A MARKETING PLAN FOR THE HEADQUARTERS OF AMERICAN PREMIUM ENTERPRISE LIMITED

Applied Project

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A MARKETING PLAN FOR THE HEADQUARTERS OF AMERICAN PREMIUM
ENTERPRISE LIMITED

BUSINESS ADMINISTRATION CAPSTONE APPLIED PROJECT

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Applied Project Report submitted to the Department of Business Administration, Ashesi University College in partial fulfilment of the requirement for the award of Bachelor of Science degree in Business Administration

(APRIL 2017)
DECLARATION

I hereby declare that this Applied Project Report is the result of my own work and that no part of it has been presented for another degree in this university or elsewhere.

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I hereby declare that the preparation and presentation of the Applied Project Report were supervised in accordance with the guidelines on supervision of applied projects laid down by Ashesi University College.

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EXECUTIVE SUMMARY

American Premium Enterprise Limited is a company which operates department stores in five different locations in Accra. The company sells both convenience and shopping products like groceries, furniture, paints and home appliances to consumers living in Accra.

Thus, the primary objective of this Applied Project is to identify a major problem that the headquarters of American Premium Enterprise Limited faces and design an appropriate solution that tackles the problem.

American Premium Enterprise Limited was established 10 years ago. Despite its current positioning as a provider of American consumable products to individuals in Accra, the company over the last two years has been experiencing a decline in sales and customers. This limits them in reaching their vision of becoming the market leader in providing quality American and American-standard consumer products to individuals looking for quality products at affordable prices.

In assessing the needs of the company, qualitative research in the form of face-to-face interviews were conducted. The findings from the research shaped the foundation of the design of a marketing plan aimed at increasing sales and customers for the company. The plan was created by using the SOSTAC planning framework developed by PR Smith. The stages in the framework are Situation Analysis, Objectives, Strategy, Tactics, Action Plan and Control and Evaluation.

By implementing the activities incorporated in the marketing plan designed, American Premium Enterprise Limited will meet its marketing objectives of increasing sales and customers by the end of the year 2017.
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CHAPTER ONE: INTRODUCTION

1.1 Introduction

This applied project aims to develop a marketing plan for American Premium Enterprise Limited, a department store located in Accra. Although, the company currently has five branches in Accra, this project is focused on increasing the sales and customer base of its Headquarters which is situated at Ashaley Botwe, Accra.

1.2 Overview of Chapter

This chapter begins with a profile of American Premium Enterprise Limited and a rationale for choosing to work with the department store. It further analyzes the Ghanaian retail industry, and the external business environment of the store through a PEST analysis. The chapter concludes with a thorough analysis of the strengths, weaknesses, threats and opportunities of the company.

1.3 Internal/Organizational Context

1.3.1 Company Profile

American Premium Enterprise Limited was incorporated in 2007 under the name Ghana Ventures. In 2015, it transferred its management and changed its name to American Premium Enterprise Limited. The company operates as a department store that offers a variety of consumer products to customers. The company sells both convenience and shopping products like groceries, furniture, paints and home appliances to consumers. Despite its names, it sells products from other parts of the world including Ghana that meet the American standard.

American Premium Enterprise Limited currently has five branches situated in the heart of Accra. These branches are located at Madina, North Kaneshe, Ashaley Botwe, Spintex and East
Legon. The company prides itself as being the number one distributor of authentic American consumer products including brand groceries.

1.3.2 Mission Statement

To serve the needs of individuals in Accra seeking for quality products by providing it for them at affordable prices.

1.3.3 Vision

The vision of American Premium Enterprise Limited is to become the market leader in providing quality American and American-standard consumer products to individuals looking for quality products at affordable prices.

1.4 Rationale for Selecting American Premium Enterprise Limited

As stated earlier, American Premium Enterprise Limited is a company which operates as a department store to cater for the product needs of individuals living in Accra. Due to the increased competition in the retail industry in Ghana, the stores’ headquarters is currently experiencing a decline in sales and customers.

The underlying reason for undertaking this project was to have the opportunity of further learning by applying the knowledge and skills that gained in marketing class to solving a real-life problem.

A marketing plan is able to help companies increase their sales revenue as well customer base, which leads to customer loyalty. Thus, it is very necessary for American Premium Enterprise Limited to have a marketing plan to reap the aforementioned benefits. The marketing plan devised would lead to an increase in the sales and customer base of the store as they will be able to maintain existing customers as well as attract new ones.
1.5 The Retail Industry in Ghana

The retail industry in Ghana has been booming for the past years. A report by the Central bank showed that retail sales increased by 31.37% in 2011 to GHS77.76 million from GHS59.19 million in 2010. Given the rising of the middle class who benefit from higher disposable incomes, retail spending is expected to reach about $11 billion by 2019. ("Ghana Retail Market Potential Drawing in International Brands", 2016). Per an article published by Bloomberg, Broll Ghana, one of the leading property management companies in the country, stated that the growing number of investors in the retail industry has led to an increase in the rent rate of floor space. (Bax, 2013).

According to Standard Bank, the rapid economic growth coupled with the rising disposable income and middle class has moved Ghana into the focus of pan-African retailers such as Shoprite, Edcon and Woolworths. Regardless of the low barriers to entry into this industry, its size is still small as compared to the other sectors within the Ghanaian economy. ("Ghana Retail Market Potential Drawing in International Brands", 2016) The growth in this industry could potentially be a threat to American Premium Enterprise Limited as competition will gradually become intense.

Another report published by Deloitte revealed that 96% of all retail transactions in the country are carried out in the informal sector. With the informal sector being small market stalls, street side vendors and family-owned grocers. Retailers struggle to access efficient supply chain. A large number of goods are imported from countries like China, Europe, and South Africa. Due to the small size of the retail industry in Ghana, most retailers depend on small-to-medium size multi-brand importers who also rely on shipments from third party countries. ("Spotlight on Retail in Ghana", 2016)
1.6 Overview of the External Environment in Ghana; PEST Analysis

The PEST analysis is an analysis of the external business environment in which the department store operates. It involves the analysis of the prevailing political, economic, socio-cultural and technological factors that could potentially affect the store.

1.6.1 The Ghanaian Political Environment

Ghana is one of the most stable countries in West Africa; the country has made some democratic achievements since its transition to a multi-party democracy in 1992 (“Ghana Country Profile”, 2017). This record has enabled the country to attract substantial investor interest. The political stability in the country combined with the rapid economic growth has helped boost investment. This environment has helped Ghana to form strong alliances with countries like the US, the UK, China, India and South Africa. ("Political Stability", n.d.)

In Ghana, domestic taxes are administered by the Domestic Tax Revenue Division of the Ghana Revenue Authority. Companies are required to pay a tax rate of 25% on their profits gained in a year. Sole-proprietors are also required to pay income tax in four equal instalments. There is also the existence of the Pay As You Earn (PAYE). This is where employees’ salaries are withheld in order to cater for their income tax responsibilities. ("Domestic Taxes", n.d.).

Moreover, Ghana is currently subscribed to the Harmonized System Customs Code for the classification of goods. This system allows for goods imported into the country to be subject to import duty, Value Added Tax (VAT), special tax and import excise duty. Although some items are exempted from the payment of customs duty, all imports are subject to import duty and VAT payments. ("Ghana Country Commercial Guide", 2016) Given that American Premium Enterprise Limited imports most of its consumer products, high import duties and VAT could potentially affect its price.
1.6.2 The Economic Environment

The Ghanaian economy is a market-based one. This implies that there are very few policy barriers to trade and investment as compared to other countries on the African continent. Ghana is endowed with numerous resources, with agriculture accounting for almost one-quarter of the Gross Domestic Product (GDP). The services sector on the other hand, accounts for about almost half of the GDP. ("Ghana Economy 2017", 2017) In April 2015, the country signed a $920 million extended credit facility with the International Monetary Fund (IMF) to help address its prevailing economic crisis ("Ghana Economic Outlook", 2016).

As at 2016, Ghana had an estimated GDP based on purchasing power parity of $120.8 billion which represents a 3% increase from that of 2015. The GDP based on exchange rate was $42.76 billion in 2015 while the real growth rate was 3.3% in 2016. The GDP per capita in 2016 was $4400, a 2.3% increase from that of 2015. Ghana’s Gross national savings in 2016 was 16.1% which represents a decrease from 2015’s which 17.1% was. In 2016, the labor force in Ghana was estimated to be about 11.9 million of the total population of approximately 29 million. ("Ghana Economy 2017", 2017). An inflation rate of 18.5% recorded in February 2016, in addition to recent hikes of utilities (averagely 60%) subjects many Ghanaians real incomes to erosion, limiting their purchasing power. If Ghana’s interest rate continues to increase, it would affect the prices of the products sold by the store, and consumers as well since they will have less disposable income.

According to an article published on Citi FM online, the World Bank in one of its latest reports stated that 48% of the youth in Ghana between the ages of 15 and 24 are unemployed. As of 2013, the unemployment rate in Ghana was estimated to be about 5.2%. (Allotey, & Opoku-
Mensah, 2016). A high unemployment rate implies that most people are unemployed and thus would not be able afford to purchase from American Premium Enterprise Limited.

1.6.3 The Socio-cultural Environment

According to Shawn Grimsley, the social environment consists of a society’s practices, beliefs and behaviors. (Grimsley, n.d.). Based on his definition of the social environment, it can be deduced that changes in consumer preferences is a contributing sociocultural factor that influences businesses.

A report by KPMG revealed that Ghana is currently a rising middle-class economy and as such convenience is an essential factor for modern consumers with significantly different tastes, aspirations and preferences. Trends which used to be popular some years back may be seen as outmoded presently. The change in preferences will affect what they purchase, and how frequent they purchase from department stores like American Premium Enterprise Limited.

1.6.4 The Technological Environment

Technology is gradually becoming the ruler of businesses; it has in recent times changed the way most companies conduct business. Technology has paved the way for businesses to reach new economic markets. (Vitez, n.d.). There is also the existence of retail websites; small businesses sell their products and services in different economic markets. ("The impact of technology on the future of retail", 2014). The internet is a great resource for advertising to reach new markets and customers through well designed web banners or ads. (Cengiz, 2015). This presents a great opportunity for American Premium Enterprise Ltd to promote its brand to both potential and existing target audiences.
1.7 SWOT Analysis of the Headquarters of American Premium Enterprise Limited

The SWOT analysis in this chapter is generated from the needs assessment conducted in the next chapter. It basically analyzes the strengths and weaknesses of the company, as well as the available opportunities that the company can take advantage of, and the threats that the company is likely to face.

<table>
<thead>
<tr>
<th>Strengths:</th>
<th>Weaknesses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The department store is a well-established brand.</td>
<td>• The store lacks motivated employees.</td>
</tr>
<tr>
<td>• The store has a loyal customer base.</td>
<td>• The store has low web presence.</td>
</tr>
<tr>
<td>• There are four other stores located in the heart of Accra</td>
<td>• The store lacks social media advantage</td>
</tr>
<tr>
<td>• The store manages its own delivery system</td>
<td>• The store is currently experiencing low sales as compared to its other branches</td>
</tr>
<tr>
<td>• The introduction of branded paints and an electronic blender to its product mix</td>
<td>• The store is also experiencing a decline in the number of visitors that purchase in a day.</td>
</tr>
<tr>
<td>• It sells a wide range of products</td>
<td>• The store has no marketing objectives</td>
</tr>
</tbody>
</table>

Opportunities:  

Threats:
<table>
<thead>
<tr>
<th>• The retail industry in Ghana is gradually increasing thus an opportunity to reach new customers</th>
<th>• Low barriers to entering into the retail market.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The availability of technologies such as social media platforms to aid firms in their marketing efforts.</td>
<td>• The likelihood of economic factors such as inflation and exchange rates affecting the business</td>
</tr>
<tr>
<td></td>
<td>• The likelihood of policies related to import duties and taxes affecting the business</td>
</tr>
</tbody>
</table>

### 1.7.1 Expansion on the Analysis

### 1.7.2 Strengths

- American Premium Enterprise Limited is the first department store to in Ghana to distinguish itself as the seller of imported American consumable products.

- Also, the needs assessment of the store revealed that most of their current customers have been buying from them since their establishment. This depicts the loyal customer base that the store has.

- Furthermore, due to the different branches it has in the heart of Accra, it provides customers with the flexibility and convenience of purchasing their desired products at a branch that is closest to them.
• Moreover, the company sells wide range of consumer products. These products include furniture, groceries, home appliances and paints. This gives customers the convenience of acquiring all the products they consume in one location.

• The company being able to launch its own line of paints and electronic blenders is a great addition to its strengths

• Finally, the company manages its own delivery system. This is a cost advantage to them since they would not have to incur additional cost in hiring a delivery company to do their deliveries for them.

1.7.3 Weaknesses

• The lack of motivated employees has over the years led the company to cut down employment by over 50% from a total of 50 employees to 16 across its branches.

• American Premium only has a website, and does not use other online platforms such as social media to retain and attract customers.

• The company has no mapped out strategy on how to market their products to existing and potential markets. Most of its marketing efforts is based on word of mouth where existing customers recommend the place to their friends and loved ones.

1.7.4 Opportunities

• Based on the information shared on the Ghanaian retail industry, there is market for the retail business in Ghana. American Premium Limited can take advantage of this to increase its consumer base.

• Also, the availability of technologies such as digital media platforms is a great way for the company to market its brand to both existing and potential customers.
1.7.5 Threats

- It is very easy to enter into the retail industry in Ghana as compared to industries like the finance. This low barrier to entry means that American Premium Enterprise Limited faces a lot of competition from retailers who might not even be necessarily selling authentic foreign products.
- When the Ghanaian economy is hit with a high inflation rate, it would affect the purchasing power of consumers. This implies that consumers would most likely reduce how much they spend on consumable products or will tend to purchase cheaper products.
- Again, since the company imports most of its products, an increase in import duties or taxes would increase the cost of their business.

CHAPTER TWO: PROJECT NEEDS ASSESSMENT

2.1 Overview of Chapter

This chapter is aimed at discovering the real problem faced by the Headquarters of American Premium Enterprise Limited. It further describes the methodology used in gathering data that helped in identifying the problem faced by the company.
2.2 Needs Assessment

According to Witkin and Altschuld (1995), a need is a “discrepancy or gap between what is and what should be. A needs assessment is a systematic set of procedures used in the determination of needs, examining their nature and causes, and setting priorities for future action.

Needs assessment gathers data by means of established procedures and methods designed for specific purposes. Its importance includes helping to set priorities and determine criteria for solutions so that managers can make good decisions (Witkin & Altschuld, 1995).

In this case, the two main means of assessing the needs of the department was through interviews and internet research.

2.3 Methodology

In assessing the needs of American Premium Enterprise Limited, structured face-to-face interviews were used. A total number of twenty-one individuals were interviewed, including the client. The aim of the interviews was to gain a better understanding of the problem faced by the company from the perspective of stakeholders.

The face-to-face interview with the client outlined the history behind the formation of the company, its mission, its current operations, its competitors and challenges. A structured face-to-face interview was used in gathering information such that the interviewees could give detailed answers to the questions being asked. The client was interviewed as well as a sample of ten existing and ten potential customers of the store. (See Figure.10&11 for interview guide for the client)

2.3.1 Internet-Based Research

Internet research involves the use of the internet to collect data on a topic of interest (“Internet-Based Research”, 2016). This form of research was employed in gathering
information about the store as well. It was used to study the web presence of the company. The research revealed that the store has a website but had no social media platform, such as Facebook, for reaching both existing and potential target markets.

2.3.2 Sampling Method

The convenience sampling method was used in conducting the interviews. Convenience Sampling is a type of non-probability sampling where members of the target population are easily accessible, geographically close and are willing to participate for the purpose of the study (Etikan, Musa, & Alkassim, 2015). Thus, the reason for choosing this sampling technique was because of the proximity of both potential and existing customers of American Premium Enterprise Limited.

2.4 Findings from Existing Customers

As stated earlier, a total number of ten existing customers were interviewed. 3 of the customers were male and seven were female. Based on observation, the males were between the ages of 25-45, and the female 19-30 years. 2 of those customers first discovered American Premium through an advertisement on Television. The remaining 8 discovered the company through friends and relatives. 3 of the interviewees have been buying from the store for the past five years, 2 started buying from the store in 2017, 1 has been buying from the shop over the past 10 years, and the remaining 3 started buying from the shop within span of 1-3 years.

All the interviewees responded that they had friends or relatives who shop at the store. 2 of the interviewees shop at the headquarters due to its proximity to their workplaces, 5 of them shop there due to its proximity to their homes, 2 shop at the branch because they can make bulk purchases from there, and 1 prefers the East Legon branch because it is in the heart of Accra. All 10 interviewees responded that they prefer American Premium to other stores because they trust
the authenticity of their products. When asked what they liked and like about the company, their responses revealed that they like the authenticity of the products being sold there however, the non-existence of promotions and discounts to reward loyal customers was what they dislike about the company. (See Figure.12 for the interview guide for the existing customers)

2.5 Findings from Potential Customers

Five potential customers were interviewed in Ashaley Botwe. The remaining 5 interviewed were in Madina, and at University of Ghana, Legon. A total of 6 males and 4 females were interviewed. All interviewees admitted to purchasing frequently from retail outlets. They all considered proximity when shopping in a retail outlet. 7 out of the 10 interviewees responded that the location of a retail outlet attracts them the most, 2 responded that the size of a retail outlet attracted them the most and 1 responded that she did not have any preference.

All 10 interviewees responded that they purchased consumer goods at Accra Mall from either Game or Shoprite. They further explained that they purchased from there due to its location and proximity to eateries and other shops. 3 out of the 10 interviewees had heard of American Premium Enterprise Limited, whereas the remaining 7 had not. Those who had heard of the store mentioned that they never shopped there before because they held the perception that their products will be expensive as compared to other stores. When asked if they would like to visit the store sometime, all interviewees responded with a yes and had an expectation of buying at lower prices.

(See Figure.13 for the interview guide for the potential customers)

2.6 Scenario

From the interview with the owner and interactions with the employees working at the store, the store has lost over 50% of its customers within the past two years. Also when some
potential customers were asked why they never visited the shop, they responded that most of their friends had stopped shopping with the store because it was not offering them any value in terms of discounts and promotions. These responses from the owner, employees and potential customers prove that the company has been experiencing a decline in sales and number of customers.

2.7 Problem Statement

The Headquarters of American Premium Enterprise Limited is currently experiencing a decline in sales and its customer base.

2.8 Objective and Significance of Project

The primary issue identifies with the headquarters of American Premium Enterprise Limited is a decline in sales and customers. In the past, an average of about 500 people purchased from the store on a daily basis. However, for the past two years, this number has reduced to an average of about 150 people a day. This in-effect has affected the sale of the products being sold by the store. Thus, the end goal of this project is to create a marketing plan to increase the sales and customer base of the Headquarters of American Premium Enterprise Limited.

2.9 Summary of Identified Problems

- American Premium Enterprise Limited is experiencing a decline in sales and customers.
- American Premium Enterprise Limited currently does not reward its customers through promotions.
- People’s perceptions of the products being highly priced prevents them from purchasing from the store. The name American Premium creates the impression of highly priced products in the minds of some customers.
• The department store does not use any digital online platforms for its marketing activities.

CHAPTER THREE: MASTERY OF SUBJECT MATTER

3.1 Overview of Chapter

This chapter reviews studied literature and identifies frameworks that would help to design a solution for American Premium Enterprise Limited. Given the primary aim of this project, this chapter will explore literature on retail marketing with its main focus on retail growth strategies as this would be the means by which the company can solve its problem in order to achieve its set objectives.
3.2 Definition of Retailing

Retailing is a set of business activities that adds value to the products and services sold to customers for both personal and family use. Retailing does not only involve the sale of goods, but the sale of services as well (The World of Retailing, p.6).

3.2.1 The Role of the Retailer and Importance of Retailing

The retailer plays a vital role in the supply chain. This is because he is the one who maintains contact with the consumer and the producer. (Retailing, p.336). Other roles that the retailer plays includes: providing an assortment of products and services to consumers, breaking bulk, holding inventory and providing services for consumers. Retailing also has some socio-economic benefits which includes creating employment opportunities for individuals. (The World of Retailing, p.9).

3.3.2 Strategic Decision Areas for Retailing

Strategy is key in the business of retailing. Retail strategy deals with how the firm plans to focus its resources to accomplish its objectives. The strategy identifies the target market(s) toward which the retailer will direct its efforts. This includes the nature of the merchandise and services offered to satisfy the needs of the target market, and how the retailer will build a sustainable competitive advantage over its competitors. In retail, the key strategic decision areas are for a firm to determine its target market, financial status, location, organizational and human resource structure, information systems, supply chain organization, marketing strategies and customer relationship management strategies. (Retail Marketing, p.56).

3.3.4 Retail Growth strategies
In Retail, there are four growth strategies that retailers may want to pursue. These are, market penetration, market expansion, retail format development, and diversification (Retailing Strategy, p.144-145)

3.4 Marketing

Marketing is an essential component of retail. Many retailers when looking to increase sales revenue look to marketing. This includes a combination of both traditional and online marketing strategies. According to Kotler (2000), the focus of marketing has shifted over the years. The concept has evolved through a commodity focus, institutional focus, functional focus, a managerial focus and a social focus. Marketing is the delivery of customer satisfaction at a profit. The twofold goal of marketing is to attract new customers by promising superior value and to keep current customers by delivering satisfaction. (Marketing Management, p.4).

According to Vargo and Lusch (2004), the primary mission of marketing is for businesses to collaborate with customers in co creating value.

3.4.1 The Marketing Plan

The reason for the failure of some businesses includes the non-existence of a marketing plan. A quality marketing plan is a necessity for efficient marketing, and the integration of all marketing activities in the creation of competitive advantage for succeeding in the marketplace (Veresova, 2002). Thus, marketing plans provide a roadmap for how an organization will fulfill its business plan and make its business model come alive.

3.4.2 Marketing Models

Over the years, several models have been developed most of which are academic rather than of practical application in the "real world". These models include the 7Ps of the marketing

The 7Ps of the Marketing mix model are Product, Place, Price, Promotion, Physical Evidence, People and Process. These elements are a core component of every marketing plan. However, it completely ignores digital marketing approaches to interacting with customers through social media platforms. (Chaffey, 2016).

Unique Selling Proposition (USP) is a model that allows brands to clearly distinguish themselves from competitors to potential buyers. The downfall of this model is that it does not really solve any marketing issue. (Chaffey, 2016).

The Boston Consulting Group Matrix is a model which categorizes the products offered by a business in a portfolio based on a rating of their performance using stars, cash, cows, dogs and question marks. Although this model helps to visualize a brands’ position to its competitors, it is not fully effective because it ignores the use of technology. (Chaffey, 2016).

The Customer Lifetime Value Models is used to assess the worth of a customer based on his or her relationship with the product. The Ansoff’s Model on the other hand, is used to identify growth strategies by comparing present and potential products in current and Future markets. The strategies are market penetration, market development, product development and diversification. (Chaffey, 2016).

3.5 The SOSTAC Model

The SOSTAC Model was invented by Paul Smith, the originator of SOSTAC ® Planning System and is used by organisations around the world. The model focuses on the six most
important elements of any business. The acronym stands for Situation analysis, Objectives, Strategy, Tactics, Action and Control. The model was built in a logical way such that it allows a company to organize the ideas and objectives that may be involved in terms of social media marketing. It covers the most essential elements for building a good marketing plan. (Chaffey & Smith 2013, 538).

This model is being used because unlike the others, it takes advantage of available emerging technologies like social media platforms to help firms better interact with their customers, and achieve their set target.

**Figure 1. SOSTAC Marketing Model**

**CHAPTER FOUR: SOLUTION**

4.1 Overview of Chapter

This chapter defines the solution of increasing the customer base and sales of the headquarters of American Premium Enterprise Limited. This solution would be designed by using the SOSTAC planning framework designed by PR Smith. The chapter further provides a thorough explanation of why the proposed solution is the best approach in solving the
department stores’ problem of low sales and a declining customer base, and outlines how the solution must be executed to achieve the desired results.

4.2 The Solution

The designed marketing plan using the SOSTAC planning framework is intended to increase the customer base and sales of the headquarters of American Premium Enterprise Limited.

![PR Smith's SOSTAC Planning Framework](image)

*Figure 2. The SOSTAC Planning Framework*

4.3 First stage: Situation Analysis

Situational or environmental analysis can be defined as a thorough examination of the internal and external factors that could potentially affect a business (Lorette, 2017). Thus, the situation analysis in this chapter will consist of a SWOT, internal analysis and competitors’ analysis of the store. It will also include an analysis of the Ghanaian retail industry using Porter’s five forces.
4.4 A SWOT Analysis of the Headquarters of American Premium Enterprise Limited

The full details of the analysis can be found in Chapter 1.

4.5 Internal Analysis of American Premium Enterprise Limited

This aspect of the situation analysis focuses on the current marketing mix employed by the store. It will also provide an insight into who their current customers are. According to Kotler and Armstrong (2016), marketing mix is as a set of tactical tools that a firm blends to produce the response it wants in its target market. It is usually associated with the 4p’s of marketing and the 7p’s of service marketing (“The Marketing Mix”, n.d.). This aspect of the situation analysis will focus on 6 of the 7p’s of service marketing since the department store provides services in the form of selling consumer goods to customers.

![The 7p’s of service marketing](image)

*Figure 4. The 7p’s of service marketing*

4.6.1 Product

The Ashaley Botwe Branch of American Premium Enterprise currently sells consumer products to both individuals and businesses. These products are mainly convenience products and shopping products. Convenience products are products that are frequently purchased by consumers without buying efforts and great comparison (Claessens, 2015). At American Premium Enterprise Limited, these include rice, sugar, milk, laundry detergents, eggs, toothpaste, tooth brush, biscuits, sachet water, bottle water and candies. Shopping products on the other hand are products which are not frequently purchased by consumers, and require the comparison of attributes such as quality, price and style when being purchased (Claessens, 2015). At American Premium Enterprise Limited, these include furniture, paints and electronic appliances. Although most of its products are imported from the United States of America, it also sells products manufactured from other parts of the world including Ghana. The store recently launched its own brand of paints and blenders. These bear the brand name, American Premium. Likewise, other electronic products, individuals who buy the blender have a one-year warranty.

4.6.2 Place and Physical Evidence

The department store at Ashaley Botwe is the headquarters of American Premium Enterprise Limited. It is a two-storey building with the ground floor catering for mostly the convenience products such as laundry detergents and food items. The first floor caters for the home appliances being sold by store, and the second floor serves as the showroom for the display of the furniture sold by the store. The branch currently operates as both a retail and wholesale outlet. This implies that both individuals and businesses can either purchase in small quantities or in bulk to cater based on their needs. The convenience products on the ground floor are neatly
arranged with price tags on the shelves. The items are arranged based on different categories. For instance, all drinks can be found in the same location on a shelf in the store.

4.6.3 People

The branch currently has seven employees. Three of the employees are currently stationed on the ground floor, two of them are on the first floor and the remaining two are on the second floor. These employees currently act as sales personnel, with their highest educational qualification being a high school degree. There currently are four male employees and three female employees working in the store. The employees have two uniforms that they wear. One is a branded T-shirt of the company, and the other is an African-print shirt which the ladies wear with both skirts or jeans trousers, and the gentlemen with trousers. The employees are managed by Mr. Attah, the owner of the department store. Their day-to-day activities include but not limited to assisting customers to transport items to their cars, and helping customers locate products on the shelves. Among the three employees stationed on the ground floor, two work as customer service representatives who assist customers, and the other as a cashier. The other employees on the first and second floor act as customer service representatives as well.

4.6.4 Promotion

In the past, the store advertised on Peace FM, Citi FM and some Multi-TV channels. However, it currently does not indulge in any form of media advertising. Also, with regards to promotions, the store does not run any major promotion campaign.

4.6.5 Price

American Premium Enterprise Limited is currently pursuing the status quo pricing objective. The status quo pricing objective seeks to keep products in line with similar products being offered by competitors in order to avoid starting a price war and maintain the level of
profit generated ("Understanding Pricing Strategies and Objectives", n.d). With this objective, the stores’ current pricing strategy is the competitive pricing strategy. The competitive pricing strategy is a type of pricing that is used by a company to price its products based on the prices of competitors for those same products ("Understanding Pricing Strategies and Objectives", n.d).

4.7 Customers’ Insight

The aim of the customer insight as part of the situation analysis is to know who the current customers of American Premium Enterprise Limited are as well as their preferences. Thus, this section of the internal analysis discusses who the existing customers of the Ashaley Botwe branch of American Premium Enterprise Limited are, and what they buy.

Who they are:
The current customers of the Ashaley Botwe branch are between the ages of 12 and 50. However, since it is a department store, children as young as 7 years old walk in to buy snacks and candies. Most of the children who visit the store usually do so on the basis of running errands for their parents. Most of the customers own cars and are working. Based on observations, most of these customers are females between the ages of 20-35 years. The male customers are between the ages of 25-50 years. The store is also a major supplier of food items and toiletries to some businesses in Accra. An example is Papa’s pizza, a restaurant based in Accra.

What they buy:
The current customers usually purchase more of the convenience products being sold by the store as compared to the shopping products. During weekends, most of these customers buy in bulk.

4.8 Competitor Analysis
Competitor analysis involves identifying who a firm’s competitors are and analyzing their strengths and weaknesses. The aim of this analysis is for American Premium Enterprise Limited to know who its competitors are as well as their respective strengths and weaknesses. The information presented in the diagram was gathered by using the internet to research on department stores in the Ghanaian retail industry.

**Figure 5.** The competitors of American Premium Enterprise Limited

**4.9 Porter’s Five Forces**

The model Competitive Forces was developed by Michael E. Porter. It is particularly important for the purposes of analyzing the industry in which a company operates. These forces according to Porter, shape every industry and market. They also determine the intensity of competition as well as the profitability and attractiveness of an industry. The higher the force, the more intense the competition is, and the less attractive and profitable the industry is. (Porter’s Five Forces, n.d.)
Figure 6. Porter’s Five Forces

An analysis of the Retail Industry in Ghana using Porter’s Five Forces

<table>
<thead>
<tr>
<th>Force</th>
<th>Description</th>
<th>Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bargaining Power of Buyers</td>
<td>The bargaining power of buyers in the retail Industry in Ghana is high. This is because:</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>• Buyers have a low switching cost due to the presence of many retail outlets in the country. This gives them the option of moving from one outlet to the other.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Also, most of the retail outlets sell undifferentiated products which can be found in other retail outlets.</td>
<td></td>
</tr>
<tr>
<td>Bargaining Power of Suppliers</td>
<td>The bargaining power of suppliers in the retail industry in Ghana is low. This is because:</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>• Switching suppliers is not necessarily expensive since there is the availability of many shops and stores who sell in bulk to retail stores.</td>
<td></td>
</tr>
<tr>
<td>Threats of New Entrants</td>
<td>The threats of new entrants in the retail industry in Ghana is high. This is because:</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>• The retail industry is a fast growing one.</td>
<td></td>
</tr>
</tbody>
</table>
Given the number of retail outlets currently operating in Ghana, it is easy to enter the industry.

<table>
<thead>
<tr>
<th>Threats of substitute products or services</th>
<th>The threats of substitute products or services is high in the retail industry in Ghana. This is because:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Almost all the retail outlets offer the same types of products and services to consumers.</td>
</tr>
<tr>
<td></td>
<td>• There is also the existence of Ghanaian products which meet the standards of imported consumer products</td>
</tr>
<tr>
<td></td>
<td>High</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rivalry among existing competitors</th>
<th>Rivalry among competitors in the Ghanaian retail industry is high. This is because:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• There is low differentiation between the products being offered</td>
</tr>
<tr>
<td></td>
<td>• Also, most retail outlets in the country are committed to the nosiness. There are some that have been in existence for over a decade. Example: Max Mart Shopping Center, Koala Shopping Center etc.</td>
</tr>
<tr>
<td></td>
<td>High</td>
</tr>
</tbody>
</table>

Based on the analysis, the retail industry in Ghana is less attractive and profitable due to the intensity of competition between rivals. Thus, the weapons that the headquarters of American Premium Enterprise Limited will use in competing against rivals will mainly be promotion and advertising.
4. 10 Stage Two: Objectives

This stage of the SOSTAC planning framework involves identifying specific marketing objectives to support the long-term goal of the store. According to Chaffey (2015), setting SMART objectives is key in every marketing plan. The mnemonic SMART stands for:

S- Specific
M- Measurable
A- Attainable
R- Realistic
T- Time-bound

The headquarters of American Premium Enterprise Limited would have to pursue a SMART build objective in order to curb its problem of declining sales and customer base. A
build objective is a strategic objective which involves a company focusing its efforts on increasing sales and/or market share.

**Marketing Objectives**

- To increase sales of the headquarters by 20% by the end of 2017
- To retain existing customers and get new customers through promotion campaigns by the end of 2017.
- To increase customer base by 50% by the end of 2017.

### 4.11 Stage Three: Strategy

This stage deals with how the firm will achieve its set objectives. It defines the firms' positioning, segmentation and target market, and further explores the growth strategy to be pursued by the firm using the Ansoff’s Matrix.
4.11.1 The Application of Ansoff’s Matrix

**Figure 7. The Ansoff Matrix**

Ansoff’s matrix is a growth vector matrix which helps a business to understand the business development and marketing strategy that it should employ to achieve growth. (Ansoff’s Matrix) The different strategies as shown in the diagram below are: Marketing Penetration Strategy, Product Development Strategy, Market Development Strategy and the Diversification Strategy. The marketing penetration strategy involves a business achieving growth by selling existing products in existing markets. The market development strategy involves a business targeting new markets by selling more of the same product products to new consumers. The product development strategy on the other hand, involves developing a new product to sell in an existing market whereas the diversification strategy involves developing new products for new markets. (Ansoff's Matrix).
American Premium Enterprise’s present growth strategy includes the Market Penetration Strategy and the Product Development Strategy. Currently, the store sells consumer products to its target market, and recently launched its brand of paints and electronic branding all of which it is selling to its target market in the retail industry in Ghana. However, with the new marketing objectives of increasing sales and consumer base, the store would now pursue the market development strategy. With this strategy, it will sell its existing products to a new target market.

4.11.2 The STP Process for the Headquarters American Premium Enterprise Limited

STP stands for:

- Segmenting: This is the breakdown of a diverse market of people into smaller, homogeneous groups (Hanlon, 2016).
- Targeting: This is the process of choosing refers to choosing a specific segment for a company’s campaign. (Hanlon, 2016).
- Positioning: This refers to designing a distinctive message to appeal to the targeted segment. (Hanlon, 2016).
Variables Used in Segmenting

Demographic:
- Age

Geographic:
- Urban Area (Accra)

Psychographic:
- Lifestyle

Behavioristic:
- Price Sensitivity

Justification for variables chosen

- Age was used in order to give the store an idea of who their customers area.

- Due to the store’s current location, it is only advisable to choose Accra as the geographical variable as it would be unrealistic for somebody living in Kumasi to come all the way to Accra to shop at American Premium Enterprise Limited.

- Lifestyle was chosen as a psychographic variable because not everybody necessarily

Target Market Profiles based on the variables used in segmenting

Target Market Profile I
Individuals between the ages of 20 to 50 years old who live in Accra and need to purchase quality American products at affordable prices.

Target Market Profile II
Individuals between the ages of 20 to 50 with a taste for authenticity who live around Ashaley Botwe and Madina and need to purchase consumer products both for family and personal use at affordable prices.

Target Market III
Restaurants and Hotels situated around Madina, Ashaley and Legon who need to purchase food items and toiletries for use at affordable prices.

The aim of the positioning statement for American Premium Enterprise Limited is to create a reputable image of the brand in the minds of consumers a way that competitors do not.

The positioning of the store will be based on the behavioristic and lifestyle variable as well as the target market profiles developed.

Positioning Statement
“Your one-stop shop where premium quality is actually affordable.”
cares about where a product is manufactured. Thus, given the current offerings of the store, it is suitable to use lifestyle as a variable in defining the target market of the company.

- Price Sensitivity ties in with the mission of the company which is to provide authentic products to customers at affordable prices. Thus, the need to include price sensitive individuals in the target market

4.12 Stage Four: Tactics
This part of the planning framework focuses on how the firm will achieve the strategies discussed in the previous chapter using a new marketing mix.

4.12.1 The New Marketing Mix

**Product**

The headquarters of American Premium Enterprise Limited will continue to offer convenience and shopping products to both its existing and new customers. However, the company will better interact with customers by issuing out surveys in the form of feedback forms to rate the services at the end of the shopping. The essence of this form is to store information about each customer, and to know what kinds of product they prefer.

![Customer Information and Feedback Form](image)

**Place and Physical Evidence**

*Figure 8. Sample Customer Information and Feedback form*
The only thing that would change with regards to place and physical evidence will be the company displaying images of its products on its website like Palace Stores does. Among the competitors discussed in the situation analysis, Palace Stores is the only competitor that has pictures and prices of all of its items on its website. American Premium Enterprise will adopt to this strategy to keep customers informed in the case of price changes etc.

People

To enrich the company’s customer service, employees across the various branches will be given the opportunity to go for retreats. The purpose of this retreat is to allow them share their experiences, as well as contribute ideas towards growing sales and customers for the store. This is very essential as employees are the ones who mostly interact with the customers. During the retreats, they will be taught skills such as how to relate with customers, and how to use social media platforms such as Facebook.

Price

In addition to its competitive pricing strategy, the store will employ the multiple pricing and product bundle pricing strategies. The multiple pricing is a pricing strategy aimed at getting customers to purchase a product in greater quantities by offering a slight discount on the greater quantity. (Understanding Pricing Objectives and Strategies) The product bundle pricing strategy on the other hand is a type of pricing strategy used to group several products for sale. For example, the company can offer a bundle of body lotion, hair shampoo and hair pomade to customers at a subsidized price lower than what they would have paid for if they purchased those products individually. These additional strategies will be essentially for the company in running its promotion campaigns. They will also help the company to get rid of old stock.

Promotion
The company will start running promotion campaigns on Facebook and resume its advertising on Adom TV and Joy Prime, all of which are multi-TV channels. The reason for choosing these mediums is because Facebook is the most frequently used social media platform, and is more user friendly as compared to Twitter and Instagram. The campaigns will be in two phases. Phase I will run between July 2017 and August 2017, and Phase II between November 2017 and December 2017. Prior to the promotions, the store will create awareness through the advertisement on TV and Facebook. The campaign messages will be in the forms of both audio and video aimed at increasing the company’s sales and customer base through brand awareness. Customers who shop consistently, and above a certain price range will be rewarded with a free shopping voucher to purchase items of their choice at the Headquarters. The store will determine the amounts to be rewarded on the vouchers, and the price range.

![Figure 9. Sample Shopping Voucher](image)

**Text Messaging of Customers**
Starting in May 2017, the company will store information on customers who visit the store and send them messages such as “Thank you for shopping with us today”. These messages will be mass messages sent to everybody who visits the store in a day. Also, customers will receive text messages about the different phases of promotions that will be running during the year, and details on how to win a free shopping voucher. The aim of this to make customers feel appreciated for choosing American Premium Enterprise Limited.

4.13 Stage Five: Action Plan
The action plan is the fifth stage in the SOSTAC planning framework. It typically includes an analysis of the budget that will be needed in carrying out the firms’ marketing objectives, as well as a plan of the activities that will be aimed at meeting those objectives.

Table 2 Budget Analysis

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated Cost (GHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advertising Campaign (From June 2017 – December 2017):</strong></td>
<td></td>
</tr>
<tr>
<td>• Facebook Ad</td>
<td>500</td>
</tr>
<tr>
<td>• Television Ad</td>
<td>2000</td>
</tr>
<tr>
<td><strong>Sales Promotion (Phase I &amp; II):</strong></td>
<td></td>
</tr>
<tr>
<td>• Banners</td>
<td>500</td>
</tr>
<tr>
<td>Design and printing of shopping vouchers</td>
<td>200</td>
</tr>
<tr>
<td>Design and printing of Feedback Forms</td>
<td>200</td>
</tr>
<tr>
<td>Branded American Premium Souvenirs</td>
<td>1000</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>4,400</strong></td>
</tr>
</tbody>
</table>

Table 3 Timeline of Activities

<table>
<thead>
<tr>
<th>Activity/ Item</th>
<th>Timeline</th>
<th>Personnel-in-Charge</th>
<th>Cost (GHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Promotions:</td>
<td>July 2017 – August 2017</td>
<td>Three sales personnel from the store</td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------------</td>
<td>--------------------------------------</td>
<td></td>
</tr>
<tr>
<td>• Phase I</td>
<td>November 2017 – December 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Phase II</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| TV advertisement  | June 2017 – August 2017  | ● Adom TV  
|                   | October 2017 – December 2017 | ● Joy Prime  
|                   |                         | ● Sales Personnel |
| Text Messaging    | May 2017 – December 2017 | Two sales personnel will be trained by the end of April 2017, and put-in charge of that. |
| Vouchers:         |                         | 200 |
| • Design and Printing of Vouchers | ● May 2017 | ● Personnel from Digital Printing Shop  
|                   | ● July 2017 – August 2017 | ● Sales Personnel at the counter |
|                   | ● November 2017 – December 2017 | |
| • Issuing of Vouchers |                         | |
| Design and Printing of Feedback form Application | ● May 2017 | ● Personnel from Digital Printing Shop  
|                   | ● May 2017 – December 2017 | ● Cashier at the counter |
| Facebook Ad Campaign | ● May 2017 – August 2017 | ● Trained Sales personnel |
|                   | ● October 2017 – December 2017 | |
| Branded American Premium Enterprise |                         | 1000 |
| Total Cost        |                         | 4,400 |
4.14 Stage Six: Control and Evaluation

This is the final stage in the SOSTAC planning framework. This stage basically evaluates how the set target will be measured. In evaluating the performance of the firm through the set objectives, the balance scorecard approach will be used.

The Balanced Scorecard approach was developed by Kaplan & Norton in 1992. It is a performance measurement framework that focuses on strategic non-financial performance measures to provide managers with a more 'balanced' view of organizational performance (“The Balanced Scorecard Approach”, 2010).

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Objectives</th>
<th>Performance Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
<td>To increase sales by 20% from June 2017 to December 2017.</td>
<td><strong>Sales Growth Rate:</strong> The objective will be measured by comparing the sales of June 2017 – December 2017 to that of 2016 and 2015 within the same period to determine whether or not the company has achieved its sales growth objective.</td>
</tr>
<tr>
<td>Consumer base</td>
<td>To increase customer base by 50% from June 2017 to December 2017.</td>
<td>The customer base objective will be measured comparing the number of customers who shop at the shop from June 2017 to December 2017. This number will be determined through the feedback form that will be given to customers to fill.</td>
</tr>
</tbody>
</table>
CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 Recommendations

One recommendation to American Premium Enterprise Limited is to venture into new markets by opening retail outlets in the major cities across the major regions in Ghana. Given the concentration of department stores in Accra, the company could meet its marketing objectives, and increase its brand awareness by opening stores in major cities like Kumasi, Takoradi and Koforidua.

Also, the company should be committed to taking advantage of social media platforms as a way of increasing its brand awareness and customer base. In addition to the website, it should build a solid profile on Facebook to attract potential customers into their stores.

Finally, the company should actively pursue advertising campaigns that will emphasize on its position as a department store in the market. With its current positioning statement, the company can take advantage of advertisement to filtrate the negative perceptions that people carry about the brand.

5.2 Conclusion

The aim of this applied project was to create marketing plan to increase the customer base and sales of the headquarters of American Premium Enterprise Limited. Thus, this plan serves as a guide not only for the department store to meet its marketing objectives but to also increase its brand awareness.
REFERENCES


Figure 10. Interview Guide for the Client, owner of American Premium Enterprise Limited

Client Interview Questions

Towards Building the Company’s Profile and Assessing their Business Activities

1. When was the business started?
2. Why the name American Premium Enterprise Ltd?
3. What is the mission and vision of the business?
4. How many employees do you currently have?
5. How many Branches have been established so far?
6. Reasons for expanding into other locations?
7. Target market (present target market and potential)
8. Services (warranty, credit policies, service plan, delivery)
9. Challenges faced by the company
10. Product portfolio (current products and prospects of expanding into other departments)
11. How do you currently reach out to your target market?
12. Why American made products
13. Who are your suppliers?

Figure 11. Continuation of Interview Guide for Client

Additional Questions

1. Approximately how many customers walk into American Premium Enterprise Ltd in a day?
2. Which area of business activity needs to be improved?
3. Have you made any losses since establishment?
4. If yes, what accounted for the loss?
Figure 12. Interview Guide for Existing Customers of American Premium Enterprise Limited

Interview Questions for Existing Customers

1. How did you first hear about American Premium Enterprise Limited?
2. How long have they been buying from American Premium Enterprise Ltd?
3. Do your friends and family shop at the store too?
4. Which branch do you shop at the most and why?
5. Why do you prefer American Premium to other company’s offering the same thing?
6. What do they like and dislike about the company?
7. What would they like to change about the company if they had the power to?

Figure 13. Interview Guide for Potential Customers of American Premium Enterprise Limited

Interview Questions for Potential Customers

1. Where do you currently live?
2. How often do you purchase from retail outlets?
3. What do you consider priority when shopping in a retail outlet?
4. What about a retail outlet attracts you the most?
5. Where do you mostly purchase consumable goods?
6. Why do you purchase from them?
7. Have you heard of American Premium Enterprise Limited?
8. Would you like to purchase from them sometime?