The Role of Advertisement and Sales Promotion in Student’s Choice of Service Providers

Hindu J. Amin*, Ahmed L. Ala

*Department of Business Administration, Nigerian Turkish Nile University, Cadastral Zone, Abuja, Nigeria.

bDepartment of Agricultural Economics, Usmanu Danfodiyo University Sokoto, Nigeria.

a Email: hinduamin68@yahoo.com

b Email: alala20002003@yahoo.com

Abstract

This Paper Looks at the role played by advertisement and sales promotion on students purchase behaviour of GSM services, with particular references to university students in selected universities in north – eastern part of Nigeria. The study aimed at determining the role played by advertising and sales promotion on student’s purchase behaviour.

Questionnaires were administered to both the students and GSM providers to gather information. An interview was also used to determine the marketing strategies employed in terms of advertising and sales promotion.

The study established that the students are aware of all the services available, but utilize only few of them. Sales promotion was found to have greater influence than advertisement. This is due to the incentives attached to sales promotion.

Keywords: Advertising, Sales promotion and purchase Behaviour
1. Introduction

Information technology is moving at an unprecedented and unimaginable speed, and Nigeria and the rest of Africa cannot afford to be left behind, since technology has become a major yardstick of development and advancement. The world economy has become part of the global system and this is made possible by information network [1].

Developing countries like Nigeria that aspire to participate effectively and become equal partners in the emerging global market need to have in place, a functional and efficient telecommunications system. Due to the importance of communication, Nigeria has joined the international telecommunications network as a step towards improving and positioning itself to compete in the global economy.

Nigeria being the most populous African nation, its citizens are in dire need of basic communication for effective socio-economic development. Therefore, it becomes a good niche and attractive market for global systems for mobile (GSM) companies.

1.1 Using Source Usage to Predict Satisfaction

Information is often used by consumers to reduce the inherent uncertainties associated with high-cost or high-profile goods and services [2,3]. Previous studies have shown that many consumers find value in the search process and engage in it with the purpose of making a better (and more satisfying) consumer choice [4]. The author in [5] defines a "poor consumer choice" as a situation where in a consumer would have chosen a different product if he or she would have had other product information "(1) at no cost to the consumer and (2) in the amount and form desired by the consumer" (p. 162). Considering that various sources are likely to contain different types of information, it follows that the information sources that are used by consumers would impact not only on their choice selection(s), but their satisfaction as well. Satisfaction—both with the product and with the purchase transaction—is of clear importance to practitioners, policymakers, and consumers. Note that proposed increases in satisfaction may occur for one of two reasons.

First, it could be that a particular information source provides critical information that actually results in a more efficient purchase situation, wherein a better choice (relevant to the particular consumer) is made. Alternatively, it could be argued that certain information sources do not actually lead to better decisions, but rather give the impression to the consumer that a good choice was made due to the consultation of seemingly objective information. In case, purchase and product satisfaction would be expected to increase for information sources that either provide objective, unbiased, useful information, or at least appear to do so. Information source is important to customers, that is why companies use celebrities in their advertisements, customers always associate advertisements with the source from which the information is received.

Conventional research into how advertising works and its effects on consumers tended to focus on the importance of the advertising message and/or the execution strategy, and moderated this with concepts
such as involvement, motivation and intentionality [6,7,8]. This suggested that consumers actively process those advertisements that coincide with particular purchase needs, and respond to brand, product or service information according to the cognitive or affective appeals of the advertisement. However, this type of research also tended to cast the audience (actual or potential customers) as ‘receivers’ of commercial information, rather than as the central actors in the communication process who co-create meaning and relationships. More recent research into advertising effectiveness prioritises the dynamic nature of the relationships between audiences and the advertising information and imagery they choose to interact with [9,10,11]. This shift in emphasis from the advertiser to the audience has coincided with increasing interest in consumer culture theory [12,13], brand communities [14,15] and the new service dominant logic of marketing [16].

Every business activity must start with the understanding of customer needs. It is very important for organizations to be aware of what the mobile Internet can do for customers. In this new economy, customers are more demanding for better services with special features and reasonable prices [17,18]. The proper information is one of the features that customer are looking for. [19] Introduce two useful concepts about information: richness, which refers to the quality of information, and reach, which refers to the number of customers that receive a certain type of information. They mention that there is a trade-off between reach and richness. Also, from different sources [17,20,21], have selected other important features of mobile Internet services for creating mobile customer value: ubiquity, localization, convenience, security, accessibility, personalization, capacity, size and forms, security, and price. In light of this, it is therefore, important to set out a strategy in order to achieve your set goals.

Strategy is defined as the creation of a unique and valuable position, involving a different set of activities, and is the starting point to set proper goals for your business. Porter [22] argues that strategy is more vital than ever in this new economy, and suggests that Internet initiatives and strategy should be integrated to create competitive advantage. [23] Also emphasize the importance of strategy in today’s unpredictable and complex markets. They mention keeping strategy clear and simple by focusing on a unique set of strategic processes, while setting out the strategy, it is also proper to have a business model for the organization set out in – line with the objectives of the said organization.

1.1 Consumer Learning Model

In many service industries, consumers choose a service plan according to their expected consumption. However, choice of plans and consumption of services differ from the traditionally analyzed choice and quantity decisions of grocery products in two distinct ways. [24] Focus on wireless services to illustrate these differences. First, unlike the situation in products, the quality of a service is difficult to assess because of the large variability inherent in service delivery. For example, the quality of Coke is fairly consistent over time, but the quality of a wireless service may vary depending on customer contact. Therefore, a customer can learn about the true quality of a service provider only after repeated usage. Second, services are perishable. If a consumer buys more Coke than he or she wants to
consume in a period, it can be easily stored for future usage. However, except for a few wireless service providers (e.g. Cingular Wireless) if a customer does not use his or her free minutes for a month, they cannot be carried over to the next month. In other words, consumers observe their usage and, over time, learn about their own consumption. In turn, this can lead them to change their service plan in the future.

Some researchers have also focused on usage uncertainty, [25] shows that as the two consumer decisions of choice of service and consumption of service are separated, consumers are uncertain about how much they might eventually consume. Similarly, [26] analyse the effect of consumers’ future use of an interactive television entertainment service on whether they will continue the service. [27] Analyse data from an experiment conducted by south Central Bell. They developed a model for plan choice and consumption that incorporates consumers’ usage uncertainty. In their experiment, people had a choice between a flat-rate pricing scheme and a two-part tariff.

Service contexts also have another unique aspect namely, the presence of nonlinear pricing schemes. Within the wireless industry, pricing schemes are typically characterized by an access fee, included free minutes, and a per-minute marginal price for any consumption in excess of the free minutes. Such pricing schemes are termed “increasing block” because the applicable marginal price increases with consumption. Although the focus on the wireless industry, increasing-block schemes are also used for other services. For example, in the electricity and water supply industry, the total charges payable by consumers are based on their consumption in the billing period, and the applied per-unit rates typically increase with increasing consumption [28,29,30].

1.3 An Overview of Sales Promotion

Sales promotions are all around us. The GSM industries are always in one form of promotion or the other trying to induce customers to patronize their services rather than their competitors’. Within the field of marketing communications the term ‘sales promotion’ is frequently used as a ‘catch – all’ term encompassing those elements which cannot be classified as advertising, selling or public relations. Sales promotion can be defined as: ‘marketing activities usually specific to a time period, place or customer group, which encourage a direct response from consumers or marketing intermediaries, through the offer of additional benefits,’

1.4 Promotion Response When Competitive Promotions Are Unobservable

Researchers in marketing have devoted considerable attention to the estimation of promotion response models to assess the effects of promotional efforts by a brand on its own and competitors’ sales (for a comprehensive review, see [31]. A vast literature already exists in areas such as the effects of advertising[32,33], personal selling [34], sales promotion [35], and price discounts [36] on brand sales at the national and market levels. Most studies on the development and application of promotion response models in marketing focus on packaged goods, for which data on sales and marketing efforts
by the leading brands competing in each product category are often available from syndicated sources. This wealth of data enables researchers to develop elegant and sophisticated models of brand competition that provide estimates of own and cross-elasticities. Under this situation, the brand manager can draw inferences about the impact of marketing efforts on his or her own brand and competitor brands and, furthermore, about his or her vulnerability to competitive efforts, [37], is of the view that disaggregate analyses using single source data provide an even clearer picture of cross competitive effects, enabling the manager to tailor his or her efforts to each individual household on the basis of individual-level estimates of down- and cross-elasticities.

1.5 The Sales Impact of Promotion-Induced Stockpiling

Consumers buy more of goods and services when there is promotion, they tend to buy more than what they really need because of the reduction in price. [38] is of the belief that consumer stockpiling is a fundamental consequence of sales promotion. It occurs because the promotion induces consumers to buy sooner or to buy more than they would have otherwise [39]; [40]. Either way, consumers end up with more quantity than they would have had in the absence of promotion. [39] Show that promotion-induced stockpiling allows retailers to transfer inventory holding costs to consumers. Evidence of consumer stockpiling is found directly in panel data analyses of purchase incidence and quantity [41]; [42,43,44] and indirectly in the detection of post promotion dips in weekly sales data [45,46,47].

Whether consumer stockpiling hurts or benefits the manufacturer of the promoted brand depends on what consumers do after the promotion. If the resultant extra household inventory leads people to consume more of the category, this is a benefit to the manufacturer. We call this the “consumption effect.” If the extra inventory pre-empts future purchases of the promoted brand, this is a cost to the manufacturer because the manufacturer’s profit margin is typically lower during promotion periods than during non promotion periods [48]. We call pre-emption of the promoted brand’s future purchases “loyal acceleration.” If the extra inventory pre-empts future purchases of competing brands, this is a benefit to the manufacturer because it takes consumers out of the market for competing brands [49]. We call this “pre-emptive switching.” If the extra inventory affects future brand choice after the promotion, this can either benefit or hurt the manufacturer, depending on whether the brand’s future purchase probability increases or decreases. We call this the “repeat purchase effect.”

2. Materials and Methods

There were two instruments used in collecting data for this work: i) questionnaire and interview schedule. There were two questionnaires; one administered to students, while the other one was administered to the service providers. An interview schedule was also utilized to clarify some issues in the questionnaire with the service providers. The service providers were asked several questions on how they felt about advertising and sales promotion in relation to Marketing of their services. The primary data came mainly from the questionnaire. The questionnaire consists of different categories of
questions relating to advertising, sales promotion and consumer choice of GSM service. The preparation of the questionnaire was guided by the research problems.

3. Results:

Reasons how Advertisement and Sales Promotion Influence Purchases

Table 1: Distribution of Respondents based on the Role Played by Advertisement on Initial Purchase, Additions and Change

<table>
<thead>
<tr>
<th></th>
<th>Initial Purchase</th>
<th>Additional Purchase</th>
<th>Change of Network</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Regular contacts</td>
<td>391</td>
<td>85.55</td>
<td>382</td>
</tr>
<tr>
<td>Adverts were entertaining</td>
<td>393</td>
<td>83.97</td>
<td>379</td>
</tr>
<tr>
<td>Adverts were appealing</td>
<td>390</td>
<td>83.33</td>
<td>371</td>
</tr>
<tr>
<td>Adverts were informative</td>
<td>378</td>
<td>80.77</td>
<td>386</td>
</tr>
<tr>
<td>Adverts were unique</td>
<td>385</td>
<td>82.26</td>
<td>371</td>
</tr>
<tr>
<td>Slogans were captivating</td>
<td>381</td>
<td>81.41</td>
<td>344</td>
</tr>
<tr>
<td>Total</td>
<td>381</td>
<td>81.41</td>
<td>344</td>
</tr>
</tbody>
</table>

Source: Fieldwork

*Multiple Responses

Advertisement has a significant effect on initial purchases, additions and change. However, advertising is found to have higher effect on initial purchase than additions and change. Advertisements are said to be entertaining. The students have regular contact with the advertisements, and they found the advertisements to be appealing.
Sales promotion is also found to have more effect on initial purchase, than additions and change. Though the responses were equally distributed, the initial purchase has a slightly higher weight than additions and change of network. When compared with advertising, sales promotion has more influence on purchases than advertising. Students found sales promotions to be entertaining, while they were looking forward to getting bonus airtime; free text messages and the likelihood of winning something; this was shown on table 2 below. In all the purchases there is only slight differences in the distribution, which indicate that both advertisement and sales promotion has effect on student purchases.

Table 2: Distribution of Respondents based on the Role Played by Sales Promotion on Initial Purchase, Additions and Change of Network

<table>
<thead>
<tr>
<th></th>
<th>Initial Purchase</th>
<th></th>
<th>Additional Purchase</th>
<th></th>
<th>Change of Network</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
</tr>
<tr>
<td>Bonus air time</td>
<td>412</td>
<td>88.03</td>
<td>381</td>
<td>81.41</td>
<td>341</td>
<td>72.86</td>
</tr>
<tr>
<td>Free text</td>
<td>398</td>
<td>85.04</td>
<td>388</td>
<td>82.91</td>
<td>342</td>
<td>73.08</td>
</tr>
<tr>
<td>Winning something</td>
<td>394</td>
<td>84.19</td>
<td>377</td>
<td>80.56</td>
<td>339</td>
<td>72.43</td>
</tr>
<tr>
<td>Used celebrities</td>
<td>394</td>
<td>84.19</td>
<td>376</td>
<td>80.34</td>
<td>341</td>
<td>72.86</td>
</tr>
<tr>
<td>Frequency of promotions</td>
<td>397</td>
<td>84.83</td>
<td>370</td>
<td>79.06</td>
<td>335</td>
<td>71.58</td>
</tr>
<tr>
<td>Promotions were entertaining</td>
<td>391</td>
<td>83.55</td>
<td>357</td>
<td>76.28</td>
<td>326</td>
<td>69.66</td>
</tr>
<tr>
<td>Promotions were informative</td>
<td>401</td>
<td>85.68</td>
<td>357</td>
<td>76.28</td>
<td>327</td>
<td>69.87</td>
</tr>
<tr>
<td>Promotions were appealing</td>
<td>390</td>
<td>83.33</td>
<td>355</td>
<td>75.85</td>
<td>324</td>
<td>69.23</td>
</tr>
</tbody>
</table>

456
Promotions were ungula

<table>
<thead>
<tr>
<th>Frequency</th>
<th>%</th>
<th>Frequency</th>
<th>%</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>382</td>
<td>81.62</td>
<td>342</td>
<td>73.08</td>
<td>306</td>
<td>65.38</td>
</tr>
</tbody>
</table>

**Total** 3,559 3,303 2,981

**Source:** Fieldwork

*Multiple Responses*

Based on the other factors that influences initial purchase, additions and change of networks as shown on table 3 below, Availability of services is one of the important factors in all purchases, cost of service and then geographical coverage is also shown to be important. There is higher influence on initial purchases than additions and change.

**Table 3: Distribution of Respondents based on other Factors that Influenced Initial purchase, Additions and Change of Network**

<table>
<thead>
<tr>
<th></th>
<th>Initial Purchase</th>
<th>Additional Purchase</th>
<th>Change of Network</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Geographical</td>
<td>454</td>
<td>97.01</td>
<td>437</td>
</tr>
<tr>
<td>Cost of Service</td>
<td>456</td>
<td>97.44</td>
<td>432</td>
</tr>
<tr>
<td>Efficiency of service</td>
<td>450</td>
<td>96.15</td>
<td>435</td>
</tr>
<tr>
<td>Prompt response to complaints</td>
<td>443</td>
<td>94.66</td>
<td>421</td>
</tr>
<tr>
<td>Range of services provided</td>
<td>430</td>
<td>91.88</td>
<td>404</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,690</td>
<td>2,567</td>
<td>2,588</td>
</tr>
</tbody>
</table>

**Source:** Fieldwork. *Multiple Responses.*
Sales promotion is accepted by the respondents as having played a role in the purchase of GSM services. Promotions used by the GSM operators included: bonus air time, draws, free text messages and more. Promotions also include use of celebrities. On the network first patronized, respondents were also almost equally distributed in their responses. These factors include: Geographical coverage, availability of services, cost, and efficiency of services, and response to complaints and range of services provided. These factors are all obviously vital in selection of network and are therefore, bound to have some respondents patronizing networks based on them. It may also explain why the responses were almost equally distributed among them suggesting that they are of relatively equal importance to respondents in the choice of services. When it comes to making advertisements, a critical fact-based scrutiny of the dynamic details of how consumers are feeling, thinking, processing and behaving are essential in informing effective advertising solutions [49].

About 82% indicated that they use other networks. The reason given by the respondents for such action is due to disappointment or dissatisfaction with the initial line or superior services and incentives provided by the other network. Only a quarter of the respondents stuck to their initial network. It is possible that these categories of respondents are not avid users of GSM. Such category of customers would not crave for incentives and are not likely to be frequently disappointed if services are disrupted or inefficient because of their low usage of the service.

Respondents added other line to their initial ones, the study revealed that Globacom was the most frequently added because 33% added it to their initial network. Globacom is the newest of these networks studied and they seem to have an aggressive expansion strategy. Also it is likely that advertisement and other incentives as well as value for money were at play in their choice of Globacom over other networks. Globacom was closely followed by Zain 32% and MTN 30% as networks added to the initial ones by the respondents. Advertisement and sales promotion obviously played an important role in additions of networks by the respondents. This was affirmed by 80% of the respondents as shown in Table 1. On the advertisement attributes, respondents ranked the factors listed almost equally (ranging from 61% to 82%). This means that although some of the advertisement attributes may be more appealing than others to some respondents; they evened out when viewed holistically. These advertisement attributes include: regular contact, informativeness, appeal, uniqueness, and how captivating the adverts were.

**Hypothesis one: There is no Significant Relationship between Advertisement, Sales Promotion and Students’ Choice of GSM Services**

In determining the relationship, the researcher used correlation coefficient to establish if there is any relationship between advertisement, sales promotion and students’ choice of GSM services. Hypothesis one shows the various services providers, then the correlation between the GSM operators and advertisement, as well as sales promotion.
In determining the relationship, the researcher used correlation coefficient to establish if there is any relationship between advertisement, sales promotion and students’ choice of GSM services. Hypothesis one shows the various services providers, then the correlation between the GSM operators and advertisement, as well as sales promotion.

Hypothesis 1: As shown on the table indicated that Glo has positive and significant result in relation to sales promotion with a correlation coefficient of 0.598, the significant value is at 5%, while Zain is positive and significant in relation to advertisement at 0.418% correlation coefficient. The result also shows acceptance at a very high level that advertisement and sales promotions influence student patronage of the GSM services.

Advertisement effectiveness is an important factor to be considered by advertisers. It is also important that adverts are cost effective otherwise companies can spend money on advertisements without realizing commensurate benefits.

Advertisement and sales promotion were not the only determinant factors that influenced purchase behaviour of GSM services. There are other factors which include: geographical coverage, availability of service, efficiency of service, prompt response to complaints and the range of services provided. Cost of service was also found to have a positive relationship.
Advertisement played a significant role in influencing students to purchase a particular network, due to their regular contacts with the adverts.

Sales promotion is also said to affect students in their choice of networks, because students always look for promos such as free text messages and bonus airtime, they indicated that they liked promotions because of the likelihood of winning something. Apart from advertisement and sales promotions other factors which mostly influence choice of network are the availability of service and geographical coverage.

Advertisement and sales promotions has influence on initial purchase and additions, this was indicated by the respondents when 80% of them agree that advertisement and sales promotions played a role in their addition of network. Out of the total number of respondents, 143 changed their lines. 120 added other lines, which mean that majority of the respondents either, use their initial network or change to another network for reliability of services such as; geographical coverage, availability of services, cost efficiency of service, prompt response to complaints and the range of services provided. In all these factors most of the responses were evenly distributed among the respondents, this indicated that all are more or less important to the respondents.

It is obvious that the service providers were conscious of the effectiveness of their advertisements. Advertisement effectiveness is an important factor to be considered by advertisers. It is also important that adverts are cost effective otherwise companies can spend money on advertisements without realizing commensurate benefits. The GSM service providers were also conscious of the importance of quality of service as a major determinant of patronage by customers and they all mentioned this as the reason why they are patronized by customers.

4. Conclusion:

In conclusion therefore, the research found out that advertisement and sales promotion have significant influence on the purchase of GSM services by University students. Sales promotion was shown to have greater influence than advertisement on students’ choice of GSM services. Students were aware of all the services available, but utilize only few of the services. Other factors such as; availability of services, prompt response to complaints, efficiency of service also influence purchase behaviour.

There is also need to study other segments in greater details to elucidate their purchase / consumption behaviour so as to enable the GSM operators to better target their services more effectively. This work basically involved studying the role of advertisement and sales promotion on purchase behavior, the study is restricted to students of Universities in the north – eastern part of Nigeria. There is therefore the need; for a benefit – cost study by GSM companies to find out which particular advertisement and media are effective for use. Also the sales promotion should be subjected to benefit – cost analysis to find out the best means of achieving the desired objective.
References


[34] R. Blattberg, and K. J. Wisniewski (1989) ,“Price –Induced Patterns of Competition,” Marketing Science, 8 (Fall), 291 – 309


