

ISSN-2006-1676

Nigerian Journal of **MANAGEMENT** Technology & Development

Volume 8, Number 2

Dec. 2017



Publication of:

FACULTY OF MANAGEMENT SCIENCES

ABUBAKAR TAFAWA BALEWA UNIVERSITY

P. M. B. 0248, BAUCHI - NIGERIA

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www.jomatech.net / mtdjournal@atbu.edu.ng

**Nigerian Journal of Management Technology
&
Development**

ISSN 2006-1676

Volume 8, Number 2, December 2017

Nigerian Journal of Management Technology & Development

ISSN 2006-1676

Volume 8, Number 2, December 2017

A Publication of Faculty of Management Sciences

Abubakar Tafawa-Balewa University,

PMB 0248 Bauchi-Nigeria

E-mail: mtdjournal@atbu.edu.ng,

www.atbu.edu.ng

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Dlordvision Media

Email: dlordvision1@yahoo.co.uk, 08027322379

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The journal will be devoted to publication of management, technology and development issue hence, review papers on such aspects provided they are well written and their scholarly contribution clear.

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Thank you.

The Editor

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Challenges of Advertisement and Sales of Products in a Recessed Economy: Evidence from MTN Nigeria Ltd

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Abstract

The state of the economic system of any state determines the level of commercial enterprise sports within the country. At some point of a recession, there is mostly a slowdown in economic hobby with the attendant decrease in business sports of many businesses. Although, advertisement offers a platform for firms to create cognizance approximately their services or products and how consumers can make the fine out of such merchandise; there is generally a downward review of budgets during a recession. Therefore, objective of this study was to investigate the challenges of advertising and sales of product in the rouse of current Nigerian economic recession. The study adopted a survey research design, therefore it used primary data. The population of the study was staff of MTN Nigeria Ltd in Minna, Bida, Suleja and Kontagora in Niger State. The study used questionnaire as instrument of data collection. Data were analysed using frequency table. Findings from the study indicated that 40% of the respondents confirmed that low sale is being experienced by MTN Nigeria Ltd. The study also revealed that stopping advertising as a way out of this challenge was not considered as an option by the respondents, rather other options such as adjusting pricing tactics, and adjusting product portfolios were considered. The least suggested options were emphasizing core values and getting to know the customers better. Therefore, the study concluded that although economic recession has really affected advertisement policies of MTN Nigeria Ltd, the company is still making moderate sales of her products. The study also recommended that in order to overcome the challenges of sales of products in this period of economic recession, other marketing strategies should be employed by MTN Nigeria Ltd. These strategies include: adjusting pricing tactics, adjusting product portfolios and getting to know the customers better.

Keywords: Communication; Consumers; Demand; Marketing; Profit

1.0 Introduction

Advertising is a powerful tool of competition; it affords valuable data approximately services and products in an efficient and price-effective manner. On this way, advertising enables the financial system to characteristic easily - it maintains fees low and facilitates the access of latest merchandise and new companies into the market (Arrow & Stigler 1994). Business advertising and marketing media can consist of wall art work, billboards, published flyers, radio, cinema and tv ads, internet banners, mobile phone monitors, net popups and so forth. Olusegun (2006) opines that everyone commercial have to be honest and follow ethical requirements and must not be perceived by using the target customer as lie; otherwise it may batter the picture of a organisation

and avert it from constructing a success brands. Hence, for marketing to be effective, it have to have an appeal, entice attention, command hobby, inspire conviction and have to initiate hobby (Frank, 2005). Similarly, Okeji (2008) posits that a great ad message should now not be boring but alternatively reflect the lifecycle of the product.

However, when recession sets in, there is generally a downward review of budgets. Though costs are cut across the board, marketing usually is the first port of call. This is because; the financial benefits of some marketing functions like advertising might not be immediately obvious. Research shows that firms that cut their ad spend during recession typically see sales and income fall by 20-30 percent over the next two years as a result (Binet, 2009). So any increase



in the bottom line as a result of cut in the ad spend is usually small and short term. Analysis by Profit Impact of Marketing Strategy (PIMS) indicates that companies that cut advertising take much longer to recover as such action will not only depress sales and market share, but also increases the pressure to cut prices and distribution becomes harder to maintain without advertising support.

Economic downturn will affect the performance of individual organisations, industries and the entire economy (Domowitz, Hubbard & Peterson, 1988; Gebish & Loran 1987). Demand for products and services fall. Companies and organisations respond to this decrease in demand for products and services by reviewing downwards their budgets. Businesses tighten their budgets and many of them cut their marketing budgets (Lake, 2009). However, not all companies perform poorly as some prosper and grow. Some companies view recession as opportunities to strengthen their businesses, invest aggressively and overtake their weaker competitors (Srinivasan, Rangaswamy & Lilien, 2005). Should companies cut their marketing budgets during a recession? Is it time to cut back on marketing activities and stop spending on advertisement? In the words of Harvard Business School Professor, John Quelch, "the important thing is to understand how the needs of your customers and partners change and adapt your strategies to the new reality". A recession might be time to outsmart your competitors, grow your market share and invest in growing market segments and spend smarter (George & Edih, 2015).

It is not just the traditional advertising but with over 95 million active subscribers, Nigeria has become Africa's largest mobile advertising market. There has been a 37 per cent growth recorded in mobile advertising impressions in Nigeria for the first three months of 2012 (Oketola, 2012), with the number of mobile Internet subscribers forecasted to surge from 7.7 million in 2013 to 50.4 million in 2018.

In terms of expenditures on advertisement, the telecommunication industry in Nigeria was the sector that spent the highest amount on advertisement in 2013 (Obi, 2014). Overall, telecommunication firms spent a total of 14.7 Billion Naira out of a total of

103.8 Billion Naira spent on advertisement by all the companies (14 percent of the total) in Nigeria as indicated by Media actualities. Among the telecommunication firms, MTN Nigeria Ltd had the highest amount of expenditures on advertisement with a total of 5 Billion Naira. This was followed by Etisalat Nigeria Ltd which spent a total of 3.9 Billion Naira on advertisement in 2013. However, Globacom Nigeria Ltd and Airtel Nigeria Ltd each spent a total of 3.1 Billion Naira and 2.5 Billion Naira respectively (Obi, 2014). It is important to say that all these expenses on advertisement by these telecommunication companies contributed indirectly to the economic development of the nation.

1.1 Statement of the Problem

The condition of the economy of any country dictates the level of business activities that take place in that country. Thus, in a period of economic downturn, there is typically a reduction in the commercial activities which usually affects most of the business organisations that operate within that region.

Although advertisement assumes an extremely critical part in making publicity about a particular product or service, it adds to the overhead cost of production. Thus, there is generally a downward review of budgets during a recession – including budget for advertisement. This is because; the financial benefits of some marketing functions like advertising might not be immediately obvious. Research shows that advertising has a long term effect on sales- up to five years after ads are shown and so Chief Executive Officers (CEO) and Chief Financial Officers (CFO) will readily reduce their ad spends when looking for areas to cut costs. Should this be so? Analysis shows that companies that cut advertising take much longer to recover as such action will not only depress sales and market share, but also increases the pressure to cut prices and distribution becomes harder to maintain without advertising support.

During a period of economic downturn, the consumer will reduce his/her spending. The implication of this is that the sales figure will drop, as consumers will spend their money on essential items. The effect will be more negative for organisations that deal on non-essential goods. Expenses go up as inflation rises

during the recession. The effect of a drop in sales figure and increase in expenses is a reduction in the profit figures of most organisations. Results of many companies for 2008 business year showed a drop in the profit figures – no doubt, the effect of the 2008 worldwide recession.

Drop in sales and profits will inevitably lead management to consider laying off employees, especially the poor performers. Wages and salaries may be reduced in some organisations. Also, training programs will take a hit as training expenses will be affected in most business organisations.

A recession will have negative effect on the company's performance as the consumers spending will reduce. Even the suppliers may not be able to meet their obligations to the company. The relationship with other business partners and stakeholders is bound to be negatively affected. All these will lead to negative impact on the company's overall performance.

1.2 Research Questions

Having stated the statement problem above, the following research questions were raised:

- i. Does the current economic recession being experienced in Nigeria today pose any treat on advertising practices of MTN Nigeria Ltd?
- ii. What is the level of impact of the economic recession on the sales volume of a product in MTN Nigeria Ltd?
- iii. Is there probable effect(s) the economic recession have on the performance of MTN Nigeria Ltd and, its human resources?
- iv. What are the likely ways to overcome the challenge of advertising on sales of products and services in the present Nigeria economic recession?

1.3 Objective(s) of the Study

The broad objective of this study was to investigate the challenges of advertisement and sales of products in a period of economic recession. Specific objectives include to:

- i. determine the effects of economic recession on advertising practices of MTN Nigeria Ltd;
- ii. examine the level of impacts of economic recession on the sales volume of the products of MTN Nigeria Ltd;.

iii. determine the effect of economic recession on the performance of MTN Nigeria Ltd and its human resources; and

iv. identify possible ways to overcome challenge of advertising on sales of products in the wake of Nigeria economic recession.

2.0 Literature Review and Theoretical Framework

2.1 Importance of Advertising

The general public/consumers benefits greatly from advertising and marketing expenses. First, commercials are informative - the newspaper ads are full of records approximately merchandise, fees, capabilities and extra. Corporations spend extra on direct mail than radio or magazine marketing. Unsolicited mail (e.g. catalogs and letters sent by using mail to people's homes and offices) is an informative buying aid for clients. Most times consumers receive mini catalogs in their newspaper that tells them what's on income, in which at what price, for how lengthy and greater (George & Edih, 2015).

Marketing now not only informs us about merchandise, it also gives us with unfastened television and radio programmes due to the fact cash advertisers spend for commercial time will pay for production fees. Advertising and marketing additionally covers the primary costs of manufacturing newspapers and magazines (George & Edih, 2015).

2.2 Impact of Recession on Advertising

Over time, many studies have proven that groups should keep advertising at some stage in recession. In 1920's, marketing govt Roland S. Vaile tracked 200 organizations through the recession of 1923. He suggested inside the April 1927 issue of the Harvard enterprise assessment that the most important income will increase all through the duration had been rung up by way of corporations that marketed the most. A put up world struggle II observe via Buchen marketing Inc. measured the once a year marketing expenditure of each business enterprise and correlated the figures with income and profit developments earlier than, at some point of and after the recessions of 1949, 1954, 1958 and 1961. The

result become that nearly without exception, sales and income dropped off at businesses that cut returned on advertising and marketing. The studies also found out that once the recession ended, the ones organisations persisted to lag at the back of the ones that had maintained their advertising and marketing budgets.

2.1. Importance of Advertising

2.2 Effect of Recession on Advertising

Studies have also shown that businesses benefits from increased ad budgeting in a recession. A market sense study during the 1989-91 recession periods show that companies that increased advertising experienced sales growth- for two particular brands, dif Peanut and Butter and Kraft salad dressing, 57% and 70% respectively. A 1990 study examining 339 (three hundred and thirty nine) consumer marketers found that those who aggressively increased advertising spending during recession (by 20% to 100%) gained 0.9% market share (Thoma, 2008). In the great depression of the 1930's, Kellogg maintained its advertising, leading to Kellogg's domination of the dry cereal market for the next half century. On this note, George and Edih, (2015) argue that it is not good enough for business organisations to wait until things pick up again, but they should keep advertising even during recession, and view advertising as an investment and not an expense.

2.3 Theoretical Framework

The study was built around a theory known as "The Dynamic concept of Profitability". Till lately, firms' managers had been entirely anticipated to maximize the firms' wealth. If that is the case, managers are now anticipated to take decisions that take account of the pursuits of the firms in term of income. Measuring profitability is the maximum essential degree of the achievement of the enterprise. Consequently, managers should do their high-quality to ensure that their companies are working at marginal level of reality of returns to warrant profitability for the firm.

Theories have been formulated over the years to provide an explanation for the variable of profitability. Few of such theories to say are dynamic idea of earnings, reimbursement theory of profit, monopoly

concept of profit and progressive theory of income. The main problem to speak about is the dynamic theory of profit. Don (2009) propounded that the dynamic theory of earnings is the residue; the distinction between fee and value, because of the reductions within the value effected via changes in the economy including population boom (this reduces wages), accelerated capital supply (this reduces the hobby rate charged and subsequently the value of capital comes down), and technological enhancements (reduces the charges). This theory treats earnings as a residue in fee after deducting costs.

Furthermore, profitability is defined as either accounting earnings or economic profits. Accounting income means internet profits, while monetary profits, way internet really worth. Profitability is the number one intention of all commercial enterprise ventures. Without profitability the enterprise will now not live on in the long run. So measuring present day and beyond profitability and projecting future profitability may be very critical. Profitability is measured with income and charges. Profit is money generated from the activities of the business. For an instance, if vegetation and cattle are produced and bought, earnings are generated. However, cash entering the business from activities like borrowing cash does no longer create earnings. That is honestly a cash transaction among the enterprise and the lender to generate cash for working the business or shopping for belongings.

Profitability is measured with "profits statement". This is largely a list of profits and charges at some point of a time period (usually 12 months) for the entire commercial enterprise. An earnings announcement is historically used to measure profitability of the business for the past accounting length. However, a "seasoned forma income statement" measures projected profitability of the enterprise for the upcoming accounting length. A price range can be used while you need to project profitability for a specific venture or a portion of a commercial enterprise.

Whether or not you are recording profitability for the past duration or projecting profitability for the coming length, measuring profitability is the maximum vital

degree of the fulfilment of the business. A business that is not always profitable cannot live on. Conversely, a commercial enterprise that is rather profitable has the capability to praise its proprietors with a huge go back on their funding. Increasing profitability is one of the most crucial responsibilities of the business managers. Managers continuously look for approaches to exchange the business to enhance profitability.

3.0 Methodology

Descriptive survey method was adopted in this study to gain insight into the challenges of advertising on product sales in the face of current Nigeria economic recession. The population of this study was members of staff of MTN in Bida, Kontagora, Suleja and Minna offices in Niger State, Nigeria. There were 9 staff in Bida office, 7 staff in Kontagora office, 11 in Suleja office and 17 staff in Minna office, therefore

Table 1: Results of Demographic Variables

S/N	Variable	Description	Frequency	Percent
1	Gender	Male	24	57
		Female	18	43
		Total	42	100
2	Age	18 – 32 years	25	60
		33 – 47 years	14	33
		48 years & above	3	7
		Total	42	100
3	Marital Status	Single	17	40
		Married	25	60
		Total	42	100
4	Highest Academic Qualification	ND/NCE or Equivalent	7	17
		HND/B. Sc or Equivalent	27	64
		MBA/M. Sc or Equivalent	8	19
		Total	42	100

Source: Field Survey, 2016

The above analysis (Table 1) indicates that of a total of 42 respondents, 57% were males while 43% were female. It can also be observed from Table 1 that 18-32years was the age of 60% of the respondents, age group 34- 47 years formed 33% and 48 years and above were 7% of the respondents.

Furthermore, analysis (Table 1) indicates that 40% of the respondents were singles, while 60% were

the population of the study was 44. Since the population of the study was small, census was deemed appropriate and was adopted for the study. We used questionnaire as instrument to collect data. Questions in the questionnaire were structured and self – developed from the existing theories and literatures surrounding present study.

Data were presented and analysed using frequency distribution tables.

4.0 Data Presentation and Analysis

A total 44 questionnaires were administered and were returned, however only 42 were filled correctly. Thus, analysis was based on 42 questionnaires.

4.1 Demographic Features of the Respondents

Four items were used to examine the demographic characteristics of the respondents. The results are presented in Table 1:

married. Similarly, majority of respondents were BSC/HND/PGD holders accounting for 64% of the respondents, while NCE/OND and MSC/PhD holders were 17% and 19% respectively.

4.2 Analysis of the Results on Objectives of the Study

Research Question i: Does the current economic recession being experienced in Nigeria today pose

any treat on advertising practices of the organisation? The results are presented in the table below:

Table 2: Response on the Effects of Economic Recession on Advertising Practices of MTN Nigeria Ltd.

Variable	Frequency	Percentage %
Strongly Agree	21	50
Agree	15	36.7
Undecided	6	13.3
Strongly Disagree	0	0
Disagree	0	0
Total	42	100

Source: Field Survey, 2016

The table above (Table 2) reveals that 50% of the respondents strongly agreed that economic recession has effect on advertising practices, 36.7% agreed, and 13.3% were undecided. No respondent disagree on the effect of economic recession on advertisement practices of MTN Nigeria Ltd.

Research Question ii: What is the level of impact of the economic recession on the sales volume of a product? The results are presented in the table below:

Table 3: Response on the Level of Impacts Economic Recession has on the Sales Volume of Products

Variable	Frequency	Percentage %
More sales/purchase	0	0
Moderate sales/purchase	11	26.7
Low sales/purchase	17	40
Very low sales/purchase	14	33.3
No sales/purchase	0	0
Total	42	100

Source: Field Survey, 2016

The table above (Table 3) reveals that 26.7% of the respondents said that there are moderate sales or purchase of the company's products. In the face of economic recession the sales or purchase of MTN Nigeria Ltd products' is low as indicated by the respondents (40%) in the table above. Furthermore, MTN Nigeria Ltd experiences very low sales or

purchase of their products in this moment of economic recession as given by 33.3% of the respondents.

Research Question iii: Is there probable effect(s) the economic recession have on the performance of the organization and, its human resources? The results are presented in the table below:

Table 4: Response on the Effect of Recession on the Organisation's Performance and Human Resources

Variable	Frequency	Percentage %
Staff are laid off	10	23.3
Salary reduction	11	26.7
Less staff training	4	10
Business partners/stakeholders affected	13	30
Employ low educated personnel	4	10
Total	42	100

Source: Field Survey, 2016

From Table 4, it is shown that staff laying-off, salary reduction, and business partners are more affected according to the data presented as 23.3%, 26.7% and 30% respectively. Less staff training and employing low educated personnel share 10% each of the responses.

Research Question iv: What are the likely ways to overcome the challenge of advertising on sales of products and services in the present Nigeria economic recession? The results are presented in the table below:

Table 5: Response on the way out of the Challenges of Advertising on Sales of Products within Economic Recession

Variable	Frequency	Percentage %
Stop Advertising	1	3.3
Adjust Pricing Tactics	14	33.3
Adjust Product Portfolios	16	36.7
Emphasize core values	4	10
Get to know your customers better	7	16.7
Total	42	100

Source: Field Survey, 2016

From the finding recorded in Table 5, shows that stopping advertising (3.3%) as a way out of this challenge is ruled out. Rather other options like adjusting pricing tactics (33.3%), and adjusting product portfolios (36.7%) can be considered. The least suggested options are emphasizing core values (10%) and getting to know the customers better (16.7%).

5.0 Conclusion and Recommendations

This study examined challenges of advertising and sales of products in a recessed economy. The study

was developed around "The Dynamic Theory of Profitability". Findings from the study have shown that despite economic recession in Nigeria, MTN Nigeria Ltd is still making moderate sales of her products. This finding proves that MTN Nigeria Ltd is indeed the leading company in Nigeria's telecommunication industry.

Notwithstanding, the company have adopted some measures which include downsizing and review of salaries aimed at surviving through the recession. It is pertinent for MTN Nigeria Ltd to note that some of these measures may also have implications on the



sales of their products. For example, some staff that feel less satisfied could decide to leave and join one of their competitors in the industry. In addition, some of those staff laid off could also be absorbed by their competitors thereby giving their competitors an edge over them (MTN Nigeria Ltd).

However, the study concluded that although economic recession has really affected advertisement policies of MTN Nigeria Ltd, the company is still making moderate sales of her products. Therefore, the following recommendations are given based on the findings of this study:

- i. The management of MTN Nigeria Ltd should consider reviewing her existing advertising policy so that multiple approaches could be used in a cost effective manner to reach out to target consumers and by implication increase sales and revenues for the firm thereby surviving through economic recession.
- ii. MTN Nigeria Ltd should develop advertisement strategies that would assist them in boosting their sales volume so as to be able to minimise the impact of economic recession on the general performance of the company.
- iii. MTN Nigeria Ltd should give emphasis to staff training at this period of economic recession and never to consider employing incompetent staff (people with low level of education) as an option so as to develop and implement advertisement strategies that will enable the company survive economic recession.
- iv. In order to overcome the challenges of sales of products in this period of economic recession, other marketing strategies should be employed by MTN Nigeria Ltd. These strategies include: adjusting pricing tactics, adjusting product portfolios and getting to know the customers better.

6.0 References

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