



THE EMPIRICAL ANALYSIS OF THE ROLES OF SALES PROMOTION IN THE MARKETING OF NIGERIA BOTTLING COMPANY PRODUCTS

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Abstract

This study investigated the sales promotional strategies in achieving marketing goals in Nigeria bottling Plc, Onitsha, Anambra State, Nigeria. The study is a survey research that administered questionnaire to eighty respondents randomly selected for the study.

The study used mean(x) and standard deviation (SD) statistical tools for analysis. The study revealed that promotional strategies have an important role and impact in marketing management of the bottling company in Nigeria. The research recommended amongst others that the Nigeria bottling company must intensify the use of sales promotion as respondents have shown great interest and are highly influenced by sales promotion activities:

Keywords: Sales Promotion, Nigeria Bottling company, promotional strategies, satisfaction.

1.0 Introduction

Business is like war in one respect. If its ground strategy is correct, any number of tactical errors can be made and yet the enterprise proves successful (Wood 1962). The business in question could be private or public venture. It could be one man business (Sole proprietorship) or a world class multinational. Every business enterprises still operating as a going concern, must adopt its marketing strategy to meet the desired aspiration. In the same vein for any business to survive under the current unpredictable socio-eco-political dispensation in the country be it profit making or non-profit making, it has to effectively market its products or services which have to be promoted on a regular basis.

Apparently, one of the vehicles for conveying marketing strategies is sales promotion and its significant to organizational performance cannot be over emphasized. Sales promotion according to Kotler and Armstrong (2001) is a short term incentive to encourage the purchase of sales of a product or services.

Kotler (1984) posits sales promotion as consisting of a variety of promotional tools designed to stimulate earliest and/or stronger market response. Undoubtedly, sales promotion is an important element in marketing function. It forms part of the promotional mix. Sales promotion helps maintain a high level of awareness of the supplier and the brand in several ways. Not only does sales promotion win and help to maintain the patronage of customers but it also build the goodwill of dealers and distributors who enjoys increase in store-traffic and high rate of stock



turnover, sales promotion also encourages the trail and repeat purchase of product and services. It forms an essential ingredient in motivating adoption process of products. Direct mail, shorts and catalogues which are component of sales promotion generates enquire for industrial goods and services leading to increase in re-order level. It is quite evident level that no business organization that desire to survive can afford to neglect the importance of sales promotion in the marketing of its product or services. It is on the basis of this invaluable contribution to organizational success that this study is being carried out to focus on sales promotion as a strategy in achieving marketing goals in in NBC plc Onitsha plant.

The Nigerian Bottling Company (NBC) was incorporated in November 1951 to bottle and sell carbonated non-alcoholic beverages. However, the company has grown across the geographical blocks of Nigeria with about 16 bottling facilities (plants) around the country, and it uses 82 distribution warehouses and 200,000 distribution outlet. For instance, the Onitsha plant is one its plants and it began production in 1987 at the commercial nerve centre of eastern region. It covers Anambra and Delta State. The plant supplies four (4) major depots located in Nnewi, Oba, Agbor and Ekwulobia, with numerous retailers over ten thousand currently its staff strength ranges between four hundred and fifty staffers. The success of the plant since its fourteen years of operation has put coca-cola product the ultimate in the eastern market.

Statement of the Problem

There has been a lingering problem in Nigerian Bottling Company Plc Onitsha regarding the right blend of promotional strategies to be used, at what time, at what place, and to whom?, to inform and persuade consumers about its products. This problem has resulted to decrease in profit level, sales volume, market shares, customer loyalty and profit level

Apparently, there has been continuing researches in both the developed and developing countries with respect to the impact of promotional strategies that will inform, persuade, rebuild and restore confidence in customer's buying pattern.

We want to investigate how the promotional strategies of advertising, personal selling and sales promotion can persuade customers to patronize the Nigerian Bottling products in order to improve the company sales volume, market share, customer loyalty and eventually profit.

Objective of the study

The main objective of this study is to investigate the sales promotional strategies in achieving marketing goals in Nigerian Bottling Plc., Onitsha, Anambra State as a focus. The specific objectives are to:

- To identify the impact of sales promotion as a strategy in achieving marketing goals in Nigerian Bottling Company Plc.



- To determine how sales promotion has improve on the profit of the Organization.
- To ascertain the level of consumer satisfaction.

Research Questions

The following research questions were formulated to guide the research objective;

1. What factor is responsible for sales promotion in Nigerian Bottling Company Plc?
2. How does the company source for strategic plan for new product?
3. What are the short- term and long- term impact of sales promotion to the organization?

Statement of the Hypothesis

Ho1: Sales promotion impact on the sales of the company.

Ho2: Sales promotion increase the profit of the organization,

Ho3: sales promotion does not have impact on the level of consumers' satisfaction,

Literature Review

2.0 Introduction

This section deals with Conceptual clarification, Theoretical framework and Literatures on the subject matter. The conceptual framework guides the study and summarizes the dependent and independent variables. The theoretical framework enhances overall framework of the research and deals with the theory that this study anchored on while literature reports on the previous research done by different authors on related topic, how the research was conducted, their observations, findings and their recommendation.

2.1 Conceptual Clarification

Promotional Strategies

Marketing according to Peter Drucker (1993) is the whole business seen from the point of view of its final result, customer satisfaction. Philip Kotler (1992) defined marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging product and value with others. American Marketing Association (AMA) (1935) defined marketing as the performance of business activities that directs the flow of goods and services from the producer to the consumer or user.

Promotion is the use of communication mix or elements to inform and persuade individuals, groups or organizations to purchase a company's product or service (Michael R. Solomon, Greg W. Marshall & Elnora W. Stuart, 1997). Promotional mix is the combination of five key communication tools: advertising, personal selling, sales promotion, public relation and direct marketing (Chris Fill, 2006). A strategy is a comprehensive plan of actions that has to do with the application of skill and knowledge to achieve organizational vision and mission statements which normally leads to the attainment of organizational goals and objectives (Nzelibe, Moruku and Joseph, 2011).



Concept of Strategy

Wright and Pringle (1992) define strategy as top management's plans to attain outcomes consistent with the organization's missions and goals. Today, everything in marketing seems to be strategy. There are strategic advertising, strategic personal selling, and strategic sales promotion. In recent years, the term is affixed to nearly every marketing action in order to make the ordinary sound modern and competitively inspired (Cavusgil, S. 1996).

According to Frances & Stephen (2006), marketing distinguishes between two kinds of promotional strategies: push and pull.

Push Factor

Frances & Stephen (2006) defined "push" as a promotional strategy which makes use of a company's sales force and trade promotion activities to create consumer demand for a product: it takes the product to the customer - the customer knows about the product when they buy it.

Producer promotes product to wholesalers → wholesalers promote product to retailers → retailers promote product to consumers. Examples are; Trade shows, Direct selling among others.

Pull Factor

Frances & Stephen (2006) defines "pull factor" as a selling strategy that requires high spending on advertising and consumer promotion to build up consumer demand for a product: it brings the customer to the product - the customer is motivated to buy it.

Consumers ask retailers for product > retailers ask wholesalers for product > wholesalers ask producers for product. Examples are; Advertising, Referrals (word of mouth), Promotions, Discounts etc. good promotional strategy will combine both push and pull factors.

Concept of Advertising

Advertising can be defined as any paid form of non-personal promotion transmitted through a mass media. The sponsor should be clearly identified and the advertisement may relate to an organization, a product or a service (Frances and Stephen, 2006).

Concept of Personal Selling

Personal selling is one of the promotional mix that help marketers to have a face to face contact with the customers in terms of selling their product to the customer. This component of promotional mix has the elements of feedback message or response about the quality of the product.



Brassington & Pettitt (2010) define personal selling to be a two-way communication tool between a representative of an organization and an individual or group, with the intention to inform, persuade or remind them, or sometimes serve them to take appropriate actions.

Furthermore, personal selling is a crucial element in ensuring customers' post-purchase satisfaction and in building profitable long-term buyer-seller relationships built on trust and understanding.

Concept of Performance

Performance defined using the 3E: efficiency, efficacy and economies, as forms of manifestation Professor Mihai Ristea (2002) thinks that the following three concepts can be associated with performance: efficiency, economies and efficacy. This approach to performance was named by the professor as being the equation of the 3Es, and mathematically, it could be represented as follows: $Performance = Efficiency + Efficacy + Economies$. It can be noticed the fact that an entity is successful when it is efficient, effective and economical. Therefore, to be successful means combining all three variables, the combination of which reflects the performance level of an entity.

Profit

According to www.businessdictionary.com, a profit is a financial gain especially the difference between the amounts earned and amount spent in buying, operating, or producing something. Profit can also be seen as surplus remaining after total cost are deducted from total revenue and the basis on which tax is.

Profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run (Simons, 1999).

Customer Satisfaction

Customer satisfaction is a term used to describe a scenario when an exchange meets the needs and expectations of its user. It captures the provision of goods or services that fulfill the customer's expectations in terms of quality and service in relation to the price paid. Customer satisfaction, as a business term, can also be used to measure how the supply of products or services surpasses customer expectations.

2.2 Theoretical Framework

Theoretical Bases

On the theoretical bases of promotional mix strategy, the study adopted communication theory bases of this study. These include:



Communication theory

This theory based on sending and receiving messages by the encoder and the decoder. The theory strictly stated that message must be clearly stated or pass to the receiver for an immediate action. Communication gap means loss of information by the receiver or the sender, this normally cause chaos or confusion and it has negative effect in both the parties. The theory emphasized that communication is the life wire of any business transaction or any promotional marketing mixed element.

Resource Based Theory

Resource based theory in any organizational level is used in explorations of the relationships between resources, competition, and profitability including the analysis of competitive imitation, the appropriate returns to innovations, the role of imperfect information in creating profitability difference between competing firms, and the means by which the process of resource accumulation can sustain competitive advantage. Together, these contributions amount to what has been termed the resource-based view of the firm. This theory proposes a framework for resource-based approach to strategy formulation which integrates a number of key themes arising from strategic planning processes. The framework involves five-stage procedure for strategy formulation; analyzing the firm's resource-base; appraising the firm's capabilities; analyzing the profit-earning potential of firm; selecting a strategy, and extending and upgrading the firm's pool of resources and capabilities for results in performance (Rumelt, 1984).

2.3 Empirical Literature

A study carried out by Ibojo & Akinruwa (2014) on the effect of promotion on product awareness of A Reputable Organization in the Brewery Sub-Sector of the Manufacturing Industry. The study examined the influence of promotion on product awareness in the brewery subsector of the manufacturing industry in Nigeria. The objectives are; to determine the degree at which the promotional mix used by the organization helps in achieving organizational objective, to evaluate the effect of company's promotional activities on the pricing of a company's brand and to assess the effectiveness of promotion in increasing the sales revenue of the organization. Survey research design was adopted for this research. Primary data which includes questionnaire was used to elicit information from the members of staff while secondary data encompasses related journal materials, periodicals etc. the population of the study was 265 and a sample of 86 was drawn from the population. Descriptive statistics (percentages) and inferential statistics (multiple regression and t-test were used) were used to analyses the data. The findings show that a 1% shift in promotion will cause a 52.6% shift in product awareness (($r=.526^{**}$, $N=121$, $P<.01$). The study revealed that a 1% shift in promotion will cause 89.6% shift in organizational objectives ($r=.596^{**}$, $N=121$, $P<.01$). Also, 1% shift in promotion will cause 87.4% shift in pricing of organization's brand products ($r=.874^{**}$, $N=121$, $P>.01$). These depict that promotion influences pricing of organizations' product in this study. Moreover, 1% shift in promotion will cause 49.6% shifts in sales revenue($r=.496^{**}$, $N=121$, $P>.01$). Based on the findings of this



study, it was concluded that promotion is a critical and vital factor that enhances product awareness in the market. Hence, promotion attracts attention particularly when consumers are not very familiar with the products. It was strongly recommended that investments should be made towards research and developments as it becomes extremely necessary to consider the cost/benefits analysis of promotions as past researchers emphasized that promotion is based on meeting customers' needs within a short term period. This is in line with previous study conducted by Lars (2008).

3.0 Research Methodology

Research methodology is defined as the systematic process or procedure designed for generating, collecting, and analyzing the data required for solving a specified problem. This chapter discusses the ways and means through which the study was carried out. It also presents the research Area of Study, Source of Data, Sampling Technique. Method of Data Collection, Method of Data Analysis, Other areas covered are; Reliability of Instrument Validity of Instrument and Limitations of the Study was adopted for the study.

Area of Study

This study is a survey research covering Nigeria Bottling Company Onitsha branch which is located at Onitsha South LGA Anambra State. The organization distributes and sells alcoholic and nonalcoholic drinks such as Coca-Cola, Goldberg, Gulder, Star, Maltina, Amstel Malta, Goldmalt, Heineken and many more. The study area covered marketing department, production department and human resources department of Nigerian Bottling Company Plc. Onitsha. It also covered the strategist level, tactical level and operational level of management.

Sampling Techniques

This study settled for a small sample size, since it was unable to study the whole population. For the purpose of selecting the sample for this study, 80 staff was randomly selected from the population.

Method of Data Collection

The research data were collected with the aid of a questionnaire which is made up of two sections. Section "A" is on demographic characteristics of the respondents which comprises of gender, education qualification, position held and working experience. Section "B" is on research question 1, 2 and 3 respectively, with each containing five items. A five likert scale rating was used to permit decision. Thus, SA- Strongly Agree, A- Agree, UD-Undecided, D- Disagree and SD- Strongly disagree.



Method of Data Analysis

The researcher employed the use of the mean statistic for the data analysis and decision rule was used to take decision. Value (s) ≥ 3.0 were considered as agree and value (s) ≤ 2.73 were recorded as disagree. Hypotheses were tested using chi-square (X^2).

The test was carried out at 5% level of significance. Chi-square is represented as follows:

$$X^2 = \frac{\sum \epsilon \{O - \epsilon\}^2}{\epsilon}$$

Here \sum = summation

O = observed frequency

X^2 = calculated = chi-square calculated

ϵ = Expected frequency

Reliability of the Instrument

Reliability of the study instrument was performed for each scale within the instrument, and a combination of all scales using the Cronbach alpha reliability statistics. The result indicates that the entire instrument yielded a reliability statistics of 0.80. The coefficients were considered high enough to conclude that the instrument is reliable and were considered suitable for the study.

4.0 Presentation and Analysis of Data

The respondents influence results, therefore we present the demographic data of the respondents based on their characteristics in Table 1 below. As it can be seen on the table, information on six different characteristics of respondents that are relevant to the study were collected and interpreted. Information on the respondents' department, cadre, nature of appointment, duration of service, sex and qualification were collected for use in the analysis.

Bio data shows that 50% of the respondents represent the marketing department which represents the largest percentage, 31.3% represents the production department, 6.3% represents the human resource department while 12.5% represents accounting department of Nigerian Breweries Plc.

On the other hand, 42.5% represents the management staffs of the company while 57.5% represents the senior staff of the company.

Also the table showed that, 62.5% of the staff represents the permanent staff/tenure of the company, 12.5% represents part-time staffs while 31.3% represents contract staffs of the company.

On the respondents' duration of service, the table shows 12.5% are between 1-5 years in service with the company, 25% represents 6-10 years in service with the company, 43.8% represents 21-30 years in service with the company while 18.8% represents 31 years and above in service with the company.



Furthermore, table 1 shows that a greater percentage of the respondents representing 58.8% are males while a smaller percentage of the respondents representing 41.25% are females.

Lastly, the respondents' educational qualification in table 1 indicates that 15% represents PhD holders, 56.3% represents Master's Degree holders while 28.8% represents BSC/HND holders.

Test of Hypotheses

In this study, three hypotheses were empirically tested. This was aimed at verifying the validity of the proposition and to find out the relationship existing between the variables under study. Hence chi-square often denoted as X^2 , was used to test the research hypothesis

Decision Rule: The decision rule state that null hypothesis should be accepted if the chi-square calculated is greater than the critical value of chi-square, otherwise reject. Since the computed value of X^2 is 16.68 which is greater than the critical X^2 table value 15.507. Therefore, we accept Ho1 and Ho2 which states that sales promotion has impact on the sales and increases the profit of the organization while Ho3 is rejected.

Based on the data analyzed on sales promotional strategies in achieving marketing goals: A study of Nigerian bottling Plc. Onitsha, the following were made:

1. The respondents who responded to this research question strongly agreed that the company is faced with the challenge of product obsolescence
2. The company develops effective marketing research programme
3. Sales promotion increases company's turnover, profit maximization and enhances customer loyalty
4. That lack of sales promotion can affect the organization's sales, profit and consumers' satisfaction;
5. That sales promotion has impact on the sales, profit and consumers' satisfaction of the firm;
6. That change in consumers' taste facilitates product innovation.

Conclusion

This study revealed that promotional strategies (advertising, personal selling and sales promotion) has an important role and impact in marketing management of the bottling sector in Nigeria, empirical studies are in line with findings of this research. In essence, promotional strategies (advertising, personal selling and sales promotion) is a useful tools for survival, sustenance and expansion of companies in the Nigerian Bottling Company Plc. Promotional strategies should be developed aligned to customers' needs and satisfaction. The focal point of the promotional strategies must be hinged explicitly on the firm long run competitive advantage and long term reciprocal relationship between a firm, clients, competitors and other stakeholders. Furthermore, the Nigerian Bottling Company Plc should



appreciate and take advantage of the promotional strategies opportunities and continue to blend the right strategies to be on equal footing with the ever changing business environment.

Recommendations

Having undertaken a thorough study of sales promotion on the performance of Nigeria Bottling Company, it is deemed necessary to give some useful suggestions and recommendations, which would help in improving the quality of consumer goods and improving the satisfaction of consumers. The recommendations are as follows:

1. The firm must intensify the use of sales promotion as respondents have shown great interest and are highly influenced by sales promotion activities.
2. Sales promotion has short term effect, as a result services providers need to do a continuous follow up to establish long term relationship with new customers acquired during sales promotion period
3. Nigeria Bottling Company should periodically evaluate all its sales promotion programs so as to remain a trend changing consumer expectations. In this contemporary world no strategy is static and to maintain the dynamism, the existing sales programs needs to be evaluated over time.
4. Management of Nigerian Bottling Company should ensure that Research and Development Department as well as feedback of consumers from sales personnel where new product strategic plan emanated from should be explored and made use of so as to enhance provision of products that are expected by consumers. Such report includes that from sales persons who are always in touch with the consumers and understand most of the competing products and in addition they know the position of their company's product in terms of competition in the market;
5. Finally, in carrying out sale promotion, management of Nigerian Bottling Company should ensure that the "new" product is real improvement on the old one. Consumers should not just be deceived that a product quality has improved while in the actual sense, there is no alteration on the product.

In the process of conducting this study on the sales promotional strategies in achieving marketing goals in Nigeria Bottling Company Plc, the study found areas which are beyond the scope of the research that could be researched using the same research instruments and the same organization.

The researcher found the following areas for further research: public relations and the people/target audience are critical areas that may give the organization a competitive edge in the ever evolving manufacturing bottling sector.

Other researchers can carry out research on the comparison between the promotional; elements which this study did not consider. The study was strictly on manufacturing company, researchers can also extend it to service and construction industries.



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