

## Impact of Advertising, Sales Promotion, Publicity and Public Relations on the Performance of Niger State Transport Authority

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**Abstract:** Transportation has long been recognized as one of the cornerstones of a country's development and plays a crucial role in the economy of many nations and our dear country Nigeria. This recognition has led to a growing interest in the present state of transport management in Nigeria. This study seeks to offer insight into this important issue. Whether it is more desirable to manage transportation through advertising, sales promotion, publicity and public relations. To address this point, logistic regression model was adopted to analyze the effectiveness of this promo tools within the range of profitability. The resulting parameters enable us to assess the effect of advertising, sales promotion, publicity and public relations policies on profit. The results showed that advertising has a positive effect on the profitability while fare slashes (sales promotion) have a negative effect. Furthermore, we found that publicity is an important tool that must be given much attention in order to maintain the existing commuters and encourage potential commuters. Finally the research confirmed that, the availability of inputs at an affordable price will improve the drive for profit.

**Key words:** Promotional tools, advertising, sales promotion, public relations, publicity, transportation, profitability, logistic regression model

### INTRODUCTION

The present day global powerful competition has resulted to a fast effective communication as vital to the building of a solid relationship between transporters, commuters and thus transport managers. Modern transport calls for more than developing/purchasing new vehicles pricing it attractively and making it accessible. The fact that most transport operators seek profit maximization as primary objective calls for a new re-thinking and re-orientation of managing advertising, sales promotion, public relations and publicity based on adequate study of the transport industry. It is pertinent for transport operators to communicate with present and potential stakeholders and general public at large to enhance its profitability.

The management of these promotion tools must be ethically relevant to ensure functional, effective and efficient resources utilization that are germane towards increase productivity, growth in market share and profitability. Roger (2002) opined that if despite having the right product/services being offered at an acceptable cost to both suppliers and customers, the latter never

heard about it; then the organization would be facing a bleak future. Hence, the need for effective use of promotion tools-advertising, sales promotion, public relation and direct marketing is inevitable.

The purpose of this study is to discuss the effect of these promotion tools on the sales and profit maximization of transport operators in the North Central of Nigeria.

It is no news that 4 promotional activities are carried out by organization, most often, these promotional tools are confused. A great deal of information is through advertising. The way transporters deals with commuters can be an advertisement for the company and its services. Thus, Giles (1990) saw advertising as a non-personal communication directed at targeted audience through various media in order to present products, services and ideas. This confirms the effectiveness of advertising as a tool to alert and influence potential commuters to patronize a particular mode of transport. It is also any paid form of non-personal presentation and promotion of ideas, good or services by an identified sponsor (Kotler, 2000).

In affirming this, Morden (1991) viewed advertising in similar non personal terms though with emphasis on

target direct advertising. This implies that effective advertising can reinforce the behaviour of existing commuters/passengers and new commuters are always welcomed. Hence, advertising can be use to promote transportation services and ideas.

Cartwright (2002), however, noted that sales promotion are usually short campaigns often run in association with media, most of which involve the collection of tokens either from other products produced or services rendered by the advertisers or published in the newspapers. In his own view Kotler (2002) saw sales promotion as a key ingredient in marketing campaigns that consist of a diverse collection of incentives tools, mostly short-term designed to stimulate quicker or greater purchase of a particular products/services by consumers/commuters.

This in no doubt justify the opinion of Ward (2000) that sellers use incentive type of promotions to attract new tiers, to reward loyal customer and increased the repurchased rate of occasional users. It also conforms to the opinion of Wilmhurst (1984) that sales promotion is centered more on the immediacy of individual sale. This implies that sales promotion can encourage loyal commuters and equally enables transport operators to adjust to short-term variations in supply and demand of transport services.

For improved productivity as a result of peaceful co-existence, transport operators must ensure a prompt and efficient use of public relations as a promotional tool. It is however sad to note that most transport operators saw promotion as a minor element in the promotion mix. Brassington and Pettitt (1997) emphasized public relations as the deliberate planned and sustained effort to institute and maintain mutual understanding between an organization and its public.

Jeffkin (1980) shed more light on public relations as a promotional tool that embraces everyone and everything. This simply established that public relations is concerned with presenting a positive image of the organization to its various public in response to event and needs of the public. Hence, transport operators must embrace the use of public relations to ensure continuous knowledge of the needs and wants of commuters/passengers.

It is important to view a broad coverage of publications, which is targeted towards various public. Hence, Martson (1979) cited public as any group with some common characteristics with which an organization/service provider needs to communicate. Kotler (2002) saw public as any group that has an actual or potential interest in or impact on company's objectives. This stresses the relevance of public to the survival of the transport industry.

Guardian (2005) reported that Idu Obosiukwu and Osobile communities in Rivers State Nigeria shut down Agip oil facilities in their communities due to the companies insensitivity to the effective use of public relations as a promotional tool. Transporters must therefore employ the timely use of public relations as a key promotional tool to cover various groups as possible without conflicting message in order to achieve their business objectives.

Moreover, the use of direct marketing as a promo tool by transport operators in recent times has brought a lot of improvement and efficiency in the delivery of good and services to customers. According to Kotler (2002), direct marketing is the use of customers' direct channel to reach and deliver goods and services to customers without using marketing middlemen. It is therefore logical to observe that direct marketing build a long-term relationship with the commuters. This affirms the views of Kotler and Armstrong (1996) that if the marketer does a good job of understanding customers' needs, by developing a product that provides superior value and prices, distributes and promotes them effectively, the product will sell easily. No wonder, modern technology has also allowed for greater analysis of customers needs and wants and it is now possible to send out direct marketing material only to those whom the organization knows are interested in the product or services. This was the case with (IBTC) Investment Banking and Trust Company, Unit Trust Scheme private placement as reported by financial standard in 2005.

Although, Roger (2002), appeared to view direct marketing as a non-cost effective measure for an organization to make direct appeal to individual customers. It is, however, becoming easier for marketers to direct specific groups and in many cases individual directly.

The effectiveness of this was stressed by a leading management thinker, Drucker (1973) that the aim of marketing is to know and understand the customer so well that product or service fits and sells itself.

Cartwright (2002) threw his weight behind Drucker's (1973) view that good advertising agencies works closely with its clients. It therefore affirms that an effective direct marketing can avoid increased transportation cost since the awareness and interest are already firmly in place. Hence, it is obvious that transport operators and commuters will enjoy mutually rewarding relationship.

**Economic importance of transport to marketing:** Transportation facilitates contact an interaction among people of diverse culture and thereby assists the spread

of idea and the improvement of international understanding and co-operation. Hence, transportation plays a key role in the determination of the level of economic activities and consequentially a major factor affecting the standard of living of people (Ogunsiji *et al.*, 2002).

In Nigeria, the down-turn in the economy, inflationary pressures, the depreciating value of the currency (naira) coupled with the deplorable state of the network of road in the last few years have limited private ownership of cars and commercial vehicle and made the maintenance of existing ones a herculean and /or uphill task. This development has therefore made the circulation of goods and people very difficult, thereby having a crippling effect on the economy (Jackson, 2001).

In response to the problems facing the transportation in the country, the Federal Urban Mass Transit Programme (FUMTP) was facilitated to complement the efforts of the existing public transportation systems. All State of the Federation including the Federal Capital Territory (FCT) Abuja also setup a corporation to attend to the transportation needs of the people (Aworemi and Ajiboye, 2005). The introduction of the Mass Transit Programme is expected to proffer adequate solutions to the constraints of transportation based on the management experiences of the people that are to man the business; unfortunately the programme was quite unsuccessful.

The horrifying experience of the past Mass Transit Programme and the worrying prognosis of the current arrangement have recommends the current effort at the determining whether advertising, sale promotion and public relations would or/not influence the profitability and sustainability of the programme.

The concept of managing advertising, sales promotion and public relation occupies a key position in the transport industry.

## MATERIALS AND METHODS

The study was carried out in Minna, the state capital of Niger state. The senior and junior staff of the corporation constituted the populations of study. A total of 80- respondents were randomly selected from the list of 132 employee and this constituted about 60.61% response rate. Among the variables identified to be influencing the dependents variables, (Profitability) are: Advertising, Fare slash (Sales Promotion), Publicity, Public Relations Organization Strategy and Availability of inputs.

Logistic regression model was adopted and the Model is mathematically represented as:

$$Y = f(X_1, X_2, X_3, X_4, X_5, X_6 + U;)$$

Y = Profitability (Total Sales)

X<sub>1</sub> = Advertising

X<sub>2</sub> = Sale Promotion / (fare slash)

X<sub>3</sub> = Publicity

X<sub>4</sub> = Public Relations

X<sub>5</sub> = Organization strategy

X<sub>6</sub> = Availability of input

The logistic regression model is employed to analyze the binary data that the linear multiple regression models failed to analyze effectively within the range of profitability. Unlike linear multiple regression model, the logistic model forces the estimated probabilities to lies within the range of 0-1 (Bryan, 1994).

Thus, it is implicitly represented as:

$$\text{Log} \left( \frac{P}{1-P} \right) = \beta_0 + \beta_1 Y_1 + \beta_2 Y_2 + \dots + \beta_k Y_k \quad (1)$$

This implies that:

$$P_1 = \frac{e^{\beta_0 + \beta_1 Y_1 + \beta_2 Y_2 + \dots + \beta_k Y_k}}{1 + e^{\beta_0 + \beta_1 Y_1 + \beta_2 Y_2 + \dots + \beta_k Y_k}}$$

If

$$\lambda_1 = \beta_0 + \beta_1 Y_1 + \beta_2 Y_2 + \dots + \beta_k Y_k \quad (2)$$

Then

$$P_1 = \frac{e^{\lambda}}{1 + e^{\lambda}} \quad (3)$$

When a linear logistic model is fitted to explore the relationship between a bernolli response variable and one or more independent variables, the model is referred to as a logistic regression model (Agersti, 1990).

In this study, the logistic regression was used to fit a model in the exploration of the relationship between the dependent variable of profitability (Y<sub>o</sub>) and the independent variable of advertising (X<sub>1</sub>), fare slash (sales promotion) (X<sub>2</sub>), publicity (X<sub>3</sub>), public relations (X<sub>4</sub>), strategy of the organization (X<sub>5</sub>), availability of inputs at reasonable prices (X<sub>6</sub>).

## RESULTS AND DISCUSSION

Table 1 showed that, the coefficient ( $\beta_1 = 1.7125$ ) of X<sub>1</sub> implies that when the independent variables, advertising changes by 1 unit and the values of other independent variables remain constant, the logarithm of

Table 1: Logistic Regression for profitability and other independent variable at Niger State Transport Authority (NSTA), Minna

Variables	Logistic regression odd ration		
	Coeff.	(Exp B)	Sig.
Advertising ( $X_1$ )	1.7125*	0.1877	0.9951
Fare Slash (Sales Promotion) ( $X_2$ )	-1.0835	2.9612	0.9872
Publicity ( $X_3$ )	2.1275**	8.2936	0.2835
Public Relations ( $X_4$ )	10.5126	3.7460	0.8952
Organizational strategy ( $X_5$ )	-2.0576	0.1252	0.0514
Availability of Inputs ( $X_6$ )	10.5963**	0.5654	0.5863

\*\*Significant at 5% level, \*Significant at 10% level, Source: Field Survey 2006

odds of profitability will increase by 1.7125 units. This means that, as the advertising increases, the profit margin increase by almost double the rate of increase in advertising and this is significant at 10% level.

The coefficient ( $\beta_2 = -1.0835$ ) of  $X_2$  shows that embarking on aggressive fare slash would decrease profitability by 1.0835 units. This is when the fare slashes changes by 1 unit, keeping values of other independent variable constant. However, this value is not significant at both 5 and 10% level indicating that the slash of fare in anticipation of commuters' patronage had not contributed significantly. This may be attributed to some other problem of unsatisfactory services by the company.

Publicity of market is an important factor in the process of profitability and commercialization of any development service. The coefficient ( $\beta_3 = 2.1275$ ) of the variable  $X_3$  showed that when the publicity changes by 1 unit and the values of other independent variables remain constant, the logarithm of the odds of profitability increases by 2.1275 units. This means that as the scope of publicity widens, commercialization and profitability will increase twice as much. This value is also significant at 5% level, which implies that publicity had contributed significantly and may be considered in the profitability of the study area.

Public Relations ( $X_4$ ) is of tremendous and vital important in the commercialization and profitability of public transport service in Niger State. The coefficient of  $X_4$  ( $\beta_4 = 10.5126$ ) showed that when the independent variable, public relation changes by 1 unit and the values of other independent variables are held constant, the logarithm of the of profitability increase by 10.5126 units. This means that as the public relations becomes more increased, the tendency to patronize increase almost eleven fold. However, this value is not significant at both 5 and 10% significant levels, which implied that the variables had not contributed significantly to profitability of the transport corporation.

The strategy of the organization ( $X_5$ ) has a coefficient of -2.0576 ( $\beta_5 = -2.0576$ ), which indicates that when this value changes by 1 unit and the values of other variable are held constant, the logarithm of the odd of profitability

decreases by 2.0575 units. It is an indication that as the strategy increases, the tendency of maximum profit decreases twice as much. This value is significant at 10% level and is an important factor to be considered in the profitability of the corporation. This result translates to the fact that, appropriate strategy should be adopted in order to maximize profit that is, a round peg should be in a round hole.

Availability of inputs at affordable prices ( $X_6$ ) is of vital importance in the profitability of transport companies. The coefficient of  $X_6$  ( $\beta_6 = 10.5963$ ) showed that when the independent variable, availability of inputs changes by 1 unit and the value of other independent variables remain constant, the logarithm of the odds of profitability increases by 10.5963 units. This means that as the inputs becomes more available at affordable prices, the tendency to maximize profit increases almost eleven fold. This value is significant at 10% level, which implies that the variable had contributed significantly to profitability of the transport corporation. However, if the inputs are expensive simply because they are imported and there is problem of scarcity thus it will have negative impact on the profit maximization of the corporation.

## CONCLUSION

This study aims at evaluating the effects of promotional tools such as advertising, sales promotion, publicity and public relations on the sales and profit maximization of a public transport company in the North Central of Nigeria.

The study revealed that as advertising increases the profit margin increases by almost double the rate of increase in advertising and that  $X_1$ , advertising is statistically significant at 10% level whereas the negativity of sales promotion that is fare slashes ( $X_1$ ) has no significant relationship with profit maximization.

Meanwhile, publicity increases the commercialization and profitability of the study and this is significant at 5% level, which implies that publicity contributed tremendously to the profit maximization of Niger State Transport Authority.

In addition, the study established that availability of inputs such as petroleum products, auto spare parts, engine oil among others at affordable prices has significant impact on the profit maximization of a study area and this is significant at 10% level.

In summary it was discovered that to a very large extent promotional tools notably advertising, publicity have significant relationship with the profit maximization of public transport company in the North Central of Nigeria.

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