

# Effects of advertising on consumer preference for telecommunication firms in Nigeria

Ojenike Bolatito

Department of mass communication, the polytechnic Ibadan, Nigeria

[Jojenike@gmail.com](mailto:Jojenike@gmail.com)

## Abstract

The proliferation of different telecommunication firms brands in the country has led to cut-throat competition for increased market share being witnessed among the operators in the telecommunication industry. When competition is keen and the consumers are faced with telecom service choice in the market, it becomes imperative for the manufacturers to understand the major factors that can attract the attention of buyers to his own service. These then form the basis for marketing panning and action. This study, which was based on a survey of 250 randomly selected consumers of telecom services in Lagos and Ibadan cities in South-western Nigeria, examined the role played by advertising in influencing consumers' preference for telecom services provided by telecommunication firms. Results revealed that both male and female and different age groups were equally influenced by advertising in their preference for the brand. 38.00% of the consumers showed preference for MTN out of the various firms of the telecommunication firms studied. The major reasons advanced for the preference are its captivating advertising (42.62%) and availability (37.24%). The need for high preference to advertising is therefore highlighted for telecommunication firms that want to not only retain their market but take positive steps to increase their market share.

**Key words:** Media, advertising, communication, preferences

## 1. Introduction

Understanding the path through which advertising influence consumer choice is vital for researchers and practitioners (Clark et al. 2009). Advertising, sales promotion and public relations are mass-communication tools available to marketers. The mass communication tools trade off the advantage of personal selling and the opportunity to tailor a message to each prospect for the advantage of reaching many people at a lower cost per person (Etzel et al., 1997). Today, definitions of advertising abound. We might define it as communication process, a marketing process, an economic and social process, a public relations process or information and persuasion process (Arens, 1996). Dunn et al. (1978) viewed advertising from its functional perspectives, hence they define it as a paid, non-personal communication through various media by business firms, non-profit organization, and individuals who are in some way identified in the advertising message and who hope to inform or persuade members of a particular audience.

Morden (1991) is of the opinion that advertising is used to establish a basic awareness of the product or service in the mind of the potential customer and to build up knowledge about it. Kotler (1988) sees advertising as one of the four major tools companies use to direct persuasive communications to target buyers and public noting that "it consists of non-personal forms of communication conducted through paid media under clear sponsorship". According to him, the purpose of advertising is to enhance potential buyers' responses to the organization and its offering, emphasizing that "it seeks to do this providing information, by channelling desire, and by supplying reasons for preferring a particular organization's offer. Advertiser's primary mission is to reach prospective customers and influence their awareness, attitudes and buying behaviour. They spend a lot of money to keep individuals (markets) interested in their products. To succeed, they need to understand what makes potential customers behave the way they do. The advertisers goals is to get enough relevant market data to develop accurate profiles of buyers-to-find the common group (and symbols) for communications this involves the study of consumers behaviour: the mental and emotional processes and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants (Arens, 1996).

Proctor et al. (1982) noted that the principal aim of consumer behaviour analysis is to explain why consumers act in particular ways under certain circumstances. It tries to determine the factors that influence consumer behaviour, especially the economic, social and psychological aspects which can indicate the most favoured marketing mix that management should select. Consumer behaviour analysis helps to determine the direction that consumer behaviour is likely to make and to give preferred trends in product development, attributes of the alternative communication method etc. consumer behaviours analysis views the consumer as another variable in the marketing sequence, a variable that cannot be controlled and that will interpret the product or service not only in terms of the physical characteristics, but in the context of this image according to the social and psychological makeup of that individual consumer (or group of consumers).

Sutton's (1991) assumed that advertising enhances consumers' willingness to pay by changing their quality perceptions. While profits increase in perceived quality, they may reduce in brand awareness (Boyer and Moreaux 1999), thereby

stalling the competitive escalation in advertising. Doraszelski and Markovich (2007) show that even in small markets industry dynamics can be very different depending on the nature of advertising. From an empirical perspective, when estimating a demand model, advertising could be modelled as affecting the choice set or as affecting the utility that the consumer derives from a brand.

If the role of advertising is mistakenly specified as affecting quality perceptions (i.e., preferences) rather than brand awareness as it often is, then the estimated parameters may be biased. In her study of the U.S. personal computer industry, Sovinsky (2008) finds that traditional demand models overstate price elasticities because they assume that consumers are aware of—and hence choose among—all brands in the market when in actuality most consumers are aware of only a small fraction of brands. Following from above, this study seeks to examine the influence of advertising on consumer preference with respect to branding and advertising of communication firms.

## 2. Methodology

The data used for this study were obtained from Primary sources by means of structured questionnaire. One hundred and fifty (250) copies of questionnaire were administered on the members of the public through trained personnel in three major cities namely: Lagos and Ibadan at 150 and 100 copies, respectively.

The respondents were selected randomly at each of the locations while the distribution was aimed at reflecting the population of each of these cities. The responses by the consumers to some items of the questionnaire were compiled into tables according to the main variables being examined. Percentage analysis was used in examining variables such as consumer brand preference, media preference awareness sources, etc while inferential statistical model,  $\chi$  (Chi-Square) was used in testing the hypothesis generated from the study.

The  $\chi^2$  values calculated were compared with the tabulated values of  $\chi^2$  using 5% significance level and 2 degrees of freedom.

## 3. Results and Discussion

### 3.1. Socio economic characteristics of respondents

Table 1 above showed that consumers of the products are almost evenly distributed among both sexes, with the number of males marginally higher than that of female. This may suggest gender neutrality in the preferences of the telecommunication firms. Table 1 shows that the modal age classes of respondents are 41 – 60 which constitutes 50% of the total respondents. They are followed by those respondents in the age class 61 and above which constitute 25% of the total respondents. The last group is between ages 21 – 40. The obvious implication of this finding is the dominance of matured individual in the market for the products of telecommunication firms.

From the table, 64.8% of the total respondents are literate and thus form larger percentage. The percentage of those with no level of education is 35.2%. As the level of an individual education increases, its effect on synthesizing media information is meant to be positive. This is due to the fact that an educated individual is at advantage in understanding and interpreting information. The more educated an individual is, the more his decision making is enhanced as he becomes. Table 3 shows that the two firms (MTN and GLO) made up more than 69.2% of the telecom preference of consumers. The large percentage highlights the high competitiveness of the industry and the need for concerted efforts by the various companies not only to maintain their market but to increase their market share.

The reasons for brand preference by the consumers depicted by the Table 5 ranges from Advertising (37.24%) to Packaging (9.52%). The importance role of advertising in retaining and increasing the company's market is obvious from the result and instructive to the management of the company.

From the results in the Table 5, 37.24% of respondents agreed to the fact that advertising had influence on the choice communication network. The results were used to draw up a contingency  $\chi^2$  table to obtain the  $\chi^2$  calculated. At 2 df and 5% significance level, the  $\chi^2$  tabulated is 7.991 while the calculated  $\chi^2$  value was 0.359 which is lower. We therefore do not reject the null hypothesis and conclude that advertising does not determine the choice of telecom firms by consumers. MTN topped the brand preference table in the telecom industry in general implying that it still remains the favourite telecom consumers and enjoys undisputed loyalty among the largest percentage of the respondents.

According to the respondents, advertising and availability are the major factors responsible for the success of MTN. Very few subjects cited other reasons such as price and quality for their choice of the firms. The implication of this is that price and other variables seem not to count much to the consumers as long as the availability of a product is maintained and the service is also supported by heavy advertising reminding and persuading consumers to continue to buy with a little bit of quality service.

## 4. CONCLUSION AND IMPLICATIONS

Quite a number of important conclusions can be drawn from the findings of this study which have policy implications for the firms under study and others in the telecom industry. firms preference does exist in the telecom industry. Many consumers do not subscribe to whatever is available or affordable if a product is good value for its price, it will command brand loyalty. However, advertising helps in projecting product quality and value before the consumers. This is what is applicable to MTN presently. Advertising has a major influence on consumers' preference for MTN and it has, in no small measure, contributed to its success. The same thing goes for its availability. Towards this end, the

management is advised to carry out the following: (i) research continuously into quality improvement that will make consumers enjoy good value for money paid to subscribe the brand. (ii) Develop more effective advertising campaign that attracts consumer's attention and capture their interest. At this stage the company's advertising messages should both be persuasive and reminder-oriented. The messages must be strong and appealing enough to persuade and build brand preferences, encourage switching to the company's service by changing the perception of the consumers of rival telecom firms.

**References**

Arens, Williams F. 1996. *Contemporary Advertising*. USA: Richard D. Irwin, A. Times Mirror Higher Education Group Inc. Company.

Boyer, M., & Moreaux, M. (1999). Strategic underinvestment in informative advertising: The cases of substitutes and complements. *Canadian Journal of Economics*, 32(3), 654–672.

C. Robert Clark · Ulrich Doraszelski Michaela Draganska The effect of advertising on brand awareness and perceived quality: An empirical investigation using panel data *Quant Mark Econ* (2009) 7:207–236

Doraszelski, U., & Markovich, S. (2007). Advertising dynamics and competitive advantage. *Rand Journal of Economics*, 38(3), 557–592.

Dunn, S.W. and A. Barban. 1987. *Advertising, It's Role in Modern Marketing Advertising, Its Role in Modern Marketing*. Hinsdale, Illinois, U.S.A.: Dryden Press.

Etzel, M.J., B. J. Walker and W. J. Stanton. 1997. *Marketing*. USA: Irwin/Mc-Graw Hill.

Kotler, P. 1988. *Marketing Management: Analysis Planning and Control*. New Jersey: Prentice Hall, Eaglewood Cliff.

Morden A.R. 1991. *Elements of Marketing*. London: D.P. Publication Ltd.

Proctor, R. and M. A. Stone. 1982. *Marketing Research*. Great Britain: Macdonald and Evans Ltd. Phymouth

Sovinsky Goeree, M. (2008). Limited information and advertising in the US personal computer industry. *Econometrica*, 76(5), 1017–1074.

Sutton, J. (1991). *Sunk costs and market structure*. Cambridge: MIT.

**Table 1: Gender of respondents**

Gender	Frequency	percentages
Male	126	50.40
Female	124	49.60
total	250	100.00

**Table 2: Distribution of Respondents by Age.**

		Frequency	Percent
Valid	less than 20	1	.9
	21-30	8	7.4
	31-40	18	16.7
	41-50	32	29.6
	51-60	22	20.4
	61 and above	27	25.0
	Total	108	100.0

Source: Field survey, 2011.

**Table 3: Educational Status of respondents**

		Frequency	Valid Percent
Valid	literate	70	64.8
	illiterate	38	35.2
	Total	108	100.0

Source: Field survey, 2011.

**Table 4: Consumers brand preference**

Firms	Frequency	percentages
MTN	95	38.0
GLO	78	31.2
AIRTEL	47	18.8
ETISALAT	30	12.0
TOTAL	250	100

Source: Field survey, 2011.

**Table 5: Consumers' reasons for preference**

Reasons	Frequency	percentages
Advertising	54	37.24
Quality	32	21.77
Availability	47	31.97
Price	14	9.52
TOTAL	147	100

Source: Field survey, 2011.

This academic article was published by The International Institute for Science, Technology and Education (IISTE). The IISTE is a pioneer in the Open Access Publishing service based in the U.S. and Europe. The aim of the institute is Accelerating Global Knowledge Sharing.

More information about the publisher can be found in the IISTE's homepage:

<http://www.iiste.org>

## CALL FOR PAPERS

The IISTE is currently hosting more than 30 peer-reviewed academic journals and collaborating with academic institutions around the world. There's no deadline for submission. **Prospective authors of IISTE journals can find the submission instruction on the following page:** <http://www.iiste.org/Journals/>

The IISTE editorial team promises to review and publish all the qualified submissions in a **fast** manner. All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Printed version of the journals is also available upon request of readers and authors.

### IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

