

Efficacy of Advertising on Organisational Performance for Beverage Industries

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Abstract: Advertising is very important in modern business because it is one of the best ways of introducing a customer to goods and services. Initially, advertising was informational, providing details about the utility of the product. Today, advertising talks about the product's status (style and appearance and so). Different scholars have viewed advertising from their various perspectives as all of these have been linked to stimulating their performance as they gain the loyalty of the public which could lead to their patronage of the organization products and firm. For this study, survey research method which made use of questionnaire as instrument was used to achieve the objectives of the study. In addition two research questions were raised and answered in the study. The study found out that it was proved that advertising as one of the major factors that ensure product survival in the market. As given by the respondents, adverts of Milo drink persuade them to purchase the product. The study recommends that company should maintain a good relationship with their customers (relationship marketing) and provide as much post-sales (after sales) services as much as possible.

Key words: Advertising, efficacy, performance, beverage, Nigeria

INTRODUCTION

The importance of advertising cannot be over emphasized, communication has a vital role to play. Organizations are concerned with getting a large market share, (Kotler and Armstrong, 1997), stated that market share and advertising efficiency are elevated when the extension is composed of experiences attributes and competes in markets where consumers have limited knowledge of the product class. It is this type of thinking that made Aka to assert that "Advertising works by affecting the behavioural pattern of the consumers so as to ensure the patronage of the advertised brand. It makes use of messages channeled though the right medium i.e., the medium mostly used by the potential customers e.g., Newspapers, TV, Radio and Billboard. So, advertising works with the right message channeled through the right media to the right audience" (Asika, 1991; Shapiro and Chock, 2004).

Thus, a marketer realizes that developing a favorable relationship with the consumers can lead to this aim as they develop mediums and platforms through which the consumers can be met by creating and designing

advertisements at different forms establishing billboards in form of pictures to portray reminders to people reaching them at the rural and urban areas also using television and radio advertisements as a medium to increase organization's sales turnover getting to reach many consumers and prospects at the same time by enlightening consumers of the product displaying product features, design and usage of the products with additional benefit (Kotler and Keller, 2006) mentioned that the effect of advertising on sales turnover via informing the consumers of the product's existence is dynamic since advertising will affect the consumers awareness of the product in the future and therefore will affect future sales turnover (Roy, 1994).

This dynamic effect of advertising explains that firm usually advertises a product most at the entry. Nevertheless, the advertising that affects sales turnover has not received a lot of attention in Nigeria as companies focuses more on the sales turnover instead of employing the use of advert messages for organizational performance (Belch and Belch, 1990).

This study examines the efficacy of advertising on the general performance on the nestle milo product in

relations to the different advertisements used by the company, the study also tend to find out how customers relations management affects the organizational performance, it would also be a useful tool to organizations enlightening them on the knowledge of advertising in terms of getting customers to patronize the products, convincing prospects as they increase their performance better than other competitors .

Objective of the study: The main objective of this study is to critically examine the effect of advertising on customer patronage and organizational performance and they are

- To determine the influence of television advertising on sales turnover
- To determine the effect of billboard advertising on market share

Research questions: This study seeks to answer the following question;

- How does television advertising influence sales turnover
- To what extent does billboard advertising affects market share

Research hypothesis: In this research, we have four hypothesis which are:

Hypothesis 1

H_0 = Television advertising has no significant influence on sales turnover

H_1 = television advertising has a significant influence on sales turnover

Hypothesis 2

H_0 = billboard advertising has no significant effect on market share

H_1 = billboard advertising has a significant effect on market share

Literature review: Advertising which is sometimes referred to as ‘the lifeblood of an organization’ reflects the product or service (its naming, packaging, pricing and distribution). Without advertising there is an unbalance flow of products or services from the distributors to the final consumers. Advertising is a complex form or communication that operates with objectives and strategies which leads to various types of impacts on consumer thoughts feelings and actions. It could be a form of identification used to spread vital

information about a product, a vital promotional tool as a means of improving sales.

Derived from the Latin word ‘ad vetere which means to draw attention; advertising can be defined as any form non-personal promotion transmitted through a mass media with a clearly identified sponsor. The key difference between advertising and other forms of promotion is that it is impersonal and communication is with a large number of people through paid channels. It also in one way or another affects our beliefs and attitudes but it must definitely will affect our behavior for it to be useful. Moriarty *et al.* (2009) believe that advertising as a type of marketing communication technique marketers use to reach their customers and deliver their messages. That includes everything from public relations sales promotion and personal selling to events (Baker, 2001).

Smith and Park (1992) see advertising as a non-personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media. Similarly, Aka citing Okorie and Aderogba observed that successful advertising is aimed at persuading consumers to engage in a specific action of purchase. Hence, advertising is a potent marketing approach used to attracting individuals to a brand in the market place.

In the realm of advertising, a billboard is a large outdoor advertising structure typically found in high traffic areas such as alongside busy roads (Mitchell, 2009). Billboards present large advertisements to passing pedestrians and drivers. Typically showing large, witty slogans and distinctive visuals, billboards are highly visible in the top designated market areas. Bulletins are the largest, most impactful standard-size billboards. Located primarily on major highways, expressways or principal arterials, they command high-density consumer exposure (mostly to vehicular traffic). Bulletins afford greatest visibility due not only to their size but because they allow creative “customizing” through extensions and embellishments. Posters are the other common form of billboard advertising, located chiefly in commercial and industrial areas on primary and secondary arterial roads. Posters are a smaller format than bulletins and are viewed principally by residents and commuter traffic, with some pedestrian exposure.

Billboard advertisements are designed to catch a person’s attention and create a memorable impression very quickly, leaving the reader thinking about the advertisement after they have driven past it. They have to be readable in a very short time because they are usually

read while being passed at high speeds. Thus, there are usually only a few words in large print and a humorous or arresting image in brilliant colour. Kelley and Jugenheimer have identified a variety of distinctive characteristics of billboards and outdoor advertising. The advantages of using billboards include, among other things; potential placement of the advertisement close to the point of sale, high frequency of exposure to regular commuters, high reach, 24 h presence, geographic flexibility for local advertisers, economic efficiency in terms of low production costs and low cost per thousand exposures, visual impact from advertisement size and message creativity and brand awareness. Disadvantages include; the need to limit the number of words in the message, short exposure to the advertisement, low demographic selectivity and measurement problems.

A study by Taylor and Franke on billboard users found that compared with other media, billboards were rated higher in terms of ability to communicate information affordably, attract new customers and increase sales. While many advantages of billboards have been identified anecdotally from experience or through academic study, there is a need to investigate whether frequently listed advantages overlap with each other and to examine whether they truly are advantages that are important to billboard users. In a content analysis of billboards, Blasko earlier examined whether advertisers were following accepted creative principles associated with outdoor advertising and the findings of the research was that most advertising practitioners that uses bill board as a means of awareness are creative.

MATERIALS AND METHODS

The research design adopted for this study was survey method. The rationale for using this method was based on the premise that it is best suited for studies on perception of people on particular issues. Survey method of study also involves direct contact with a population or sample that has characteristics and personality qualities relatable to the study objective. According to Ojo, the population of the study is the aggregate number of elements from which the actual sample is selected. The population of this study consists of consumers of nestle milo products in Covenant University campus and marketing staffs of Nestle Milo product.

For the accuracy the sample size would be determined by the use of yards formula for the employees ,the nestle milo staff were 136 in total and for the consumers who are the entire students of Covenant

University whose population was 7520. The researchers adopted the statistical or Yard's formula as cited in Guilford and Fruchter (1973) where the researcher made reference to. This formula is concerned with the application of normal approximation with 95% confidence level and 5% error tolerance. The formula is given below as. The yard's equation:

$$n = N / 1 + N (e)^2$$

Where:

n = Sample size

N = Population

e = Margin of error 5% (0.05)

Sample size for the employees of marketing and sales department nestle milo product

$$= \frac{136}{1 + 136(0.05)^2} = 136 / 1.34 = 101.49 \text{ } 100 \text{ respondents}$$

Sample size for the entire students of covenant university:

$$= \frac{7520}{1 + 7520(0.05)^2} = 7520 / 18.8025 = 399.94 \text{ } 400 = \text{respondents}$$

Questionnaire was used as the research instruments for this study, the questionnaire was administered personally by the research and collected personally, the questionnaire consist of two sections , Section A comprises of personal bio-data of the respondents. Section B comprised of questions relating and testing the dependents and independents variables

In achieving the objective of this research the method of data analysis used for the collected data was the Statistical Package for Social Science (SPSS) and table. For data presentation, frequency tables used for bio data and each of the questions in my instrument, also in order to measure the relationship between variables to predict impact of one variable to another, the regression method was used.

RESULTS

The research questionnaire was administered to (400) respondents consisting of employees and customers which is the sample size representing the study population of the organization selected in Nigeria. Of this lot, 322 questionnaires representing 80.5% were returned and 78 questionnaires

Table 1: Analysis of response rate

Questionnaire	Respondents	Percentage (%)
Returned	322	80.5
Not returned	78	19.5
Total distributed	400	100

Table 2: Gender of respondent

Mayerials status	Frequency	Percent
Valid		
Male	184	57.1
female	138	42.9
Total	322	100.0

Table 3: Marital status of respondents

Mayerials status	Frequency	Percent
Valid		
single	168	52.2
married	154	47.8
Total	322	100.0

Table 4: Work experience of respondents

Mayerials status	Frequency	Percent
Valid		
1-5 years	173	53.7
6-10 years	108	33.5
11-15 years	33	10.2
15 years above	8	2.5
Total	322	100.0

Table 5: Educational qualification of the respondents

Mayerials status	Frequency	Percent
Valid		
SSCE	31	9.6
HND/BSc	210	65.2
MSc/MBA	67	20.8
others	14	4.3
Total	322	100.0

Field survey 2014

representing 19.5% were not returned. The Table 1 below shows the details at a glance. Table 2 classifies respondents by sex. It shows that the questionnaires were filled by 138 females (42.9%) and 184 males (57.1%) and therefore, there were more male respondent than the female respondents in this survey.

Table 3 Classifies the respondents by marital status, the table shows that 168 of the respondents are single (52.2%). It also shows that 154 of the respondents are married (47.8%). therefore, there were more single respondent than the married respondents in the survey.

Table 4 classifies respondents by their work experience, the table shows that most of the respondents were within the work experience bracket of 1-5 year which represents 173(53.7%) of the respondents population. However, 108(33.5%) were within the work bracket of 6-10 year, 33(10.2%) were within the bracket of 11-15 year and 8(2.5%) were within the work experience of above 15 year and above.

Table 5 classifies respondent by their highest educational qualification. According to the table, majority of the respondents are H.N.D/B.sc holder of 210 with a percentage of (65.2%) while 67 (20.8%).

Table 6: Age group of respondents

Mayerials status	Frequency	Percent
Valid		
21-30 years	97	30.1
31-40 years	177	55.0
41-50 years	34	10.6
50 years above	14	4.3
Total	322	100.0

Table 7: Beverage is one of my preferred drinks

Mayerials status	Frequency	Percent
Valid		
strongly disagree	60	18.6
Disagree	13	4.0
Undecided	147	45.7
Agree	54	16.8
strongly agree	48	14.9
Total	322	100.0

Table 8: Beverage communicate the product effectively

Mayerials status	Frequency	Percent
Valid		
strongly disagree	160	49.7
Disagree	82	25.5
Undecided	12	3.7
Agree	42	13.0
strongly agree	26	8.1
Total	322	100.0

Field survey 2014

were Msc/MBA holders, 31(9.6%) were SSCE holders and 14(4.3%) holds other form of educational qualifications. This goes to show that majority of respondents were at least university graduates.

Table 6 classifies the respondents by their age group. The table shows that 97(30.1%) of the respondents were within the age group of 21-30 year. the vast majority of respondents fell between the age group of 31-40 year representing 177(55.0%) of population. 34(10.6%) were within the age bracket of 41-50 and 14(4.3%) respondents fell between the age of 50 and above

Table 7 classifies the opinion on whether Beverage is one of their preferred drink, it shows that 60(18.6%) strongly disagree that beverage is one of their preferred drink, 13(4.0%) disagree, 147(45.7%) are undecided, 54(16.8%) agree, 48(14.9%) strongly agree that beverage is one of their preferred drink, the respondents have different choices and preferences, this affects their choice to pick beverage has their preferred drink.

Table 8 classifies the opinion on whether the beverage communicate the product effectively, it shows that 160 (49.7%) strongly disagree that beverage communicate the product effectively, 82 (25.5%) disagree, 12(3.7%) are undecided, 42 (13.0%) agree, 26(14.9%) strongly agree that beverage communicate the product effectively, majority are of the opinion that the beverage does not communicate.

Table 9: Beverage adverts creates desired attention

Mayerials status	Frequency	Percent
Valid		
strongly disagree	34	10.6
Disagree	50	15.5
Undecided	73	22.7
Agree	96	29.8
strongly agree	69	21.4
Total	322	100.0

Table 10: Beverage advert message are easily understood

Mayerials status	Frequency	Percent
Valid		
Strongly disagree	41	12.7
Disagree	34	10.6
Undecided	31	9.6
Agree	113	35.1
strongly agree	103	32.0
Total	322	100.0

Table 11: Adverts creates awareness to give the product a trial purchase

Mayerials status	Frequency	Percent
Valid		
Strongly disagree	20	6.2
disagree	63	19.6
Undecided	40	12.4
Agree	138	42.9
strongly agree	61	18.9
Total	322	100.0

Field survey 2014

the product effectively, the company(nestle) should think of ways to correct this impression.

Table 9 classifies the opinion on whether the beverage adverts creates desired attention, it shows that 34 (10.6%) strongly disagree that beverage adverts creates desired attention, 50 (15.5%) disagree, 73 (22.7%) are undecided, 96 (29.8%) agree, 69 (21.4%) strongly agree that beverage adverts creates desired attention, majority agrees that the beverage adverts creates desired attention.

Table 10 classifies the opinion on whether beverage advert message are easily understood, it shows that 41 (12.7%) strongly disagree that beverage advert message are easily understood, 34(10.6%) disagree, 31 (9.6%) are undecided, 113(35.1%) agree, 103 (32.0%) strongly agree that beverage advert message are easily understood, majority agrees that the beverage adverts are easily understood.

Table 11 classifies the opinion on whether the adverts creates awareness to give the product a trial purchase, it shows that 20(6.2%) strongly disagree that the adverts creates awareness to give the product a trial purchase, 63(19.6%) disagree, 40(12.4%) are undecided, 138(42.9%) agree, 61 (18.9%) strongly agree that the adverts creates awareness to give the product a trial purchase, majority are of the opinion that the adverts creates awareness to give the product a trial purchase

Table 12 classifies the opinion on whether the product are easily found around, it shows that 32 (9.9%) strongly

Table 12: Product are easily found around

Mayerials status	Frequency	Percent
Valid		
Strongly disagree	32	9.9
Disagree	33	10.2
Undecided	44	13.7
Agree	147	45.7
strongly agree	66	20.5
Total	322	100.0

Table 13: Model Summary (a)

Model	R	R ²	AdjustedR	Std. Error of the estimate
1	0.699(a)	0.488	0.487	0.550

ANOVA (b)					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1					
Regression	92.449	1	92.449	305.134	0.000(a)
Residual	96.953	320	0.303		
Total	189.401	321			

a Predictors: (Constant), ADVERT; b Dependent Variable: TURNOVER

disagree that the product are easily found around, 33(10.2%) disagree, 44(13.7%) are undecided, 147 (45.7%) agree, 66 (20.5%) strongly agree that the product are easily found around, this signifies that majority of the respondents agreed to the fact that product are easily found around

DISCUSSION

Test of hypothesis and discussion of results

Test of hypothesis 1

Hypothesis 1:

- H_0 = Television advertising has no significant influence on sales turnover
- H_1 = Television advertising has a significant influence on sales turnover (Table 13)

Interpretation of results: The results from the model summary above revealed that the extent to which the variance in turnover can be explained by advertisement is 48.8% i.e ($R^2 = 0.488$). The ANOVA shows the Fcal 305.134 at 0.0001 significance level. Television advertising significantly affects sales turnover in business.

The coefficient 14 above shows the simple model that expresses how television advertisement assists organizations to increase sales turnover. The model is shown mathematically as follows:

$$Y = a + bx$$

Where:

- y = The increase in sales turnover
- x = The television advert
- a = The constant factor
- b = The value of coefficient

Table 14: Coefficients

Model	Unstandardized Coefficients		Standardized t value		Sig.
	B	SE	Beta	B	
1					
Constant	1.189	0.127	9.383	0.000	0.000
ADVERT	0.635	0.036	0.699	17.468	0.000

a: Dependent variable: TURNOVER

Table 15: Model Summary (a)

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	0.620(a)	0.384	0.382	0.605

Predictors: (Constant), ADVERT

ANOVA (b)

Model	Sum of squares	Df	Mean Square	F	Sig.
1					
Regression	73.139	1	73.139	199.595	0.000(a)
Residual	117.261	320	0.366		
Total	190.400	321			

a: Predictors: (Constant), ADVERT

Table 16: Coefficients (a)

Model	Unstandardized Coefficients		Standardized Coefficients		t value	Sig.
	B	SE	B	B		
1						
(Constant)	1.771	0.139			12.715	.000
ADVERT	0.564	0.040	0.620		14.128	.000

a Dependent Variable: MARKETSHARE; b Dependent Variable: MARKETSHARE

From this Table 14, therefore (SALESTURNOVER) = $1.189 + 0.635\text{ADVERT}$. This means that for every 100% change in sales turnover, television advert contributed 63.5%.

Decision: The significance level below 0.01 implies a statistical confidence of above 99%. This implies that television advertisement assists organization to increase market share in business. Thus, the decision would be to reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1).

Test of hypothesis 2

Hypothesis 2

H_0 = Billboard advertising has no significant effect on market share

H_1 = Billboard advertising has a significant effect on market share

Interpretation of results: The results from the model summary Table 15 revealed that the extent to which the variance in market share can be explained by advertisement is 38.4% i.e., ($R^2 = 0.384$). The ANOVA table shows the Fcal 199.595 at 0.0001 significance level. Billboard advertising significantly affects market share in business. The coefficient Table 16 above shows the

simple model that expresses how billboard advertisement assists organizations to increase market share. The model is shown mathematically as follows;

$Y = a + bx$ where y is increase in market share and x is advert, a is a constant factor and b is the value of coefficient. From this table therefore, (MARKETSHARE) = $1.771 + 0.564\text{ADVERT}$. This means that for every 100% change in market share, billboard advert contributed 56.4%.

Decision: The significance level below 0.01 implies a statistical confidence of above 99%. This implies that billboard advertisement assists organization to increase market share in business. Thus, the decision would be to reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1).

Empirical findings: Detailed and objective analysis of data gathered during the research work resulted in the following findings:

The statistical tests proved that advertising has a significant effect on purchase of consumer products. The importance of advertising should not be over-emphasized; it should be informative and persuasive.

Hypothesis two proved that advertising can increase the total sales of the company's product. A company that maintains large sales in the market can be seen as a market leader as it means that consumers prefer its product to that of its competitors, it also indicates that the company has a relatively large market share.

To a large extent, it was proved that advertising as one of the major factors that ensure product survival in the market. As given by the respondents, adverts of Milo drink persuade them to purchase the product.

As the advertising to a customer increases, the provider is more likely to pursue a closer relationship. Advertising should be used to maintain competitive advantage or at least, maintain the brand in customers' brand repertoires or consideration sets. That is to say, encourage customers to include or maintain the brand as a possible purchase along with others that usually buy.

Advertising plays a crucial role of building and creating good image of a company. It helps in building familiarity with name and establishes the company's identity. Sales performance or sales volume is being increased by continuous advertising by the company.

CONCLUSION

After a careful examination on the research study "efficacy of advertising on organizational performance", it was concluded that advertising is one of the best known and widely used form of product promotion due to its persuasive nature. It is therefore important especially

for companies whose products are targeted at the mass consumer markets to make use of advertising which will help them communicate ideas about company products to its customers.

Organization should satisfy the customers' needs and wants in a unique way with a well design product and well-coordinated advert, different from competitors and to handle this task, a close relationship should be held with the customers to know their preferences.

In general, a growing number of companies are striving to measure the sales effect of advertising expenditures instead of setting only for communication effect measures (Kotler and Armstrong, 1999). As long as an advert maintains its characteristics and function of informing, persuading, reminding, influencing a specific set of target audience, it becomes a good tool in the hands of the advertiser to boost general sales performance of the product or service. Therefore we will say that advertising can surely have an effect on organizational performance.

RECOMMENDATIONS

The following recommendations were made from the analysis of primary data. These recommendations if well adhered to and implemented will have a positive bearing on the sales volume of the company, boost the image of Nestle, attract more customers and retain existing ones. The researcher recommends the following, from the views of different respondents: Aren defined advertising as the structured and composed non-personal communication of information, usually paid for and usually persuasive in nature, about (goods, service and ideas) by identified sponsor through various media. This definition indicates that advertising should inform, educate and persuade but in a situation where one is left out then the aim has been partially ruined.

Companies are therefore advised to ensure that they do not deviate from the basic function of advertising.

It is important to remember that advertising is expensive and must be targeted effectively to achieve a firm's objectives. Firms do not have unlimited budgets; thus these funds must be allocated with a clear view of target markets and hence the audience for the organization's advertising.

Advertising should be done in a way of positioning of companies and their brands in the minds of consumers. Management should improve on the traditional marketing mix (4p's) as they also would boost the performance of advertising (Bearden *et al.*, 2007).

Company should ensure that they give back to the society and their customers as much as possible as this is another way of advertising the company itself therefore encouraging the public to want to know more about the company and patronize the company.

Companies who offer substitute products to the same consumers as their competitors should use their advert as a link between them and the consumers and also distinguish their products properly to the best of their knowledge instead of engaging in an un-profitable competition.

Company should maintain a good relationship with their customers (relationship marketing) and provide as much post-sales (after sales) services as much as possible.

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