

## Investigation into Consumer Response to Sales Promotional Activities: The Case of Unilever Ghana Limited

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**ABSTRACT:** The promotional activities have become more sophisticated and an increasing number of companies are using them to ensure their survival in today's competitive market. Essentially, the study analyzed the nature of sales promotional activities of Unilever Ghana Limited; determined factors that influence the consumption of Unilever products in Kumasi and finally examined the relationship between sales promotions and the consumption of Unilever products. Primary and secondary data sources were used to select 220 consumers of Unilever in Kumasi and an in-depth interview with the Managers of the companies in Kumasi. Convenient sampling technique was employed in the study. Cross tabulation was done on the demographics whilst a regression model was used to establish the relationship between sales promotions and consumption of products. The findings revealed that Personalities in promotions, Prices in promotions, Messages in promotions and Promotional tools have strong influence on consumption but the Medium in promotion did not have influence on consumption during promotions. It was therefore recommended for celebrities to be used in the company's promotions.

**Keywords:** Promotions; celebrities; consumption

**JEL Classifications:** E21; M51

### 1. Introduction

Marketers have come to identify that advertising alone is not always enough to move their products into the hands of consumers. Sales promotion is used to ensure that customers are aware of the products that organizations offer. Sales promotional activities were originally intended as short-term incentive aimed at producing immediate consumer buying responses. Consumer promotions are short-term incentives targeted directly at consumers and they include: buy-one-get-one-free, price discount, event sponsorship, coupons, rebates, free offers, patronage rewards and other incentives. Traditionally, these techniques were viewed as supplements to other elements of the firm's promotional mix. Priya et al. (2004) suggested that, promotions are temporary offers to consumers which are designed to achieve a specific sales objective.

Marketers recognize the promotional activities as integral parts of many marketing plans and the focus on sales promotion has shifted from short-term goals to long-term goals aimed at building brand equity and maintaining continuing purchases. According to Low and Mohr (2000) manufacturers continue to spend a large amount from their communication budget on sales promotion. It is estimated that 75 percent of their marketing communication budgets are allocated to sales promotion. The objective is to speed up the sales process and increase sales volume of products. Many studies have shown that sales promotions have a significant impact on consumers purchase decision by increasing the promoted brand sales during the period of the promotions; it also induces sales change after the promotion has finished due to brand switching.

In 1982 it was estimated that \$60 billion was spent on promotions to the consumer directly through coupons, rebates and contests in the US and indirectly via allowances to dealers or retailers to

display or promote a product at a reduced price (Meryl and Roger, 1984). An understanding of how consumers respond to promotions is important in developing effective strategies not only for sales promotion but also for other elements of the communications mix which are closely associated (Strang,1976). An increasing number of researchers are addressing questions about consumer response to promotions, but the results have been limited and mixed due to the use of different methodologies, focuses, and scientific paradigms.

Meeting the needs of consumers has become difficult in recent times as a result of the trade liberalization policy that Ghana embarked on some years ago. Due to that, more companies are using different strategies to survive. In considering the importance of sales on companies' survival and the connection between consumers and sales, it is important for organizations to engage in programmes or activities that can influence consumer decision to purchase its products. This is where sales promotional activities are important. It will serve as a major tool in creating product awareness and condition the mind of a potential consumer to take eventual purchase decision.

### **1.1 Research Objectives**

The research objectives are to:

1. analyze the nature of sales promotion activities of Unilever Ghana Limited.
2. determine factors that influence the consumption of Unilever products in the Kumasi Metropolis.
3. examine the impact of sales promotion on the consumption of Unilever products in the Kumasi Metropolis.
4. determine whether sales promotions create corporate image.

### **1.2 Research Questions**

The research will be guided by the following questions:

1. What is the nature of sales promotion activities of Unilever Ghana Limited?
2. What factors influence the consumption of Unilever products in the Kumasi Metropolis?
3. How does sales promotion influence the consumption of Unilever products?
4. Have sales promotions helped in the recognition of Unilever brands and its corporate image?

### **1.3 Problem Statement**

Majority of the Ghanaian industries are currently facing unprecedented competition, declining brand loyalty, increased promotional sensitivity, brand proliferation, increases in taxes and increased accountability as a result of the government's trade liberalization policy. This situation has resulted in loss of sales revenue to firms, sometimes so severe that some have to close down. This is in accordance with what Peattie and Peattie (1993) claimed about sales promotions becoming so common that firms are obliged to follow or risk losing market share or close down.

Previous researchers have mainly investigated the effectiveness of the traditional marketing communication channels like advertising, personal selling, public relations as well as mass media or the print advertising in eliciting consumers' responses with little emphasize on the promotional mix (Marzia, 2005). The uncertainty surrounding the nature of the consumers' responses to the promotional activities has necessitated this research.

## **2. Research Methodology**

### **2.1 Research design**

A case study design was employed in the research. Data were taken from both secondary and primary sources. On the whole, the secondary data sources were culled from literature on promotion and consumer responses from text books, scholarly journals and the internet. The primary data source was a well structured questionnaire which was used in taken information from the respondents; the items were both closed – ended and an open – ended questions while an in-depth interview was also conducted with the Sales and Marketing Department of the company

#### **2.1.2 Population of the study and sampling frame**

An interview was conducted with Managers from the Marketing Department of Unilever Ghana Limited in Tema and in Kumasi office. Kumasi was the chosen area for the study as a result of its trading and business activities in the country - where majority of the people in the metropolis use Unilever products. The estimate of the target population size in the metropolis was 1,625,180 (<http://www.kma.gov.gh/population> ).A sample size of 220 respondents was used for the research. The researcher chose the 220 after comparing sample sizes in other published works to the study. The

following suburbs in Kumasi were used namely: Adum, Kejetia, Suame, Bantama, Krofrom, South, Santasi, Ahodwo, Atonsu, Asawasi, Tech, and Buokrom for the study.

### **2.1.3 Sampling Technique**

A convenient sampling technique which was a non-probability sampling technique was used to select the 220 respondents for the study whilst two managers were interviewed from the Unilever Ghana Limited. Convenient sampling was used because of the busy nature of the managers as well as the respondents in the business district of the country.

### **2.1.4 Pilot – Testing of the instrument**

Ten copies of sample questionnaires were pilot – tested using some selected people the researcher conveniently used from the city of Kumasi. Corrections were made to prepare the final questionnaire for the data collection process. This process was done to ensure that, the questionnaires were actually collecting data desired rather than something else that might be entirely irrelevant to the analysis and conclusions of the research.

### **2.1.5 Procedure for Data Collection**

The questions on the questionnaires were explained to the respondents thoroughly after copies presented to them. The purpose of such exercise was to help the respondents understand the purpose of the research and provide their independent opinions on the questionnaires. To have a valid and a reliable data, the researcher ensured that the questionnaires were well formulated to minimize errors. The questionnaire comprised closed – ended questions in which respondents were asked to tick the appropriate answers. The last question was an open – ended which allowed the respondents the opportunity in expressing their views freely. Copies of the questionnaire were handed personally to respondents at some offices, vantage points as well as on the streets. The answered questionnaires were collected within a period of two weeks until the required sample size was reached.

### **2.1.6 Data Analysis Plan**

The collected data were analyzed using charts: pie charts, bar charts as well as tables to ensure easy and quick interpretation of the data. Responses were expressed in percentages. Data from the completed questionnaire were checked for consistency. The items were grouped based on the responses of the respondents. Microsoft Excel was used to derive the charts. Cross tabulation was done on the demographics; Relationships between sales promotions and the consumption of Unilever products was determined by Statistical Package for Social Sciences (SPSS) to estimate the regression.

## **3. Results**

The data gathered from the field indicate that, majority of the respondents were males with a total percentage of 52.7% where the females were 47.3% (table 1). The results show that males participated more than the females in the study without any preference to a particular gender because respondents were conveniently selected as shown in Table 1.

**Table 1. Gender Distribution of the Respondents**

GENDER	FREQUENCY	PERCENTAGE (%)
Male	116	52.7
Female	104	47.3
Total	220	100.0

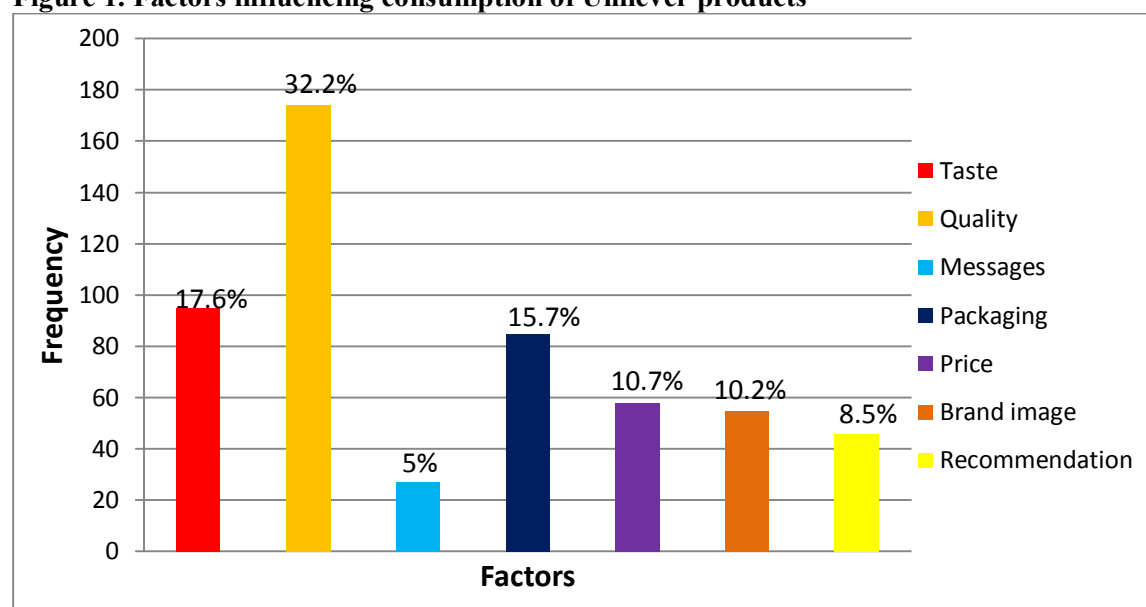
Source: Field Survey, 2011

The table 2 shows a cross tabulation for marital status and after promotional purchase of Unilever products. The findings indicate that consumers who are married are mostly influenced to purchase Unilever products after the promotion period with 50.2%,singles recorded 43.8% whilst separated or divorced persons recorded the least with 6.0%.It has proved that people who are married continue to purchase Unilever products even after the promotional period. The result is in consonance with (Shimp, 2000) who observed that most sales promotions are targeted at largely married who are considered as more organized shoppers during and after promotions.

**Table 2. Cross tabulation for Marital status and after Promotional Purchase**

Marital Status		Are you influenced to purchase Unilever products after the promotion period?		
		Yes	No	Total
Single	Count	79	16	95
	% of Total	36.4%	7.4%	43.8%
Married	Count	97	12	109
	% of Total	44.7%	5.5%	50.2%
separated / divorced	Count	12	1	13
	% of Total	5.5%	.5%	6.0%
Total	Count	188	29	217
	% of Total	86.6%	13.4%	100.0%

**Figure 1. Factors influencing consumption of Unilever products**

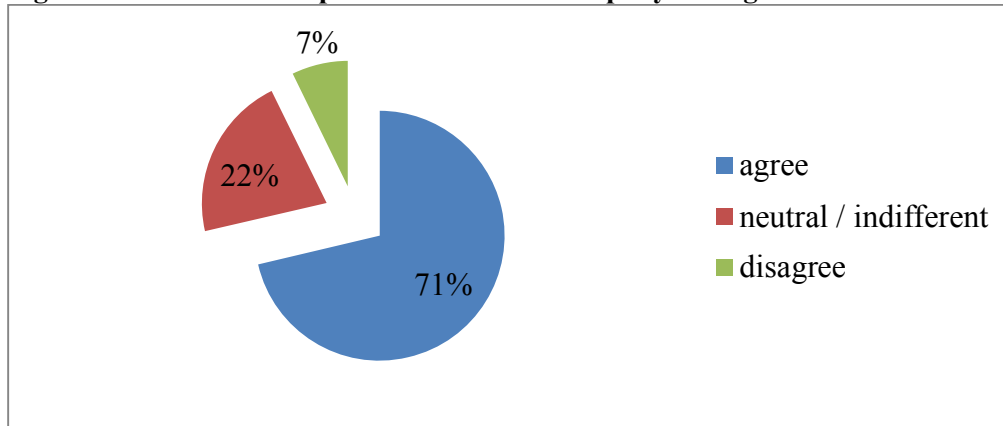


Source: Field Survey, 2011.

Figure 1 above shows factors that influence choice of Unilever products. The results show that Quality is considered first with 32.2%, followed by Taste with 17.6%, Packaging with 15.7%, Price with 10.7%, Brand image and Recommendation with 10.2% and 8.5% respectively. It is clear that, consumers of Unilever products in the Kumasi Metropolis are influenced by many factors in using products of Unilever Ghana Limited. The above results with Quality as the most influenced factor in choosing Unilever products over others is consistent with a finding by Kim and Shim (2002), who observed that quality is an important factor consumer consider when purchasing products.

From the figure 2, 71% of the respondents agree that sales promotional activities create good image about the company, with 22% of them remaining indifferent on the issue. However, 7% of the respondents disagree on the subject. The result is consistent with the findings of Mullins et al (2007) who found that activities like entertainment and promotions to consumers and customers can create a business environment that can in turn boost a company's image positively. Duncan (2002) also observed that brand – building activities like promotion and communication tools create consistent brand image to organizations.

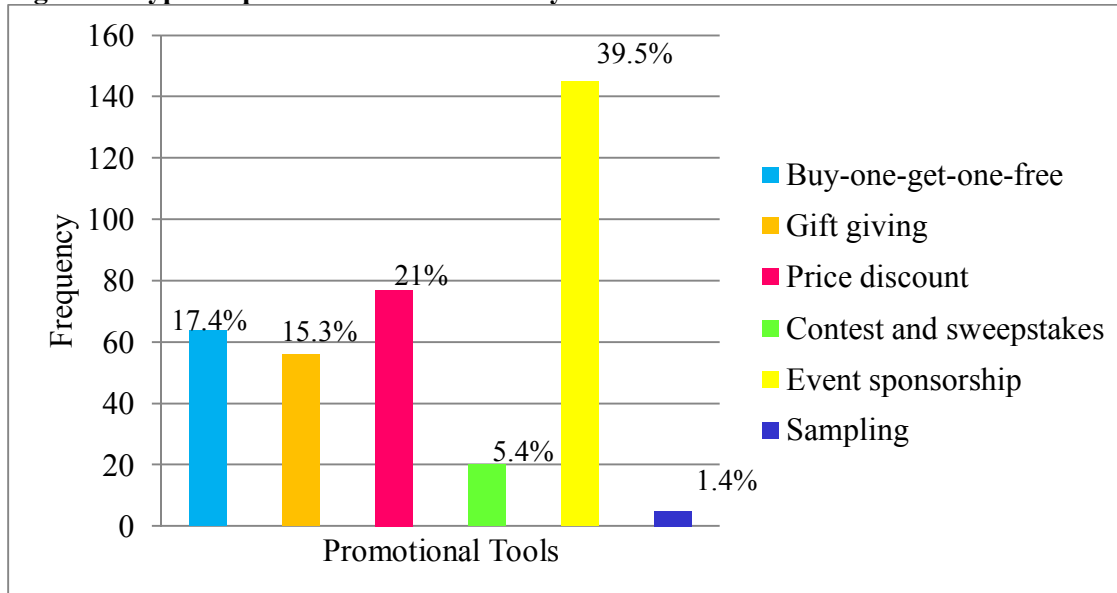
**Figure 2. Effects of sales promotions on the company’s image.**



Source: Field Survey, 2011.

Figure 3 depicts respondents’ experience of the various types of promotional tools used by the company during promotions. In all, a total of 39.5% of the respondents observed that event sponsorship is the major promotional tool used. This is closely followed by Price discount with 21%, Buy-One-Get-One-Free 17.4%, Gift Giving 15.3%, Contest and Sweepstakes 5.4% with Sampling recording 1.4%. Clark and Horstmann (2003), has observed that as part of promotional activities like Event Sponsorship and other tools like public relation campaigns for consumers to buy goods and services, companies in the United States spent \$ 800 million in 1998 to acquire talent entertainers, athletes and other high profile personalities – to spot light in promotions and other activities. This explains why many of the respondents see event sponsorship as what they had experienced as a major promotional tool in most in Unilever promotions.

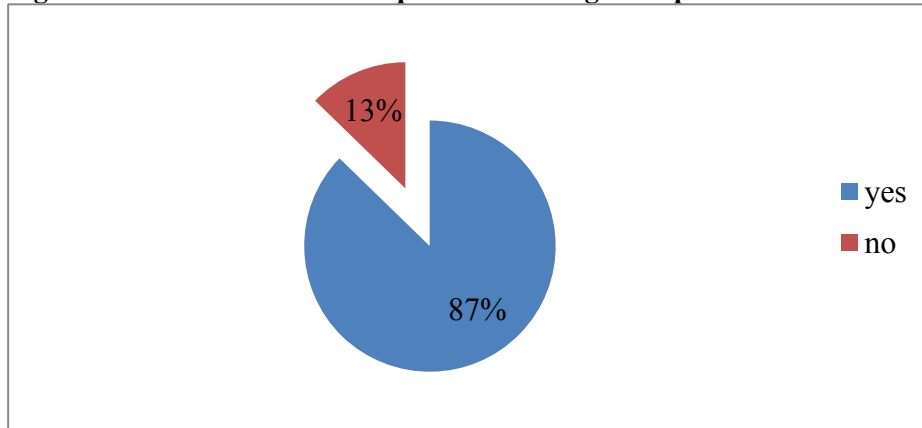
**Figure 3. Types of promotional tools used by Unilever Ghana Limited**



Source: Field Survey, 2011.

Figure 4 shows the level of purchase of Unilever products during sales promotions. The results show that 87% of the respondents were influenced to purchase products during promotion while 13% responded were not buying during sales promotion period. The findings agree with the observation made by Ailawadi (2001) who reported that promotions have a positive long-term effects on sales because the period tend to persuade consumers to change brand and to buy more.

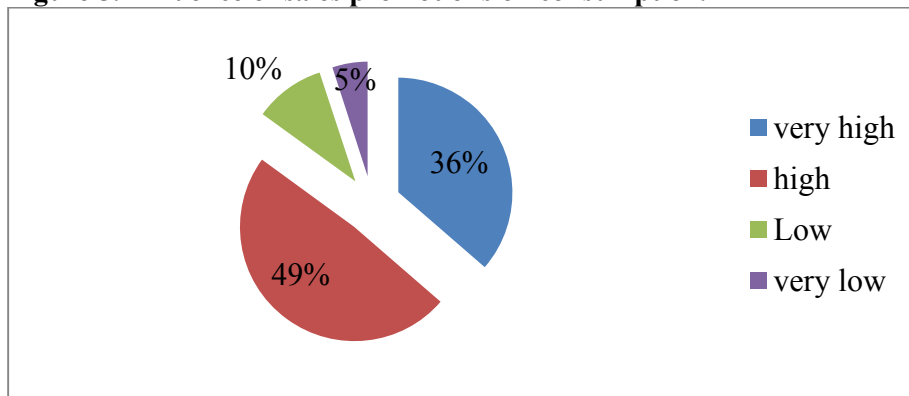
**Figure 4. Purchase of Unilever products during sales promotions.**



Source: Field Survey, 2011.

The figure 5 depicts that, 36% are influenced to consume at a very high rate, 49% recorded to have consumed high, 10% also recorded to have been consuming low whilst 5% recorded the least percentages. The findings show that consumers increase their purchase of Unilever products during promotions but not at a very high rate. It is slightly above their normal purchases.

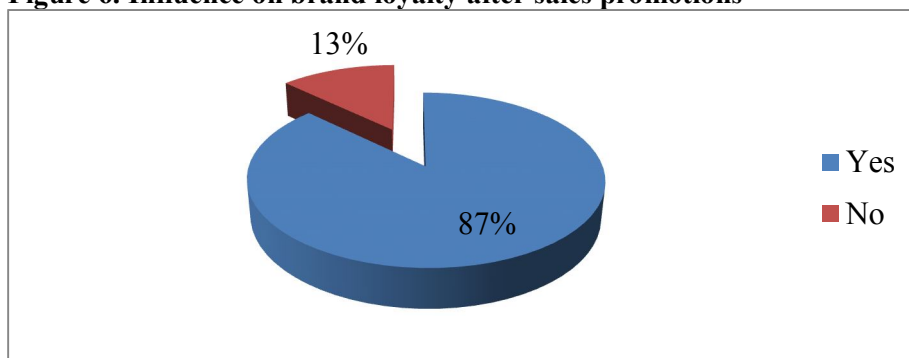
**Figure 5. Influence of sales promotions on consumption.**



Source: Field Survey, 2011.

Figure 6 shows the influence of brand loyalty after the promotion period. 87% recorded to have been brand loyal after promotions whilst 13% were not loyal after the promotional period. The findings agree with an observation made by Schiffman and Kank (2004) who said that brand loyalty is the ultimate desired outcome of consumer learning after embarking on a promotion. The results show the effective of promotions which enable a lot of consumers or customers to be loyal after the promotional period.

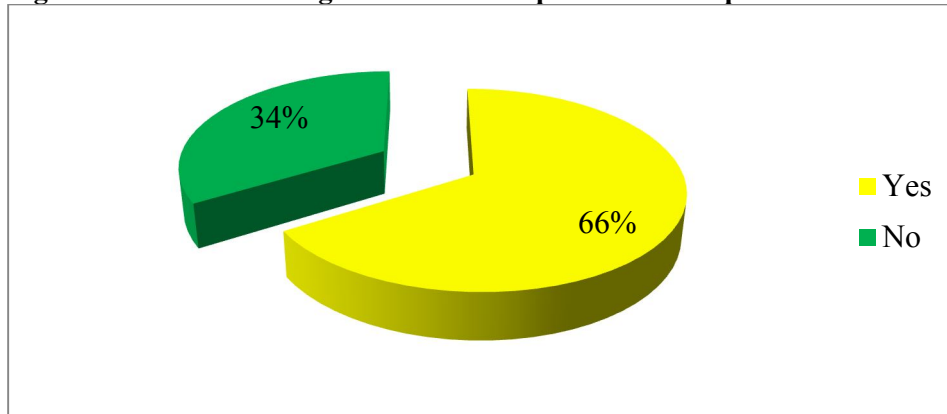
**Figure 6. Influence on brand loyalty after sales promotions**



Source: Field Survey, 2011.

Figure 7 depicts the switching of brands from other competitors' products as a result of promotions. It was recorded that 66% have switched from other brands due to promotions whilst 34% recorded not to have switched from one brand to the other due to sales promotions. The finding is in consonance with Bell et al (1999) who observed from a research and concluded that brand switching accounts for the majority of the current promotion effect. The results have indicated that a well structured promotional activity can help consumers and customers to switch from brand to the other brands.

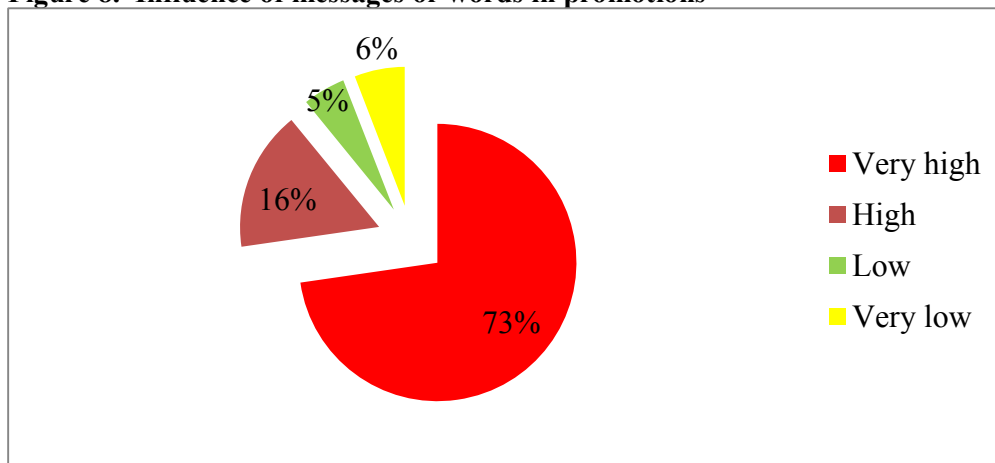
**Figure 7. Brand switching from other competitors due to promotions**



Source: Field Survey, 2011.

The extent at which messages or words in promotions can have effects on consumers were seen as follows: 73% of the respondents were influenced by messages in promotions towards their consumption at a very high rate, 16% were influenced at a high rate, 6% were also influenced at a low rate while 5% responded to have been influenced at a very low rate (figure 8).

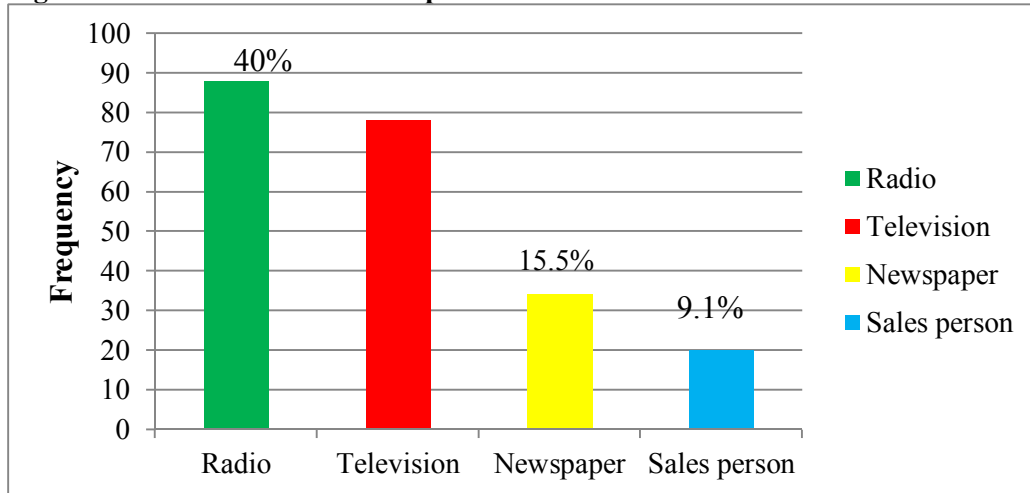
**Figure 8. Influence of messages or words in promotions**



Source: Field Survey, 2011.

About the influence of a particular medium in promotions. Radio recorded the highest with 40%, followed by Television with 35.5%, Newspaper with 15.5% whilst sales persons recorded the least with 9.1% (figure 9). The results show that radio as a promotional medium helps in conveying messages to consumers and customers during promotions.

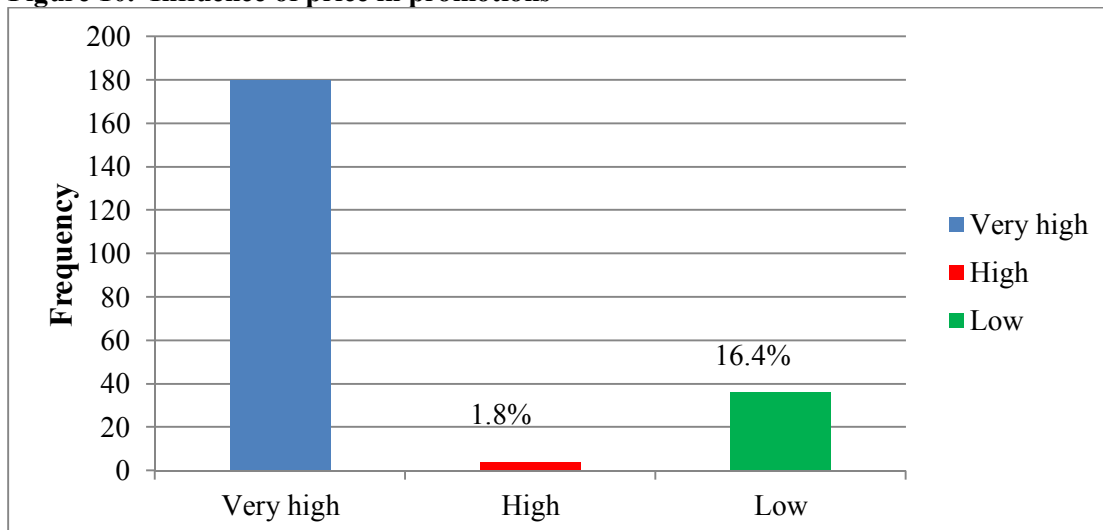
**Figure 9. Influence of medium in promotions**



Source: Field Survey, 2011.

Figure 10 shows that 81.8% responded that prices of products during promotion influenced them to consume very high, 1.8% recorded to have been buying high, followed by 16.4% who were influenced to buy and use low.

**Figure 10. Influence of price in promotions**



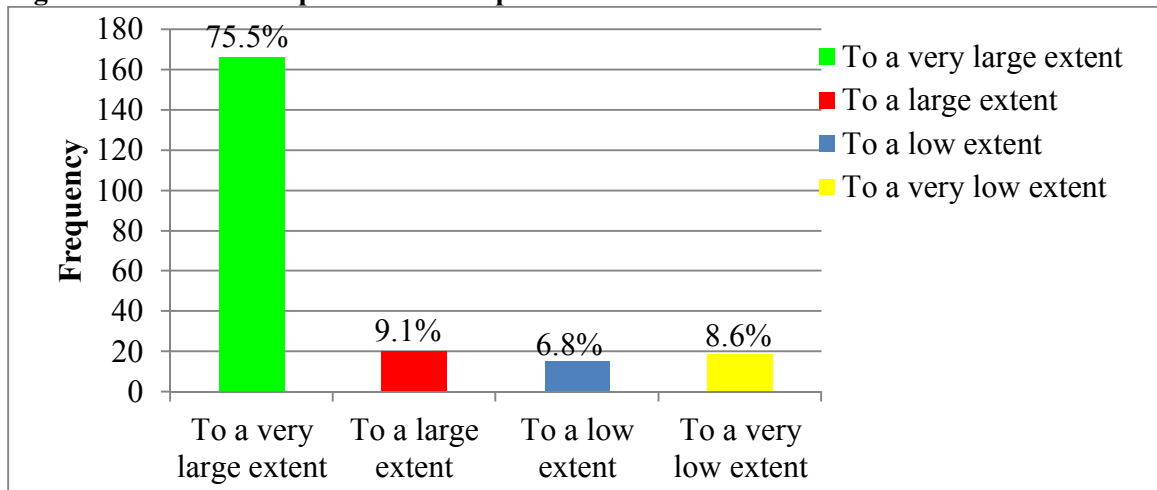
Source: Field Survey, 2011.

The results are in consonance with a research conducted by Kim and Jin (2006) who concluded that rational consumers are price conscious shoppers or buyers, who shop more frequently during promotions than other types of shoppers. The findings have revealed that, reduction of prices during promotions propel consumers to buy and use at a very high rate.

Figure 11 shows the degree of influence of personalities in promotions. 75.5% of the respondents agreed that personalities in promotions have a very large influence in their buying decisions, 9.1% responded to have been influenced to a large extent, 8.6% responded to a low extent and 6.8% responded to a very low extent.



**Figure 11. Influence of personalities in promotions.**

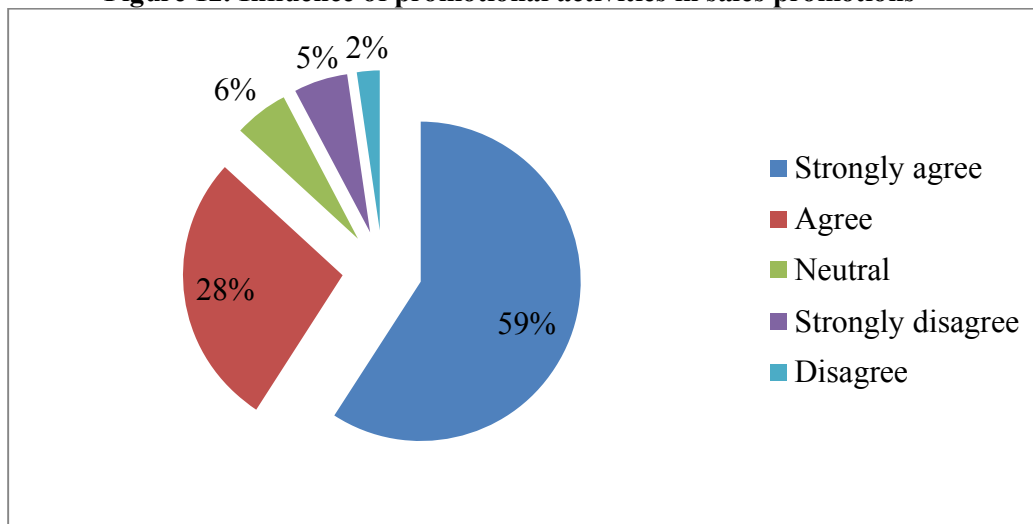


Source: Field Survey, 2011.

The findings agree with McCracken (1987) who said that a celebrity endorser is any person who uses his or her public recognition on behalf of consumer goods by appearing in promotions or in advertisement. This is because it is believed that they are successful spokespersons and can influence consumers to buy and use a sponsored brand. The results show that the use of personalities in promotions have a greater influence in the purchase decision of consumers and customers to buy during promotion.

Figure 12 shows the influence of promotional activities in sales promotions. 59% of the respondents strongly agreed that promotional activities have greater influence in their purchase, 28% agreed, 6% remained neutral, 5% strongly disagreed whilst 2% disagreed. The findings are in consonance with Park and Stoel (2006), who observed that promotional activities help in promoting and creating brands as a strategy to increase purchase intention of the buyers. The results show that the kind of promotional activity used has a greater influence towards purchase.

**Figure 12. Influence of promotional activities in sales promotions**



Source: Field Survey, 2011.

**Relationship between sales promotions and consumption of Unilever products**

**Table 3. Summary of Regression Model**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.809(a)	.654	.646	.476

a Predictors: (Constant), Messages in promotions, promotional medium used, prices in promotions, influence of personalities in promotions and promotional activities used.

b Dependent Variable: Consumption of Unilever products.

From the Table 3, all the independent variables that is: Messages in promotions, promotional medium used, prices in promotions, influence of personalities in promotions as well as the promotional activities used explained 65% of the variance (R Square) in the consumption of Unilever products, which is significant as indicated by  $F(5,214) = 80.87, P < 0.05$  as shown in the next table.

**Table 4. ANOVA (b) Table for Regression**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	91.621	5	18.324	80.873	.000(a)
	Residual	48.488	214	.227		
	Total	140.109	219			

a Predictors: (Constant), Messages in promotions, promotional medium used, prices in promotions, influence of personalities in promotions and promotional activities used.

b Dependent Variable: Consumption of Unilever products.

**Table 5. Coefficients (a) of the Regression Model**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.561	.095		5.898	.000
	Messages in promotions	.164	.059	.172	2.776	.006
	Promotional medium used	.032	.034	.039	.956	.340
	Prices in promotions	.218	.081	.203	2.682	.008
	Influence of personalities in Promotions	.217	.070	.259	3.090	.002
	Promotional activities used	.219	.051	.267	4.262	.000

a Dependent Variable: Consumption of Unilever products.

The above table 5 shows an examination of t-value (2.776,  $P < 0.05$ ) for messages in promotions, which indicate that messages in promotions contribute significantly to the consumption of Unilever products.

Promotional medium with t-value of (.956,  $P > 0.05$ ) which indicates that P is greater than 0.05; and as a result does not contribute significantly to the consumption of Unilever products.

Prices in promotions with t-value of (2.682,  $P < 0.05$ ) indicates that prices in promotions also contribute significantly to the consumption of Unilever products. Personalities in promotions with t-value of (3.090,  $P < 0.05$ ) which indicate that it contributes significantly to the consumption of Unilever products.

Promotional activities with t-value of (4.262),  $P < 0.05$ ) which indicate that the promotional activities contribute significantly to the consumption of Unilever products.

The above results indicate that among the five items that were used for the analyses, consumers of Unilever consider : messages in promotions, prices in promotions, personalities in promotions and the promotional activities used in the consumption of the company's products during promotions without considering the medium used.

### **3.1. The nature of Sales promotions activities of Unilever promotions.**

It was revealed from the interview that, sales promotional activities of Unilever Ghana Limited are divided into three main segments; namely: Sales promotions, Wholesale promotions and Mass promotions. Sales promotion is the normal promotion that is offered to existing, current and potential customers of Unilever Ghana Limited. It includes Gift giving, price discount, and buy-one-get-one or two free. It is an occasional event which is organized by the management.

Wholesale promotion is one in which items are offered to key distributors of Unilever Ghana Limited; for them to be given to wholesalers and retailers. It is also not regular but from time to time. Mass promotion is the one that is done through series of advertisement on televisions, radios and in newspapers. It is characterized with event sponsorship to enable customers and consumers of the company's products to win prizes. The interview identified that Mass promotion was not done frequently.

## **4. Conclusions**

The overall purpose of the study investigated into consumer response to promotional activities. On the basis of the findings, the research fulfilled the stated objectives and the following conclusions were drawn from the study:

- Sales promotions are not only used to directly generate sales but also to improve relationship with potential customers and consumers, so as to increase future sales.
- The use of personalities in promotions like Event sponsorship helped in influencing the consumption of the company's products.
- Messages in promotions, prices in promotions, personalities in promotions, promotional tools used at a given time, all contributed to the consumption of products but the Medium in which the promotion is used, did not have a strong influence towards consumption.
- Majority of the consumers complained of high prices of Unilever products immediately after sales promotions.
- The research revealed that majority of the consumers attributed most of the company's products to other manufacturing companies like Nestle Ghana Limited and PZ Cussons Ghana Limited.

## **5. Recommendations**

The study puts the following recommendations for both academia and managers, so as to study, understand and use the concept of sales promotions effectively:

### **5.1 Celebrity Endorsement**

The use of celebrities in the promotional activities has a strong impact on consumption of products. It became clear that respondents associated Omo with Kwame Sefa Kayi, a radio presenter at Accra in their purchase and use of the new Omo during and after promotions. Company must therefore use a celebrity with a good image to their promotional activities to the general public.

### **5.2. The use of more than one promotional tool**

Promotional tools like Event sponsorship, Price discount and Buy-One-Get-One-Free must be used since they are highly effective in promoting consumer products.

There is also the need for the organization to use more than one promotional tool in their sales promotional activities.

### **5.3.Limited knowledge on company's products**

Unilever Ghana Limited as a company must embark on effective advertising and promotional activities for some of their products. It was revealed from the research that a lot of people have been using the company's products without knowing the manufacturer's name as Unilever; products like

Annapurna Salt, Royco, Vaseline, Geisha soap, Brillant soap were associated with other competitors like Nestle Ghana Limited and PZ Cussons Ghana Limited.

#### **5.4. Frequent buyer incentives**

The research has shown that more consumers brand switched from one competitor or the other to the company's products; that were revealed to be repeating purchasing and finally became brand loyal. The company must therefore use a frequent buyer incentive strategy associated with research on consumers' attitudinal and behavioral factors towards consumption of products.

#### **5.5. Dealing with pricing after promotions**

It was revealed from the research that majority of consumers in the Kumasi metropolis complained that, prices of Unilever products were usually high after promotional activities. The researcher is therefore recommending that prices of products must be kept within a reasonable limit for the average consumer in Kumasi to buy more and remain loyal to the company's products.

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