The impact of sales promotion on organization effectiveness in Nigerian manufacturing industry

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This study examines sales promotion and its effects on organizational effectiveness in Nigerian manufacturing industry. The study focuses on how sales promotion is used to generate higher sales, increased profitability and greater market share. The study focused on sales promotional tools and how NESTLE Nigeria Plc has adopted sales promotion to generate its effectiveness. Sales promotion is an important component of any organization’s overall marketing strategies along side advertising, public relations, and personal selling. The study is significant because, it contributes to new knowledge by filling and reducing the gap that exist in the understanding of sales promotion by management and other stakeholders in the manufacturing sector. It also serves as source of references to other researchers in this field. A descriptive survey research design was applied to describes sale promotion activities of the organization. The sample size employed was 205 respondents from NESTLE Food Nigeria Plc. Questionnaires were administered to the sampled respondents to collect primary data used for this study. However, the study made use of survey design and purposive sampling technique in selecting the respondents comprising management and staff of NESTLE Nigeria Plc. The result of the study indicated that the beverage drink companies increasingly make use of sales promotions. Chi-square independence test was used to test the hypotheses stated. The results show that adoption of sales promotion strategies significantly influence the effectiveness of beverage drink industry. It was concluded that management may engage regularly in more promotional mix strategies, and also tend to be creative to consumers; this in turn would enhance and boost their sales revenue.

Keywords: Sales promotion, Marketing, Organization effectiveness, Nigeria

INTRODUCTION

Sales promotion, a key ingredient in marketing campaigns; the need to promote a product, service or an idea cannot be over emphasized. Obi (2002) described sales promotion consists of the related promotional activities that are necessary to supplement personal selling. Some of these include distribution of sample products to customers, exhibitions, or demonstration of products at stores or trade fairs or shows and preparation of printed materials used by sales people or for point-of-sale displays. A combination of the above variables defines a firm’s promotional programme that hopes to influence consumers to patronize and become loyal to the organizations offering (Banabo and Koroy, 2011). Hence, promotion in marketing represents those tools that companies used to persuade their prospective consumers to buy their product or service.

Organization effectiveness is a totality of organization goodness, a sum of such elements as production, cost performance, turnover, quality of output, profitability, efficiency and the like (Katz and Kahn, 1966). It is the ability of an organization to achieve its objectives and meet the needs of its various stakeholders (Khandwalla, 1995). Sales promotion can promote organization effectiveness through increase in profitability from higher sales. Okoli (2011:236) explains that the “essence of setting up a business organization is to make profit. Without profit, a business is bound to fail”. Loudon and
Bitta (2002) said that sales promotion plays a significant effect on decisions which help in achieving the organizational objectives.

It has been established in literature that only consumers with repeat purchases are profitable (Nagar, 2009). It is not every repeat purchase that is connected to consumer’s commitment of a brand. However, consumer’s commitment is important for a repeat purchase. Therefore, business operators need to develop marketing program that will not only reinforce customer’s commitment but also encourage repeat purchases. A part of the functions of sales promotion is not only to reinforce commitment of consumers but to encourage repeat purchase. Sales promotion has effects on various aspects of consumer’s purchase decisions such as brand choice, purchase time, quantity, and brand switching (Nijs, et al., 2001). Thus, sales promotion becomes an integral part of the marketing strategy for reaching the target market and it is the responsibility of marketing managers to combine elements of promotional strategies, which is promotional mix into coordinated plans. Sales promotion efforts are directed at final consumers and designed to motivate, persuade, and remind them of the goods and receives that are offered.

Sales promotion 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 importance of the excessive promotion in a competitive market environment has generated a lot of interest in marketers and firms to develop numerous and comprehensive promotional approaches (Adaramola, 2010). The objective of this study therefore is to survey the extent to which sales promotional strategies affect the effectiveness of NESTLE Food Plc.

**Objectives of the Study**

The overall objective of this study is to survey the extent to which sales promotional strategies affect the effectiveness of NESTLE Food Plc in Nigeria and to determine the level of customers’ loyalty and acceptance of beverage drink products through the use of sales promotion strategies adopted by beverage drink companies in Nigeria.

**Research Questions and Hypotheses**

The following research questions and hypotheses were posed and formulated for the study:

**RQ1**

What are the promotional strategies adopted by the beverage drink industry in Nigeria?

**RQ2**

What are the influence of sales promotion strategies adopted by the beverage drink industry on organizational effectiveness?

**Hypotheses**

**Ho1**

The beverage drink industry do not use sales promotion strategies to achieve their set goals.

**Ho2**

The adoption of sales promotion strategies does not significantly influence the effectiveness of beverage drink industry.

**LITERATURE REVIEW**

The literature provides several definitions of sales promotion. Kotler (2001) describes sales promotion as adverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase of particular brand, products, or service by consumers or the traders. He added that sales promotion had more impact at mature stage of a product and that product managers might try to stimulates sales by modifying one or more marketing mix elements.

The American Marketing Association (AMA) defined sales promotion as those marketing activities other than personal selling, advertising, publicity that stimulate consumer purchasing and dealer effectiveness such as display, shows and exhibitions, demonstrations and various non-recurrent selling efforts not in the ordinary routine. The development of the sales promotion strategies requires that a firm must determine what its best potential markets are and then select the means by which it will try to sell it to its customers. George (1998) posits that sales promotion is a direct inducement that offers an extra value or incentive for the product to the sales force, distributors or the ultimate consumer with the primary objective of creating an immediate sale.

Blythe (2006) viewed sales promotion as any activity intended to generate a temporary boost in sales. This includes several communications activities pursued in an attempt to provide added value or incentives to
consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. Such efforts are usually geared towards stimulating product interest, trial, or purchase. It is specifically designed to boost quick sales and ultimately create loyalty.

Aham (2008) is of the opinion that sales promotion emerged as a reaction by manufacturers marketers, and marketing strategies alike to find a short term solution to the problems of excess stock of goods which are available in variables manufacturer’s warehouses but are not demanded by consumers and organization. Sales promotions are comparatively easy to apply, and are likely to have abrupt and considerable effect on the volume of sales (Hanssens et al, 2001).

According Kotler and Armstrong (2002), consumer promotion is a category of sales promotion including free samples, winning contests, different price packs, and sweep stakes. Sales promotion is projected to increase the sales of final ultimate consumers of the product. Some kinds of sales promotion are based on some sort of benefit whereas some are very communicative in type. (Kotler et al. 1999).

While writing on major objectives of sales promotion, Odunlami and Ogunsiji, (2011) succinctly capture objectives of sales promotion as:

i. To increase sales of product, especially at the time when normal sales are sluggishly to periodically (e.g. annually or semi-annually).

ii. To encourage the purchase of large size unit;

iii. To generate trials among non-users;

iv. To persuade retailers to carry new items and higher level of inventory;

v. To encourage off season buying; and building brand loyalty.

They added that companies use sales promotion to create a stronger and quicker response. Sales promotion can be used to dramatize products, offer and boost sagging sales.

Acknowledging the indispensable role of sales promotion in influencing sales in marketing of goods and services, Ozor (1999) declared that producers of goods and services are presently aware that promotion does not only inform and persuade, but can strive towards profit making through increased sales. In the same parlance, Kotler (2001) outline three distinctive characteristics of certain sales promotion tools as follows:

i. Communication: they gain attention and usually provide information that may lead the consumer to the product;

ii. Incentives: they incorporate some concession, inducement, or contribution that gives value to the consumer, and

iii. engage in the transaction now. According to Richard et al. (2009) refers to organizational effectiveness to include organizational performance plus the myriad internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility. Katz and Kahn (1966) cited by Ogundele (2012) defined organization effectiveness is a totality of organization goodness, a sum of such elements as production, cost performance, turnover, quality of output, profitability, efficiency and the like. It is capacity to survive, adapt, maintain itself and grow, regardless of the particular functions it fulfills (Schein, 1983).

Organizational effectiveness is an abstract concept and is difficult for many organizations to directly measure. Instead of measuring organizational effectiveness directly, the organization selects proxy measures to represent effectiveness. Proxy measures may include such things as number of people served, profitability, sales, types and sizes of population segments served, and the demand within those segments for the services the organization supplies.

Types of Sales of Promotion

Essentially, sales promotions are categorized into three depending on the initiator and the target of the promotion. These include:

Consumer promotions

Consumer promotion are those efforts aimed at influencing the trial consumer (Bamiduro, 2001). They are promotions offered by manufacturers directly to consumers (Blattberg and Neslin, 1990). Such promotions are designed to motivate consumers to immediate (or nearly immediate) action (Courtland and John, 1992). Consumer's promotion techniques can be used to draw people into a particular store, to induce new product or to promote established products. To accomplish this task, markets have developed quite a variety of sales promotion techniques or tools.

Retailer promotions

Retailer promotions are promotions offered by retailers to consumers. These include allowances and discounts, factory-sponsored in-store demonstration, trade shows, sales contests, cooperative advertising, etc
Trade promotions

Trade promotions are promotions offered by manufacturers to retailers or other trade entities (Blattberg and Neslin, 1990). They are the aspect where the manufacturer is concerned not only with promoting the product to the consumers but also with whether the product is on the retailers’ shelves when the customers go to the store to buy (Osuala, 1998).

Retailer promotion and consumer promotion are directed toward the consumers by retailers and manufacturers, respectively. The manufacturers direct trade promotion to the retailers. The three types of promotions are illustrated in Figure 1.1.

### Figure 1.1. Types of sales promotion.

**Trade promotions**

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**RELATIONSHIP BETWEEN SALES PROMOTION AND ORGANIZATION EFFECTIVENESS**

The relationship between sales promotion and organization effectiveness is controversial. The nature of the impact is inconclusive. While some authors believed that the impact of sales promotion on organization effectiveness is minimal and non-significant (Dekimpe, Hanssens and Silva-Risso 1999; Pauwels et al. 2002; Srinivasan et al. 2000), others believe that the impact is high and significant (Boddewyn and Leardi; 1989; Odunlami and Ogunsiji, 2011). Organization effectiveness in this study is defined by higher sales volume and profitability.

Some of the recent studies include Pauwels et al. (2002) which examined the permanent impact of sales promotion on accumulative annual sales for the two product categories which include storable and perishable products. Their findings show that perishable and storable product categories lack permanent effects of sales promotion. Furthermore, it is revealed that effects of sales promotion are short-lived and persist only on average 2 weeks and at most eight weeks for both product categories. The research’s results prove the common concept that sales promotion makes only benefits which are temporary for the established brands. The result of Dekimpe et al. (1999) also show that there are rarely any permanent effect of sales promotions on the volume of sales. Their findings proved that sales promotion does not change the structure of sales over the long run. They suggest that the diminishing impact of sales promotion may be because of choice of brand, quantity which is purchased and category incidence such as energy crisis.

Pauwels et al. (2002) are of the opinion that when a consumer is exposed to a sales promotion offer majority of the time, the consumer has already purchased and practiced a particular brand so the impact of learning from that purchase is minimal and is easily balanced by a simultaneous and similar competitive offering. Therefore the immediate effects of sales promotion are
small. This is because of price promotion consumers are forced to make purchases and but this impact on sales cannot only be explained by accelerated rate of purchase due to price reductions.

Syeda, et al (2012) explore the short term and long term impact of sales promotion in Pakistani companies from two diverse industries, i.e. Beverage Industry (Shezan International Ltd) and Foam Manufacturing Industry (Diamond Supreme Foam) by regressing mean of brand loyalty on mean perception about promotion obtained through financial analysis and consumer survey respectively, using a sample of 200 consumers. The authors used time series models and OLS estimation. Their results reveal the presence of various extraneous factors impacting the effectiveness of promotions.

It has been established in literature by some authors that there is a nexus between sales promotion and organization effectiveness. Boddayn and Leardi (1989) as cited in Syeda et al (2012), states that the following sales promotional types: reduced prices and free offers, premium offers of all kind, vouchers and samples, the supply of trading tramples, promotions which are linked with charity, and furthermore promotions related to prize of different kinds, including some other incentive programmes employed by companies affect profitability through motivating consumers’s to make an immediate purchase. Similarly, Alawadi and Neslin (1998) following a survey of the recent empirical literature on the subject found that, with respect to the earlier contributions, there is more agreement about the positive effect of sales promotion on organization effectiveness. They established that consumer promotions motivate the consumers to purchase larger amount and consume it faster; causing an increase in sales and ultimately profitability.

Preko (2012) made use of Chi-square test in order to determine how sales promotion is used to generate revenue, how it is done, the common sale promotion tools and strategies adopted by the company, and whether sale promotions increase advertising revenue. The result revealed that guarantees and warranties, souvenirs, discounts offer and give away are the mostly adopted sales promotion tools by TV Africa. Sale promotion tools and strategies have a positive impact on revenue. He concluded that management should continue modifying or updating its sales promotion activities according to the taste and preferences of its customers and the public at large.

Using theoretical mathematical models, Lal (1990) investigates why manufacturers prefer to offer substantial price discounts for a short period and then raise the price to its normal level. According to Lal (1990), national firms use sales promotion to compete with local brands for the price-sensitive, brand-switching segment. If the switching segment is large enough, it will be optimal for the national brands as a group to price deal in such a way that there is always one and only one national brand on promotion. Lal (1990) shows that such a pattern of price promotions of national brands can represent long-run equilibrium strategies for those brands in their defense against the threat from local brands. Lal assumes that the local brands have no loyal customers and therefore constantly compete for the switching segment. Wernerfelt (1991) builds a mathematical theoretical model. He defines two types of brand loyalty; inertial brand loyalty results from time lags in awareness while cost-based brand loyalty results from intertemporal utility effects. The effects of these types of loyalty are modeled at the market level. It is found that inertial loyalty leads to equilibrium with price dispersion. Cost-based loyalty can also lead to equilibrium with price dispersion but single price equilibria are possible.

Recent studies in Nigeria include Bamiduro (2001), Ogunlami and Ogunsiji (2011), Aworemi et al (2008), and Banabo and Koroye (2011). The resulting findings are equally mixed. Aworemi et al (2008) for instance, show that sales promotion (price promotion) had a negative impact on profitability of Niger State Transport Authority. Only advertising had a positive effect on the profitability. The empirical result of Ogunlami and Ogunsiji (2011) disagreed in principle with the resultof Aworemi et al (2008). They confirmed that sales promotion is a highly effective strategy. The findings of Bamiduro (2001) also confirmed the positive relationship between sales promotion and consumption rate of soft drink products as well as the sales volume of the beverage industry.

THEORETICAL FRAMEWORK

The relevant theory of the paper is Planned Behaviour Theory. According to the Planned Behaviour Theory, behaviour may be modified by sales promotion stimuli, which change beliefs, attitudes and eventually intentions and behaviour. If the intervention influences customers, it changes intentions and eventually changes the behaviour.

METHODOLOGY

The study employed descriptive survey design. Descriptive survey according to Kothari (2011) is concerned with describing, recording, analyzing and interpreting conditions that either exist or existed. The techniques allow the researchers to describe what sales promotion tools are, how they bare used, where and their effects. In addition to this, the study also described common characteristics among the study population of the research. The population of the study comprises of employees of NESTLE Nigeria Plc covering both headquarters and manufacturing plants. A sample of 250 senior and middle level employees was selected for the study through a purposive sampling method. According to
Table 1. Mean and standard deviation on types of promotional strategies adopted by the beverage drink industry

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>X</th>
<th>SD</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales promotion tools such as special sales, price off and coupons, stimulate consumers to repeat purchase of Nestle Milo.</td>
<td>3.89</td>
<td>0.45</td>
<td>Agree</td>
</tr>
<tr>
<td>Couponing, free samples and premiums are sales promotion techniques that persuade the consumers to purchase Nestle Milo.</td>
<td>3.26</td>
<td>0.63</td>
<td>Agree</td>
</tr>
<tr>
<td>Nestle Nigeria Plc also use cent-off coupons to increase sales.</td>
<td>3.59</td>
<td>0.75</td>
<td>Agree</td>
</tr>
<tr>
<td>Consumers who are satisfied with samples can develop positive attitude to beverage drink.</td>
<td>3.69</td>
<td>0.57</td>
<td>Agree</td>
</tr>
<tr>
<td>Scratch and win instant type of sales promotion can prompt consumers to increase buying frequency.</td>
<td>3.17</td>
<td>0.73</td>
<td>Agree</td>
</tr>
<tr>
<td>Incentive type of promotions like premium and pricing deals attract new triers, reward loyal customers and increase the repurchase rate of occasional users.</td>
<td>3.53</td>
<td>0.57</td>
<td>Agree</td>
</tr>
<tr>
<td>An impact coupon would be appropriate for firms to create loyal users and build up more repeat purpose.</td>
<td>3.29</td>
<td>0.63</td>
<td>Agree</td>
</tr>
<tr>
<td>Sweepstake and gifts are among the sales promotions that induce buyers to continue to buy.</td>
<td>3.32</td>
<td>0.58</td>
<td>Agree</td>
</tr>
<tr>
<td>The major promotion tools that lead consumers to buy repeatedly are cash refund offer, patronage awards and free goods.</td>
<td>3.46</td>
<td>0.61</td>
<td>Agree</td>
</tr>
<tr>
<td>The use of coupon that can be redeemed on the next purchase occasion is believed to encouraged repeat purchase.</td>
<td>3.32</td>
<td>0.59</td>
<td>Agree</td>
</tr>
</tbody>
</table>

Kilby (1971) as cited in Idemobi (2012), purposive type of non-probability sampling is suitable for obtaining ideas, good insights into a situation as well as experienced and critical appraisals of issues. For this study, the choice of purposive sampling design was informed by that fact the researchers wanted to include only those who can answer critical questions concerning the study in the sample.

A structured questionnaire adapted by the researchers was used for the collection of the required data. The questionnaire was divided into three, A, B and C. Section A comprises ten statements requesting sales promotion strategies that are more effective in stimulating demand for NESTLE Milo. Section B also contains ten statements to elicit information on the respondents' opinion on the ways through which sales promotion strategies influence consumers to accept and become loyal to NESTLE Milo. Section C measured the demographic profile of the respondents with respect to gender, age, educational qualification, working experience, etc.

A 5-point scale, ranging from strongly disagree (1) to strongly agree (5) instrument was adopted. The questionnaire was subjected to face validation by three experts from Marketing Department of Lagos State University, Ojo, Nigeria. The three experts were asked to assess the questionnaire items for suitability for the study. Cronbach Alpha reliability test was used to determine the internal consistency of the instrument and a reliability index of 0.83 and 0.88 were obtained for sections A and B respectively. This being higher than the recommended threshold of 0.7 found acceptable (Cronbach, 1951; Nunnally and Bernstein, 1994) suggesting that adequate reliability. In addition, the same instrument was previously used for a similar study and the outcome was satisfactory. Of the 250 copies of questionnaire administered to the relevant respondents, 205 copies were found useable for the present study, resulting in an effective rate of 82 percent. Mean (X) and standard deviation (SD) were the statistical tools used for the analysis. The mean value of 3.00 was used in taking decision. Any item with a mean value of 3.00 and above was taken as an index of agreement, a mean below 3.00 was taken as an index of disagreement (i.e. sales promotion strategies that stimulate, persuade and influence consumers to accept and become loyal to a NESTLE product). Chi-square was used to test the hypothesis at 5% level of significance and appropriate degree of freedom.

PRESENTATION AND ANALYSIS OF DATA

The data obtained from the respondents in this study was analyzed in tables followed by the interpretation of the analysis as depicted below.

Research question 1

What is the extent of usage of sales promotional strategies by the beverage drink industry in Nigeria?

Table 1 show that sales promotional strategies are significantly used by NESTLE Nigeria Plc as well as beverage drink industry in Nigeria to influence their set goals. All the variables in the table were accepted by the mean range used for decision which is 3.00 and above. Table 2 reveals that “sales promotion tools such as special sales, price off and coupons, stimulate buyers to repeat purchase” has on the average the highest mean (X= 3.89, SD= 0.45) i.e. the respondents indicated strong agreement to the question statement; followed by “customers who are satisfied with samples can develop positive attitude to beverage drink.”
Table 2. Mean and standard deviation on the perception of respondents on influence of sales promotion strategies on organizational effectiveness

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>X</th>
<th>SD</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales promotion motivates sales people to get squarely behind a product.</td>
<td>3.60</td>
<td>0.58</td>
<td>Agreed</td>
</tr>
<tr>
<td>They are used to maximize sales volume.</td>
<td>3.75</td>
<td>0.51</td>
<td>Agreed</td>
</tr>
<tr>
<td>They persuade the end users to purchase a particular product always.</td>
<td>3.46</td>
<td>0.60</td>
<td>Agreed</td>
</tr>
<tr>
<td>Sales promotion stimulates interest, trial or purchase of Nestle Milo by consumers</td>
<td>3.63</td>
<td>0.54</td>
<td>Agreed</td>
</tr>
<tr>
<td>Sales promotion yields faster and more measurable response to sales than advertising.</td>
<td>3.58</td>
<td>0.59</td>
<td>Agreed</td>
</tr>
<tr>
<td>Combination of various types of promotional strategies helps Nestle Nigeria Plc to achieve their set goals.</td>
<td>3.86</td>
<td>0.52</td>
<td>Agreed</td>
</tr>
<tr>
<td>Sales promotions such as sales allowance and patronage awards can create immediate impact on sales.</td>
<td>3.38</td>
<td>0.63</td>
<td>Agreed</td>
</tr>
<tr>
<td>Scratch and win promotion strategy affect the general buying behaviour of Milo drink consumers especially in off-season</td>
<td>3.13</td>
<td>0.64</td>
<td>Agreed</td>
</tr>
<tr>
<td>Sales promotion usually encourage consumers to increase the level of consumption of Nestle Milo in effort to win a prize.</td>
<td>3.60</td>
<td>0.56</td>
<td>Agreed</td>
</tr>
<tr>
<td>Sales promotion is normally used to boost sales thereby increasing the profit.</td>
<td>4.08</td>
<td>0.49</td>
<td>Agreed</td>
</tr>
</tbody>
</table>

Table 3. Summary of Chi-square test of significance of responses of NESTLE Nigeria Plc employees in their rating of the usage of sales promotion strategies

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Sample size (n)</th>
<th>Degree of freedom</th>
<th>Significance Level (α)</th>
<th>Chi-square values X² calculated</th>
<th>X² tabulated</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>205</td>
<td>27</td>
<td>0.05</td>
<td>169.81</td>
<td>41.337</td>
<td>Reject</td>
</tr>
</tbody>
</table>

Source: Field survey, 2012

positive attitude to a product” has on the average the highest mean (X= 3.69, SD= 0.57); this is followed by “incentive type of promotion like premium and pricing deals attracts new trial, reward loyal customers and increase the repurchase rate of occasional users” (X=3.53, SD= 0.59). Scratch and win instant type of sales promotion can prompt consumers to increase buying frequency (X= 3.17,SD=0.73) has the least moderate positive response.

The pattern of ranking of sales promotional strategies in the analysis above is suggestive of the way in which the respondents perceived the variables as having a high influence on the type of promotions that lead to repeat purchase behaviour. The standard deviation of the items ranged from SD = 0.48 to 0.76; this showed that the respondents were not too far apart in their perception.

Research question 2

What are the influence of sales promotion strategies adopted by the beverage drink industry on organizational effectiveness?

A close observation of Table 3 shows that NESTLE Nigeria Plc as well as beverage drink industry make use of the sales promotion to a large extent, although the degree of usage, types of promotion and targets of promotions differs significantly among the firms in the industry. All the variables in the table had their means above the 3.50 mean range used for decision indicating that the respondents perceived the entire variables as having a high influence on the effectiveness of beverage drink industry. From Table 1, sales promotion is normally used to boost sales thereby increasing the profit has the highest moderate responses (X=4.08, SD=0.49); followed by combination of various types of promotional strategies helps beverage drink companies to achieve their set goals (X=3.86, SD=0.52); follow by sales promotion are used to maximize sales volume. The standard deviation ranged from 0.49 to 0.64. This means that the respondents were not too far apart from their opinion. On the basis of the interpretation of the data analysis above, the conjecture is that sales promotion had significant effect on effectiveness of NESTLE Nigeria Plc as well as beverage drink industry.

Test of Hypothesis

Ho1

The beverage drink industry do not use sales promotion strategies to achieve their set goals.

Table 3 reveals the result of chi-square on usage of sales promotion by beverage drink industry in Nigeria. The results as presented above shows that $X_2^2$ calculated
Table 4. Summary of Chi-square test of significance of responses of NESTLE Nigeria Plc employees in their rating of the extent of sales promotion influence of organization effectiveness

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Sample size (n)</th>
<th>Degree of freedom</th>
<th>Significance Level (α)</th>
<th>Chi-square values</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2</td>
<td>205</td>
<td>27</td>
<td>0.05</td>
<td>X^2 calculated</td>
<td>X^2tabulated</td>
</tr>
</tbody>
</table>

Source: Field survey, 2012

(169.81) is greater than X^2 tabulated (41.337) at 0.05 (5%) significance level. Therefore, the null hypothesis that beverage drink industry do not use sales promotion strategies to achieve their set goals was rejected while the alternative hypothesis was accepted which suggests that beverage drink industry in Nigeria make use of sales promotion strategies to achieve their set goals.

**DISCUSSION OF FINDINGS**

The study investigated the relevance of sales promotion as a promotional tool in beverage drink industry in Nigeria. The respondents indicate their agreement that NESTLE Nigeria Plc as well as beverage drink industry in Nigeria make use of sales promotion as a promotional mix of marketing activities. This observation tends to confirm Bamiduro (2001) who reported that effective implementation of sales promotion among other promotional techniques increases the consumption rate of soft drink products as well as the sales volume of the beverage industry in Nigeria. On the issue of the usage of sales promotion strategies by beverage drink industry, the study revealed the usage of sales promotion strategies by NESTLE Nigeria Plc as well as beverage drink companies. This is line with the opinion of Bamiduro (2001) who noted that more often than not, organization tends to use sales promotion activities in concert with the other promotional efforts in order to facilitate personal selling in advertising or both. Although other studies have shown continuous usage of sales promotions by manufacturing companies and service organizations in Nigeria, it was observed in the study that NESTLE Nigeria Plc is not concurrently active in sales promotion and yet maintain higher sales volume and profitability. This may be accounted to by its strategic management effectiveness and quality product that meet consumers value. Being a multinational company which spread across many countries, everyone would expect that they manufacture quality product to gain market share above competitors. It may therefore be noted that sales promotion is not a sufficient condition for greater sales and higher profitability in the company but a combination of many variables.

**CONCLUSION**

From the analysis of the data collected and interpretation of results, it is concluded that there has been an increase in the usage of sales promotion by beverage drink companies. Sales promotion is normally used to boost sales thereby increasing the profit (i.e. between 2007 and 2008, gross profit margin improved from 36.85% in 2007 to 39.51% in 2008). The most significant sales promotion techniques that contributed to higher performance in the company are special sales, price off and coupons. The low significant techniques are sweepstake and gifts. In the course of any sales promotion exercise, management should strategically facilitate the exercise so that customers do not doubt the reality of the programme by using credible techniques. For instance, very incredible prize like winning over a thousand brand new automobiles should be avoided. In addition, the study find out that organization promotion strategies enhance consumer buying pattern. According to the result, majority of the respondents accepted the facts that organization promotion strategies enhance consumer buying pattern.

**RECOMMENDATIONS**

Based on the findings of this study, we recommend that NESTLE Nigeria Plc and manufacturing organizations in
general, may engage always in more promotional mix strategies, and also tend to be creative to consumers; this in turn would enhance and boost sales revenue. This is in line with the suggestion of Ogunsiji and Odunlami (2011) that organization should set up more and effective sales promotion department with experience staff with the view of developing more promotional strategies in line with the company’s objectives. In addition, sales promotions budget should always be adequate in organizations. This would also give sales representatives and consumers alike performance to participate. This is in line with the recommendation of Bamiduro (2001) that sales promotion objectives should be well defined and staff should be well informed in order to achieve the stated objectives. Finally, there should be enhanced and computerized distribution system, this strategy create performance and proficiency on field managers and supervisors monitoring sales on consumers and complaint.

REFERENCES


