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THE INFLUENCE OF SALES PROMOTION ON CUSTOMER'S BRAND LOYALTY

Abude Peter
Nwankwo Christian

Authors' Affiliation

[1]Department of Entrepreneurship and Business Innovation
University of Delta, Agbor
abudepeter@yahoo.com
+2348062568041

[2]Department of Marketing
Caritas University Amorji-Nike
nwankwochristian23@gmail.com
08037643869

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ABSTRACT

This research was on the influence of sales promotion on consumer's brand loyalty using Coca Cola and Pepsi brands soft drinks for the study copies of questionnaire were administered on consumers in three (3) stratified randomly selected areas of 9th Mile Enugu and supplemented with interviews conducted with the sales and marketing managers of Nigerian Bottling Company (NBC) Plc and Seven Up (7up) Bottling Company Plc, manufacturers of Coca Cola and Pesicola respectively in their 9th Mile Enugu plant offices. It was found that sales promotions, while effective in boosting and increasing sales of brands, products or services in the short run have little or no influence on customer's brand loyalty. Moreover, competitions, sweepstakes, prize/gifts items and free samples or demonstrations are discovered to be the most effective sales promotion strategies in boosting sales in the short run. Among the study's many recommendations is the need for manufacturers to be conscious of their sales promotion techniques or tools to reflect this winning package so that their desire to boost sales can be easily realized.

1. INTRODUCTION

Today be it electronic, print or outdoor, there is the prevalence of lots of commercial slots competing with the traditional views items like politics, business, congratulatory messages on birthdays, conferment of chieftaincy titles or honorary degrees, obituaries, immemorians and so forth.

These commercial slots are usually either advertising some old or new improved products or brands or making announcements which seek to draw public attention to some sales promotions currently going on and promising mouth watering, exciting and highly fascinating prizes and rewards to be won by consumers who wish to participate.

As a matter of fact, as one watches the television in recent times, listen to the radio or flip through the day's newspapers and magazines, attention is invariably drawn to these commercial slots which are either advertising old (or new) brands (or products) or informing the public about a sales promotions competition going on already or the release of results from old competitions announcing the winners and prizes. Outdoor advertisements like billboards usually placed on the sidewalks or the expressways, wall posters, handbill and so forth are not left out too in this prevailing business of sales promotions.

Certainly, one may not be too wrong to say that the advertising industry has never had it so good in terms of profound patronage, which is brought about by this phenomenon called "sales promoter". Meanwhile, prior to current upsurge, sales promotions had been seasonal.

The reasons for the upsurge in sales promotions by most firms could be traced primarily to the depression in the Nigerian economy culminating in the adoption of the Structural Adjustment Programme (SAP), which was initiated in 1986. A major fallout from Structural Adjustment Programme (SAP) is the prevailing acutely low consumer disposable income, which has also manifested in very low patronage for both industrial and consumer products. There now exists considerable glut and excess stock in most industries with many consumers, because of financial constraints doing away with luxury goods buying only the essential ones, most markets are now "buyers" markets with manufacturers and producers continually looking for means and ways to entice and arouse the interest of the consumers (through the provision of numerous incentives) in purchasing their products, brands and services.

Generally, some people have the impression that constant highly fascinating and beautifully packed sales promotions exercises usually allow customers to increase their trials of those brands, products or services and with several trials, there might be brand, product or service satisfaction and eventual conversion to that brand, product or service.

To others the question of conversion concerned, the "ONLY" effect of sales promotions is the positive drive it exerts on the resulting increase in sales of brands, products and service. They further contended that this effect on sales is very persistent, unending and will eventually gradually fade out as soon as the sales promotions activities on the brands, products or service are over.

This study therefore emanated from the desire to find out which is the correct position of the effect and influence of sales promotions on consumers brand loyalty using Coca-Cola and Pepsi Cola as case study.

The purpose of this study is to examine which of the sales promotional tools or techniques appear to be most effective in mobilizing and securing consumers' active participations and interest in such sales promotions on brand, product or service. Most importantly, to find out whether sales promotions activities on a brand, product or service have any influence in shifting consumers' loyalty towards that particular brand, product or service using Coca-Cola and Pepsi-Cola brands of soft drinks in Benin City.

2. THEORETICAL FRAMEWORK

Sales promotions emerged as a reaction by manufacturers, marketers and marketing strategies alike to find a short-term solution to the twin problems of excess stock of goods which are available in various manufacturer's warehouses but are not demanded by consumers, as well as the increasingly growing level of competition from rival companies and organizations. Sales promotions according to Kotler (1994) consist of "a diverse collection of incentive tools, most short-term, designed to stimulate quicker and/or greater purchase of particular brands, products or services by consumers or the trader". Ndupu (1987) in a similar way stated that sales promotion has always been of the veritable strategies of making quick sales. In addition, it helps to establish brand names and ginger trial purchases. Its impact or failure can be calculated over a short period of time.

Sales promotion is the economical or information incentives, which are offered by firm to buyers or distributors (Guitian & Paul, 1982). The importance of this definition lies in its bringing out the economic, entertainment and informational angles in sales promotions. Sales promotions is economical in the sense that it is profit-oriented because every time a sales promotion is carried out on a brand or product, the manufacturers always stand to benefit in terms of increased profit from the exercise. It is entertaining because mere participation in some sales promotion activities especially competitions and sweepstakes creates a lots of fun for the customer-participant, while it is informative because buyers are bound to have more information about the particular brand product or service which is experiencing sales promotion than was previously available.

A lot of people usually mix-up sales promotion with advertising but the two are different concepts. Advertising is defined as any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor (Baker, 1974) while sales promotions according to Ikpeze (1990) are those marketing activities other than personal selling, advertising, purchasing and dealer effectiveness, such as displays, shows and exhibition, demonstrations, and various non-recurrent selling efforts not in the ordinary routine.

Essentially, therefore where advertising offers a "reason" to buy the brand, product or service, sales promotion offers an "incentive" to buy it. Thus, advertisement states reasons why a particular good or service should be preferred and purchased instead of rival brands by laying emphasis on its benefits, qualities and prices all reasons to buy it, while sales promotion on the other hand emphasizes the various cash incentives and prizes to be won by participant consumers.

The basic objective underlying all sales promotions is an increase in sales. This aim may, however, be further sub-divided, in terms of the time dimension, by devising strategies designed at achieving either short or long term gains. Hopefully, both aims will be achieved, but the immediate objectives will the strategy and promotional tools to be employed.

Berman and Evans (1979) in their opinion listed the objectives of sales promotion as:

- Supplement other promotion tools.
- Increasing short-run sales.
- Maintaining and emphasizing consumer loyalty.

While Baker (1985) elongated these attributes. In his opinion, sales promotions exist to:

a. Gain customers and convert them to regular users of new or improved products.
b. Widen the distribution of a product.
c. Influence stock level, which may be too high or low.
d. Reduce sales peaks and toughs and maintain economic production level.
e. Create new interest in an established product or brand and improve results from in-store display.

It comes out from Baker's submissions that sales promotion exist essentially to increase sales and create new interest. However, a careful consideration of the Nigerian experience would reveal that not all the types of sales promotions techniques are popular or common in Nigeria. Here in Nigeria, the more common ones according to the findings from this study are contexts or competitions which are otherwise called games, sweepstakes (both are either instant winning or followed by raffle draws), gift items, prizes, fee samples or demonstrations, money offs, branded offers, cross-couponing and point of purchase promotions.

Other such as personality promotions, door-to-door sampling, premium offers, referral gifts, sky-writing and jumbo packs are not really common in Nigeria.

3. METHODOLOGY

The design of the study was descriptive survey. The instrument for data collection was the questionnaire designed to primarily find out the influence of sales promotions on consumers' brand loyalty, but other objectives include finding out how effectively sales promotions increased the sales of the brands, products or services being promoted as well as determining which of the sales promotional tools consumers found most popular and appealing.

The principles involved falls under two sections, which were either in multiple choice or dichotomous forms but none in open-ended form. These sections are:

1. The demographic information section, and
2. The general questions on the research topics section.

Section A consists of five (5) questions which sort to ascertain the gender, marital status, age group, level of education and occupation of the respondents.

Section B consists of fifteen (15) questions in which the first three (3) (i.e. items 6, 7 and 8 on the questionnaire) were on accessibility of respondents to media sources on sales promotion, while the next five (5) representing items 9, 10, 12 and 13 on the questionnaire were on sales promotions, participation and prizes won by consumers. The next four (4) questions representing items 14, 15, 16 and 17 on the questionnaire were on brand loyalty, while the last three questions representing items 18, 19 and 20 dealt with the topical issue of influence on sales promotions on consumers' brand loyalty.

A total of two hundred (200) copies of questionnaire were distributed to respondents in Ugbowon, Sapele road and Ring road areas. One hundred and eighty-seven (187) copies were returned within the stipulated time, while thirteen (13) were outstanding. Seven (7) copies out of those returned were however rejected due to errors detected in the forms.

Data were analyzed using frequency and percentages. The percentages of responses computed were tabulated using cross tabulation tables. The statistical techniques adopted for testing the hypothesis generated in this study was the chi-square (X^2).

4. DATA ANALYSIS AND DISCUSSION

The analysis of the questions are as shown below.

Table 1: For Most Effective, Mobilizing Sales Promotional Tools

Sales Promotional Tools	No. of Respondents	Percentage
Competitions/games/raffle draws	69	38.3
Sweepstakes/raffle ticket	58	32.2
Gift items/prizes	27	15.0
Free samples/demonstrations	26	14.4
Total	180	100.0

Source: Computed from Survey Data

From table 1, it can be inferred that competitions, games and raffle draws were considered by overwhelming number of 69 respondents or 38.3% as being the most effective tool among commonly used sales promotional tools which ensure that the largest number of consumer-participants partake in sales promotional activities. This result was also corroborated by the Marketing Managers of Nigerian Bottling Company (NBC) Plc and 7up Bottling Company Plc in their Benin City plant, offices during separate interview sessions, which the researcher had with them. Both Managers agreed that the combination of competitions, sweepstakes, gift items/prizes and free sample o demonstrations have long been discovered through their respective company's research as being prime movers of sales during sales promotion, because competitions and sweepstakes create fun for participants and have eye-catching appeals. Consumers therefore fall in love with them most easily.

Table 2: Participation in any of the Sales Promotional Exercises or Activities of Coca-Cola and Pepsi-Cola.

Responses	No. of Respondents	Percentage
Yes	161	89.4
No	17	9.4
Cannot remember	2	1.1
Total	180	100.0

Source: Survey Data, 2024

From table 2, we observe that 161 respondents or 89.4% of respondents had participated in sales promotions before, while 17 respondents or 9.4% had not and 2 respondents or 1.1% could not remember if they ever did or not. The point to note from this result is that, sales promotions are familiar and popular tool with most respondents.

Table 3: Favourite Brand Between Coke and Pepsi

Responses	No. of Respondents	Percentage
Coca-Cola	101	56.1
Pepsi Cola	74	41.1
Others	5	2.8
Total	180	100.0

Source: Survey Data, 2024

From table 3, it was discovered that brand loyalty exists as 101 (56.1%) respondents out of 180 claimed the Coca Cola was their favourite brand while 74 respondents or 41.1% of total respondents said they preferred Pepsi-Cola while the remaining 2.8% or 5 respondents preferred other brands.

Table 4: Buy Pepsi when Coke is not available

Responses	No. of Respondents	Percentage
Yes	79	43.9
No	95	52.8
Do not know	6	3.3
Total	180	100.0

Source: Survey Data, 2024

It can be noticed from table 4 above that 95 respondents out of 180 or 52.8% of total respondents would not buy Pepsi-Cola when Coca-Cola was not available and if this is situated against the result in table 3 earlier on favourite brand, it is easily seen that most Coke loyalists will only take Coke or nothing when confronted with such a choice. The 95 respondents who will only take Coke or nothing are usually referred to as hard-core loyalist.

Table 5: Buying Coke when Pepsi is not available

Responses	No. of Respondents	Percentage
Yes	70	60
No	108	38.9
Do not know	2	1.1
Total	180	100.0

Source: Survey Data, 2024

The result from table 5 is also similar to that of table 4 when viewed within the context of Pepsi loyalists in table 3, 74 or 41.1% out of 101 respondents in table 3 maintained that it was either Pepsi-Cola or nothing and that shows loyalty to Pepsi brand.

Table 6: Consuming Rival Brands during Promotional periods on them.

Responses	No. of Respondents	Percentage
Yes	140	77.8
No	30	16.7
Do not know	10	5.6
Total	180	100.0

Source: Survey Data, 2024

The result from table 6 indicates that 77.8% of total respondents or 140 respondents out of 180 total respondents will normally take other brands, which are having sales promotions on them alongside their normally preferred brands. This result points out one of the reasons why sales promotion continues to bring about increase in sales during period of sales promotion and this is because a lot of deal-prone consumers will join in the demand for the sales promoted brands and product so as to win any of their advertised prizes and rewards. Also, from the table, 30 respondents or 16.7% of respondents would not take other brands.

This is not surprising as there are bound to be hard-core loyalists to brands who are not interested in deals from other brands.

Table 7: Brand Loyalty and Sales Promotions on other Brands

Responses	No. of Respondents	Percentage
Yes	16	8.9
No	159	88.3
Do not know	5	2.8
Total	180	100.0

Source: Survey Data, 2024

From table 7, it is discovered that an overwhelming 88.3% of total respondents or 159 out of 180 respondents said that they would not leave their favourite/loyal brands because of constant sales promotions on other brands while a very small percentage (8.9%) felt otherwise while another smaller 2.8% could not decide.

These findings if interpreted alongside the views of the Marketing Managers for these two brands chosen as case study (that is, Coca Cola and Pepsi-Cola) in which they said that they were out in sales promotions exercises only to increase their sales, but if it happens that some consumers do decide to shift to them, they were always welcome, do confirm that sales promotions on certain brands have no influence on the loyalty of consumers to these brands.

Testing of Hypotheses

Ho_1: Sales promotion activities have no influence on shifting consumers' loyalty towards that particular brand, product or service being promoted.

T-Testing and Decision Rule

In analyzing this hypothesis, the chi-square will be used at 0.05% level of significance to varying the significance of the test.

The decision is that if the computed values of X^2 is less than the critical value of X^2, the null hypothesis (Ho_1) will be accepted and the alternative hypothesis (H_1) would be rejected. On the other hand, if the computed value of X^2, is greater than the critical value of X^2, the null hypothesis (H_o) will be rejected and the alternative hypothesis is accepted at the same confidence level.

The level of significance was assumed at 0.05%

Degree of freedom (df) = (r 1) (c 1)

Where

r = Total numbers of rows

c = Total numbers of column

df = (3 1) (2 1)

= 2 x 1

= 2

Table 8: Influence of Sales Promotion on Brand Loyalty

Responses	Nature of Perception Positive	Negative	Total
Significant	120 (66.86)	39 (0.21)	159 (0.88)
Insignificant	6 (03.33)	10 (0.05)	16 (0.08)
No influence	2 (0.01)	3 (0.01)	5 (0.02)
Total	128	52	180 (100.00)

Interpretation of Result

$X^2 = 12.62$

X^2 cri 0.05 = 5.991

Recall: If the computed value of X^2 is greater than the critical value of X^2, the null hypothesis (H_o) will be rejected and the alternative hypothesis (H_1) accepted at 0.05 level of significance.

From the above description, since X^2 cal X^2 cri i.e. 12.62, 5.99, we reject H_o and accept H_1 alternative hypothesis namely sales promotion activities has influence on shifting consumers' loyalty towards that particular brand, product or service in Benin City.

5. DISCUSSION OF FINDINGS

This study set out to examine the influence of sales promotions on consumers' brand loyalty using Coca-Cola and Pepsi Cola as case study. Specifically, it investigates the rational behind sales promotions, the effectiveness of sales promotions in stimulating and ensuring increases in sales and which of the sales promotional tools can most effectively mobilize consumers' active participation. The study sought to provide answers to the following four research questions.

1. Which sales promotional tools or techniques appear to be most effective in mobilizing and securing consumers active participation and interest in sales promotions on brands, products or services?

2. How effective and enduring are sales promotional activities on brands, products and services in stimulating and ensuring increase in sales of those brands, products or service?

3. Do sales promotions activities on a brand, product or service have any influence in shifting consumers' loyalty towards that particular brand, product or service?

In order to provide answers to these research questions, the researcher administered questionnaire to consumers of Coca-Cola and Pepsi-Cola in Benin City and also conducted interviews with marketing and Sales Managers of the two manufacturing companies.

The Major Findings of the Study

These include:

- Competitions or Games, Sweepstakes, Gift items/prizes and free samples or demonstrations were found to be the effective tools in mobilizing and securing consumers' active participation and interest in sales promotions on brands, products and services.

- Sales promotions yield faster and measurable responses in sales, but do not tend to yield new, long-term buyers in mature markets because they attract mainly deal-prone consumers who switch among brands as deals become available.

- Consumers really care about the brands of products and services, which they buy; hence there is brand loyalty.

- Loyal brand buyers do not change their brands as a result of competitive sales promotions on rival brands, but may participate in sales promotions exercise (especially in competitions and sweepstakes) on rival brands.

It was also discovered that the quality of products are not affected during sales promotion periods and that advertising although, does not appear capable of increasing the sales of brands, products and services in the short-run period as sales promotions can do, but can increase the building of image on brands as well increase the prime franchise on brands much more than sales promotions can do.

6. RECOMMENDATIONS

The following specific recommendations which are as a result of the various findings emanating from the research work are hereby suggested for marketers marketing strategists and manufacturers alike.

- They should use more of eye-catching and appealing tools or techniques such as sweepstakes, gift items, free samples or demonstrations when embarking on sales promotions campaigns instead of the dull tools which most of them appear o prefer sing.

- Sales promotions should always be supplemented with other promotional variables such as advertising public.
- Relations and so forth in order to achieve more desirable results.
- Efforts should be made by manufacturers by monitoring and educating the retailers and middlemen in order to remove or completely minimize their sharp and dishonest practices which involve gift items in packets and cartons which are meant for sales promotions and also unbinding binded offers in order to sell them individually.
- Manufacturers, markets and marketing strategies should make available enough competition prizes, rewards, and gift items sales promotions exercises so as to remove consumers’ cynicism and apathy towards their sales promotion exercises.
- Finally, manufacturers should pursue brand policies and strategies, which seek to categorize the brand loyalty status of their products as well as highlight the best characteristics of their products and brands.

The importance of categorization of brand loyalty status of the different consumers lies in the understanding, which it provides marketers and marketing strategists in gaining an insight into the behaviour of their different consumers. Every market has been found capable of being split into the four different loyalty classes of hard-core loyals, split loyals, shifting loyals and switchers with the consequences that by effectively analyzing the loyalists in each market, companies can be guided by such analysis in developing policies which can assist in penetrating those markets where brand-switchers of the products and brands predominate, while at the same time retaining their hard-core loyalists. Apart from this, as companies move from a transaction oriented view of their customers to a relationship-building one, companies have to develop strategies which will be aimed at keeping their customers remaining loyal probably through creating and sponsoring programmes, games among others.

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