

**THE ROLE OF ADVERTISING IN THE MARKETING OF  
CONSUMER PRODUCTS  
(A CASE STUDY OF KATSINA OIL MILLS)**

**BY**

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**BEING A THESIS SUBMITTED TO THE POST-GRADUATE SCHOOL  
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**DECEMBER, 2001**

**DECLARATION**

I here by declare that this thesis was written by me based on the research I conducted personally. And to the best of my knowledge, this project has not been presented by any other person.

All references made to texts, journals and articles have been duly acknowledged there in.

Finally, I wish to state that I am liable for any error and/or omission in this project.

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Date

**CERTIFICATION**

This thesis entitled “The role of Advertising on the marketing of consumer products” (A case study of Katsina Oil Mills) written by SHEHU ALIYU KAFINDANGI, being a thesis submitted to the Department of Business Administration, Ahmadu Bello University, Zaria meets the regulation governing the award of Masters of the degree of Business Administration (MBA) and is approved for its contribution to knowledge and literary presentation.

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**DEDICATION**

To the memory of my mother who could not live long enough to see me through this course, my beloved wife and children (Abdulrahim and Abdullahi).

And,

“By the way I gladly undertook this course (Research) not for myself but for those who have worked so hard to lighten the burden of those who are less fortunate than we are”

**Aliyu Shehu K.**

### **ACKNOWLEDGEMENT**

If I was asked “what would you want to become after graduation?”. To be a Doctor is what I would have given as an answer, who am I to know that I would be trained to be a manager of both human and material resources; but then we mortals only proposes and the Almighty Allah disposes. So I thank Him for his mercy, guidance and all what was given me both now and in the future.

I wish to express my sincere gratitude and appreciation to my Supervisor Mallam Mukhtar for his guidance, efforts and cooperation towards successful completion of this work.

I also must acknowledge my indebtedness to my wife for her patience, understanding and moral support, together with my two kids. I am also grateful to my friends, colleagues and other well wishes whose names I cannot mentioned due to lack of space and time.

Thanks.

**Aliyu Shehu Kafindangi**

## **ABSTRACT**

Any activity aimed at influencing both potential and existing customers or consumers by an identified producer or manufacturer in order to increase the sales of his products and/or services is termed advertising.

This can take many forms depending on the nature of the product, the needs of the consumer, the size of the market, competitions, the purchasing power of the consumer and of course the financial position as well as advertising strategy of the company in question.

Based on the literature, the study of Katsina Oil Mills was undertaken so as to have an insight on how the various sales promotional schemes are formulated and implemented. Other aspects considered also includes the advantages and disadvantages of such schemes, competition, general problem and suggestions with regards to possible solution.

Some of the major findings of the research are that despite depressed consumer demand arising from of severe liquidity crunch in the economy, Katsina Oil Mills is able to maintain and further strengthen its market position in order to face future challenges even better. As a result of the depressed consumer demand however the company has come up with some very strategic advertising schemes for both distributors, retailers and final consumer.

The research further revealed that advertising has great impact on the marketing of Katsina Oil Mills products in Katsina, Funtua, Kano, Maiduguri and recently South Africa. A part from providing a basic frame work of research project on the company under study, this research was able to highlight the general view of promotional policies.

Thus the findings therein are likely to be of great interest/importance to both sales personnel, marketing executives and marketing students.

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## CHAPTER ONE

### 1.0 INTRODUCTION

In determining the role played by Advertising on consumer products of any organization in relation to its effects on the sales of other related companies products or services certain factors should be taken into consideration. These include the environmental factors prevailing in the nations economy. These factors broadly speaking could either be internal i.e. within the company or external i.e. outside the organization.

The internal factors are concerned mostly with the elements of the marketing mix viz- product, place, price promotion and of course distribution channels are also very important. The external factors includes economic and political situation of the nation as well as the competitive environment. Of the above mentioned environmental factors economic and political factors have more direct impact on the standard of living of both existing and potential users of any given product in a particular market segment.

Therefore to assess the role of advertising on the consumer products of Katsina Oil Mills, it is very important to look at the company's sales records before, during and after the promotion, with a view to determine the role of company's advertising strategy has pared and whether the elements employed are either inadequate or needs further realignment, in order to make accurate appraisal of the situation.

Furthermore because of inherent economic recession, political instability, religious crisis, inflation as well as scarce foreign exchange and foreign inflow of capital for investment, most companies were prompted to review their current marketing and sales efforts with a view to formulate and implement aggressive sales promotion in order to increase their sales or atmost to maintain their position. Advertising which is the subject of our study is one of the tools of the promotional mix viz:-

- i. Advertising
- ii. Personal selling
- iii. Sales promotion, and
- iv. Publicity

According to Philip Kotler “The term Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor.

### **1.1 GENERAL STATEMENT OF THE PROBLEM**

Although advertising and its impact vary with different companies, the reasons for their formulation and subsequent implementation might be common to most if not all the companies in a particular industry. The hitherto unhealthy economic condition in the country, particularly as a result of high level inflation by poor economic policies of the present democratic regime, contributes in no small way to ever soaring prices of both locally produced as well as imported raw materials.

This adversely affects the cost of production of almost all the manufacturing concerns in Nigeria.

However, this study examined the role played by advertising, the over all increase in the sales of the company's products, particularly its effectiveness in enlightening customers and potential ones of the products existence and by so doing influence purchase.

## **1.2 OBJECTIVE OF THE STUDY**

Katsina Oil Mills as a company in the manufacturing industry has as its cardinal objective the maximization of sales turn over at a minimum cost. The general belief is that business firms do not operate in a vacuum, to make profits there has to be an efficient market guaranteeing free entry and exit as such allowing the prices of the commodities to be determined by the market forces alone. For instance demand and supply problems exists whenever a firm incures a very high operational cost but continues to experience sales fluctuations and especially a decline in sales.

From the above it is clear that for Katsina Oil Mills to achieve its prime objectives, it has to face competition squarely and efficiently in order to consolidate its position in the market segment.

In view of the above it is clear that the objective of this study is to make an analysis of the causes of the problems (if any) as far as Katsina Oil Mills is concerned and to recommend possible solutions.

## **1.2 SIGNIFICANCE OF THE STUDY**

Generally many companies in the country have been experiencing instability with regards to their sales volume and this is attributed to the present state of the nations' economy and particularly of course, to either ineffective sales promotion or inefficient implementation of its advertising strategy.

Unfortunately Katsina Oil Mills falls directly into the category of such manufacturing companies. As a result of depressed consumer demand arising out of the severe liquidity crunch in the economy among other reasons the company has been recording a rather unsteady sales.

Considering this reason

therefore, it will not be improper to say that the importance of this study lies in finding out the effectiveness or otherwise of the various advertising schemes of the company in the marketing of its consumer goods through the interplay of the above factors in order to alert the company of its sales position and to facilitate the making of policies/decision relating to the promotion of the products.

## **1.3 SCOPE OF THE STUDY**

The intention of this study is to look at the impact of each of the advertising schemes used by Katsina Oil Mills in order to enhance its sales. Each area to be covered by this study will either have direct or indirect bearing on the subject matter.

To further facilitate this research, the areas to be covered are broken down under the following headings:-

- The relationship between the sales and marketing departments of Katsina Oil Mills
- Research and development
- Review of business/sales of the company
- Sales force of the company
- Distributors of the coys products
- Advertising scheme used by the company
- Objectives of the advertising scheme used
- Disadvantages of the advertising scheme and
- General problem of the company

From the above it is explicitly clear that the study intends to cover all the major areas concerning the impact (effectiveness or otherwise) of the advertising scheme used by the company in the marketing of its products, which will includes advertising problems identified in the course of the study and how to go about solving them.

#### **1.4 LIMITATIONS OF THE STUDY**

As expected in any study of such magnitude few constraints are unavoidable. In the events that some of the findings in this research do not happen to be accurate due to some or all of the encountered constraints, efforts have been made to make this project findings as authentic as any other of the some dimension.

Some of the constraints encountered are as follows:-

A little delay was caused by the General Manager and the commercial manager in sorting out all the relevant documents from which to extract and give the required primary data. I had to visit the company about five times, in order to retrieve the completed questionnaire and to interview the workers.

Similarly most of the company's distributors in Katsina and environs, as well as Kano kept rescheduling the interview date due to one reason or the other. As a result of which the research is only limited to Kano, Katsina and some of its Local Government areas.

### **1.5 RESEARCH METHODOLOGY**

The aim of the research is not to take a complete census of the buyer/users of the products of Katsina Oil Mills nor that of the distributors which is an almost impossible task due to the large number involved, but it however is intended to gather some information on the impact of advertising strategy on the marketing of consumer products by Katsina Oil Mills. Therefore a quasi-research design is used because of the subject under study being sociological in nature. Since human behaviour as an independent variable cannot be subjected to strict control as is obtained in experimental design.



The reason of choosing the stated design is to get an insight into the problem earlier stated as such both desk research in which existing and documented information about the company's advertising strategies were used, questionnaires were also administered in order to get information from the companies executive, distributors, and consumers. To complement these methods used above personnel interviews were

also used in situations where further clarification on vital issues were required.

#### **INSTRUMENTS USED**

**Questionnaires:-** Are specifically designed for the study to get response from the company executives, distributors and end users. As people responds differently to various stimulus, varied responses can be seen from the collated, analysed and interpreted data.

#### **RESEARCH POPULATION AND SAMPLE SIZE**

Although the research is restricted to Katsina Oil Mills. The author also interviewed some staff of other firms manufacturing and marketing similar products for comparative analysis especially with regards to competition and advertising strategies.

### **SAMPLING PROCEDURE**

Non probability or convenience sampling was applied because in this procedure the population do not have equal chances of being selected or sampled. These samples are drawn on human judgement convenience and for the convenience of the research.

### **STATISTICAL TECHNIQUES USED**

The data collected are analysed using qualitative techniques based on statistical percentages, which as a whole were used and weighed percentages were also used.

This method was used for the purpose of comparing and grouping population with similar reaction to a particular question so as to know whether to accept or reject an assumption.

### **1.6 DEFINITION OF TERMS**

For any research involving any component of the promotional mix; advertising, sales promotion, personal selling and publicity, it is necessary to begin by establishing and defining a number of concepts which will aid the making of an analysis to these aspects of those products or services and their presentation so as to further facilitate the determination of the optimal implementation of such components. In this case because of the fact that people perceive words differently, I decided to define some key words used throughout this research.

**-Promotion:** It encompasses all the tools in the marketing mix, whose major role in persuasive communication

**-Promotion Mix:** Includes advertising, personal selling, sales promotion of ideas, goods or services by an identified sponsor.

**-Personal selling:-** By this it means oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales.

**-Publicity:** Non-personal stimulation of demand for a product or services or business unit by planting commercially significant news about it in a published medium or obtaining favourable presentation of it on radio, television or stage that is not paid for by the sponsor.

**-Sales promotion:** Includes other marketing activities rather than advertising, personal selling, publicity and sales promotion, that stimulates consumer purchasing and dealer effectiveness.

**-Sales analysis:** It involves the checking of actual company sales movements against other types of information particularly expected sales.

**-Sales resistance:** The reluctance of the public to buy or use a companies products or services.

**-Promotional pricing:** Refers to prices set to enhance the sales of the entire line rather than to yield a profit on the product itself.

**-Selling Offer:** This refers to the benefits associated with the purchase of a given product to the buyer.

-**Prospects:** This simply means the person to whom a selling offer is being made to.

-**Response:** Refers to the likely reaction of the respondent to whom a selling offer is being made to.

-**Consumer products:** This refers to products meant for the final consumer.

## CHAPTER TWO

### **2.0 LITERATURE REVIEW**

#### **2.1 MARKETING DEFINED:**

Rosenberg (1977) defines marketing as “a marketing process, based on goals and capabilities by which a producer provides a marketing mix (products, services, advertising, distribution, pricing, promotion etc) that meets consumer needs within the limit of the society” He further stated that “the word marketing originated from the word market and it is concerned with anticipating needs and directing the flow of goods and services from producers to consumers. This is done to satisfy the needs of consumers and to achieve the objectives of the firm (i.e. the micro view) and of the society as a whole (i.e. the macro-view).

The universal function of marketing are:-

- i. Buying
- ii. Selling
- iii. Transportation
- iv. Standardisation and grading
- v. Financing
- vi. Risk taking and
- vii. Market information

**The Buying Function:** means looking for and evaluating goods and services.

**The Selling Function:** involves promoting the products which includes the use of personal selling, advertising and other direct and mass-selling methods. This is the most visible function of marketing.

**The Transporting Function:** means the movements of goods from one place to another.

**The Storing Function:** Involves holding goods until customers needs them.

**Standardization and grading:** involves sorting products according to size and quality. This makes buying and selling easier because it reduces the need for inspection and sampling.

**Financing:** provides the necessary cash and credit to produce, transport, store, promote, sell and buy products.

**The market information function:** involves the collection, analysis and distribution of all the information needed to plan, carry out, and control marketing activities, whether in the firms own neighborhood or in a market overseas.

## 2.2 Promotion

C.G Walters (1976 page 430) defined promotion as any paid for communications whereby the company informs, persuades or reminds potential customers about itself, its products or its services.

Other authors Udel and Laizniak (1981 page 343) defined promotion broadly as the conveyence of information concerning the products price, promotion, distribution and servicing of goods and services. There are different type of promotion which will be deeply touched as this chapter progresses.

### **2.3 Economic and Social efforts of sales promotion**

There is no doubt that, at the micro managerial level, it is usually difficult to disentangle whether the advertising Naira spent by firms has infact contributed not only to revenue but to profits and returns as well. This is so because many other decisions by a firm, such as pricing, selection of dealers, packaging and so on, as well as decision by competitors also affect a firms revenue, profit and returns.

A firm, advertising is only one of psychological and social factors governing the buying behaviour of consumers and organisations alike. Despite this some promotional campaigns produce results, others barely pay for their overall costs, still others are not successful at all.

A large number of empirical studies of whether advertising is casually related to profit, returns, concentration, monopoly power, and the like at the macro level have undoubtedly utilized data that have neglected to account for difference in the behavioural characteristics of organizational decision making.

At the macro level, it will not be easy to ascertain whether advertising is somehow casually related to economic phenomena such as Gross National Product (GNP), Disposable Income (DI) or Personal Consumption Expenditure (PCE) but in studying the relationship of advertising to gross national product, Charles Yang (1976) concluded that a rise of 1% in advertising expenditure over the rate of increase in Gross National Product could produce an increase in consumption of 1/10 of 1%.

The effect of this increase in consumption would stimulate investment and income to the point where each additional Naira invested in advertising could generate N16.00 of additional income.

However, it should be noted as an economy comes out of a recession, buyers and sellers regain confidence.

Consumers, firms and other organisations begin to make buying plans and implement them. Similarly, sellers begin to increase their production runs with the hope that buyers will start placing orders. As the tempo increases

the need to send as well as to acquire information via all available channels, including mass media, naturally becomes greater.

But Nicosia (1976) has shown that advertising expenditures are said to lag behind changes in Gross National Product (GNP), disposable income and personal consumption expenditure during economic recoveries and that during periods of prosperity, changes in the company and advertising occur almost, simultaneously.



Other studies tend to observe similar trends and support the thesis of the American Association of Advertising Agencies that says “advertising can help an economy to recover faster from recession”.

Dirksen et al (1977), therefore, concluded that it is simple to realize that although the advertising institution may have an effect on the economy the economy itself may have an effect on the advertising institutions also.

#### 2.4 Advertising

Advertising is a non personal means of presenting information to a selected audience. It is normally paid for by an identified sponsor. It consists of those activities by which Visual or oral messages are addressed to selected public for the purpose of information and influencing them to buy products, adopt services or even to act or to be inclined favourably towards ideas, persons, trade marks, or institutions features. As contrasted to publicity and other forms of propaganda, advertising messages are identified with the advertiser either by signature or by oral statement.

Advertising activities includes the following form of messages: Messages carried in newspapers and magazines, on out door boards, on street cars, buses and trains, cards and posters in Radio, television broadcast and in circulars of all kinds whether distributed by mail or by person through trades-men, or by inserting in packages, dealers help, materials, motion pictures et

Other literatures accompanying merchandise like labels and tags are also deemed to be advertising. Writers sometimes exclude these activities. Some of them which are offering or premiums to stimulate sales, the use of exhibitions and demonstrations at fairs, shows and conventions, the use of sample and the so, called “Publicity activities”

involved in sending out news releases. Likewise, excluded from the category of advertising are the activities of personal selling forces.

#### **2.4.1 Purposes of using advertising as a strategy**

Many companies have their individual objectives in using advertising. The main objective in most cases is to inform and sell. These apart, there are other reasons for advertising and these are:

- [a] To remind customers and potential ones constantly of the availability of the existing products and companies and how they compare with other products of other firms.
- [b] To create awareness of, and build consumer interest in new products, new technology and new company’s
- [c] To reduce customers dissonance or state of anxiety that may arise when a person has one or more ideas that conflict with other ideas or brief held and in eliminating some dissatisfaction.
- [d] To presell product and ideas, which helps in supplementing the efforts of the sales person. Advertising induces a state of mental readiness to buy.

- [e] To alert and sensitize all members of a marketing channel (e.g. Retailers and whole-sellers) to products, products improvement, special promotions and other features in a company operation.

#### 2.4.2 Advertising decision

Advertising being a non personal means of presentation through the use of a paid media by an identified sponsor. It is on-personal because it indicates the lack of face or contact between the advertiser and the intended audience which is meant to enhance potential buyer response to the organisation and its offerings. It seeks to do this by providing information, by channelising desires, supplying reasons for preferring a particular organisations offer.

Some of the major decisions that have to be taken at the top management level are as follows:-

- [i] What is the envisaged role of advertising in the total marketing mix?
- [ii] How much should be spent for overall company advertising (money or budget?)
- [iii] What message should be used?
- [iv] What media should be used?
- [v] How should advertising be phased during the year i.e. timing?
- [vi] What are the best methods for knowing the effectiveness of advertising? (Measurement)

### 2.4.3 Choosing advertising medium

When choosing advertising medium the first questions that comes to mind is what is the best advertising medium? To which there is no simple

answer. Effectiveness depends on how well the medium fits with the rest of a marketing strategy - that is, it depends on:-

- i. Promotion objectives
- ii. What markets you want to reach
- iii. Advertising budget and
- iv. The nature of the media - including who they reach with what frequency, with what impact and at what cost.

To guarantee good media selection, the advertiser first must clearly specify its target market, before going on to choose media that reach the intended customers. Below is an exhibit showing type of advertising media commonly used in Nigeria today and their advantages and their disadvantages.

S/N	Kind of Media	Advantages	Disadvantages
1	Television	Demonstration good attention and wide reach	Expensive in total "clutter" less-selective audience
2.	Newspaper	Flexible, timely, local market	May be expensive, short life no "pass-along"
3.	Direct mail	Selected audience, flexible, can personalize	Relatively expensive per contact "Junkmail" hard to retain attention
4.	Radio	Wide reach,	Weak attention, many

		segmented audience, in expensive	different rates, short exposure
5.	Magazine	Very targeted, good detail, good “pass along”	Inflexible, along lead times
6.	Out door	Flexible, repeatexposure inexpensive	“Mass market” very short exposure

The exhibit shows some of the commonly used medium of advertising. However, some of the advantages noted in this table may not apply in all markets. For example, direct mail may not be a flexible choice in a country with a weak postal system. Similarly, TV audiences are often less selective and targeted, but a special-interest cable TV show may reach a very specific audience.

#### **2.4.4 Measuring advertising impact**

Measuring advertising effectiveness is not easy, but it will be convenient to measure the results of advertising by looking at sales. Certainly some breakthroughs do have a very direct effect on a company's sales- and the advertising literature is filled with success stories that “prove” advertising increases sales. Yet, we usually can't measure advertising success just by looking at sales, but by looking at it along side the total marketing mix not just advertising- and all of these are responsible for the sales result. Therefore only with direct-response advertising can a company make a direct link between advertising and sales results.

## 2.5 Sales Promotion

Sales promotion consist of a wide variety of tactical promotional tools of a short term nature and incentives designed to stimulate quick and or stronger target market responses. Among some of the techniques of sales promotion are coupons, premium and contest, for consumer markets, for distributors and dealers, users, buying allowances,

cooperative advertising allowances, and free goods for industrial users: Discounts, gifts and extra: for members of the sales force: sales countests and special bonuses, etc.

Sales promotion tools are used by many organisation including manufacturers, distributors, retailers, trade associations and various non-profit

groups, why the rapid growth of sales promotion even in Nigeria within the last two years especially in the consumer market? Some of the response that can be advanced are: Internal factors such as:-

- [a] Promotion has become more acceptable to top management as an effective means to means of stimulating sales.
- [b] Companies now have more qualified marketing managers to use sales promotion tools.
- [c] Marketing executives are under great pressure to obtain quick sales response.

The external factors are:-

- a] Brands have increase in numbers

- b] Competitors have become more promotion minded.
- c] Inflation and recession have made consumer more critical in their choice of what to buy.
- d] Trade pressure for more manufacturer deals has grown
- e] There is a belief that advertising efficiency can be better enhanced with sales promotion.

## **2.6 Publicity (strategy)**

Publicity is a non personal stimulation of demand for a product service or business unit by planting commercially significant news about it in a published medium obtaining favourable presentation of it on radio, television or a stage that is not paid for by the sponsor.

A company and its product can come to the attention of the public through being newsworthy. Here, the seller pays nothing for the press received, the result of free publicity can sometimes be spectacular.

### **2.6.1 Qualities of an effective publicity**

1. High Veracity - News, stories and features seems to most readers to be authentic, media-oriented reports
2. Off guard - Publicity can reach many potential buyers, who otherwise avoid salesman and advertisement s.
3. Dramatization - Publicity has like advertising , a potential for dramatizing a company or product to the public.

## 2.7 Personal selling

Personal selling strategies takes overall forms, such as sales call by a field representative, assistance by a sales clerks (retailer). Personal selling is a oral presentation in a conversation with one or more prospective purchases for the purpose of making sales.

Personal selling can be used for many purposes, such as creating product awareness, arousing interest, developing product preference,

negotiating prices and other terms, closing a sale and providing post transactional reinforcement.

Personal selling has certain distinctive qualities as a component of the promotional mix these are:

1. Personal confrontation, personal selling involves an alive, immediate and interactive relationship between two or more persons
2. Cultivation:- Personal selling permits all kinds of relationships to spring up ranging from selling relationship to a deep personal relationship.
3. Response: Personal selling in contrast with advertising makes the buyer feels under the same obligation for having listened to the sales talk or

using up his time, it becomes a necessity for the person to respond even if it if just a polite “thank you”

## 2.8 The advertising manager and his responsibilities



When referring to the term “Advertising” in the previous section it was stated to be barely distinguishable from promotion however, there is no uniformity in its interpretation and in some cases it may be found to lean on the side of the practical selling activities.

In the listing of the responsibilities of the promotion manager below it has been assumed that the wider interpretation of the term “Advertising” is applicable to:-

- [a] Interpretation of the boards policy as it affects the department
- [b] Administration: This covers the organisation planning and control of his department
- [c] Selection: Placing, training of his staff
- [d] Budgeting: Preparing his departmental budget
- [e] Control of expenditure: He must keep expenditure on advertising
- [f] Liaison with dealers: That is acting in close liaison with whole seller and or retailers
- [g] Organising special publicity scheme e.g. gift scheme, demonstrations, broadcasting, films etc
- [h] Control of sales men: A part from the training of sales men they must also be provided with sufficient information and assistance
- [i] Keeping up to date: As with other departmental heads in the marketing group he must keep up to date, and encourage his staff to do the same as regards to new methods and techniques.

At this juncture, it is important to note that the aim of this section is to highlight the relationship between the functions of the sales department/manager and sales promotion department/manager so as to avoid confusion in comprehension and to facilitate further understanding of the subsequent chapters.

## 2.9 Consumer products

This refers to products meant for the final consumer. These products are bought frequently and require selling or service, they do

not cost much and may even be bought by habit. There are classes of consumer products which are mostly based on how consumers think about and shop for them. Consumer products classes divides into four (4) groups:-

- i. Convenience
  - ii. Shopping
  - iii. Specialty and
  - iv. Unsought
- i. **Convenient Products:** are products a consumer needs but isn't willing to spend much time or efforts shopping for i.e. staples, impulse or emergency product.

ii. **Shopping products**: are products that a consumer feels are worth the time and effort to compare with competing products, e.g. homogenous or heterogenous shopping products such as clothing, furniture etc .

iii. **Specialty products**:- This refers to products that the consumer really wants and makes a special effort to find for this type of product doesn't mean comparing - the buyer want that special product and is willing to search. It is the willingness to search not the extend of searching that makes it a specialty product.

v. **Unsought products**: are products that potential customers don't yet want or know they can buy, so they don't search for them at all,

vi. infact consumers probably want buy these products if they see them unless advertising can show their value.

There are two types of unsought products:-

[a] New unsought products are products offering new ideas that the potential customers don't know about yet and

[b] Regularly unsought products are products like life assurance and encyclopedias that stays unsought but not unbought forever.

### **CHAPTER THREE**

#### **COMPANY HISTORY, MANAGEMENT AND MARKETING OBJECTIVES**

##### **3.1 HISTORICAL BACKGROUND OF KATSINA OIL MILLS LIMITED**

Katsina Oil Mills Limited was incorporated in 1972, the company's products started coming out of the production line precisely on the 13<sup>th</sup>

Day of April, 1972. The company's major objective was to produce edible oil and its products from groundnuts.

The company was a joint venture between the Kaduna State investments company limited, John Holt Plc and private individuals. As time went on, John Holt Plc which held 77% of the share capital sold its shares to Kaduna State Investments Company Limited with the creation of Katsina State all the shares held by Kaduna State Investments Company Limited were transferred to Katsina State Development Company Limited.

In recent times, production of groundnuts have been de-emphasized by the farmers for several ecological and commercial reasons, while there has been a boom in cotton farming due partly to government incentives, researches and commercial demand by the textiles mills.

The main objective of the company was to produce edible oil and groundnut cake from the raw materials while the fatty acids therefore were treated as waste product.

In 1990 when the company could no longer operate and was in chronic financial position, Messrs Bayajidda Nigeria Limited came in to buy controlling share and by December 1st, 1991, all bank loans and advances have been paid off by the new investor. The problem identified with the Katsina Oil mills management have been that of under capitalization under utilization of capacity due to non-availability of raw materials as well as the dependence of ageing and expensive raw

material (ground nut) and poor management (in experience government nominees) which left the company performance to the vagaries of economic development. However, with the correct level of financial support, commitment and suitable managerial policies, application of the right controls in expenditure and trade policies, the target set out by the company could be achieved.

Initially the company started operation with just twelve (12) workers but now has a staff strength of over fifty excluding the casual labourers on daily pay. The company stock is not quoted on the Nigeria stock exchange due to the fact that it is a private limited liability company that produce and markets its own products.

With the exception of the management all the others work three shifts of 8 hours each per day.

### **3.2 OBJECTIVE OF THE COMPANY**

Just like any other business oriented company, it seeks to maximize profits and at the same time satisfy their customers. The company seeks to achieve these objectives by:-

- [a] Producing and making available edible oil, cottonseed cake and fatty acid for pomade making in the Nigerian market.

[b] Improving the standard of living of the Nigeria populace through quality products, provision of employment and the overall development of its immediate environment.

The company has contributed immensely to the development of Katsina City as it is one of the first industry to be located in the city. Initially the company has two large farms located at Funtua and Malumfashi areas of the State for the cultivation of groundnuts and now cotton, these farms feeds the company with about 40% of its annual requirement of raw materials and the remaining 60% were normally bought off the local farmers.

It is also contributed in the area of social responsibility by sponsoring educational programmes like quiz debates etc on State radio and television station. Plan is also under way by the Katsina Oil Mills to develop a garden to serve as playground for kids.

### **3.3 ORGANISATIONAL STRUCTURE OF KATSINA OIL MILLS**

Katsina Oil Mills has a unique organizational structure that meet its peculiar style of management.

At the top or helm of affairs we have the Chairman and managing director who reports to the board of directors, next to him in the General Manager (GM). There is an assistant to the General Manager (AGM) who reports to him.

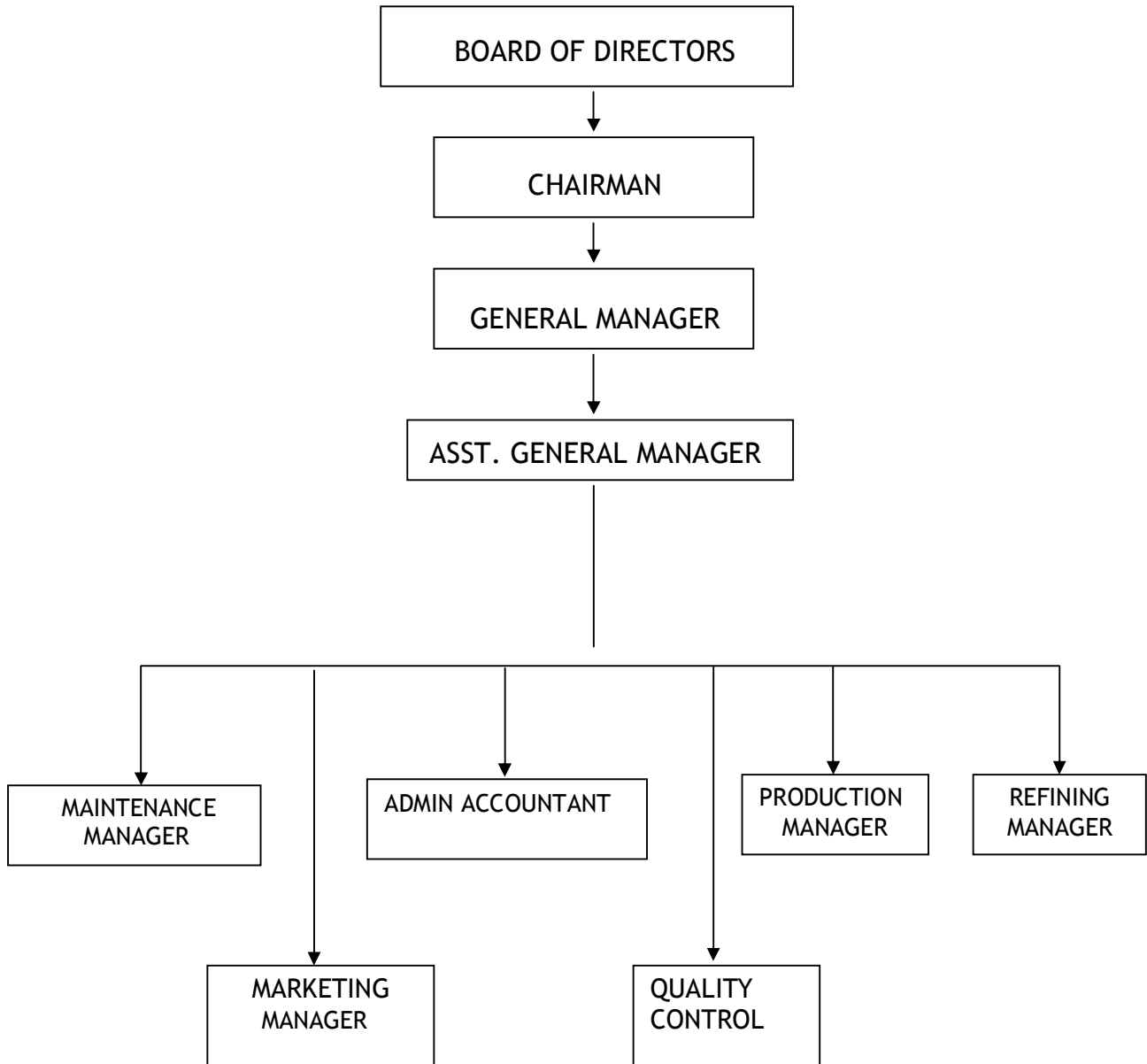
There is the personal manager who coordinates the entire functions of the company. Between the General Manager aid the assistant general manager is the company secretary. A unique

characteristics in the <sup>xxxix</sup> organizational structure is the division in the marketing department (purchasing and commercial) managers. These management staff reports directly to the GM who is responsible for the overall coordination of the marketing activity at the company. Under the AGM is found the other functional managers like the commercial manager, production manager, purchasing managers, etc and other relevant middle level management staff and line staff.

The organizational structure of the company is diagrammatically shown as per below:

**FIG. 1**

**SKELETAL STRUCTURE (ORGANISATIONAL) OF KATSINA OIL MILLS**

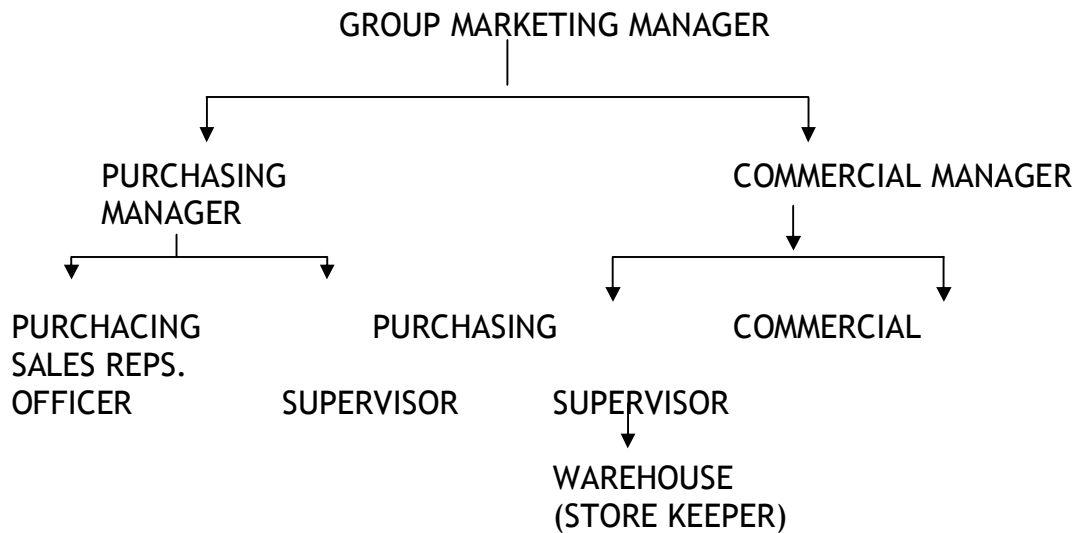




### 3.4 THE MARKETING DEPARTMENT OF KATSINA OIL MILLS

As this write-up is concerned with the Advertising Strategies of Katsina Oil Mills Limited, efforts will be emphasized on the commercial and purchasing departments of the company and their functions.

**FIG. 2**



At the top is the group marketing manager who ensure that all marketing activities are undertaken by both the purchasing and commercial managers are well coordinated and in line with the overall marketing objectives of the company. Directly under him as the marketing or commercial manager as well as the purchasing manager, together they translate the broad marketing strategies into more concrete action plans for the supervisors who inturn direct the sales representatives in their day to day activities.

The sales representatives are allocated territories within Kano as well as Katsina and its environs where they are expected to pay frequent calls on their distributors.

They assist the middle men on general merchandising of their products, and gather information back to the company whose frequent contact with distributors allows them to monitor action and the behaviour of the customers.

The sales representatives could be assigned to specific customers, where such customers purchase in bulk e.g. special sales representative in cottonseed cake are assigned to big cattle farmers and institutions who frequently purchase the said products to prepare supplements for animal feeds. Compensation and motivation of sales representatives do not include commission as they are paid salaries and when sales and profit are high, bonus are declared generally. But this however does not mean that excellent performance are not recognized as the promotion of sales staff is strictly carried out on the basis of the individual selling efforts and contribution to the company.

### **3.5 THE PRODUCT MIX OF KATSINA OIL MILLS**

Every company has a product mix, Kotler (1980) defined products mix or product assortment as “set of all product lines and items that a particular seller offers for sale to buyers” He went further to define product lines and product item. The former he says is a group of products within a product mix that are closely related either because they function in a similar manner, are sold to the same customers group, are

marketed through the same type of outlets, or fall within a given price ranges”.

While the later he describes as a district unit within a product line that is distinguishable by size, price, appearance or some other attributes.

Going by these definition, Katsina Oil Mills product mix consist of six items, and they are. Refined oil, pure vegetable oil and deoderised oil, cotton seed cake and fatty acid and glycerine.

In order to ensure the effective promotion of these products the company uses advertising, and to some certain extent, personal selling, sales promotion and publicity in essence the company mix all or some of the promotional tools in order to enhance promotional effectiveness.

### **3.5.1 PROMOTIONAL STRATEGIES OF KATSINA OIL MILLS**

Any action plan designed to accomplish a desired objective, is to increase sales and profit for the company or organisation is its promotional strategy and with regards to Katsina Oil Mills the strategies found to be in use are:-

- I] Advertising strategy and
- li] Personal selling strategy
- i. **Advertising Strategy:**

In Katsina Oil Mills this consist of institutional advertising and products advertising, the institutional advertising is aimed at projecting

the corporate image of the company in order to stimulate general demands for the company products and to build good will for the company as a whole.

While products advertising on the other hand seeks to suggest purchasing a particular product of the company, for instance pure vegetable oil (peacocks) advertising is a product advertising because it features a specific product. Most of this advertisement is carried on television and radio and sometimes on newspapers and magazines especially during festival period.

### **3.5.2 OBJECTIVES OF THE COMPANY ADVERTISING STRATEGY**

The major purpose of advertising in Katsina Oil Mills are:-

- i. **Introducing a new product:** Newly introduced products are advertised more frequently so as to give them the maximum exposure. For example the peacock brand oil which is a deodorized, non foaming and low cholesterol oil was introduced in 2001 as such it is being advertised more frequently than the refined edible oil and
- ii. the rest of the oil products the results of which negotiation is now at an advanced stage with a South African based marketer to distribute the product in South Africa.
- iii. **Reminding Users to Buy the Product:**

The second and most important reason or objective for advertising is to remind users to buy their products i.e. building brand reference.

#### iv. Combating Competitors Advertising

When a competitors similar to products is being advertised, the company too intensify their effort as well in order to counter the competitors advertising strategy in order to retain their market share.

Other important reasons for the company's advertising strategy include:-

- [a] Given publicity to certain changes in the marketing strategy like price changes or an improvement in the product.
- [b] Improving morale of dealers by participating in the promotion of the product.
- [c] To give reason for buying i.e. rational

#### 3.5.3 PLANNING AND DEVELOPING ADVERTISING CAMPAIGN

The advertising campaign for the company are expected to accomplish broad communication goals.

- i. To generate attention
- ii. To be understood
- iii. To be believed and
- iv. To be remembered

The company's advertising objectives changes with the varying environmental condition because of the dynamism in the marketing

system. The concept of the <sup>xlvi</sup> company product life cycle usually illustrate the nation at this changes.

During the introductory stage of the companies product developing consumer brand awareness and getting customer to buy the product as well as encouraging distributors to carry the companies products are the normal advertising objectives.

The company while advertising its matured product put more emphasis on their psychological benefit to the customers. During this stage there is relatively little emphasis on advertising product features. The objective here is to appeal to small and more specialized market segment than when they were new and lack intense competition.

ii. **PERSONAL SELLING STRATEGY**

Personal selling is a person to person dialogue between the company which is the seller and the buyer to accept a point of view or to convince a buyer to take a specific course of action.

This strategy is a promotional strategy consisting of human contact and personal oral communication rather than an impersonal mass communication. The job of the companies sales force is to remind, inform and persuade both the present and potential customer. In fact their responsibility is to keep existing customers abreast of information about the companies product and to pursuesively convey a sales message to potential customers.

**3.5.4 CHARACTERISTICS OF KATSINA OIL MILLS PERSONAL SELLING STRATEGY**

1. The companies personal selling is flexible in the sense that the sales force can adopt a sales presentation to a specific situation.

2. It allows efforts to be concentrated on the profitable account because it is a selective medium
3. Katsina Oil Mills personal selling strategy in the modern marketing view is the start of an organisation relationship with customers.

### **TYPES OF PERSONAL SELLING ADOPTED BY THE COMPANY**

There are three basic categories of selling position in the company

commonly referred to as:

- i. Order taking
  - ii. Order getting and
  - iii. Sales spot position
- i. **Order Taking**: These are sales people who do very little creative selling, they write-up orders, check for invoices for accuracy and ensure timely order processing
  - ii. **Order Getting**: Are also called creative selling. The job of the sales person is to seek out customers, analyse their situation and discover how their product for sales might solve this problem and then bring this solution to the attention of the customers.
  - iii. **Sales spot position**:- The sales men are employed by the company to perform a kind of public relation function i.e establishing a cordial relationship between the company and the potential customers.

However, on the whole Katsina Oil Mills uses the order taking and sales spot selling position for its products.

### **3.6 KATSINA OIL MILLS PERSONAL SELLING OBJECTIVES**

The company's personal selling is designed to achieve the following:

1. To ensure and maintain customers in stocking and promoting the product
2. To keep customers informed of any changes in the products and other aspects of marketing strategies.
3. To advise middle men on management problems and to collect and report information of interest and use to the company's management
4. To search and obtain new customers
5. To secure and retain a specified share of the market

### **KATSINA OIL MILLS SALES FORCE MANAGEMENT**

The company's sales management is the marketing management activities dealing with planning, organizing, directing and controlling the personal selling efforts.

The company's sales manager is responsible for a number of administrative tasks which includes planning and organizing the efforts



of the sales force, recruiting and maintaining a well trained sales force, supervising and monitoring as well as evaluating and controlling the sales force. The table below shows the managerial activities for the companies sales manager.

**TABLE 1: MANAGERIAL ACTIVITY OF KATSINA OIL MILLS SALES**  
**MANAGER**

Management Function	Sales Management activities	Sales Manager's Task
Strategic Planning	Setting sales objectives	Determine specific sales objective that reflects the corporate strategy
Organising	Organising sales activities	Determine if sales territories should be based on geography or customer type
Directing	Recruiting and selecting personal to training and development  Compensation  Motivation	To determine the best individual to hire  Determine how much knowledge sales personnel need to have about customers business  Determine how much knowledge sales personnel need to have about customers business
Controlling	Evaluation and control	Determine if sales quarters have been met

## **CHAPTER FOUR**

### **4.0 DATA PRESENTATION AND ANALYSIS**

During the course of this research as stated earlier, questionnaires were administered to the following categories of respondents.

- [a] General Manager of the company
- [b] Distributors
- [c] Customers or consumers

All the primary data collected are made and presented in form of tabulation and is analysed statistically.

### **4.1 THE COMPANY RESEARCH**

The General Manager of Katsina Oil Mills on behalf of the company responds to the questionnaire designed and all other relevant information with regards to company operations as well as information about competitors were compiled through personal interview and desk work.

Despite the fact that it is always very difficult in many organisation to give a researcher the much needed information, the researcher was able to gather an appreciable amount as regards to the subject under study.

See Appendix 1 for the questionnaire.

#### **4.2 DISTRIBUTORS SURVEY**

About forty (40) questionnaires were distributed to them in Kano, Katsina and Funtua. Thirty nine were successfully completed with about thirty (30) of the respondents asserting that they are major distributors while nine of them claimed being only attachees.

#### **4.3 CONSUMER SURVEY**

This study concerns consumer behaviour both towards Katsina Oil Mills sales promotional incentives and competitors products, 250 questions were distributed and only about 230 (Two Hundred and Thirty) were administered successfully. The consumer responses to the most vital questions in the questionnaire are given below in Table i-xii.

#### **4.4 APPRAISAL OF ADVERTISING STRATEGIES EFFECTIVENESS OF KATSINA OIL MILLS**

Literally it is very difficult to measure the effectiveness of advertising strategies in any organisation, because performance is not only a function of advertising strategies alone, rather it is a total business philosophy which is aimed at improving profit performance by identifying the needs of the target market and then designing and producing product that will satisfy the target customers more effectively than those of the competitors.

One of the most important tools used in evaluating the performance of a firm after each promotional period is the profitability ratios. These are many criterias used for the measurement of profitability which may be done in relation to sales and in relation to investment.

As a group these ratios give an indication of the firms efficiency with respect to a given level of sales, certain level of assets or the owners investment. However, for the purpose of this study, emphasis was placed on the firms ability to achieve its target sales since advertising strategy was used with the aim of increasing sales as well as improving performance which has a direct relationship with profit. In order to survive and remain in business, the use of strategies to cope with competition and to achieve a reasonable level of sales is necessary. Some of the ratios used are as per below:-

i. **Gross Profit**

Indicates the percentage of each naira sales remaining after the firms has paid for its goods, it also indicates the efficiency of operations as well as how products are priced and is computed as:

$$\text{Gross profit margin} = \frac{\text{Gross profit}}{\text{Sales}}$$

The higher the ration the better and the lower the relative cost of the merchandise.

**TABLE II**

GROSS PROFIT MARGIN RATIO FOR KATSINA OIL MILLS 1996-2000

YEAR	Gross Profit N'000	Sales N'000	Net Profit Ratio
1996	1827	81,382	2.2%
1997	12,824	105,642	12.1%
1998	10,635	90,904	17.7%
1999	11,504	92,830	12.4%
2000	13,842	103,999	13.3%

*Source: Management report submitted to the board of Directors on 13<sup>th</sup> Dec. 2000*

**TABLE III NET PROFIT MARGIN RATIO**

YEAR	Net Profit N'000	Sales N'000	Net Profit Ratio
1996	154	81,382	0.2%
1997	4973	105,642	12.1%
1998	5931	90,904	6.5%
1999	7742	103,999	7.4%
2000	4508	92,830	4.9%

*Source: Management report submitted to the board of Directors on 13<sup>th</sup> Dec. 2000*

The above table shows the GPM and NPM of Katsina Oil Mills for five financial years.

**TABLE IV****TURN OVER PROFITS BEFORE TAXATION AND DIVIDENDS**

<u>TURN OVER</u>	<u>92,830</u>	<u>103,999</u>	<u>90,904</u>	<u>105,642</u>	
	<u>81,382</u>				
Profit before taxation	17,504		13,842		10,635
	12,824	1827			
Taxation	6990	6,095	4204		28,511
	1,678				
Profit after Tax	4508	1247	5931	4973	154
Extra ordinary items	-	-	(15)	-	(54)
Dividends	2200	4400	3520	3970	-
Retained earnings	<u>2062</u>	<u>3342</u>	<u>2396</u>	<u>2003</u>	<u>100</u>
Earning per share	2049k	3521k	2696k	2260k	0.7k
Dividend per share	10.00k		20.00k		16.00k
	13.50k	-			

**NOTE:** That earning per share are based on profit after tax and before extra ordinary items.

li. **The Net Profit Margin**

This measures the percentages of each sales remaining after all expenses, including taxes have been deducted and is computed as

$$\text{Net profit margin} = \frac{\text{Net profit after Tax}}{\text{Sales}}$$

The table below shows the five years financial summary of Katsina Oil Mills (i.e. 1996-2000) as well as the calculated gross profit margin and the net profit margin for the same period.

**TABLE V****KATSINA OIL MILLS FIVE YEARS FINANCIAL SUMMARY**

Fund	1996 N'000	1997 N'000	1998 N'000	1999 N'000	2000 N'000
Employed					
Share Capital	11,000	11,000	11,000	8,250	8,250
Revenue	10,934	8,873	5,526	55,860	3,877
Research					
Loans	-	44	740	1,436	2,288
Deferred taxation	1,708	1,122	622	-	-
	<b>23,642</b>	<b>21,039</b>	<b>17,888</b>	<b>15,566</b>	<b>14,415</b>

Source: Management report submitted to the board of Directors on 13<sup>th</sup>

Dec. 2000



**TABLE VI**  
**EMPLOYMENT OF FUNDS**

Fixed Assets	19,169	18,777	18,420	18,878	4,828
Current Assets	83,189	26,194	21,931	16,776	11,191
		(23932)	(27463)	(16886)	(11604)
Current Liability	(28716) 23642	21039	17888	15566	14415
Intangible	-	-	-	-	-
	<b>23,642</b>	<b>21,039</b>	<b>17,888</b>	<b>15,566</b>	<b>14,415</b>

Source: Management report submitted to the board of Directors on 13<sup>th</sup>

Dec. 2000

**TABLE VII**  
**COMPANY LOYALTY, TYPICAL OF CONSUMERS IN KATSINA**

COMPANY	NO. OF RESPONDENTS	WEIGHT PERCENTAGE
Katsina Oil Mills	67	28.00
Tahir Oil	45	18.26
Turkey Brand	20	8.26
Nasco Oil	40	11.30
Others	20	8.26

SOURCES: Compiled data from questionnaires.

**TABLE VIII**

**PROMOTIONAL APPEAL OF CONSUMERS PURCHASING DECISION**

APPEALS	NO. OF RESPONDENTS	WEIGHT PERCENTAGE
Personal Selling	41	17.85
Advertising	66	28.67
Publicity	50	21.74
Sales promotion	73	31.74
Total	<b>230</b>	<b>100</b>

SOURCE: Data from Questionnaire

**TABLE IX:**

**FREQUENCY OF CONSUMER PURCHASE IN RELATION TO OTHER**

**COMPETING BRANDS**

FREQUENCY	NO. OF RESPONDENTS	WEIGHT PERCENTAGE
Regularly	71	30.87
Occasionally	97	42.17
Circumstantially	62	26.96
Total	<b>230</b>	<b>100</b>

SOURCE: From the administered questionnaire.

For the purpose of facilitating clear understanding of this findings, the collected data will be devoted as will be seen in discussing the findings under the following headings.

#### **4.4.1 SALES AREAS OF THE COMPANY**

For effective distribution of its products the company divides the market segments into four areas each under the command of an area sales manager. Depending upon the command of size of the market there is a number of sales district each and covered by sales representatives. The sales areas are:-

- [a] Katsina area
- [b] Kano area
- [c] Funtua area and
- [d] Maiduguri area (were their major distributor is located)

In addition to that the Peacock brand of oil which has low cholesterol and non foaming deoderised have started being marketed abroad by a South African Company (Krugger & Partners).

#### **4.4.2 REVIEW OF SALES/BUSINESS OF THE COMPANY**

During the fiscal year 1995, the company operated in a situation of depressed consumer demand arising from the severe liquidity crunch in depressed demand arising from severe liquidity crunch in the economy. Interest rates spiraled and this coupled with stocks line-up in anticipation of higher sales lead to a steep increase in interest cost.

However. The company has been able to retain and improve its sales area. Katsina Oil Mills has significantly improved its strategy to

quickly adjust to the needs and waits of its numerous consumers and fine tuning its strategies to survive changes in its environment for the companys major products especially the new peacock brand vegetable oil is being launched all over the sales area.

The following table shows Katsina Oil Mills sales at different stage and periods.

**TABLE X**

**KATSINA OIL MILLS SALES FOR THE FIRST QUARTER OF 1995**

	N'000
JANUARY	6,510
FEBRUARY	6,771
MARCH	<u>5,210</u>
	<b><u>18,471</u></b>

SOURCE: Data from the questionnaire.

**TABLE IX**

**KATSINA OIL MILLS SALES FOR THE YEAR ENDINGS 31/12/95**

	N'000
1 <sup>ST</sup> QUARTER	18,491
2 <sup>ND</sup> QUARTER	18,078
3 <sup>RD</sup> QUARTER	15,402
4 <sup>TH</sup> QUARTER	<u>17,095</u>
	<b>69,066</b>

SOURCE: Data compiled from questionnaire.

**TABLE XII**

**KATSINA OIL MILLS SALES FOR THE YEAR(S) 1995 - 1998**

YEAR	N'000
1996	86,873

1997	69,482
1998	<u>77,842</u>
	<u>233,197</u>

Source: Data compiled from questionnaire.

#### 4.5 SALES FORCE OF THE COMPANY

The company sales force includes salesmen, sales representatives, merchandisers, who operates throughout the selected cities of Katsina and Kano, they have more direct involvement with distribution where as merchandisers are more concerned with point of purchase which is backed by promotion. The sales representatives are often employed as casual workers on weekly remuneration.

The district manager supervises all the field officers and salesmen, and he is charged with the responsibilities of touring of all the company's distributors and customers in his own area on regular basis. And based on his report the area manager too can undertake similar tour of all the district in his sales areas.

The District Manager and the area manager organizes and conduct conferences at adhoc meeting with sales employees at various levels as and when necessary to discuss sales problems.

The sales representatives who attained a specific goal are given certain percentage of sales. The incentives are to motivate them to make higher sales on one hand and to create a sense of competition on the other. In human resources motivation and development training

occupied a central position. The company scheme runs in its programme in house development courses for both its management and non management employees.

#### **4.6 ADVERTISING STRATEGY OF THE COMPANY**

Katsina Oil Mills has three district advertising schemes which it uses for the marketing of its consumer products. These schemes includes distributors,

consumer and sales force incentive scheme which impacted on sales and selling spirit positively by:

- [I] Creating a competitive atmosphere among all customers and sales force thereby improving their productivity
- [ii] Enhancing performance awareness among all categories of customers and sales force
- [iii] Forging team spirit

##### **4.6.1 OBJECTIVES OF THE COMPANY SALES ADVERTISING SCHEMES**

Some of the objectives of these scheme includes:

- [a] To enhance the achievement of turn over and volume targets through effective establishment of customers commitment, support and enthusiasm
- [b] To lift sales substantially through effective targeting and reward systems
- [c] To contract competitive pressure in the market

- [d] To enhance market dominance of the company's products through increased distribution levels in the market
- [e] To create competitive atmosphere among all customers thereby realizing their full potentials
- [f] Over all to ensure achievement of corporate plans on volume net percentage sales and profit

#### 4.7 MERIT OF THE COMPANYS ADVERTISING SCHEME

The merit and demerits of the company's advertising scheme can be asserted by reading the above discussion which will give the reader an insight. However, below are some of the merits:-

- Customer productivity is increased as a result of the operation of competitive atmosphere among them
- Owing to the customer incentives scheme the customers in all categories become performance aware
- The company has enjoyed free advertising and publicity in Katsina State radio and television
- Competitors has been pre-empted to a reasonable extent
- The consumer sales promotional appeals used are those categories called sweeteners with its advantage of increasing sales even though in the short term run only.
- The consumer incentive scheme also had the advantage of transferring savings to the consumer via the little discount offered.

##### 4.7.1 THE DEMERITS OF KATSINA OIL MILLS ADVERT STRATEGIES

- Most of the advertising schemes discussed above provide temporary offers, which tend to soil sales generally in many cases in the trade. For example a distributor who is offered some discounts an items ends up in most cases discounting the same amount to the retailers
- The company does not make provision for after sales services in its distributor incentive schemes.
- The distributor incentive scheme which has as one of its aims influencing the customer to increase his purchase of the company's products has the disadvantages of making a distributor to overstock his warehouse with a particular product all in an attempt to meet the desired target.
- An advertising scheme that is wrongly timed and poorly implemented will only increase overload cost to the company
- It is unfortunate that as a result of inadequate supervision of the company field officers lead to some keeping distributors offers to themselves and never extend some to the customers.
- Most of the company distributors are discouraged by the long delays before compensating them.
- With respect to consumer incentive one other short coming is that once the offer expired consumers stop the purchase.
- The company is indifferent about distributors view on sales
- The company does not make consumer research.



#### **4.8 GENERAL PROBLEM OF KATSINA OIL MILLS**

In almost all the area offices of the company the problem being experienced by Katsina Oil Mills is that of lack of inadequate working capital. Usually the head office at Katsina formulate the sales decision policies and passes them down to the district sales offices via the area sales offices without the necessary following them up with adequate resources of funds to see to the proper implementation or execution of such policies and decisions, this leads to managers on most occasions resorting to borrowing from their distributors to implement the sales promotional strategy.

The advertising scheme of Katsina Oil Mills as discussed above could have been more effectively implemented in the selected cities of Katsina, Kano and Funtua etc. If there is a steady working capital.

## CHAPTER FIVE

### 5.0 SUMMARY, RECOMMENDATION AND CONCLUSION

#### 5.1 SUMMARY

Literally it is quite obvious that firms or business organisations must on a continuous basis adopt and improve their sales promotional strategies so as to effectively meet the new challenges facing them. This research is aimed at examining the impact of advertising strategies on the marketing of consumer goods in Katsina Oil Mills in particular and businesses generally in Nigeria.

Chapter one provides the introduction to the research study, the general statement of the problem of the study, the scope and the restriction or constraints encountered while conducting the research. As well as the research methodology employed in the collection of both the secondary and the primary data for the purpose of presentation and analysis.

Chapter two, examine the review of the related literature as well as the contributions of various scholars in the development of advertising and sales promotional strategies for effective marketing of products.

Chapter three traced the historical background of the company including the objective of the company its organizational structure. It was discovered that the attention of marketing in the organisation was quite inadequate for the level of responsibility vested on it. This is because the marketing department is not given free hand and sufficient resources to enable it to carry out the necessary research and

development activities aimed at identifying more potential target market or the improvement of existing product quality, and other advertising programme. The chapter also examines the product mix of the company and provide an analysis of advertising

strategies for the company. In the case of the analysis, the following promotional strategies as found to be in use:

**i] Advertising Strategy:**

This is one of the strategies the company use effectively in marketing its product, through the mass media, television, bill boards and radio. The choice of advertising is based on the fact that a lot of customers or potential ones can be reached easily and timely too.

**ii] Personal Selling**

Katsina Oil Mills deals directly with customers through their sales persons or representatives. These people play a vital role because the company has to use them to dispose its products especially where there is no retail outlet. Also the strategy is used to communicate directly with their client or prospective customers and provides a feed back.

Chapter four deals with the presentation and the analysis of the data gathered through personal interview and the use of administered questionnaire.

Chapter five summarises the entire work, give recommendations and concludes the whole study.

However, Katsina Oil Mills realizes that the ultimate users of their products are of paramount importance. These includes individuals, house holds and other government organisations, these together influences the marketing through their buying behaviour, public opinion, political pressure and legislature action, with the aid of their sales representative the company is able to develop a system of information which makes them aware of the needs and wants of their customers knowing the heterogenous nature of their customers.

Generally this study has shown that the advertising techniques adopted by Katsina Oil Mills are quite adequate because the success recorded so far have justified the advertising expenditure.

## **5.2 RECOMMENDATION**

Based on the data gathered and analysed from the Katsina Oil Mills, the analysis has shown that their performance is averagely good when compared with other businesses in the same environment even with this acceptable level of performance the current economic recession calls for more better performance.

The following recommendations are made for the benefit of Katsina Oil Mills and to all similar companies in the same line of business in Nigeria.

- [1] The current bill boards advertising is not enough for effective sales promotions schemes, more television advertisement is recommended since majority of the customer live in the urban areas and television advertising is considered as one of the most effective means of communications
- [2] Promotion of product through trade fairs can also improve their sales performance.
- [3] Product presentation is not just enough efforts must be made to improve on product packaging in order to compete favourably with imported ones.
- [4] For effective sales performance, sales person must be motivated through the introduction of better commission and bonuses as well as other incentives that can boost their morales.
- [5] The place of marketing department should be clearly defined to enhance efficiency of operations
- [6] The role of determining prices (reduction or increase in prices) should be done by the marketing department and if necessary with the product department. A situation where the prices of the company's product is done at the top level management is not advisable.
- [7] Aggressive salesmen should also be employed to push and pull the company's product.

### 5.3 CONCLUSION

Conclusively this research work has made it explicitly clear that more effort have to be made in this subject study. In a microscopic approach to the Nigerian context and the companies therein have not seen much of advertising activities ala sales promotional activities that are necessary for adequate organizational well being.

In a nutshell, the Katsina Oil Mills attempts an experimental approach to this revelation. Aspect such as personal selling, advertising that are of core concern needs a focus of attention. This would only be achieved when motivational impact on personal performance is brought to bear.

**APPENDIXES**

**APPENDIX I**

**DEPARTMENT OF BUSINESS ADMINISTRATION  
AHMADU BELLO UNIVERSITY, ZARIA**

**A LETTER OF INTRODUCTION**

I am a Post Graduate student of Ahmadu Bello University Zaria, conducting a research into the Role of Advertising in the marketing of consumer products (A case study of Katsina Oil Mills). This questionnaire is, therefore designed in order to illicit information from you for the purpose of the study.

In view of the above, therefore it would be very highly appreciated if you would complete the attached questionnaire as appropriate. I guarantee that all information supplied will be treated with the strictest confidence and used only for the academic purpose for which is intended.

It may, however not be necessary that you disclose your name to the researcher if you so wish to remain anonymous. Thanking you for your anticipated cooperation and valuable contribution towards the success of this publication.

Yours faithfully,

**Aliyu Shehu K.**

**Appendix II**

**QUESTIONNAIRE FOR THE GENERAL MANAGER KATSINA OIL MILLS**

- 1a] When was the company established?
- b] What advertising scheme are you using?
- c] Do you still use them?
- 2a] What were your early products? (Name some)
- b] Do they still exist
- c] Have they undergone any modification? If yes, why?
- d] How did you compete in the market?
- 3] Please, can you name the major products your company produces and markets at the moment?
- 4] How steady are your sales over the past five years?
- 5a] What sales promotional schemes do you use?
- b] How do you implement them?
- 7a] How much do you spent annually on promotion?
- 8a] How do you appoint your distributors?
- b] How do you compensate them?
- 9a] Who are your major competitors?
- b] Who are your other competitors?
- c] What threats do you encounter from your competitors?
10. What recommendations will you make as to a possible solutions to these problems?
11. What problem do you encounter from the following:
  - [a] The government



- [b] The middle men (wholesalers and distributors)
- [c] Sales men

### **Appendix III**

#### **QUESTIONNAIRE FOR DISTRIBUTORS**

1. Name of distributor
2. For how long have you been a distributor?
3. What class of distributor are you?
4. Do you carry other companies brands?  
If yes, what are those brands and why?
5. Are sales of the consumer goods which you carry dropping comparatively with the sales of the past five years?
6. Given reasons from your personal judgement/opinion in respect of your answer to question 5
7. What times of the year do you experience an unusual demand?
8. What abnormalities do you notice in the allocations you receive from Katsina Oil Mills?
9. What complaints do you always entertain from your retailers?
10. What incentives 'if any' does Katsina Oil Mills offer you in its advertising package?
11. What benefits do you realize (if any) with regards to question number 10?
12. What problem do you always have with the salesman of Katsina Oil Mills?

13. Of all the brands of Katsina Oil Mills which one people do not want to buy? And what common reasons do they give for this?
14. What problem do you encounter from other suppliers of your own type of products?

#### **Appendix IV**

#### **QUESTIONNAIRE FOR CONSUMER OF PRODUCTS**

1. Please indicates out of the following, any one whose product you use most often
  - [a] Tahir Oil Kano
  - [b] Nasco Vegetable Oil
  - [c] Katsina Oil Mills (Peacock brand)
  - [d] A.J Seward Okin Oil
2. Which of the following products do you use most?
  - [a] Edible Oil (refined oil)
  - [b] Cotton seed Cake
  - [c] Peacock deoderised oil
3. What is your criteria for using a company's product against others
 

[a] Promotion	[b] Availability
[c] Quality	[d] Packaging
[e] Price	[f] None of the above
4. Can you differentiate company's product from another?
  - [a] Yes [b] No (please tick one)

5. Do you consider price you pay for the product you regularly purchase as fair? [a] Yes [b] No [c] Uncertain (tick any)
6. Will you increase consumption of your favourite company's products because of price cuts? [a] Yes [b] No [c] Normal consumption
7. Which of the following promotion mix elements appeals to your decision to buy?
- [a] Personal selling [d] Sales promotion  
 [b] Advertising [e] None of the above  
 [c] Publicity

## Appendix V

### KATSINA OIL MILLS LIMITED

### REPORT OF THE DIRECTORS

The Directors hereby submit to the members of the company their report, together with the Audited Financial Statement for the year ended 31<sup>st</sup> December, 2000.

## ACTIVITIES

The activities of the company continue to be mainly crushing and refining of groundnut seeds to edible oil.

<u>RESULT FOR THE YEAR</u>	N
Loss before taxation	639,993
Taxation	<u>232,918</u>
Loss after taxation	872,911
Loss brought forward	<u>9,081,546</u>
Loss carried forward	<u><b>N9,954,457</b></u>

## DIVIDENDS

The Directors do not propose to recommend any dividend for the year.

## AUDITORS

The Auditors, Messrs Sulaiman and Co., having indicated their willingness to do so, will continue in office in accordance with Section 357 (2) of the Companies and Allied Matters Decree 1990.

BY ORDER OF THE BOARD

UNISEC NOMINEES LIMITED

Secretaries to: KATSINA OIL MILLS LIMITED

KANO - NIGERIA

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