Estimating the Effectiveness of Promotional Tools on Sales Growth An Analysis of Occasional Study

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ABSTRACT

This paper examines that promotional tools such as TV advertisement, Print Media, Billboards and LCD's create boosting impact on short-term sales. Advertisement is primarily used to attract new customers and increase purchases by existing consumers. Publicity and advertising straightforwardly have an effect on the power of loyalty a buyer has for its beloved product. Therefore, if the preferred brand puts together a strong advertisement companion, the devotion of the customer will definitely increase but on the other side if the competitor brand also goes on advertising, the loyalty may decrease. Results are positively associated and have a strong relationship of promotional tools on sales growth under occasional study of advertisement campaign by Olpers milk Pakistan in the month of Ramadan.

KEY WORDS: Advertisement, sales growth, Olpers, Regression, Milk

INTRODUCTION

In the words of Peter Drucker; the objective of marketing activities is to boost trade. By bearing in mind huge modifications and changes in the economic environment of the world, it can be easily said that every country is trying to get competitive edge for itself with the aid of the marketing science, In this regard, organization with improved connections with clients; throughout consumption of successful promotional tools along with obtaining improved customer understanding, have been able to draw and keep customer constancy and loyalty. These promotional methods and tool can help organizations in their attempt to obtain extra shares of the marketplace and uphold them (Drucker & Noel, 1986). Evaluation of effectiveness of every one of these promotional apparatus on quantity of sales assists firms and organizations to map for better use of them (Kotler, Armstrong, Wong, & Saunders, 2004). Catching and attracting customer is one of the most important aim of any organization and through this, the goal of profitability can be achieved (Lovelock, 1999).

Although there is a lot of argument in the marketing text that advertising and promotion campaigns have strong influence on market rivalry. This study examines the association and connection among advertising expenses, the research and growth and development activities of firms and its impact on sales and how much it increases demand of dairy product like Olpers milk in Pakistan in the month of Ramadan. The research discovers that strong publicity and promotional campaigns have a major encouraging result on the figures of novel products coming into marketplace. When the product is introduced, advertising boost the product to move through its life cycle. This study is intended to see the occasional advertisement of Olpers milk in the month of Ramadan, and weather it boosts up sales or not and which advertising tool is most effective in short term advertisement to increase the revenue? The research questions of this study are.

- Is there a positive affect of Billboard advertisement on sales growth?
- Is TV advertisement playing an important role in increasing sales?
- Is Print media a source of sales growth?
- Is LCDs giving positive impact on sales?

LITERATURE REVIEW

Sales Promotion is a division of marketing which uses many motivational methods for making many belonging to sales to consumers (Shrivastava, 2007). Sales promotion tools are considered the best for keeping present consumers (White & Yanamandram, 2007). (Amir-shahi, 2005) in a research found out the

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effects of using promotional tools and methods on devotion of customers in banks. The result of this research exposed that there is positive relationship of promotion tools and methods on loyalty of customer.

An increase in sales is dependant on brand; the brand advertising is targeted toward increasing penetration, when strategy has changed from long to short tem, so in this research we will see the impact of short-term advertisement. (Kim & Lennon, 2008) examined that can we change customer approach and attitude with the help of using dissimilar product appearance and presentation layout and design like visual and verbal while shopping? And how these approaches influence customer attitude towards product and purchase intention during shopping. (Kwong & Norton, 2007) explained how advertising increases market competition, and product innovation. This investigation will find out that publicity, promotions definitely have a major optimistic result on sales. However, advertising effect on novel product innovation remains inconclusive. (Adetunji, Raufu, & Olaniyi, 2007) clarified that how ads and promotional tool affect demand. In their research, he used sampling procedure, 60 respondents were selected who consumed dairy item, questionnaires were used to get data and it was found that all variable expect TV have a great influence on sales. According to (Jones, Pentecost, & Requena, 2005) a study was conducted to check remembrance of two types of informative advertisement (influential) Rafiq and (non- influential) and both forms of media i.e.; print media and electronic media were used to test which manner is more effective to retrieve. The outcome suggested that the information provided by print media is simple and easier to understand because print media is superior to screen media for bringing influential information about ads. (Parker & Pettijohn, 2003) explained in his study the influence of direct-to-customer publicity and medical doctor advertising. There are some moral issues arise when medical doctors acknowledge and receive advertising and promotional products and services from medical companies. (Bailey, 2004) explored that the activities of sales promotional are responsible for big portion of the IMC finances of nearly all companies as product managers understand the efficacy of sales promotional actions on consumers' response and attitude. (Elliott, 2001) argued that the nature of the industry level relationship between advertising and sales gave some signal of the type of competition in an industry and that research examined whether there is long-term stable relationship between advertising and sales. Advertisement primarily attract new consumers and to increase purchases by existing consumers. (Patterson & Richards, 2000) used a structural variable model to concurrently find the affect of newspaper advertisement on consumer preferences and demand. The advertisement characteristics included size, color, and logo. Increase in demand is due to effectiveness of promotional media, such as magazines, radio, direct mail, newspapers, television, and outside formats billboards and banners. (Riskey, 1997) summarized the results of 23 advertising versus no-advertising split-panel experiments. A raise in sales result is more, when the brand advertising was targeted to a certain segment. (Weiss & Tellis, 1995) suggested that advertisement has a major and positive impact on sales in certain period of time when demand is more. In FMCG's where consumer have more choice and brand switching is common, TV ads creates a strong influence on the mind of consumer so they prefer their brand. (Agrawal, 1996) examined in his study the issues of advertising media ("pull strategy") and deal promotions ("push strategy") from producer to customers. Its results suggested that in long run, media advertisement can boost up sales. Strong brand loyalty can be achieved by advertisement. (Ashley, Granger, & Schmalensee, 1980) in their empirical study explained that the level of consumption spending is affected by short-run deviations in whole advertising.

A lot of researches discover that publicity spending vary pro-cyclically. Other than this, organizations utilize "sales- or profit-based" decision policy in setting up publicity financial plan. (Horsky & Mate, 1988) in their study developed a dispersal mock-up that includes word-of-mouth and publicity effects for two organizations bringing in contending products of a novel strong item. The organizations behave non-cooperatively in selecting advertising strategies and the clarification concept is a nash non-cooperative balance. (Assmus, Farley, & Lehmann, 1984) attempted to explain short-term & long-term advertising response as replication analyze for 128 econometric models linking the impact on sales. After describing published study they developed hypothesis about the effect.

Long term and short term response of advertisement can be different according to product and occasion. (Horsky & Simon, 1983) examined the special effects of advertising on the sales growth of new, infrequently purchased products. They suggested that advertisement is needed in new product introduction stage to create good word of mouth. But if the competition exists in introductory stage then they have to advertise for long time and according to condition results may be different.

Media influences customer a lot. Both print media and electronic media have played a vital role in changing our way of life and purchasing decision. The objective of this research is to examine the impact of different advertisement tools on sales growth. Progressively more, companies are organizing their promotion operations through TV, print media, radio, LCD's, billboards in the hunt of taking full advantage of their effective advertising communication financial plans in order to increase sales.

TV advertisement

Television is considered the important tool in order to advertise goods and products. Normally TV channels are charging very huge prices for advertisement during their peak timings i.e.; when their popular drams, shows are being watched. The majority of TV ads that contain a special noise or a melody to grasp the viewers' notice, and those viewers then in a position to relate to the publicized product. Appearance, color combination, theme celebrity that all capture customer's attention and helps to increase sales. In all advertisement tools TV contribute more then all other tool in case of short term occasion projection. It generate response more then any other tool. That's why companies spend more in TV advertisement.

Print media

Print media is one of the important and admired types of promotion since it reaches to a broader target people. We have diverse forms of print media, through which the advertisers can get to a particular section of citizens. Some important form of print media is. *Newspaper* is one of the important forms of print media. There are different types of newspapers which fulfill the demands of different users. So advertisers choose those newspaper which they the best for their ads. *Magazines* also suggest promoters a chance to fulfill a variety of novel methods and thoughts. Magazines provide a more specific target audience to the client. The client can choose those magazines which maximize their revenue through ads. *Newsletters* another form of print media. Their aim is to attract an explicit cluster of audience and provide information on the product. *Brochures* provide full information about the product. These are mostly disseminated at special events *Posters* are types of outdoor publicity. The note in a poster has to be short and attractive.

Billboards

It is a successful and old open-air publicity method. Now it is fallacy among the people that due to huge impact of other adverting and publicity. Many people have a fallacy that due the emergence of several other advertising techniques in the market, the efficacy of this method has decreased. On the other hand, this method has positively established to be useful for numerous businesses around the world. Billboard advertising narrates to the practice of signs all along the road for the purpose of promotions and advertising a wide variety of products and services. The size of the signs should be big enough so that the drivers or travelers could easily see and understand them.

Liquid Crystal Display (**LCD**)

They are used for electronically showing information such as text, pictures; it is a modern method of publicity.

Sales Growth

Normally sales increases over a specific period of time may be annually, but it also increases occasionally. Sales growth is dependent variable that is affected by advertisement tools. Number of units, price or packaging of product, and its impact on sales. If through event projection using aggressive advertisement in Ramadan increases sales of Olpers milk, it shows successfulness of whole advertisement campaign.

Theoretical Frame work
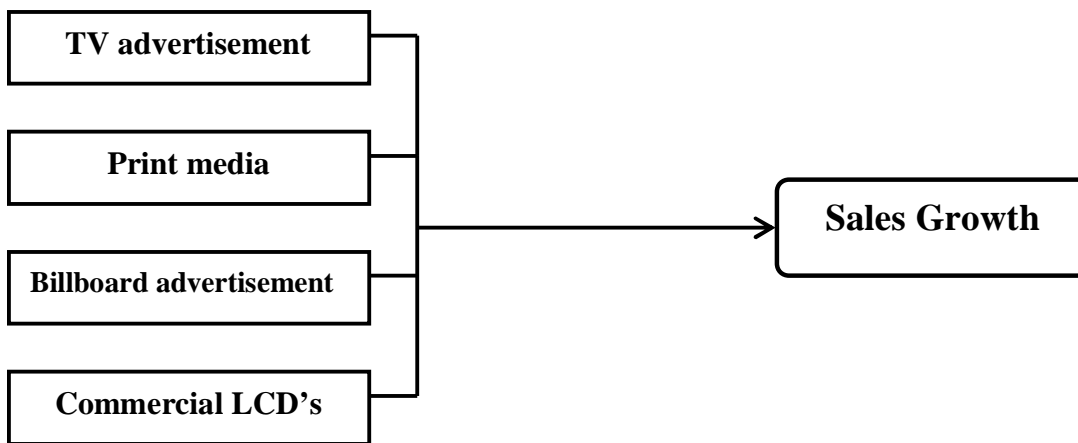
The Theoretical Frame work model for the effect of Occasional advertisement tools on Sales Growth

HYPOTHESIS
H1: There is a positive affect of Billboard advertisement on sales growth
H0: There is a no affect of Billboard advertisement on sales growth

H2: TV advertisement plays an important role in increasing sales growth
H0: TV advertisement does not play an important role in increasing sales growth
H3: Print media is a source of sales growth
H0: Print media is not source of sales growth
H4: LCD gives positive impact to the sales growth
H0: LCD gives no impact on sales growth.

METHODOLOGY

The research questions were examined from the individuals who provided information. Questionnaires were used as a secondary source of data collection. As with the help of Questionnaires, it is very easy to gain data efficiently for research purpose. In this paper questionnaire were administered personally and distributed among the general public who are using Olpers milk and same questionnaire distributed personally among the retailers or shopkeepers to collect data for sales growth which is positively associated with the promotional tools and their effectiveness. The survey is confined to local area and responses completed within a short period of period.

Sampling size
It is a method choosing elements from a big population. So that a learning of the sample and an understanding of its characteristics would make it probable for us to simplify such properties or characteristics to the population elements. This paper has two subjects of sample i.e. customers and retailers/shopkeepers. It is difficult to investigate advertisement impact from all customers. So the number of members surveyed for customer's subject is n=100 and members as retailers/shopkeepers are n=100

Sampling procedure
In our research, area sample is Rawalpindi and Islamabad where we administered our questionnaires to make our sample size more appropriate in understanding the effectiveness of promotional tools with occasional advertisement campaign by Olpers milk in the month of Holy Ramadan. Simple random sampling technique is used in this paper. Precision and confidence are important issues in sampling because when we use sample data to draw inferences about the population, we hope to be fairly "on target", and have some idea of the extent of possible error. Because a point estimate provides no measure of possible error, we do interval estimation to ensure a relatively accurate estimation of the population parameter. Statistics that have the same distribution as the sampling distribution of the mean are used in this procedure, usually a z or t-statistic.

General Profile of the Sample
Subject (n=200) were almost evenly divided by gender i.e.; (60% male) & having (40% female). As below table 1.1 shows:

Table 1.1   Respondents (customer's subject)

Gender		Age		Sampling Area	
Males	60%	20yrs-35yrs		Islamabad	
Females	40%	36yrs-50yrs		Rawalpindi	
Total	**100%**	**Total**	**100%**	**Total**	**100%**

Subject (n=100) were nearly evenly split by retailers/shopkeepers and the duration of their business is also conducted to measure the accuracy of sales growth in there retail outlets. As shows below:

Table 1.2 Respondents (retailer's subject)
Duration of Business (in Years)

1 _____ 5	32
6 _____ 10	25
11 _____ 15	18
16 & more	25
Total	**100**

ANALYSIS AND RESULTS

The variables are testified with Regression by using SPSS student Version 16.0

Measuring: Factor Analysis

In below table *1.3*, factor analysis was measured on the basis of the communalities with each other and also at an individual basis of predictors (constant) and dependent variable (sales growth). The results shows extraction of independent and dependent variables from ά= 1.000 which shows the total area under analysis and the third column shows the TV adv (.810), billboard (.843) has more significant impact. Print (.774), sales growth (.725) is also significant as well as LCD (.660). So this result is positively associated and has a strong relationship of promotional tools on Sales growth under occasional study of advertisement campaign by Olpers milk.

Factor Analysis Table (1.3)

	Initial	Extraction
TV adv	1.000	.810
Print	1.000	.774
Billboard	1.000	.843
LCD	1.000	.660
Sales Growth	1.000	.725

The firm spent a very high proportion (40-60%) of its sales on advertising. Furthermore, it did not employ many of the customary "parameters" of marketing action: sales force, credit, discounts, frequent changes in package, point of purchase efforts, special offerings, etc. The assumption thus could safely be made that advertising had a measurable effect on Olpers's sales.

Checking the Reliability of measures: Cronbach's Alpha

The interim consistency reliability or the Cronbach's alpha reliability coefficients of the four independent (TV Advertisement, Billboard, Print media and LCD's) and one dependent variable (Sales growth) were obtained. The result indicates that the Cronbach's alpha for the five-item measure is 0.796. The closer the reliability coefficient to ά 1.0 the better the results. Sales growth indicates 0.76 reliability and the remaining four independent variables given below have the range from 0.70 to 0.87

Reliability Analysis (Table *1.4*)

Coefficients	Cronbach'sά
Sales growth	0.7630
TV adv	0.7965
Print	0.7124
Billboard	0.8501
LCD	0.8609

Descriptive Statistics: Measuring Mean and Standard deviation

Descriptive statistics such as means and standard deviations were investigated for the interval-scaled independent and dependent variables (mention in table). The results are shown in *table1.5*. (5-point scales) were tapped on the variables, the Mean of sales growth is (3.30), TV advertisement shows (3.74), Print media (3.46), billboard (3.06) and LCD shows (3.92). So, this research shows that data is more reliable and consistent to

(4th scale) i.e. **agreed** by respondents in an average. Standard deviation is near to 1.0 in LCD and Billboard rather than others. So it shows strong impact on sales growth by Olpers during Ramadan. Last column shows the population N=100.

Descriptive Statistics (Table 1.5)

	Mean	Std. Deviation
Sales Growth	3.3000	.64681
TV adv	3.7400	.52722
Print media	3.4600	.50346
Billboard	3.0600	.71171
LCD	3.9200	.82906

Inferential Statistics: Pearson Correlation

The Pearson correlation matrix is attained for the five interval-scaled variables as revealed in *table 1.6.* From the results, we find out that sales growth is positively correlated with TV adv (0.305) & LCD adv (0.297) more than print media (0.069) & billboards (0.084).

Correlation (Table 1.6)

Independent variables	Sales Growth(R)	Significance
TV adv	.305	.016
Print	.069	.317
Billboard	.084	.262
LCD	.297	.018

Multiple Regression Analysis

The tabl*e 1.7* lists the four autonomous variables which are put into the regression model and **R** (.473) is the correlation of the four independent variables with the dependent variable, after all the inter correlations amongst the four independent variables are taken into account. In the *Model Summary below* table, the **R Square** (.224), which is explained variance, is in fact the square of the multiple R (.473)²

Model summary (Table 1.7)

R	R Square	Adjusted R Square	Change Statistics
			Sig. F Change
.473	.224	.155	.020

ANOVA

From the ANOVA table we conclude that our model is goodness of fit because the significant value is .020, if the significant value is less than the level of significance (0.05) its shows the model is goodness of fit. It also shows that at least one the coefficient is not zero**.**

ANOVA Table (1.8)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.591	4	1.148	3.247	.020
Residual	15.909	95	.354		
Total	20.500	100			

Coefficients

ANOVA table tells us about the goodness of fit but coefficient table tells individual contribution of every variable. Coefficient table shows that the effect of TV adv, Print media, Billboard and LCD on sales growth are positive

Coefficients (table 1.9)

	Standardized Coefficients	t	Sig.
	Beta		
(Sales Growth)		5.693	.000
TV adv	.338	2.558	.014
Print	.157	1.158	.253
Billboard	.031	.235	.815
LCD	.362	2.638	.011

RESULTS

From the Correlation table, we conclude that our independent variables i.e.; TV advertisement, Billboard advertisement, Print media and LCD are all positively correlated with the dependent variable i.e.; Sales growth. But two variables i.e.; TV advertisement and LCD are contributing more towards sales growth of Olpers Milk in the holy month of Ramadan than the other two variables. Only two hypothesis have been accepted as there significance value is less then 0.05.

Accepted hypothesis are

H2: TV advertisement plays an important role in increasing sales growth
H4: LCD gives positive impact to the sales growth.

Rejected hypothesis are
H1: There is a positive affect of Billboard advertisement on sales growth
H3: Print media is a source of sales growth

Conclusion

Therefore, this paper aimed at the subject of publicity through balance media ("pull strategy") and business promotions ("push strategy") from Olpers milk producer through Ramadan package. We surveyed retail shops who sell different brands of milk to consumers. In this mode, the producer openly advertises its product to customers and gives business deals to the vendors and retailers. Each producer brand has a faithful section of customers who purchase their preferred brand unless other company advertises their product benefit and product is available in almost every shop. The producer first takes decision of advertising expenditure level and after that the wholesale price of its respective brand. Publicity openly affects the power of loyalty a customer has for the beloved brand. If the preferred brand promotes, the loyalty power boosts up but if the rival brand promotes, it reduces. After developing hypothesis we collected data from customer and retailers to examine advertisement impact. This paper shows that there is strong positive relationship of Television advertisements and LCD's on sales growth.

Initially, it is difficult to investigate television advertisements because there are hundred of TV channel so it is difficult to find overall impact.

Limitations

The limitation of this research is that it does not show that which advertisement tool is more effective for long time because previous research explores that print media would be better than screen media for delivering persuasive ad information and for delivering non persuasive information was supported in a variety of ways.

Future Work

This research is conducted from small sample and in future from large sample same research may produce different result. The model described in this article is exploratory and the empirical data base is still small. This situation is not unusual in an early stage of a model's life and should stimulate further research.

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