

**USING SALES PROMOTION TO STIMULATE SALES IN THE
NIGERIAN TOBACCO INDUSTRY:
A CASE STUDY OF NIGERIAN TOBACCO COMPANY ZARIA.**

PRESENTED BY

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TO

**DEPARTMENT OF BUSINESS ADMINISTRATION
AHMADU BELLO UNIVERSITY
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**IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF
MASTERS IN BUSINESS ADMINISTRATION (MBA) DEGREE.**

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DECEMBER, 1995.

DECLARATION

I hereby declare that this project report has been written by me, and that it is a record of my own research work. It has not been previously presented in any application for a higher degree.

All sources of information and where applicable, other writers' views have been duly acknowledged.

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CERTIFICATION

This project entitled: USING SALES PROMOTION TO STIMULATE SALES IN THE TOBACCO INDUSTRY: A CASE STUDY OF NIGERIAN TOBACCO COMPANY PLC., ZARIA by GBADEGESIN EMMANUEL ADEBAYO meets the regulations governing the award of the degree of Master of Business Administration (MBA) of the Ahmadu Bello University, Zaria, and is approved for its contribution to knowledge and library presentation.

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DEDICATION

This project is dedicated to my late mother, Madam AJEKIGBE EJIDE, my dear wife, BOSEDE and my children, BOLARINWA, KEHINDE, TAIWO and OLUSOLAPE ADEBAYO.

ACKNOWLEDGEMENT

I wish to acknowledge my profound gratitude to every one who in one way or the other contributed towards the completion of this project.

Most especially my thanks go to the Almighty God for giving me the opportunity to undertake this programme and seeing me through to the end.

I am most grateful to the invaluable assistance rendered by my supervisor, Mr A. B. Akpan, who, despite his tight schedule, had maintained a maternal interest and critical eye throughout the study. To him, I owe a great intellectual debt. My gratitude and special regards go to all the lecturers of the Department of Business Administration, A.B.U. Zaria for their various contributions. I also wish to acknowledge and extend my sincere gratitudes to my friends and colleagues who are too numerous to mention, that have assisted me directly or indirectly in the course of the study.

To produce a work of this nature necessarily involves drawing information from numerous sources-formal and informal interviews and questionnaire from the consumers. I am greatly in debted to all those who supplied me with information, without which the preparation of this work would not have been possible.

Finally my regards and appreciation go to my wife, Bose for her support and encouragement throughout the duration of this course.

ABSTRACT

This study was conducted to find out how the Tobacco Industry in Nigeria can use Sales promotion effectively to stimulate sales volume.

The Nigerian Tobacco Company was selected as a case study.

The main instrument of data collection was the questionnaire. Two sets of which were designed for the purpose of the study. One set of questionnaires were administered on consumers while the second set were administered on marketing and sales personnel of NTC Zaria.

Major findings of the study include the following:

- a) Sales promotion is very necessary for stimulating short term sales volume.
- b) Sales promotion does not create brand loyalty.
- c) It does not lead consumers to adopt the promoted product.
- d) The most effective sales promotion technique is the one that offers cash prizes.

Another important finding is that the most effective medium to use for sales promotion activities is the television.

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CHAPTER ONE

1.0 INTRODUCTION

Where there are savings and more value for money, customers are attracted. The essence of sales promotion is hinged on the above. That is, companies facing teething competition and declining sales will use sales promotion more aggressively in showing customers ways to save money and gain value in the market place.

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Busch and Houston have noted the increased importance of sales promotion. Strang³ believes that the aggregate annual expenditures on sales promotion exceed those for advertising, and are increasing at a greater rate as well.

In Nigeria, sales promotion activities have increased in recent years. Several factors can be said to be responsible for this recent growth. The fact that most products are in the maturity stages of their Product Life cycle (PEC) is a major factor. Others include :

- a) The acceptance of sales promotion by top management as an effective means of stimulating sales.
- b) More product managers have become qualified to use sales promotional tools.
- c) They are also under greater pressure to obtain quick sales response.

Kotler⁴ identified the following external factors as those also contributory to increased use of sales promotion:

- a) Brands have increased in number.
- b) Competitors have become more promotion minded.
- c) Inflation and recession have made customers deal oriented.
- d) Trade pressure for more manufacturer's deals has grown and
- e) There is a belief that advertising efficiency has declined because of costs, media clutter and government control.

¹ Ref. Philip Kotler page 526
Busch and Houston page 629
Robert A. Strang pages 5-124

⁴ Marketing Definitions - Am. Marketing Ass. page 21

The Nigerian Tobacco Industry increasingly faced with serious internal and external problems. *Higher costs of inputs have resulted in higher prices of finished products. Both smuggled imported brands tend to compete adversely with local brands because they cost less while maintaining higher qualities. In order therefore, for the Nigerian Tobacco Company (NTC) to maintain its customer and stay in business, its management has to embrace sales promotion as a means to an end.*

This study is therefore designed to see how NTC can effectively and efficiently use sales *promotion to attract main customers and build consistent volume of sales for the organisation.* Chapter one introduces the study, while chapter two deals with the review of relevant literature. Chapter three looks into the historical background of NTC while data collected in the course of this study are analysed in chapter four. Chapter five concludes and makes recommendations

1.1 STATEMENT OF THE PROBLEM

With increasing economic pressure on consumption patterns of several consumers, more and more people are either cutting back or abstaining from the consumption of selected products. Tobacco related products readily fall within this category. Institutions from medical to religious are all unanimous in their campaign against cigarette smoking. Regardless of the source such complaints highlight the adverse effect of consumption to users and nonusers alike. It is this uncompensated this economy to non users that has informed the Federal Government's ban on smoking in public places.

The influx of foreign made brands into the country has presented a serious treat to NTC. Up till now NTC's commitment to sales promotion as a competitive tool has been subject to question. Consequently, while other companies in the industry are reaping the benefits of modern sales promotion, NTC is left to count lost customers and lost Naira in sales.

1.2 OBJECTIVE OF THE STUDY

Generally, this study is designed to find out how NTC can use sales promotion to attract and maintain customers. Specifically, the study aims to fulfil the following objectives.

- 1) The relevance of sales promotion to channel members.
- 2) The relevant sales promotion tools available at each level of (he distribution channel.
- 3) The importance of sales promotion to consumers.
- 4) To find out if sales promotion has influence at all levels of the distribution channel.

1.3 SIGNIFICANCE OF THE STUDY

Nothing will be more significant than for NTC realising that it can use sales promotion as an instrument of attracting and maintaining customers.

This study will reveal the appropriate tools that are relevant at each stage of customer groupings.

This will not only sharpen the marketing effort of NTC, but will go a long way to cut cost and eliminate the usual waste associated with a situation of trial and error. Other companies, especially those in the tobacco industry will benefit from these findings.

1.4 SCOPE AND LIMITATION OF THE STUDY

This study, while having an eye on the Tobacco Industry in the country will be restricted to the Nigerian Tobacco Company. The area under investigation will also be confined to how NTC can effectively use sales promotion to create and maintain customers.

A study such as this will normally require a lot of time and money to complete. However, the time limit set for the completion of this project has been a major limitation in this regard.

1.5 RESEARCH METHODOLOGY

The study uses the sample survey method of data collection. Primary data will be collected through the administration of questionnaires on customers and marketing and sales personnel of NTC. However secondary data will be collected from relevant available literature and publications.

1.6 DEFINITIONS OF RELEVANT TERMS

The following terms are used repeatedly in this project .Consequently it becomes necessary to give their meaning for the purpose of readers guidance and clear understanding.

a. ADVERTISING

Is any paid form of non personal presentation and promotion of ideas, goods, or services by an identified sponsor.

b. PERSONAL SELLING

Is an oral presentation with one or more prospective purchasers for the purpose of making sales. Others see personal selling as the use of speech and personal conviction to acquire sales.

c. PROMOTION MIX

Refers to a range of promotional activities selected for use by a company at any point in time.

d. OBJECTIVE

A desired goal of an organisation.

e. CONSUMER

The ultimate user of a product or service, the person who derives the satisfaction or benefit offered.

f. MARKETING

A matching process, based on goals and capabilities by which a producer provides a marketing mix (products, price, place, promotion), that meets consumer needs within the limits of society.

g. COMPETITION

Existence of rival products or services within the same market.

h. BUDGET

Estimate of future source of income and expenditure including statement of intentions within a given period of time.

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3. **Robert A. Strang**
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CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 PROMOTION

The word promotion that now refers to communication undertaken to persuade others to accept ideals, concepts or things had its original connotation in Latin to mean "to move forward."

Promotional strategy has been defined as "a controlled integrated program of communication, methods and material designed to present a company and its products to prospective customers; to *communicate need satisfying attributes of products to facilitate sales and thus contribute to long term profit performance.*"

The principal elements of promotion include, advertising, personal selling, sales promotion and publicity. The combination of these elements is always referred to as the promotional mix.

The essence of promotion is to create awareness initially and ultimately lead prospects to action. In an attempt to achieve these goals, the elements are programmed accordingly, each working in support of each other. In order for the reader to understand how these elements work, each element will be briefly examined.

At this point, it is worth noting that promotion is only one of the elements of the marketing mix. The other components are product, price and place. For any organisation to achieve its overall marketing effort, promotion must be well united into an organised and integrated program of action.

Each element contributes to the overall objective of maximising long term return on investment. It is a well known fact that no amount of promotion or price reduction can move a product with an inherent defect.

2.2 ADVERTISING

The definition given before by Engel⁶ sees advertising as “any paid form of non personal presentation of ideas, goods, or services by an identified sponsor, with predominant use made of the media of mass communication.” Other explanation or definition of advertising believe it to be a process of communicating persuasive information about a product to target markets by means of the written and spoken word, and by visual material. It is also seen to be publicity through media which the sponsor neither own control nor can control.

Kotler³ identifies one important purpose of advertising as that of enhancing potential buyers' responses to the organisation and its offerings. This is done through the provision of information; by channelizing desires, and by supplying reasons for referring a particular organisation's offer.

It is through advertising that information concerning an ongoing or a planned sales promotional campaign is made.

2.3 PERSONAL SELLING

The American Marketing Association defines selling as “the personal or impersonal process of assisting and/or persuading a prospective customer to buy a commodity or service , or to act favourably upon an idea that has commercial significance to the seller.”⁴ Schewe and Smith⁵ view selling or personal selling as one of the three main promotional activities which provides individual-to-individual, one-on-one communication between the marketer and the members of the market. Personal selling also plays a very important role in persuading prospects especially members of the trade to participate in sales promotion.

⁶ Ref. Engel

³ Robert A. Strang pages 5-124

⁴ Marketing Definitions - Am. Marketing Ass. page 21

⁵ Schewe and Smith page 50

2.4 PUBLICITY

This is defined as a “Non personal stimulation of demand for a product, service or business unit by planting commercially significant news about it in a published medium or obtaining favourable presentation of it upon radio, television or stage that is not paid for by the sponsor⁶. George Black⁷ in his book, *planned Industrial Publicity* defines publicity as the activity of “Securing editorial space, as different from paid space in all media read, viewed, or heard by a company’s customers or prospects, for the specific purpose of assisting in the meeting of sales goals.”

Philip Kotler⁸ sees publicity as part of a larger concept, that of public relations. According to him, “today’s public relation practitioners perform the following functions:

- (a) Press relations
- (b) Product Publicity
- (c) Corporate Communication
- (d) Lobbying and
- (e) Counselling

2.5 SALES PROMOTION

Giles⁹ (1974.P.125) defines sales promotion as “Part of indirect advertising programs intended to stimulate quick actions.” This definition has the implication that sales promotion is a form of advertising extension that aim only at short term results. He goes a head to highlight the following objectives among other that sales promotion sets out to achieve.

- Stimulating a new use for a product;
- Encouraging more frequent use of a product;
- Appealing to a special sequence of market;
- Boosting sales in particular geographical areas;
- Encouraging the use of another product(Combination Offers);
- *Attracting bargain hunting, non-brand-conscious buyers;*

⁶ Ref. Engel

⁷ George Black page 13

⁸ Philip Kotler page 536

⁹ G. B. Giles: *Marketing 2nd Edition* page 125

- Encouraging seasonal sales or stimulating off- peak period sales;
- Creating dealer interest and encouraging stocking;
- Securing shelf space;
- Encouraging movements of slow moving lines;
- Offsetting price competitiveness; and
- Assisting sales price presentations.

According to Kelley¹⁰, "Sales Promotion encompasses those specialised activities other than personal selling, advertising and publicity which are calculated to make mass advertising and personal selling more effective in bringing about transfers in ownership and in moving goods expeditiously from the manufacturer to the consumer"

This foregoing definition sees sales promotion as a helping function, designed to make all other marketing activities more effective and efficient. As companies became larger and more complex, there was a need to widen the old concept of sales promotion.

The old concept had centred around a direct - action - stimulating concept. This widening made sales promotion a truly auxiliary or support - activity to advertising and personal selling. It is therefore difficult to draw a clear boundary between sales promotion, advertising and personal selling. Hart and Stapleton¹¹ define sales promotion as "any non-face-to-face activity concerned with the promotion of sales, but often taken also to include advertising." On their own view point, sales promotion is often used to denote any below-the-line advertising expenditure having close connections with in-store merchandising. This definition presupposes the writer opinion of sales promotion as referring to all forms of below-the-line advertising. Such advertising activities do not normally make provision for a commission to be payable to an advertising agency.

¹⁰ Ref. W. T. Kelley

¹¹ Hart and Stephen page 143

Direct handling and control of the planned promotion effort is involved. Included in the list are direct mail, exhibitions, point of sales materials etc.

Mandell and Rosenberg¹² define sales promotion as “non securing promotion activities between producers and intermediaries, between producers and consumers” According to these authors, sales promotion, rather than compete with advertising and personal selling, plays a complementary role to them. On their own view, the fact that the three activities overlap makes it difficult for are to really tell where advertising and personal selling ends and where sales promotion takes begins

Like any of the promotional elements, sales promotion can be handled internally by a separate department led by a sales promotion Manager, or it can be a part of the responsibility of the advertising Manager or even sales Manager. Often times external sales promotion agencies or advertising agencies can handle sales promotion. One important thing to note recording to Mandell and Rosenberg¹² is that it is difficult to situate sales promotion in a specific department of the organisation.”

Stanton¹³ adopts the definition of sales promotion as given by the American Marketing Association. To further throw more light on the definition or meaning of sales promotion, the American Marketing Association observes that in retailing. Sales is interpreted to cover all methods of stimulating customer purchasing including personal selling, advertising and publicity. What this means is that in retailing, sales promotion is used in a broad sense and is virtually sepromymous with promotion. “In effect, a major function of sales promotion is to serve as a bridge between advertising and personal selling; to supplement and co-ordinate efforts in these two areas.”

¹² Ref : Mandell and Roseubery page 310

¹³ William J. Stanton

“The above definition is considered the best, for it is all embracing and concisely evokes what the concept of sales promotion is all about. Distinction is made on sales promotion from advertising and personal selling, and goes on to establish to whom it is directed”. Mention is also made of the methods and tools of sales promotion such as demonstrations, shows and display. A important point to note is that the definition looks at sales promotion as a short term exercise - (non-current).

Lewis defines sales promotion as “almost any organised means by which a company working through its sales and advertising personal can increase the sales of its products”

Another author, Barton¹⁶ sees sales promotion as “Promotional efforts to increase sales which may not involve the use of advertising time or space, personal selling or publicity.”

All the definition given above consider sales promotion as an organised means of achieving or increasing sales which must look hand in hand with personal selling.

2.6 THE GROWTH OF SALES PROMOTION

The growth of sales promotion in recent years has been attributed to its increased use as a cosmetic solution to the fundamental Marketing problems causing from the consumers structural adjustment of consumption patterns in response to the changes in the economy.

The Market has to informed at particular periods (designed sales programs) about the existence of products and services which are capable of satisfying their needs and wants. Such information will also identify the outlets involved in the exercise, the prices and the extent of savings available to customers. Some organisations may include information on how to use the products or services in order to get value from them.

All this is done with the aim of inducing customers to make purchase. On the past salesman represented the main link between a firm and its customers. The introduction of advertising later on further enhanced the process of creating awareness - However, in order to bring customers closer and closer to the product as well as converting were purchase intensions into actions, sales promotion had to be adopted. Strang¹⁵ has done work in the area of growth of sales promotion.

¹⁵ Ref: Robert A. Strang

He analysed some factors that are responsible for this growth in recent years. According to him, internal factors include:¹⁶

- 1) Promotion has become more acceptable to top Management as an effective means to stimulate sales.
- 2) More Product Manager are qualified to use sales promotion tools and
- 3) Product Managers are under greater pressure to obtain quick sales response.

The external factors include;¹⁷

- 1) Brands have increased in number.
- 2) Competitors have become more promotion minded.
- 3) Inflation and recession have made consumers more deal oriented.
- 4) Trade pressure for more manufacturers' deals has grown and
- 5) There is a belief that advertising efficiency has declined because of costs, media clutter and government control.

2.7 THE PURPOSE OF SALES PROMOTION

Philip Kotler¹⁸ believes that "no single purpose can be advanced for sales promotion tools since they are as varied in form." According to him, "a free sample stimulates consumer trial, while a free Management-advisory service cements a long-term relationship with a retailer."¹⁹ However, Kotler²⁰ has identified three major contributions made by sales promotion techniques to exchange relationships.

These include

- 1) Communication- They gain attention and usually provide information that may lead the

¹⁶ Ref: IBID

¹⁷ IBID

¹⁸ Philip Kotler page 527

¹⁹ IBID

²⁰ Kotler

consumer to the product.

- 2) Incentive- They incorporate some concession, inducement, or contribution designed to represent value to the receiver.
- 3) Invitation- They include a distinct invitation to engage in the transaction now.

Sellers who adopt incentive promotion do so to attract non-brand users to try the brand and/or to reward brand loyal users for their loyalty. "Since both types of period, both purposes are served, although the primary purpose is always to attract the non brand users to the brand." Two types of non-brand users are identifiable, -namely those who are loyal to other brands and those who are normal brand switches. Incentive promotions are actually directed at brand switches.

This is so because the brand loyal notice or act on the promotion. Kotler²² further believes that incentive promotions used in markets of high brand similarity produce a high sales response in the short run but little permanent gain. In Markets of high brand dissimilarity, incentive promotions are more likely to permanently affect Market shares."

"Incentive promotion essentially offer something extra to the customer and therefore attract the more price-conscious or premium-conscious customers. The extent to which the offer will be taken advantage of varies with the type of production, size of the incentive, ease of acting on the offer, and amount of advertising announcing of the offer."²³

2.8 IMPORTANCE OF SALES PROMOTION

Sales promotion activities act as incentive to greater efforts. John Ward²⁴ has this to say in this regard:

Even since the day that Adam was given one apple free, since the traveling salesman in old England gave a free toothpick with his elixir of life, to present day when the world is full of such aids to

Ref: I BID
 Mill) page 528
 IBID
 John Ward, profitable Product Management, page 250

sale... the emotive consequences of providing incentives to greater achievement has been recognised as a powerful force.

As earlier stated, sales promotion is a promotional activity that involves a direct inducement, possibly offering an incentive(or added value) to the offering. Sales promotion makes it more difficult for a potential purchaser to resist the temptation or impulse to take buying action on the spot, at the time of exposure to it.

It is a truth that today's retail selling stands a lot to gain from a good sales promotion programe. The high response in sales to self-service rather than the use of retail sales persons is a point in view. Specifically sales promotion is used:

- 1) to increase the sales of a product, especially at the those times when normal sales are sluggish.
- 2) to periodically (e.g annually and semi annually) clear goods in a store before inventory taking and resocking.
- 3) to introduce a new product, encouraging customers to try it.
- 4) to combat competition.

2.9 FORMS OF SALES PROMOTION

Sales promotion varies according to the type of target market the manufacturer has in mind. The major sales promotion target markets are consumers, industrial users, distributors and dealers, and members of the sales force. In line with this, sales promotion can be classified into two broad categories- customer oriented promotion and trade deals.

2.10 CUSTOMER ORIENTED PROMOTION

This category of sales promotional activities include those with which we are familiar in our day to day life. These include those devices and techniques which sellers use to get us to try a new product or to increase our consumption of an established brand.

These activities must be coordinated closely with other elements of the promotion mix especially advertising if the full impact of the sales promotion is to be realised.

A manufacturer's sales promotion programs that are directed towards consumers may be divided into two groups:

- 1) Activities intended to inform- prepare booklets, offer free consulting services, demonstrations.
- 2) Activities intended to stimulate- give away samples, premiums or conduct contests.

2.11 TRADE DEALS

Except in cases where the manufacturer adopts direct sales to end users, the next owner of the goods is not the end user but the middleman (wholesaler or retailer.) These middlemen perform the vital functions of effecting exchange so that the goods produced by diverse manufacturers are available to buyers in usable assortments.

The manufacturer requires skill for an entire sales promotion program to be successful. Such success is realized where the cooperation of the wholesalers and retailers is gained. According to William Stanton,²⁵ the success is realized when the tremendous selling potential inherent in aggregate reseller organization is exploited.

Middlemen are frequently in a position to provide meaningful promotional assistance. It is therefore necessary to use various means to stimulate their backing and to supplement their efforts.

Services extended to dealers and distributors include such activities as conducting training programs for the middlemen; getting the salesforce to provide managerial advice as well as installing point of purchase materials. These services go a long way to increase dealers' interest in the product thereby enhancing their effectiveness as merchants. The sales promotion department of the manufacturer can also prepare sales manuals, demonstration kits, and other selling aids used by the sales people.

²⁵ Ref: William J. Stanton page 426

2.12 TECHNIQUES OR TOOLS OF SALES PROMOTION

A wide range of sales promotion tools are available. These tools may be sub-classified into items for consumer promotions (e.g. samples, coupons, money refund offers, price-offs, premiums, contests, trading stamps, demonstrations). The items for trade promotion include: buying allowances, free (goods, cooperative advertising, push-money and dealers sales contests). Those for sales force promotions are bonuses, contests and sale rallies.

Some of the major items are discussed below :

a) CONSUMER PROMOTIONAL TOOLS

i) Sampling

"Is a free distribution of an item in an attempt to obtain consumer acceptance". The offer is usually a miniature size of the product and is expected to last a much shorter time than regular package. This may be distributed on a door-to-door basis, by mail, via demonstrations or processions, or insertion into packages containing other products. It is especially useful in introducing a new product. The provision of a free sample can break through the noise level and stimulate a higher rate of trial than can other promotional efforts. Note, that unless the trials translate into repurchase the sampling promotion cannot be deemed a success.

Sampling is most effective when the key product attributes that set the new product apart from its competitors are difficult to describe adequately in or visual media. Scent, taste, consistency, balance and the like are selling points which can be effectively communicated by sampling.

Therefore, sample distribution is wise, if there are real and demonstrable product benefits. The intent of course, is to build a degree of consumer interest and loyalty.

Consumer sampling is an effective but rather costly means of introducing a new product. As a result of this, research is recommended prior to the launching of a full-scale effort.

Information as to the proper size of the sample, the most effective means of distribution, and so forth, are some of the things to look out for. When used as part of a co-ordinated promotional

campaign to introduce a new product, the catalytic effect of sampling upon trial usage and subsequent repurchase can be sufficiently strong to more than defray the expense of sampling.²⁸

ii) Price-off and special sales.

Price-off promotion refers to various ways of reducing the price of a product's regular package s by stating the price reduction on the package itself or by selling three packages at the price of two.

Special sales are conducted by retail establishments at specific times of the year and feature attractive reductions on various items of merchandise. The 'August Sale' popular in Nigeria as it helps clear the inventory before restocking in anticipation of the Christmas selling season.

The use of a short term reduction in price to encourage trial use of a new product or to stimulate demand for an established product, is often referred to as the offering of a consumer deal. For example, if the objective is to offset a competitor's promotion, price-off packs provide a quick defensive response.

iii) Premiums:

A premium is the offer of some type of merchandise or service either free or at a bargain price to induce purchase of another product or service offering. This is usually a low-value item of merchandise that is offered as a bonus to purchases of a particular product. It may or may not be separate from the product's package.

The principal purpose is to induce the consumers' change to purchase behaviour. The goal may be to induce present customers to increase their use of the brand or to purchase it in larger sized package. Or the goal may be to switch consumers from their present brand to that of the manufacturer in order to gain trial use and hopefully repeat purchase. Premium promotions are very effective, in that they appeal to the very human desire to get a bargain.

²⁸ Ref: Engel, Warsaw and Kenier pp 387 - 388

iv) **Contests and Sweepstakes**

Promotion activities which involve consumers in the advertising and merchandising activities of the manufacturer by gaining their participation in games of skill or chance are known respectively as contests and sweepstakes. Consumers are invited to participate in a sweepstake or contest in which a small fraction of them win cash prizes, goods or free trips somewhere.

i) **Sweepstakes** - Are games of chance in which each participant has an equal chance of winning a prize from a rather extensive and expensive list of rewards. Here, consumers merely submit their names or raffle tickets to be included in a draw to determine prize winners.

ii) **Contests** - Requires that participants apply a skill in creating an idea, a concept, or an end product. It calls for the consumer to submit an entry, such as completing a quiz advertised in the newspaper, to be examined by a panel of judges. The company conducting the contests often seizes the opportunity to collect extra data on the consumers; such as data on demographic variables.

b) **TOOLS FOR TRADE PROMOTION**

i) **Buying Allowances:**

This consists of a short term offer of cash reduction on the price of each case, bale or other quantity of the product. This encourages the middlemen to buy an item or a quantity of an item that he might not ordinarily buy. It is often offered during the introduction of a new product or as end-of-year bonuses.

ii) **Free Goods:**

This is an offer of a certain amount of a product to wholesalers and retailers at no cost to them but conditional on the purchase of a stated amount of the same or another product.

iii) **Co-operative Advertising**

Here a manufacturer agrees to pay all or part of the cost of advertisements placed by a dealer in his local media and which feature the manufacturer's product. This encourages the dealer to stock and push the sale of the product.

*

iv) Sales Contests

These are arranged for distributors, retailers and salesmen, and desired to stimulate and motivate them to greater performance. Prizes awarded may be cash or non-cash, but must be attractive enough to induce participation by all sellers.

2.13 OTHER SALES PROMOTIONAL TECHNIQUES

a) Exhibitions as Promotional Tool

A firm may participate in a trade-fair and set up a stand to promote its product. A stand can be used as a sales springboard for immediate orders; for enquiries that will later lead to business, and a unique opportunity for meeting both customers and consumers face-to-face in both a social and business setting. A stand also offers a site where research and promotion can function simultaneously side by side.

Samples of the company's products are displayed and some of them, as well as descriptive literature are handed out to enquiring visitors. Orders may be taken from customers, but the emphasis is on stimulating interest among potential buyers. Of course, it is expected that follow up business will materialise from the exhibition.

b) Shows Sports and Sponsorship

Shows featuring consumer products both inform potential customers and stimulate buyer's interests.

Sports contests may be sponsored by the firm. In return for the publicity received, the firm contributes financially or otherwise to the holding of sporting event.

Many companies which do not engage in elaborate sales promotion, at least give away desks pad, calendars and other gift items with their company's logo imprinted on them to their customers.

2.14 SELECTION OF SALES- PROMOTION TOOLS

Given the immediate nature of the economic environment or competition, certain sales promotion techniques appear to be better suited to attain promotional goals than do others. "The selection decision must take into account the type of market, sales promotion objectives, competitive conditions, cost and effectiveness of each tool"²⁹. The techniques or approach must be well suited to the consumers and attitudes of the moment.

Julia Piner enumerates a number of factors that need to be taken into consideration in determining the most appropriate sales promotion technique. Among these are:

- i) A promotor must pinpoint his precise target audience and have a clear understanding of the segment of the market at which he is directing his campaign. In this regard, he must be aware of his products strength and weakness vis-a-vis socio-economic groupings, young vs old consumers and regional fluctuations (either in physical distribution or consumer preference).
- ii) He must be aware of the likely trend of competitive activity. For example, there comes a time when the proliferation of price-off offers will no longer excite buyers, whose interest might be kindled by dreams of winning a magnificent family holiday in the sun, or a new motor car.
- ii) The promotor must have much information as he can get concerning the buying habits of his target market. Here, an assessment must be made of what percentage of a brand's total users are regular, occasional or rare purchasers, and the amount of product actually bought within these different categories during a specific period of time.
- iv) What is the objective in relation to the target market? Is it, for example to induce trial among those consumers not at present buying the product category at all? Is it perhaps to ensure the continued brand loyalty of existing users? Is it to attract new buyers from those consumers

²⁹ Ref: Philip Kotler pp 529 - 530

currently favouring a rival brand? Is it, perhaps to help create an entirely new usage opportunity for the product?³⁰

In summary, the key variables to be taken into consideration in arriving at the end-decision of which technique to use are as follows:

- i) Are the individual to be influenced by middlemen and consumers?
- ii) What are the specific aims or objectives of the manufacturer?
- iii) What is the nature of the market position of the product?
- iv) What are the competitors doing?
- v) Understanding the buying behaviour of the target audience.
- vi) How much money is available for sales promotion.

2.15 SELECTED TOOLS FOR ACHIEVING SALES PROMOTION OBJECTIVES

The discipline of setting objectives first and then considering the best promotion to use in the circumstance, is essential to cost effective sales promotion. Table below represents some selected tools and objectives which they are best suited to achieve.³¹

STRENGTHS AND WEAKNESSES OF SALES PROMOTION AS A PROMOTIONAL TOOL

Strengths:

One of the key benefits derived from sales promotion is the sales impact for the product in terms of the specific effects which consumer franchise for established brands with a major product improvement, and on brands which already enjoy an improved competitive trend in conjunction with sales drive to increase store distribution.³²

Sellers usually think of sales promotion as an activity designed to break down brand loyalty and advertising as an activity designed to build up brand loyalty. In the words of Cyril Hudson, "sales promotion uses a 'refle' technique rather than the 'shurt-gun' technique of the advertising agent.³³

³⁰ Ref: Julia Piper - Managing Sales Promotion pp 70-73

³¹ Russ and kirkpatrick, Marketing p448

³² R.O. Okumuyide, Sales Promotion in Nigeria

OBJECTIVES AND APPROPRIATE PROMOTIONAL TOOLSPROMOTIONAL TOOLS

	Cents	Samples	Premium	Money	Contest
Pack-				refund and	
ages				Offers	Sweeps take

OBJECTIVES

1. Stimulate trials by new users	x	x	x	x	
2. Introduce new or improve product	x	x			
3. Introduce new packaging		x			
4. Build brand awareness and interest					x
5. Encourage frequent or suitable purchase	x		x	x	
6. Stimulate impulse purchase		x			
7. Encourage trading to large sizes					
8. Improve brand image					x
9. Generate wholesaler/retailer support	x		x		x
10. Full Store traffic					x

The table above illustrates, each tool has several possible uses. Each should be appropriate for the situation and the manufacturer's objectives or opportunity.

Incentive promotions essentially offer something extra to the customer and therefore, attract the more price-conscious or premium conscious customers. The extent to which the offer will be taken advantage of varies with the type of promotion, size of the incentive, ease of acting on the offer, and amount of advertising announcing the offer.

Sales promotion devices are often the only promotional materials available at the point of purchases. Advertising media reach potential customers at their homes, at their places of business,

or in their travels, but when the time for buying arrives, the impact of the advertisement may be have worn-off (or the prospect may not have seen the advertisement). However, sales promotion devices at the point of purchase inform, or otherwise stimulate the buyer's interest. People who see the promotional devices make excellent prospects.

Sales promotion's insistent presence is one of its distinct qualities. Many sales-promotion tools have an attention getting, sometimes urgent quality that can break through habits of buyers of a chance that they won't have again to get something special. This to the economy minded.

WEAKNESSES:

Some sales promotion tools suggest that the seller is anxious for the sale. If they are used too frequently or carelessly, they may lead buyers to wonder whether the brand is desirable or reasonably priced; which is demeaning the product. Sales promotion activities therefore, "are least effective where promotion are already a way of life and on product categories subjected to intense promotion by competition"³⁴

Philip Kotler points out that when a brand is on deal too much of the time, the dealing dilutes the brand image and the consumer begins to think of it as a cheap brand. He suggests that, no one knows when this happens but probably, there is a risk to putting a well - know brand on deal more than 30 percent of the time.

Furthermore, that dominant brands should use dealing infrequently, since most of it only gives a subsidy to current users.

³⁴ Ref: R.O. Okumuyide page 22

³⁸ Kotler page 528

Most observers feel that activities do not build any longterm consumer franchise in contrast to advertising. Kotler, used Brown's study of 2,500 instant coffee buyers to substantiate this point of view. Brown's study indicated that;

- i) Sales promotions yield faster responses in sales than advertising.
- ii) Sales promotions do not tend to yield new, long-term buyers in mature markets because they attract mainly dealprone consumers who switch among brands as deals become available.
- iii) Loyal brand buyers tend not to change their buying patterns as a result of competitive promotion.
- iv) Advertising appears to be capable of increasing the prime franchise of a brand.³⁶

Sales promotions are least effective on established brands with no product change or with a declining market share. Therefore, for a brand that is basically on a downward sales trend, sales - promotion can only slow down the rate of decline; but can not halt or reverse it.

A product with an inherent defect cannot be helped by sales promotion. thus, if there are intrinsic defects in a products branding, and it hence not performing, the use of promotions to solve such problems is a huge waste of scarce resources. In other words, it will amount to using sales promotion to push a bad product.

Sales promotion cannot be used to arrest a fall in demand resulting from price increases. This is because, no amount of sales promotion will promote that price - demoted segment of its pre-price increased market size. In that, for every price hike, each product is correspondingly lifted out of reach of a certain proportion of its erstwhile target consumers.

Critics have tended to see sales promotions as cosmetic solutions to fundamental marketing problems. Which they contend leads to a neglect or lack of strategic focus on the core marketing

³⁶ Ref: Robert G. Brown page 528

problems to which promotions have been addressed and often the pressure to substitute tactics for strategy.³⁷

2.16 EVALUATION OF SALES PROMOTION

PROBLEM OF EVALUATION

As with all promotional activities, sales promotion is difficult to evaluate, but the attempt must be made. The belief that one can never separate the effects of one promotion from all the manifold marketing activities which in totality impinge on selling influences, whilst obviously having a grain of truth in it (perhaps more than a grain sometimes), should never result in the totally negative attitude that any attempt at measurement is worthless.³⁸ Just as for any action, one should measure and record before, during and after the event. Some idea of the effect of a scheme upon

sales and profit needs to be discovered, otherwise there is little possibility of making rational decisions to do with the efficient allocation of resources between items in the promotional mix.

So seldom do those responsible for promoting measure the effectiveness of their efforts, because of the difficulty associated with isolating the effect of the promotion variables. They argued, that we cannot attribute a given unit of sales to any sales promotion in that, by the very nature of the promotion - mix, all elements including sales promotion are so intertwined that measurement of *anyone by itself is impossible. They contend that many factors besides sales promotion influence sales success.*³⁹

In the words of Russ and Kirkpatrick,⁴⁰ "Performance evaluation (post promotion evaluation) is difficult. In that, sales analysis can be run, factory shipments can be noted, market share can be

³⁷ Ref: R.O. Okumuyide page 22

³⁸ John Ward page 252

³⁹ William J. Stanton page 425

⁴⁰ Russ and Kirk Patrick page 450

computed, but attributing changes in these measures in sales promotion may not be justified. The same difficulties which face an executive who tries to obtain accurate measurement of advertising also face the assessor of sales promotion operations. However, the difficulty of measurement does not mean we should not make the attempt. If we are to increase the effectiveness of sales promotion, we must find ways to evaluate this effectiveness.

2.17 CRITERIA OF EVALUATION

Evaluation procedure vary with the type of markets. For example, manufacturers usually measure the effectiveness of retail trade promotion by:

- i) Checking on store delivery volume,
- ii) Analysis of consumer - panel data
- iii) Consumer surveys
- iv) Experimental studies.⁴¹

The most common consumer promotion evaluation techniques is to compare sales or market share before, during and after a promotion. Increased sales are attributed to the impact of the sales promotion programme, all other things being equal.

Another way to measure the effect of a sales promotion programme is to interview a sample of consumers in the target market, attempting to learn how many consumers recall the promotion, what they thought of it, how many took advantage of it, and how it affected their subsequent brand choice behaviour. This method will help bring out the effect of that type of sales promotion on consumers.

Real effects can also be measured by experiments varying deal attributes offered to matched groups or matched geographical areas. Based on the level of responses, influences can be drawn on sales consumers study to understand the reasons why the deal attributes produced different levels of response.

⁴¹ Ref: Philip Kotler page 534

Consumer - panel data can also be used to evaluate consumer response to sales promotion by studying specific issues such as brand switching, number and size of units bought.⁴²

Cyril Hudson⁴³ advances some criteria in measuring sales promotion effectiveness. these are changes in sales volume and market share. The difference between sales during the promotion period and sales when there was no promotion (before and after promotion period) will give you the portion of sales directly attributable to the promotion. Using market share, he contends that comparing market share before promotion and market share months) after promotion, then any shift is attributed to the promotion. And thirdly, comparing total cost of promotion with sales *during the period of promotion or number of entries.*

Luck and Ferrel⁴⁴ are of the view that the basic approach to evaluating any promotion element should be to:

- i) Determine clear objectives for the promotion
- ii) Compare promotion performance and results with expected performance as stated in the objectives.
- iii) Evaluate and improve overall effectiveness of utilising promotion research and Managerial judgement.

In evaluation of sales promotion, performance standards must be drafted and quantified; sales and market share are the most the two (standard and actual) must be compared and when necessary sub-standard performance corrected. Some marketers' basic questions to be addressed included: Did the sales promotion reach it goal at a cost that generated the profit desired? How many consumers did it switch from competing brands? More importantly, the effect of sales promotions on consumer awareness, attitudes and actions, although not easy to determine, are at the

⁴² Ref: IBID

⁴³ Hudson page 293

⁴⁴ Lude and Ferrel, Marketing Strategy & Planning page 209

heart of the promotions success or failures.⁴⁵ It is important to measure effectiveness through some variables other than sales. therefore, one should be concerned with measuring sales promotion's ability to influence attitudes and behaviour.

It has been emphasised that a prime reason for defining promotional objectives, is to provide a yardstick for measuring promotional performance. Peter Spillard⁴⁶ in determining the criteria for measuring effectiveness, noted that the less approximated the criteria chosen are to specifically sales promotional objectives, the more complex the problem of evaluation. There is therefore the need to stick around the sales - promotional specific objectives, because the more you move away, the more numerous the variable that need to be isolated and taken into account in order to measure the precise impact of one of them (i.e sales promotion scheme).

He therefore, suggested that to make for easy measurement, objectives should be written in specific sales promotional terms, e.g coupon redemption rate, degree of acceptance of a banked offer, contest entrants, new buyers attracted by a sampling campaign, effectiveness of countering a competitive move, etc.⁴⁷

Conclusively, it is essential that we have a regular system of monitoring the effect and effectiveness of our promotional efforts. The information that monitoring system need to provide would typically be:

- i) Brand share and trend
- ii) Marginal contribution to profit and increased sales
- iii) Competitive actions and reactions
- iv) Attitude changes or relevant dimensions e.g brand personality, perceived utility of brand, specific product attributes.⁴⁸

⁴⁵ Ref: Russ and Kirkpatrick page 450

⁴⁶ Peter Spillard - Sales Promotion page 217

⁴⁷ IBID

⁴⁸ Martin Christopher, Marketing below the line page 63.

Given this sort of information, it should be possible to check the performance of the total promotional effort. Note, however that when it comes to investigating below the line promotion contributions, the conclusion will inevitably be based more on intuitive judgement than science; since the marketers cannot conduct research in the test tube environment common to other disciplines. It is imperative therefore, that this sort of analysis be carried out and the results acted upon if promotional effectiveness is to be maximised.

CHAPTER THREE

THE HISTORICAL BACKGROUND
OF THE
NIGERIAN TOBACCO COMPANY PLC.

3.1 ORIGIN

The history of Tobacco Industry in Nigeria had its origin in import trading, about 1904. Local manufacture of cigarettes began in 1933, when the British-American Tobacco Company Limited (BAT) established a pilot factory in Oshogbo to manufacture cigarettes from imported tobacco.

With the success of the pilot scheme assured, BAT in 1934 began to develop local sources of its principal raw material, in order to reduce its dependence on imported tobacco. From a few acres in those early days, the cultivation of tobacco by Nigerian farmers has developed to the point at which *all but 4 percent of the tobacco used for cigarette manufacture in Nigeria is grown locally.*

The first full-scale cigarette factory was established in Ibadan by BAT in 1937. In 1951 Nigerian Tobacco Company (NTC) was incorporated as a successor to BAT. In 1956 NTC commissioned its second factory in Portharcourt and a third factory in Zaria in 1959.

Both the Ibadan and Portharcourt factories were closed down in 1982 and 1994 respectively.

1962 saw a second manufacturing company, Kwara Tobacco Company Limited established with its factory in Ilorin. This company later became known as International Cigarette Company Limited, trading as Philip Morris Nigeria. This company is what is now known as International Tobacco Company (ITC).

NTC and ITC have a total paid up capital N32.7million, and assets amounting to N183.8million. From the very beginning the manufacturers adopted a policy of not owning any tobacco growing land except what was required *for demonstrating farm methods to farmers.*

Consequently all locally grown tobacco is produced by independent small-scale farmers who sell their crops to cigarette manufacturers. The latter supply the farmers with free seeds and subsidised in-puts, such as fertilizers and agricultural chemicals. Other benefits extended to farmers include free extension services, easy credit, fair prices and a guaranteed market for their tobacco crop.

3.2 PARTICIPANTS IN THE TOBACCO INDUSTRY.

The study by NISER identifies three main groups that make-up the Tobacco Industry in Nigeria.

These are:

- i) The farmers who produce over 96% of the Industry's tobacco requirement. The remaining 4% is imported for the purpose of blending only and cannot be produced under Nigerian conditions,
- ii) The manufacturers who convert the tobacco into cigarettes. Two companies manufacturing cigarettes in Nigeria namely, Nigerian Tobacco Company PLC and International Tobacco Company,
- iii) The distributors and retailers, independent business men and women who form the link between the manufacturers and consumers. Their activity extend to every town and village in Nigeria.

Outside these three groups are support industries such as advertising, transportation, energy, manufacturers of printed packaging materials, adhesives, paper, building maintenance and farm machinery manufacture. There are also the shareholders. A total of 49210 shareholders are in Nigeria.

FARMERS.

There are 25098 tobacco farmers in Nigeria. These farmers have 150588 dependents who assist with the farm work; and jointly derive their livelihood from proceeds of the sale of the tobacco crop.

A total of 10166 hectares of farm land was cultivated by these farmers in 1985, producing 11573tonnccs of tobacco for which they were paid N17.79million.

MANUFACTURERS

The industry's two cigarette factories, owned and operated by NTC at Zaria and [TC at Ilorin, between them give full-time employment for 2,920 persons, and casual and seasonal employment for another 3,000. These have dependents numbering about 30,000.

The manufacturers provide contributions to employees' pension schemes. The funds generated by these contributions are invested in companies and institutions which in turn form an integral part of the Nigerian economy.

In addition, indirect employment is given to thousands of others in support industries and services.

DISTRIBUTORS AND RETAILERS

The distribution of tobacco products in Nigeria is entirely in the hands of independent Nigerian business men and women who are the suppliers to the retail trade in their areas. A total of 98 distributors with an annual turnover of over N140million are in the business.

There are also about 1705838 wholesalers and retailers who participate in the chain. These middlemen received a total income of N 185.9million in 1985.

3.3 FUNCTIONS AND OBJECTIVES OF NIC

The company has the following objectives:

1. To manufacture their products to suit the customers taste, quality expectation and standard.
2. Profit generation to help in industrialisation and expansion exercise; more dividends to share holders.
3. Provision of good working conditions for its employees with maximum job satisfaction.
4. Ensure the full utilisation of human and financial resources

It is the function of the board of directors to safeguard the interest of shareholders, customers, employees and the public at large.

3.4 COMPANY PRODUCTS

NTC manufactures tobacco and cigarettes. The Company's only remaining factory is located in Zaria, Kaduna State.

The brands currently manufactured by the company are: Gold Leaf, Excel, High Society, Three RINGS Filter, Sweet Menthol AFT., Sweet Menthol FCT., Wills Mars, Three Rings Plain and Bicycle.

3.5 ORGANIZATIONAL STRUCTURE OF NTC

The administrative headquarters of NTC is situated at No. 18, Temple Road, Ikoyi, Lagos. The operational departments are located in the factory in Zaria.

These departments include: Production, Leaf, Finance, Marketing and Human Resources. The organisational structure is presented in the chart below:



CHAPTER FOUR

DATA ANALYSIS

This chapter presents and analyses the data collected in the course of this study. A total of 250 questionnaires were administered. Out of this number only 200 questionnaires were returned fully completed.

TABLE 4.1 RESPONSE RATE

	% of total	
NO. OF RESPONSES	200	80
NO. OF NON-RESPONSES	50	20
<hr/>		
TOTAL	250	100
<hr/>		

The table shows an 80% response rate against a 20% non-response rate.

The analysis of the figures reveals that 60% of the respondents smoke cigarette, while 40% are non-smokers.

TABLE 4.2 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

a)

SEX	NO. OF RESPONDENTS	% OF TOTAL
MALE	150	75
FEMALE	50	25
TOTAL	200	100

b)

AGE(IN YEARS)	NO. OF RESPONDENTS	% OF TOTAL
Less than 20	30	15
20-29	50	25
30-45	60	30
45-60	40	20
60and above	20	10
TOTAL	200	100

c)

MARITAL STATUS	NO. OF RESPONDENSES	%OF TOTAL
SINGLE	100	50
MARRIED	80	40
DIVORCED/WIDOWED	20	10
TOTAL	200	100

The demographic analysis of respondents reveals that 75% are male while 25% are female. 50% of the respondents are married; 40% are single while 10% are either divorced or widowed. 30% of the respondents are between the ages of 30 and 45.

TABLE 4.3 ATTITUDINAL SCALE CLASSIFICATION

SCALE IN TERMS OF ECONOMY	NO. OF RESPONDENTS	% OF TOTAL
SAVER	140	70
SPENDER	60	30
TOTAL	200	100

The above table shows that 70% of respondents are savers while 30% are spenders. This means that the level of participation in sales promotion activities is likely to be high.

TABLE 4.4 MEDIA EFFECTIVENESS

MEDIA	FREQUENCY	% OF TOTAL
TV	100	50
RADIO	35	17.5
NEWSPAPERS	25	12.5
MAGAZINES	20	10
POINT OF PURCHASE DISPLAYS	15	7.5
OTHERS	5	2.5

In order to determine the most effective medium for Sales Promotion, respondents were asked to state the medium through which they learnt of the last sales promotion exercise.

The above table shows that television is the most effective medium with 50% rating, followed by radio - 17.5%; Newspapers and Magazines with 12.5% and 10% respectively. Point of purchase has 7.5% rating while others(through friends,children) has a rating of 2.5%.

TABLE 4.5 BRAND PREFERENCE

BRAND	FREQUENCY	% OF TOTAL
HIGH SOCIETY	20	16.7
EXCEL	15	12.5
GOLD LEAF	25	20.8
3RINGS FILTER	20	16.7
IMPORTED	40	33.3
TOTAL	120	100

SOURCE: Questionnaire for consumers.

The four key NTC brands were used for this survey.

The above table reveals a 40% strong preference rating for imported brands of Cigarette. Gold Leaf follows with a preference rating of 25%. Three Rings filter and High Society share a preference rating of 20% each. While Excel is rated at 15%.

TABLE-4.6

How much does Sales Promotion appeal to the public.

REPOSENSE	NO OF RESPONDENTS	% OF TOTAL
Yes	150	75
No	50	25
TOTAL	200	100

SOURCE: Questionnaire for consumers.

The table above shows that 75% or 150 respondents find sales promotion of Cigarette appealing while 25% do not.

TABLE 4.7

Change of attitude favorable or unfavorably toward product resulting from sales promotion activities.

RESPONSE	NO. OF RESPONDENTS	%OF TOTAL
Yes	180	90
No	20	10
TOTAL:	200	100

SOURCE: Questionnaire for consumers.

From the above table it can be seen that 90% of respondents change their attitude favorably towards a product while 10% indilate no change or unfavorable attitude. This shows that sales promotion has a great effect on consumer behaviour.

When asked whether they adopt the promoted brand after the promotion, 10% of respondents say they adopt the promoted brand while 90% do not adopt the promoted brand after the sales promotion activity.

TABLE 4.8

Ranking of different sales promotion techniques according to their preferences.

RESPONSE	PERCENT FREQUENCY
CASH PRIZES	50
RAFFLE DRAW	10
FREE GIFTS	20
PRICE OFF	20
<hr/>	
TOTAL:	100
<hr/>	

From the above table, it is shown that the sales promotion technique that offers cash prizes is the most popular. Those that offer free gifts and price- offs come second with 20% each, while raffle draws come third with only a 10% preference rating.

When asked whether they have won any sales promotion contest before, 20% of respondents indicated "Yes" while 80% said "No".

On their general impression about contest, 30% of respondents indicated favorable impression while 50% indicated unfavorable. 20% of respondents were not decided.

ANALYSIS OF DATA COLLECTED FROM MANAGEMENT.

A total of 50 questionnaires were administered on NTC's Marketing and sales personnels. 45 questionnaires were duly filled and returned. 5 questionnaires were not returned.

TABLE 4.9 RESPONSE RATE.

		% OF TOTAL
NO OF RESPONSES	45	90
NO OF NON RESPONSES	5	10
TOTAL	50	100

SOURCE: Management Questionnaire source:

When asked about the factors that motivated the adoption of salesa promotion, the following factors

were stated:

- 1) **Competition**
- 2) **The desire to stimulate sales.**
- 3) **Pressure from Management for quick sales**
- 4) **Customers demand for deals.**
- 5) **High Cost of advertising.**

All the respondents agreed that most of their sales promotion is directed towards:

- a) **Consumers**
- b) **Middle men and**
- c) **Sales force**

The respondents believe the sales promotion effort of their company is **NOT EFFECTIVE** and are not satisfied with it. They believe the Company need to vote more money for advertising and sales promotions in order to boost the sales volumes of their products.

On the question of NTC's competitive position in the Market, the respondents all agreed that their organisation is the leader in the market.

On whether sales promotion increases sales, the respondents all agreed that it does increase sales volume of their Company.

When asked to state the sales promotion techniques used for their various target groups, the respondents agreed on price off's for consumers; free goods for middle men and awards for the sales force.

On the brand most favored by customers, 80% of respondents mentioned Gold Leaf while 20% mentioned Excel.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS.

5.1 SUMMARY

A frequently occurring definition of sales promotion is that it is a non recurring and non routine sales activity used to provide a short-term boost to the sales volume of a particular company. The growth of sales promotion has recently been noticed both in financial commitment and the attention accorded it by Management. Several factors have been given to be responsible for this sudden growth. They include among others the acceptance of sales promotion by Management as a means of stimulating sales. Another important reason is that competitors have become more sales promotion minded.

This study in particular was undertaken to see whether or how NTC can effectively use sales promotion to stimulate its sales. Data for the study were collected from both primary sources (Management and consumers) and secondary sources (relevant available literature.)

5.2 CONCLUSIONS

The conclusion derived from the study were that:

1. A large proportion of consumers are active savers. That is individuals who deliberately go out for savings. The study revealed 70% of respondents as active savers.
2. The medium with the greatest effectiveness with sales promotion is television followed by radio. Newspapers and Magazines occupy the third and fourth places respectively.
3. Majority of Smokers (40%) prefer imported brands of Cigarette. 25% of respondents prefer Gold Leaf while 20% prefer the Three Rings filter and High Society brands respectively.
4. Sales Promotion has a very strong appeal to the public. The study reveals a 75% appeal rating of sales promotion to the public.

5. Sales Promotion changes buyers attitude to products under promotion.
6. Buyers do not necessarily adopt promoted products after sales promotion activities. In the study only 10% of respondents adopted the product after sales promotion activities.
7. The most effective sales promotion technique is the one that offers cash prizes. 50% of respondents go for cash prizes. Free gifts and price off's share the second position with 20% preference rating.
8. Few respondents have ever won a sales promotion contest. The study reveals that only 20% of respondents have won any sales promotion contest before.
9. Sales Promotion is a most effective tool in the marketing armoury, especially when used in an intergrated fashion with other elements of the marketing mix such as advertising and personal selling.
10. Sales Promotion is regarded by some as mere "gimmicks" but to the marketers, it is an important part of the marketing mix.

5.3. RECOMMENDATIONS

Based an this study, certain recommendations are pertenent. These recommendations are:

1. It is essential for marketers to consider the role that sales promotion will play in the marketing mix. That is to say that sales promotion should not be considered in isolation of other elements of *the marketing mix*.
2. As much as possible, especially given the current economic trend in the country, Management should adopt the sales promotion technique that offers cash prizes.
3. Consumers are predisposed to savings, and Management should go a long way to provide this added value for the benefit of consumers.
4. When carrying out any sales promotional campaign, the right medium to use is the Television, followed by the radio.
5. Although some regard sales promotion as a mere gimmick, 75% of respondents believe that sales promotion does appeal to the public. Management is therefore encouraged to take advantage of this mass acceptance.

6. Management should design contests in such a way that more participants have the opportunity of winning.
7. Marketers should continue to use sales promotion to stimulate their sales volume.

APPENDIX I

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APPENDIX II

MANAGEMENT QUESTIONNAIRE
(MARKETING/SALES PERSONNEL)

INSTRUCTIONS: Please tick or circle each relevant answer where appropriate.

1) Does NTC embank on Sales Promotion

YES

NO

2) When did NTC adopt the use of Sales Promotion?

3) What factors motivated this adoption?

4) To which of the underlisted do you direct your Sales promotion?

(a) Consumers (b) Dealers

(c) Distributors (d) Sales force

(e) Others (Specify)

5) How do you rate the Sales promotion effort of your Company?

(a) Very effective (b) Effective

(c) Not effective (d) No Idea

6) Are you always satisfied with the outcome of your Sales Promotion?

YES

NO

7) Which of the following position does your Company occupy in the market?

(a) Leader (b) Challenger

(c) Follower (d) Nicker

8) Has Sales Promotion increased the Sales volume of your Company?

9) Does it decrease the Sales Promotion?

YES

NO

10) Which of the Sales Promotion techniques does your organization use for

(a) Consumer _____

(b) Middlemen _____

(c) Sales Force _____

11) In your own opinion, is it possible for your organization to compete effectively without Sales Promotion?

YES

NO

12) Which of your brands is the merit

(a) Preferred by customers _____

(b) Why _____

Thank you for your co-operation.

APPENDIX III

QUESTIONNAIRE FOR CONSUMERS

INSTRUCTIONS: Please circle or tick each relevant answer where necessary.

1. Do you smoke cigarette?

2. If yes, which brand do you prefer?

(Please list in order of preference

(a)

(d)

(b)

(e)

(c)

(f)

3. Are you often aware of Promotion by tobacco Companies? YES

NO

4. Through which medium did you learn of the last Sales Promotion exercise?

5. Which medium do you think is most appropriate for creating awareness about Sales Promotior

6. Does Sales Promotion of cigarette appeal to you? YES

NO

7. Do you buy more of the Promoted brand in order to take advantage of the offer? YES
NO

8. Does Sales Promotion activity change your attitude toward a Product?

Favorable

Unfavorable

9. Do you adopt the Promoted brand after the Sales Promotion?

YES

NO

10. Given below is a list of form of Sales Promotion techniques used by manufactures.

Remark in order of preference the ones that are likely to appeal to you.

- (a) One that offers cash prizes through a chance game
- (b) One that allows you to take part in a raffle draw to determine the winner
- (c) Price Cuts
- (d) Free gift offered with the Product

11) Have you won any Sales Promotion contest before?

YES

NO

12) What are your general impressions about these contest?

14) Would you say that you are:

- (a) a saver
- (b) spender?

15) SEX

Male

Female

16) Your age group. **Under 20Years** **20 - 29 “** **30 - 45 “** **45 - 60 “** **60 - and above****17) Marital Status** **Single** **Married** **Sworced/Widowed****Thank you for your co-operation.**