Assessing the Effectiveness of Promotion as a Marketing Management Tool in the Nigerian Telecommunication Industry

1Obasan, Kehinde, A and 2Soyebo Yusuf, A.
1Department of Business Administration, Olabisi Onabanjo University, Ago – Iwoye, Ogun State, Nigeria.
2Department of Accounting And Finance, Lagos State University, Ojo

Abstract
The rapid forces of globalization, change and competition have compelled firms to formulate marketing strategy and mix that operate beyond the present market challenges by satisfying current customer and entice a sizeable proportion of the target market in the long run through a continuous modification of its various tools. Using the Pearson correlation coefficient and a primary data obtained through a structured questionnaire administered to 100 selected staff of Globacom Telecommunication Nigeria, Ltd., this study assessed the effectiveness of promotion as a marketing management tool in the Nigerian telecommunication industry. This study revealed that promotion has a significant effect on marketing management with a correlation value of 0.869 which implies that promotion is a good marketing tool for survival, sustenance and expansion of business in the Nigerian Telecommunication Industry which requires regular reviews in order to meets customer’s needs and satisfaction and must focus on the firm short and long run competitive advantage through a blend of the firm, clients, competitors and other stakeholder’s interest. Hence, it is recommended that telecommunication Industry in Nigeria should appreciate and exploit the opportunities offered by promotion and learn how to modify promotional techniques to meet the needs to diverse target market like Nigeria.

Keywords: marketing; promotion, competition, telecommunication, business; customer

INTRODUCTION
Globally, business environments always witness change in various forms with competition being a pivotal element in the change forces. From 1850s, the focus on production business orientation changed to sales orientation in the early of 1900s because of increasing competition and from that time, companies tried to persuade customers to purchase their products. By 1950s, companies recognized that pushing products which they designed for customers was not effective enough. Instead, they developed products according to their customers’ needs. Hence a new business orientation was built with the focus on the market’s demands called marketing orientation.

The advent of globalization had helped the telecommunication industry to gain more popularity while its service patronage is growing rapidly among citizenry. This has prompt telecommunication marketers to developed new strategies aimed at increase their customer’s size. Mobile phone is the most promising and high growth area of telecommunication, with more than 1.7 billion global subscribers and about 80% of the world’s population covered by mobile networks. Mobile phone is becoming so popular that people are leaving landline to rely completely on mobile phones primarily because of mobility, safety, price and privacy (Alhaiou 2000).

Furthermore, one of its benefits is the international roaming service capability, which gives consumers the ability to use same number to contact others in many countries any time anywhere. Presently, customers can go to market with more knowledge, choices and value that new technology has brought to customers’ daily lives. The usage of mobile phones has now extended from voice communications to the internet (Azila and Noor 2011), on the other hand, phones serve as a personal organizers, with built-in cameras, camcorders, games, music playback radio, push-to-talk, infrared and Bluetooth connectivity, and ability to watch video and TV services (Xevelonaki 2005)

This indicates that the new mobile phone device can now provide users with many facilities to ensure customer enjoyment, satisfaction and loyalty. The objective of service companies that offer communication services is to develop services to satisfy the customers. In due time, satisfied customers will be those that will be loyal and help the company to sustain business. It should be observed that
retention of existing customers is much cheaper than acquiring a new customer; therefore, companies including communication companies are putting much more emphasis on promotions as a marketing management tool to managing customer relationship and to increase customer satisfaction and loyalty. At present due to environmental dynamism and competitiveness, the struggle for survival and success in the business has become more difficult and challenging. The growth trend and nature of the service industry with the competitive environment brought several and special problems for services marketing. Since service encounters are complex and multiple factors affect interactions, organizations have to adopt holistic marketing approach to deal with these problems. In line with the above identified peculiar problems with service industry, this study seeks to assess the effectiveness of promotion as a marketing management tool in the Nigerian telecommunication Industry.

LITERATURE REVIEW
Kotler (1991) opined that marketing concept is the logical starting point for the search for new products and ideas concerning customers need and wants. In this way, firm’s success is highly dependent on the extent to which she could integrate her knowledge about the customers with her own intellectual, creative capacity and skills. Consequently, Competitive advantage is secured through intelligent identification and satisfaction of customers’ needs better than competitors and sustenance of customer’s satisfaction through better customer service tools. Marketers use numerous tools to elicit the desired responses from their target markets. These tools constitute a marketing mix, a set of marketing tools that the firm uses to pursue its marketing objectives in the target market. McCarthy (1999) classified these tools into four broad groups that he called the four Ps of marketing: product, price, place, and promotion. Marketing-mix decisions must be made to influence the trade channels as well as the final consumers. Typically, the firm can change its price, sales-force size, and advertising expenditures in the short run. However, it can develop new products and modify its distribution channels only in the long run. Thus, the firm typically makes fewer period-to-period marketing-mix changes in the short run than the number of marketing-mix decision variables might suggest.

According to Kotler (2010) Marketing Management entails the art and science of applying core marketing concepts to choose target markets and get, keep, and grow customers through creating, delivering, and communicating superior customer value. It is a discipline which focused on the practical application of marketing techniques and the management of a firm's marketing resources and activities (Joshi, 2005).

Competition is a critical factor in marketing management which includes all actual and potential rival offerings and substitutes that a buyer might consider. In the telecommunications Industry, competition is intense and several factors are forcing major changes. Mergers and consolidation have completely altered the industry’s landscape and cross-border ownership of telecom businesses is making this a globalized industry. Deregulation and privatization will have a continual effect worldwide. Internet and wireless technologies are continuing to advance rapidly quickly changing customer preferences, disrupting traditional communication methods and forcing prices downward.

The telecommunications industry encompasses many technology-related business sectors including: Local and long-distance telephone services, wireless communications, Internet, Fiber-optics, Satellites, Cable TV systems, etc. Cable companies are now aggressively offering local telephone service and Internet service. Telecommunications service providers are now selling TV via Internet protocol services, competing directly against cable for consumers’ entertainment dollars and making the relationship between the telecom and cable sectors more and more complex. Ingenuity, innovation, insight and a reasonable approach to spending and investment can help to move the industry ahead. To drive these, telecommunications service providers will need to employ cost-effective business intelligence (BI) solutions and designed the appropriate the marketing management techniques to achieve their organisational objectives.

Fornell (1992) and Levesque and McDaugall, (1999) assumed that Customer’s satisfaction holds the potential for increasing an organization’s customer base, increase the use of more volatile customer mix and increase the firm’s reputation. Zeithaml and Bitner (2003) defined customers service as a series of activities designed to enhance the level of customer’s satisfaction that is, the feeling that a product or service has met customer’s expectation. Customer’s service varies by product, industry and customer with the service industry assume important dimension. Dutta and Roy (2006) observed that the service industry have no inventory of finished goods to buffer production from random demand variability; the demand for corporate survival, profitability and growth forced the service firm hold their own in competition. The Nigerian telecommunication industry for one, has witnessed significant rise in competition in recent years due largely to the deregulation policy of government and the advent of mobile telecommunication companies. Another complex dimension to the competitive trend in the Nigerian telecommunication industry is the ease and rate at which products and services are duplicated in the industry and multi-dimension nature of
communication. This trend fosters a scenario of continuous fight for customers share (Mendzela, 1999) and increasing the need to build loyal customers through effective customer’s service activities.

Reichheld and Kenny (1990) opined that loyal customers from cost perspective tend to stay longer with the preferred providers, buy more and generate favourable word-of-mouth effect that may further benefit the preferred provider. Furthermore, Long term customers tend to take less of company time and are less sensitive to price. Gan et al. (2006) indicates that retaining customer becomes a priority for most enterprise and there are compelling arguments for manager to carefully consider the factor that might increase customer’s retention rate. In any case, the cost of creating a new customer has been estimated to be five times the cost of retaining an existing customer (Reichheld, 1996).

THEORETICAL FRAMEWORK
Rogers (1995) argued that four variables collectively influence diffusion process: innovation, time, nature of social system and how information about the innovation is communicated. Building on Individual Innovativeness theory one of the subset of the metatheory of diffusion, Surry (1997) and Norman (1998) proposed the Technology Adoption Life Cycle Model (TALCM) a model which argued that success in marketing technology products entails applying appropriate marketing strategies to different categories of adopters. Hence, unless technology vendors match stages/customers with appropriate marketing strategies, customers’ satisfaction, market share and sustainable profit are compromised. This theoretical premise encourage Aminu and Hartini (2008) to examine 85 extensive literatures in marketing technology-enabled services with special interest in telecommunication/mobile phone business in order to customize the model since most innovation studies concentrates on tangible technology.

Grönroos (1994) points the need to perform tasks other than traditional marketing mix when dealing with products that require repairs, maintenance, delivery, installation, interactivity, long-term relationship among others. As a result he encourages the inclusion of customer support as an integral part of marketing effort. Obviously GSM services share at least some of the aforementioned features. Also, Meldrum (1995) observed that technology vendors need to invest in both technology infrastructures such as efficient offering, design capabilities, compatibility as well as marketing infrastructure to ensure efficient sale, distribution, support and promotion in order to excel in the challenging high-tech environment. In a nutshell, it’s crystal clear that the traditional marketing mix variable requires fine turning to be effective in marketing technology products (Gronhaug and Möller, 2005) and as the popular 4Ps version has been heavily criticize for its inability to address different marketing contexts.

According to Clancy et. al. (2000) to create an effective, cost-efficient Marketing management strategy, firms must possess a detailed, objective understanding of their own business and the market in which they operate. Extensive review of literature and focus group analysis revealed nine marketing mix variables: product (service), pricing, promotion, information, transaction, distribution, reliability, customer service and personalization that influence client’s satisfaction. Promotion is an important mix because the consumers are informed about the new products and their attributes before they develop positive attitudes toward them. It is a way to persuade and informing the target market about the product existence and hence like the product. According to Sivadas and Baker-Prewitt (2000) a satisfied customer will send word-of-mouth to the others thereby increasing the demand of the product. A good promotion involves product, distribution and price components of marketing. A business’ total marketing communications programme is called the "promotional mix" and consists of a blend of advertising, personal selling, sales promotion, brand management, product placement and public relations tools. It has been established that many companies apply these promotion mix elements in order to increase sales revenue.

According to Shimp (2003) viewed sales promotion as any incentive used by a manufacturer to induce the trade or consumers to buy a brand and to encourage the sales force to aggressively sell it. Retailers also use promotional incentives to encourage desired behaviours from consumers. Sales promotion is more short-term oriented and capable of influencing behaviour. Totten & Block (1994) stated that the term sales promotion refers to many kinds of selling incentives and techniques intended to produce immediate or short-term sales effects. Typical sales promotion includes coupons, samples, in-pack premiums, price-offs, displays, etc. Coupons have been used to produce trial (Robinson & Carmack 1997).

According to Ndubisi & Chew (2006), In term of coupon promotions, those consumers obtained coupon are entitled to get discount of the products at its original price while Gilbert and Jackaria (2002) concurring to the popularity of coupon reported that coupon is ranked last as the promotional least widely used by consumers and least influence on product trial. Peter and Olson (1996) view trialability as the degree to which a product can be tried on a limited basis or divided into small quantities for an inexpensive trial. While brands have a chance to
quickly affect consumer choice and behaviour by adding value through an on-pack offer, by achieving incremental display or by encouraging trial via sampling and/or couponing.

According to Schindler (1998), a price promotion that is designed to evoke attributions of responsibility could be expected to appeal to consumers more than one that does not evoke such attributions, and thus have a greater ability to create product trial among consumers. Chandon, et al. (2000) indicated that sales promotion may be attractive to highly promotion prone consumers for reasons beyond price savings. These highly promotion prone consumers may switch brands to receive "special" deals that reflect and reinforce their smart shopper self-perception. They concluded that highly promotion prone consumers might try a new product that has promotion and the magnitude of planned distribution and promotion expenditures (advertising, sales promotions, sales force, and so on) could affect initial trial of the brand.

METHODOLOGY
This study used a descriptive survey design with a target population of the Nigerian telecommunication industry and a case study of Globacom Nigeria Ltd. The target population of this entity was 350 out of which 100 employees was randomly selected for study. Of these participants, 42% were females while 58% were males. Their age ranges from 20-46 years, with a mean age of 33 years. The academic qualifications of the participants ranges from OND, NCE, B.Sc., B.Ed., M.Sc., and M.A. A structured questionnaire was employed as the instrument of the study. The questionnaire was divided into two parts of background and attitude and perception of the respondents, with regards to promotion as a marketing management tool in the Nigerian telecommunication industry using a 5-point Likert scale: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD). There various responses (table 3) were quantified and analyzed using the statistical packages for management scientist to establish the nature of the relationship between promotion and marketing management in Nigerian Telecommunication industry.

Hypothesis: Promotion has no significant effect on marketing management in Nigerian telecommunication industry.

RESULT PRESENTATION AND ANALYSIS
Table 1: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
<th>F-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.869(a)</td>
<td>.756</td>
<td>.754</td>
<td>.70563</td>
<td>1.888</td>
<td>303.67</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), marketing management  
b Dependent Variable: promotion
Source: Author’s computation (2011)

Table 2: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.010</td>
<td>.134</td>
<td></td>
<td>7.529</td>
</tr>
<tr>
<td>marketing management</td>
<td>.099</td>
<td>.006</td>
<td>.869</td>
<td>17.426</td>
</tr>
</tbody>
</table>

a Dependent Variable: promotion  
Source: Author’s computation (2011)

The statistical meanings of the statistical tool used in analyzing the model of this research work were given in this sub-section. The correlation coefficient (r) value of 0.869 indicates the existence of strong positive relationship between marketing management and promotion. The co-efficient of Determination (r²) value of 0.756 explains the proportion of the total variations in promotion that are attributed to variations in marketing management. The r² often overstate the true value of explanations due to the un-adjusted degrees of freedom and to eliminate such, the adjusted r² value of 0.754 shows the actual variation in the promotion attributable to marketing management.

The t-test statistic indicates the individual significance of the parameters used in the model. Each value is compared with the table value (t tab at 5% = 1.70) and they all exert a significant in the functioning of the model. The F-ratio value of 303.67 compared with table value of 3.01 show the overall significance of the model as well as the goodness of fit through its explanatory power. This shows that the model is significant because the calculated F-ratio of 303.67% is greater than the table values of 3.01 at 5% level of significance. To this end, the alternative hypothesis was accepted and it was revealed that Promotion has significant effect on marketing management in Nigerian telecommunication industry.
CONCLUSION AND RECOMMENDATION
This study revealed that promotion has a significant effect on marketing management in Nigerian telecommunication industry and its empirical findings were in line with some of the previous work in this regards, Cuizon (2009) stated that sales promotions are not only effective in attaining short-term sales as they are also more cost-effective compared to other integrated marketing communications tools such as advertising. Moreover, the study of Ndubisi and Chew (2006) also supported that by offering the right promotional tools, it can help organizations carefully plan their promotional strategies by giving preference to the more effective tools. It is vital because a specific marketing strategies decision assists the company to minimize cost and maximize their profit. Hence, this study revealed that promotion is a good marketing tool for survival, sustenance and expansion of business in the Nigerian Telecommunication Industry. It is a veritable which must be reviewed regularly in order to meets customer’s needs and satisfaction. It must focus explicitly on the firm long run competitive advantage by serving as a link between a firm, clients, competitors and other stakeholders.

To this end, telecommunication Industry in Nigeria should appreciate and exploit the opportunities offered by promotion and learn how to modify promotional techniques to meet the needs to diverse target market like Nigeria. Also, they should recruit professionals into the industry because a good promotion requires a professional touch and design to stand as a marketing tool for organisational survival and growth.

REFERENCES


Table 3

<table>
<thead>
<tr>
<th>S/N</th>
<th>STATEMENTS</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The pace of technological innovation has reached an unusually high proportion especially in the last few decades.</td>
<td>25</td>
<td>40</td>
<td>12</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>2</td>
<td>Mobile Telephone represents an industry where consumers’ perceptions and satisfaction judgements are continuously changing due to intense competition.</td>
<td>28</td>
<td>26</td>
<td>17</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>Promotion refers to any incentive used by a manufacturer to induce the trade.</td>
<td>8</td>
<td>26</td>
<td>23</td>
<td>19</td>
<td>24</td>
</tr>
<tr>
<td>4</td>
<td>Marketing is a business section that focuses on the practical application of marketing techniques and the management of a company’s marketing resources and activities.</td>
<td>13</td>
<td>25</td>
<td>20</td>
<td>25</td>
<td>17</td>
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<tr>
<td>5</td>
<td>Effective marketing becomes an essential ingredient for success in mobile telephone industry.</td>
<td>17</td>
<td>11</td>
<td>4</td>
<td>39</td>
<td>29</td>
</tr>
<tr>
<td>6</td>
<td>Marketing mix is a process where specific marketing elements are used to achieve an organization’s or individual’s objectives and satisfy the target market.</td>
<td>32</td>
<td>32</td>
<td>13</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>7</td>
<td>Price promotion does influence new product trial.</td>
<td>24</td>
<td>33</td>
<td>12</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>8</td>
<td>Promotion has significant effect on marketing management in Nigerian telecommunication industry.</td>
<td>30</td>
<td>26</td>
<td>20</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>9</td>
<td>The increase in economic growth is as a result of effective marketing strategy in the Telecommunication industry.</td>
<td>36</td>
<td>33</td>
<td>10</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>10</td>
<td>I believe that marketing strategy plays a central role in the Telecommunication industry.</td>
<td>40</td>
<td>29</td>
<td>9</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>11</td>
<td>The efficiency of marketing strategy affects the performance of all organizations in the Telecommunication industry.</td>
<td>26</td>
<td>29</td>
<td>17</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>12</td>
<td>Marketing Strategy has positive effect on profit making of organization in the Telecommunication industry.</td>
<td>26</td>
<td>25</td>
<td>11</td>
<td>24</td>
<td>14</td>
</tr>
<tr>
<td>13</td>
<td>Promotional mix” and consists of a blend of advertising, personal selling, sales promotion, brand management, product placement and public relations tools</td>
<td>14</td>
<td>49</td>
<td>11</td>
<td>15</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Field Study (2011)