

EFFECTS OF PROMOTION STRATEGY ON MARKET PERFORMANCE OF SELECTED MANUFACTURING COMPANIES IN LAGOS, NIGERIA

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ABSTRACT

Understanding how promotional strategy impact on the market performance after high capital investments is crucial to the contribution of the food and beverage companies in national economic growth; however, there is dearth of information on this subject matter. The study thus examined the effect of promotional strategies on the market performance of selected manufacturing companies in Lagos, Nigeria. The specific objectives of the study are (i) to find out the effect of promotion strategy on market performance; (ii) to determine the extent to which advertising affect market performance. The researcher employed the descriptive research design using survey design techniques. Multiple regressions and correlation coefficient were also carried out through SPSS programme. A population of 24 product promotional related managers were drawn through a census sampling technique and all the population were used in the study. Two research instruments – Annual Report/Financial Statement and Questionnaire were used to collect data. Data retrieved were analysed using descriptive and inferential statistics. The result shows that the overall profitability performances were high in NNP when compared to CNP. Advertising was found to be significantly and positively correlated with profit level of the companies. The study also found out that investing in marketing or promotion activities can contribute to the profitability index of the company. The study recommends that staff saddle with the implementation of promotional strategy should devote time and resources into it since it largely influences profitability of the companies.

INTRODUCTION

The universality of the food and beverage industry to human health and life makes it one of such important sectors, unique in its role in expanding economic activities in any nation (both developed and developing). The food and beverage industry operate at multiple levels through subsistence, at large scale, trading of fresh produce, home-based processing of goods, transformation of domestic crops to finished ready-consumable and intermediate products which is sourced from across local and/or international territories (Pfitzer and Krishnaswamy, 2007). Undoubtedly, these simple activities promote social value and create economic opportunities in the society and indirectly improve the gross domestic product of that nation. In this industry, revenue is easily generated, a very large portion of value flows into different areas of the society supplying and/or creating funds for other socio-economic and developmental activities.

The food beverage industries in Nigeria concentrate in wheat flour, poultry meat, bakery and confectioneries and there has been a recent expansion into biscuits, and pasta. In this sector, vegetable oil and fat, baked goods, cereals, chilled foods are found on the top list of most important products due to their extensive use for production of other food products (Lead Capital Limited, 2008). The beverage sub-sector is mainly involved in the production of alcoholic (e.g. brewed - lager, stout, ready-to-drink Smirnoff, Orijin, and Spirits – Vodka, Schnapp), non-alcoholic (brewed Malt), carbonated drinks (e.g. Pepsi, Coke, Fanta, Sprite), non-carbonated (e.g. fruit juice) and water (Agro Foods Nigeria, 2019).

The food and beverage companies are basically into the production of what is referred to as fast-moving-consumer-goods (FMCG) gaining popularity and attention. According to Ugadu (2019), the some of the top 15 multinational companies belonging to this category in Nigeria for food include Nestle, Flour Mills of Nigeria, Dangote Flour Mills, Dubril Prima Foods, UAC Foods, Cadbury Nigeria Limited, while Agro Foods Nigeria (2019) mentioned Diageo (Guinness), Heineken, International Breweries, SAB Miller, and Nigerian Breweries as some notable beverage producing firms. The sector is currently the largest (about 22.5%) of all Nigerian manufacturing industry as it thrives on the robust demography of over 190 million people with an oligopolistic market structure and they account for 65% of the total revenue of

the food manufacturing industry due to their market performance. This performance is measured by their annual turnover, profitability, volume of sales, growth in client/customer database, and expansion of market.

Promoting your brand can increase brand awareness, provide appropriate information about the product, increase the traffic of customers, and build the sales and eventually the profit level of the company (Zafari, 2017). The accomplishment of set goals of a firm is what performance stands for. In very concise terms, it is the behavioural outcomes and economic achievements of a company (Uko, 2018). It is therefore important to know the current extent to which these very top important F & B companies that contribute about 65% of the revenue from this sub-sector is performing (Agro foods Nigeria 2019), find out what promotional strategies they adopt mostly to achieve the prospected growth in both the local and international scene. This study is thus set to find out the effect of promotional strategies on the market performance of the food and beverage companies in Lagos, Nigeria.

STATEMENT OF THE PROBLEM

Improving market performance has over the years been a thing of concern to marketing practitioners due to the difficulty of precisely quantifying the effect of promotional strategies on sales return. In any organization, whether manufacturing or service industry, profit or non-profit oriented, the main purpose of its establishment is to achieve certain goals and objectives of the organization. Apparently, there has been continuing researches in both the developed and developing countries with respect to the effects of promotion strategy that will inform persuade, rebuild and restore confidence in customer's buying pattern (Michael, 2012; Chidi, 2014; Adams, 2014; Chris, 2006; Frances & Stephen, 2016; Michael, 2017). The sole aim of any business is to sell products and services and make profit out of it.

Promotion enables more customers to know about a product and service resulting in more sales. Consumer never gets to know of products if not advertised. It also helps the consumer to make decision regarding which product to buy. The development of new promotional techniques now increases more awareness, and it is important to note that every promo tool has its pros and cons and selecting the right promotional medium that will inform consumers is a key to success in business. However, there is little or no

clarity on the promotional strategies adopted by food and beverage manufacturing companies in Nigeria to achieve prospected goal between years 2011 to 2018. The challenges they face in doing business and how it can be resolved. Comparing these F and B companies and ascertaining the activities that differentiate them and improve their market performance is relevant.

OBJECTIVES OF THE STUDY

The main objective of the study is to find out the effects of promotion strategy on the market performance of selected manufacturing companies in Lagos, Nigeria. The specific objectives of this study are:

1. To find out the effects of promotion strategy on market performance of the selected manufacturing companies from 2008 – 2018;
2. To determine the extent to which advertising affect the market performance.

RESEARCH QUESTIONS

Two research questions were raised to be answered in the study;

- 1 Is there significant effect in the use of promotion strategy on market performance of the selected manufacturing companies from (2008-2018)?
- 2 To what extent does advertising affect market performance?

RESEARCH HYPOTHESES

The following hypotheses have been formulated for the study.

1. There is no significant effect in the market performance (profitability) and promotional strategy of the selected manufacturing companies from 2008-2018.
2. There is no significant relationship between promotion strategy advertising and market performance.

SCOPE OF THE STUDY

This study is restricted to two very prominent manufacturing companies in Lagos, Nigeria. These are Cadbury Nigeria Plc and Nestle Nigeria Plc, they were selected on the basis of their performance in the food and beverage market coupled with their proximity to the researcher for collection of data for

the study. This study covered one element of promotional strategies or promotional tools namely advertising. The effects of other marketing variables like product quality, distribution outlet, and prices were held constant.

The study also covered eleven (11) marketing years of financial statements 2008 to 2018 owing to the fact that a lot of reforms in these companies have taken place within the period and also to understand the most recent trend in respect to promotional strategy as practiced by these companies in relation to market performance. The target respondents are management staff, mostly top management of the marketing and production departments of these companies.

SIGNIFICANCE OF THE STUDY

This study is embarked on to determine the effects of promotion strategy on the market performance of Cadbury Nigeria Plc and Nestle Nigeria Plc, It sought to establish the relationship, that exist between promotional strategies and the company's performance with the understanding of strategies that best fit these manufacturing companies for effective performance. The study will be of significant value to Cadbury Nigeria Plc and Nestle Nigeria Plc to know the right blend of promotional strategies that should be used at the right stage of Product Life Cycle (PLC). Also, will be very significant, especially at the time when every effort is made to increase profit, sales volume, increase in market share of the organization, in other words these companies' stands to gain immensely from the findings and recommendations of this research.

CONCEPTUAL REVIEW

Promotion Strategy

Market is the process of building relationships with prospects and customers so that you profitably develop and promote product and service (Chris, 2006:78). Kotler and Keller (2011:210), defines marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging product and value with others. American Marketing Association (AMA) (2019) defines marketing as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Promotion refers to any type of marketing communication used to inform or persuade target audiences of the relative merits of a product, service, brand or issue (John, 2010). Promotion is the use of communication mix or elements to inform and persuade individuals, groups or organizations to purchase a company's product or service (Greg, 2017). Promotional mix is the combination of five key communication tools: advertising, personal selling, sales promotion, public relation and direct marketing (Chris, 2006:96). A strategy is a comprehensive plan of actions that has to do with the application of skill and knowledge to achieve organizational vision and mission statements which normally leads to the attainment of organizational goals and objectives (Nzelibe, Moruku and Joseph, 2011:115).

ADVERTISING

Advertising can be defined as any paid form of non-personal promotion transmitted through a mass media. The sponsor should be clearly identified and the advertisement may relate to an organization, a product or a service (Frances, Stephen 2016:119). Brassington and Pettitt (2010:312) define advertising as any paid form of non-personal communication directed towards target audiences and transmitted through various mass media in order to promote and present a product, service or idea. The key difference between advertising and the other promotional tools is that it is impersonal and communicates with large numbers of people through paid media channels Kotler (2003:268), defined advertising as any paid form of non-personal presentation and promotion of ideas, goods and services through mass media such as newspaper, magazine, television or radio by an identified sponsor. Advertising is seen as the means of providing the most persuasive selling message to the right prospect at the lowest possible cost (Duncan, (2019).

TYPES OF ADVERTISING

According to Hackele, (2010) there are various forms of Advertising that is informative, persuasive and reminder advertising. Informative Advertising is used to inform the customers about a new product or feature and to build the image of the company. Persuasive advertising is one used to build selective demand for a brand by persuading consumers that it offers the best quality for their money. It persuades a customer to accept sales calls and to purchase

now; some persuasive advertising has become comparison advertising, in which a company directly or indirectly compares its brand with one of more other brands). Reminder advertising is one used to keep consumers' minds about the product or service. It is important for mature products or service. It reminds customers that the products may be needed in their near future, where to buy the product and maintain top of mind product awareness (Hackele 2010).

ROLES OF ADVERTISING IN MARKETING

Adams (2014), advertising should play a liaison role that considers the product, resources of the suppliers in relations to market realities and should be able to communicate information to consumers in a responsible way. According to Frances and Stephen (2016:143) advertising help to enlighten the audience about the quality of the product and consequently create such product or act favorably towards such service or idea. Advertising helps to change the state of ignorance to that of awareness and enlightenment. Much business organization use advertising to create disposition or improve a fault identity. The great advantage and role of advertising is that it carries the sales message to a very large number of people, possibly to people the advertiser does not know or cannot meet, and who may be scattered throughout a town, a state, country or may be the world. Chris (2016:106), advertising can influence product and brand selection when a natural or favourable frame of reference already exists. Advertising influences consumer preferences. Advertising leads to increase in sales returns. It influences not only sales of the advertising brand but also sales of other brands. It forces competing firms to raise their promotion budgets in order to maintain market share. The ultimate purpose of advertising is to stimulate demand.

CONCEPT OF MARKET PERFORMANCE

This is the effectiveness of suppliers in a market or company in utilizing economic resource to their maximum efficiency and to the ultimate benefit of consumers. (Lowe and Davies 2005) states major elements of market performance to include: Productive efficiency that is the effectiveness of companies in producing their outputs. Ideally, outputs should be produced in plants of optimal scale, that is, plant sizes which fully exploit available

economic of scale so that cost levels are attained; distributive efficiency – the utilization of cost-effective channels of distribution and marketing techniques so as to minimize distribution costs; the setting of fair prices to consumers that is prices which are consistent with the real economic costs of supplying the product, including a reasonable (i.e. non- monopolistic) profit return to suppliers; product performance –the satisfaction of consumer demands for product variety and sophistication in maximization of consumer choice and value for money attributes; technological progressiveness the introduction of process and product innovations which enable supply costs and price to be reduced in real terms and which provide consumers with technically superior products.

Theories of Promotional Strategies

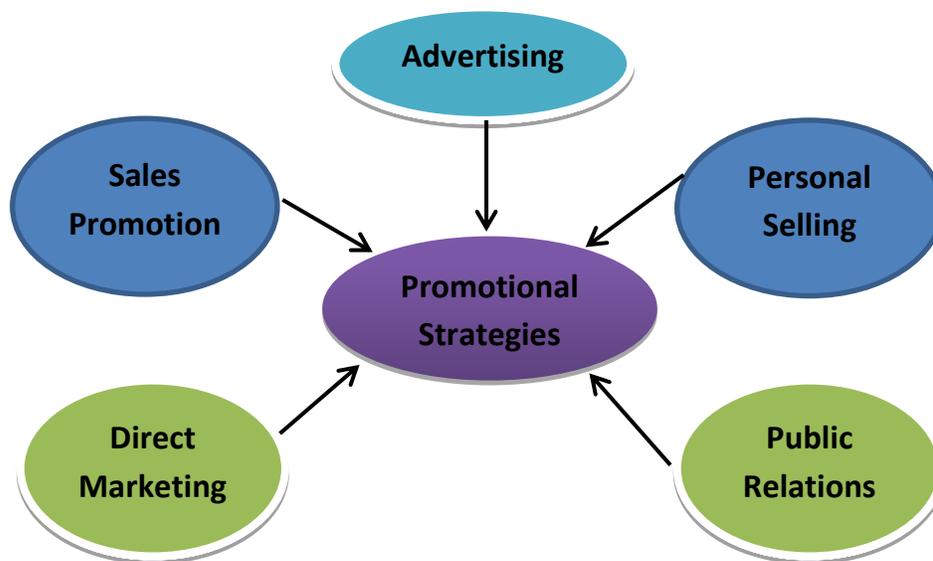


Fig. 2.1: The Elements of Promotional Mix Model

Source: Frances S.W and Stephen E. (2006:110) *Principle of Marketing*. Fourth Edition, Prentice Hall, London.

Figure 2.1 above is a theoretical framework of promotional mix which includes advertising, sales promotion, personal selling, public reaction, direct marketing based on Frances and Stephen (2016)

METHODOLOGY

The researcher adopted descriptive research design using survey techniques. Information were gathered through the questionnaire and audited financial report, which is to be presented in tabular form along with the test of multiple regressions, correlation coefficient are to be run through a computational device (statistical package for social science (SPSS) software programme). The study also tests whether there is correlation between promotional strategies in advertising. The population of the study was drawn from the top management of the marketing and production departments of two manufacturing companies in Lagos and the number was 24

METHODS OF DATA PRESENTATION AND ANALYSIS:

Since this study involves both research questions and audited financial report, descriptive and inferential statistics were used in the analysis of data collected from company records and research instrument. Research questions were answered using inferential and descriptive statistics while only inferential statistics was used to test the hypotheses formulated for the study. Descriptive statistics employed were simple percentages, standard deviations and frequency counts. For inferential statistics, the extent of relationship between variables was determined using the determinant of coefficient (r and $r^2\%$) and amongst variables was determined using the ANOVA F-value.

The market performance was ascertained using the profitability margins. The profit margins were calculated as the percentages of their original profitability values (operating profit, profit before tax and gross profit) of the total revenue of the companies as shown below;

$$\begin{aligned} \frac{\text{Gross profit}}{\text{Revenue}} \times 100 & \dots\dots\dots \text{Model 1} \\ \frac{\text{Profit before tax}}{\text{Revenue}} \times 100 & \dots\dots\dots \text{Model 2} \\ \frac{\text{Operating profit}}{\text{Revenue}} \times 100 & \dots\dots\dots \text{Model 3} \end{aligned}$$

The gross profit margin (model 1), profit before tax margin (model 2) and operating profit margins (model 3) were averaged to produce the profitability margin for each company from 2008 to 2018. The promotion strategies (advertising, personal selling and direct marketing) were coded in accordance

to the Likert scale adopted for each. The extent of application of the promotions strategies were coded 1 to 5 (no extent to very high extent; strongly disagree to strongly agree). A total of 50 points (maximum) and 10 points (minimum) for all ten items in each of the two sections of the instrument eliciting responses on advertising and sales promotion strategies. The kind of relationship that existed between variables was tested using the Pearson Spearman's Correlation Analysis.

BASIC INFORMATION OF THE MANUFACTURING COMPANIES AND THE RESPONDENTS

Product types

In gathering data on the market structure of the two selected companies, the product types ranging beverages (alcoholic and non-alcoholic) to agro-based cereal products (flours, pasta, and meals including instant noodles) were found as presented in Table 4.1. The data showed that between Cadbury Nigeria Plc (CNP) and Nestle Nigeria Plc (NNP), the latter seem to have more products,

Table 4.1: Names of products sold by selected manufacturing companies reflecting the similarity in product type (as at 2018)

Cadbury Nig. Plc.	Nestle Nig. Plc.
Refreshment	Refreshment
BournVita	Milo
3-in-1 Hot Chocolate	Chocomilo
Confectionery stable	Nido
TomTom Classic	Nescafe
TomTomHoneyLemon	Purelife water
TomTom Strawberry	Food and Cereals
Clorets	Cerelac
Buttermint	Nutrend
Intermediate Cocoa	Golden Morn
Cocoa powder	NAN
Cocoa cake	Lactogen
Cocoa butter	Seasoning
	Maggi seasoning

*Source: Company websites (2019), Annual Reports presented on Dec. 31st: Cadbury Nig. Plc, Nigerian Breweries, , Nestle Nigeria Plc; June 30th

Table 4.2: Demographic information of respondents

	Frequency	Percentage
Ranks/Cadre/Department		
Marketing manager	4	17
Sales Executive	5	21
Marketing officer	10	41.5
Production/Product Manager	1	4
Promotion Manager	1	4
Customer relation	3	12.5
Education		
Secondary	0	0
OND/Diploma/NCE	0	0
Bachelor / HND	3	12.5
Postgraduate Diploma	12	50
Masters	8	33.3
PhD	1	4
Gender		
Male	16	67
Female	8	33
Age range (years)		
20 – 29	0	0
30 – 39	11	46
40 – 49	9	37
50 and above	4	17
Marital status		
Single	0	0
Married	22	92
Divorced	0	0
Widowed	2	8
Religion		
Christian	15	62.5
Muslin	9	36.5

African tradition	0	0
Working experience (years)		
Less than 1	0	0
1 – 4	0	0
5 – 8	5	21
9 – 12	4	17
13 – 16	4	17
17 – 20	5	21
Above 20	6	25
Total	24	100

Source: Field Survey (2019)

DEMOGRAPHIC INFORMATION OF RESPONDENTS

Table 4.2 shows the demographic information retrieved from the 24 respondents. The data presented was based on the respondent's departments, level of education, gender, age range, marital status, religion, and working experience. The analysis showed that 41.5% (N = 10) of the respondents were retrieved from the marketing department unit of the firms, while others were marketing managers (17%, N = 4), Sales executive (21%, N = 5), and the least from Production/production manager and promotion manager (N = 1, 4%). With respect to educational qualification, most (50%, N = 12) of the respondents had a Postgraduate Diploma, followed by Master's degree holders (33.33%, N = 8) and 12.5% (N = 3) were first degree (Bachelor/HND) holders. The Doctoral degrees (4%, N = 1) holders which was the fewest. Due to the quality of education expected in handling managerial positions in manufacturing companies, no respondent highest qualification was secondary school or Ordinary Diploma degrees. Gender-wise distribution showed that 67% (N = 16) and 33% (N = 8) were males and females respectively which indicated that both gender classes were adequately represented and thus gender biased judgment and opinions were relatively or completely eliminated.

The age of the staff ranged from 30 – 39 years (46%, N = 11) and was followed by 40 – 49 years (37%, N = 9) in the order of their frequency count. Respondents who were 50years and above were 17% (N = 4) while there were none within the range of 20 – 29 years. The age distribution expressed the

dominance of matured adult staff of age 30 – 39 years. The results also showed that there were more married (92%, N = 22) than any other marital status. There were no single respondents although, a minute 8% (N = 2) were widowed. The work experience of the respondents showed that 25% (N = 6) had above 20 years of experience, while 21% (N = 5) had 5 – 8 years and 17 – 20 years of experience. Those with work experiences ranging from 9 – 12 years and 13 – 16 years were 17% (N = 4), while those of 15 – 19 years were 10% (N = 8).

THE PROMOTIONAL STRATEGIES OF THE MANUFACTURING COMPANIES

It is important to review the promotional activities that are used by the selected manufacturing companies in Nigeria? The answer is provided in the Tables 4.3 to 4.6 below.

ADVERTISING

The extent of advertising by the six companies is presented in Table 4.3 below. The data showed that advertising is done at a moderate rate ($X = 3.51$, $\sigma = 0.79$) indulging in 70.23% of the advertising strategies listed on the Table. The most used advertising techniques (to a high extent) include the Internet/Website ($X = 4.29$, $\sigma = 0.86$, 85.83%), point-of-sales display ($X = 4.25$, $\sigma = 0.99$, 85%), and social media ($X = 4.08$, $\sigma = 0.88$, 81.67%). The least used (a very low extent) were Road shows ($X = 1.85$, $\sigma = 0.57$, 36.67%), and through support of government agencies ($X = 2.79$, $\sigma = 0.66$, 55.83%). It is worthy to note that Billboards, TV reality show and Television broadcast are used at a high extent while radio programmes and newspaper are used to a moderate extent.

Table 4.3: Extent of advertising of the selected manufacturing companies

Promotion strategies	VH E (%)	HE (%)	ME (%)	LE (%)	N E (%)	Me an	SD	Use of % medium	Extent of applicatio n
1. Television broadcast	3 (12.	16 (66.	5 (21)	0 (0)	0 (0)	3.92	0.5 8	78. 33	High

		5)	5)							
2. Radio programs and adverts	1 (4)	4 (17)	12 (50)	7 (29)	0 (0)	2.96	0.8 1	59. 17	Moderate	
3. Newspapers columns or pages	1 (4)	3 (12. 5)	17 (71)	3 (12. 5)	0 (0)	3.08	0.6 5	61. 67	Moderate	
4. Road shows	0 (0)	0 (0)	2 (8)	16 (67)	6 (2 5)	1.83	0.5 7	36. 67	Low	
5. Point-of-sales displays of the products	13 (54. 2)	6 (25)	3 (12. 5)	2 (8)	0 (0)	4.25	0.9 9	85	High	
6. Internet/Website adverts	12 (50)	8 (33)	3 (12. 5)	1 (4)	0 (0)	4.29	0.8 6	85. 83	High	
7. Bill board adverts	7 (29)	11 (46)	2 (8)	4 (17)	0 (0)	3.88	1.0 4	77. 5	High	
8. During reality TV shows	3 (12. 5)	12 (50)	8 (33)	0 (0)	1 (4)	3.67	0.8 7	73. 33	High	
9. Social media	8 (33)	12 (50)	2 (8)	2 (8)	0 (0)	4.08	0.8 8	81. 67	High	
10. Publicity through support of government based agencies and groups e.g. sport, health	0 (0)	2 (8)	16 (67)	5 (21)	1 (4)	2.79	0.6 6	55. 83	Moderate	
11. Through voluntarily	4 (17)	15 (62.	3 (12.	2 (8)	0 (0)	3.88	0.7 9	77. 5	Moderate	

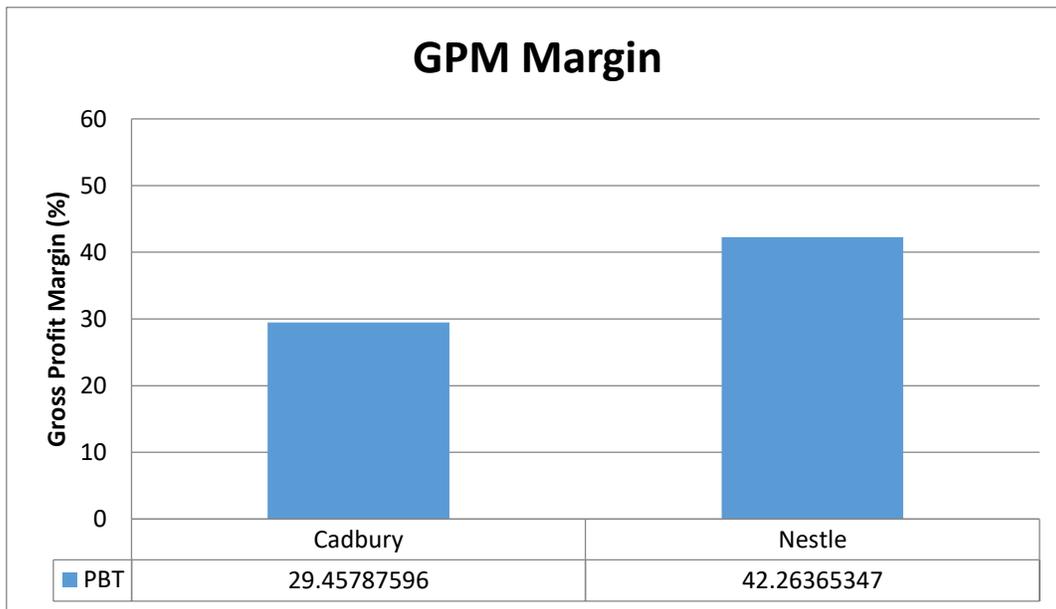
and
 humanitaria
 n aids,
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 y and
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 the public.

Weighted values for advertising	3.51	0.7	70.	High
		9	23	

***Keys and codes:** VHE = Very high extent (5 – 4.50), HE = High extent (4.49 – 3.50), ME = Moderate extent (3.49 – 2.50), Low extent (2.49 – 1.50), NE = No extent (1 – 1.49), SD = Standard deviation, % = percentage, N = 24, **Criterion mean = 3.0 (60%)**

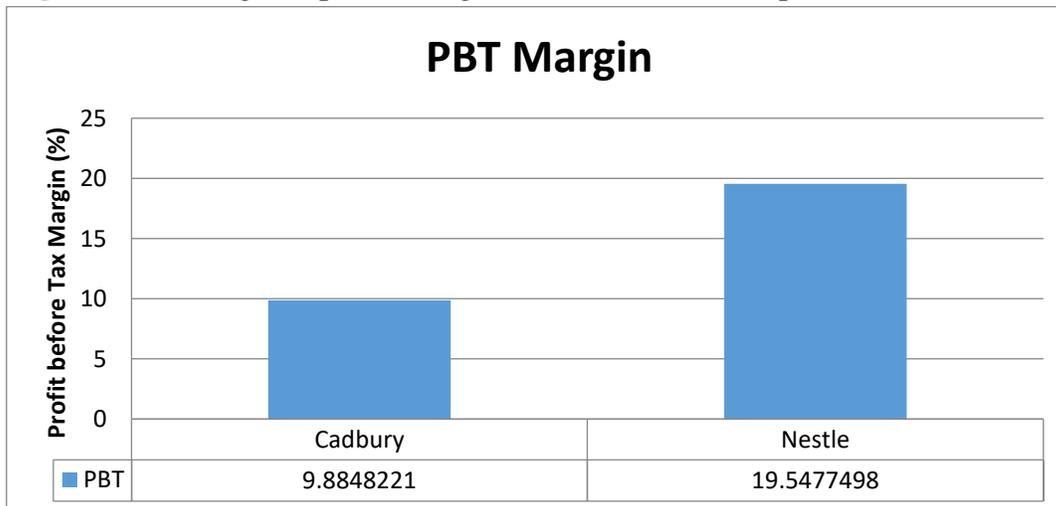
THE MARKET PERFORMANCE OF THE MANUFACTURING COMPANIES

One major question to ask which is important to the study is what is the market performance of the manufacturing companies over the years? The answer to this question is presented in the Figures 4.1 – 4.3 below. In response to this data on the market performance especially on the profit margins was analysed and results presented. Figure 4.1 to 4.3 shows elicited responses on the market performance using the profit margins (gross profit, profit before tax and operating profits) of the six companies. In Figure 4.1, the data showed that gross profit margin, followed by NNP (42.27%) and had the lowest (14.29%). For the profit before tax margins, NNP was highest (19.55%) followed NB (18.69%) and the least was FMN (4.64%). This trend continued into the operating profit/EBIT margin in the order NNP (22.14%), NB (22.02%) and FMN (4.44%).



***Source:** Company websites (2019), Annual Reports and Accounts for (2008-2018) presented on Dec. 31st: Cadbury Nig. Plc, Nestle Nigeria Plc; June 30th:

Figure 4.1: The gross profit margin (%) of the two companies



***Source:** Company websites (2019), Annual Reports and Accounts for (2008-2018) presented on Dec. 31st: Cadbury Nig. Plc, Nestle Nigeria Plc; June 30th:

Figure 4.2: The profit before tax margin (%) of the six companies

DIFFERENCE IN THE MARKET PERFORMANCE OF THE COMPANIES

Are there any differences in the market performance of the manufacturing companies over the years with respect to the product types? The answer to this question is presented in the Figures 4.4 – 4.9 below by comparison of the profit margins.

GROSS PROFIT MARGINS:

In comparing the difference that exist between each company with respect to the product types, CNP and NNP which produces refreshment beverages and intermediate consumer goods were put forward. Figure 4.4 showed that NNP maintained a higher gross profit margin from 2008 to 2018. The mean for NNP was 42.26% ($\sigma = 1.37$) while CNP was 29.12% ($\sigma = 5.06$). Figure 4.6.

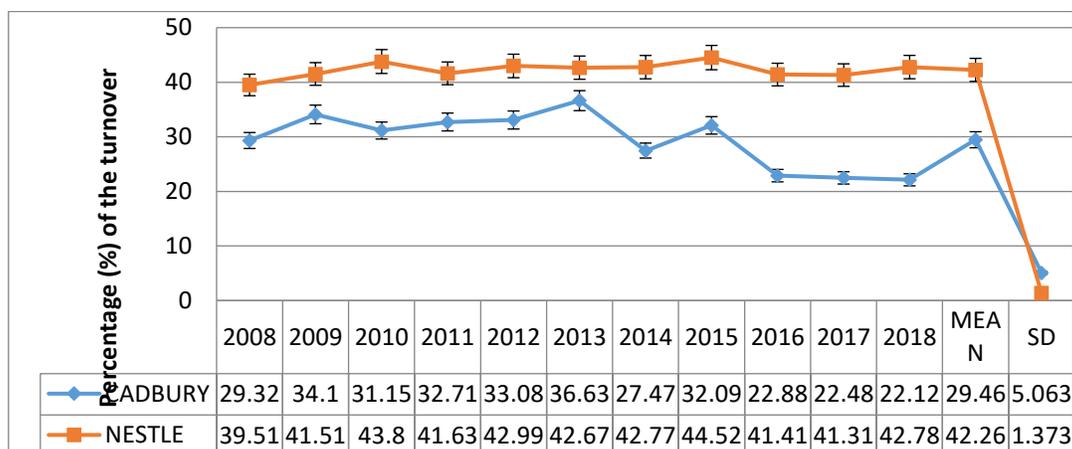
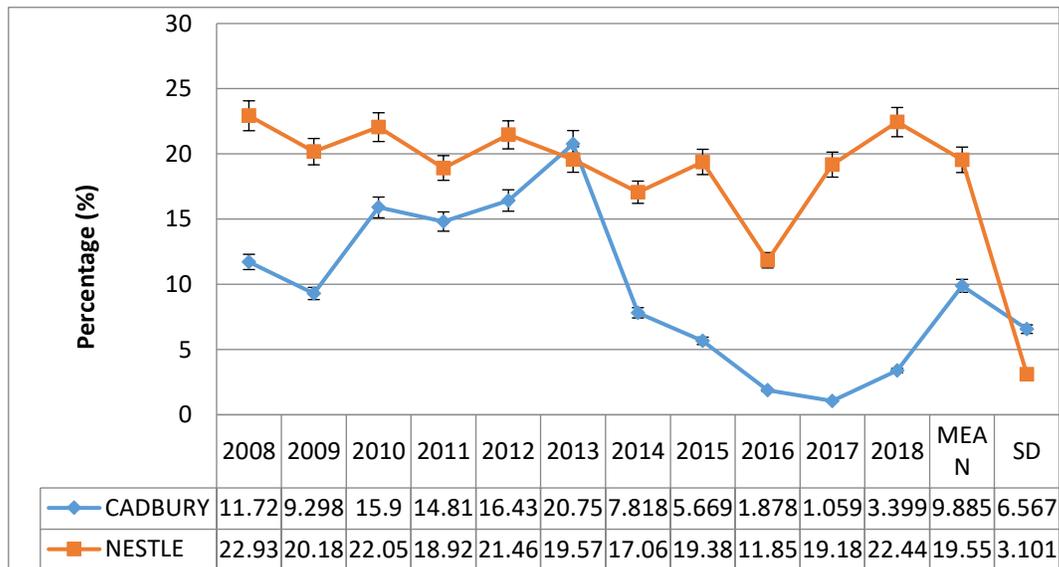


Figure 4.3: Difference in the gross profit margin of CNP and NNP

Source: Companies audited financial statement 2008-2018

Profit before tax margins (of the turnover) of the companies:

In Figure 4.4, the profit before tax margin is presented. CNP and NNP showed very wide variations in their performance with CNP (20.75%) performing slightly higher than NNP (19.38%) in 2013 but every other year, NNP performed better cumulating an average profit before tax margin of 19.54% ($\sigma = 3.10\%$) with CNP having 9.88% ($\sigma = 6.57\%$).

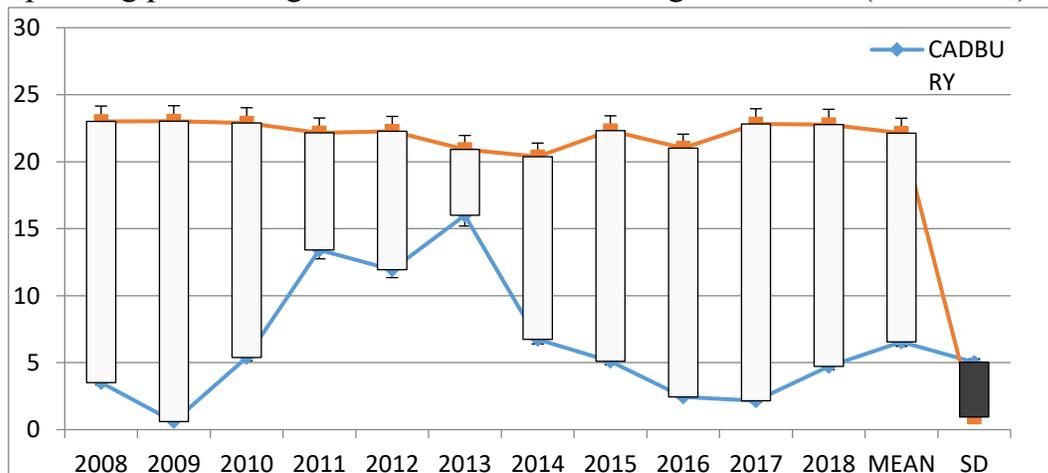


Source: Companies audited financial statement 2008-2018

Figure 4.4: Difference in the profit before tax margin of CNP and NNP

OPERATING PROFIT MARGIN OF THE COMPANIES:

With very wide differences shown in bars in Figures 4.5, the operating profit margins were presented. In Figure 4.5, NNP maintain a steady higher operating profit margin than CNP with an average of 22.14% ($\sigma = 0.94\%$)



Source: Companies audited financial statement 2008-2018

Figure 4.5: Difference in the operating profit margin between CNP and NNP

TESTING THE HYPOTHESES

Hypothesis one: There is no significant effect of promotion strategy on market performance of the selected manufacturing companies. The hypothesis was tested in Table 4.13 below. The analysed data showed that there was significant difference in the market performance ($F = 40.373$, sig. = 0.000) of the two manufacturing companies. It was also found that there were significance differences in advertising ($F = 4.196$, sig. = 0.002), as revealed in their F values.

Table 4.8: ANOVA analysis on level of significance difference in market performance and promotion

	Sum of Squares	df	Mean Square	F	Sig.
Profitability					
Between Groups	4828.722	5	965.744	40.373	.000
Within Groups	1435.227	60	23.920		
Total	6263.949	65			
Advertising					
Between Groups	1010.364	5	202.073	4.196	.002
Within Groups	2889.455	60	48.158		
Total	3899.818	65			

Hypothesis two: There is no significant relationship between advertising and market performance of the selected manufacturing companies. The hypothesis was tested in Tables 4.9 below. The hypothesis two which states that there is no significant relationship between promotional strategies and market performance was tested in comparisons in Tables 4.9. The Pearson Product Moment Correlation Analysis was used to determine the level of relationship between adoption of promotion and profitability of the companies or the effect of promotion on profit margins. Table 4.9 compared CNP and NNP in the predictive ability of promotion on the market profitability of the two companies. The analysis showed that the r-value for CNP was 0.789 significant at 0.01 and 0.05 levels of significance while that of NNP was 0.659 significant only at 0.05. This revealed that there is high positive and significant ($P < 0.05$ and 0.01) correlation between promotion and profit margin for CNP and a high positive significant ($P < 0.05$) correlation for NNP.

This shows that promotion of product helps CNP at higher confidence level (95% and 99%) than NNP (only at 95%) which explains the higher impact and relevance of promotion to profit margin. Therefore, the significant relationship between promotion and profit margins can be explained to mean that, the more the promotion, the higher the chances of making more profits in the companies in question and CNP seem to be more favoured by this phenomenon.

Table 4.9: Correlation effect of promotion on the profit margin of the companies (Cadbury and Nestle)

Comparing the correlation between promotion and performance for CNP and NNP.

		CNP Profitmargi n	Promotio n	NNP Profitmargi n	Promotio n
Profit margin	Pearson	1	.789**	1	.695*
	Correlatio n				
	Sig. (2- tailed)		.004		.018
	N	11	11	11	11
Promotio n	Pearson	.789**	1	.695*	1
	Correlatio n				
	Sig. (2- tailed)	.004		.018	
	N	11	11	11	11

** . Correlation is significant at the 0.01 level, * . Correlation is significant at the 0.05 level (2-tailed).

DISCUSSION OF FINDINGS:

From the study, the overall profitability performance (gross profits, profit before tax and operating profits) were higher in NNP when compared to CNP. The effect of age-long production can also impact sales volume, customer loyalty and profit margins. The study also found out that investing in

marketing or promotion activities can contribute to the profitability index of the company. The study equally found out that when there is excess in marketing cost that the company profit tends to drop and when the marketing cost is less the reverse is the case. **Conclusively**, the study re-iterated the fact that adopting very healthy promotional strategies improve the market performance of companies which is in line with Daniel (2018), Nwokah and Nwokah (2015), and Ogunbangbe (2017). Promoting a brand will surely increase recognition and sales. Exploring very novel promotional strategies is necessary to stay competitive and profitable (Appiah-Adu&Amoako, 2016).

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