

Effect of Sales Promotion on Customers Patronage of Telecommunication Services

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Abstract: *The aim of this research was to appraise sales promotion of customers patronage on telecommunication services. This was achieved with respect to the product of Globacom Nigeria Limited. The study geared to examine the effect of sales promotion; level of awareness of customers toward the company's product or service; and to know whether or not large spending on sales promotion is justified. Two hypothesis were formulated for the study. A random sampling technique was employed in the data collection from Globalcom Nigeria Limited. A sample size of nineteen (19) of Globalcom Staff was draw; and using purposive sampling, seventy four (74) customers/subscribers from the company's sales territory was also drawn. However, 15 globalcom staff and 60 customers responses were used for the analysis, as it were the questionnaires that were completed and returned. The data collected were analyzed using simple percentages and frequencies and the hypothesis tested using chi-square. The result of the analysis showed that the sales promotion has significant effect on Golbalcom's turnover that there is relationship between sales promotion and customer's patronage; and that the money spend on sales promotion is always justified. Based on the following findings appropriate recommendation were made.*

Keywords: *communication, Interference, language, bilingual, multilingual*

INTRODUCTION

BACKGROUND OF THE STUDY

The major tasks of marketers are to produce the right goods, charge the correct price, gives the product exposure through distribution networks, and to induce the consumers to purchase the product. All these marking skills will be a waste of effort if consumer fails to become aware of the existence of a product or services. However, sales promotion is the array of method or techniques that marketers use to stimulate or improve immediate purchase. In most cases, sales promotion is used in conjunction with other promotional tools especially advertising and personal selling to achieve desire result. But unlike advertising and personal selling, sales promotion comprises a wide variety of technical promotional tools of short term incentives deigned to stimulated a target market response (Chen *et al.*, 2007).

In other words, sales promotional is one of the methods or ways by which information about a product or service is passed to potential consumers. Generally, sales promotion has two main objectives which could be categorize into broad objective

and specific objectives. The broad objectives of any sales promotion will include product exposure, attention acquisition and comprehension of sales promotion, attitude change and behavior while in a specific objective the target consumers are specified as well as the intended effect of the promotion upon the target market (Engel *et al.*, 1973).

Furthermore, in whatever form sales promotion is carried out, it's aimed at achieving the following;

- i. Encourage customers to sample
- ii. Encourage dealers to stock
- iii. Combating competition
- iv. Improving distribution

Sales promotion is either directed to traders or customers. According to Gilbert (1986) the following techniques or methods can be used in consumers' promotion, premium offers, contest, coupon, special discount and free trials.

Finally, sales promotion has taken a strong position in marketing. This is as a result the increasing back log of products which manufactures cannot sell as a result of high cost charged and diminishing power of the consumers. Another major reason of an increase in the level of competition among manufactures brought about the increased entrepreneurship. Sales promotion helps increasing sales volume... it's also contributes to the building of a product and company image and assists in determining correct price for it product or service. This is possible especially when a company is using promotional pricing (Das *et al.*, 2009).

STATEMENT OF THE PROBLEMS

Globalcom Limited incurs or spends heavily in their quest to produce quality products or services. This is complemented by incurring or spending huge sum of money in their drive in making this brand.

Since its early years of establishment, the Globalcom Nigeria limited, the producer of products and services which is to serve as a case study in this project, has engaged itself in various sales promotional activities to sell it's various products such as recharge card, sim card and phones etc resulting on the consumers wining of cash price/bonanzas product like motorcars, motorcycles, television set, free trips abroad were offered to consumers.

This huge resources being spent on sales promotion however, does not seem to translate into high sales volume to the company. Is it because of inappropriate choice of the promotion tool being used? Are those issues relating to implication problem? These and other related problems are what this study seeks to address.

OBJECTIVE OF THE STUDY

The main objective of this study is to examine the effect of sales promotion on customer patronage of telecom services.

The study will be guided by the following specific objectives:

- i. To assess whether or not the large spending on sales promotion is justified.
- ii. To examine the effect of sales promotion on customer patronage with respect to the product of Globalcom Nigeria Limited.

- iii. To determine the level of awareness of consumers towards the company product or services.
- iv. To make recommendations to Globalcom Nigeria Limited for future sales promotion activities.

LITERATURE REVIEW

This chapter is devoted to a review of relevant literature to the research topic. There have been many written work on promotion globally. However, it is only those that are markedly necessary for these works that have been reviewed.

Sales promotion is the catchall for the various promotion tools that are not formally classified as advertising, personal selling or publicity. Those tools earlier mentioned may be sub-classified into items for consumer promotion, trade promotion and sales force promotion.

Two decades ago, the advertising to sales promotion ratio was about 60:40. Today especially in consumer packaged goods companies, sales promotion account for 60 to 70 percent of the total promotional budget. Sales promotion expenditure has been on the rise since last decade. Infact, it is now more accepted by top management as an effective sales tools (Kotler, 2003).

In other word, sale promotion is a direct inducement that offers extra incentives anywhere along the marking route to enhance or accelerate the products movement from producer to consumer. Within this definition, there are three important elements to consider sales promotion. These are:

1. It may be used anywhere in the making channel. From manufacturer to wholesaler, wholesaler to dealer, dealer to customer or manufacturer to consumers.
2. It normally involves a direct inducement (such as money, prices, extra products, gifts or specialized information) that provides extra incentive to buy now or buy more, visit store, request literature display a product or take some other action.
3. It is designed to change the timing of purchase or to shiff inventory to others in the channel. William (2004).

Furthermore, according to McCarthy *et al* (2000), Sales promotion refers to those promotional activities other than advertising, publicity and personal selling that stimulate interest trial or purchase by final consumers or others in the channel. Sales promotion generally tries to complement the other promotion methods. And, if properly done, it can be very effective, but there are problems in the sales promotion area.

Finally, according to the official definition of the American marketing Association (1997), sales promotion is defined as “those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness. Such as displays, shows and exposition, demonstrations and various no-current selling effort not in ordinary routine”.

Looking at the above definition critically, it can be seen that it is often used to describe a wider ranges of marketing activities. Sales promotion is used both in consumer goods and industrial goods marketing. However, it is most often the consumer goods advertising. This is because the consumers market is more difficult to

reach by either publicity or publicity or personal selling while industrial markets are easy to reach by personal selling.

One can easily conclude from the above discourse that sales promotion may be defined as all the incentive/benefits offered to the consumers and dealers for ensuring patronage and purchase of a company's product or services.

SALES PROMOTION

According to Perrault *et al.*, (2000) defined sales promotion as the promotional activities that stimulate interest trials or purchase by final customers or others in the channel. 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 develop marketing programmes 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 purchases. Effects of sales promotion on consumer behaviour have been widely studied in literature (Nagar, 2009). 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.*, 2011); consumers' sensitivity to price (bridges *et al.*, 2006).

However, whether the effect of consumer loyalty and purchasing behaviour could be moderated by sales promotions has not yet been examined extensively. Regardless of a widespread interest in the relationship between sales promotion and purchasing behaviour, most studies of this kind focus on the effect of sales promotions on choice at the time they are offered (DeIVecchio *et al.*, 2006). Only a few have investigated the lag effect of sales promotions on brand preference and the resultant buying behaviour once the promotion campaign is rescinded.

Sales promotions could be in form of momentary and non-monetary ones. These types provide both utilitarian and hedonic benefits to the consumers. Utilitarian benefits refer to such benefits such as quality, convenience in shopping, saving in time efforts and cost (Luk *et al.*, 2008). Hedonic benefits on the other hand refer to value expression, exploration, entertainment, intrinsic stimulation and self esteem (Chandon *et al.*, 2000). According to Luk *et al.* (2008), monetary promotions are incentive-based and transactional in nature and provide immediate rewards and utilitarian benefits to the customers. However, non-monetary promotions provide hedonic benefits but weaker utilitarian benefits (Kwok *et al.*, 2005).

Monetary promotions have been reported to be preferred over non-monetary promotion across all consumer goods in terms of their ability to elicit purchase intentions (Luk *et al.*, 2008; Kwok *et al.*, 2005). Several other studies had reported different impact of sales promotion on consumer behaviour. For example, Blatterger *et al.* (1989) reported that consumer gain more from price cut when buying an established up-market brand than a mass market brand. Pauwels *et al.* (2002) argued that price promotion elicits temporary changes in brand and product choices and purchased quantity for established brand in mature market. These changes are because up-market brands are associated with prestigious brand with high level of reliability, low level of risks, greater concerns for customer's needs and stronger hedonic benefits (Luk *et al.*, 2008). It is not

settled in literature whether sales promotion can enhance or undermine brand preference beyond the time they are offered (Luk *et al.*, 2008; DeIVecchio *et al.*, 2006).

Monetary sales promotions could lead to negative impact on brand preference and trust. This is because monetary promotion can divert attention to financial incentives which may encourage brand switching behaviour, increase price sensitivity and make quality criterion less important (Aaker, 1996; Manaled *et al.*, 2007). Gedenk *et al* (1999) argued further that sales promotion can lead to a significant decrease in brand loyalty.

RESEARCH METHODOLOGY

Research is referred to as the process of finding out the areas of knowledge or incentive which people are not clear about. It is also the active seeking of new knowledge with scientific method. Methodology refers to the set of rules or procedure for scientific enquiring. This chapter is designed to provide adequate information on the type of data the researcher use in this study and where the data the researcher used in this study and where the data were obtained from. It also highlights on the research instrument employed and how they were designed in the case of questionnaire.

This chapter also provides useful information in respect to what made up the sample, the way through which they were selected how the questionnaires were allocated among the sample and how they were distributed in the area used for study. Other pertinent information included here are the sources of data validity and reliability of instrument administration of instrument and method of data analysis. Thus, this chapter is dedicated to methodology which consists of principle of investigative procedures, the norms by means of which procedures and techniques are selected and articulated.

RESEARCH DESIGN

Research design is a crucial component of the study, it is the framework within which the research operates and it is otherwise known as the “blueprint” or plan which determines the nature and scope of the study carried out. According to Victor (2008), research design can be defined as the detailed description of how a data is collected and analysed in order to solve the problem at hand. Thus, the research is basically designed to appraise the effect of sales promotion on customer patronage of telecommunication services. The survey method appeared to be the most suitable one for this study and it was chosen since it is descriptive in the nature and to aid the research in studying the phenomena in their natural setting making use of a feasible and reliable sample. Thus, the questionnaire which was distributed the managers and staff as well as consumers the company’s products.

AREA OF THE STUDY

The area of study of this research work is Globacom Nigeria, Glo Mobile has been at the forefront of revolutionary changes in the GSM sector in Nigeria, offering both prepaid and contract packages along with a range of value added services.

In its first year of operation, Glo mobile became the fastest growing GSM network in Africa, achieving a record of one million subscribers and covering over 87 towns in

just nine months. The subscriber figure at the moment stands at over 22 million with coverage extending to over 50,000 cities, towns, communities and major roads, this making the company the 15th largest operator in Middle east and Africa (MEA) region as well as the fastest growing network in the region.

However, vigorously pursuing its expansion strategy, the network has earned the identity of the Nigeria innovator. This is because it boasts a wide variety of innovative packages and tariff designed to fulfill the needs of a broad spectrum of market segments in Nigeria. Prominent among the innovations Glo Mobile has introduced are the per seconds billing, black berry, multimedia messaging service (MMS) magic plus, Glo Direct, Glo Bile internet, Glo fleet manager, M-banking and Glo mobile office. All these and many more service was introduced to the market through sales promotion.

POPULATION OF THE STUDY

Population means identifying character which members of the universe have in common. Aminu (1995) saw population as consisting of a group of people or items from which information is collected for the purpose of research. However, for the purpose of this study, the population is made of the entire staff of Globalcom Nigeria Limited, Umuahia branch which includes the junior staff, supervisors and management staff as well as customers and consumers scattered over the territory. Globalcom can boast of an estimate population of 20 (twenty) staff and over 1000 (one thousand customers/subscribers) in Umuahia.

SAMPLE SIZE AND SAMPLING TECHNIQUES

The sample size involves the selection of representative members of a total population. The large the sample size, the more accurate the research result. In this study, the researcher adopted Yaro's formula in determining the sample size of staff while a purposive random sampling method was used on the customer (subscribers).

The Yaro's formal below is used to determine the sample size of ataff.

$$n = \frac{N}{1+N(e)^2}$$

Where

n = Sample size
N = Population size
e = Approximated error (0.05)
l = Constant
n = $\frac{20}{1+20(0.05)^2}$
= 19.0476
= 19 staffs

Therefore, the sample size use consisted of nineteen (19) Globalcom staff and Seventy-four (74) customers/consumers and retailers from company's sales territory. The sample size is directly determined the total number of questionnaires issued out.

DATA COLLECTION METHOD

A. This method of data collection consists of facts and figures collected from all respondent of the project work through the use interview and questionnaires.

1. **Interviews:** This is technique used for collecting data via face to face contact. The intention of the interview is to obtain and valid information.
 2. **Questionnaire:** This is a device for getting consumers to questions by using a form which respondents fill out by themselves.
- B. This method of data collection consist of facts and figures collected from various sources such as textbooks, journals, magazine and other related literatures.

DATA ANAYSIS TECHNIQUE

The data collected were analyzed using percentage and frequency tables. In testing the formulated hypotheses, the chi-square analysis techniques was be used. The chi-square denoted as X^2 is the test which measures the difference between the expected frequencies and the observe frequencies and it is computed using the formula below:

$$\chi^2 = \sum_{i=1}^n \frac{(f_o - f_e)^2}{f_e}$$

Where χ^2 = chi-square
 F_o = observed frequency
 F_e = expected frequency

RESULTS AND DISCUSSIONS

This chapter deals with data presentation of results and discussions

Analysis of questionnaire

Table 4.1 destruction of the response rate of the respondents

Respondents	Issued		Returned		Not returned	
	Count	%	Count	%	Count	%
Globalcom staff	19	100	15	78.95	4	21.05
Customers	74	100	60	81.08	14	18.92

Source: field survey, 2013

The analysis of the questionnaire table shows that a total of 36 and 74 questionnaire were administered to Globalcom staff and Customer respectively. Of the staffs and customers only 15 (78.95%) and 60 (81.08) of the questionnaires issued respectively were successfully returned as shown in Table 4.1.

EMPLOYEES RESPONSE TO QUESTIONS

Question 1: Is your company's sales promotion exercises a wasteful venture?

HYPOTHESIS TESTING

Hypothesis one

Statement of hypothesis

H_{01} : Sales promotion does not have significant effect on Globalcom's turnover.

H_1 : Sales promotion has significant effect on Globalcom's turnover.

Decision rule:

Reject H_{01} if chi-square calculated is greater than the tabulated chi-square at 5% level of significance. Otherwise, accept H_{01} .

Table 4.15 response from respondents

Response	Frequency	Percentage
High	28(15)	93.33
Low	2(15)	6.67
Total	30	100

Values in parenthesis are the expected frequencies

The expected frequencies individual was obtained as follows:

Expected frequency = $N \cdot P$

Where,

N = number of respondents and P = Probability of the response i.e $\frac{1}{2}$

Table 4.16 Chi-square computation

Observed frequency f_o	Expected Frequency f_e	$(f_o - f_e)^2$	$\frac{(f_o - f_e)^2}{E_1}$
28	15	169	11.267
2	15	169	11.267
Total			22.534

$$X^2 = 11.267 + 11.267 = 22.534$$

And degree of freedom = $(2-1) = 1$

But, x^2 tabulated, that is $1,0.95 = 3.841$

Conclusion:

Since, x^2 calculated = 22.534 is greater than x^2 tabulated = 3.841, H_{01} is rejected in favour of the alternative hypothesis

Hypothesis two

Statement of hypothesis

H_{01} : There is no relationship between sales promotion and customer's patronage

H_1 : There is relationship between sales promotion and customer's patronage.

Decision rule:

Reject H_{01} if chi-square calculated is greater than the tabulated chi-square at 5% level of significance. Otherwise, accept H_{02} .

Table 4.17 response from respondents

Response	Frequency	Percentage
Yes	48(30)	80
No	12(30)	20
Total	60	15

Values in parenthesis are the expected frequencies

The expected frequencies individual was obtained as follows:

Expected frequency = $N \cdot P$

Where,

N = number of respondents and P = Probability of the response i.e 1/2

Table 4.18 Chi-square computation

Observed frequency f_o	Expected Frequency f_e	$(f_o - f_e)^2$	$\frac{(f_o - f_e)^2}{f_e}$
48	30	324	10.8
12	30	324	10.8
Total			21.6

$$X^2 = 10.8 + 10.8 = 21.6$$

And degree of freedom = $3 - 1 = 2$

But, x^2 tabulated, that is $2,0.95 = 5.991$

Conclusion:

Since, x^2 calculated = 21.6 is greater than x^2 tabulated = 5.991, H_{01} is rejected in favour of the alternative hypothesis.

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

This project work titled "The effect of sales promotion on customers' postage on telecommunication services" was chosen as a result of the enhanced preference in recent times of sales promotions, particularly in Globacom Nigeria Limited.

The work commenced by introducing and treating what sales promotion and customer patronage are all about. It took a look at the historical background of the

company itself and brought to the fore issues equally drafted. There was also an in-depth literature review in which related topics to the subject matter was fully addressed.

SUMMARY OF FINDING

The study sought to find out the effect of sales promotion on customer patronage of telecommunication services. The findings made were as follows:

1. That sales promotion is not a wasteful venture, and that the companies like Globalcom Nigeria Limited place emphasis on sales promotion during low demand.
2. That sales promotion has a high effect on the customer patronage, and that this impact has a significant effect turnover, as it positively influences the company's profitability.
3. That there is a relationship between sales promotion and customers' patronage, and it leaves a lasting impression of the products on the mind of customers.

RECOMMENDATION

1. For effective development of the sales promotion programme, the management needs to determine the size of the incentive, the distribution channel suitable for the particular, the duration of the programme and then it must establish timing for the promotion.
2. Even though sales promotion may be given central rules in the promotion mix budget, it should not be attached a sole concentration.
3. Advertising must also be given priority so that they can be allowed to work hand in hand. The other elements of the promotional mix such as publicity and personal selling should be employed also.
4. In the course of any sales promotion exercise, management should strategically facilitate the exercise do that customers do not doubt the reality of the programme. For instance, very incredible price like winning over thousand brand new CR-V jeeps should be avoided.

CONCLUSION

This research study was carried out systematically and objectively to clarify the effect of sale promotion on customer patronage of telecom services. The judicious approach in the literature review and data analysis from the filed survey enabled the project objectives to be identified.

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