

IMPACT OF ADVERTISEMENT ON PHARMACEUTICAL PRODUCTS' SALES TURNOVER IN AGBENI, IBADAN, NIGERIA

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Abstract

This study examined the effects of advertisement on sales turnover. The purpose of this study was to determine the effectiveness of advertisement on total sales of selected traders in Agbeni market Ibadan. In order to do this, relevant recent literature was reviewed. The research design was survey research and structured questionnaire was used to elicit information from the respondents. Chi-square (X^2) test was used to analyse the data collected. Two research hypotheses were formulated and tested. The population of the study consisted of marketing companies and wholesalers in Agbeni, Ibadan. The sample size of 100 respondents was randomly selected by giving all the population elements an equal opportunity of being selected. Structured questionnaires and interviews were used to elicit responses from the respondents. The questionnaires were personally administered and retrieved by the researcher. Results from the tests revealed that advertisement have significant effect on demand levels with p-value of 0.012. Another result also revealed that advertisement has a significant effect on consumer response to purchase with coefficient (r) 0.018. The study concluded that advertisement is vital to induce and stimulate consumers to increase purchases and thereby improve sales turnover. The researcher recommended that organisations should create separate functional area to specifically direct, control and monitor advertising activities due to its contribution to sales.

Keywords

Advertisement, Sales Turnover, Consumer Products, Consumer Response,

Introduction

Communication is an exchange of meaningful information. Each actor in the information process has an idea which he/she intends to send across to one another. Communication is a cyclical operation which occurs in terms of reading newspapers and other books, listening to speeches and writing which sometimes occurs in the form of advertising. Advertising at times may constitute problems to drug business if the elements and strategies are not well managed and if adequate resources are not allocated to advertising activities (Williams, 2015). Advertising planning and strategy vary from one company to the other and between industries. Some of the determining factors are the type of products, the level of competition, the size and nature of the organisation, the level of technology, managerial capabilities style and the resources available. Furthermore, pharmaceutical business has been of age in Nigeria, but, because of the ease in production and the technological nature of the industry, a wide level of competition arises in the market (Nonyelu, 2000). However, with high investment costs now involved in this sector and wide market opportunities, a good advertising planning and strategy is required so as to be able to expand the scope of distribution and sales, maintain continuity of the business, satisfy the consumer and maximising the long run profit which is the overall mission of the industry (Williams, 2015).

Advertisement programmes are usually planned activities through which organisations can successfully explore a competitive market with good and effective advertising policy to achieve the set

objectives of the organisation in line with the legal framework of advertising. Hence, advertising policy becomes a vital factor in business growth and development which is limited to the on-trade-counter (OTC) products. Advertising is an organisational effort aimed at appealing to consumers' psychological and emotional behaviour in their response to the firm's products and ideas (Banabo & Koroye, 2011). To be very effective in any pharmaceutical business, advertisement must meet a number of goals. Banabo and Koroye (2011) also assert that advertisement must reflect organisation goals in terms of desired expected sales performance within a defined market and must be based on a sound marketing principles, that is perceived as important by management and be conducted in a manner that maximises opportunities and minimises costs, bearing in mind, the influence of the competitors.

Advertisement must also be evaluated periodically to determine the effectiveness and to help facilitate changes in consumption pattern and stimulate improvement in the sales of pharmaceuticals. It must equally focus on a specifically defined target market of which Agbeni market has been selected as survey area. The market represents a core pharmaceutical product business area and the second largest drug market in the South West after Idumota market in Lagos

All organisations need adequate advertisement that can make them more productive and competitive. David, Guy, Sara, Markwoitz and Richards (2010) establish that the dynamic nature of the society makes it imperative for organisations to respond to constant changes because some growing organisations are aware of the advantages and benefits of advertising. Though some still bend to be uninvolved, meanwhile, this poor attitude towards promotion can be attributed to the fact that some organisations feel that consumers' responses may not be a reflection of the total promotional effort and cost of financing it. Indeed, some organisations lack the funds needed to engage in massive advertising (Bond, Ronald & Lean, 2013). It was based on this scenario that the study was designed to investigate the impact of advertisement on pharmaceutical traders' sales turnover in Agbeni Market, Ibadan.

Statement of the Problem

Although most organisations are aware of the importance advertising, they are still not making enough effort to budget for this. This is largely attributed to other commitments like payment of salary and wages of workers and training which take priority over advertising. In some cases, the small amount that is made available is not judiciously spent because promotion needs are not sometimes identified. Advertisement constitute critical element of the marketing resources variables for effectiveness and efficiency in the marketing of products and customer orientation, this study however will provide an insight to the effects of advertisement on demand of pharmaceutical products in Agbeni.

Objective of the Study

The general objective of this study is to examine the impact of advertisement on demand of pharmaceutical products. To achieve this objective, the study further determined the contribution of advertisement to increase in sales and accessed the positive influence of advertisement on consumer purchase decision.

Justification of the Study

This study will help to reveal the impact of advertisement efforts of pharmaceutical companies as it affects businesses in Agbeni market. It is in the opinion of the author that the public sector and other business organisations will also borrow from the outcome of this study and use same to improve value outcome, communication with customers and also avoid the problems of bounded rationality.

Literature Review

In Nigeria, when advertiser defines objectives in terms of sales, the objectives focus on directly increasing absolute sales in terms of Naira, increasing sales by a certain percentage, or increasing the firm's market share. Advertisement objectives like any organisational objective must be operational. This means that advertising objectives should provide an effective criterion for decision making and should provide standards with which results of sales performance can be measured and compared. According to Kotler (2003) and Bernet (2006) agreed that immediate sale is one of the convenient and tempting advertising objectives, however, objectives that involve an increase in immediate sales are not operational in many cases. Advertisement is only one of the many factors influencing sales and it is difficult to isolate its contribution to sales. The other forces that influence sales include price, packaging, distribution, product quality and features, competition, sales promotion, change in tastes and income and changing consumers' lifestyle. Mahabubur, Angeles, and Mathew (2020), state that it is extremely difficult for managers to isolate the contributions of advertisement on sales. It is because of this reason that sales cannot be considered as an operational advertisement objective. There is the long term effect of advertising on sales, the contributory role of advertisement in achieving increase in sales often occurs primarily over the long run. In other words, advertisement generates a substantial lagged effect on sales. This means that the impact of an advertisement campaign cannot be known for certain until a certain length of time has passed. For example, a prospective customer might be exposed to an advertisement today but the resultant purchase might take place in six months hence the general assumptions hold that advertising may lead to immediate sales or help in creating brand awareness or improving attitudes which will culminate into purchase much later (Kotler, 2003; Moden, 1991).

Dunn and Barban (1987) emphasise that the components of promotional programmes are not used in isolation. For example, although advertising may be most suitable for one purpose and personal selling could be better for another, the two are often employed simultaneously but the relative emphasis depends upon circumstances. It was discovered that sales promotion is typically more of personal selling strategy by which means the sales people will meet with consumers one on one. Advertisement is typically used to support personal selling and sales promotion and vice versa. This is the premise on which the promotion mix is defined as the specific combination of the promotional tools that a marketer uses to pursue his communication objectives.

The demand function of advertising refers to the relationship that exists between the quantity demanded of a particular product and advertisement. Research findings indicated that some other factors aid sales performance, other than advertising. Sales performance in economic perspective is considered as demand. Freeman and Bocker (1984) state that demand is the number of units of the product that consumers will buy given a set of circumstances such as price, income, taste etc. These factors can also lead to increased sales even when advertising is not applied. Demand for a particular product is also determined by a number of factors which may be within or outside the influence of these organisations. Such influences again could be price of the goods, income of the consumers, price of other substitutes, taste, price of complimentary etc

The factors that determine demand will affect both company and industry demand, but the size and the parameters differ. For example, if income increases generally, demand for the industry products will increase but unless a firm is the industry, that is, the only producer of the product, the demand for its own product will be less than the total industry demand. Knowledge of the expansion of the industry demand is crucial to organisations because it is on this that their future depends. If the expansion of industry demand is rapid, most organisations within the industry

should also be expanding, and it is possible that harmful competition between them will be kept to minimum (Freedom, 2021). Conversely, if demand is constant, expansion by any firm can only take place at the expense of others and customers can be won only through aggressive promotional activities such as advertising.

Adebayo (2012); Busari Olannye & Taiwo (2002) declare that some of the independent variables that affect demand (advertising, price, product quality, sales promotion etc.) can be controlled by firms. For decision making purposes the firm must know how sensitive demand is to changes in these variables. But for those variables it cannot control, such as level of income, price of other goods, taste, etc. it needs to know how its own demand will be affected by any change so that reaction and adaptation can take place to new situations, bearing in mind that consumers are also being influenced in their decisions by other product features such as satisfaction, quality, package, warranty and ease of purchase (Adekoya, 2011). In the view of economists, the measure of responsiveness of demand to changes in some parameters is known as elasticity, this is measured as the percentage change in quantity divided by the percentage change in independent variables. Elasticity measure can determine the relative effects of each demand factor in the demand function, however the scope of this research cannot accommodate such micro economic analysis as this research work is mainly directed towards the marketing view of advertising as it influences sales (Alonge, 2011).

According to Ogbari, (2016), in order to stimulate sales, most firms can result to advertisement, it can be undertaken for either of two purposes but sometimes, it is simply a way of making announcements more widely known, this type is known as informative advertising. Most advertisement, however, is of the persuasive or competitive kind and its purpose is to persuade consumers that a certain manufacture's brand of a particular commodity is different from and superior to all other brands like "take a trophy for taste" under perfect competition, this is 'buy my brand approach'. There could be more advertisements of this second type, on account of the homogeneity of the commodity, although sometimes, an industry as a whole might advertise in some forms such as eat more bread or eat an egg a day. In the case of branded goods, a fall in price is likely to increase sales only slightly because people often prefer one brand to another, this allegiance to brand is called brand loyalty. Regular advertisement is an essential tool if the names of the various brands are to be kept constant before consumers, at the same time, it must be appreciated that advertising is not cost free. Khurran and Javed (2017) assert that while advertisement can shift a firm's demand curve by increasing sales significantly, it also raises the total cost curve because it is an additional expense. Consequently, economists condemn competitive advertisement partly because of the wasteful employment of factors of production on advertising when they might have been used in some other forms of production and partly because this kind of advertisement only increases cost of production. An advertisement campaign may of course be advantageous to an individual producer, but not to the firms as a whole (Jefkins, 2005). Before embarking on an advertisement campaign the firm must ensure that the additional revenue exceeds the additional cost incurred. As long as extra revenue being generated exceeds the additional costs, it will be profitable to continue the campaign and to increase the level of advertising and sales promotion expenditure to a point where marginal revenue (MR) equates with marginal cost (MC). Firms stand to gain up to the point where MC equals MR but definitely, not all advertising campaign can be successful but on the aggregate advertisement has been proved to provide an instant take off of purchase while sales promotion continues to stimulate consumers' responses (Godday, 2019; Kotler, 2003).

Analysis of Empirical Literature

There are related empirical studies to the topic of investigation. The empirical review of this study was deduced from the works of Sajuyigbe, Amusat and Oloyede (2013) who studied the impact of advertising on organisational sales turnover in Nigerian Breweries using a test-retest method. Fifty respondents were randomly selected for the test. On the basis of the findings of the study, it was concluded that advertising impacted significant effect on sales turnover in the company.

Adebayo (2012) also carried out a survey research on the association between advertising and sales turnover using Pearson correlation coefficient to test the collected data at 0.05 significant level. Two hundred and fifty respondents were randomly selected for the study and a primary source of data was used through structured questionnaire. It was discovered from the study that advertising as a subset of promotion mix has a significant effect on sales turnover. In another development

Adekoya (2011) also carried out a study on the impact of advertising on sales volume. Survey research design method was employed on a sample of one hundred respondents which was selected through stratified sampling method from a population of one thousand five hundred consumers. Both descriptive and inferential statistics of t-test were used for the study, the result of the test carried out indicated that advertising influences consumer buying behaviour and it helps to increase sales turnover.

Akanbi and Adeyeye (2011) equally carried out a study into the influence of advertising on sales. Survey research design was adopted to gather data from the respondents through structured close ended questionnaire. A population of 4560 people were considered from which a sample size of 450 respondents were randomly selected. Ordinary least square regression model was used to analyse the data at 0.05 significant level. The result from this study affirmed that a marginal increase in advertising budget leads to a significant increase in sales turnover.

Adeolu, Taiwo and Mathew (2005) also empirically investigated the influence of advertising on consumers' purchase intention of Bournvita. A total of 60 respondents were selected by means of simple random sampling method. Both descriptive and logit regression analysis were used. They found out from their study that advertising has a significant influence on consumers' preference for Bournvita and it exerts great contribution to the success of the product.

Theoretical Review

Wanoff (2007) emphasises that advertising is a component of marketing communication and it can only work through a model that specifies how advertisements work. Models are features representing a particular phenomenon. They indicate theoretical and visualised representation of actual occurrences. The following models and theories guided this study.

- ***Newcomb's Symmetry Model (1953):*** This model is about interaction between human beings. It is intended model for two person communication. The model is premised on the fact that in a communication act, one person, A, transmits information to another person, B, about an idea, X. The model is based on assumption that A's orientations towards B and towards X is interdependent. The model focuses on the relationship between the participants in the communication exercise and the object of communication and how the relationship affects and is affected by the communication. Advertisement communicates the conception of a sender to the receiver. Information is conveyed to the audience about an idea, product, service or image and goodwill of an organisation. Target audience are expected to respond

to the message, show positive concern for the object of the communication. The sender and the receiver are interconnected with the message.

- **Wesley and MacLean's Model (1957):** Wesley-Maclean's Model is premised on Newcomb's Model. It added an infinite number of X as events, ideas, objects and people which all form the objects of orientation. Wesley and MacLean also placed a circle between A and B and made provision for feedback. This model assumes that messages can be purposive, when it comes with the intention of influencing B's perception about X and non-purposive, when the message has no intention of influencing B's perception. However, feedback can also be purposive and non-purposive. Advertisers connect the audience to their numerous products and services. The object of advertisement can be numerous. It is expected that all advertisement must influence the target market by either resulting to sales or duly communicating information about the company and its products.

Theoretical framework

The theoretical framework for this project is inferred from Pavlovian theory of behaviour and motivation, which requires that a stimulus that is perceived in marketing is communicated to the consumers in the form of advertising. This will give rise to a response (i.e. behaviour of some kind that is physically demonstrated as feedback, which leads to an outcome that is being expected by a marketer. In this case, outright purchase and re-purchase constitute what is expected. This two way communications either satisfies or fails to satisfy the original stimulus and leads to satisfaction or frustration. Literature revealed that there is need to determine the effects of advertising on both frequency of purchase and its contribution to sales.

The identified gap was used in formulating the hypotheses as seen in the figure below.

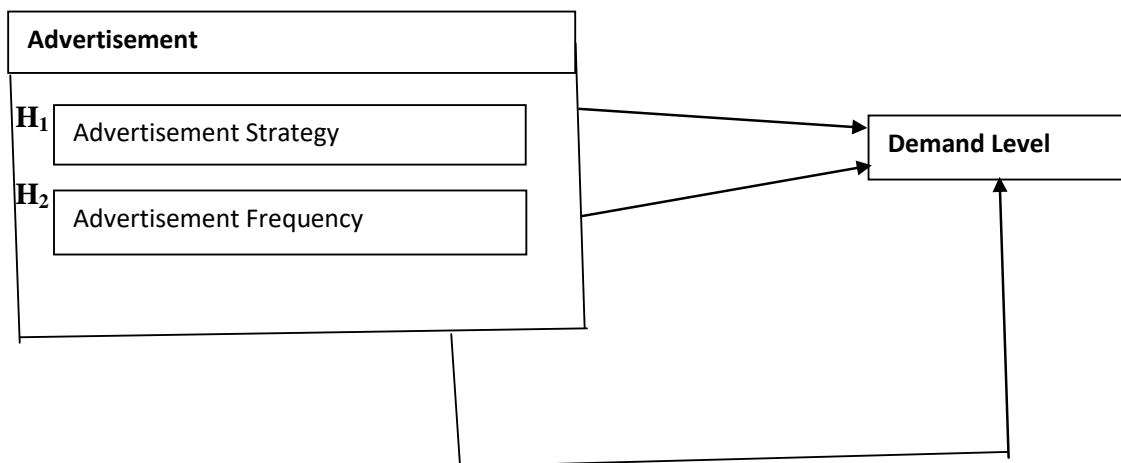


Figure I. Identification of Research Gap

Source: Field work, 2021

Methodology

The research design for this study was survey research with descriptive analysis where interviews and structured questionnaires were used. 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. The population of the study comprises all Johnson Wax customers in Agbeni area of Ibadan. The sample size was 100 respondents randomly selected from the entire population. Close ended questionnaire, in ‘Yes’ or ‘No’ format was designed and personally administered to the respondents. The questionnaires were completed and returned for analysis while pilot study was carried out to affirm the reliability and the consistency of the questionnaire. Two pilot surveys were carried out to validate the study and gave almost the same result of 87% success level. This is an indication of consistency and reliability towards being able to achieve accurate result in the actual research. A pilot study was also conducted to know the Cronbach alpha reliability at R value of 0.87. Tables and percentages were used to analyse the collected data and demonstrate the measurement of the variables while Chi square model was used to test the hypotheses.

Testing of hypotheses

Ho₁: Advertisement does not positively influence demand

Questions on whether advertisement influences buying decision (Ho ₁)	Yes (%)	No (%)
1. Do you think that advertisement has always introduced you to a new brand?	89.15	10.85
2. Do you agree that demand is higher in all advertised brands than non advertised brands?	73.31	26.69
3. Do you agree that the current advertisement programmes are effective and stimulate purchases?	75.58	24.42

Source: Field survey, 2021

Contingency table for testing hypotheses 1

Questions	Yes	No	Total
6.	89.15 ₁	10.85 ₂	100
7.	73.31 ₃	26.69 ₄	100
8.	75.58 ₅	24.42 ₆	100
Total	238.04	61.96	300

Source: Field work, 2021

row	col 1	col 2	Total
1	89	11	100
	89.00	11.00	100.00
2	73	27	100
	73.00	27.00	100.00
3	76	24	100
	76.00	24.00	100.00
Total	238	62	300
	79.33	20.67	100.00

Pearson chi2(2) = 8.8235 Pr = 0.012

The test of this hypothesis was based on the primary data collected using the Chi-Square (X^2) statistical technique. From the table above, it can be seen that our X^2 value is 8.8235, but on the basis of its significance, it has a probability value (p-value) of 0.012. Since our probability value (0.012) is less than our level of significance of (0.05), the null hypothesis of no difference should be rejected. It can then be concluded that advertisements positively influence buying decision. This is found to be in consonance with the tests carried out by Akanbi and Adeyeye (2011) and Adekoya (2011) whose analysis results indicated positive relationships between advertising and sales volume.

Ho₂: Advertisement do not significantly contribute to increase in sales of pharmaceutical products

Questions on contribution of advertisement to sales (Ho ₂)	Yes (%)	No (%)
4. Do you agree that the impact of advertisement rightly positions the products in the mind of buyers?	84.15	15.85
5. Do you agree that the increase in demand of pharmaceutical products is as a result of constant advertisement?	92.4	7.6
6. Do you agree that advertisement increases customers' loyalty to brands?	77.52	22.48

Source: Field survey, 2021

Contingency table for testing hypothesis 2

Questions	Yes	No	Total
4	84.15 ₁	15.85 ₂	100
5	92.4 ₃	7.6 ₄	100
6	77.52 ₅	22.48 ₆	100
Total	254.07	45.93	300

Source: Field work, 2021

row	col 1	col 2	Total
1	84	16	100
	84.00	16.00	100.00
2	92	8	100
	92.00	8.00	100.00
3	77	23	100
	77.00	23.00	100.00
Total	253	47	300
	84.33	15.67	100.00

Pearson chi2(2) = 8.5275 Pr = 0.014

The test of this hypothesis was based on the primary data collected using Chi-Square (X^2) statistical technique. From the table of analysis above, it can be seen that our X^2 value is 8.5275, but on the basis of its significance, it has a probability value (p-value) of 0.014. Since the probability value (0.014) is less than the level of significance of (0.05), the null hypothesis of no difference should be rejected. It can then be concluded that advertisement contributes positively to sales turnover. This result is also in conformity with the results of Adeolu, Taiwo and Mathew (2005) and Adebayo (2012) in which results predicated significant relationship between advertising and sales.

Discussion of Findings

This study examined the impact of advertisement on pharmaceutical products' sales turnover in Agbeni, Ibadan. From the statistical analysis of this study, it was revealed that advertisements positively influence buying decision. This result is strongly in line with the outcome of the research carried out by Akanbi and Adeyeye (2011); Adekoya (2011) whose results also indicated positive relationships between advertising and sales volume. In addition, the study further revealed that advertisements have strong contributions to sales turnover. This result is also justified by the results of Adeolu, Taiwo and Mathew (2005) and Adebayo (2012) whose results predicated significant relationship between advertising and sales.

The two tests were based on primary data collected from Johnson Wax customers from Agbeni market in Ibadan and all the tests showed that advertisement is a strong communication tool in pharmaceutical marketing of OTC drugs category. Advertising campaign serves to introduce consumers to organisations products, programmes and services. From all indications, the more organisations intensifies advertising efforts, the more sales revenue will be generated due to increased demand resulting from consumers' reactions to such advertisements.

Conclusion and Recommendations

The study revealed through the literature that almost all promotion tools contribute marginally to sales and profitability. However, advertising is the most popular and mostly used elements in the mix to promote companies' products. There are other promotion tools that contribute to sales, these are; public relations, direct marketing and personal selling. There are also other factors outside these promotion tools that contribute to sales. These are ease of purchase, satisfaction, quality, package, degree of product availability, allied services that accompanied sales and warranty. Results from the tests confirmed that advertisement contributes significantly to sales turnover and also positively influences buying decision

The following recommendations were made for company's consideration and if well implemented will have a positive bearing on sales turnover of the company.

- Managers should embrace effective and efficient planning of advertisement schedules and periodically use task approval method for planning advertising campaign.
- Management should also encourage the pre-test of advertisement effectiveness in order to minimise failure and maximised advertisement successes while also create separate functional area to specifically direct, control and monitor advertisement activities bearing in mind its importance.
- Advertising directors must continually carry out economic evaluation of advertisement requirements and further ensure that they do not deviate from the basic functions of advertising.

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