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Sales Promotion Tools And Target Market In Nigerian Banking Industry

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Abstract
The objective of the study was to examine if the tool of sales promotion in banking industry is determined by the target market. Survey research design was adopted. Primary source of data was collected using a self-developed structured questionnaire which was administered to customers of selected banks in Ado-Ekiti. Purposely sampling technique was used to select 192 respondents from the banks and the results were analysed using Statistical Package for Social Science (SPSS) version 20. Findings revealed that the strategies are significantly related to target market and the design of those tools is actually determined by the target market. Among the sales promotion tools, financial incentives were found most effective, followed by gifts and raffle draw, respectively. It was concluded that the management of banks should embrace the use of these tools for more patronage. The study recommended that the design of sales promo tool should be based on customer's needs; banks should embark on customer survey research to discover more varieties of gifts that will enable them to accomplish their objectives at a specific sales promotion period. The management of banks should create more awareness on the use of raffle draw to enhance greater patronage. The implication of the study is that if the management of banks should strategically implement the aforementioned tools it will draw greater customers to the business.

Keywords: Financial incentives, Gifts, Raffle draw, Banks and Target market.

1. Introduction

Promotion, according to Czinkota and Ronkainen, (2004) cited in Aliata, Odondo, Aila, Ojera, Abong'o and Odera (2012) is the direct way an organization tries to reach its public. This involves five elements of promotional mix: advertising, personal selling, public relations, direct marketing and sales promotion. Sales promotion refers to those promotion activities other than advertising, publicity and personal selling that stimulate interest, trial or purchase by final customers or others in the channel (Bagavathi-Pillai, 2007). It is an integral part of promotional mix used by financial institutions to stimulate customer deposit and to make the customer remain loyal to the financial institution (Ekankumo and Henry, 2011). This shows that even in spite of the global meltdown, intense competition plus the ever abiding regulatory activities of the apex bank in Nigeria (CBN), adoption of effective sales promotional tools can effectively cement the relationship between the bank and their customers. Generally, the pursuance of sales promotion as vital tool by any organisation or financial institution is germane to the relevancy of the banks in the competitive business environment in order to enhance greater customers' patronage.

This means that banks can use sales promotion to attract more deposit and ensure customer loyalty. With the current state of the nations' economy, banking is considered to be one of the essential sectors that touch virtually all aspects of life. In the early 70s to late 80s, banks did not see the need for marketing nor did they have regard for it because officials in the banks believed that customers did not have any other option than to patronise them. However, the era of recapitalization caused drastic changes in the Nigerian banking operations and placed a necessity on them to embrace modern ways of marketing if they are to remain competitive in the business environment. As a result of this, banks are on daily basis, devising strategic tools of promotional mix that can make them outsmart their competitors in the business environment.

Firms in Nigeria used various tools during sales promotion to enhance their customers' patronage such as: price cut, free sample, gift, demonstration, financial incentives and so on. But in the case of banks, they make use of those tools that are capable of delivering a desired result, which means that a bank does not dogmatically follow the sales promotional tools pattern of other organizations especially, those involve in tangible production rather it should design its own tools taking its target market into consideration.

Therefore, the desire of banks to gain larger proportion of the market share prompted them to create special unit called marketing department which was established solely to create sales for the company's products and services. Going by this, marketing helps customers to get the product at a convenient location and provides the atmosphere that will motivate or entice customer to patronize the bank at the same time attract new customers, while retaining the existing ones.

Years ago, sales promotion was considered as an activity that was not significant in the arena of financial business because customers without option patronised the banks. But the growing activities of promotion have created in the heart of the customers the necessity to replace the need to fulfill basic physiological requirements with wants and satisfaction. Hence, customers become more selective in their choice of services being rendered by various banking institutions that give them satisfaction. This signals the need by the banks to strategise on what they can do to ensure customer patronage, attracting potential customers and assiduously working to retain the existing ones.

The development of sales promotion strategies requires that a firm must determine its best potential markets in order to select appropriate tool with which to encourage potential customers to patronize them through their products (Ekankumo and Henry, 2011). Sales promotion tools are many but individual banks should concentrate on the specific combination that seems to yield desire and most successful results. Akpan, (2009) cited in Olalekan (2011) contended that maximizing returns and optimizing profitability became the focus of banks and these can only be achieved through enhanced patronage; that is, increased customer base with attendant satisfaction sufficient to consolidate loyalty through sales promotional activities.

Moreover, past scholars dwelled much on the need for sales promotion organisations in transport, manufacturing, communications and production industries to focus on target market while designing their sales promotional tools. Hardly have such sales promotion tools used by banking institutions been researched. Therefore, the question to ask is: are banks not focusing on target market before designing their sales promotion tools? Since it is not all the tools of sales promotion used by other organisations are applicable in the banking industry, therefore, the study was set out to uncover whether or not banks actually design their sales promotion tools based on the target market by considering the following dimensions and how effective they are in the context of Ekiti State such as: financial incentives, gifts and raffle draw.

2. Literature review

The consensus of past researchers affirmed that sales promotion boost on short-term sales (Gartwright 2002), in Aworemi, Oyedokun, Ajagbe and Wojuade (2008) and Kotler, 2009). However, its long-term effects are debatable and many researchers have reported conflicting results. According to Ailawadi (2001) cited in Lindholm (2008), sales promotions have a positive long term effect on sales because promotions persuade consumers to change brands and to buy in larger quantity, while some of the researches reported contrary views that after a promotional purchase, the probability of repeat purchase is reduced after a non-promotional purchase. From literature, five reasons were identified as accounting for this. 1, promotion is considered to be an external stimulus, 2, customers might also become comfortable with the lower price and demotivated to buy with the normal price anymore, 3, promotions might also encourage low-probability customers to purchase products and services, and 4, prices are used as a measure of quality for many service consumers. In that sense, decrease in the price devalues the brand in the eyes of the customers. 5, regular purchasers tend to stockpile during a promotion, decreasing the frequency of patronage.

Brassington and Pettitt (2000) cited in Chaharsoughi and Yasory (2012) revised the definition of sales promotions it as a range of marketing techniques designed within a strategic marketing framework to add extra value to a product or service over and above the"normal" offering in order to achieve specific sales and marketing objectives. This extra value may be of a short term tactical nature or it may be part of a longer-term franchise-building strategy. Having evaluated the effect of sales promotion on customer attention to purchase,the authors reported that sales promotion content brings about customers' attention and promotion of selling and at the same time creates awareness to enhance more patronage. From the authors discussion so far, one can deduce that when sales promotion is well planed and structured, it will not only result to short-term purchase but equally enhance long-term patronage (Lindholm, 2008); Chaharsoughi et al., (2012). Since this study was based more on intangible than tangible products the reasons for inadequate long term effect of sales promotion may not be a issue of concern in the study.

Haugh, (1983) cited in Prendergast and Cheung (2010) defined sales promotion as 'a direct inducement that offers an extra value or incentive for the product to sales force, distributors, or final consumer with the primary objective of creating an immediate sale.' Belch and Belch (2007) have proposed a similar definition. Their research work focused on belief in luck as a predicator of participating in a lucky draw sales promotion: The China case. Their findings indicated that psychological factors such as belief in luck do not influence consumers' participation in lucky draw sales promotion activities in the Chinese context.

However, this finding is not applicable in the Nigerian context. This is because banks in the current state of their business are rolling out valuable incentives such as gifts (e.g cars, houses, home appliance, cash reward and so on) with evidence of winning during sales promotional activities and the belief that they can win some of those items, has encouraged some potential and existing customers to try their luck by patronising the banks. Therefore, it can be agreed upon that sales promotion has a significant effect on an organization's performance.

However, Ekankumo, et al.,(2011) opined that the development of sales promotion strategies requires that a firm must determine what its best potential markets are i.e (the targeted group). In the same vein, Mitta and Pachauri (2013) reveal that in the current competitive and volatile environment, all marketers including banks communicate with their target markets. From the authors' studies, it is obvious that the design of sales promotional tools by the banks must be from customers' point of view and its to the banks' competitive advantage if sales promotional tools are designed based on customers' needs. Target market, according to Kotler and Armstrong (2004), was described as a set of buyers who share common needs or characteristics that the company decides to serve. Generally, target market can be refer to customers with similar needs that can be met by a particular product. According to Kotler and Keller (2009) in Marketing management, the process of identifying target audience commences with a clear audience in mind: such as potential buyers, current users, deciders or influencers; individuals, groups, particular public or general public. Their emphasis was that target audience has a crucial influence on design sales promotion tools.

Here, it can be deduced that one easy way of identifying a target market is by dividing the market into segments based on the target market profile. This actually facilitates the firm's ability to design appropriate products and tools that satisfy the targeted customers thereby encouraging them to stimulate customers' patronage. From the researcher's experience while working with one of the commercial banks as a marketer, designing of sales promotion tools during promotional activity is best carried out were from targeted market's perspective. These strategies have been assisted the bank to increase its sales volume during and after the promotion. Some of the tools include financial incentives, gifts, raffle draw and at times engaging the service of a professional promoter to train and retrain staff on how to effectively relate with customers.

2.1 Banks sales promotional tools

Financial incentive: Generally, the impact of monetary gift as an incentive has become obvious in banks' sales promotion. As a result of its positive impact in the life of customers and their businesses, it has now become imperative to incorporate financial incentives into management portfolio as a tool to instigate customers for more patronage thereby enabling the banks to enhance their business transaction. Organisations that directly deal with tangible products use incentives like coupons, rebates, free samples and so on, to attract up new customers while retaining the existing one.

Since there is no uniformity in incentives used by all organisations, banks on their own design tools of sales promotion by considering the target market that gives them the desired results, especially during promotional activities. The ability of the tool to induce customers during sales promotion activities prompted banks to adopt financial incentives as an effective strategy to improve their sales volume. This can be in form of cash reward, salary for life, scholarship, reduction in interest rate and so on. Some of the criteria that qualify customers used by most of the banks are often based on customers opening such account and making consistent deposit of specific amount for certain periods of time.

The evidence of wining this incentive which in most cases is a live broadcast using all media is another way through which the banks instigate their customers to patronise them while retaining the existing ones. The significance of financial incentives on an organisation's performance was demonstrated in the research by Robert (2009). His research investigated whether financial incentives could enhance educational outcomes. Findings of the study showed that financial incentive can be used as a strategy to induce students who naturally are not willing to go to school. The effectiveness of the tool was found useful in bank's sales promotional activities which had since been adopted after the recapitalisation and banks have been improved on it in order to gain a lion share of the market. The tool can equally be used to induce customers who did not initially wish to patronise the banks.

Gifts: Sales promotion acts as a direct inducement that offers an extra value or incentive for the product to customers with the primary objective of creating immediate sales (Prendergast and Cheung 2010). Again, gift according to Kendrick (1998) can be described as a tool to increase sales volume. Besides, increasing sales, gifts as a tool, have been used to achieve several other objectives like: enhancing the brand by using attractive branded gifts, providing a reminder of the brand's existence for the customer and promoting loyalty and commitment from customers. This affirmation indicates that using appropriate and valuable incentives like; cars, house and other items by banks during sales promotional activities are capable of enhancing customers' patronage and capable of adding value to the firm's performance. The live broadcast event of wining the items is another means through which the banks induce their customers to patronise them.

Raffle draw: Raffle is considered a form of lottery. As such, a raffle generally refers to a method for the distribution of prizes among persons who have paid for a chance to win such prizes, usually determined by the numbers, or symbols, on tickets drawn, (Internal revenue service 2005). It is described an event where prizes rather than cash are displayed such as: motorbike, refrigerator, television and so on for customers to win. Generally, banks design these sales promotion tools along with their products on the bases of specifically targeted market. Rather than buying raffle tickets, customer will open an account with the bank and be encouraged to patronize it by making specific amounts of deposit for a particular period to enable them qualify for the event. The live broadcast evidence of prize winning also induces customers to patronage the institution.

3. METHODS

The study used descriptive and inferential research designs. Primary data were obtained using self-developed structured questionnaire administered to customers in the banks premises of the ten chosen banks who had been participating in sales promotion in the past five years in Ado-Ekiti metropolis . Five (5) point Likert scale (ranging from 1: strongly disagreed, 2: disagreed, 3: undecided 4: agreed and 5: strongly agreed), were used to evaluate the responses. To measure validity of the study instrument, face and content validity methods were used; while test-retest method was used to ensure internal consistency (reliability).The average of Cronbach alpha of all the construct was 0.81, which shows that the constructs adequately measured what was intended. Multiple regressions analysis was used to test the effect of independents on dependent variables. A sample size of 200 respondents was selected from the ten banks and questionnaires were administered to them. Out of these, 192 were correctly filled and returned. The selection of the sample was done using proportion formula of Yamane (1967). The study make use of purposive sampling techniques to select respondents whose relationship with the bank was within the range of 1-10 years.

The following hypotheses were tested in the study:

H1 financial incentives does not determine by the target market

H2 gifts item does not determine by target customer

H3 raffle draw prizes does not determine by the target market.

4. DATA ANALYSES AND DISCUSSION OF RESULTS

Table 1: Distribution of demographic variables

Variables	Frequency	Percentage (%)
Sex		
Male	88	45.8
Female	104	54.2
Age		
20-30	42	21.88
31-40	55	28.64
41-50	60	31.25
Above 50	35	18.23
Education		
University	90	46.88
Polytechnic	61	31.77
Others	41	21.35
Relationship (Years)		
Below 2	45	23.43
2-5	80	41.67
5 and above	67	34.90
Target market		
Trader	50	26.04
Civil servant	81	42.19
Contractor	20	10.42
Others	41	21.35

Discussion of Results

Results in Table 1 shows that more females (54.2%) respond to sales promotion than her male counterparts (45.8%). One can deduce that female get more attracted to promotional activities. Considering the age categories of the participants in the sales promotion, table 1 indicates that customers between the age range of 41-50 years have the highest percentage of 31.25% followed by 31-40 years with 28.64%, 20-30 years with 21.88% and 50 years and above with 18.23%. It can be explained that the age bracket of 31-40 and 41-50 years, respectively were often induced by the sales promotion tools. The reason for this may equally be that because they fall within the parental age group and at the same time may engage in one business or the other hence opening the bank account and collecting the incentives may go a long way to add value to the bottom line of their lives and businesses. Again, the distribution by education shows that the larger proportions with the value of 46.88% respondents were from universities while 31.77% attended polytechnics and 21.35 are others. These explain the calibre of customers patronising the firm using tool of sales promotion.

The relationship distribution from Table 1 indicates that 41.67% were customers with 2-5 years relationship experience while 34.90% had 5 years relationship experience with the banks and 23.43% only showed customers having below 2 years relationship experience. Distributions by target market from Table 1 show that 26.04% were traders, civil servant 42.19%, contractors 10.42% and others 21.35%. These indicate the calibre of target customers patronising the banks using tool of sales promotion.

Table 2. Decision to open a bank account based on financial benefits (COT free and low interest).

Responses	Frequency	Percentage (100)	Valid Percent	Cumulative Percent
Strongly Disagreed	13	6.77	6.77	6.77
Disagreed	10	5.21	5.21	11.98
Agreed	94	48.96	48.96	60.94
Strongly Agreed	75	39.06	39.06	100
Total	192	100	100	

Source: Field Survey 2013

Discussion of Results

Table 2, it shows that 48.96% of the customers agreed that they certainly opened their banks account during sales promotion as a result of the financial benefit. This is followed by 39.06% who strongly agreed, 6.77% were strongly disagreed and 5.21% who disagreed, respectively. One can infer from the frequency analysis that the lower percentage of customers who were not induced by the sales promotion tool may consider the opening of a bank account as a must for them at the moment regardless of the banks sales promotion. However, these set of customers may still be induced to open another bank account in the subsequent sales promotion. It is equally observed that the amount of financial incentives attached to a particular banks' product is determined by the focus group in the market.

Table 3. Decision to open a bank account based on gift item.

Responses	Frequency	Percentage (100)	Valid Percent	Cumulative Percent
Strongly Disagreed	19	9.90	9.90	9.90
Disagreed	34	17.71	17.71	27.61
Agreed	87	45.31	45.31	72.92
Strongly Agreed	52	27.08	27.08	100
Total	192	100	100	

Source: Field Survey 2013

Discussion of Results

Table 3 indicates that customers with 45.31% (which is the higher frequency) agreed that the attached gift items during sales promotion prompted them to open their bank accounts. This is followed by 27.08% who strongly agreed. However, 17.71% disagreed and 9.90% strongly disagreed that there are some customers whose banks' account opening were not influenced by sales promotion gifts. From the frequency analysis, it can be explained that directing specific gifts to particular customers during banks' sales promo is capable of enhancing patronage. It further suggests that the designing of a bank's product with the attached gifts is determined by the group of the target market.

Table 4. I Decision to open banks' account based on the raffle prize

Responses	Frequency	Percentage (100)	Valid Percent	Cumulative Percent
Strongly Disagreed	40	20.83	20.83	20.83
Disagreed	48	25	25	45.83
Agreed	54	28.13	28.13	73.96
Strongly Agreed	50	26.04	26.04	100
Total	192	100	100	

Source: Field Survey 2013

Discussion of Results

The frequency analysis in table 4 shows that 28.13% agreed and 26.04% strongly agreed to statement, respectively. From the analysis, it can be concluded that customers respond to banks' sales promotion when

there is a raffle draw. The reason for this is the reality of wining one of those prizes which in most cases is broadcast live. In the context of Nigeria, specifically Ekiti State, customers believe in the lucky draw hence, they respond whenever a raffle draw is attached to banks' sales promo. To qualify, customers have to fulfil certain criteria like open the specific banks account product with consistent deposit for certain period of time. These have in no measure added value to life and business of the winner of those prizes. Such banks account product in most cases may be for a particular target market. Therefore, the design of the raffle draw prizes should always be from the target group's point of view.
From the regression analysis, it shows that financial incentives have significant value of 0.000 at 0.05 level of significant. It can therefore be deduced from the result that using financial incentives to enhance sales promotion activities is a vital tool that can enable banks to accomplish their objectives, hence, it affirms that financial incentives are significantly related to the target market. This support Robert's (2009) findings and is confirmed by the frequency in Table 2 where 48.96% agreed that the attached financial incentives prompted them to patronise their bank. Also, gift giving indicates regression coefficient value of 0.000 at 0.05 level of significant. The implication is that gift giving is significantly related to the target market. However, the regression of raffle draws show opposing result of insignificant relationship with target market with 0.068 at 0.05 level of significant. One can rightly explain that for raffle draw to be more effectives in attracting the expected target market, banks should intensify sales promotion activities which will create enough awareness of such raffle draws.

Table 5 **Regression coefficients for sales promotion and target market**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.292	.141		9.167	.000
	Financial	.325	.027	.592	11.912	.000
	Gifts	.266	.028	.477	9.606	.000
	Raffle	.051	.028	.091	1.836	.068

a. Dependent Variable: Target market

Discussion of Results

From table 7, the value of R Square posits that 0.544% variations in the explanatory variable i.e (financial incentives, gifts and raffle draw) are significantly related to target market.

Table 7. **Regression model summary for sales promotion and target market**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df 1	df2	Sig. F Change
1	.738[a]	.544	.537	.39183	.544	74.759	3	188	.000

a. Predictors: (Constant), Raffle, Gifts, Financial **Source: Author's computation from SPSS output**.
b. Dependent Variable: Target market

5. Conclusion and Recommendations

From the frequency table and results of regression analysis, there is a significant relationship between the design of sales promotion tools and the target market. Again, the design of sales promotion tool is determined by the targeted market group. The findings also showed that financial incentives were found to be the most effectives tool with t value of 11.912. Next to this, is a gift with the t value of 9.606 finally followed by raffle with t value of 1.836. Base on the results, null hypotheses were rejected while accepting the alternative hypotheses. Consider the research findings, the following recommendations were made.

i. Banks' tools of sales promo should be designed from the view point of target market. This is imperative because of its long term positive effect on customers' patronage.
ii. Financial incentives remain the most effective tool which the firm must always make use of during sales promotion because of its immediate and long term impact on customers' life and business.
iii. Banks' should endeaviour to carryout survey research on customers to discover more varieties of gifts that will enable them to accomplish their objectives at targeted specific sales promotion period.

iv. Where raffle draw is to be used as a sale promotion tool, management of banks should create more awareness.

5. Policy Implication

The implication of the study to banks is that management of banks should prioritise the use of financial incentives during their sales promotion. Since target markets are interested in what can add value to their lives therefore, management of the banks should incorporate sales promotion tools into their management portfolio. This will not only boost banks' business performance but sustained their competitive edged in the market.

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