



## IMPACT OF SALES PROMOTION MECHANISM ON SALES GROWTH; EVIDENCE FROM NESTLE PLC, ABUJA

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### Introduction

In today's world, most businesses operate in a complicated and competitive market where customer needs are continuously changing. In order to meet this challenge, management of commercial organizations has had to expand the amounts of resources available, with particular emphasis being paid to acquiring and maintaining consumers and clients. This predicament has given rise to the marketing idea defined by Kotler (1988) as "the determination and subsequent fulfilling of consumer requirements and desires in a more efficient and effective manner than one's rivals. As a consequence, marketers have begun to deploy a variety of marketing communications techniques in order to assist them win in this game of competitiveness. In other words, advertising is a method of communicating with an audience in order to urge them to make a purchasing choice about a product or service while also providing information to viewers. It is regarded as a critical and indispensable component of the economic development of marketers and companies (Mahmud, Mohammad & Sultan, 2014). Typically, advertising is a paid form of exposure or promotion by a sponsor that reaches consumers through various traditional media such as television, newspaper, commercial radio advertisement (commercial radio), magazine mail (magazine mail), outdoor advertising, or modern media such as blogs, websites, and text messages (Becker & murphy, 1993).

In order to attract people to acquire products or services, advertisements may take on many various shapes and forms. Although good sales promotion boosts the number of sales in the near term, it has little or no influence on long-term sales. For many companies, the majority of purchasers are already acquainted with the brand prior to the brand's upgrade. In order to attract new consumers, advertisements may serve as



more powerful tools than any other strategy available. Introduce new items into competitive marketplaces where it is necessary to identify a set of customers who will be interested in the new product. Advertisement helps to raise market share in competitive markets where new brands thought to achieve market share are bragging rights of their firm or brand. It is also an effective strategy to improve sales volume in markets where new brands are regarded to earn market share. Thus, sales promotion becomes a vital aspect of the marketing strategy for reaching the target market and it is the role of marketing managers to integrate parts of promotional tactics, which is promotional mix into coordinated programmes (Nijs, et al., 2001).

Advertisement which is a major force in marketing is widely adopted by beverage drink industries in Nigeria, but as Nigeria is witnessing an economic down turn, there is increase in prices of consumer goods that also lead to an increase in beverage drinks prices (NESTLE Food Fact book, 2010; Bamiduro, 2001). The relevance of the excessive advertising in a competitive market environment has prompted a lot of interest in marketers and organisations to develop many and complete promotional tactics (Adaramola, 2010). The purpose of this research consequently is to investigate the degree to which advertisement methods impact the sales growth of NESTLE Food Plc.

In spite of the fact that there is a great deal of debate in the marketing literature on how advertising influences market competitiveness, there are relatively few discussions regarding the effect of advertising on sales growth. This study investigates the link between advertising mediums and sales growth, as well as the extent to which sales of various items are increased as a result of the use of advertising tools in general. It is critical for the success of any new sector or brand that the company's sales expand. This was accomplished via the employment of various advertising strategies. Television, radio, commercial LCD's, and magazines are examples of these tactics. Electronic media also includes newspapers and magazines, as well as print media such as newspapers and magazines. As a result, research on advertising mechanism is unquestionably necessary in order to identify the most effective strategies for competing with its rivals. For the sake of this study, it is necessary to examine attentively the liking that consumers have for a range of advertising techniques.

### **Literature review**

The prior empirical findings were inconclusive. Some researchers have shown a beneficial long-term association between sales and advertising. On the other side, several support studies have shown that there is either no long-term impact or that the effect is just in the short term. There is no available information of any research that reports on a negative association between future demand and advertising in the marketplace. However, it has come to our attention that the empirical investigation has encountered several difficulties. In the previous study, the researchers had only had limited access to the brand at the aggregate category level, and they were only looking for a link between the current campaign and its impact on sales. Because of the distinct subgroups of customers, this impact is delayed, and as a result of the indigeneity factor, the data cannot identify this association between the two variables (Lambin, 1976, Schmalensee, 1978). On the other



hand, in 2009, Florence et al investigated the association between sales promotions and brand equity as well as sales volume and profitability. They investigated if sales promotion had an influence on sales in the short term, but whether this effect is there in the long run. They went on to explain that significant sales promotion activity increases brand personality, which in turn leads to sales growth, and that this impact only lasts for a limited amount of time. Anderson and Simester (2004) attempted to determine the frequency of retail catalogue contact via the use of direct-mail ads in their research. A catalogue is sent to about 20,000 customers. On the basis of these clients, they discovered evidence that increased advertising results in a rise in sales in the short term, and that decreased advertising results in a fall in sales in the long term.

Researcher such as Aduloju et al., (2009), investigated the effect of advertising on sales. It was for this goal that they performed their study on insurance products in Nigeria, with a total sample size of 100 people. They discovered that advertising enhances the image of the product, resulting in an increase in the number of sales. Stremersch and Rotterdam, (2009) made the case for the importance of a regulatory regime in understanding the increase of a product's sales. They discovered that the regulatory environment had a beneficial impact on sales.

A random research done in conjunction between Yahoo and big retail businesses Kim and Lennon (2008), analyses the causal impacts of internet advertising on sales by employing a random study design. Once they had determined that there were more than one million clients in the database matching to the dealer and Yahoo, they allocated treatment to control groups in a random manner. They conducted an individual-level analysis of the data and discovered that pre-product announcements had a statistically and economically significant influence on product sales.

A study conducted by Yancey et al., (2009) found that advertising promotions in magazines, billboards, television, and radio had some influence on the purchasing choices of food and beverage consumers in the United States. (Kwong and Norton, 2007) discovered that increasing competition in the advertising market and product innovation were the most effective ways to improve profits. According to the findings of (Kwong and Norton, 2007) study, advertising may have a large beneficial influence. The impact of advertising on new product innovation, on the other hand, remains a matter of debate.

### **Theoretical framework**

The Engel, Kollet, and Blackwell (EKB) model, as well as reasoned action theory, served as the theoretical basis for this investigation. When Martin Fishbein and Icek Ajzen proposed the Theory of Reasoned Action in the late 1960s, they focused their study on the role of pre-existing attitudes in the decision-making process. Since then, the Theory of Reasoned Action has gained widespread acceptance. According to the theory's central premise, consumers engage in an activity with the aim of achieving a certain result or receiving a specific consequence. Consumers are rational individuals who choose to behave in their own best interests, according to this study. Specificity, according to the view, is crucial in the decision-making process. A customer will only perform a precise action if there is an equally specific consequence that can be predicted as a result of that



activity. Consumers are permitted to alter their minds at any moment between when they decide to take action and when the action is finished. This is known as the "right to cancel."

The Theory of Reasoned Action provides sales professionals with a number of valuable insights. When promoting a product to customers, marketing experts must first establish a link between a purchase and a favourable outcome, and that outcome must be defined. Axe Body Spray made excellent use of this principle by associating its product with attractiveness in the eyes of women. For the second time, this approach emphasizes the need of moving customers through the sales funnel. Salespeople must recognise that there are vast periods of time between the original intention and the fulfilment of the activity, giving customers plenty of time to choose or make a decision (Ahungwa, 2018). Using the Theory of Reasoned Action as a starting point, the EKB Model (1968) outlines a five-step process that consumers follow when making a purchase decision. Customers absorb the majority of marketing messages they encounter on television, in newspapers, or online at the first phase (input). Once the consumer has gathered the information, he or she continues on to the information processing stage, when the consumer compares the input to previous experiences and expectations. A time of deliberation precedes the decision-making stage, during which consumers decide whether or not to make a purchase based on logical understanding. During the decision-making phase, consumers are influenced by process factors and external influences, which may include how the customer views himself or herself after making the purchase.

According to the EKB Model, marketers have two times during which their advice is the most beneficial. In the first information stage, marketers must supply customers with sufficient knowledge about the product to compel the consumer to maintain the company's items on their short list of potential purchases. In the era of external effects, advertising becomes a significant component once again. Ultimately, the culmination of this confluence of ideas that serves as the foundation of our research is the creation of relationships between them and sales growth NESTLE Plc. Hence the following hypotheses were formulated:

HYPOTHESIS 1: TV advertisement has a positive significant effect on sales Growth

HYPOTHESIS 2: There is a positive significant effect of print media on sales Growth

HYPOTHESIS 3: There is a positive significant effect of billboard on sales Growth

HYPOTHESIS 4: LCD has a positive significant impact on sales growth.

### **Methodology**

The research used a descriptive survey design. According to Kothari (2011), descriptive survey is concerned with describing, documenting, evaluating, and interpreting situations that exist or existed. The methods enable the researchers to explain what advertising techniques are, how they are utilised, where they are employed, and what their results are. In addition, the study highlighted common traits among the research population. The study's participants are NESTLE Plc. in Lagos Nigeria personnel from both the corporate headquarters and production sites. A purposive sampling strategy was used to choose a sample of 250 senior and intermediate level workers for the research. Purposive non-



probability sampling, as described by Idemobi (2012), is useful for getting ideas, excellent insights into a situation, and experienced and critical evaluations of situations. The researchers used a purposive sampling approach for this study because they intended to include only people who could answer crucial questions about the study in the sample.

### **Data Analysis and Interpretation**

The data collected from the respondents' questionnaires was analysed using descriptive and inferential statistics. Simple percentage and mean were used for descriptive statistics, while linear regression was used for inferential statistics. Regression was chosen because it explains the link and impact between two or more variables of interest. According to Orji (2017), it depicts the predictive power of the independent variable's effect on the dependent variable SPSSv21 was used for the analysis (Statistical Package for Social Sciences).

**Table 1 Factor Analysis Table**

	Initial	Extraction
TV advertisement	1.000	.922
Print Media	1.000	.793
Billboard	1.000	.895
LCD	1.000	.652
Sales Growth	1.000	.711

Source: SPSS OUTPUT

The effect of television advertising (.922) and billboard advertising (.895) is more substantial. A considerable contribution comes from print (.793), sales growth (.711), and LCD technology (.652).

**Table 2: Reliability Analysis**

Coefficients	Cronbach's $\alpha$
Sales growth	0.764
TV adv	0.733
Print	0.977
Billboard	0.886
LCD	0.762

Source: SPSS OUTPUT

The Cronbach's alpha for the five-item measure is 0.8244, according to the results of the analysis. The Cronbach alpha is a statistic that is used to determine the dependability of data.



**Table 3: Descriptive Statistics**

	Mean	Std. Deviation	Remark
Sales Growth	3.73	0.11	Accept
TV adv	3.56	0.36	Accept
Print media	3.98	0.93	Accept
Billboard	3.44	0.44	Accept
LCD	3.44	0.74	Accept
Overall	18.15	2.58	Accept

Source: SPSS OUTPUT

As seen in Table 5, the means of sales growth, TV adv, Print media, Billboard and LCD are 3.73, 3.56, 3.98, 3.44 and 3.44 with the corresponding standard deviation of 0.11, 0.36, 0.93, 0.44 and 0.74 respectively. Overall average mean of 18.15 indicates that majority of the respondents agreed that advertisement mechanism has positive influence on sales growth and as the standard deviation clustered around mean, it signifies low variation across the target respondents.

**Table 4 Model summary**

R	R Square	AdjustedR Square	Change Statistics
			Sig. F Change
.473	.548	.473	.020

Source: SPSS OUTPUT

The R square is used to demonstrate the quality of fit, and it is. There is a 54.8 percent fluctuation in the amount of sales increase covered by television advertisements, print media, billboards, and LCDs.

**Table 5 ANOVA Table**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.591	4	1.148	3.247	.020
Residual	15.909	45	.354		
<b>Total</b>	<b>20.500</b>	<b>50</b>			

Source: SPSS OUTPUT

The ANOVA findings of the linear regression analysis are shown in Table 5. The significance threshold is 0.005 ( $p = 0.000$ ) according to the results. This means that the regression model is effective in explaining changes in the study's dependent variable.



**Table 6 Regression result**

	Standardized	T	Sig.
	Coefficients		
	Beta		
<b>Constant</b>		2.912	<b>.001</b>
<b>TV adv</b>	.430	5.332	<b>.000</b>
<b>Print Media</b>	.221	.129	<b>.277</b>
<b>Billboard</b>	-.533	-.356	<b>.218</b>
<b>LCD</b>	-.221	<b>3.832</b>	<b>.071</b>

**Source: SPSS OUTPUT**

The correlation between Sales Growth and TV Advertising is .430 with a significant value of .000 and a t value of 5.332, indicating that there is a positive link between the two, the link between Sales Growth and Print Media is .221, indicating that there is a positive relationship between the two, although the influence is not significant. With a p value of .277 and a t value of .129, the link between Sales Growth and Billboard is -.533. This indicates that there is a negative relationship between the two. With a p value of .011 and a t value of .638, the link between Sales Growth and LCD is -.221. It demonstrates that Sales Growth and LCD have an insignificant negative relationship, as indicated with p-value of .021.

The first hypothesis of the research study is approved based on the aforementioned results: TV advertisements have a positive substantial influence on sales growth. The research's second hypothesis was rejected owing to a favourable but modest influence on sales growth. The study's third hypothesis is likewise refuted, since billboards have a negative influence on sales growth that is insignificant. The fourth hypothesis is that LCDs have a negative insignificant influence on sales growth, which is similarly rejected. The findings of this research vary significantly from those of earlier studies, owing to the fact that these forms of communication are not accessible in rural regions, and people in rural areas do not have access to them, as well as the low literacy rate and energy deficit. Because of its audience and influence in rural regions, public owned television has had a good and considerable effect.

### **Conclusion and Recommendation**

The purpose of this study is to investigate the topic of balancing media advertising. Additionally, the producers market their brands directly to customers, while simultaneously offering trade discounts to merchants. Each manufacturer's brand has a devoted sector of customers who will continue to purchase their preferred brand till another firm promotes the advantages of their product and the product is accessible in practically every store. The manufacturers first choose the amount of money they will spend on advertising, and then they determine the wholesale price of their unique brand. Advertisement has a direct impact on a consumer's level of brand loyalty to their preferred product or service. When the favoured brand promotes, the loyalty strength improves; however, when the competing brand advertises, the loyalty strength drops.



The initial goal of this research study is to determine whether or not billboard advertising will have a positive link with sales growth in the future. As a result of the findings, it has been determined that there is a non-significant association between billboard advertising and sales growth, and that the direction of the relationship between billboard ads and sales growth is also negative. As a result, NESTLE Plc. should refrain from running a billboard advertising campaign in rural parts of Nigeria. Another goal of this research project is to determine how the print media (newspapers and magazines) will affect the rise of sales. The findings demonstrate that there is a favourable but negligible relationship between sales growth and print media. In this case, it demonstrates that print media provides a good contribution to the company's sales growth, but that this contribution may not be lucrative in rural regions. As a result, the NESTLE Plc should implement an effective print media campaign that accelerates the increase of sales. Another goal of this research project is to determine the association between commercial LCDs and sales growth. As a result of these data, it has been established that the association between LCDs and sales growth is likewise negative. One of the other objectives of this research study is to determine the association between television advertisements and sales growth. On the basis of the findings, it has been established that television advertising has a favourable link with sales growth in general. As a result, the NESTLE Plc should efficiently use a television promotional campaign that accelerates the increase of sales in rural regions.

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