
The Effect Of Sales Promotion On Marketing Of Cocacola Drinks In Enugu State

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Abstract

This study examined the effect of sales promotion on the marketing of Cocacola drinks in Enugu State. The major aim of the study is to examine the effect of Personal selling, Rebates trade and discounts on the marketing of Cocacola drink in Enugu State. The researcher made use of primary sources. The population of the study comprises all the customers in Ozalla and Agbani, Nkanu West LGA of Enugu State. The sample size is 368 obtain by using Topman's non-parametric sample size determination formula. The study used test-retest and Cronbach Alpha method in order to affirm the reliability of the research instruments. The data for this study were collected by means of questionnaire and persona; interview. Frequency tables and percentage analysis were used to present quantitative data in form of tables. The study also employed Multiple Regression Analysis. The study concludes that sales promotion has significant positive effect on the marketing of Cocacola drink. The study therefore recommends that the company should consider integration of rebates strategies such as public visibility and public attention seeking since these strategies influence the level of sales performance.

Keywords: Personal Selling, Rebates. Trade Discounts and Marketing of Cocacola Drink

Introduction

Promotion is an important arm of the total marketing system. The need to promote a product, service or idea cannot be over emphasized. This is infirmed by the fact that a successful marketing outfit cannot be put in place without making mention of promotional methods and the tools used in achieving the objectives. The understanding of promotion is closely

tired to the understanding of the basic concept of marketing. The process of matching product or services or idea with consumer need as the main focus of the marketing activity. A marketer should be quick at capitalizing on newly identified needs. The marketing activity does not however end with the matching of product, services or ideas. Consumer should be persuaded that the match is a good one. As

Kincaid (1985) has it “of course the marketing process does not end with the initial marketing of the product with consumer need somehow the product must be made available to consumers and appear more desirable than competing alternative or substitutes”. This is what the marketing function is all about..

Sales promotion can promote organization effectiveness through increase in profitability from higher sales. Okoli (2011) 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. In fact, sales promotion works as a quick stimulator, which stimulates the consumer on the trade to buy the particular products.

Statement of the Problem

Sales promotion is an important arm of the total marketing system as in stimulating consumer buying and augmenting sales people’s effectiveness, all geared towards ensuring customer patronage. Base on this therefore, there is need for a good sales promotion techniques for a successful operation of soft drink

industry. However for soft drink manufacturers to be at least near perfection. It must rate nightly in its core activities such as advertising, personal selling, publicity and public relations and have the ability to organize these mixes of activities properly and implement them effectively,

Objectives of the Study

The general objective of this study is to investigate the effect of sales promotion on the marketing of cocacola drink in Anambra State.

The specific objectives are to:

1. Determine the effect of personal selling on marketing of Cocacola drink in Enugu State
2. Ascertain effect of rebates on marketing of Cocacola drink in in Enugu State.
3. Examine the effect of trade discounts on marketing of Cocacola drink in Enugu State.

Research Questions

The following research questions were formulated to guide the direction of this research work:

1. To what extent does personal selling affect marketing of Cocacola drink in Enugu State?
2. To what degree does rebates on marketing

affect Cocacola drink in Enugu State

3. To what extent do discounts trade affect on marketing of Cocacola drink in Enugu State?

Hypotheses

H1: Personal selling has no significant effect on marketing of Cocacola drink in Enugu State.

H2: Rebates has significant effect on marketing of Cocacola drink in

H3: Discounts trade has significant effect on marketing of Cocacola drink

Literature review

Conceptual framework

The concept of promotion is regarded as having the same meaning in most of the literature on the subject; Shimp (2013) makes a distinction between these concepts. He describes promotion as the aspect of general marketing that promotion management explicitly deals with. Promotion, on the other hand, is a “more encompassing term” that includes

communications via any or all of the marketing mix elements. Promotion represents the collection of all elements in an organization’s marketing mix that facilitate

Theoretical framework

Most of the theoretical research on promotions has concentrated on aspects of price and its impact on consumer judgments. This is probably due to the fact that the bulk of the research has focused on price promotions. Studies have examined the impact of price promotions on consumers’ internal reference price (Kalwani and Yim, 1992) and the impact of comparative price advertising¹ on consumer perception of savings obtained from a price promotion (Berkowitz and Walton, 1980; Urbany, Bearden and Weilbaker, 1988; Bearden, Lichtenstein and Teel, 1984). The theoretical approaches, which have been used to study the price-related aspects of a promotion, include adaptation level theory and assimilation contrast theory. Apart from these, other theoretical approaches used to study consumer response to price promotions include

attribution theory, transaction utility theory, the attitude model and the elaboration likelihood model. Each of these theoretical approaches is discussed in detail below.

Sales Promotion Theory is the study of increasing short-term sales revenue. This study can be conducted readily and effectively as the results can be measured quickly and, because of the narrow focus of the promotion, other factors can be tightly controlled for. Sales promotions are a source of some debate, as some argue that increasing short-term sales does not lead to long-term profitability. Others argue that the benefits of creating more income for the company in the short term allows that company to more rapidly grow to gain a larger market share

Adaptation Level Theory

This theory proposes that consumers carry with them an adaptation level price or 'internal reference price' for a given product (Monroe, 1979). The internal reference price is

represents the price a consumer expects to pay for a product and is formed on the basis of past prices paid/observed either for the same product or similar products. The internal reference price is a standard against which market prices are compared and judged as high, low or medium. The existence of internal reference prices has been confirmed in several laboratory studies (Gurumurthy and Winer, 1995). Researchers have proposed that consumers respond to a price promotion based on the comparison between the internal reference price and the promotional price (Lattin and Bucklin, 1989; Kalwani and Yim, 1992). Frequent price promotions can lead consumers to lower the reference price for the promoted product. Consumers with lowered reference prices will be unwilling to pay the full price of a product once the promotion is over. Winer (1986) investigated the nature of reference price effects on brand choice through a linear probability model whereby the probability of purchase for a brand was a

function of the observed price and the difference between the observed price and reference price. He found that the model predicted probability of purchase better than standard demand models that incorporated only observed brand prices. In another laboratory experiment, Kalwani, Yim, Rinne and Sugita (1990) demonstrated that customer brand choice and judgments were mediated through customers' price expectations for a brand. They showed that consumers' price expectations were formed based on past prices of the brand, customer characteristics and situational factors. The authors found that a brand choice model that included consumers' price expectations predicted choice better than a model which included only observed prices. Mayhew and Winer (1992) examined the relative impact of internal reference price (prices stored in memory) and external reference price (prices provided by stimuli in the purchase environment) on consumer brand choice. They estimated choice models with

variables representing the two types of reference prices and found that both types of variables had a significant impact on purchase probabilities. In a study on the reference effects of price and promotion on consumer choice behavior, Lattin and Bucklin (1989) found that consumers form reference points for both price and promotional activity. These reference points are based on consumer's previous exposure to prices and promotions and affect subsequent patterns of brand choice. The authors stated that too much price discounting would blur the distinction between the promotional price and the regular price of the product thus lowering consumer reference price for the product. Kalwani and Yim (1992) investigated the impact of a brand's price promotion frequency and depth of price discounts on a brand's expected price and brand choice. They demonstrated that both price promotion frequency and depth of price discounts had a significant impact on price expectations. Results of an experiment showed

that the larger the amount of a price reduction on a product, the lower the price people expected to pay for it on the next purchase occasion. Similar to Lattin and Bucklin, (1989) the authors found that consumers form both promotion and price expectations. The authors stated that, for a frequently promoted brand, consumers may form price and promotion expectations and will purchase the brand only when it is available at a lower promotional price.

f Assimilation Contrast Theory

Assimilation contrast theory examines how external reference prices influence consumers' internal reference price and subsequent promotion evaluations. An external reference price may be introduced through a price advertisement or in-store communication that features both the lower promotional price and the higher regular price and, thus, documents the savings associated with the lower promotional price. As per assimilation contrast theory, an external reference price that is

moderately higher than a consumer's internal reference price, is perceived as plausible and assimilated. This assimilation effect results in a shift of the internal reference price toward the higher external reference price and a corresponding increase in favorability of promotion evaluations. However, if the external reference price vastly exceeds the highest expected regular price, it is likely to be perceived as unbelievable and hence contrasted with internal price standards.

Empirical Review

Orji, Oyenuga and Ahungwa, (2020) examine the effects of sales promotion on the consumer buying behavior of food seasoning among Nigerian households using Nestle Nigeria Plc Maggi NAIJA POT brand as a case study. The study employed cross sectional research design and the population consists of consumers of Nestle product (Maggi seasoning) in Bwari Area Council, Abuja. The sample size is 246 determined using Topman's formula. Primary data was used through administration of

questionnaire and regression analysis was used to test the relationship between the study variables. The findings revealed that most of the consumers enjoy the rebates which influence their decision before, during and after the purchase; there is a positive effect of free trial and free gift on consumer buying behavior of Maggi NAIJAPOT in Bwari Area Council, Abuja. The study concluded that that sales promotion through rebates, free trial and free gifts is one significant tool marketing companies should give attention to in order to influence their consumers' buying behavior, and recommended among others that providing free samples for food seasoning is a good technique to use in introducing new products to the Nigerian marketplace, also free gift should be included in the outer part of the product packaging to serve as a visual attraction to Nigerian consumers.

Aryal, (2018) examined sales promotion adopted by Nepalese business organizations and its effects

on sales of soft drink in Kathmandu valley. This study is based on the primary data through convenience sampling technique. The primary data collected from the different places of Kathmandu valley by face to face field survey of 150 respondents. It is found that the sales promotion activities play positive impact on sales of soft drink brands. It is believed that the findings of this study may facilitate the Nepalese business organizations for formulating policies of sales promotion on sales of soft drinks products.

Uloko, A. (2019) assessed the impact of promotion on the profitability of the Nigeria Bottling Company Plc, Enugu Plant. The population of the study was made up of 56 management staff drawn from marketing, sales and accounting/finance departments of the company. Employing a census technique, the whole population of 56

management staff constituted the sample size of the study and data obtained from the 56 copies of the questionnaire were presented using descriptive statistics whereas, multiple regression analysis with the aid of the Statistical Package for Social Science (SPSS) was conducted to test both the company's financial statement from the year 2003 to 2012 and the hypotheses. The findings from data analysis of company's financial statement shows that, profit is slightly influenced by the variables of sales income not necessary cost of promotion, while the results of the hypotheses testing indicated that, rebates has no significant impact on profitability; sales promotion has a significant impact on profitability; personal selling has no significant impact on profitability; public relations has a significant impact on

profitability. The need for an organization to properly coordinate its promotional strategies to achieve a clear consistent and competitive message about itself and its products has become an issue of concern to every result driving firm. The study concluded that, promotion is an important tool that helps companies to improve their profitability. We recommended that there is the need for organizations to increasingly integrate effective promotion in their activities to improved their profitability and competitive advantage. Ya-Ping (2017) examined the Effects of Sales Promotion on Consumer Involvement and Purchase Intention in Tourism Industry. Sales Promotion has been the routine marketing of businesses appealing consumers to making orders and increasing media exposure in recent years. Sales Promotion is a

tactic for the sales of goods with price or non-price discounts. There are various sales promotions in the market, but not all of them are effective in marketing, as brand image, perceived value, and purchase intention are also associated. Sales Promotion therefore has become a primary issue for marketing. Aiming at 2014 Kaohsiung International Travel Fair, 1000 copies of questionnaires are distributed to the customers, and 421 valid copies are retrieved, with the retrieval rate 42%. The research results present the significant correlations between sales promotion and consumer involvement, consumer involvement and purchase intention, and sales promotion and purchase intention.

Pembi, Fudamu, and Ibrahim (2017) studied the impact of sales promotional strategies on organizational performance in Nigeria. The objectives

of this study are to examine the impact of sales promotional strategies on organizational performance with reference to Flour Mills Maiduguri, Borno State Nigeria. The population of this study was carved out of the entire staff of the Flour Mills of Nigeria Maiduguri, Borno State branch cutting across the Top, Middle and lower level management. The study employed both the primary and secondary sources of data collection. Questionnaires were administered to twenty (20) staff using random sampling techniques. The data collected were subjected to descriptive statistics such as percentage analysis in order to analyse the data and regression analyses were used for testing hypotheses. The result signifies that sales promotional strategies have positive and significant effects on organizational performance. The study

recommend that company should at all time have to planned, organized, directed and controlled their sales promotion programme in place as this will help them to make such promotional strategies effective and efficient. Also, they should take advantage of festival period or events by developing effective sales promotional tools that can influence consumers' awareness about the product in the events.

METHODOLOGY

This study adopted a descriptive survey design. This study was carried out in Enugu State, With respect to this research work, the researcher made use of primary sources. The primary sources of data include the questionnaire and the personal interview. 368 respondents were sampled for the study after careful selection processes was made across

the study area. The collected data were analyzed using quantitative data analysis methods. Frequency tables and percentage analysis were used to present quantitative data in form of tables. Data from questionnaire were coded and entered into the computer using Statistical Package for Social Science (SPSS Version 21) for analysis. The means, standard deviations and correlations of each independent and dependent variable were obtained.

Discussion of Findings

Multiple regression result was employed to test the effect of independent or explanatory variables on the dependent variables. The result of the multiple regression analysis is presented in the tables below.

Table 1: Coefficients of the Model

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|--------------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 18.311 | 2.121 | | 8.632 | .000 |
| 1 Personal selling | .074 | .059 | .083 | 1.251 | .002 |
| Rebates | .159 | .053 | .194 | 3.014 | .003 |
| trade Discounts | .091 | .054 | .128 | 2.112 | .004 |

Summary and findings

This study examined the effect of sales promotion on the marketing of cocacola drink in Enugu State. The study adopted simple percentage analysis and Multiple regression analysis in analyzing the data

generated. The data analyzed shows that:

1. Personal selling has significant effect on marketing of Cocacola drink in Enugu State. Personal selling has a t-statistics of 2.674 and a marketing value of 0.001 which is statistically significant..
2. Rebates has significant effect on

marketing of Cocacola drink in Enugu State. Rebates has a t-statistics of 2.112 and a marketing value of 0.002 which is statistically significant.

3. Discounts trade has significant effect on marketing of Cocacola drink in

Enugu State. Trade discounts have a t-statistics of 3.014 and a marketing value of 0.003 which is statistically significant.

4. Gifting has significant effect on the marketing of Cocacola drink in Enugu State. Gifting has a t- statistics of 1.251 and a marketing value of 0.004 which is statistically insignificant.

Conclusion

This covered the effect of sales promotion on the marketing of cocacola drink in Enugu State. From the analysis it was discovered that personal selling, rebates, trade discounts and gifting has significant effect on the marketing of Cocacola drink in Enugu State. Therefore, the study concludes that sales promotion has significant positive effect on the marketing of Cocacola drink in Enugu State.

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