

SALES PROMOTION, MARKETING COMMUNICATION, AND PRODUCT PATRONAGE : A STUDY OF FIRST BANK OF NIGERIA

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ABSTRACT

This study was designed primarily to examine the impact of sales promotion on the marketing of financial product using First Bank of Nigeria Plc as a study. The main objective of this study was to examine whether the non-acceptability of sales promotion to the target market have any effect on customer's patronage and profit and also to examine whether sales promotion can serve as the major sustenance of short term sales strategy in the financial service industry. The targeted population was the entire customers of First Bank Of Nigeria PLC total number of 200 respondents were randomly selected from a stratified group within the study organization as sample size for the study. The survey questionnaire was used to collect primary data from respondents. The data collected was analysed based simple percentages and frequencies. The Chi-square statistical technique was used to test the proposed hypotheses. The core findings from the result obtained revealed that the non-acceptability of sales promotion may not significantly determine the patronage of financial product in the financial sector. Equally, the use of sales promotion may significantly serve as a major sustenance of short term sales strategy. It was concluded that sales promotion has a lot to do with strengthening the financial service sector; sales promotion also plays a positive role in the financial service sector, profit increases as a result of sales promotion and sales increases as a result of sales promotion. It was recommended that Banks should endeavour to spend more money on sales promotion and not see it as a waste of time because it is not advertising.

Keywords: Sales promotion, Marketing of financial products, Product Patronage

Introduction

In most organizations, sales promotion is a tool or a time bound program offered to attract customers and require their response in the form of an immediate purchase. According to Kotler (2003) sales promotion is a key ingredient in marketing campaigns which consists of a diverse collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers.

Specifically, sales promotion can be defined as activities designed to shape buying patterns. They represent those activities that fall outside advertising, publicity and direct marketing, although, these could serve as agents of sales promotions

The American Marketing Association says its preferred definition is "Those marketing activities other than advertising, publicity, etc. that stimulate consumer purchasing and dealer effectiveness such as displays, shows and exposition, demonstration and various non- current efforts not in the ordinary routine.

Similarly, Chris (2005) notes that sales promotion enforces a direct inducement that offers an extra value or incentive for the product to the sales force, distributors or the ultimate consumer with the primary objective of creating an immediate sale. Sales promotion involves some type of inducement that provides an *extra incentive* to buy. This incentive is usually the key element in a promotional program; it may be a coupon or price reduction or rebates. Thus, sales promotion is essentially an acceleration tool, designed to speed up the selling process and maximize sales volume. By providing an extra incentive, sales promotion techniques can motivate consumers to purchase a larger quantity of a brand.

Sales promotions are economic, entertainment or information incentives that are targeted at different parties in the marketing channel. Kotler (2003) classified sales promotion into three groups: (a) The

consumer-oriented promotion tools include: samples, coupons, cash refund offers, price off, premiums price, patronage rewards, free trials, warrants, tie in promotion, cross promotions, point of purchase, display and demonstrations etc. each of these incentives are designed to stimulate customer action such as purchase or an enquiring about a service. (b) Trade-oriented promotion; this is sales promotion designed to gain reseller support and to improve reseller selling efforts and the major tools in this area are priced off, advertising and display allowances, free goods, trade shows discounts etc. (c) Business and sales force-oriented promotion; this is sales promotion designed to motivate the sales force and make sales force selling efforts more effective and the major tools are; Bonus, contests, sales rallies, specialty advertising , trade shows, and conventions and contests for sales representative etc.

Financial services can be described as the broad spectrum of product and services that would normally be available and also offered to the customer by any given financial institutions with the aim of satisfying the needs of customers profitably.

Examples of these products and services are: current account deposits, term loan lease, commercial papers, bankers' acceptance, letter of credit, bill for collection syndications, financial advisory services, ATM (automatic teller machine), money gram, western money union transfer.

The main financial services existing in our financial market today are: deposit related, loan advances, corporate finance, port folio management, trade finance and foreign exchange service development finance institution, merchant banks, commercial banks, leasing companies, discount house, Nigerian stock exchange/stock broking firms. All the financial service institutions have a way of stimulating the sales of their various products and services by employing marketing strategies. That is, all of them employ effective sales promotion.

Against this background, this study examined the influence of sales promotion on the target market, whether it has any effect on customer's patronage and profit and also to examine whether sales promotion can serve as the major sustenance of short term sales strategy in the financial service industry.

Objectives of the study

A sales promotion is essentially an acceleration tool designed to speed up the selling process and maximizes sales volume by providing extra incentive, sales promotion techniques can motivate consumers to purchase a larger quantity of a brand. A lot of works have been written on improving marketing of financial services through sales promotion. In the face of this work, this study has identified some gaps and it is intended to address the gaps thus, using First Bank as a study.

- To examine whether non-acceptability of sales promotion to the targeted market have any effect on customers' patronage and profit
- To establish whether sales promotion can serve as the major sustenance of short-term sales strategy in the financial service industry, using First Bank

Research questions

1. How does the issue of non-acceptability of sales promotion to the targeted market have any effect on customer's patronage and profit?
2. How does sales promotion serve as the major sustenance of short term sales strategy in the financial service industry, using First Bank of Nigeria Plc.

Statement of research hypothesis

As part of the measures that are at providing empirical support for the study, the following hypotheses were tested

1. **H₀:** The non-acceptability of sales promotion may not significantly determine the patronage of financial product in the financial service sector.
H₁: The non-acceptability of sales promotion may significantly determine the patronage of financial product in the financial service sector.
2. **H₀:** The use of sales promotion may not significantly serve as a major sustenance of short term sales strategy.

H₁: The use of sales promotion may significantly serve as a major sustenance of short term sales strategy.

Significance of the study

The study was significant to the extent that it is able to make a contribution to knowledge in this topical area, and the findings able to influence policy formulation and decision at corporate level.

Brief review of literature

A sales promotion is a time bound program of a seller that tries to make an offer more attractive to buyers and requires their participation in the form of an immediate purchase or some other action. Sales promotion impact refers to the changes sales promotion causes in the mental or physical state or activities of the recipient. Financial services and other big organization like to believe that sales promotion has a strong influence. Agencies would like firms to believe that sales promotion not advertising increases sales, so financial service would spend more of their budgets on sales promotion.

For a long time, sales promotions have been regarded as a short-term tactical tool whose prime purpose is to encourage customers to try a brand or to switch brands attracted by the added value of the sales promotion. Indeed, Papatia and Krishnamurthi (1996) claim that coupons can actively promote switching behavior and so reduce levels of loyalty.

Historically, banks first made a separate function out of personal selling, later out of advertising and still later out of publicity. These functions were employed by the sales managers, advertising managers or public relations manager as needed. These functions were never handled well because they lack expertise, they were pre-occupied with their main area of specialization and because they saw the functions primarily as providing short run incentives.

The term sales promotion (as distinct from promotion) came gradually into wide use to describe a fourth component of the promotional mix alongside personal, advertising and public relations. Each form of sales promotions can have different impacts on the consumers depending on the environment and the state of the consumer. The sales promotion impact depends on human response. Humans act in response to a number of stimuli, of which sales promotion is one.

The difficulty in carrying out sales promotion impact does not mean that no progress has been made, or that the problem is not solvable. To begin with, most researchers agree on the principles for carrying sales promotion impact. The principles derive from the scientific method of test causality between an independent variable (in the case of sales promotion exposure) and its impact. Moreover, progress in statistics, psychology and other social sciences during the last few decades, and new methods for collecting data in the last decade have enabled researchers to more accurately measure sales promotion and its impacts. These advances have spurred enormous studies in solving this problem. The best approach to understanding this problem is to explore three important aspect of sales promotion which is the variables, scientific approaches and data collection methods for researching sales promotion impact.

Method of study

The method of data collection includes the combination of both the primary (questionnaires) and secondary method (this includes journals and other related materials)

In this research, the population were customers of First Bank of Nigeria plc in their various strata. This population must be specific enough to provide a clear understanding of the applicability of this study to its particular situation and to the understanding of the same population. According to the management of First Bank of Nigeria, the bank has a population of customers totaling 871,523 as at the time of study. However, the main population for this research was made of 44706 customers of First Bank of Nigeria Plc from four branches. The population of customers in Lagos Island branch was 21,543, Maza-maza branch was 7,228, Festac branch was 7,435 and Olodi Apapa branch was 8500 as at the time of study.

For the purpose of data collection, a representative sample of the population has to be selected and in terms of size, am looking at 200 – 500 people and to ensure that the sample is representative of the population.

The number would be selected based on stratified random sampling.

To secure a high rate of return 200 questionnaire was personally administered randomly among each stratum of respondents of the Bank stratified as follows:

Respondents at the headquarters	80
Respondents at Maza-Maza Branch	40 Respondents at Festac
Branch	40 Respondents at Olodi Apapa Branch
	40

Within each of these strata, each unit is sampled. The essential purpose of stratified random selection is to avoid subjective bias arising from personal choice of sampling units.

Result

This session shows the data presentation analysis and interpretation of data collected through the questionnaire. The data is shown in tabular and analyzed using simple percentage.

The questionnaire consists of two sections (A and B) Section A deals with the use of sales promotion in order to achieve more sales of financial services while section B deals with the personal profile of the respondents.

The researcher distributed a total of 200 copies of questionnaire to the customers of First Bank of Nigeria Plc in Lagos environs. Out of which 168 were returned. The details of the response rate is shown in table

TABLE 1: Return rate of copies of questionnaire

Response	Percentage
Returned	84.0
Not Returned	16.0
Total	100 n=200

According to table 1.1 above 84.0% of the respondent returned the questionnaire sent to them while the remaining 16.0% failed to return theirs. The high response rate of 84.0 achieved in the study was due to the two to three repeat calls made on respondents and the possible high interest they have in the study.

Table 2: Sales promotion as a major sustenance of short-term sales strategy

Response variables	Percentage %
Strongly agree	44.1
Agree	28.6
Disagree	19.6
Strongly disagree	7.7
Total	100 n = 200

Table 2 shows respondents' view on whether sales promotion can serve as a major sustenance of short-term sales strategy. From the result revealed so far and presented on the above table, it is evident that 44.1% of the respondents strongly agreed that sales promotion serve as a major sustenance of short term strategy, while 28.6% agreed that sales promotion serve as a major sustenance of short term strategy. However 19.6% of the respondents disagreed and the remaining 7.7% strongly disagreed.

Given the totality of the above result, it is an indication that sales promotion serves as a major sustenance of short term strategy in the financial service sector.

Table 3: Sales promotion induces immediate patronage of products in the short run.

Response variables	Percentage %
Strongly agree	23.8
Agree	67.9
Disagree	6.6
Strongly disagree	1.7
Total	100 n = 200

Table 3 was designed to find out whether sales promotion induces immediate patronage of products in the short-run. From the result revealed so far it is evident that 23.8% of the respondents strongly agreed that sales promotion induces immediate patronage of products, while 67.9% which represent the majority agreed that sales promotion induces immediate patronage of products, while 6.6% of the respondents disagreed and the remaining 1.7% strongly disagreed.

Given the totality of the above result, it is an indication that sales promotion induces immediate patronage of products. That is, for short run effects or increase in patronage, sales promotion is vital and is highly recommended.

Table 4: Does the non-acceptability of sales promotion not have any effect on customer's patronage of financial products?

Response variables	Percentage %
Strongly agree	25.0
Agree	64.8
Disagree	6.0
Strongly disagree	4.2
Total	100 n = 200

The above table 4 was designed to find out if the non acceptability of sales promotion has any effect on customer's patronage of financial product. From the result revealed and presented on the above table, it is evident that 25.0% of the respondents strongly agreed that the non-acceptability of sales promotion does not have any effect on consumer's patronage of financial products, while 64.8% which represent the majority agreed that the non-acceptability of sales promotion does not have any effect on consumer's patronage of financial products, while 6.0% of the respondents disagreed and the remaining 4.2% strongly disagreed.

The survey research showed that the non-acceptability of sales promotion does not have any effect on consumer's patronage of financial products.

Table 5: Effects of sales promotion strategies on customer's satisfaction

Response variables	Percentage %
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Strongly agree	20.24
Agree	72.62
Disagree	7.14
Strongly disagree	0%
Total	100 n = 200

Table 5 revealed that 20.24% of the respondents strongly agreed that sales promotion strategies of FBN have the effects of promoting customers' satisfaction, while 72.62% which represent the majority agreed that sales promotion strategies of FBN have the effects of promoting customers satisfaction and the remaining 7.14% of the respondents had a contrary opinion.

The survey research showed that sales promotional strategies of FBN have the effects of promoting customers' satisfaction.

SECTION B

Table 6: Demographic Characteristics of Respondents

Demographic Characteristics	Percentage %
a. Gender	
Male	61.3
Female	38.7
Total	100 n = 200
b. Age	
21- 30	56.0
31- 40	25.0
41- 45	14.3
Above 45 years	4.7
Total	100 n = 200
c. Educational Attainment	
OND/NCE	10.1
HND/BSC	50.6
MASTER DEGREE	39.3
Total	100 n = 200
Respondent years of banking with the bank	
Less than one year	
Between 1 to 2 years	6.5
Between 3 to 4 years	
Between 5 to 6 years	
Between 7 to 10 years	33.3
10 years and above	
Total	20.2
	19.1
	4.2
	16.7
	100

	n =200
Nationality of Respondent	
Nigerian	100
	100
Total	n = 200

1. From the above table, it can be deduced that the views being expressed are representative of both the male and female as one hundred and three 61.3% of the respondents are male while sixty five 38.7% are female.
This indicates that there are more male respondents who are willing to provide answers to items on the administered questionnaire.
2. The table shown above gives the distribution of respondents according to ages. 56.0% of the respondents fall between the age bracket of 21-30 years which dominate the sample. They are followed by the people between the age bracket of 31-40 with a record of 25.0%, followed by the people between the age bracket of 41-45. lastly followed by the people between the age bracket of 46 and above with 4.7%.
This is an indication that the youthful categories of respondents (21-30 years) constituted majority of participants in the study.
3. Table revealed that 10.1% of the respondents possessed OND/NCE certificate, while 50.6% possessed HND/B.SC certificate, which constitute the highest percentage of educational attainment. However, 39.3% are master degree holder.
The survey research indicates that most of the respondents are highly educated, thus they should have a working knowledge of the research topic and be able to provide informed opinion on the study.
4. Table revealed that majority 33.3% of the respondents have been banking with the organization between the period of 1 to 2 years which dominate the entire respondents, while 6.5% have been banking with the organization for less than one year, while 20.2% have been banking with the organization between the period of 3 to 4 years, while 19.1% within the period of 5 to 6 years, 4.2% have been banking with the organization between the period of 7 to 10 years while 16.7% have been banking with the organization for 10 years and above.
This implies that most respondents would be knowledgeable on the subject matter of this study thereby responding accordingly.
5. Table above revealed that all the respondents are Nigerians.

TEST OF HYPOTHESIS

The researcher used the non-parametric test (Chi-square statistical analysis) in testing the hypothesis. It is a sample statistics and is computed using the following formular:

Where

X^2 = calculated chi-square

O_i = Observed Frequency of any value

E_i = Expected Frequency of any value

Restatement of Hypothesis

H_0 = Null Hypothesis

H_1 = Alternative Hypothesis

At 0.5 level of significance

Decision Rule

Accept H_0 when X^2 tabulated is more than X^2 calculated.

Reject H_0 when X^2 calculated exceeds X^2 tabulated

RESEARCH HYPOTHESIS ONE

Ho: The non-acceptability of sales promotion may not significantly determine the patronage of financial products in the financial sector.

H1: The non-acceptability of sales promotion may significantly determine the patronage of financial products in the financial sector.

In order to test the hypothesis, Chi-square method of statistical analysis is used. Data for the testing of hypothesis is drawn from table 4 and table 5 which represent the observed frequency (O_i)

TABLE 7 : OBSERVED FREQUENCY (O_i)

Response Variable	Table 4	Table 5	Total
Strongly agree	42	34	76
Agree	109	122	231
Disagree	10	10	20
Strongly Disagree	7	2	9
Total	168	168	336

Table of Expected Frequency (e_i)

The values in these tables are calculated using the stated formular:

$$E = \frac{r_i \times c_i}{G_i}$$

Where

R_i = Row Total

C_i = Column Total

G_i = Grand Total

Table 8: Expected Frequency (e_i)

Response Variable	Table 4	Table 5	Total
Strongly agree	38	38	76
Agree	115.5	115.5	231
Disagree	10	10	20
Strongly Disagree	4.5	4.5	9
Total	168	168	336

Table 9: Chi-Square (χ^2)

O_i	E_i	$O_i - e_i$	$(O_i - e_i)^2$	$(O_i - e_i)^2/e_i$
42	38	4	16	42
109	115.5	-6.5	42.25	109
10	10	0	0	10
7	4.5	2.5	6.25	7
34	38	-4	16	0.421
122	115.5	6.5	42.25	0.366

10	10	0	0	0
2	4.5	-2.5	6.25	1.389
				4.352

Degree of freedom

df = No of rows

c = No of columns

df = (4-1) (2-1)

df = 3 x 1

df = 3

Thus, at 5% level of significant, χ^2 tabulated value is 7.82

Decision: Since χ^2 calculated is less than χ^2 tabulated i.e. $4.352 < 7.82$

The null hypothesis (H_0) is accepted and the alternative Hypothesis (H_1) is rejected which state that “The non-acceptability of sales promotion may not significantly determine the patronage of financial products.”

Thus the non-acceptability of sales promotion may not significantly determine the patronage of financial products in the financial sector.

RESEARCH HYPOTHESIS TWO

H₀: The use of sales promotion may not significantly serve as a major sustenance of short term sales strategy.

H₁: The use of sales promotion may significantly serve as a major sustenance of short term sales strategy.

In order to test the hypothesis, Chi-square method of statistical analysis is used. Data for the testing of hypothesis is drawn from table 2 and table 3 which represent the observed frequency (O_i)

TABLE 10: OBSERVED FREQUENCY (O_i)

Response Variable	Table 2	Table 3	Total
Strongly agree	74	40	114
Agree	48	114	162
Disagree	33	11	44
Strongly Disagree	13	3	16
Total	168	168	336

Table of Expected Frequency (e_i)

The values in these tables are calculated using the stated formula:

$$E = \frac{r_i \times c_t}{G_t}$$

Where

R_t = Row Total

C_t = Column Total

G_t = Grand Total

Table 11:Expected Frequency (e_i)

Response Variable	Table 2	Table 3	Total
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Strongly agree	57	57	114
Agree	81	81	162
Disagree	22	22	44
Strongly Disagree	8	8	16
Total	168	168	336

Table 12: Chi-Square (χ^2)

O _i	E _i	O _i - e _i	(O _i - e _i) ²	(O _i - e _i) ² /e _i
74	57	17	289	5.1
48	81	-33	1089	13.4
33	22	11	121	5.5
13	8	5	25	3.1
40	57	-17	289	5.1
114	81	33	1089	13.4
11	22	-11	121	5.5
3	8	-5	25	3.1
				54.2

Degree of freedom

df = No of rows

c = No of columns

df = (4-1) (2-1)

df = 3 x 1

df = 3

Thus, at 5% level of significant, χ^2 tabulated value is 7.82

Decision: Since χ^2 calculated is greater than χ^2 tabulated i.e. $54.2 > 7.82$

The null hypothesis (H₀) is rejected and the alternative Hypothesis (H₁) is accepted which state that “The use of sales promotion may significantly serve as a major sustenance of short term sales strategy.” Thus, the above analysis shows that the use of sales promotion may significantly serve as a major sustenance of short term sales strategy in the financial service sector.

DISCUSSION OF RESULT.

The test of hypothesis 1, as presented in table 9 revealed that the non-acceptability of sales promotion may not significantly determine the patronage of financial products in the financial sector, as χ^2 calculated is less than χ^2 tabulated: $4.352 < 7.82$.

Philip Kotler (2003) agreed that sales promotion is designed to stimulate quicker or greater purchase of particular products or services by consumers.

The test of hypothesis two, as presented in table 12 revealed that the use of sales promotion may significantly serve as a major sustenance of short term sales strategy, as χ^2 calculated is greater than χ^2 tabulated: $54.2 > 7.82$.

Philip Kotler (2003) agreed that sales promotions used in markets of high brand similarity produce a high sales response in the short run.

Conclusion

In the light of this study, it seems justifiable to conclude that Sales promotion has a lot to do in strengthening the financial service sector. This is because it serve as an essential marketing communication tool in promoting brand preference

In addition, sales promotion plays a positive role in the financial base of any organization because it increases profit and the equity base in the market space. Marketing experts and consultants also need to improve on the myriad of strategies used in sales promotion in order to attract prospective and existing customers.

Recommendations

The findings of the study revealed that sales promotion plays a positive role in strengthening the financial service sector and that most banks are involved in this promotional mix, but that more could be done to improve their contributions. Therefore, in the light of this, the following recommendations have been given for better and more impact of sales promotion.

1. Banks should endeavor to spend more money on sales promotion and not see it as a waste of money or time because it is not advertising.
2. Banks should develop different means of sales promotion activities apart from the ones customer's are used to and should conduct more research on the most preferable sales promotion for its customers.
3. The strategic impact of sales promotion is best observed when they are designed or built in a three to four years plan of promotional activities, coordinated with other promotional tools and integrated with the business strategy.
4. Banks should research and involve in sales promotion activities and get themselves more acquainted with the importance and benefits accrued to it.

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