
Sales Promotion and Consumers' Purchase Decision in the Beverage Industry in Nigeria

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ABSTRACT

Business organisations often deploy various promotional strategies in influencing the purchase decision of their consumers. Sales promotion, a key component of the promotional mix has been widely used to sustain competitive advantage, increase sales and stimulate consumer purchase decision. This study investigated the relationship between sales promotion tools (such as price discount, coupon discount, buy-one and get-one free and free sample) and consumer's purchase decision in beverage industry in Lagos state. Primary data was obtained using questionnaire. The sample size consists of three hundred (300) consumers of beverages products in Lagos State. 273 out of the 300 copies of questionnaire administered were found usable for data analyses. Data collected were analysed using SPSS version 24 statistical tool to test the research hypothesis. The study indicated that sale promotion tools (price discount, coupon discount, buy-one and get-one free and free sample) have significant relationship with consumer buying decisions. The study recommends that sales promotion should be sustained and reinforced in the beverage industry in Lagos state

Keywords: Beverage, buy-one and get-one free, coupon discount, free sample, price discount.

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1. INTRODUCTION

The dynamic nature of contemporary marketing environment coupled with globalization has made the business environments to be highly competitive. This situation can be attributed to growth in population, improved technology, sophisticated infrastructure and access to information around the globe (Kotler & Keller, 2009). Equally, it has made the business environment very complex as consumer preferences keep changing because of the low switching cost in the market. It has also increase consumer demand for goods and services in the market thereby requiring business organizations to increase and align their market communication resources with attention focused more on attracting, satisfying and retaining its customers through various means of sales promotion and advertisement (Kotler & Keller, 2012). The beverage industry in Nigeria is not isolated from the global business environment. Indeed, increased competition in the beverage industry has made prices of products more transparent and has also increased the use of different sales promotional mix to inform loyal consumers and entice potential consumers to their brand (Aderemi, 2003).

This situation has made sale promotion in the industry a strategic activity to enlarge and maintain market share. Consumer purchase decision is influenced by a numbers of external forces such as consumer taste, income, competing products, advertising message and advertising media among others. The main focus of this study is to investigate how significant is the relationship between consumer decision making and some sales promotion tools. Specifically, this study sought to examine the relationship between sales promotion tools (such as price discount, coupon discount, buy-one and get-one free and free sample) and consumers' purchase decision.

1.1 Research Hypotheses

In line with the research objectives, this study tested the following null hypotheses:

H₀₁: Price discount has no significant impact on consumer purchase decision.

H₀₂: Coupon discount has no significant impact on consumer purchase decision.

H₀₃: Free samples have no significant impact on consumer purchase decision.

H₀₄: Buy-one-get-one-free has no significant impact on consumer purchase decision.

2. REVIEW OF LITERATURE

Concept of Sales Promotion

Sales promotion consists of diverse collection of incentive tools, mostly short term designed to stimulate quicker and/or greater purchase of a particular product by consumer. It offers incentives to consumers to buy a product. Sales promotion efforts are directed at final consumers and designed to motivate, persuade and remind them of the goods and services that are offered. Aderemi (2003) defines sales promotion as a marketing activity that adds to the basic value proposition behind a product (that is, getting more for less) for a limited time in order to stimulate consumer purchasing, selling effectiveness or the effort of the sales force. Terence (2007) described sales promotion as a mediated form of communication from an identifiable source designed to persuade the receiver to take some actions, now or in the future. The increased importance of sales promotion as strategic tools in consumer markets has generated strong interest among practitioners and academics in understanding the mechanisms, effectiveness, and efficiencies of different sales promotion approaches.

To this end, Agbonifoh, Ogwo, Nnolim and Nkamnebe (2007) posited that sales promotion is a critical tool for competitive advantage in view of increasing competition in the global market which has prompted organizations to ensure satisfaction of customer needs and wants more efficiently and effectively than competitors. Indeed, for any organization to survive in this competitive situation, it is important for it to develop and implement strong marketing communication strategies that will enable it meet and beat competition. It should also be able help organisations gain strategic advantage in the market because of its capacity for direct inducement and offer of an extra value or incentive to the sales force, distributors, or the ultimate consumers with the objective of creating an immediate sales (Schultz & Robinson, 2000). Some sales promotion strategies that are of interest in this study are discussed as follows:

- **Price discount:** is a reduction in a brands regular price. Blair and London (1981) opined that the major reason for marketers to use the price-discount reduction is that this type of deal usually presents a readily apparent value to consumers especially when they have a reference price point for the brand, therefore they can recognize the value of the discount.
- **Coupon discount:** This is a promotional devise that provides kobo-offs savings to consumers upon redeeming the coupon. Coupons can be disseminated to consumers through newspapers, sales point, and radio stations among others. The organization could organize a raffle competition or

decide to reward loyal customers with coupons to get more of their products or any other product the organisation will decide (Shimp, 2003).

- **Buy-one-get-one-free:** This is one of the types of bonus packages in which consumers are offered the additional product at the normal price. Consumer would be easily convinced to buy products that do not require additional fees and perceived of having higher value by consumers (Sinha & Smith, 2000). In addition, this technique would be beneficial for promoting retailers sales speed relative to price promotions (Li, Sun & Wang, 2007).
- **Free samples:** This includes any method used to deliver an actual or trial size product to consumers (Shimp, 2003). Sampling is generally considered the most effective way of generating trial, though it is the most expensive (Belch & Belch, 2005).

2.1 Consumer Decision Making Process

Social scientists develop many sophisticated theories of consumer behaviour. They give a variety of theoretical models to explain the sequence of behaviours involved in making a purchase decision. The first task in promoting any new product is to create awareness-perception-that the product exists. The second is to provide enough information-learning-about the product for the prospective customers to make an informed decision. Finally, the marketer wants to be persuasive enough to stimulate the customer's desire-motivation to satisfy his or her needs or wants by purchasing and repurchasing the product. These three personal processes of consumer behaviour -perception, learning, and motivation-are extremely important to advertisers (Arens & Bovée, 2005).

2.2 Sales Promotional Tools in the Beverage Industry

Promotion is a marketing effort by any organisation in trying to communicate to its customers. Sales promotion is the most important tool in changing the timing rather than the level of purchasing because customers tend to buy earlier. Kotler and Keller (2012) said that a good promotional strategy should encompass sales promotion, public relations, advertising and personal selling in order to communicate with their present and potential consumers. Promotion is responsible for moving the demand curve upward and to the right by utilizing some or all of the elements of the promotional mix (Ward & Hill, 1991). Sales promotion has been used to represent at least three different concepts namely: the entire marketing mix, marketing communication and a catch -all for all communication instruments that do not fit in the advertising, personal selling or public relations subcategory.

Pride and Ferrel (1989) grouped sales promotion methods into two - namely consumer sales promotion and trade sales promotion. Consumer sales promotional methods are directed towards consumers and they include price discounts, buy-one-get-one-free, coupons, contests, bonuses, vacations, shopping, gifts, free products, tie- in's and free samples. Trade sales promotion methods focus on wholesalers, retailers and sales person. This includes sales contests, free merchandise, demonstrations, point-of -purchase and displays. However, the purpose of sales promotion in the marketing mix is to have a direct impact on the behaviour of the brand consumers.

2.3 Influence of Sales Promotion on Consumer Purchase Decision

Adcock and El-Emam (2001) reported that when a purchase decision is made, the purchase decision can be affected by unanticipated situational factors. Some of these factors according to them could be directly associated with the purchase. For instance, the outlet where the purchase is to be made, the quantity to be bought, when and how to pay can influence consumer decision to buy a product. In most situations, firms remove the need to make this decision by either including the essentials in the form of sales promotion tools like coupons, price discounts, buy-one-get-one-free, rebates and samples.

The additional benefit whether in cash or in kind offered to consumers through sales promotion is likely to be determined by their purchase behaviour or decision (Ngolanya, Mahea, Nganga, Amollo, & Karuiki, 2006). Ngolanya et al. (2006) opined that a consumer may act quickly, especially if sales promotional tools are used or the consumer may postpone making any purchase. Whenever the consumer makes a purchase, they find out what goods and services are available, what features and benefits they offer, who sells them at what prices, and where they can be purchased (Stanton, Etzel, & Walker, 1994). The firm and its sales team provide consumers with the market information whenever they engage consumers in efforts to inform or persuade in an attempt to communicate with them. Sales promotion in the beverage industry in Lagos state therefore provides a suitable link by providing consumers with samples of the products for them to test them in small quantities as well as provide consumers with most needed information concerning the product.

Kotler and Keller (2009) argued that purchase decision may be between objective or emotional motives; nevertheless, in all cases, the sale is made or not made in the customer's mind and not in the mind of the seller. A product is not purchased for its own sake but for its ability to satisfy a need. The use of some of these promotional tools helps in determining the use that consumers are likely to put the product into and therefore guide them towards the right product (Cox & Britain, 2000). The consumer is therefore provided with the relevant information to get the opportunity to try the product and get to know whether it satisfies their needs and also enjoy a price reduction. Sales promotion is therefore used to draw consumers to the product and they end up making an impulse purchase as a result of the strength of the sales promotional tool.

Therefore, Berkowitz, Harley, Kerin, and Rudelius, (1994) proposed that, in the purchase decision process, at the recognition and the information search stage, the sales promotional tool that is most effective is the free samples because it helps in reducing risk trials. Consumers will be more likely to take the risk of trying a sample rather than buying the whole product and being disappointed. They further suggested that, at the alternative evaluation and the purchase decision stage, coupons, deals, point of purchase displays and rebates are suitable sales promotional tools because they encourage demand and repurchase of the same product by the consumer. They finally proposed that, at the post purchase stage, the best sales promotion tool would be the use of coupons, as they encourage repeat purchase from first time buyers. The beverage company in Nigeria have realized the need to influence the decision making process of consumers thereby indulging in increased sales promotions of their products. These sales promotions are mostly undertaken to stimulate trials of products, increase consumer demand or improve product availability.

3. METHODS

The study adopted a cross-sectional research survey. This kind of research design for data collection and also helps in measuring or ascertaining the relationship between one variable and another (Agbonifoh & Yomere, 1999). This approach was adopted because data collected were analyzed to determine the association between the variables of interest (free samples, coupon discount, price discount and buy-one-and-get-one) and customer purchase decision. The population of the study is made up of the consumers of products of Nigeria Bottling Company Plc, within Lagos Metropolis. A sample of three hundred consumers was taken. The research instrument used for this study in collecting data was structured survey questionnaire which was divided into Section A capturing respondent's bio-data while Section B contains variables of interest to the study.

The use of questionnaire as the research instrument is due to the fact that it is cheaper and less time consuming. Five-point Likert type scale was used in collecting data on sales promotion techniques such as free sample, coupon discount, price discount, buy-one-and-get one, and customer purchase decision. The following options were provided as means of response to the questions asked: Strongly Agreed (5), Agreed

(4), Neutral (3), Disagreed (2), and Strongly Disagreed (1). Data collected were analyzed with the aid of the following statistical tools: frequency table, simple percentage (%), mean and correlation analysis. All analyses were done by the means of Statistical Package for Social Sciences (SPSS Version 24) software at 5% level of significance.

4. RESULTS

4.1 Description of Demographic Variables

A total of 300 questionnaires were administered. However, 273 copies of the questionnaire were found usable for data analysis. The responses to demographic characteristics of the respondents are analyzed and presented in Table 1:

Table 1: Demographic attributes of respondents

Variable	Category	Frequency	Percent	Cumulative Percent
Gender	Male	111	40.7	40.7
	Female	162	59.3	100.0
	Total	273	100.0	
Marital	Single	171	62.6	62.6
	Married	102	37.4	100.0
	Total	273	100.0	
Age	20years and below	28	10.3	10.3
	21-30years	84	30.8	41.0
	31-40years	64	23.4	64.5
	41-50years	65	23.8	88.3
	Above 50years	32	11.7	100.0
	Total	273	100.0	
Education	SSCE/GCE	60	22.0	22.0
	NCE/Diploma/OND	62	22.7	44.7
	HND/B.Sc	82	30.0	74.7
	Postgraduate	69	25.3	100.0
	Total	273	100.0	

111 (40.7%) of the respondents were male while 162 (59.3%) were female. 171 (62.6%) of the respondents were single while 102 (37.4%) were married. The age distribution showed that majority of the respondents (59%) were 31 years old and above while 84 (30.8%) were between 21 - 30 years old. Only 10.3% of the respondents were between 20 years and below. 22% of the respondents have SSCE/GCE qualification. 62 (22.7%) of the respondents have NCE/Diploma/OND while 82 (30%) of the respondents have first degree (HND/B.Sc Degree). Only 25.3% of the respondents have postgraduate qualifications.

4.2 Correlation Analyses among Research Variables

Data generated for the study were examined using bivariate Pearson correlation coefficients. Table 2 shows the Pearson correlation coefficients among research variables.

Table 2: Mean, standard deviation and Pearson correlation coefficients among variables

Variable	Mean	Std Dev.	Pearson correlation coefficients				
			Customer Purchase Decision	Price Discount	Coupon Discount	Buy-One-Get-One-Free	Free Samples
Customer Purchase Decision	3.898	0.677	1				
Price Discount	3.533	0.795	0.293**	1			
Coupon Discount	3.237	0.554	0.441**	0.220**	1		
Buy-One-Get-One-Free	3.768	0.656	0.508**	0.176**	0.701**	1	
Free Samples	3.418	0.545	0.330**	0.229**	0.126*	0.169**	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table 2 shows the mean and standard deviation of the different research variables as follows: customer purchase decision (\bar{X} =3.898, SD=0.677), price discount (\bar{X} =3.533, SD=0.795), coupon discount (\bar{X} =3.237, SD=0.554), buy-one-get-one-free (\bar{X} =3.768, SD=0.656), free samples (\bar{X} =3.418, SD=0.545). The results show that respondents' assessment of sales promotion and consumer purchase decision in the Nigerian beverage industry is moderately high as the mean scores of the variables are above 3.

The Pearson's correlation coefficients between each pair of variables are shown in Table 2. Bryman and Cramer (1997) posit that the Pearson's correlation coefficient (r) should not exceed 0.80; otherwise the independent variables that show a relationship in excess of 0.80 may be suspected of having multi-collinearity. However, we observed from Table 2 that none of the correlation coefficients is up to 0.80, thus ruling out any form of multi-collinearity in the model. Table 2 shows that customer purchase decision is positively and significantly related to price discount ($r=0.293$, $p < 0.05$), coupon discount ($r=0.441$, $p < 0.05$), buy-one-get-one-free ($r=0.508$, $p < 0.05$), and free samples ($r=0.330$, $p < 0.05$).

5. DISCUSSION

The study investigated the relationship between sales promotion tools (price discount, coupon discount, buy-one and get-one free and free sample) and consumers' purchase decision in the beverage industry in Lagos state. The findings from the study indicated that respondents agreed that if a brand offers coupon discount that could be a reason for them to buy it, coupon discount allows them to buy more quantities of the same product, coupon discount also allows them to buy the product earlier than planned and compared to most people, they are more likely to buy brands that offers coupon discount. This also shows that coupon discount as a tool for sales promotional activities has significant impact on consumer purchase decision. Equally, the findings reveal that majority of the respondents believed that when they buy a brand that offers a free sample, they usually buy the same brand even when they have a free sample on the other brands. The study further confirmed that offering coupon discounts would be a reason for them to buy. Similarly, the findings indicate that consumers will buy a brand that offers coupon discounts.

The findings acknowledged that offering coupon discounts to customers would be a reason for them to buy. It also indicates that they will buy a brand that offers coupon discounts, this was also proved by the research of Gilbert and Jackaria (2002) who reported that coupon ranked the last as the promotion least widely used by the consumer. The findings further prove that majority of the respondents agreed that when they buy a brand that offers a free sample, and they usually buy the same brand even when they have a free sample on the other brands. Which was in agreement with Shimp (2003) reported that free sample had effect on consumer's buying behaviour. For example, almost all of the respondents agreed that a brand offers "buy-one-get-one-free" could be a reason for them to buy and respondents, moreover, the respondents agreed that a "buy-one-get-one-free" promotion allows them to buy more quantities of the same product and they have favorite brands, but most of the time they buy a brand that offers "buy-one-get-one-free". The result of present study was consistent with the result of Li, Sun and Wang's (2007) study which found that extra product promotions would speed up clearance sales more than do price promotions.

6. CONCLUSION AND RECOMMENDATIONS

The study concludes that sales promotion tools such as price discount, coupon discount, buy-one and get-one free and free sample which the beverage industry in Lagos state often deploy have significant relationship in consumer purchase decision. It is therefore important for the beverage firms to continue to deploy and reinforce the use of these tools. In conclusion, the consumers' attitude towards different promotional tools on buying decisions is favourable. It showed that sales promotion tools are supplementary or complementary to existing business as an additional marketing strategy.

Based on the findings already discussed, the study therefore recommends the following:

- That firms must intensify the use of sales promotion (price discount, coupon discount, buy-one and get-one free and free sample) as consumers have shown great interest and are highly influenced by sales promotion activities.
- Sales promotional tools should be carefully applied as it can reduce profitability. Therefore it may be used in conjunction with other promotional tools such as coupon discount and etc.
- Sales promotion has short term effect, as a result organisations need to do a continuous follow up to establish long term relationship with new customers acquired during sales promotion period.
- The beverage industry in Lagos state to continue to improve on their research and development mechanism to assist them to correctly approximate consumer expectations and plan to meet them to reduce consumer complaints.

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APPENDIX

Bio-note

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A statement of no conflict of interest

We will like to confirm that this article is our original work and has not been submitted for publication elsewhere.