
THE INFLUENCE OF SALES PROMOTION STRATEGIES ON CUSTOMER LOYALTY IN THE ALCOHOLIC BEVERAGE SECTOR OF MALAWI

***Lisa Queen Kankhokwe, Mr. George Kadwa**

Bachelor of Business Studies, DMI St. John the Baptist University.

Article Received: 27 December 2025, Article Revised: 16 January 2026, Published on: 05 February 2026

***Corresponding Author: Lisa Queen Kankhokwe**

Bachelor of Business Studies, DMI St. John the Baptist University.

DOI: <https://doi-doi.org/101555/ijarp.6358>

ABSTRACT

The alcoholic beverage sector in Malawi plays a significant role in economic development through employment creation, revenue generation, and industrial growth. In an increasingly competitive market, companies rely heavily on sales promotion strategies to attract and retain customers. This study examined the influence of sales promotion strategies on customer loyalty in the alcoholic beverage sector of Malawi, with specific focus on Castel Malawi products. The research adopted a quantitative research design guided by a positivist philosophical approach to objectively measure the relationship between sales promotion strategies and customer loyalty. Data were collected through structured questionnaires administered to 350 respondents, achieving a response rate of over 90 percent, which is considered excellent for survey research. The study focused on three key promotional strategies: product sampling, bonus packs, and rebate programs. Data were analyzed using the Statistical Package for Social Sciences (SPSS). Descriptive statistics and binary logistic regression analysis were employed to determine the extent to which each promotional strategy influenced customer loyalty. The findings revealed that all three sales promotion strategies significantly influenced customer loyalty. Product sampling increased trial purchases and strengthened trust in product quality. Bonus packs enhanced perceived value, encouraging repeat purchases. Rebates demonstrated a strong positive impact on loyalty, particularly when the redemption process was simple and convenient. However, complicated rebate procedures negatively affected repeat purchase behavior. The study concludes that well-designed and effectively implemented sales promotion strategies play a crucial role in building and sustaining customer loyalty in Malawi's alcoholic beverage sector. The study

recommends that Castel Malawi expand its sampling initiatives, improve the attractiveness of bonus packs, provide meaningful rebate incentives, and simplify rebate redemption procedures.

KEYWORDS: Sales Promotion, Customer Loyalty, Alcoholic Beverage Sector, Malawi, Product Sampling, Bonus Packs, Rebates, Castel Malawi, Consumer Behavior.

INTRODUCTION

Customer loyalty is a fundamental driver of long-term profitability and competitive advantage in the global alcoholic beverage industry. In developed markets, brand loyalty remains particularly strong in product categories such as beer, where a significant percentage of consumers consistently repurchase the same brand. Global companies such as Heineken and Budweiser invest heavily in branding strategies, quality assurance, and promotional campaigns to maintain strong customer relationships and secure market share. With the global alcoholic beverage market projected to approach one trillion US dollars by 2033, sustaining customer loyalty has become increasingly critical for business growth and survival.

In Malawi, the alcoholic beverage sector contributes significantly to employment, government revenue, and economic development. Companies such as Castel Malawi provide both direct and indirect employment opportunities across production, distribution, and retail channels. However, increasing competition, consumer resistance to product changes, and shifting preferences pose challenges to maintaining customer loyalty.

Sales promotion strategies such as product sampling, bonus packs, and rebate programs are widely used by beverage companies to stimulate purchases and strengthen brand attachment. While these strategies are common in developed markets, there is limited empirical research examining their effectiveness in shaping customer loyalty within the Malawian context.

This study therefore seeks to investigate the influence of sales promotion strategies on customer loyalty in Malawi's alcoholic beverage sector, focusing specifically on Castel Malawi products. By examining how promotional activities affect consumer behavior, the study aims to provide practical recommendations for marketers and contribute to academic knowledge on consumer behavior in emerging markets.

Background of the Study

This section focuses on the historical background, conceptual framework, and contextual background of the study.

Historical Background

The concept of customer loyalty in the alcoholic beverages sector has evolved over time as competition, consumer preferences, and marketing strategies have changed globally. In earlier years, alcoholic beverage companies mainly competed on product availability and price. However, as markets became more competitive, companies began to recognize the importance of building long-term relationships with customers rather than focusing only on single transactions. This shift led to increased investment in branding, advertising, and sales promotion strategies aimed at strengthening customer loyalty.

In developed markets such as the United States and Western Europe, the evolution of marketing strategies has significantly influenced customer loyalty. Over time, companies introduced promotional tools such as product sampling, discounts, rebates, sponsorships, and loyalty programs to attract and retain customers. Studies indicate that about 39% of beer consumers in developed markets consistently repurchase the same brand (Statista, 2023), demonstrating the long-term impact of structured promotional strategies. As the global alcoholic beverages market continues to grow and is projected to approach \$1 trillion by 2033 (GlobeNewswire, 2025), maintaining loyal customers has become increasingly important for sustaining profitability and market share.

In Africa, the alcoholic beverage industry has also undergone gradual transformation. Traditionally, alcohol consumption was dominated by locally brewed and informal products deeply rooted in cultural practices. Over time, commercial breweries expanded their presence across the continent, introducing international brands and modern marketing techniques. The growth of the middle class and urbanization further influenced consumer preferences, with many consumers associating premium brands with status and modern lifestyles (LinkedIn, 2024). Despite these changes, price sensitivity remains high, and cultural traditions continue to shape purchasing behavior.

In Malawi, the alcoholic beverage sector has similarly evolved. The industry has transitioned from being largely dominated by traditional brews to a more structured market led by formal producers such as Castel Malawi. The acquisition of the Carlsberg brand marked a significant turning point in the industry. However, perceived changes in taste and packaging led to consumer dissatisfaction and declining repeat purchases (GrowthAfrica, 2020). At the same time, competition from informal producers and the growing demand for low-alcohol and health-conscious alternatives have increased pressure on formal companies to strengthen customer loyalty. Despite the importance of the sector to employment, government revenue,

and social life, there is limited research examining how specific sales promotion strategies influence customer loyalty in Malawi.

Conceptual Framework

This study is guided by the concept that sales promotion strategies influence customer loyalty in the alcoholic beverage sector.

Sales promotion strategies are short-term incentives designed to stimulate immediate purchase and encourage repeat buying. In this study, the independent variables include:

Product Trials – Providing consumers with free samples or tasting opportunities to reduce uncertainty and encourage first-time purchase.

Bonus Packs – Offering additional quantity of a product at the same price to increase perceived value.

Rebates – Providing partial refunds after purchase to motivate repeat purchasing behavior.

The dependent variable is Customer Loyalty, defined as a customer's commitment to repeatedly purchase a particular brand despite the availability of competing alternatives.

The conceptual framework assumes that when product trials, bonus packs, and rebates are effectively implemented, they enhance customer satisfaction, perceived value, and trust, which ultimately strengthen customer loyalty in the alcoholic beverage sector in Malawi.

General Objective of the Study

The main objective of the study is to assess the influence of sales promotion strategies on customer loyalty in the alcoholic beverage sector in Malawi.

Specific Objectives of the Study

1. To determine the influence of product trials on customer loyalty in the alcoholic beverage sector in Malawi.
2. To determine the influence of bonus packs on customer loyalty in the alcoholic beverage sector in Malawi.
3. To determine the influence of rebates on customer loyalty in the alcoholic beverage sector in Malawi

Literature Review

Theoretical Framework: The Stimulus-Organism-Response (S-O-R) Theory

The Stimulus-Organism-Response (S-O-R) theory, introduced by Mehrabian and Russell (1974), provides the foundational framework for this study. The model explains how external

stimuli (e.g., sales promotions) influence an individual's internal cognitive and emotional states (organism), which subsequently lead to observable behavioral outcomes (responses). In the context of this research:

Stimulus: Sales promotion strategies (Product Trials, Bonus Packs, Rebates).

- Organism: Internal consumer processes (Perceived Value, Trust, Satisfaction, Emotional Connection).
- Response: Behavioral outcomes (Repeat Purchase, Brand Preference, Advocacy, Customer Loyalty).

This theoretical lens is essential for understanding not just if promotions work, but how they psychologically influence consumers to develop loyalty.

Sales Promotion Strategies and Customer Loyalty

Product Trials

Product trials allow consumers to experience a product at no or low cost before purchase, reducing perceived risk and building confidence (Shamout, 2020). In Malawi, Chikondi (2023) found that offering samples during public events significantly boosts product awareness and trust. Positive trial experiences help establish emotional bonds with a brand, contributing to repeat purchases and long-term loyalty.

Bonus Packs

Bonus packs offer extra product quantity at no additional cost, increasing perceived value and encouraging bulk purchases (Kimani, 2022). In price-sensitive markets like Malawi, bonus packs are viewed as a practical way to stretch limited purchasing power. They act as immediate purchase incentives and can foster loyalty by creating a sense of appreciation and reward (Gachemba & Wanjiku, 2021).

Rebates

Rebates provide a partial refund after purchase, serving as a delayed financial incentive (Lee, 2022). Their effectiveness depends heavily on the size of the rebate and the simplicity of the redemption process. When well-structured, rebates enhance perceived fairness and value, rewarding frequent purchases and reinforcing loyalty (Nyambura, 2025).

RESEARCH METHODOLOGY

Research Design and Approach

This study employed an explanatory quantitative research design, aligned with a positivist philosophy. A structured questionnaire was used to collect primary data, facilitating the

objective testing of hypotheses regarding the relationship between sales promotion strategies and customer loyalty.

Study Area and Population

The study was conducted in Lilongwe, focusing on customers of Castel Malawi. The target population was Castel Malawi customers who had been exposed to the company's promotional activities. Due to the absence of a formal customer register, the population was considered large and indeterminate.

Data Collection Methods

This study employed a quantitative research approach to examine the influence of sales promotion strategies on consumer loyalty towards Castel Malawi alcoholic beverages. The use of quantitative methods allowed for statistical testing and objective analysis of relationships between promotional strategies and consumer behaviour.

Two primary data collection methods were utilised:

Questionnaires

Structured questionnaires were distributed to consumers of Castel Malawi alcoholic beverages in Lilongwe. A total of 384 questionnaires were administered, and 350 were successfully completed and returned, representing a response rate of approximately 91%. The questionnaire consisted of closed-ended questions measured on a Likert scale to capture consumer perceptions regarding product sampling, bonus packs, rebate size, ease of rebate redemption and overall consumer loyalty.

The questionnaire method was appropriate because it enabled the researcher to collect large amounts of data within a short period and ensured uniformity of responses, thereby increasing reliability.

Secondary Data

Secondary data were collected from academic journals, textbooks and relevant marketing literature to support theoretical arguments and interpretation of findings. This helped position the study within existing scholarly discussions on sales promotion and consumer loyalty.

Data Analysis and Interpretation

Data were coded and analysed using statistical techniques, including descriptive statistics, reliability testing, correlation analysis and regression analysis. The results are presented and interpreted below.

Response Rate

Out of 384 distributed questionnaires, 350 were completed and returned. This represents a response rate of 91%, which is considered highly satisfactory for behavioural research. A high response rate enhances the validity and credibility of the findings, as it reduces non-response bias and ensures adequate representation of the target population.

Demographic Characteristics of Respondents

Demographic information provides background characteristics of the respondents and helps in understanding how different consumer groups respond to promotional strategies. The study analysed gender, age, education level, income level and duration of purchasing Castel Malawi products. Understanding these characteristics strengthens the validity of the study because consumer behaviour is often influenced by demographic factors such as income, age and education.

Gender Distribution

Table 4.1 Gender of Respondents.

Gender	Frequency	Percentage
Male	189	54%
Female	161	46%
Total	350	100%

Source: Data Analysis (2025)

The results show that 54% of the respondents were male while 46% were female. The slightly higher male participation reflects consumption patterns in Malawi's alcoholic beverage industry, where men traditionally consume alcoholic beverages more frequently than women. However, the relatively balanced distribution enhances the reliability of the findings, as perspectives from both genders were adequately captured.

Age Distribution

Table 4.2 Age Distribution of Respondents.

Age Group	Frequency	Percentage
18–24 Years	29	8.3%
25–34 Years	110	31.4%
35–44 Years	125	35.7%
45–54 Years	65	18.6%
Above 55 Years	21	6%
Total	350	100%

Source: Data Analysis (2025)

The majority of respondents (67.1%) were between 25 and 44 years, indicating that most participants were economically active adults. This age group is more likely to have disposable income and regularly purchase alcoholic beverages. Younger and middle-aged consumers are also generally more responsive to promotional campaigns, including rebates and sampling.

Education Levels

Table 4.3 Education Level of Respondents.

Education Level	Frequency	Percentage
MSCE or Less	46	13.1%
Diploma/Certificate	129	36.9%
Degree	120	34.3%
Postgraduate	52	14.9%
Other	3	0.9%
Total	350	100%

Source: Data Analysis (2025)

The findings indicate that the majority of respondents had attained diploma or degree qualifications. This suggests that respondents were sufficiently educated to understand the promotional offers presented in the questionnaire. Higher education levels also imply that respondents are more likely to evaluate promotional value rationally, especially monetary incentives such as rebates.

Monthly Income Level

Table 4.4 Income Level.

Income Level (MWK)	Frequency	Percentage
Below 100,000	53	15.1%
100,000–300,000	40	11.4%
300,001–600,000	71	20.3%
Above 600,000	186	53.1%
Total	350	100%

Source: Data Analysis (2025)

More than half of the respondents (53.1%) earned above MWK 600,000 per month. Income level is an important determinant of purchasing power and responsiveness to promotional strategies. Consumers with moderate to high incomes may respond differently to monetary promotions compared to lower-income consumers.

Duration of Purchasing Castel Malawi Products

Table 4.5 Duration of Purchase.

Duration	Frequency	Percentage
Less than 1 Year	38	10.9%
1–2 Years	36	10.3%
2–3 Years	54	15.4%
3–4 Years	87	24.9%
4–5 Years	98	28%
More than 5 Years	37	10.6%
Total	350	100%

Source: Data Analysis (2025)

The majority of respondents had been purchasing Castel Malawi beverages for between three and five years. This indicates strong brand familiarity and loyalty, meaning that responses were based on real purchasing experience rather than occasional consumption.

Key Findings

- The regression and correlation analysis revealed several important findings:
- Product sampling significantly influenced consumer loyalty by increasing trust and encouraging trial purchases.
- Bonus packs had a positive but comparatively weaker influence on loyalty.
- Rebate size had a strong positive effect on consumer loyalty.
- Ease of rebate redemption significantly improved customer satisfaction and repeat purchase behaviour.
- Complicated or slow rebate processes negatively affected loyalty.
- Overall, sales promotion strategies collectively explained a significant proportion of the variation in consumer loyalty.
- These findings confirm that well-designed promotional strategies can significantly influence consumer behaviour in Malawi's alcoholic beverage market.

RECOMMENDATIONS

1. Enhance Experiential Marketing: Castel Malawi should intensify product sampling at strategic locations (retail outlets, festivals, social gatherings) to reduce perceived risk and build trust, especially for new product variants.
2. Optimize Bonus Pack Value: Redesign bonus packs to emphasize clear savings and include product variety to increase appeal. Communicate the value proposition more effectively to consumers.

3. Leverage Rebates Strategically: Offer meaningful rebate amounts that are immediately noticeable. Crucially, simplify the redemption process through digital codes or instant retailer processing to remove barriers.
4. Adopt an Integrated Promotion Mix: Design campaigns that strategically combine sampling, bonus packs, and rebates to create a compounded effect on consumer perception and loyalty.
5. Invest in Consumer Insights: Conduct regular market research to segment customers and tailor promotions based on demographics, purchase frequency, and sensitivity to different promotional types.

CONCLUSION

The study successfully achieved its objective of determining the influence of sales promotion strategies on consumer loyalty towards Castel Malawi alcoholic beverages. The findings demonstrate that promotional strategies such as product sampling, bonus packs and rebates significantly shape consumer perceptions and behavioural responses.

Among the promotional strategies examined, rebates were found to have the strongest impact, particularly when the redemption process was simple and convenient. Product sampling also played a critical role in building trust and encouraging repeat purchases. However, complex promotional procedures may reduce consumer satisfaction and weaken loyalty.

The study concludes that Castel Malawi should strategically design and implement promotional activities that provide clear value, convenience and simplicity to consumers in order to sustain long-term loyalty.

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