Effective Sales Promotion: A Necessary Catalyst for Elongating the Product Life Cycle in A Developing Economy

Segun Kehinde a, Bankole Oluseun b, Chinonye Moses a, Taiye Borishade a, Oladele Kehinde a, Busola Simon-ilogho a and Kemi Kehinde c

a Business Management, Covenant University, KM 10 Idroko Rd, Ota 112104, Ogun State, Nigeria; chinonye.moses@covenantuniversity.edu.ng (C.M.), taiye.borishade@covenantuniversity.edu.ng (B.T.), oladele.kehinde@covenantuniversity.edu.ng (K.O.), busola.kehinde@covenantuniversity.edu.ng (B.S.)
b Business Management, Federal Polytechnic Ilaro, Nigeria; bseun10@gmail.com (B.O.)
c Languages, Anchor University, Ayobo Street, Ayobo Rd, Ipaja, Lagos, Nigeria; kkehinde@aul.edu.ng (K.K.)

* Correspondence: segun.kehindepgs@stu.cu.edu.ng (S.K.)


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Abstract: The Product Life Cycle (PLC) is a concept that likens a product to animate objects because its life span ranges from introduction to decline. Products can further be likened to human beings to the extent that the lengths of their cycles vary among products, ranging from a few seasons to several decades. This study investigates the effective sales promotion for elongating the product life cycle in a developing economy. This study is designed using a quantitative approach through a survey questionnaire. A total of 100 Coca-Cola Nigeria PLC employees and product consumers participated in this study. The data was analyzed using a regression linear model by assisting SPSS-23. This study concludes that sales promotion is one crucial promotional mix element organizations need to identify and stimulate customer needs and wants. It performs the function of raising awareness of the product to the customer. It increases market share, which, in the long run, helps to sustain its life cycle, especially when perfectly used with other marketing mix elements like price, product, and place. The implication is that the location for redemption of prizes, for instance, in a bonanza, must be easy, or it will weaken the effectiveness of the sale's promotional activity. The findings of this study recommend that companies improve product availability when needed, especially from the production plant to the depot. The promotional strategies should be communicated in the native language of the target market or audience.

Keywords: Sales promotion, Product Life Cycle, Communication; Developing economy

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1. Introduction

All company products follow this cycle pattern, except that some fail during the introductory stage, and others may enter the growth or maturity stage from the beginning. Thus, skipping the slow sales start implied by the introductory stage. Therefore, the product life cycle concept is primarily useful as a basis for designing successful strategies at the various stages of a product's life (Kwok & Uncles, 2005). In this study, sales promotion roles will not be viewed as
competing tools. Rather, its role at different stages of a product's life will be analyzed to clearly understand the level of effectiveness at different stages so that when it is found to be ineffective or less effective, reasons for such will be identified. Recommendations will be given so that users of these marketing communication tools put them to use better to attract the desired result (Otokiti et al., 2007). In recent times, many businesses, especially small and medium-scale ones, have begun to raise questions about how effective sales promotion is to the success of businesses (Otokiti et al., 2007) because sometimes it may seem like a business spends so much on sales promotion. Still, they find out that it does not have the effect they expect it to have on sales, so they question its potency.

Some businesses use sales promotion to enhance sales, and they do not get the desired level of sales about the effort and money spent on sales promotion. Other businesses do not deliberately make or make very little effort to promote sales and have a greater level of sales recorded within that period (Aydin & Özer, 2006). Nigeria, there has been an increase in the level of awareness of businesses towards sales promotion, and with these kinds of doubt already in the air concerning how effective sales promotion is, it poses a threat to the future of sales promotion as a capable marketing tool in Nigeria (Iglesias et al., 2019). It is also a common experience for Small and Medium Scale businesses to have short-lived products or services. It usually translates to them having to close down business quickly after it starts (San Martín et al., 2019). Even though many factors, such as poor infrastructure, lack of funds, and lack of professional skill, are responsible for this, among them is the wrong use of marketing communication tools, especially sales promotion at that wrong stage of the product life cycle (Yabilsu, 2018).

It means that many SME owners need to know exactly when sales promotional activities would help to elongate the life cycle of the product, and also, intending business owners must be informed of the implication of the wrong timing in the use of sales promotional activities on the product and the business as a whole (Peattie & Peattie, 1995). It identifies that several scholars have tried to work on sales promotion generally. However, few of these studies have tried to empirically explore the impact of sales promotion on a product life cycle locally. Thus, research is on a life cycle. Therefore, this study aims to fill the missing strategic void. This study analyzes the extent to which sales promotion determines the life cycle of a product. Thus, the precise objectives of this research are to: (i). Discover if sales promotion affects the life cycle of products. (ii) Determine the stages of the product life cycle where sales promotion will be highly effective. (iii) Examine how sales promotion has affected the life cycle of prominent products in the Nigerian soft drink industry.

2. Literature Review

The ‘promotional mix’ is a term used to define the collection of instruments a company may use to efficiently convey the benefits of its goods or services to its consumers. The promotional mix incorporates tools, sales promotion, advertising, personal selling, direct marketing, and public relations. The promotional mix is part of the larger marketing mix variables.

2.1. Sales Promotion

Sales promotion consists of all the practices that help to increase the sales of a specific product, other than personal sales and advertisement (Peattie & Peattie, 1995). Every businessperson desires to improve the selling of products he deals with. For that reason, he can use several forms that you must have heard of: "Lakhpati Bano", "win a trip to Singapore", "scratch the card and win a prize", etc. You may also have learned of gifts given with some items such as lunch boxes, pencil boxes, pens, shampoo pouches, etc. There are also swap deals, where you can get a new model at a discounted price in a swap for the latest television model. In order to improve the selling of their products, all of these are sold by manufacturers or distributors. Such rewards can be free sample gifts, vouchers, presentations, competitions, etc. Typically, all these measures motivate clients to purchase more, thereby increasing the selling of the commodity. This approach to marketing items is known as "sales promotion". Sales promotion includes short-term stimulus to improve product or service sales. Sales promotion entails many networking practices that aim to provide clients, wholesalers, suppliers, and corporate clients with added value or rewards to promote immediate sales (Suchánek et al., 2011).

Sales promotion is a series of events that are done with the motive of convincing consumers. It can efficiently convince customers to buy a particular product (Chandon et al., 2000). Sales promotion is any short-term tactic to improve a product or service's purchase (Chandon et al., 2000). Typically, but not always, impersonal and usually non-media-based in nature. Sales promotion is the general term used for various promotional instruments not formally defined as advertising, personal sales, or public relations (Shimp, 2000). Promotions can be aimed at a company's sales force, distributors, or distributors, or they can persuade the final customer to purchase (Ansary & Nik Hashim, 2018). Kotler & Keller (2006) said businesses use discounts, contests, premiums, and sales marketing tactics to attract stronger and faster customer responses. Sales promotion can be used for short-run results, such as highlighting the offer of goods and improving sagging sales.
According to them, sales promotion provides three distinctive advantages: (i) Communication- they attract attention, which can lead to customer patronage of a commodity. (ii) Incentive - They include certain discounts, rewards or donations that offer value to the consumer and (iii) Invitation - They include an invitation from the district to participate in the transaction now. Sales promotion can be described, according to the American Marketing Association, as marketing ventures other than personal sales, advertisement and advertisement that act as a catalyst to improve customer buying and dealer performance, such as exposure, demonstration, and various non-current sales efforts, not in the ordinary routine as cited in Jerkins. These definitions encompass various types and reasons for sales promotion; for example, sales promotion may be aimed at trade promotions, the sales force, and consumer promotion.

2.2. Promotions

The main aim of trade promotions is to motivate the trade to carry a particular product line or brand, pushing the merchandise through a channel. One strategy used to achieve this is to offer an abundance of point-of-sale material designed to attract attention to a specific brand, especially if it lures consumers to promotional offers. Whilst many trade promotions are similar to those targeted at consumers or end users, such as discounts for prompt payment or deals on bulk purchases and competitions aimed at dealers, several are different. Retailer trade promotions, for example, may be demanded by the large multiple chains because of their buying power. In grocery retailing, for instance, 60 per cent of the possible consumer market is denied to food manufacturers unless they conform to retail specifications (Stanton, 1993). These specifications include slotting fee allowances, product support packages, advertorials, deferred payment schemes, and trade return sales policies. Slotting allowances are preliminary listing fees demanded by retailers considering allocating shelf space for a new brand. More upfront money is demanded if the manufacturer requires a special display position or premium space requirements. In addition, manufacturers may need help in sharing the cost of the retailer's advertising and sales promotions in-store (El Naggar & Bendary, 2017). Advertorial offers the chance for the manufacturer's brand to be endorsed in-store magazines disguised as publicity. Retailers may also ask for extended credit and a returns policy. A returns policy reduces the risk to the organizational buyer. If goods do not sell within an agreed date and after purchase, the buyer is entitled to return goods. It is particularly pertinent for weak brands, which have yet to prove an impact in the market and are slow-moving moving lines. New products, which need high awareness for market acceptance, may need to be promoted this way. Retailers want to stock high-branded goods with a proven track record since such products might increase store traffic and loyalty. In this case, the balance of power shifts to the manufacturer, who may demand minimum order quantities purchased. Customer-oriented sales promotions, trade promotions, or stimuli offered to the members of the channel system can also be broken down into groups based on their features (Sayani, 2015).

2.2.1. Implementation of Trade Promotion

Those in charge of implementing trade promotions must ensure that their distributors understand promotion and how they may benefit. For example, a manufacturer offering rebates based on purchases made may need to clarify whether purchases relate based on purchases made and whether purchases relate to single retail branches or total branch purchases. There is also the possibility that sales staff may push only those items on promotion, so effectively cannibalizing others in the product line. Care is therefore needed to brief the sales force and genesis strategies.

**Consumer Sales Promotion:** This may be either price-related promotions, usually based on a prime motive or non-priced-based promotions (designed to encourage usage and to add to brand equity, i.e., add value to the promoted brand services). Samples or trial packs are ideal for introducing new products. Gifts are offered either in-store, inside or on-pack or by mail drop. The advantage of gifts or premiums (in which the consumer may make part payment) is that
the name can promote awareness. Examples include mortgage arrangements that provide part payment from the consumer and others by the mortgaging bank (Raji et al., 2019). Another consumer promotion that many are familiar with is redeemable coupons. Coupons are collected and redeemable for gifts. Examples include the promotions run by drinks companies. In most cases, the consumers must check under the crown of the bottle cover to see what gift has been won, and then such gifts are redeemed at designated redemption centres (Ogunnaike et al., 2017). The challenge here is that consumers may be more loyal to the promotion than the brand's intrinsic value. Coupons rarely strengthen brand loyalty. Moreover, if the redemption offer is stimulated on price, the consumer may think about the brand and reduce brand equity. The same can be said of using other price-related offers, such as flash packs. These are star-shaped signs with price offers, usually offered on commodity items. They may increase impulse buying but rarely long-term brand loyalty.

Discounts can also be useful in price promotion. Utilities such as water Boards often offer discounts to consumers if they pay in lump sums instead of on an installment basis. It is more effective when dealing with a captive market, providing the extra returns based on interest invested on early receipt is more than the extra returns based on interest on early receipt is more than the discount allowed. Building societies have also targeted their discounting incentives on first time house buyers in a housing recession. The consumer is effectively “locked in” due to high switching costs. The option is to offer deferred payment schemes. These are suitable for consumer durables. Although much money is spent on promotions, it is based on price (Peterson & Schneider, 2017). A variety of other promotions do not focus on price as an incentive. Amongst these are competitions and continuity programs. Whilst the cost of coupons to the promoter or sponsor depends on the redemption rate, which is difficult to forecast accurately, competitions offer the sponsor the advantage of deciding the cost from the outset, which is based predominantly on prize money. Major competition may lure consumers who normally ignore smaller offers by collecting coupons. Other consumer coupons involve using reciprocal deals. An example would be getting a public member to use their own home as a selling environment in return for a discount on purchases. Suitable products might be double glazing and conservatories in which signals of value are conveyed to consumers by:

- Promoting the ability to see and inspect the product in a situation.
- Promoting the salespersons’ purchase as an endorsement of quality.
- Informing consumers that they are not paying for expensive showrooms and professional sales staff:
- This is demonstrated through physical evidence by the extent to which the in situ product has been customized to the physical surroundings of the house.

**Sale Force Promotion:** Incentives are usually given to the sales force of the organization in order to motivate them to sell more than they ordinarily would. Sales staff, for instance, may be offered special incentives to exceed their personal sales targets (Kwok & Uncles, 2005). These incentives can be directly financial or non-financial, such as dining out in a top restaurant with senior management to provide an ego boost to maintain motivation. Incentives must be varied periodically. The criteria for the same people will continue to win such awards, causing divisions within the ranks and possibly demotivation. Sales promotions are targeted at the customer, the trade, or internally to motivate staff. Although the traditional view of promotions is for tactical gain, they can be used strategically if the focus is on objectives other than price (Kwok & Uncles, 2005). These non-price promotions can create brand awareness and offer perceived quality, which may sustain premium pricing, increase loyalty by increasing switching costs, and possibly provide cost leadership and valuable marketing research for future planning. However, each new promotion must be carefully chosen to support previous ones and sustain consistent positioning. Furthermore, sales promotion should be properly integrated with other marketing mix elements to be effective.

**Product:** A product is a material item, service, concept, individual or location capable of giving intangible and concrete qualities that are deemed essential, worthwhile or satisfying by individuals or organizations in which they are ready to trade capital, patronage or another unit of value to possess (Bennur & Jin, 2017). A product is, therefore, an instrumental. The meaning takes account of physical products (books, watches, aircraft), intangible products (services like salon activities or legal consultancy) and ideas (messages, public health). Politicians are campaigning for people with warm-hearted characters in exchange for our votes during elections. People are also sellable products (El Naggar & Bendary, 2017). Just like human beings undergo the processes of life cycles, so do products. Products plc is the course by which the sales of a product take over in its lifetime. It is known that a product will be born into a market, grow, and earn a decent profit, but when it loses appeal, it is terminated. Businesses are supposed to reformulate their marketing strategies many times over a product’s life. The reasons are numerous.

- Competitors introduce new products.
- The product might need improvement refinement.
- New requirements and interest developed by buyers
- There may be a change in the nation's monetary situation
2.2.2. Product Life Cycles and Marketing Strategies at Stages of the PLC

Just like human beings undergo the processes of life cycles, so do products. Products plc is the course that a product’s sales take over in its lifetime. It is a known fact that a product will be born into a market, grow, and earn a decent profit, but when it loses appeal, it is terminated. When it enters the market, sales will grow slowly at the beginning of every product's life, and profits will be minimal (even negative). A slow sales build-up indicates a lead period to take effect for marketing campaigns, to learn more about the product, and to try it on individuals (Marshal, 2017). Low profits are partly due to low initial revenues and partly due to the need to recover the cost of production and lunch. It is believed that any product has a lifetime, is made, has a growth process, and can come to an end and die at a certain time. A justifiable argument is that not all goods or services die in the short term (Blut et al., 2016). Product life cycle and marketing strategy implications: Introduction begins with launching the product in the market, and since introduction takes some time, sales growth will certainly be slow. The features include

- Sales growth is very slow.
- Profits are as zero or even below zero level.
- Companies here insure large expenses on promotion and distribution
- Distributors are hard to get here.
- The few distributors want high gross margin

3. Materials and Methods

This study is designed using a quantitative approach through a survey questionnaire. A total of 100 Coca-Cola Nigeria PLC employees and product consumers participated in this study. The data was analyzed using a regression linear model by assisting SPSS-23.

4. Results

The result of demographic (gender) distribution, as seen in Table 1 below:

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>65</td>
</tr>
<tr>
<td>Female</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 1 shows that 65(65.0%) respondents were male, while 35 percent were female. Most of the respondents were male. The empirical results of the researchers were derived from a hypothesis he developed and tested. It also contains a small part of his research query that his respondents replied. A frequency table was used to answer the research question. In contrast, the linear regression statistical approach was used to evaluate the formulated hypothesis concerning a certain relevant question from the questionnaire administered. The null hypothesis was rejected from the first hypothesis, while the alternative was accepted because the calculation using linear regression showed that the F stat is 6.666 at P< 0.05 (see Table 2). This means that the respondents agree with the hypothesis that appropriate sales promotion will increase a product's market share. From the second hypothesis, we rejected the null hypothesis and accepted the alternative hypothesis because, from the calculation, it was seen that effective sales promotion would help to elongate the life cycle of Coca-Cola in its growth and maturity stage giving us.

Table 2. Result of ANOVA – Model 1

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>30.026</td>
<td>4</td>
<td>7.507</td>
<td>6.666</td>
</tr>
<tr>
<td>Residual</td>
<td>106.974</td>
<td>95</td>
<td>1.126</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>137</td>
<td>99</td>
<td>1.126</td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.468(a)</td>
<td></td>
<td></td>
<td>0.186</td>
</tr>
<tr>
<td>R Square</td>
<td>0.219</td>
<td></td>
<td></td>
<td>1.061</td>
</tr>
</tbody>
</table>

Table 3 captures that the F stat is 16.393 at p< 0.05. This suggests that most respondents agree that the two variables have a mild relationship. We recognized the null hypothesis from the third hypothesis and dismissed the alternative hypothesis since, from the calculation, it was seen that sales promotion does not go a long way to influence the life cycle of Coca-Cola giving us.
Table 3. Result of ANOVA – Model 2

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>46.408</td>
<td>3</td>
<td>15.469</td>
<td>16.393</td>
</tr>
<tr>
<td>Residual</td>
<td>90.592</td>
<td>96</td>
<td>0.944</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>137</td>
<td>99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.582</td>
<td>Adjusted R Square</td>
<td>0.318</td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>0.339</td>
<td>Std. Error of the Estimate</td>
<td>0.971</td>
<td></td>
</tr>
</tbody>
</table>

Table 4 displays that the F stat is 1.516 at p< 0.05. This means that most respondents believe the relationship between the two variables is less than moderate. Most of the respondents were male. Sales promotion has affected the product life cycle. Sales promotion is a major tool for measuring a company’s performance. There is a direct relationship between sales promotion and product life cycle.

Table 4. Result of ANOVA – Model 3

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>11.364</td>
<td>4</td>
<td>2.841</td>
<td>1.516</td>
</tr>
<tr>
<td>Residual</td>
<td>178.076</td>
<td>95</td>
<td>1.874</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>189.44</td>
<td>99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.245</td>
<td>Adjusted R Square</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>0.06</td>
<td>Std. Error of the Estimate</td>
<td>1.369</td>
<td></td>
</tr>
</tbody>
</table>

5. Conclusions

This study concludes that sales promotion is one crucial promotional mix element organizations need to identify and stimulate customer needs and wants. It raises customer awareness of the product. It increases market share, which, in the long run, helps to sustain its life cycle, especially when perfectly used with other marketing mix elements like price, product, and place. The implication is that the location for redemption of prizes, for instance, in a bonanza, must be easy, or it will weaken the effectiveness of the sale’s promotional activity. The findings of this study recommend that companies improve product availability when needed, especially from the production plant to the depot. The promotional strategies should be communicated in the native language of the target market or audience. The Coca-Cola company should make prizes easily redeemable to increase product consumption. The Coca-Cola company should ensure the consistency of sales promotional activities. Soft drink producers should be oriented towards cooperating with parties involved in setting up sales promotion programs. Soft drink companies should perfectly mix the use of sale promotion with other market mix elements to have a greater impact on sales promotional activities.

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