. 3.1 indicates that only 13 percent of the farmers have attained Senior High School and/or vocational level of education. Also, 26 percent of farmers have been to Junior High School and/or Middle school. This implies that the level of education of farmers in the district is low and this could have effects on farming practices. The

application of fertilizers and other chemicals such as weedicide and pesticide demands someone who can read so as to apply accordingly. Farmers could be influenced by the sales promotions if it goes with educating them on the use of those promotional items provided by the LBCs. For instance, the supply of fertilizers to farmers coupled with other services such as the use or its right application could influence farmers due to their low educational background.

3.1 Incentive Programmes by LBCs in Cocoa Marketing in the District

3.1.1 Sales promotion programmes of LBCs

Responses from farmers, PCs and LBCs indicate that LBCs adopt various Sales Promotional Programmes to attract farmers to sell their produce to them. The sales promotional items include farm and non-farm related sales promotional programmes. The non-farm related sales promotional programmes take the form of services LBCs provide to their farmers. Some of these Programmes include

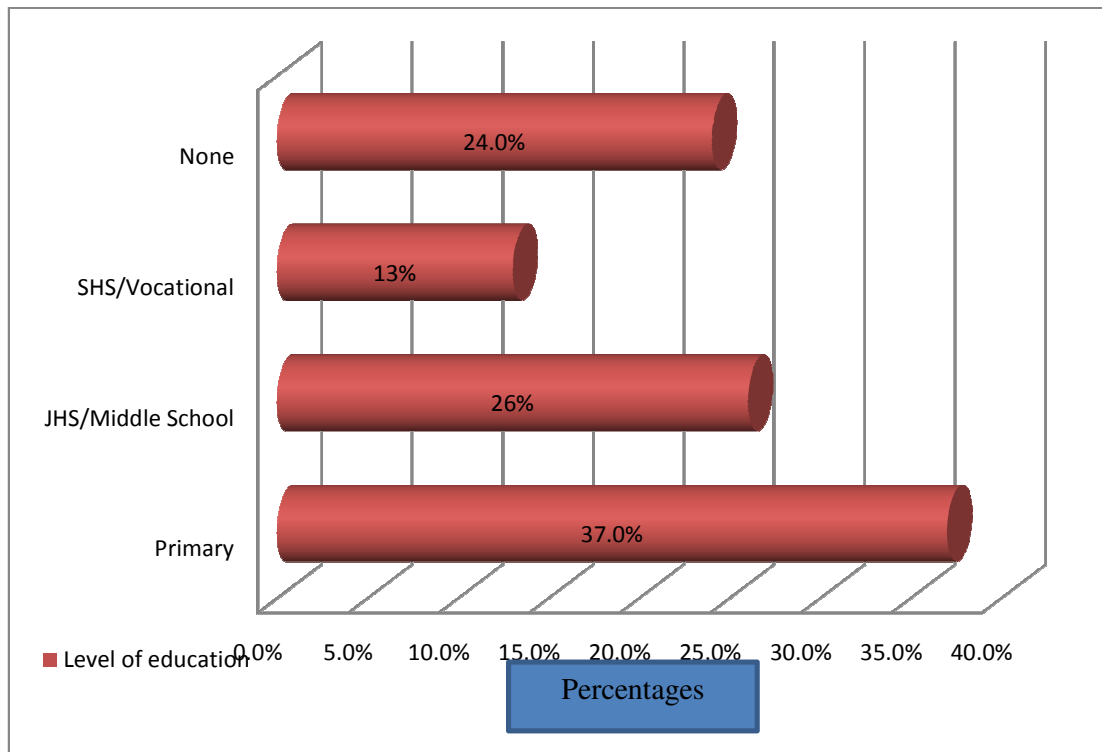


Fig. 3.1 Educational background of cocoa farmers in the district

- **Capacity Building Programmes for Farmers and PCs:** KuapaKookoo has instituted capacity building programmes in the district to train and sensitize farmers and PCs to produce good quality cocoa beans. On the part of PCs, workshops are organized to train them on how to increase purchases and customer care, records keeping, banking services, and management of seed fund provided by the company. It also releases handouts to Purchasing Clerks concerning their operations in their various societies. Similarly, sensitization programmes are organized at the society (community) levels to educate farmers through the District managers and the PCs. During these sessions, farmers are taught application of agrochemicals, quality control of beans, COCOBOD and other government issues regarding farmers' welfare such as COCOBOD scholarship, NHIS, SSNIT scheme and mass spraying. These training programmes attract farmers since they are eager to gain yield improvement skills.
- **Provision of Incentives to Farmers:** The LBCs in the district provide incentives to farmers in the form of cloths, soaps, books, pencils and pens, salt, cutlasses, boots, spraying machines and so on. The most prominent in this is the Produce Buying Company and KuapaKookoo. Licensed Buying Companies such as PBC, Armajaro, AkufoAdamfo and KuapaKookoo supply subsidized fertilizers and other agrochemicals to farmers on credit basis. Responses from a Focus Group Discussion indicate that the (early) provision of fertilizer is the most important reasons why they sell their produce to particular LBCs in the district.
- **Motivation of Purchasing Clerks:** Purchasing Clerks of LBCs are provided with various incentive packages to boost their morale. For instance, PCs are paid commission on each bag of cocoa they purchase from farmers. Additionally, some companies such as Akufo Adamfo and PBC have instituted annual award schemes for best performing PCs in the district.
- **Early Payment of Bonuses and Commissions:** The survey revealed that the LBCs in the district embark on early payment of bonuses and commissions to farmers and PCs respectively. The PBC for instance supplies advance bonuses and commissions to farmers and PCs before the cocoa season. Armajaro and Kuapa Kookoo also provide additional bonuses to farmers, aside the government bonuses. Thus these farmers are always motivated to sell their produce to the companies. It also serves as a mechanism for attracting more farmers and PCs hitherto belonging to other companies.
- **Timely Release of Funds for Purchase of Cocoa:** Seed capital is needed by every PC to be able to offer advance payment or pay farmers instantly. The PBC, Armajaro, KuapaKookoo and AkufoAdamfo provide timely capital for PCs to work with. Most often, the PBC provides this seed capital in large amount as compared to the other LBCs in the district. By so doing, PCs are able to provide credit facilities and buy more of the cocoa beans ahead of their counterparts in companies such as Adwumapa, FEDCO, Diaby and other prominent LBCs.
- **The PBC also assists cocoa farmers in getting COCOBOD Scholarships for their wards.** This move usually elicits loyalty from farmers as they all want their wards to be awarded COCOBOD Scholarships. This partly accounts for PBC's large share of the market.
- **Provision of Infrastructure:** LBCs such as Kuapa Kookoo and PBC have been providing socio-economic infrastructure in the cocoa communities. Kuapa Kookoo has been providing boreholes and school buildings to some communities while PBC has also assisted communities to install solar panels to provide street lights in the communities.
- **Formation of a five-member committee:** PBC has formed a five member committee in each society to campaign for PCs in their communities. This committee helps individual farmers to harvest their crops, transport them from the farm and dry them at the house. This serves as a motivation for the beneficiary farmer to sell his/her produce to the PC of PBC at the particular society. Further, they gather information of the particular demands of farmers and advice the PC accordingly. This ensures that the PC tailors his/her incentive package towards the actual needs of the farmers so as to win them.
- **Payment of additional bonuses:** LBCs such as Kuapa Kookoo and Armajaro pay additional GH¢2 on every bag of cocoa a farmer sells to each company. This serves as a motivation to the farmers to sell their produce to the companies.

It was realized that LBCs adopt similar sales promotional programmes with the exception of few of them. LBCs such as Transroyal Ghana Limited, Armajaro Ghana Limited, Akuafu Adamfo and Kuapa provide wrist watches, cloths, cooking utensils, hand and nose masks, spraying machines that other LBCs do not provide. In addition, companies such as Kuapa Koo provide free bonuses and pre-financing to farmers apart from those bonuses enjoyed from COCOBOD. Aside from these sales promotional packages, Licensing Buying Companies provide other incentives and services to their cocoa farmers. These include, but not limited to, the following; provision of solar streetlights, construction of bridges, construction of school buildings and clinics for some communities, construction of boreholes, provision of technical advices on farming practices and inspection of farms. These activities are seen as the Corporate Social Responsibility (CSR) of LBCs in the district, beyond the provision of sales promotional programmes. LBCs extend their part of profit to the provision of the above mention activities to create a long-lasting image of the company so as to draw farmers' attention to them. Farmers in turn see these activities as helping them to meet their basic needs and thus influence them to sell their cocoa beans to a particular LBC.

Table 3.1 gives the details of Sales Promotion Packages for each of the fourteen LBCs operating in the district.

3.2 Trend of Cocoa Sales from Farmers in the District

Cocoa marketing is a vibrant business in the Wassa Amenfi East District with about 33524 farmers selling their produce to 14 LBCs in the district. The total amount of cocoa beans sold has been fluctuating since 2009/2010. Though the quantity (kg) of cocoa sold increased by 21.5 percent in 2010/2011 over the previous year, sales have been declining since last two years as indicated in Table 3.2.

Table 3.2 and Fig. 3.2 indicate that cocoa purchases in the district declined by 5.8 percent in 2011/2012 and further by 3.7 percent in 2012/2013. This decline in output can be attributed to the general low production of cocoa in the years in question. The supply of fertilizers to farmers was overly delayed by the LBCs and this affected productivity since farmers had no alternative means to secure fertilizers for their crops.

Following PBC are Transroyal Ghana Limited and Akuafu Adamfo with each commanding more than 10 percent of the cocoa market in the district. The determinants of the positions or shares of these LBCs are their Sales Promotional Packages and that of their PCs. Table 3.3 shows that percentage market shares of LBCs since 2009/2010.

3.3 Effects of Sales Promotional Packages of LBCs on Cocoa Purchases

3.3.1 Effects of sales promotional programmes on farmers choice of LBCs

The provision of sales promotional programmes has significant impact on farmer's decision or choice to sell their cocoa beans to a particular LBC in the district. According to a Focus Group Discussion with Farmers, it was observed that farmer's choice of LBC depends on the particular sales promotional packages provided. Some sales promotional packages have long term and short term effects on cocoa purchases. The sales promotional items identified in the study are grouped under farm related sales promotional inputs and non-farm related sales promotional inputs. Non-farm related sales promotional inputs such as salt, soap, watches, cooking utensils etc have short term effects on cocoa purchase of farmers by Licensing Buying Companies in the district. On the other hand, the farm related sales promotional inputs such as fertilizers, weedicides, pesticides, cutlasses, and farm inspections, capacity building programmes and spraying machines have long term effects on cocoa purchase of farmers by LBCs.

According to a Focus Group Discussion with Farmers, it was discovered that farm related sales promotional inputs helps farmers to increase their productivity. Fertilizers coupled with spraying machines to spray their cocoa farms for instance, help farmers to increase their yield. These items have high influence on cocoa purchases and choice of LBCs in the district. It was also observed that LBCs such as Transroyal Ghana Limited, Armajaro Ghana Limited, Akuafu Adamfo and Kuapa supplies farm inputs such as spraying machines and fertiliser to farmers without initial payment. This influenced farmers to sell their cocoa to those companies. There is no doubt that Transroyal and Akuafu Adamfo were the second and third LBCs with the highest purchase of about 41,946kg and 39,653kg bags of cocoa from farmers in the year 2013.

However, Produce Buying Company (PBC) does not provide enough and consistent sales promotional packages, but hold the highest share of cocoa in the district. In 2013, PBC purchased about 95,677kg of cocoa from farmers in the district. The reason was attributed to the fact that PBC is a government company and that by selling their cocoa to them, they feel secure. Also, PCs of PBC have good human relationship with farmers. Some PCs provide incentives to their farmers without the support from their LBCs. Farmers obtain loans from PCs without paying any interest, this enticed farmer to sell their

cocoa beans to a particular LBC through the PCs. According to a Focus Group Discussion with farmers in Afranse, a community in the district, farmers of PBC for instance have made their decision to sell their cocoa beans to another LBC if the PC is transferred or stops working with them. This is strong evidence that some PCs have influence on cocoa purchase of farmers in the district. According to farmers, sales promotional programmes affect cocoa purchases and choice of LBC through various ways as shown in Table 3.4.

Table 3.1. Sales promotional programmes by LBCs

Name of LBC	Type of sales promotional items
PBC	Salt, soap, scholarships and fertilizers, solar panel streetlights, construction of bridges, pre-financing, formation of five-member committee at the society level
OGL	Exercise books, scholarships, distribution of mosquito nets, cutlasses, fertilizers, wellington boots, payment of bonuses
AGL	Fertilizer, soap, provision and repairs of spraying machines, wrist watches, clothing, wellington boots and mosquito nets
TGL	Provision of credits (pre-financing), mosquito nets, fertilizers, and cooking utensils, wellington boots, wrist watches, pre-financing, nose and hand mask
ABC	Fertilizers, soap, payment of bonuses, clothing, exercise books, pens, pencils, and salt
DC	Annual distribution of soaps, exercise books and salt, Farm inspections and extension and technical advice
SACC	Fertilizers, soap, cutlasses, weedicides, pesticides
KKC	Soap, salt, fertilizers, payment of bonuses, exercise books, pens, pre-financing, pencils, spraying machines, T-shirts, farm inspection and extension, boreholes, capacity building programmes for farmers and PCs, building of schools and clinics
AA	Soap, salt, fertilizers, payment of bonuses, exercise books, pens, pencils, spraying machines, clothes, nose and hand mask
CC	Soap, salt, fertilizers, payment of bonuses, exercise books, pens, pencils
FEDCO	Soap, salt, fertilizers, exercise books, pre-financing
CMC	Soap, salt, fertilizers, payment of bonuses, exercise books, pens, pencils
MARRIE	Soap, Salt, books, pens, pencils, fertilizers
DJ	Soap, Salt, books, pens, pencils, fertilizers

Types of sales promotional run by the farmers

Table 3.2. Cocoa sales in the district since 2009/10 crop season

Crop years	Amount of cocoa sold (kg)	Percentage change
2009/2010	268053	-
2010/2011	325664	21.5
2011/2012	304667	-5.8
2012/2013	293425	-3.7

Table showing the decline in cocoa sales since 2009/2010

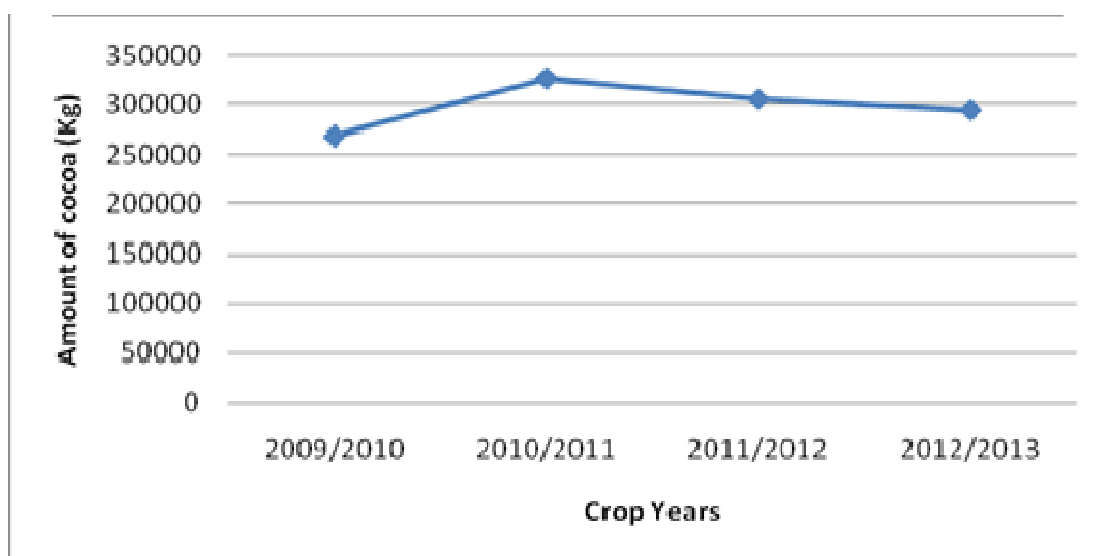


Fig. 3.2. Trend in cocoa purchases (Kg) since 2009/2010
Trend of sales in crop years and the amount of cocoa sold

Table 3.3. Percentage market shares of LBCs since 2009/2010

LBC	2009/2010 (%)	2010/2011 (%)	2011/2012 (%)	2012/2013 (%)	Current Position
PBC	31.1	26.9	31.4	32.6	1 st
TGL	4.9	9.9	14.4	14.3	2 nd
AA	13.7	14.6	13.3	13.5	3 rd
AGL	8.9	9.6	7.7	7.9	4 th
KKC	3.9	4.9	6.5	7.1	5 th
ABL	13.5	8.3	6.1	6.0	6 th
SACC	2.1	4.5	4.6	4.5	7 th
DC	10.5	7.3	4.7	4.4	8 th
CML	2.8	3.7	3.5	3.6	9 th
OGL	6.2	6.6	4.0	3.5	10 th
DJ	0.8	1.3	1.3	0.9	11 th
CC	0.6	1.2	1.2	0.7	12 th
FEDCO	0.6	0.9	0.9	0.7	13 th
MARRIE	0.4	0.3	0.4	0.3	14 th
Total	100.0	100.0	100.0	100.0	-

Market share of the various LBCs

From the above discussion, it can be concluded that sales promotional programmes by Licensing Buying Companies (LBCs) have much effect on cocoa sales of farmers in the Wassa Amenfi East District. Majority of farmers (57) said that sales promotional programmes are like baits which attract them to sell their cocoa beans to a particular LBC.

3.3.2 Effects of sales promotion programmes on LBCs share of the market

The sales promotional programmes of Licensed Buying Companies (LBCs) affect their marketing

performances. As can be seen from Fig. 3.3, some LBCs such as PBC, Akufo Adamfo and Kuapa Kookoo have been increasing their market shares over the years while the market shares of Adwumapa, Sika Aba and Diaby have been deteriorating over the years.

The booming LBCs are increasing their shares of the market due to the use of extra and unique sales promotional packages. Aside from being a subsidiary of the COCOBOD, the PBC adopts a number of sales promotional packages that have maintained its lead in the market. Being a state

company, it has a major influence in the award of the COCOBOD scholarship to farmers' wards and thus uses its agency to do so. As such more farmers sell their cocoa to PBC to guarantee the acquisition of scholarship for their wards. Moreover, PBC has been assisting communities to acquire solar lights and this has been instrumental in gaining more farmers. Moreover, Kuapa Kookoo has been increasing its share of the market since 2009/10 due to the provision of extra facilities under its sales promotion programme. Since 2011, Kuapa Kookoo has been providing boreholes, school buildings, clinics, capacity building programmes for farmers and PCs and payment of extra bonuses to farmers. According to the District Manager of the company, these services and packages have won the hearts of many farmers and community leaders and these have pledged their loyalty to the company for a very long time. Moreover, with Kuapa being a farmers' cooperative, every farmer that sells to the company enjoys from the profit of the company and this retains them for a very long period. A combination of all these promotional packages has served to increase the share of the company every crop year.

Though Akuafio Adamfo has not been providing extra promotional packages aside from the conventional provision of fertilizer, salt, soap and spraying machine, it embarks on early release of seed capital to its PCs to command a sizeable share of the market. The early release of the

seed fund helps PCs to pre-finance or provide loans to farmers before the seed funds of other LBCs arrive. This helps the PCs to buy more from farmers since the provision of loans to farmers pins them to the PCs.

Contrary to the booming market for the companies discussed above, others have been losing their market shares due to some reasons relating to Sales Promotion. Firstly, though these LBCs provide (late) fertilizer and essential commodities to farmers, this is a conventional practice by all LBCs and has little impact on sales. Fertilizer is the only exception but the late arrival of these chemicals from the LBCs limits its potency to attract farmers. Secondly, Adwumapa used to supply early seed capital, early fertilizer, insecticides, provision of bikes and spraying machines and prompt payment of bonuses. This accounted for the promising performance in 2009/2010 and earlier. However, according to its PCs and the District Manager, the company has ceased the supply of all these promotional packages and that has resulted in its abysmal performances since 2010/2011. Thirdly, companies such as Diaby and Sika Aba do not provide any additional promotional packages apart from the conventional ones discussed above. This has therefore made these companies unattractive to farmers. In fact, farmers have been abandoning these LBCs for "better" ones.

Table 3.4. Effect of sales promotion on cocoa sales

How Sales promotional programmes affect cocoa purchases of farmers	Number of responses from cocoa farmers	Ranking
It is like a bait which trapped or forces them to sell cocoa beans to a particular LBC	57	1 st
It serves as motivations which convinced or encouraged them to sell their cocoa	48	2 nd
Sales promotional programmes reduces their expenditure and saves money	34	4 th
It shows that LBCs care about farmers	21	6 th
Sales promotional packages such as mosquito nets improve their health conditions	33	5 th
Farmers keep LBCs in remembrance during the cocoa seasons through sales promotional programmes	44	3 rd
Farmers develop trust in LBCs through sales promotional programmes	13	8 th
Sales promotional programmes are promising incentives	19	7 th

Responses showing how farmers perceive how sales promotional activities affecting cocoa purchases

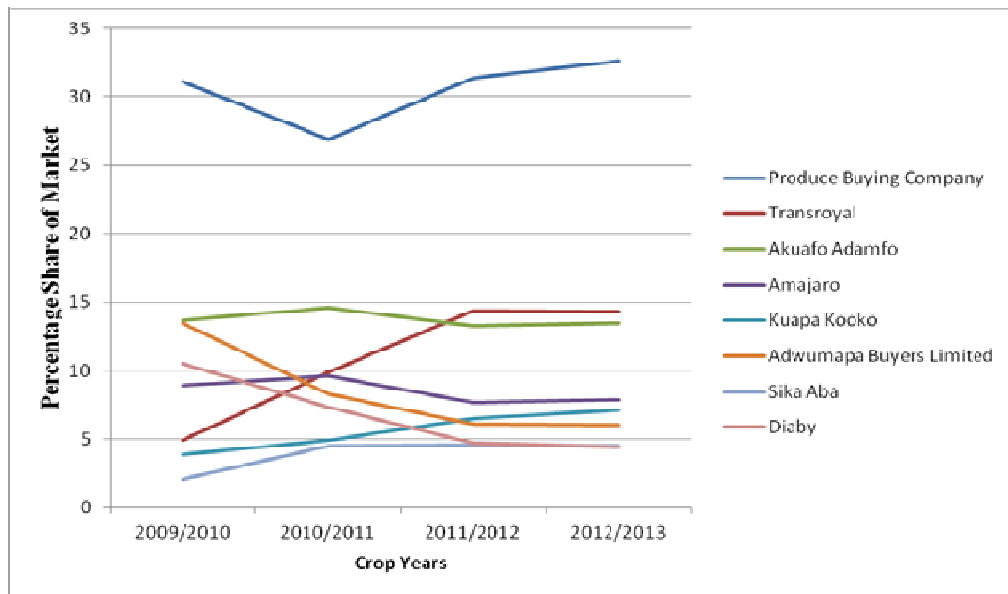


Fig. 3.3. Trend of market shares by the LBCs since 2009/2010
Market trends of LBCs

The analysis indicate that the use of Sales Promotion Packages such as early supply of seed funds, provision of infrastructure, early payment of bonuses and assistance in scholarship acquisition are very critical in affecting the sale of farmers' cocoa to LBCs and subsequently, the latter's share of the cocoa market.

3.3.3 Effects of sale promotion packages of PCs on farmers' choice of LBC

Aside from the packages provided by LBCs, PCs have their own packages they use to influence their share of the local market. These strategies have been explained in previous subsections. In Fig. 3.4 it can be seen that PCs of some LBCs have been increasing or maintaining their farmers' while others have been shedding farmers. The study revealed that the ability of a PC to attract or retain a farmer largely depends on the early supply of fertilizer, financial assistance or capacity and good interpersonal relationships. Only the PCs of PBC and Kuapa Kookoo had a combination of all these factors and this accounts for the increasing numbers of farmers they have as depicted in Fig. 3.4.

Other PCs from LBCs such as Sika Aba, Adwumapa, Diaby and Transroyal lack the financial means to purchase fertilizer on their own for the farmers and also provide prompt financial assistance to farmers when the need

arises and these accounts for their inability to attract more farmers and/or retain their loyal farmers. While PCs of Kuapa Kookoo and PBC see it expedient to supply farmers' fertilizers and loans from their own coffers early in the season, the PCs of other LBCs have relented in their efforts awaiting supplies from the companies and this has adversely affected their performances over the years. Table 3.4 provides the reasons for the performances of the PCs and goes to affirm the fact that it is the provision of sales promotional packages that affect the market shares of PCs and subsequently LBCs in cocoa marketing for every particular year in the district.

3.3.4 Multiple regression analysis of sales promotional packages and farmer's decision to sell to LBCs in the Wassu Amenfi District

A multiple regression analysis was done to establish a linear relationship between the decision to sell to a particular LBC and the various sales promotion packages of LBCs. For this study, the number of farmers selling to a particular LBC is used as the measure of farmers' decision to sell to an LBC and is taken as the dependent variable (y). Three most prominent sales promotion packages affecting farmers' decision to sell to a particular LBC are supply of fertilizers, supply of spraying machines and provision of essential commodities. These are used as the independent variables. Table 3.5

gives the values of each variable from the field survey.

The regression analysis showed that Sales Promotional programmes have a strong and direct relationship with the number of farmers who decide to sell to a particular LBC with a strong linear trend in the normal probability plot shown in Fig. 3.5 Moreover, the Multiple Correlation Coefficient (R), Coefficient of Multiple Determination (R^2) and Adjusted Coefficient of Multiple Determination (Adj. R^2) shown in Table 3.6 indicate that put together, the correlation between all the predictor variables (sales promotional packages) and the criterion variable

(decision to sell to a particular LBC) is strong, with about 96.4% of variation in decision attributable to the combination of Sales Promotional Programmes.

Again, The Snecdecor's F-Test of Significance or Analysis of Variance (ANOVA) in Table 3.7 is large (115.831) and this suggests that Sales Promotional Programmes are significant predictors of a farmer's decision to sell to a particular LBC. Again the *P-value* of 0.000 is an indication that these programmes have strong relationship with farmer's decision to sell to LBCs in the district.

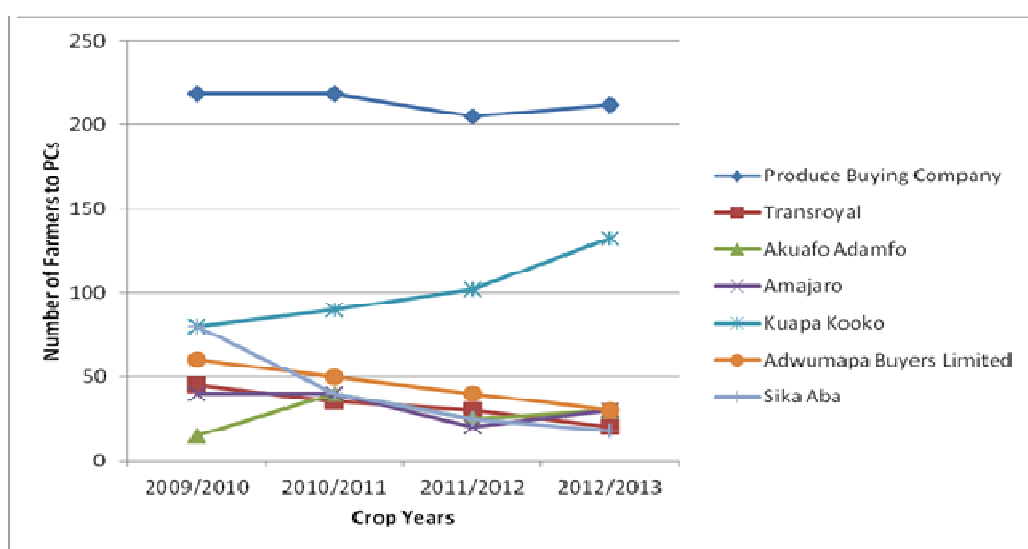


Fig. 3.4. Trend in average number of farmers to PCs of LBCs since 2009/10 crop year

Table 3.5. Values of variables from the field

LBC	Number of farmers	Supply of fertilizers	Provision of spraying machines	Provision of essential commodities
PBC	51	51	40	23
TGL	22	22	21	8
AA	21	21	19	6
AGL	12	12	11	5
KKC	11	11	7	4
ABC	9	2	1	0
SACC	7	2	1	0
DC	7	1	0	0
CML	6	1	0	0
OGL	5	1	0	0
DJ	1	1	0	0
CC	1	1	0	0
FEDCO	1	1	0	0
MARRIE	1	1	0	0
Total	155	128	100	46
Mean	11.071	8.714	7.143	3.286
Standard Deviation	13.356	14.510	11.961	6.318

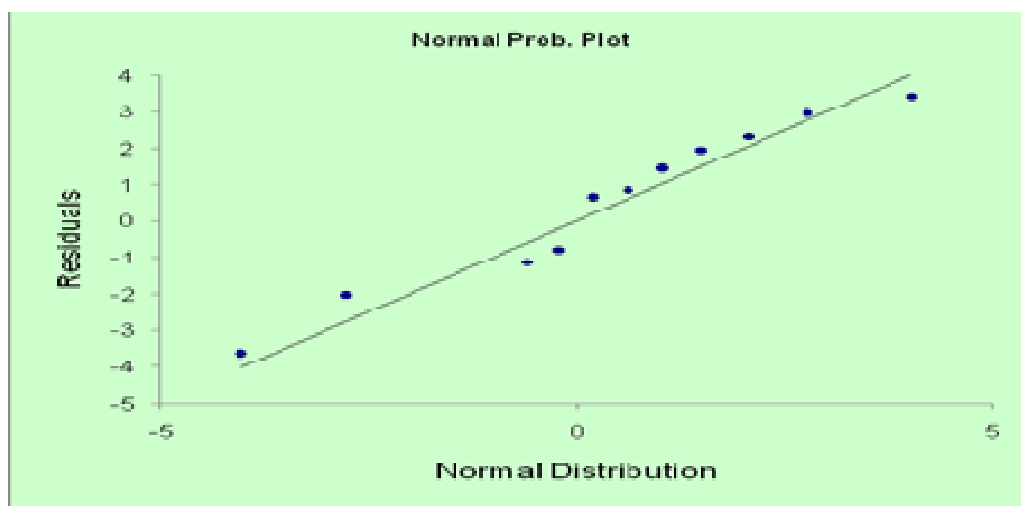


Fig. 3.5. Normal probability plot

Furthermore, Table 3.8 shows the regression coefficients of the various Sales Promotional Packages considered in the study. The results indicate that for a unit change in the supply of fertilizers to farmers by LBCs, the decision to sell to a particular LBC is likely to change by 1.624 holding all other packages or components of Sales promotional Programmes constant. Moreover, a unit change in provision of spraying machines can change a farmer's decision to sell to a particular LBC by 0.704 while a unit change in the provision of essential commodities such as salt, soap, exercise books and others can change a farmer's decision by 0.328. This implies that the supply of fertilizer as a component of sales promotional programmes has higher impacts on farmers' decision than the other sales promotional packages used by the LBCs in the district.

Similarly, the partial plots shown in Fig. 3.6 show the relationship between a predictor variable considered in this analysis and the dependent variable after accounting for the contribution of all the other predictor variables used in the analysis. By principle, a strong linear trend suggests a substantial contribution of the predictor variable in question to the explanation of farmers' decision to sell to a particular LBC over and above the other independent (predictor) variables. Thus a look at the partial plots below indicates that "Supply of Fertilizers" contribute substantially to the interpretation of farmers' decision to sell to particular LBCs followed by "supply of spraying machines" and "provision of essential commodities" which have weaker relationship with farmers' decisions.

The quantitative analyses (ANOVA and Regression Analysis) established a strong and direct relationship between Sales Promotional Programmes of LBCs and the decision of farmers to sell to them in the district. The analyses have also shown that the provision of fertilizer to farmers by LBCs is one most important sales promotional package that greatly influences farmers' decision to sell to a particular LBC. Though farmers regard other packages as important, the analyses have shown that when LBCs increase the timely provision of fertilizers to farmers in the Wassu Amenfi East District, the tendency to attract more farmers and increase cocoa purchases is high. This accounts for the booming performance of LBCs such as PBC, Kuapa Kookoo and Transroyal, Akuafu Adamfo and Armajaro which provide fertilizers to their farmers early in the season. It can therefore be concluded that if any LBC wishes to increase purchases in the district, it should focus more on timely supply of fertilizer and sometimes spraying machines and essential commodities to farmers since these sales promotional packages have been statistically proven to yield greater impacts on cocoa purchases in the Wassu Amenfi East district as shown in Fig. 3.7.

Table 3.6. Summary of regression on farmers' decision and sales promotional programmes

R^2	R	Adj. R^2	S.E. of estimate
0.972	0.986	0.964	2.547

Source: Analysis of Data collected from the Field Survey, 2013

3.4 Challenges Associated with Sales Promotional Programmes in the District

Despite the overwhelming effects of sales promotional programmes on purchases of cocoa by Licensing Buying Companies (LBCs) from cocoa farmers in the district, the programme is faced with challenges. These challenges are categorized from the perspective of farmers, Purchasing Clerks (PCs) and Licensing Buying Companies (LBCs).

3.4.1 Challenges of farmers

The challenge a farmer faces has to do with LBCs and PCs. Farmers complained that sales promotional programmes favor some cocoa farmers than others. For instance, the scholarship schemes provided by PBC favor more farmers in the urban communities than those in the rural communities. Farmers complained that people who are not farmers enjoy the scholarships. Also farmers with small sizes of farms enjoy the scholarship than farmers with large farm sizes. Linked to the above, there is limited quantity of sales promotional items supplied by PCs. There is also delay in their supply. To some farmers, the supply is done at the time they do not need. For instance, fertilizers are supplied in the month of June and July instead of March which becomes non-beneficial to farmers at that particular time. The inability of LBCs to supply fertilizers to PCs on time for further distribution serves as threat to the production of cocoa in the district since reduces the crop yields for those particular years. Others complained that PCs keep most of the items in their houses which does not augur well for farmers.

3.4.2 Challenges of Purchasing Clerks (PCs)

Purchasing Clerks (PCs) face challenges in receiving and distributing sales promotional packages to farmers. These problems or challenges have to do with their LBCs and farmers. PCs complain that sales promotional packages are supplied late and sometimes they are inadequate. PCs are usually faced with the problem of unfaithfulness from farmers. PCs mostly, provide all incentives prior to the sale of cocoa. However during sales, farmers default and sell their produce to other PCs for cash. Farmers' default affects PCs commission since such financial loss from the seed fund is usually deducted from the commissions of PCs by the District Managers. There is also intensive competition among PCs in the various communities in the district. This forces PCs to device means of attracting farmers to increase purchase of cocoa beans but they are constrained by funds.

3.4.3 Challenges of Licensing Buying Companies (LBCs)

The challenges LBCs face have to do with the company and their LBCs. LBCs receive reports from farmers that the sales promotional items are not of good quality. LBCs resentfully emulate marketing strategies of other LBCs, restructure and use against them to attract their cocoa farmers. LBCs also experience higher operational cost in the distribution of sales promotional packages to farmers. Lastly, there is high risk in seed funds provided by LBCs to their PCs during cocoa seasons. LBCs face the risk of PCs running away with seed funds thereby resulting in losses to the company.

Table 3.7. Analysis of variance on farmers' decision and sales promotional programmes

Source	Sum Sq.	D.F.	Mean Sq.	F	Prob.
Regression	2254.062	3	751.354	115.831	0.000
Residual	64.867	10	6.487		
Total	2318.929	13			

Sales promotional programmes are significant predictors of a farmer's decision to sell to a particular LBC

Table 3.8. Regression coefficients

	Coefficient	Std error	Std beta	-95% C.I.	+95% C.I.	T	Prob.
Intercept	3.026	0.903		1.013	5.039	3.349	0.007
Supply of fertilizer	1.624	0.814	1.764	-0.190	3.438	1.994	0.074
Provision of Spraying machines	-0.704	0.650	-0.630	-2.153	0.746	-1.082	0.305
Provision of essential commodities	-0.328	0.895	-0.155	-2.323	1.666	-0.367	0.721

Fertilizer as a component of sales promotional programmes has higher impacts on farmers' decision than the other sales promotional packages

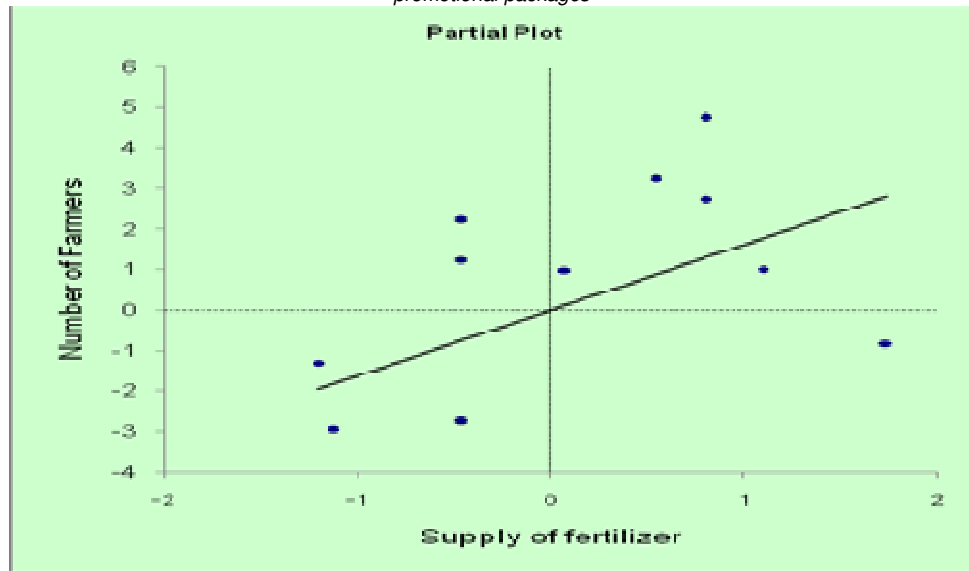


Fig. 3.6. Relationship between a predictor variable dependent variable

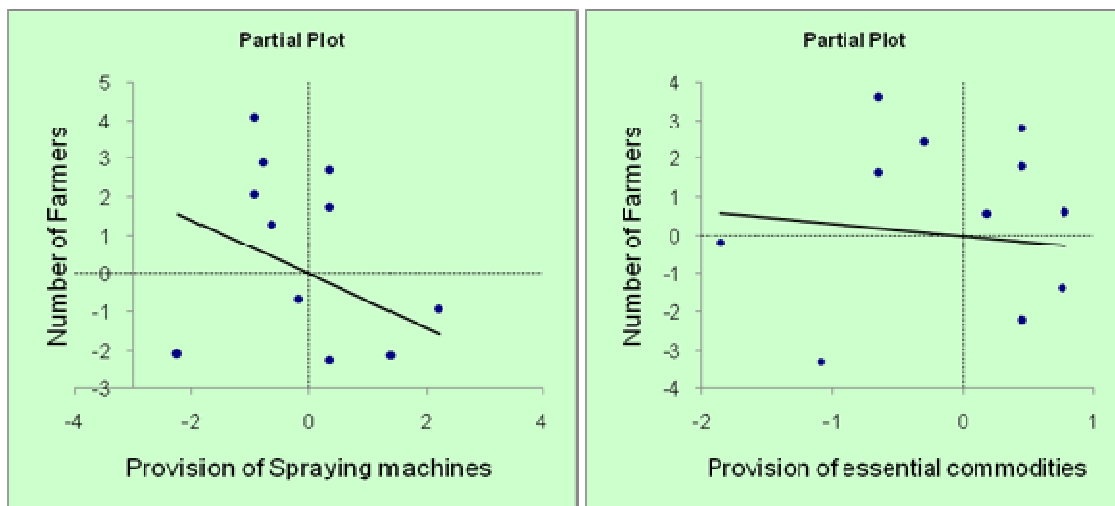


Fig. 3.7. Relationship between a predictor variable dependent variable

4. CONCLUSION

Ghana has liberalized the internal marketing of cocoa beans in the country and this has seen an influx of many LBCs into the system. This has generated intense competition in the district. The study has therefore made recommendations to help solve these problems. The LBCs and the PCs should consider adopting these recommendations to reap the full benefits of Sales Promotion in cocoa marketing in the district and Ghana as a whole.

5. RECOMMENDATION FOR EFFECTIVE SALES PROMOTIONAL PROGRAMMES IN THE DISTRICT

Findings from the study indicate that recommendation could be made to enhance the effectiveness of sales promotional programmes by Licensing Buying Companies (LBCs) in the district to increase sales of cocoa and to improve the livelihood of farmers. The following

recommendations should be given much attention;

It is recommended that sales promotional items should be released on time to PCs for further distribution to farmers. Moreover, sales promotional packages such as financial assistance, bonuses should be executed after the cocoa season.

As part of the Corporate Social Responsibility (CSR) of LBCs in the district, efforts should be made to link farmers to international agencies and Non-Governmental Organisations (NGOs) operating within or outside the district. It is also recommended that PCs should develop pragmatic measures to reduce the high default. The PCs should get a disciplinary action to tackle the problem. PCs could form an association where incidence of default could be reported and recorded so that when a farmer default a loan, he/she cannot sell the cocoa beans to another PC.

Annual award schemes, bonuses to PCs on each bag of cocoa purchased and increase in commission of PCs are all motivational packages that could be adopted and implemented by LBCs to their PCs to boost cocoa purchases. There should be regular visiting and inspection of farms and also sales promotional packages such as scholarships should benefit farmers who are located in the more remote areas.

LBCs could institute capacity building programmes in the district to train and sensitize farmers and PCs to produce good quality cocoa beans. On the part of PCs, workshops could be organised to train them on how to increase purchases and customer care, records keeping, banking services, and management of seed fund provided by the company.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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