

The Impact of Corporate Advertising on the Sales of Manufacturers: A Study of Anammco Limited, Emene and Innoson Vehicle Manufacturing Company Limited, Nnewi

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Abstract

The focus of this study is to find out how corporate advertising impacts the sales of manufacturers with emphasis on Anambra Motor Manufacturing Company (ANAMMCO) Limited, Emene and Innoson Vehicle Manufacturing Company Limited, Nnewi. A sample size of one hundred and eighty-seven (187) was judgmentally chosen with 5% level of significance. Questionnaire is the research instrument used in collecting the data and 4-point Likert scale was used to measure the responses of the respondents. Descriptive (quantitative) statistical method was used to analyze the data. The survey design was employed. The chi square was used to test the hypothesis. Findings reveal that good sales by manufacturers are a direct consequence of use of corporate advertising. The study concludes that corporate advertising has really contributed much to the sales success of manufacturers. It recommends among other points that as the major aim of manufacturers remains to make profit through sales generation, it is important that they explore, not only direct promotional vehicles, but indirect ones as well. The hypothesis formulated for the study received statistical support: $\chi^2 = 15.51 > \chi^2_{.05, 3} = 7.815$.

Keywords: Impact, Corporate Advertising, Sales, Manufactures

Introduction

The emergence of a multiplicity of goods, services, ideas or causes, and the need for awareness of the masses for which they are produced or meant, necessitated the evolution of corporate advertising. The need, similarly, to ascertain the effectiveness of advertisements in the promotion of goods, services, ideas or causes, has informed the classification of advertising by four main criteria: target audience, geographic area, medium, and function or purpose (Ozoh, 1998). Corporate advertising falls under the last criterion which is purpose.

Companies that place a premium on effective management of their reputation in the market place, use corporate advertising. Bovee and Arens (2006) point out that successful companies have found that people buy their products and services for a wide variety of reasons. While company image and reputation are important in this regard, they argue, many people choose not to buy a particular company's products, services, or stock if the company is viewed negatively. This is aside from product advertising—the primary process used by companies to promote their various products and services.

The two organizations covered in the study (Anammco Limited and Innoson Limited) are known to measure their sales successes as manufacturers, significantly on the basis of the impact of corporate advertising. While Anammco specializes in the manufacturing and assembling of Mercedes Benz automobile spare parts, Innoson is a conglomerate of automobile and motorcycle spare parts. They have good reputation in the Nigerian automobile industry. They work hard to maintain this reputation knowing that if they do not take the time to cultivate it, they lose by default. This implies that associations could be available, tying or attributing the sales progress of a manufacturer to how much or how effectively it invests in corporate advertising. Knowing about this is important but being able to successfully establish it through research is more important.

Objectives of the Study

The objectives of this study are

- i. To investigate the relationship between corporate advertising and good sales by manufacturers.
- ii. To assess the impact of corporate advertising on sales of manufactures.

Research Hypothesis

HO₁: Good sales by manufactures are unlikely to be a direct consequence of use of corporate advertising.

Literature Review

Theoretical Framework

Corporate advertising theories examine the persuasive power of advertising in shaping public perception, influencing consumer behaviour and reinforcing brand identify. Key aspects include the role of repetition and salience, the impact of hidden messages, and the potential for shifting loyalties. (Arens, 2011).

The corporate advertising theory relevant to this study is the Means-End Chain (MEC) theory. The Means-End Chain theory, developed by Gutman (mindtools.com) explains how consumers choose products or services by connecting tangible attributes to abstract personal values, essentially linking “means” to “end”. It views consumers as goal-oriented, making decisions based on how products or services help them achieve personal goals and values. The theory is useful for understanding consumer behaviour, developing marketing strategies, and informing product design. It suggests that advertising should focus on connecting a product’s benefits to the consumer’s personal values and goals. According to Gutman, a consumer for example, chooses a high-quality, reliable car (attribute) because it promises safety and security (consequences) and ultimately allows them to feel safe and protected (value). How postulates that companies exploit these motivations to increase sales or boost company’s image. These motivations will also help us to measure the impact of corporate advertising on the sales of manufactures.

Empirical Review

Corporate advertising denotes a particular type of non-product advertising aimed at increasing awareness of the company and enhancing its image (Arens, 2011).

What can good corporate advertising hope to achieve? Ogilvy in Arens (2011) thought at least one of four objectives:

1. It can build awareness of the company. Opinion Research Corp. states, “The invisibility and remoteness of most companies is the main handicap. People who feel they know a company well are fivetimes more likely to have a highly favourbale opinion of the company, than those who have little familiarity”.
2. Corporate advertising can make a good impression of the financial community, enabling you to raise capital at a lower cost-and make more acquisitions”.
3. It can motivate your present employees and attract better recruits. “Good public relations begins at home”, Ogilvy said. “If your employees understand your policies and feel proud of your company, they will be your best ambassadors”.
4. Corporate advertising can influence public opinion on specific issues. Abraham Lincoln said, “With public opinion against it, nothing can succeed. With public opinion on its side, nothing can fail”.

Many scholars believe that any of the above objectives almost always directly affects a company’s “cash register”, making it “ring”. For instance, when corporate advertising builds awareness of the company, customers have opportunity of knowing about its products and services and in many cases patronizing them. Some professional advertising people according to Arens (2011) have questioned or misunderstood, the effectiveness of corporate advertising in this regard. Retailers in particular cling to the idea that corporate advertising, although attractive and nice, “doesn’t make the cash register ring”.

A series of marketing research studies however, offered dramatic evidence to the contrary. Companies using corporate advertising registered significantly better awareness, familiarity, and overall impression than those using only product advertising. Five corporate advertisers in the study drew higher ratings in every one of 16 characteristics measured, including being known for quality products, having competent management, and paying higher dividends. (Yankelovich, Skelly and White, n.d). Ironically, the companies in the study that did no corporate advertising spent far more in total advertising for their products than the corporate advertisers did. Yet, despite the higher expenditures, they scored significantly lower across the board.

Kotler (2003) asserts that corporate advertising supports or boosts sales not only for the present, but also for the future. "Corporate advertising can also build a foundation for future sales, traditionally the realm of products advertising. Many advertisers use umbrella campaigns, called market prep corporate advertising, to simultaneously communicate messages about the products and the company".

The impact of corporate advertising is undoubtedly measurable. No one wants to associate with an organization that has a questionable credibility. So companies that have attained credibility are consciously evaluating the impact of corporate advertising on sales and on other aspects of their business life.

Jefkins (1998) postulates that impact in (corporate) advertising, or marketing can only be effectively measured or assessed when the exercise is anchored on the foundations of what is self-evident (qualitative) and/or statistical (quantitative). Self-evident assessment or evaluation, he says, ensures nothing has to be spent on a marketing research survey to check. They are to be seen or experienced, in other words. If trade relations exercise, for instance, has succeeded, the sales force will be better received and orders will be more forthcoming. The results will be evident in increased orders compared with the same product, sales people, stockiest and similar advertising support.

Quantitative impact, on the other hand, according to him, which could be ascertained through either of "statistical data on audience numbers and ratings, evaluation by source, direct statistical feedback or opinion polls" can enable a company ferret information to show, for instance, "a percentage increase in awareness, a reduced number of complaints, a large number of job applicants, over subscription of a share issue or a recorded number of mentions or sightings of company name in the press and on the radio and television as a result of sponsoring the event".

Mohan (1994) examines corporate advertising impact in terms of adequate communication of information by organisations to their target audience about their progress and performance that must bear meaningfully on the lives of such audiences. By so doing, such organisations could look forward to eliciting the good will of such target audiences. A very high degree of usage of advertising, he says, may be seen in "creating favourable conditions for raising capital through equity and debenture issues". Through assessing such impact, corporate advertising managers are able to properly uncover the interests, wants, needs, and demands of the audience, so that they can work out appropriate actions to satisfy them.

Bovee and Arens (1994) measure the impact of corporate advertising through directing effort to corporate advertising messages that can be controlled. This enables the corporate advertising manager to easily determine the level of improvements he has attained in fostering relations between his company and say, labour, government, customers, suppliers and even voters.

Akin to the above is Nylen's (1980) submissions on the subject. His style of impact assessment borders on definition of objectives or mission statement, and juxtaposing them with actual performance to determine success or failure. The individual "corporate advertising programmes are each directed toward individual objectives by which their effectiveness can be evaluated".

On the part of Govoni et al (1986), measurement by an organisation, of its corporate advertising impact on its target audience can be executed in three ways-placements, responses, and attitude studies. Each, in its own way, gives an indication of the appeal or persuasiveness of the messages contained in an organisation’s corporate advertising campaigns. This indication gives a reasonably significant picture of responses from the audience. Corporate advertising can personalize information to the needs, wants and whims of specific audiences. In recent times, this type of advertising has become a veritable key to business and fast gaining popularity among numerous people and business organisations just as this study examined the impact of this aspect of advertising on the sales of manufacturers.

Methodology

The population for the study was 250 while the sample size was 187. The population figure was gotten from the management of those organisations. The sample was judgmentally drawn. While 110 respondents came from Innoson Vehicle Manufacturing Company Limited, 77 came from Anammco Limited. The primary source of data was used to obtained information from the sample. The survey design was employed so as to study the respondents in their natural habitat. Therefore, the major research instrument used in conducting this research work was questionnaire. The questionnaire was structural and the respondents found it easy to write their responses. In spite of this, one copy was badly filled making it irrelevant for the study. There was consequently the return of 186 copies of questionnaire, registering a return rate of 99 percent. This appeared impressive and adequate for the study. The presentation of data was done using the tabular form and percentages featured in the analysis. The nature of the hypothesis easily lent itself to test with chi square testing tool. The results are given below.

Data Presentation and Analysis

Table 1: Gender Distribution

Gender	Frequency	Percentage
Male	123	66
Female	63	34
Total	186	100

Source: field survey

Out of the 186 respondents, 123 representing 66 percent of the population were males while 63 (34%) of them were females.

Table 2: Age Distribution

Age	Frequency	Percentage
18-20	10	5
21-25	31	17
26-30	48	26
31-35	62	33
36 and above	35	19
Total	186	100

Source: Field Survey

While 10 respondents representing 5% were within the age of 18 to 20, 31(17%) fell within the age range of 21 to 25. 48(26%) respondents were within the age range of 26 to 30 while 62(33%) were within the age range of 31 to 35. 35(19%) were from 36 years and above.

Table 3: Percentage Response to Awareness of Corporate Advertising

S/N	Company	Aware	Not aware	Total
1	Anammco	66	11	77
2	Innoson	98	11	109
	Total	164(88%)	23 (12%)	186 (100%)

While 164 respondents representing 88 percent were aware of corporate advertising 23(12%) were not.

Table 4: Percentage Response on the Effect of Corporate Advertising on Sales of Manufacturers

S/N	Item	Enhanced credibility of company	Increase in volume of sales of company	Has made it market leaders in the manufacturing sector	Has guaranteed improved conditions of service for our workers
1	What direct effect would you say corporate advertising has had on the operations of your company?	40(21)	102(55)	11(6)	33(18)
	Total	142(100)		44(100)	

Source: Field Survey

Forty (40) respondent representing 21 percent of the population are of the view that corporate advertising enhances the credibility of their company, 102 respondents representing 55 percent opine that it brings about increase in the volume of sales of their company, while 11(6%) respondents are of the opinion that corporate advertising makes their company market leaders in the manufacturing sector, 33(18%) are of the view that it guarantees improved conditions of service for their workers.

Test of Hypothesis

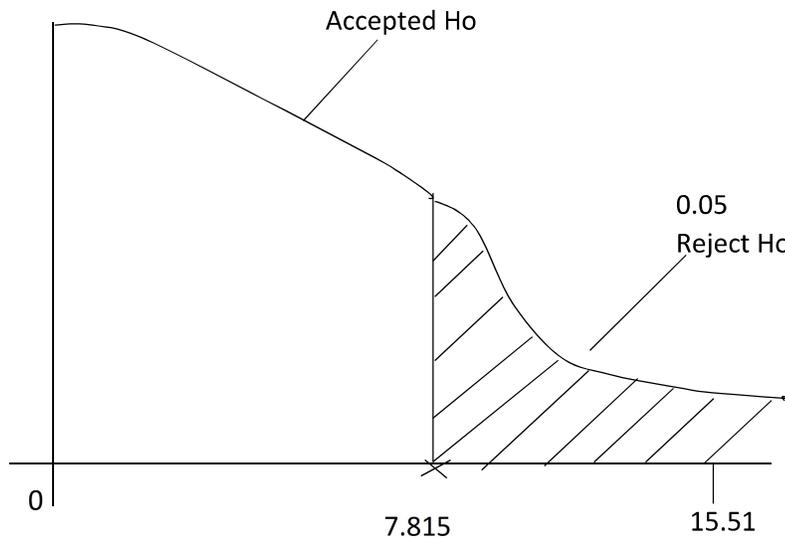
Hypothesis 1: Good sales by manufacturers are unlikely to be a direct consequence of use of corporate advertising.

Table 1: X² test of relationship between use of corporate advertising and good sales by manufacturers

	Anammco	Innoson	Total
Strongly Agree	10 (16.55)	30 (23.44)	40
Agree	40 (42.22)	62 (59.77)	102
Disagree	2 (4.55)	9 (6.44)	11
Strongly disagree	25 (13.66)	8 (19.33)	33
Total	77	109	186

Source: Field Survey, 2025

The result of χ^2 test of relationship shows that, with $\chi^2 = 15.51 > \chi^2_{.05, 3} = 7.815$ there is a significant relationship between corporate advertising and good sales by manufacturers. χ^2 is therefore accepted.



Discussion of Findings

Corporate advertising has been found in this study to impact on the sales of manufacturers. Good sales by manufacturers are likely a direct consequence of use of corporate advertising. It revealed that the favourable disposition of customers to patronizing the goods of manufacturers does not merely lie in product promotions run on those goods, but importantly on the acceptability of the manufacturing company to such customers. This is consistent with the findings in Govoni's (1986) study of the impact of corporate advertising on the success of business organisations. It revealed that the product of a manufacturer is as good as the image it presents before its customers. It further submitted that a manufacturer with a bad reputation can hardly transmit reliability to its products as many customers are wise enough to distinguish one from the other. When the company is seen as a credible corporate entity, the tendency is that it will register a good impression of itself in its customers. The good impression which contributes to pushing sales it achieves through corporate advertising.

Conclusion

This study points out the existence of a strong relationship between corporate advertising and the sales of manufacturers. Customers are particular about the credibility of the manufacturers whose products they are patronising. Corporate advertising therefore generates sales for manufacturers as customers ordinarily do not want to associate with companies with questionable credibility.

Recommendations

Based on the findings of the study, the following recommendations are made:

- i. Corporate advertising covers ordinarily the broad area of non-product advertising but as this study has shown, it can facilitate product advertising through reputation management. This could mean that advertisers have to do more to expose existing and prospective customers to corporate advertising as a reliable means for identifying reliable manufactures.
- ii. From the study, it is revealed that corporate advertising is of special relevance to industrial goods manufacturers such as Anammco and Innoson. It is an aspect of advertising that is yetto be fully explored and which other industrial goods manufacturers should explore for greater business success. If the

company is known, its sales personnel are likely to get considerate reception from their prospective customers. This is especially as the credentials of the company are of vital importance in securing orders for high-value products and large consignments (Mohan, 1994).

- iii. As the major aim of manufacturers remains to make profit through sales generation, it is important that they explore, not only direct promotional vehicles, but also indirect ones such as corporate advertising

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