SALES PROMOTION AS AN ANTECEDENT OF SALES VOLUME: A STUDY OF SELECTED MANUFACTURING INDUSTRY IN IBADAN, SOUTH WESTERN, NIGERIA.

Amusat W.A
Business Administration Department
Osun State Polytechnic, Iree

Adejumo D.A
Department of marketing
Osun State Polytechnic, Iree

Ajiboye F.A
Department of marketing
Osun State Polytechnic, Iree

Abstract
This research paper investigates the effect of sales promotion dimensions on sales volume with a special reference to the selected manufacturing industry in Ibadan, south western Nigeria. Structure questionnaire was used to collect data from eighty (80) respondents through simple random sampling method. Regression analysis was used to analyze the data with the aid of statistical package for social science (SPSS) version 20. Result shown that sales promotion dimensions such as bonus, coupons, free samples, price promotion and premiums were joint predictors of sales volume ($F (5, 74) = 2.261; R^2 = 0.13; P <.05$). The predictor variables jointly explained 13% of the variance of sales volume, while the remaining 87% could be due to the effect of extraneous variables such as advertising, publicity, pricing, brand name, product quality etc. It was concluded that management of Nigerian manufacturing industry should increase budget on sales promotion dimensions and also set up more and effective sales promotion department with experience staff.

Key words: Sales promotion, sales volume, coupons, bonus, and premiums

1.0 INTRODUCTION
Sales promotion has become an effective marketing tool that assists organizations to wax stronger in a global competitive environment. Oyedapo et al., (2012) identified sales promotion as a key ingredient in marketing campaigns which assist organization to achieve its objectives. The main aim of any organization is to maximize profit, have largest market shares and to become leader in a market competitive environment. Okoli (2011) confirmed that the essence of setting up a business organization is to make profit. Sales promotion simply exists to have a direct impact on the behavior of the firm's customers (Blattberg and Neslin 1990). Aworemi (2008) in his research finding said that sales promotion plays a significant effect on sales volume which help in achieving the organizational objectives. The role of sales promotion in achieving...
organizational stated objectives cannot be underestimated. The purpose of sales promotion is to motivate the customers to immediately purchase a particular product thus enhancing its sales volume (Sadia and Syeda, 2012; Odunlami and Ogunsiji; 2011; and Aderemi, 2003).

According to Shimp (2003), sales promotion refers to any incentive used by a manufacturer to induce the trade (wholesalers, retailers, or other channel members) and/or consumers to buy a brand and to encourage the sales force to aggressively sell it. Kotler (2003) sees Sales Promotion as a key ingredient in marketing campaigns and consists of a diverse collection of incentive tools, mostly short term designed to stimulate quicker or greater purchase of particular products or services by consumers. Sales promotions programmes are those activities other than stimulate consumer purchase. Sales promotion is an important component of an organizations overall marketing strategy along with advertising, public relations, and personal selling. Sale promotion acts as a competitive weapon by providing an extra incentive for the target audience to purchase or support one brand over another (Odunlami and Ogunsiji, 2011).

It is on this premises that this research work wishes to examine the effect of sales promotion dimensions on sales volume with special reference to the selected manufacturing industry in Ibadan, south western, Nigeria.

2.0 RELEVANT STUDIES
Sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase of a particular product by consumers or the trade (Kotler 2003). Sales promotion is the direct inducement or incentive to the sales force, the distributor, or the consumer, with the primary objective of creating an immediate sale. Sales promotion is unique in that it offers an extra incentive for action (Adrian Palmer, 2004). Sales promotion refers to those promotion activities other than advertising, publicity and personal selling that stimulate interest, trial or purchase by final customers or others in the channel (Bagavathi Pillai, 2007). 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. Sales promotion represents those marketing efforts that are supplementary in nature, are conducted for a limited period of time, and seek to induce buying (Davis et al, 1994). Blattberg and Neslin (1990) defined sales promotion as an action-focused marketing event whose purpose is to have a direct impact on the behavior of the firm's customers. Ailawadi and Neslin (1998) posted that
sales promotion is to induce the present customers to visit the store more often. And Blattberg and Neslin (1990) also agreed that sales promotion is to increase brand awareness, attract new customers, and increase sales to present customers.

Oyedapo et al, (2012) posited 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. 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. Also, Blythe (2006) viewed sales promotion as any activity intended to generate a temporary boost in sales. Shimp (3003) said sales promotion refers to any incentive used by a manufacturer to buy a brand and to encourage the sales force to aggressively sell it. Totten and Block (1994) stated that the term sales promotion refers to many kinds of selling incentives and techniques intended to produce immediate or short-term sales effects. Sales promotion refers to those promotional activities other than advertising, publicity and personal selling that stimulate interest, trial or purchase by final customers or others in the channel (Bagavathi Pillai, 2007).

2.1 SALES PROMOTION DIMENSIONS
The following sales promotion dimensions were identified by Blattberg and Neslin (1990).

1. Coupons are paper offers that are available in magazines and newspapers, may be downloaded from the Internet, or are available at the point-of-purchase and entitle the recipient to a reduction in price for a product or service.

2. Premiums are items offered free or at a reduced price with the purchase of another item.

3. Bonus packs are offers by the manufacturer that provide additional product at the regular price in an enhanced package.

4. free sample offer consumers discounts or free product rewards for repeat purchase or patronage of the same product or company.

5. Price promotion offer a consumer cents or even naira off merchandise at the point-of-purchase through specially marked packages.
2.2 EMPIRICAL STUDIES ON THE RELATIONSHIP BETWEEN SALES PROMOTION DIMENSIONS AND SALE VOLUME

Previous studies on the effect of sales promotion dimensions on sale volume are inconclusive. Most researchers agreed that sales promotion dimensions have no significant effect on sales volume (Davis et al. 1992; Dekimpe, Hanssens and Silva-Risso 1999; Pauwels et al. 2002; Gilbert and Jackaria, 2002; Srinivasan et al. 2000). While some research believed that sales promotion dimensions have positive effect on sales volume (Ailawadi, 2001; Ailawadi and Neslin 1998; Oyedapo et al, 2012; Odunlami and Ogunsiji, 2011; Bamiduro, 2001).

The findings of Bamiduro (2001) confirmed that there is positive significant relationship between sales promotion dimensions and sales volume of the beverage industry. Oyedapo et al, (2012) conducted a research on the impact of sales promotion on organization effectiveness in Nigerian manufacturing industry and their findings revealed that the adoption of sales promotion dimensions significantly influence the effectiveness of beverage drink industry. According to Ailawadi (2001), sales promotions have a positive long-term effect on sales because promotions persuade consumers to change brands and to buy in larger quantity. Odunlami and Ogunsiji (2001) who researched on the effect of sales promotion as a tool on organizational performance. They concluded that the effective implementation of sales promotion dimensions lead to increase in sales volume.

Moreover, Wayne (2002) found a link between sales promotion dimensions and product trial which eventually lead to increase in sales volume. Pauwels et al (2002) also discovered that sales promotion dimensions have permanent effect on sales volume. However, long-term effects are under an academic debate and different research shows opposing results. Some of the research shows that after a promotional purchase probability for a repeat purchase is lower than after a non-promotional purchase. Totten and Block (1994) found that sales promotion dimensions have no long term effect on sales volume. Dekimpe, et al (1999) and Srinivasan et al. (2000) their findings proved that sales promotion dimensions do not change the structure of sales volume over the long run. Sales promotion dimensions are considered to be an external stimulus and after when it is gone consumers are less likely to re-purchase (Dodson et al. 1978).

2.3 CONCEPTUAL FRAME WORK

After the careful study of literature review, the following conceptual model is formulated to illustrate the relationship between sales promotion dimensions and sales volume.
3.0 RESEARCH HYPOTHESIS

*H₀*: Sales promotion dimensions have no significant effect on sales volume

3.1 RESEARCH METHODOLOGY

**Research design:** The survey research design method was used in this study. It involves using a self-design questionnaire in collecting data from the respondents.

**Population of the study:** The population of the study covered selected manufacturing industry in Ibadan.

**Sample size:** The sample size for this study was eighty (80) respondents were randomly selected from fifteen marketing managers of selected manufacturing industry, twenty (20) of their distributors and forty-five (45) of their customers respectively.

**Research Instrument:** The instrument used in this study is a close-ended questionnaire that was designed by the researcher.

**Reliability and Validity:** In order to establish the reliability of this instrument, a pilot study was carried out on a sample of eighty respondents, using a test–retest method. The result of the reliability test were:

![Diagram showing the relationship between sales promotion dimensions and sales volume model.](image-url)
Sales volume, 0.80; coupons, 0.75; premiums, 0.82; bonus, 0.79; free samples, 0.81; and price promotion, 0.91 respectively, showing that the instrument is reliable. In confirming the validities of the instrument, face and content validities were ensured the instrument was given to professionals for scrutiny and evaluation. Regression analysis was used to analyze the data with the aid of SPSS version 20.

### Table 1.

**Regression Result of sales promotion dimensions and sales volume (N=80)**

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>b</th>
<th>Beta</th>
<th>T</th>
<th>P</th>
<th>R²</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>5.204</td>
<td>-</td>
<td>5.277</td>
<td>P &lt; 0.05</td>
<td>0.13</td>
<td>0.74</td>
</tr>
<tr>
<td>Coupons</td>
<td>0.085</td>
<td>0.107</td>
<td>0.107</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums</td>
<td>0.013</td>
<td>0.013</td>
<td>0.115</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonus</td>
<td>0.214</td>
<td>0.225</td>
<td>1.912</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free samples</td>
<td>0.056</td>
<td>0.097</td>
<td>0.852</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price promotion</td>
<td>0.173</td>
<td>0.096</td>
<td>1.807</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent variable: Sales volume

---

Figure 2: Sales Dimensions Model.
4.0 INTERPRETATION OF THE RESULT

Looking at the Beta value of each independent variable in the model after taking out standard error effect, it can be inferred that the bonus constitutes the most significant beta value of 0.225 follow by coupons, 0.107; free samples, 0.097; price promotion, 0.096 and premiums, 0.013 respectively. This implies that bonus play important role in predicting sales volume with \( \beta = 0.225; t = 1.912; p < .05 \), coupons also contribute immensely to both short and long sales turnover with \( \beta = 0.107; t = 0.107; p < .05 \) while free sample, with \( \beta = 0.097; t = 0.852; p < .05 \), price promotion with \( \beta = 0.097; t = 1.807; p < .05 \) and premiums with \( \beta = 0.0.013; t = 0.115; p < .05 \) are also predict sales volume respectively. This result is conform to Odunlami and Ogunsiji, (2011) who testified that sales promotion is back bone of any organization that wishes to remain and survive in a global competitive environment.

The result shows that sales promotion dimensions such as bonus, coupons, free samples, price promotion and premiums were jointly predictor of sales volume \( F (5, 74) = 2.261; R^2 = 0.13; P < .05 \). The predictor variables jointly explained 13% of the variance of sales volume, while the remaining 87% could be due to the effect of extraneous variables such as advertising, publicity, personal selling, public relation, pricing, brand name, product quality etc.

It can be deduced from this analysis that sales promotion dimensions were significantly factors in predicting sales volume. This finding is in line with the results obtained by (Ailawadi, 2001; Ailawadi and Neslin 1998; Oyedapo et al, 2012; Odunlami and Ogunsiji, 2011; Bamiduro, 2001) who pointed out that sales promotion dimensions have positive effect on sales volume. Therefore, null hypothesis is rejected, which says sales promotions dimensions have no significant effect on sales volume, while alternative hypothesis should be accepted.

5.0 CONCLUSION AND RECOMMENDATION

This research work examined the effect of sales promotion dimensions on sales volume. The result shows that all sales promotion dimensions are independently and jointly predict sales volume. This implies that coupon, premiums, bonus, free samples and price promotion have significant effect on sales volume. On the basis of the findings of this study, it can be concluded that sales promotion dimensions have significant influence on sales volume.

The study found that bonus has strong influence on sales volume which means if manufacturing industry wants to achieve its stated objectives, they should take cognizant of bonus as well as other dimensions such as coupons, price promotion, free samples and premiums
into consideration. Furthermore, management of Nigerian manufacturing industry should increase budget on sales promotion dimensions and also 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.
References


