



## Sales Promotion and Pricing Strategy in Nigerian Telecommunications Companies

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**Abstract.** The study examines the sales promotion and pricing strategies employed by MTN and Globacom, two prominent telecommunication companies in Nigeria. A quantitative research design was exploited for this study. The research population consists of the estimated 226.84 million subscribers, as reported by the Nigerian Communications Commission in 2023. A sample size of 384 respondents was selected using purposive and quota sampling techniques. The instrument underwent validation, and the reliability test conducted through Cronbach's alpha yielded a coefficient of 0.964, indicating high reliability. Descriptive and inferential statistics were utilized to analyze the data. The descriptive analysis was bar chart while the analysis of variance (ANOVA) was employed to examine the significant association between the dependent variable and the independent variables. The statistical tool employed was SPSS version 20.0. The study's results displayed the relationship between sales promotion and pricing strategies employed by MTN and Globacom telecommunication companies in Nigeria. These findings indicate a notable correlation between these vital components of business activities. Thus, the

study suggests that MTN and Globacom should enrich their sales promotion strategies. It was recommended that regular 19 valuations guarantee the alignment with long-term goals, customer preferences, and current market trends.

**Keywords:** Sales, Promotion, Pricing Strategy and Telecommunication

### 1. Introduction

In recent years, the telecommunications sector in Nigeria has witnessed notable expansion and rivalry. The advent of GSM technology in the early 2000s brought about a revolution in the industry, resulting in heightened market penetration and a surge in the subscriber base. Consequently, companies operating in the Nigerian telecommunications landscape, including MTN and Globacom, have encountered fierce competition in their efforts to attract and retain customers within a densely saturated market. Consequently, sales promotion and pricing strategies have emerged as pivotal tools for these companies to distinguish themselves, bolster market share, and

catalyze demand among subscribers (Ogunnaike & Ogunnaike, 2019).

The pricing strategy encompasses the determination of optimal pricing levels and structures aimed at maximizing profitability while maintaining competitiveness within the market. It represents a fundamental component of marketing, involving the identification of the ideal price point at which a product or service should be offered to customers (Kotler, et al, 2020). This strategy integrates various considerations, including production costs, competition, market demand, and perceived value. A well-crafted pricing strategy is pivotal in achieving business objectives, whether it involves maximizing profits, expanding market share, or positioning the product as high-quality or premium. According to Ogunnaike and Ogunnaike (2019), pricing strategies can vary in form, tailored to specific market characteristics and goals. Investopedia (2021) further elaborates that such strategies entail determining the price based on production and operational costs associated with the product.

Sales promotion involves a variety of marketing tactics aimed at shaping consumer behaviour and driving the purchase of goods or services (Ani & Idris, 2020). In today's economic landscape, sales promotions have gained prominence due to their impact on consumer spending power. In the production context, marketing remains incomplete until products and services reach end consumers. Therefore, integrating effective sales promotion strategies during and after production is vital for ensuring satisfactory customer experiences (Elwalid, 2015). Sales promotions are now omnipresent across diverse media channels, including print media, digital platforms, and outdoor advertising, with a significant presence in urban centres. For this study, sales promotion tools like point-of-purchase displays, buy-one-get-one offers, and sweepstakes will be utilized to assess their impact on the pricing strategies of telecommunications firms in Nigeria.

### 1.1 Research Questions

- What is the extent to which point of purchase promotion influence pricing strategy of telecommunication companies in Nigeria?
- Does buy one get one promotional sales influence the pricing strategy of telecommunication companies in Nigeria?
- Is there any significant impact between sweepstakes promotional sale and pricing strategy of telecommunication companies in Nigeria?

## 2. Literature Review

### 2.1 Point of Purchase Promotion

The term “point of purchase” (POP) refers to the specific area within a retail environment where promotional or marketing materials are strategically positioned. This location represents a critical point of interaction between customers and products, making it an ideal space for the placement of promotional items. By situating these materials near the corresponding products or services, retailers aim to increase the likelihood of customer purchases (Jones & Shephard, 2019). POP holds the potential to exert a significant influence on customer buying behaviour within a store. Its effectiveness lies in the strategic placement by retailers near the merchandise they aim to showcase, thereby enhancing the visibility of these items. Understanding the creation process and benefits of POP displays can enable businesses to capitalize on high-traffic areas within their stores, ultimately leading to increased sales. This article aims to explore the concept of POP displays, highlight their advantages, provide illustrative examples, and offer practical tips for creating compelling displays.

### 2.2 Buy One Get One (BOGO) Promotional Sales

The Buy One Get One (BOGO) concept entails a promotional strategy where customers have the chance to obtain an additional item either at no cost or at a discounted price upon purchasing one item at its regular price. Retailers and marketers frequently deploy BOGO promotions to stimulate sales, entice customers, and facilitate product turnover (Hair, et al., 2014). BOGO campaigns are crafted to establish perceived value and provide incentives for customers. The allure of receiving an extra item for free or at a reduced cost can be compelling, often leading to impulse buys or increased purchases beyond the initial intent. This promotional approach capitalizes on psychological principles like reciprocity and loss aversion to shape consumer behaviour. Reciprocity suggests that customers may feel obliged to reciprocate by making a purchase when they receive an extra item or perceive a benefit. Conversely, loss aversion pertains to individuals' tendency to place greater emphasis on avoiding losses than on acquiring gains. In the context of BOGO promotions, customers perceive the possibility of missing out on a free or discounted item as a loss, thereby heightening their inclination to buy (Kahneman & Tversky, 1979).

### 2.3 Sweepstakes Promotional Sales

The sweepstakes concept encompasses a promotional tactic wherein participants have the chance to win prizes through a random selection or drawing process. Sweepstakes serve as a prevalent marketing tool employed by businesses to foster customer engagement, boost brand recognition, and encourage consumer involvement. Let's delve into the intricacies of sweepstakes while incorporating relevant in-text citations. Sweepstakes typically incorporate three fundamental components: prizes, chance, and consideration (American Marketing Association, 2017). Prizes represent the incentives offered to participants, ranging from monetary rewards and travel experiences to merchandise or unique opportunities. Chance denotes the random selection method employed to determine the winners, ensuring impartiality and equal prospects for all participants. However, consideration stands out as a crucial legal consideration.

### 3. Empirical Review

Okorie et al. (2019) investigated the utilization of monetary sales promotions by telecommunication operators to bolster brand awareness, promote brand trial, and ultimately cultivate brand loyalty, thereby enhancing brand equity. Nevertheless, the efficacy of sales promotions in augmenting brand equity among state civil servants in Lagos and Ogun states has been a topic of scholarly discourse. Employing a survey research design, the study administered a structured questionnaire to 880 respondents selected from a total pool of 17,161 civil servants. The results unveiled that the nature of monetary sales promotion significantly influenced various aspects of telecommunication operators' brand equity, including brand awareness ( $R^2=0.301$ ,  $p<0.05$ ), perceived brand quality ( $R^2=0.155$ ,  $p<0.05$ ), brand association ( $R^2=0.171$ ,  $p<0.05$ ), and brand loyalty ( $R^2=0.058$ ,  $p<0.05$ ). This suggests that monetary sales promotions have substantially contributed to the augmentation of telecommunication operators' brand equity, implying that other brands could contemplate integrating such promotions into their strategies for enhancing brand equity. Notably, the study was confined to subscribers in Lagos and Ogun, thus highlighting a research gap.

Smith et al. (2018) explored the effects of sales promotion on customer loyalty within the telecommunication sector. Utilizing the survey method, the study gathered data from respondents, with a sample size of 310 chosen through simple random sampling. Descriptive and inferential statistical analyses were conducted using SPSS software. Considering that a substantial portion of

marketing communication budgets is allocated to sales promotion activities by companies, this research delves into the impact of sales promotion on customer loyalty specifically within the mobile telecommunication domain. The study's findings reveal a positive correlation between sales promotion efforts and customer loyalty. Additionally, it was noted that disloyal customers exhibit a higher propensity to switch to rival products in response to sales promotions compared to loyal customers. The study underscores the necessity for a more nuanced examination of divergent perspectives on this issue.

Al-Maghrabi and Hussain (2019) investigated the influence of sales promotion initiatives, encompassing price discounts, free samples, purchasing vouchers, and celebrity endorsements, on consumer buying behaviour in Saudi Arabia. Additionally, the research aimed to discern any statistical variances in the adoption of sales promotion strategies based on consumer demographics. The study targeted both Saudi and non-Saudi consumers residing in Riyadh, which had a total population of 3.874 million in 2018. The sample comprised individuals from both the public and private sectors in Riyadh, including Saudi and non-Saudi employees, with a calculated sample size of 387 participants. A proportional stratified sampling approach was utilized for participant selection. The study's outcomes revealed a positive and significant impact of sales promotion programs on consumer purchasing behaviour, with price discounts exerting the most considerable influence. Furthermore, statistical variations in the perception of sales promotion strategies were identified based on demographic factors such as age, education, and marital status. The study underscores the need to offer practical insights to enhance marketing communication strategies and provides recommendations for future research. Notably, the study's limitation lies in its focus on a developed economy.

Okafor and Osuoha (2020) conducted an inquiry into the pricing strategies and marketing effectiveness of telecommunication companies in Port Harcourt. Secondary sources, primarily comprising a review of pertinent literature concerning the variables of interest, served as the primary data sources for this investigation. The study outcomes suggest that a meticulously crafted pricing strategy, considering the perceptions and sensitivity of the target clientele alongside organizational objectives, can yield favourable outcomes in terms of marketing effectiveness. Additionally, the research unveils a positive correlation between value-based pricing and marketing performance, as well as a positive

correlation between cost-based pricing and marketing performance. Drawing from these revelations, the study concludes that a favourable relationship exists between pricing strategies and marketing effectiveness. Consequently, the study recommends that telecommunication enterprises in Port Harcourt, aspiring to bolster their marketing effectiveness, meticulously discern and execute suitable pricing strategies, encompassing both value-based and cost-based approaches.

Akingbade (2023) undertook a study aimed at probing the influence of competitive strategies adopted by selected telecommunication firms in Nigeria on their performance. The escalating competition within the industry spurred by globalization has impelled companies to embrace diverse strategies to sustain profitability and competitiveness. However, many enterprises overlook the need to gauge the effects of their strategic innovations on their clientele. The investigation delves into the repercussions of competitive strategies on customer satisfaction, retention, and loyalty. Formulating three null hypotheses, the study sought to scrutinize the correlations between lower pricing and customer satisfaction, uninterrupted trunk services and customer loyalty, and customer complaint handling and retention. The participants consisted of telephone service users selected specifically from Lagos State. The state was segmented into 20 local government council areas, with 125 respondents from each area receiving questionnaires. Questionnaire completion rates ranged from 103 to 110. Employing a survey research design, a structured questionnaire was devised, validated through construct validity, and verified utilizing the KMO measure of sampling adequacy. Cronbach's Alpha was utilized to test the questionnaire's reliability. The study uncovered a significant association between competitive strategies and customer satisfaction, retention, and loyalty. The findings underscored the substantial impact of competitive strategies and their components on the performance of telecommunication enterprises. Consequently, it was recommended that Universal Mobile Telecommunication Services (UMTS) operators embrace a culture of competitive strategies based on these revelations.

Asiagwu et al. (2022) conducted an investigation aimed at examining the factors driving brand-

switching behaviour in the mobile telecommunication sector within Nigeria's South-South zone. The study identified several explanatory variables, including network coverage, sales promotional activities, price, service quality, customer service, and switching costs, with brand-switching behaviour as the dependent variable. Employing a descriptive survey design, the research targeted subscribers of mobile telecommunication services within the South-South zone. The sample size, determined using the Cochran Method, comprised 384 subscribers. Questionnaires were distributed to the sampled subscribers, and data analysis was executed utilizing descriptive statistics and ordinary least square regression techniques with the assistance of Statistical Package for Social Sciences (SPSS) version 21. The study outcomes unveiled that network coverage, price, service quality, and customer service exerted a significant and positive impact on consumer brand-switching behaviour in the mobile telecommunication sector within the South-South zone of Nigeria. Conversely, switching costs exhibited a notable negative influence on brand-switching behaviour in the region. Intriguingly, the research indicated that sales promotional activities did not yield a significant positive effect on brand-switching behaviour in the telecommunication industry within Nigeria's South-South zone. In light of these findings, the study recommended that mobile telecommunication service providers rigorously monitor and fortify their network services to deter subscriber defection to rival brands.

#### 4. Research Methodology

The research utilized a quantitative research design, targeting a population of 226.84 million subscribers as reported by the NCC in 2023. A sample size of 384 respondents was selected using purposive and quota sampling techniques. The validity of the instrument was confirmed, and reliability testing using Cronbach's alpha coefficient yielded a score of 0.964. Data analysis involved both descriptive and inferential statistics. Descriptive analysis was visualized using bar charts, while inferential statistics, specifically analysis of variance (ANOVA), were utilized to explore the significant associations between the dependent and independent variables. For data analysis, the Statistical Package for the Social Sciences (SPSS) version 20.0 was employed as the statistical tool.

5. Results

5.1 Demographic Characteristics of the Respondents

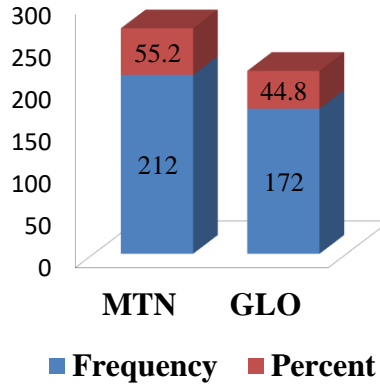


Figure 1: Frequency Distribution of Respondent by Telecommunication Network

Figure 1 illustrates the distribution of respondents' characteristics categorized by their affiliation with telecommunication networks. It also presents the frequencies and percentages representing the demographic characteristics of all 384 (100%) participants. The breakdown of telecommunication networks starts with 212 (55.2%) participants affiliated with MTN, while 172 (44.8%) were associated with GLO among the entire respondent pool.

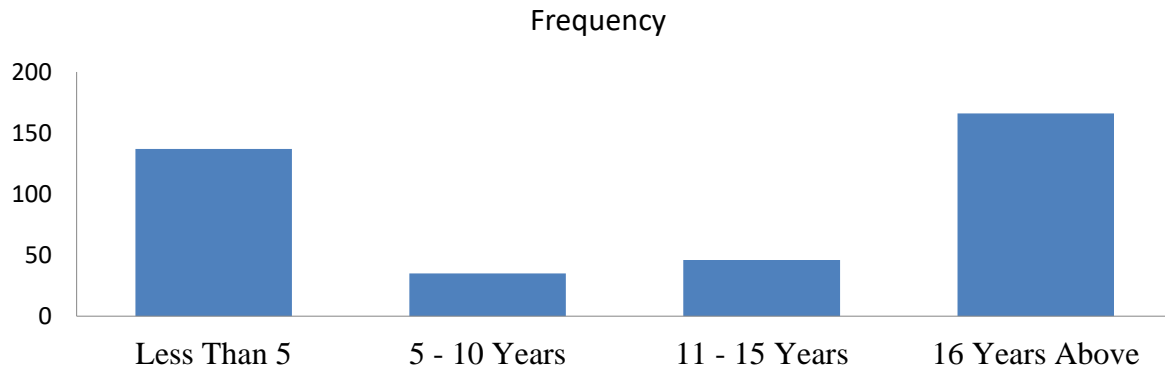


Figure 2: Frequency Distribution of Respondent by the Period of Network Usage

The graph above illustrates the duration for which respondents have been using telecommunication networks. According to the data, 137 (35.7%) respondents reported using telecommunication networks for less than 5 years, 35 (9.1%) respondents for a period between 5 to 10 years, 46 (12.0%) for duration of 11 to 15 years, while the majority, 166 (43.2%) respondents, had been utilizing telecommunication networks for 16 years or more. This observation suggests that, based on the graph, respondents demonstrate an understanding and interpretation of the presented concepts.

Test of Research Questions

**RQ 1:** To what extent does point of purchase promotion influence pricing strategy of telecommunication companies in Nigeria?

Table 1: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	28.060	3	9.353	15.505	0.000
Within Groups	229.229	380	.603		
Total	257.289	383			

Source: SPSS Output (2024)

Analyzing the variance outcome for this variable reveals the mean impact of point-of-purchase promotion on the pricing strategy of MTN and Globacom, two prominent telecommunication companies in Nigeria. These findings encompass the mean values and p-values, computed to evaluate the significance of the variables. The ANOVA results present an F-statistic of 15.505, utilized to gauge the variable's significance. The outcomes indicate that the variable holds significance at a 5% level. With a p-value of 0.000, which is less than the 5% significance threshold, there exists a statistically significant positive influence between the point of purchase promotion and the pricing strategy of MTN and Globacom telecommunication companies in Nigeria.

**RQ 2:** How does buy one get one promotional sales enhance pricing strategy of telecommunication companies in Nigeria?

**Table 2:** Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.577	3	1.526	2.294	0.078
Within Groups	252.712	380	.665		
Total	257.289	383			

Source: SPSS Output (2024)

The analysis of variance outcomes concerning the impact of buy-one-get-one promotional sales on the pricing strategy of MTN and Globacom telecommunication companies in Nigeria sheds light on the mean influence of such promotions. This evaluation encompasses the ANOVA results, utilizing an F-statistic of 2.294 to assess the significance of the variable. The outcomes reveal that the variable does not achieve significance at a 5% level. With the p-value surpassing the 5% significance threshold, it is concluded that there exists a positive but non-significant impact between buy-one-get-one promotional sales and the pricing strategy of MTN and Globacom telecommunication companies in Nigeria.

**RQ 3:** Does sweepstakes promotional sale significantly impact the pricing strategy of telecommunication companies in Nigeria?

**Table 3:** Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.500	3	1.500	2.255	0.082
Within Groups	252.789	380	.665		
Total	257.289	383			

Source: SPSS Output (2024)

Table 3 presents the results of the analysis of variance conducted for sweepstakes promotional sales and pricing strategy, illustrating the average relationship between sweepstakes promotional sales and the pricing strategy of MTN and Globacom telecommunication companies in Nigeria. This representation encapsulates the ANOVA findings, utilizing an F-statistic of 2.255 to evaluate the significance of the variable. The results indicate that the variable does not achieve significance at a 5% level. With the p-value exceeding the 5% threshold for significance, it is concluded that there is no significant impact between sweepstakes promotional sales and the pricing strategy of MTN and Globacom telecommunication companies in Nigeria.

The findings of this study underscore the significant role played by sales promotion strategies in enhancing the pricing strategies of MTN and Globacom, two leading telecommunication companies in Nigeria. This value relevance is crucial, considering its substantial impact on the operations of telecommunication firms in the country. In response, MTN and Globacom are positioned to elevate and refine their pricing strategies to remain competitive in the market.

The survey participants acknowledged the advantages offered by telecommunication companies in Nigeria, particularly highlighting the significant influence of point-of-purchase (POP) strategies on the pricing strategy of MTN and Globacom. The analysis revealed the influence of point-of-purchase strategies on the pricing strategies of the telecommunication companies. Point-of-purchase strategies effectively influence customer purchase decisions within a store,

**6. Discussion of Findings**

leveraging strategic placement by retailers to enhance the visibility of specific items. The study against the findings of Smith et al. (2018) that non-loyal customers are more likely to switch to competing products as a result of sales promotion compared to loyal customers. However, it is essential to balance promotional tactics to maintain profitability and brand perception over time.

The study assesses the influence of buy-one-get-one promotional sales on the pricing strategies of MTN and Globacom. The findings demonstrated a significant impact of buy-one-get-one promotional sales on the pricing strategies of telecommunication companies. The findings corroborated with the conclusion of Okafor and Osuoha (2020) that effectiveness of monetary sales promotions in enhancing telecommunication operators. The results suggest that such strategies contribute to the advancement of pricing strategies and could foster brand growth across various industries. Personalized sales promotions tailored to individual consumer preferences further increase customer retention and engagement, particularly when integrated with digital channels such as mobile apps and social media.

The implications of sweepstakes findings extend to the potential introduction of novel products or services, stimulating trial participation among individuals. The study revealed a noteworthy relationship between sweepstakes promotional sales and the pricing strategy of MTN and Globacom, albeit without significant association. These findings align with Asiagwu, Mojekeh, and Anyasor (2022) that sales promotional activities may lack a significant positive impact on brand-switching behaviour within the telecommunication industry. Providers of sweepstakes promotional sales should thus ensure the robustness of their network services to discourage subscribers from migrating to alternative networks.

## 7. Conclusion

The study concluded that sales promotion and pricing strategies employed by MTN and Glo telecommunication companies in Nigeria sheds light on the intricate relationship between these two crucial aspects of business operations. This highlights the significance of strategic decision-making in these essential aspects of business operations. It underscores the need for telecommunication firms to meticulously assess the potential impact of various promotional techniques on pricing decisions, considering factors such as customer value and market dynamics. Achieving a delicate balance between short-term promotional benefits and long-term pricing strategy objectives is paramount for sustained success and

competitiveness in the industry. In essence, the study offers valuable insights into the complex interplay between sales promotion and pricing strategies within Nigeria's telecommunications sector. While the impact of point-of-purchase promotions on pricing decisions is evident, the effectiveness of buy-one-get-one and sweepstake promotions warrants more nuanced consideration. Telecommunication companies, including MTN and Glo, can leverage these insights to refine their sales promotion strategies, optimize pricing decisions, and enhance customer satisfaction and brand loyalty. Moreover, the study contributes to a broader understanding of the role of sales promotion in shaping pricing strategies, offering valuable implications for marketing professionals and researchers within the telecommunications industry and beyond.

## 8. Policy Recommendations

Based on the findings of the study, several actionable policy recommendations have emerged to guide these companies and other stakeholders within the industry. The following are the recommendations:

- Telecommunication companies should continuously evaluate the effectiveness of their sales promotion and pricing strategies and conduct a comprehensive marketing research to solicit customer feedback is essential for understanding the evolving consumer preferences and market trends.
- Sales promotions could drive short-term sales volume, telecommunication companies should ensure that these promotions align with their long-term pricing strategy objectives and focus on enhancing customer value rather than solely competing on price.
- Telecommunication companies should explore a diverse range of promotional techniques beyond traditional methods like discounts and giveaways and ensure transparency in their pricing strategies and communicate any changes to customers.

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