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IMPROVING SALES PROMOTION OF A BEVERAGE COMPANY IN NIGERIA

Case: Seven-Up Bottling Company Nigeria Plc

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ABSTRACT

Promotion campaign is probably the most important aspect of the four marketing-mix elements—Price, Place, Product and Promotion— that are used to solve companies' problems and gain competitive advantage if well implemented.

This important element of marketing-mix involves personal selling, advertisement, sales promotion and public relations. Meanwhile, the ultimate objectives of promotion are to create awareness, provide information about goods and services, and differentiate a product from others.

Furthermore, contemporary marketing calls for more than developing a good, product or service; it also entails pricing it adequately and making it available to the target customers at the right time.

This research work laid emphasis on different sales promotion tools used in marketing consumer products to help Seven-Up Bottling Company gain competitive advantage. In addition, it draws new sales promotion plan for Seven-Up Bottling Company to achieve her set objectives.

Keywords: Marketing, sales, promotion, product, beverage, industries, Nigeria,

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1 INTRODUCTION

1.1 Background

The advent of industrial revolution has led to the introduction of modern machines in production sector to boost the production of goods and services. This revolution brought about large amount of goods and services available for sales. In this regard, consumers are exposed to varieties of products and are required to select which of the products from which company will give them optimum satisfaction they desired. (Abdulrahim 2002,110).

However, companies are also interested in boosting their images and gaining competitive advantage over other companies in the same business-line; Coca-Cola Bottling Company, Seven-Up Bottling Company, Nigerian Breweries Plc and host of others are competitors for example. In the light of the foregoing, for a company to surpass her competitors in a highly competitive market, it has to improve and prove some certain level of marketing competences to again the attention and interest of the consumers. (Kotler 2003,465).

Promotion is an exercise that performs the roles of information, persuasion and influence to purchase certain goods and services. More so, promotion also affects the elasticity of a product making the demand inelastic when the price increases and elastic when the price decreases.

Consequently, effective sales promotion usually yields the following results: achieving high sales volume, which in turn affects the contribution to profit ratio; directing and ensuring that product flow through the appropriate channels until the product gets to the final consumers hence satisfying his or her want. (Kotler 2003,465).

1.2 The Research Objectives and Research Questions

The paramount objective of this research work is to develop a new sales promotion plan to help Seven-Up Bottling Company outclass its major competitors. Meanwhile, the specific objectives are:

1. Develop new sale promotion plan for a beverage company
2. To compare and contrast sales promotion activities of Seven-Up with her competitors

In order to achieve the stated objectives, this research work seeks to develop new sales promotion plan for Seven-Up Bottling Company Nigeria, Ijora Lagos as case study. The following specific research questions are set:

- a. What are the theoretical forms of sales promotion?
- b. What means of sales promotion is Seven-Up Bottling Company using?
- c. What means of sales promotion are the competitors using?
- d. How sales promotion plan can be improved for the case company?

1.3 Theoretical Framework and Thesis Structure

This thesis is structured based on the research objectives using several literal and electronic sources.

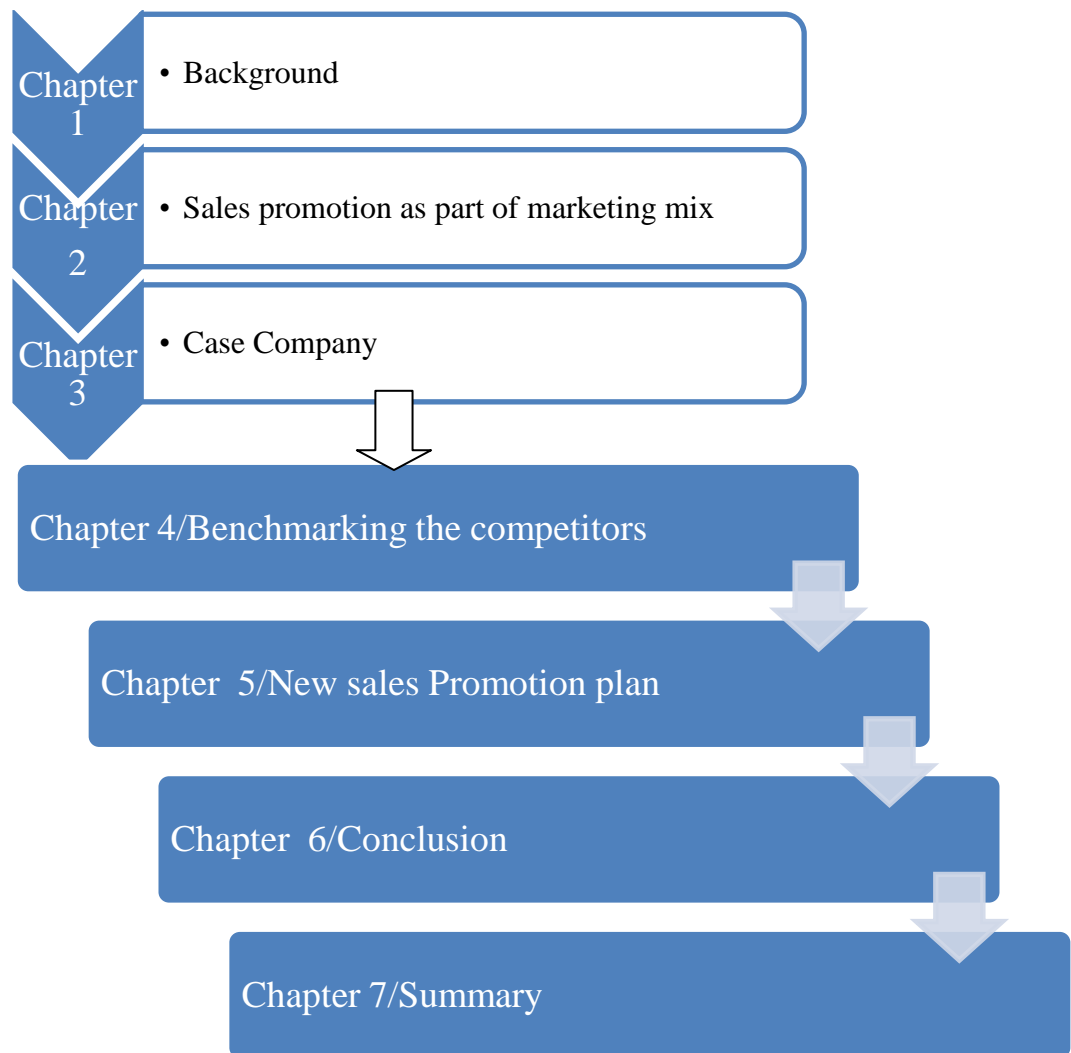


Figure 1: Illustrating the theoretical framework of the research work.

1.4 Research Method and Data Collection

The research approach of this thesis is qualitative research method, as the main objective is to develop a well-structured and accurate sales promotion plan for Seven-Up Bottling Company.

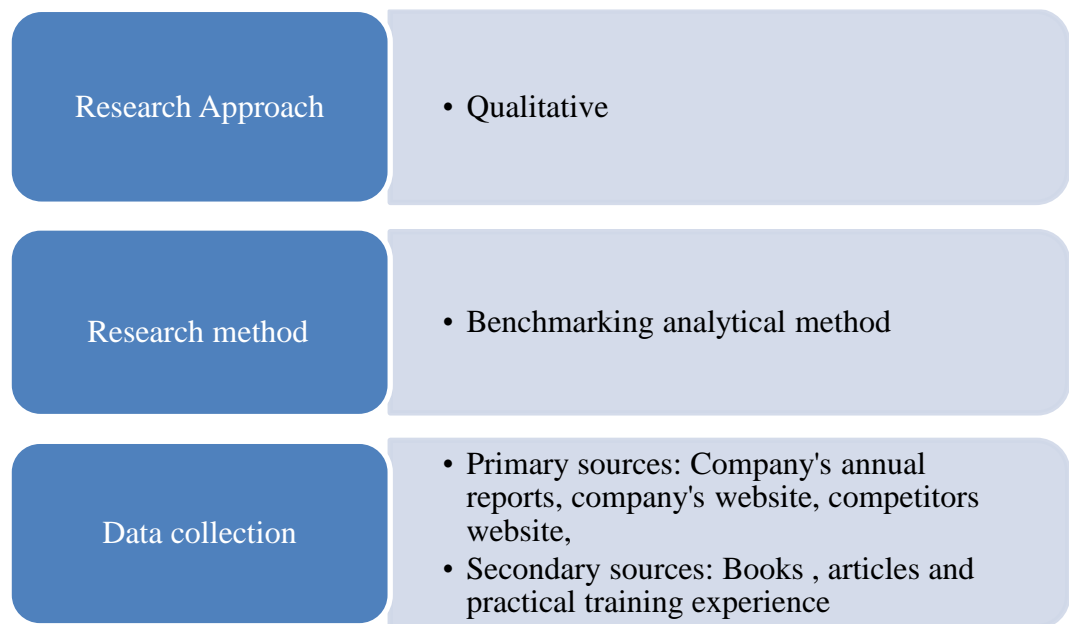


Figure 2: Research method and data collection.

1.5 Scope and Limitation

This thesis aims at examining sales promotion types, their features and the problems that accompanies the promotion process. Additionally, it aims at developing new sales promotion plan for Seven-Up Bottling Company to outclass her competitors. It is the hope of the author that the research findings of this study will be of great benefit to Seven-Up Bottling Company Nigeria Plc.

The scope of the study is limited to Seven-Up Bottling Company Nigeria Plc and the sales promotion activities are the major objects of study.

2 SALES PROMOTION OVERVIEW

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of goods and services to facilitate exchange that satisfy individual and organizational objectives. (Nickel, 2008)

Marketing mix is an important aspect of business marketing tools used in marketing products. It is the combination of 4Ps (product, price, promotion and place) that every company has the option of adding, subtracting or modifying in order to create a desire marketing strategy.

Logically, there are two short incentive and efficient methods of presenting ideas, goods and services to general public. These are sales promotion and public relations. Almost everybody has a slight idea of what public relations is but most people are a bit fuzzy about sales promotion.

What is the difference, we may ask between promotion and sales promotion? Well, promotion is a general term that includes advertising, personal selling public relations and sales promotion. Sales promotion, on the other hand is merely a part of promotion and it is not the same thing as promotion.

Sales promotion is often thought of as a special selling effort, which may be used as the particular occasion demands.

(Kotler 2008, 465-468).

2.1 Definition of Sales Promotion

Marketing promotional tools such as sales promotion has a variety of definitions. Most authors and practitioners often define sales promotion differently but the contents of these definitions are essentially the same.

Sales promotions is media & non media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial & impulse purchases, increase consumer demand or improve product quality. (AMA, 2008)

Philip Kotler, defines sales promotion as a process consisting of diverse collection of incentive tools, mostly short term designed to stimulate a quicker and or greater purchase of particular products or services by consumer or the trends. (Kotler 2008, 465)

However, John F. Luck and William L. Zigler in their book "sales promotion and modern merchandising defined sales promotion as an activity or material that acts as a direct inducement, offering added value or incentive for the product to resellers, sales persons or consumers. (Zigler, 2001)

Therefore, sales promotion can be addressed as programme of activities where by a wide variety of incentives (money, coupons etc) are employed by manufacturers and intermediaries (wholesalers, retailers) to stimulate consumers.

2.2 The Nature of Sales Promotion

As a way of directly inducing retailers, consumers, and sales persons by offering incentives to a product of interest, sales promotion encompasses all promotional activities and materials excluding personal selling, advertising and public relations.

More often than not, organization tend to use sales promotion activities in concert with the other promotional efforts in order to facilitate personal selling in advertising, for example, people may need to visit a store before entering a consumer contest as sales promotion activity; thereby facilitating personal selling by drawing people into the establishment. ((AMA, 2008)

In order to improve the effectiveness of advertisement, point of purchase displays and sales promotion tools are often designed to include pictures, symbols and messages that appear in advertisements. However, sales promotion efforts are not always secondary to other promotion mix ingredients. Companies sometimes employ advertising and personal selling to support sales promotion activities.

For example, marketers frequently use advertising to promotion sales premium, free samples etc.

Also, manufacturers' sales personnel occasionally administer sales contents for wholesale or retail sales personnel since the most effective sales promotion efforts and other promotional activities are usually highly interrelated, decisions concerning sales promotion often affect advertising and personal selling decisions and vice versa.

As a matter of fact, all sales promotion tools content, premiums and so on are highly diverse. Notwithstanding, there are three main distinctive characteristics (Kotler 2008, 468). They are as follows:

Communication: This tool is mostly used to gain consumers' attention and it usually provides information that may attract the consumer to buying the product.

Incentive: The tool incorporate concession, inducement or contributions that gives value to the consumer.

Invitation: It includes a distinct invitation to participate in the transaction. Companies make use of these promotional tools to create a stronger and quicker response of consumers to sales promotion.
(Kotler 2008, 468)

2.3 Sales Promotion Objectives and Uses

Marketers utilize sales promotion for a variety of reasons. A promotion activity may be employed to achieve one or several objectives. On the other hand, several sales promotion activities may be required to accomplish a single goal or a set of goals. Broadly considered, sales promotion has double-barreled objectives.

- To increase buying response by ultimate consumers
- To increase selling effort and intensity by retailers and sales personnel.

This is against the backdrop of the fact that sales success determines the result of an effective marketing programme, depends on positive consumer reaction and an intense well-organized selling effort.

Markets draw on sales promotion activities and materials to achieve the following objectives:

- Identify and attract new customers
- Introduce a new product or inform buyers of a new brand
- Introduce the total number of users for an established brand
- Encourage greater usage among current customer
- Educate consumers regarding product improvement
- Stabilize a fluctuating sale pattern
- Increase retailer inventories
- Combat or offset competitors marketing efforts by obtaining more and better shelf spaces and displays.
- Increase the dealers' inventories product in view of competitors. This is called “trade loading”.
 - Create talking points for sales force.
 - Maintain customers' patronage and brand loyalty
 - Distrust existing buying patterns
 - Break the bonds of brand loyalty
 - Promote greater consumer awareness of prices
 - Reward loyal customer.
 - Increase repurchases rates of occasional users.

Most importantly, sales promotion tools application depends on the set objectives to be achieved, for example, a free sample stimulates consumers' tactic while a free management advisory service cements a long terra relationship with a retailer. (Kotler P. Armstrong, 2006)

2.4 Growth of Sales Promotion

The rapid growth experienced in sales promotion activities especially in the consumer markets can be classified into two (2) major categories:

- External factors
- Internal factors

External Factors

The external factors reasonable for the growth of sales promotion in recent times are as follows-

- There is a corresponding increase in the number of brands of products.
- Most competitors use sales promotion frequently these days
- There are many brands that are at parity with one another.
- Advertising efficiency has declined because of rising costs, media clutter and legal restraints.
- Consumers are more deal-oriented

Internal Factors

The internal factors that accounts for the rapid growth of sales promotion are as follows:-

- There have been increases in the number of product managers that are qualified to use sales promotion tools.
- Product managers are under intense pressure to increase their current sales.
- Promotion is now more accepted by the top management as an effective sales tool

(Abdulrahim 2002,95)

2.5 Sales Promotion Method and Tools

Sales Promotion methods can be group into three main categories: consumer sales promotion, trade sales promotion and business sales promotion.

Consumer Sales Promotion Tools: This tool stimulates consumer to patronize a specific retail store or try to purchase a particular product. Consumer's sales promotion techniques can be used to draw people into a particular store, to introduce new products, or to promote already established products.

Business Sales Promotion Tools: This sales promotion tool helps to gather business leads, impress and reward customers, and stimulate the sales force and purchases. This is done by organizing conventions and trade shows to promote company's products. Before a choice of sales promotion are made, marketers must weight both the product characteristics (size, weight, costs, durability, use, features and hazards) and target market characteristics (age, sex, income, location, density, usage rate and shopping pattern). The outcome may also depend on the number of distribution of the product and the number and types of resellers. Lastly, the competitive environment and legal force at play determine the selection of sales promotion tools.

Trade Promotion Tool: Recent research shows that manufacturers direct 78 per cent of their produce to retailers and wholesalers while the remaining 22 percent goes to final consumers. (Kotler P. Armstrong, 2006). Trade promotion tools persuade resellers to carry a brand, give a shelf space, promote it in advertising and push it to consumers.

In order to have a deeper understanding of sales promotion, there is a need for thorough and incisive examination of several sales promotion tools.

Previous research work analysis divides sales promotion techniques into four major categories.



Figure 3 Sales promotion techniques (modified from Kotler 2003, 467)

- Sales promotion tools used by retailers
- Sales promotion tools used by resellers
- Sales promotion tools for new products
- Sales promotion tools for established products

Sales Promotion Tools Used by Retailers

Sales promotion used by retailers are classified into four categories, these include the use of retail coupons, demonstrations, trading stamps and point of purchase displays.

- **Retail Coupons:** These are certificates, which allows the bearers to a stated saving on the purchase of specific products. Coupons are especially useful in situations where price is a primary motivation for consumers purchasing behavior.
- **Demonstration:** Demonstrations are excellent attention seekers. They are used by manufacturers on a temporary basis either to encourage trial

use and subsequent purchase of the product or to actually show how the product works. Demonstrations are not used widely because the cost of labour can be extremely high. Demonstration can however be effective for promoting certain type of product, such as home appliances, computer application software, and machines.

- Trade stamps: Trade stamp can increase sales of specific items by giving extra stamps to purchasers of items. Stamps are attractive to consumers as long as they do not drive up the price of goods.
- Point of purchase: Point of purchase materials includes such items as outside signs, windows display, counter pieces, racks and self-service cartoons. These items gain attentions, inform customers and encourage retailers to buy particular product.

(Kotler 2003, 467).

Sales Promotion Tools for New Product

A number of sales promotion tools can be used to promote new products. Some of the most common tools used are: free samples, coupons and money funds.

Free Sample

Samples are offers of a free amount of products using several modes of distribution such as door to door, picked up in store, found attached to another product, or features in an advertising offer. Sampling is useful for reaching new users either when a product is introduced or improved, or at the opening of new market.

Marketers offer free sample for several reasons:

- To stimulate trial of a product
- To increase sales volume in early stage of product life cycle
- To obtain desirable distribution

In designing a free sample, marketers should consider certain factors such as seasonality of the product, the characteristics of the markets, and prior advertisement.

Coupons

These are certificate entitling a bearer to a stated saving on the purchase of a specific product. Coupons are usually distributed through email, enclosed in products ordered or attached to them, inserted in magazine and newspaper adverts to attract consumers.

Coupons are mainly used to achieve the following goals:

- Product trials
- Convert trial to regular users
- Research larger number of prospects
- To retail old customers

The prime consideration in setting up a coupon promotion is by considering the nature of the product (seasonality, maturity, frequency of purchase etc). However, couponing works best with older, educated elites, urban and married consumers; it is much less effective with young, single and illiterate consumers.

Money Refund

Cash refund offer provides a price reduction after the purchase rather than at the retail shop. The consumer sends a specified "proof of purchase" (e.g box tops, sweet wrappers etc.) to the manufacturers who refunds part of the purchase price.

Usually, manufacturers demand multiple purchase of the product before a consumer is deemed qualify for a refund.

Refunds create and accelerate sales volume by suggesting good value at especially low prices. The funds are excellent tools for gaining new users, and especially for reinforcing brand loyalty. They are also frequently used to stimulate multiple

purchasing, for example, buy one at a regular price and get another unit at a highly reduced price. Despite the fact that the method is relatively low in cost, refunds have limited impact on sales because money refunds sometimes generate a low response rate.

(Kotler 2003, 468).

Sales Promotion Tools for Established Products

For established products, the sales promotion tools are often aimed at providing additional value for the consumer who purchases the item. The most commonly used techniques are as follows: premiums, price -packs, consumer contest and consumer sweepstakes

Premium

These items are offered free of charge or at a minimum cost as a bonus for purchasing. For premiums to be effective, they must be easily recognizable and desirable. Premiums are usually distributed through retail outlets or through the mail, or even placed on or in packages.

Price pack

Price pack is an offer, which provides consumers with a reduced price of a product usually flagged on the label.

Price packs usually take the following forms:

- Reduced price pack: This is where a single package is sold at a reduced price (such as two for a price of one).
- Branded-pack: This describes two related products bonded together (e.g. toothpaste and toothbrush).

This tool can provide a strong incentive for trying the products, stimulate the products sales, yield sales increase and promote in off-seasons. However, prices are

reduced for customers who buy at regular price. In addition, frequent use of this tool may also cheapen special handling by retailers.

Consumer Contests

In consumer contest, individuals compete on prizes based on their analytical or creative skills. This method generates traffic at the retail level. Contests may however be used in conjunction with other sales promotion tools such as coupons.

Consumer Sweepstakes

Sweepstakes calls for consumer to submit names, sign drawing for prizes. Sweepstakes are employed to stimulate sales and like contests are sometimes teamed with other sales promotion methods. Sweepstakes are used more often than consumer contest and they tend to attract a greater number of participants. The cost of a sweepstake is considerably lesser than the cost of a contest. Successful sweepstakes can generate considerable interest and short-term increase in sales or market share.

Sales Promotion Tools for Resellers

Manufacturers use sales promotion techniques to encourage resellers to carry their products and to promote them effectively. Several sales promotion methods are appropriate for these purposes. They include buying allowances, buy-back allowances counts and recounts, free merchandise, merchandise allowance, co-operative advertising, dealer listings, premium or push money, sales concept and dealer loaders.

Buying allowance:

A buying allowance is a temporary price reduction to reseller for purchasing specified quantities of a product. Such offers may provide an incentive to handle

new product and achieve temporary price reduction, or stimulate the purchase of an item in larger quantities.

Buy back allowances:

A buy back-allowance is a certain sum of money that is given for every purchase of each unit of goods bought after an initial deal is over. It is a secondary incentive whereby the total amount of money buyers can receive is proportional to their purchases during the initial trade deal. This sales promotion tool encourages co-operation during an initial sales promotion effort and stimulates repurchase afterwards.

Count and recount:

In the case of count and recount technique, manufacturers pay a specified amount of money for each product unit moved from a reseller's warehouse in a given period. At the beginning of the promotion, units of the products in the warehouse are counted and recounted at the end in order to determine the number of units that had been moved from the warehouse. This method is very efficient in reducing retail stock outs by moving inventory out of warehouses and packages and reducing warehouse inventories.

(Kotler 2003,465-468),(Abdulrahim 2002, 95-115)

Major Decision Involved in Sales Promotion

The followings are the major decisions companies normally take in embarking on sales promotion:-

Establishment of Sales Promotion Objectives

There is need to state in clear terms, the aims and objectives of sales promotion. The basic marketing objectives developed for the product, dictates what the

promotion objectives would be. It is from these promotional objectives that the sales promotion objectives are fashioned out. (Abdulrahim 2002,110).

Selection of a Sales Promotion Tool

In selecting sales promotion tools, product characteristics, market, market characteristics, sales promotion objectives and cost effectiveness of each tool must be given careful consideration.

Development of Sales Promotion Programme

The extra decision to be made is to define the full promotion programme. This involves the accomplishment of several tasks. These are:

1. Determining the size of the incentive to offer

There should be a method of determining minimum incentive that is necessary for the success of the promotion, the interesting scenario here is if the incentive is higher, the sales response will be high but the rate of response will diminish faster.

2. Establishing the condition of participation

There is need to establish the group that will be given the incentive. For instance, those who provide correct answer to all the questions of the contest correctly or those that return 20 bottles of Seven-up drink etc.

3. Determining the Duration of the promotion

For the period of the promotion to be determined, it is important to ensure that the period is neither too short nor too long. If it is too short, many prospects may not be able to participate and if it is too long, it may result in the deal losing.

4. Determining the mode of distribution

The method of distribution of the product must be determined. Simply because it will influence the level of reach and effectiveness of the entire promotion exercise.

5. Establishing the timing of promotion

Brand managers develop calendar dates for the annually planned promotions. Some promotion programmes are targeted at festival periods; summer, Christmas season etc. This will enhance the level of participation of prospects in the programme.

6. Determining of the total sales promotion budget

Marketers must determine the total sales promotion budget. This can be done in two ways:-

It can be built from the ground up, where the marketers choose their individual promotion activities and estimate their total cost.

The cost of a particular sales promotion consists of the administrative cost (printing, mailing and promoting the deal and the incentive cost (cost of premium including redemption cost) multiplied by the expected number of unit that will be sold on the deal.

(Abdulrahim 2002, 95-115)

2.6 Limitations of Sales Promotion

Sales promotion activities have a marked capacity to gain the attention of customers and retailers. People are to re-channel all their activities towards the increased purchase and sale of specially promoted items. These efforts inform the customers dramatically of opportunity to buy, which may not come again. Therefore, sales promotion must be used judiciously and sparingly. Periodic sales promotional activities helps to increase sales volume, while, too frequent sales promotional activities may be used as a negative signal that the products being pushed are inferior, ill designed, overpriced etc. Customer can even be tired of sale promotion programme, especially, if such programmes come too often. (Abdulrahim 2002,117).

Given the above assertions, one can recognize the fact that sales promotion does have limitations. Some of these include:-

1. Sales promotions are short lived, limitation in durability and not suitable for long term or sustained marketing effort.
2. Sales promotion is not always creative or innovative. Unimaginative and tasteless programmes may project messages that unintentionally create negative customer attitudes and can actually boost a competitor's product or otherwise alienate the firm's distributor outlets.

(Abdulrahim 2002,117).

3 CASE COMPANY: SEVEN UP BOTTLING COMPANY PLC

3.1 Corporate Background

Seven-Up Bottling Company Plc is one of the largest independent beverages manufacturing companies in Nigeria. Seven-Up Bottling Company Plc is the producer and distributor of widely consumed brands of soft drinks in Nigeria. Its brands are; 7-Up, Pepsi, Mirinda, Teem and Mountain Dew which are produced and marketed in all her nine manufacturing plants. (Seven-Up Nigeria 2012)

Seven-Up Bottling Company Plc was founded in 1926 by a Lebanese Mohammed El-khalil who is the father of the company's current chairman Faysal El-Khalil. The company metamorphosed from a very successful transport business (El-Khalil Transport) in a bid to diversify the then largest transport company in the entire West of Africa.

On October 1 1960, the exact day Nigeria won her independents, Nigerians also experienced the birth of a soft drink giant as the first bottle of 7Up rolled out from its factory located in Ijora. Since then, Seven-Up Bottling Company Plc continued to grow in the leap and the bound. In the late 80s, it established two more plants in Ibadan and Ikeja. In the early 1990s when Pepsi International took over 7Up international, Seven-Up Bottling Company again got great opportunities to introduce the Pepsi brand to the Nigeria people.

As at today, Seven-Up Bottling Company has its headquarters in Beirut and has over two hundreds (200) depots and distribution centers spread over the nook and cranny of Nigeria while its operational base is in three African countries; Nigeria, Tanzania and Ghana. (SBC, 2012)

3.2 Case Company's Sales Turnover

Over some decades ago, Seven-Up Bottling Company has been struggling to outclass the giant dominant (Coca-Cola) of non-alcoholic drinks in Nigerian beverage industries.

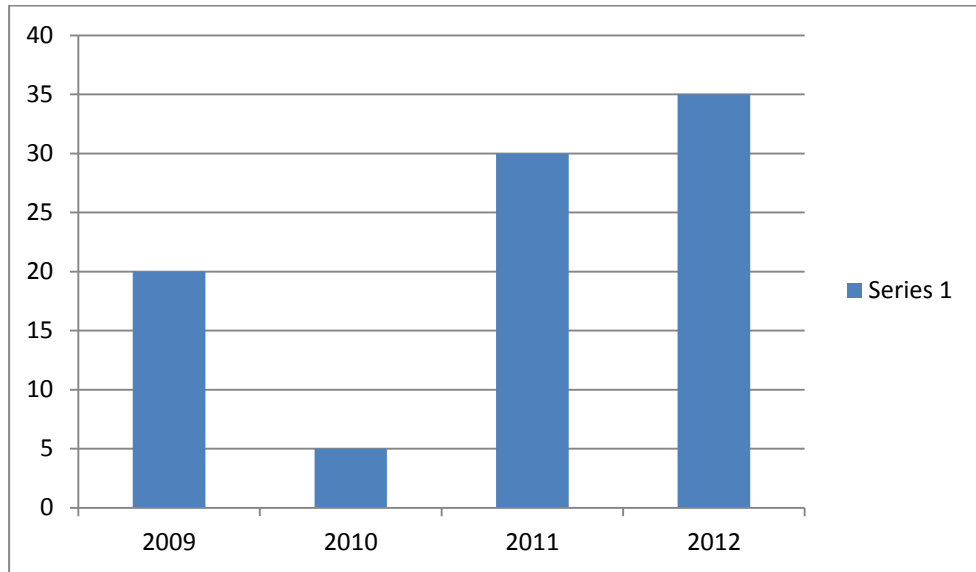
The sales turnover of Seven-Up Bottling Company between 2009 and 2012 are highlighted in the table below. The bottom-line dwindled from 2.3B to 2.1B despite an increase in revenue from 51.1B to 59.9B. Moreover, an increase in the percentage of sales devoted to cost of goods sold from 62.42% to 63.67% was a key component in the falling bottom-line in the face of rising revenue. (Businessweek, 2012).

Table 1 Extract from Seven-Up Bottling Company's Income Statement. (€1 = #197)

Currency in millions of Nigeria Naira	March 31st 2009	March 31st 2010	March 31st 2011	March 31st 2012
Total Revenue	34,864.3	41,069.0	51,098.0	59,864.0
Cost of Goods Sold	20,632.0	-----	31,894.0	38,117.0
Gross Profit	14,232.3	41,069.0	19,204.0	21,747.0
Other Operating Expenses	4,127.0	2,635.0	2,524.5	2,929.0
Net Income	1,529.7	1,892.0	2,277.0	2,069.0

The turnover table above indicates tremendous improvement on sales volume of Seven-Up Bottling Company. Furthermore, the table below gives a clearer picture of sales promotion growth in Seven-Up Bottling Company Plc.

Table 2 Sales Promotion Growth



In 2009, there was a 20% increment of the total turnover, in 2010, the turnover drastically low while in 2011 and 2012, there was a huge increment in the turnover of Seven-Up Bottling Company.

(Businessweek, 2012)

3.3 SWOT Analysis of Seven-Up Bottling Company Plc

Strengths, Weaknesses, Opportunities and Threats are highlight in the table below to give an in-depth analysis of factors affecting the operation of business in Seven-Up Bottling Company in Nigerian Beverage company.

Table 3 Seven-Up Bottling Company’s SWOT analysis

Strength	Weakness
<ol style="list-style-type: none"> 1. Leading brand 2. Technical Skills 3. Production Skills 4. Strong banking and financial sector 	<ol style="list-style-type: none"> 1. Management 2. Poor customer relation 3. Poor distribution Channels 4. Lack of infrastructure
Opportunity	Threat

<ol style="list-style-type: none"> 1. Low government tax 2. Low labour cost 3. New distribution channels 4. High population density 	<ol style="list-style-type: none"> 1. High cost of production 2. Changing in customer's taste 3. Dominant market leader 4. Increasing crime and corruption
---	--

(Businessweek, 2012)

The above SWOT analysis gives a clearer picture of likely challenges facing Seven-Up Bottling and likely opportunities in the Nigerian Beverage Industries.

Because of the complexity of Nigerian market, it important to analyze the PESTEL model of the Nigerian market.

Table 4 PESTEL Analysis of the Nigerian Market

Political Factors	Economic Factors	Social Factors
<ol style="list-style-type: none"> 1. Federal presidential republic 2. 36 states 3. Government instability 	<ol style="list-style-type: none"> 1. Oil-rich economy (12 largest producer of petroleum) 2. Fastest growing telecommunication market in the world 3. GDP ranked 31st in the world 	<ol style="list-style-type: none"> 1. Population: 154 million 2. Three major ethnic groups 3. Most happiest country
Technological Factors	Environmental Factors	Legal Factors
<ol style="list-style-type: none"> 1. Worldwide disaster monitoring system 2. Africa's first communication satellite 3. 	<ol style="list-style-type: none"> 1. Oil spill 2. Total area of 923,768 kilometer square 3. 	<ol style="list-style-type: none"> 1. There are four distinct laws in Nigeria 2. Consumer law 3. Producer law 4.

The table above, addresses the Nigerian PESTEL model

The table above shows the macro-environment factors that can affect business operations and management decision of organizations in Nigeria. The political factors show political decisions and business policies. Economic factor addresses nature of Nigerian economy, while social factors focus on changes in social trend that can affect demand for goods and services. Technology factors indicate new technologies that can create new products and processes, the environmental factors include weather and climate change, while, the legal factors relates to legal environment in which firm operates.

(Ayodele, 2005).

3.4 Market share of Nigerian Beverage Industries

Concurrently, Nigeria Bottling Company (Coca-cola) has dominated the Nigerian beverage industries since early 1950's, While Seven-Up Bottling Company and others are striving to meet and surpass Cola-Cola's share of the Nigerian market.

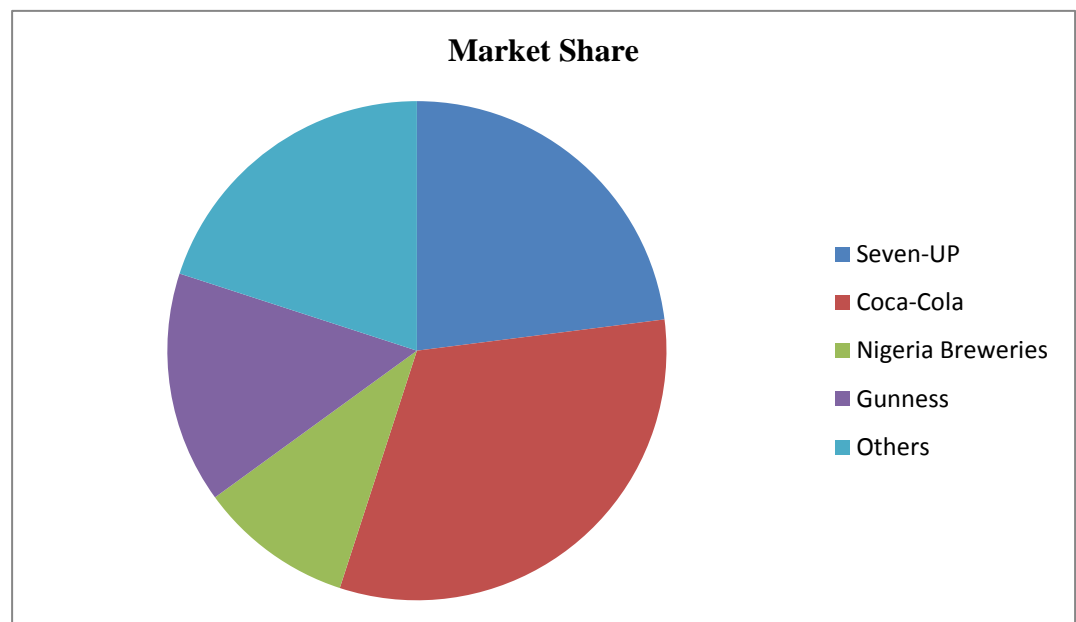


Figure 5 Market Shares of Nigerian Beverage Industries (Modified from NSE website)

From the above diagram, it can be deduced that Nigerian Bottling Company has largest share of the Nigerian non-alcoholic beverage industries in Nigeria, while, Nigerian breweries has largest share of alcoholic beverage industries in Nigeria.

3.5 Sales Promotion Activities of Seven-Up Bottling Company Nigeria Plc

In recent years, Seven-Up Bottling Company have been offering several sales promotion activities to made her standout amidst her competitors.

Seven-Up's sales promotion activities include the following:

- Periodic Scholarship
- Raffle draws,
- Price pack
- Premium

Periodic Scholarship: This is a sales promotion activities mostly used by Seven-Up Bottling Company to gain the attention of the customers. This is done by offering free scholarship to customers, especially students, by organizing a quiz on company's products.

Raffle Draws: This kind of sales promotion is common among Nigerian companies. It is done by persuading the general public to buy Seven-Up's products or brands and encourage the consumers to keep the bottle cover till the raffle is drawn.

Price Pack: In December 2011, Seven-Up Bottling Company organized a sales promotion for its Mountain Dew brand by giving its major distributors a price pack incentives in order to increase the sale volume of the product brand.

Premium: Seven-Up Bottling Company sometimes offers free items at a minimum cost as a bonus for purchasing. This is usually done through its retail outlets. These items include, free face-caps, T-shirt and pens.

(SBC, 2012)

4 BENCHMARKING OF NIGERIAN BEVERAGE INDUSTRIES

The Beverage industries in Nigeria started operations in early 1950's before the attainment of her independence. Since then, some companies like Coca-Cola, Seven-Up and Nigerian breweries have been the major dominant and revivals in this line of business.

Rapid growth in Nigerian economy, led to the emergence of other competitors like Nasmalt, Nestle foods, Bobo Nigeria Ltd etc in the Nigerian beverage industry. In the light of the foregoing, there have been desperate needs for companies in the Nigerian beverage industry to prove a substantial marketing competence in order to gain audience and competitive advantage over competitors. (Nigeria Equity Research, 2008)

Benchmarking as a Analyzing Method

In order to have a plausible result, this thesis compared competitors' sales promotion activities and Seven-Up's present sales promotion activities. Similarly, a thorough comparison of sales promotion programmes in the Nigerian Beverage industries are made in the next chapter.

1. Nigerian Bottling Company (Coca-Cola)
2. Guinness Nigeria Plc
3. Nigerian Breweries Plc

4.1 Nigerian Bottling Company (Coca-Cola)

Nigerian Bottling Company was incorporated in November 1951, as a subsidiary of A.G. Leventis Group with the franchise to bottle Coca-Cola products in Nigeria. NBC have grown to become the predominant bottler of alcohol-free beverages in Nigeria, responsible for the manufacture and sale of over 33 different Coca-Cola brands.

Production began in 1953 at a bottling facility in Ebuta-metta Lagos. Production capacity has grown over years; presently, it has 13 bottling facilities and over 80-distribution warehouse across the country.

Since her production started, NBC Ltd has remained the largest bottler of non-alcoholic beverages in the country in terms of sales volume, with about 1.8 billion bottles sold per year, making it the second largest market in Africa. (NBCplc, 2012)

Sales Promotion Activities of Nigerian Bottling Company

Coca-Cola being the dominant of Nigerian Beverages Company has a wide range of sales promotion activities than her competitors. The sales promotion activities of Coco-Cola in Nigeria are as follows:

Free Gifts: Mostly use to gain general public attention and boost sales volume for a newly introduced product. This is done by giving out free gifts like caps, t-shirts, pens, school bags etc.

Premium: This is another sales promotion tools often used by Coca-Cola in Nigeria. Here, gifts are been distributed out to potential consumers or sometimes in form of bonus on purchase made through its distributors and retailers.

Free Drinks: This sales promotion activity was used to introduce new brand to the market. In addition, free drink is sometime used during the Christmas period this is done by evaluating the market sectors and focusing the promotion on the areas where they have recorded lowest consumption. Free drinks are sometimes been organized for the students in their respective campuses.

Open and Win: Nigeria's beverage giant recently provides cushion for its consumer. Under this activity, all consumers need do is to buy a 50cl or 35cl of Coca Cola's coke, Fanta, sprite and Schweppes to quality for winning a grand price of 1 million naira.

(NBCplc, 2012)

4.2 Nigerian Breweries Plc

Nigerian Breweries was incorporated in 1946 as pioneer of alcoholic and non-alcoholic beverages in Nigeria. Nigerian Breweries has eight operational breweries from which its high quality products are distributed across the country. Its newly built brewery (Ama Brewery) is currently the biggest and latest brewery in Nigeria.

Nigerian Breweries has a rich portfolio of high quality brands: Star lager beer launched in 1947, Gulder launched in 1970, Maltina, the nourishing malt drink, introduced in 1976. Others include Amstel malt, Big and small Stout, Fayrous, and Heineken beer.

Nigerian Breweries Plc has an increasing export business that dates back to 1986. The Company currently exports to the United Kingdom, European Union and the West African sub-region. (NBplc, 2012)

Sales Promotion Activities of Nigerian Breweries Plc

Nigerian Breweries Plc sales promotion has several sales promotion activities. These sales promotion activities are mostly organized at regular interval. These activities include:

- Star Time to Shine Promo
- Free Gifts
- Price Pack

Star Time to Shine Promo: Nigerian Breweries recently organized a sales promotion programme for its favorite Nigerian beer (Star lager beer) in September 2012. This promotion announced a wide range of fantastic prizes to be won by its customers in its biggest ever consumer reward programme tagged Star Time to Shine. The prizes include brand new Toyota Corolla cars, LCD TV sets and 20

million naira cash. This promotion is different from a gift because of the big prizes involved.

Gifts: This is another sales promotion activity usually held by Nigeria Breweries. It announced giving out of small gifts such as umbrellas, caps, pens, t-shirts and other souvenirs to customers in order to reward them for their patronage, loyalty as well as boosting the company's sales.

Price-Pack: This kind of sales promotion is usually done to reward distributors as well as boosting the sales volume of the company. When a price pack is offered to a distributor, the retailer also gets some certain deductions and these usually affect the final consumers through reduction.

(NBplc, 2012)

4.3 Guinness Nigeria Plc

Guinness Nigeria was established in 1963, it is regarded as an iconic of African companies, renowned internationally for its brand of high and unmatched quality. Guinness Nigeria was the first company chosen to brew the iconic dark outside the British Isles.

Guinness Nigeria has four big breweries located in strategic places in the country to ease smooth operation and distribution of its products. Consequently, Guinness Nigeria has developed a wide range of brands that have gained competitive advantage in the Nigerian beverage industries. Its products include, Malta Guinness, Gulder beer, Maltina, among others.

Sales Promotion Activities of Guinness Nigeria Plc

Guinness Nigeria being one of the domineering beverages producers in Nigeria, also have similar sales promotion activities like its competitors to induce its potential customers. These include the following:

Free sample: Usually used for the introduction of new products or brands to the public, it includes, free sample of the product introduced.

Bonus: This is another sales promotion activity of Guinness Nigeria Plc, which is mostly used to boost sales volume and outclass competitors.

Dealers' sales contest: The dealers' sales contest is where the best dealer with large sales volume is rewarded. It is mostly used to induce and encourage dealers to increase their sales volume for the company's products and get rewarded, (Guinness, 2012)

5 NEW SALES PROMOTION PLAN FOR SEVEN-UP NIGERIA

The objective of this thesis was to develop a new sales promotion plan to aid Seven-Up Bottling Company in marketing her products. It can be summarily concluded that the primary objective of this thesis is to draw a sales promotion plan to outclass Seven-Up's competitors.

However, in order to achieve optimum result, sales promotion must always be in concert with the other marketing and sales promotion mix.

Therefore, based on the findings of this research, the following elements of marketing are strongly recommended for improvement:

5.1 Product

Seven-Up Plc has a wide range of old and newly introduced brands with good quality and taste. However, in order to make sales promotion more effective and efficient for its intended purpose, there is a desperate need for re-branding and re-packing of some Seven-Up products such as, Mirinda, 7up, Pepsi.

5.2 Price

Seven-Up Bottling Company needs to adopt a marketing practice based on the theory that certain prices have some psychological impact on the purchasing power of consumers. Psychological pricing such as #39.99 (naira) instead of #40 (naira) could be introduced especially during sales promotion period.

5.3 Place – Distribution

In order to efficiently serve one-hundred and fifty million people and for Seven-Up Plc brands to reach every nook and cranny of Nigeria, Seven-Up Plc must increase the number of its depots and distribution channels. This can be achieved by setting up more than one depot in each of 36 states in Nigeria.

5.4 Promotion

In the process of boosting sales volume and striving to outclass competitors through sales promotion by Seven-Up Bottling Company Plc, there are big flaws in sales promotion activities of Seven-Up plc. Seven-Up Bottling Company must adopt similar sales promotion activities used by other competitors in Nigerian beverages industry. Sales promotion activities such as;

- Open and Win by Coca-Cola Nigeria
- Free Drink by Coca-Cola Nigeria
- Bonus used by Guinness Nigeria
- Dealers Contest by Guinness Nigeria
- Star Time to Shine by Nigerian Breweries (it can be modified or re-designed)

Apart from the stated new sales promotion plans above, the following points further explain how sales promotion activities of Seven-Up Bottling Company can be more effective in future:

Firstly, in order to make sales promotion a tool for marketing consumer products more efficiently, it is advisable to organize sales promotion twice a year i.e Easter and Christmas period.

Secondly, for sales promotion free samples to be more effective in Seven-Up Bottling Company, it is suitable to organize a campus storm free drink to higher institutions in Nigeria.

Lastly, creation of awareness and mass advertisement must be embraced in order to maintain and win more markets.

6 CONCLUSION

6.1 Conclusion

This research work has revealed the importance of sales promotion strategy in organizations. Consequently, the following conclusions were drawn:

- I. Sales promotion is a communication in the sense that the products gain attention and usually provide information that may lead consumers to the producers.
- II. It can be used to dramatize products offers, boost sales by using the various sales promotion tools and to create a stronger and quicker response to increasing sales volume.
- III. It provides incentives that serve as a means of rewarding potential consumers.
- IV. Sales promotion is necessary.

6.2 Proposal for Future Research

This research work was conducted by juxtaposing and benchmarking the sales promotion activities of competitors versus the sale promotion activities of the case company.

However, in order to have more efficacious solution in developing an effective sales promotion plan in the future, a quantitative research approach would be appropriate for further future research work.

7 SUMMARY

Despite of the known constraints in sales promotion activities of Seven-Up Bottling Company, sales promotion will continue to play a major and growing role in total promotion mix. Its effective use will require steps to define sales promotion objectives, selecting the appropriate tools, constructing the sales promotion programme and implementing, controlling and evaluating the result. Therefore, in selecting sales promotion tools, careful consideration should be given to the following:

- Product characteristics,
- Market,
- Market characteristics,
- Sales promotion objectives and
- Cost effectiveness of each tool.

Additionally, achieving optimum is not limited to consideration of the factors above, also, sales promotion must always be in accord with other marketing mix (Product, Price, Place and Promotion).

If these could be given priority consideration, sales promotion would surely achieve its objective of increasing rate of consumption for a particular product and consequently increase its profitability

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