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Assessment of the effect of Advertising on sales performance in the case of St. Gorge Brewery

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Assessment of the effects of Advertising on sales performance in the case of St. Gorge Brewery

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DECLARATION

I, **Lulit Adanu**, declare that the thesis entitled “**Assessment of the effects of Advertising on sales performance in the case of St. Gorge Brewery**” is my original work. I have carried out the present study independently with the guidance and support of the research advisor, **Dr. Temesgen**. Any other contributors or sources used for the study have been duly acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other Institution.

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Signature

Date

STATEMENT OF CERTIFICATION

This is to certify that **Lulit Adanu**, has carried out her research work entitled “**Assessment of the effects of Advertising on sales performance in the case of St. Gorge Brewery**” for the partial fulfillment of Masters degree in Marketing Management at Addis Ababa University School of Commerce. This study is original and is not submitted for any degree in this university or any other universities and is suitable for submission of Masters of Arts in Marketing Management.

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Lulit Adamu

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List of Abbreviations and Acronyms

SPSS: Statistical Package for Social Science

Abstract

Every organization in the market has its own advertising objective, increase market share and sales, and build solid customer relations. The objective of the study was to determine the influence of advertising on organizational performance of fast moving consumer goods in the brewery industry in the case of St. Gorge Brewery. The research design adopted was cross sectional descriptive design. The population of the study comprised of the staff of St. Gorge brewery from the departments of marketing, sales, and distributors. The study used primary data which was collected using self-administered questionnaires. The data collected was analyzed using statistical package for social sciences and presented in tables. The study found out that advertisement helps the companies create awareness among customers for their products and services but also serves as a useful vehicle in promoting brand image of products and services offered at the target market. The study established that advertising in the case of St. Gorge brewery enables it to create good image and promote the reiterate purchase of its products create large market segment which leads to the development of larger market share, maintain superior stand in the industry, establish good relationship with potential customers and reduce consumer dissonance. The study further established that advertising helps St. Gorge brewery creates awareness, appeal, creation of standards through competition, conviction; minimize hindrances between the organization and customers. Advertising influences the sales performance as it enables the company to enhance the purchase of organizational products by the consumer, increase volume of sales, increase the profits of the organization and enhance the organization relationship with its customers.

Key words: Advertising, Sales performance

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Chapter One Introduction

1.1 Back ground of the study

The major objective of any organization is to make sufficient profit in order to satisfy stakeholders needs/shareholders' wealth maximization (value added) as pointed out by (Pandey 2000). This is in addition to other sub-objectives such as employee satisfaction, being a market leader or being socially responsible. Whatever the objective might be, the higher the sales volume the better organization will be in terms of objective realization and sales performance.

Today's business scenario is characterized by high competition, dynamism and operational complexities. Competition has forced organizations to change and upgrade continuously due to rising customer expectations. Therefore, assessment of advertising effectiveness and adjusting its application in relation to the changing markets and customer expectations need to be a continuous process. In a changing and aggressive business situation, advertising plays an important role in communicating with customers, both current and potential (Bendixen, 1993).

(Bennett 2006) describes advertising as non personal communication of marketing-related information in a target audience, usually paid for in order to reach the specific objectives of the sponsor, Borden (2007) defined advertising as a controlled identifiable information and persuasion by means of mass communication media. Advertising is any paid form of non personal presentation and promotion of ideas, goods, or services by an identified sponsor (Kotler and Armstrong, 2010). Advertising can be done through print media which includes news papers, magazines, brochures, Audio media for example Radio, and visual media which includes billboards, and television (Kotler and Armstrong 2010).

Sales performance describes the trend of collections in terms of revenue when comparing different periods (Mc Cathy 1994). The sales may be in form of offering products or services to consumers. A service is any activity or benefit that one party can offer to another that is

essentially intangible and does not result in ownership of any thing (Kotler and Armstrong 2010).

Lack of proper orientation for both the new and existing companies makes it difficult to communicate these products to the final consumers through media houses such as the television stations, radio stations, newspapers, bill boards, and Personal Selling. Most advertising campaigns also fails to educate the customers that breweries products are not limited to only alcoholic drinks but non-alcoholic drinks. As a result of these mixed feelings and attitudes it has been difficult, if not impossible, to estimate the exact effect advertising has on sales performance of breweries products. Does advertising induces customers to buy more or inhibits their purchasing rates?

It is on this premises that the study intends to assess the effect of advertising on sales performance of St. Gorge brewery in Addis Ababa. St. Gorge Breweries advertises its products using various media channels but there was no proper assessment of the effect of advertising on sales performance. This study aims to assess the effect of advertising in relation to the sales performance of the company.

1.2 Company Back Ground

The founder of St. George brewery, according to some sources, was claimed to be Mussie Dawit Hale who is Belgian while other sources claim that the brewery was owned and operated by a German company, in fact the brewery was set up by Mussie Dawit Hale who lately sold it to a German company some 43 years ago.

The Ethiopian Trade Journal (vol. 1, no 1) August 1960 wrote that St. George brewery was situated near the Mexico square Addis Ababa and occupies an area of 20,000 square meters of land. The beer factory commenced production 36 years ago by a German company then an Ethiopian company took it over six years ago.

The brewery stands right on the same site, it was 80 years ago. During the time of the last emperor it was known as, Marshal smut street, it was fairly big building and started off as one of the pioneers in Ethiopia's industrial development. The factory began production with manually operated machineries and the whole production process was human labor intensive. Transporting

of raw materials, filling of bottles, filtering the beer were all done manually. The leading technician who controlled the brewery's production processes, were all foreigners. During its first years of production about 200 bottles (half liter size) were produced daily.

In those days there were not as many liquor stores serving in Ethiopia and the people had no choices apart from drinking the traditional "tela" and "tej". Going to the bars in the manner that people doing now was not practiced by most people. According to some senior citizens in the brewery, business claim, that their first customers were members of the royal family.

Some authentic sources, say that the brewery was closed during the five years of Italian occupation and resumed operation after occupation and according to some reports there arose problems related to ownership. The exact nature of the argument stood unclear. Eventually however an Ethiopian company took over the brewery in 1952/3, this company said to have been organized as a share holding entity, the larger the share of which was owned by emperor Haile selassie.

St. George brewery continued to grow in the early years of the 1970s, the brewery was in good shape in terms of its machineries, physical building, vehicles, marketing network, etc. it even had plan to open new plant for the production of soft drinks. In 1974 the brewery was nationalized and St. George brewery is once again privatized. The factory is now owned by BGI, an internationally acclaimed brewing company that operates in many countries. Today St. George is the oldest beer in Ethiopia and is certainly also the youngest with the fresh dynamism. BGI has three breweries in Ethiopia including Addis Ababa, Kombolcha, and Hawassa with total of 1,232, permanent employees and 1,458 temporary employees total 2717 employees. BGI in also owns winery plant around Zeway.

1.3 Statement of the problem

Marketing problems often have far reaching effects on any company and if neglected can cause a great threat to the continued existence of the company, especially in the area of advertising as an aspect of corporate communication (Giles 1997).

St. Gorge Brewery carries frequent advertising of its products with the objective of increasing its sales performance through taking part in the charitable funds in Ethiopia and sponsoring sports. The company also advertises using, Radio, Television, and News papers.

Despite its effort of advertising regularly, according to the preliminary interview with the marketing staff of St. Gorge brewery had no formal assessment of the effect of advertising on

sales performance. In addition sales of the company was not as targeted, there are some questions whether advertising affects sales performance. Furthermore the marketing environment is becoming very competitive and many companies in the brewery industry also advertise to attract customers and today's customers are more knowledgeable and this is more challenging for St. Gorge brewery. This research effort will be geared towards examining how St. gorge brewery is coping with both a competitive and dynamic market by a multiplicity of advertisement to enhance sales performance.

1.4 Research Questions

In line with the above statement of the problem, the following research questions will be addressed in the course of this study:

1. What is the effect of Advertising on the Sales performance of St. Gorge Brewery?
2. What are the Objectives of Advertising (Informative, Persuasive and Reminder) at St.Gorge Brewery?
3. What is the Level of Sales performance of St. Gorge Brewery?
4. What are the Forms of Medias the Company used to Advertise Its Product ?

1.5 Objectives of the Study

The General Objective of this study is to assess the effect of advertising on sales Performance of St.

1. To determine the objectives of advertising at St. Gorge brewery.
2. To assess the level of sales performance of St. Gorge Brewery.
3. To determine the effects of Informative, Persuasive, and Reminder advertising on sales performance of the company.
4. To determine the media mixes that St.Gorge used to advertise its Product.

1.6 Scope of the study

This study aims to understand advertising objectives that determine the sales performance of the particular company St. gorge brewery. to achieve this aim the scope of the study is to identify the different factors i.e Informative, Persuasive, and Reminder advertising that affects the sales performance of St. Gorge brewery in Addis Ababa.

The population of the study is limited to the marketing and sales department of the company.

More specifically data were collected from the marketing and sales department staffs of St. gorge brewery and from the marketing managers of the five main distributors of the products of the company in Addis Ababa area.

1.7 Significance of the Study

Advertising derives sales performance in two ways. First by making consumers interested enough in the focal product that they would seek information about it and second by converting information seeking consumers in to buyers (Hu et. al 2014).

Thus this study will benefit the firm in understanding the causal relationship between advertising and sales performance. In other words the companies and marketers will be able to determine the factors of advertising which reflects on the company's sales performance. Hence this study will offer perspectives for the company in planning for more effective advertising strategies to promote its product to enhance their sales performance.

1.8 Limitations of the study

There may be some factors that may constrain the researcher from attaining the peak of the research work proposal. Among these factors are:

- (i) Attitude of respondents: The respondents, both Company and individuals, show indifference in giving information which is not encouraging while others give wrong information for reasons best known only to them. This reduces to a large extent the possibilities of eliminating bias.
- (ii) Cost: Due to the nature of this study that demands much cost than what the researcher could afford, the scope of the study was almost too narrowed to enable the researcher have a sample that could be effectively studied bearing in mind cost considerations and the financial resources available to me as a student.
- (iii) Time: The researcher is also time constrained as the time space at disposal to carry out the research is seriously affected by the time limitation given by the school.

1.9 Definition of Terms

Some of the terms used by the researcher in the case of this research work are defined as follows:

- (1) **ADVERTISING:** Advertising is the nonpersonal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media."(Bovee, 1992, p. 7)
- (2) **ADVERTISEMENT:** any public notice, as a printed display in a newspaper, short film on television, announcement on radio, etc, designed to sell goods, publicize an event, etc (Collins English Dictionary(2012).
- (3) **MESSAGE:** This is defined as the set of meaning being sent and/or received by the audience.
- (4) **PRODUCT:** According to Philip Kotler, a product can be defined "as anything offered to a market for attention, acquisition or consumption". It includes physical object, services, personalities, place, idea etc.
- (5) **ADVERTISING MEDIUM:** This is defined as the channel through which the advertising messages are delivered to the target audience.

Chapter Two: Review of related Literature

Introduction

This chapter provides an insight to readers about the theoretical view of the topic under study. In line with the objective of the study the chapter covers topic related to Informative, Persuasive, Reminder, advertising and sales performance. In addition this chapter includes different issues regarding advertising and the conceptual frame work the study is presented at the end of this chapter.

2.1 Theoretical Literature:

According to Fill (1999), the purpose of advertising is to supply the means which advertising, public relations and sales promotion are communication tools to be accessed by marketers. One distinct feature of communication is that the target population or audience must understand the information and so it must be as simple as possible. 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 channeling desire, and by supplying reasons for preferring a particular organization’s offer. While writing on advertising nature and scope, Etzel et al. (1997) compactly capture all advertising as having four features: (i) A verbal and or visual message, (ii) A sponsor who is identified, (iii) Delivery through one or more media, (iv) Payment by the sponsor to the media carrying the message.

Advertising drives sales performance in two ways. First by “making consumers interested enough in the focal product that they would seek information about it and, second, by converting

information-seeking consumers into buyers” (Hu et al., 2014). By improving market awareness, advertising also improves the firm’s competitive position, increases customer preferences, and strengthens the brand image (Koslow et al., 2006; Kulkarni et al., 2003; Tellis, 2010). West et al. (2008), emphasize that “the creativity in advertising is highly prized for its ability to gain consumer attention and bestow value to brands,” particularly in markets with intense competition.

In other business literature, research also indicates that advertising does not necessarily generate an expected sales return, rather it has a moderate influence on short- and long-term sales (Berndt et al., 1995; Kremer et al., 2008; Narayanan et al., 2004; Osinga et al., 2011). Some argue for a concave or S-shaped relationship between advertising and sales performance (Hanssens et al., 1999; Mesak, 1992; Simon and Arndt, 1980), suggesting that sales performance does not necessarily increase with greater advertising spending. For example, the S-shaped relationship indicates that initial spending on advertising has little impact on sales performance but with more spending, advertising begins to have an effect (Johansson, 1979). This incremental gain continues to a point, after which additional expenditures offer little or no returns. Hence, there is an advertising threshold that firms must exceed to generate strong sales performance (Hanssens et al., 1990). In view of contradicting findings in the literature, it is difficult to hypothesize the nature and the direction of the relationship between advertising spending and sales performance

2.2 Definition of Advertising

Advertising is paid, non-personal, public communication about causes, goods and services, ideas, organizations, people, and places, through means such as direct mail, telephone, print, radio, television, and internet. As an integral part of marketing, advertisements are public notices designed to inform and motivate. Their objective is to change the thinking pattern (or buying behavior) of the recipient, so that he or she is persuaded to take the action desired by the advertiser. When aired on radio or television, an advertisement is called a commercial (<http://www.businessdictionary.com>). According the Advertising Association of the UK Advertising is defined as a communication with the users of a product or service. Advertisements are messages paid for by those who send them and are intended to inform or influence people who receive them.

Advertising is always present, though people may not be aware of it. In today's world, advertising uses every possible media to get its message through. It does this via television, print (newspapers, magazines, journals etc), radio, press, internet, direct selling, hoardings, mailers, contests, sponsorships, posters, clothes, events, colors, sounds, visuals and even people (endorsements).

The advertising industry is made of companies that advertise agencies that create the advertisements, media that carries the ads, and a host of people like copy editors, visualizes, brand managers, researchers, creative heads and designers who take it the last mile to the customer or receiver.

Advertising is one of the ways in which we get into goods (McCracken 1986). It is the conduit through which meanings are constantly transferred from the culturally constituted world to the consumer good. Advertisements are what (Lotman and Uspensky 1978, p. 213) would call a "die-casting mechanism." Lotman and Uspensky devised this term for language and its "transformation of the "open" world of realia into a "closed" world of names" (1978, p. 213).

Advertising is nothing but a paid form of non-personal presentation or promotion of ideas, goods or services by an identified sponsor with a view to disseminate information concerning an idea, product or service. The message which is presented or disseminated is called advertisement. In the present day marketing activities hardly is there any business in the modern world which does not advertise. However, the form of advertisement differs from business to business.

2.3 Advertising Effectiveness

Advertising effectiveness can be defined as the extent to which advertising generates a certain desired effect. Measuring the effects of advertising is very important, given the amount of investments needed for advertising. While it is not possible to obtain a global measure of the advertising effectiveness, we should seek to develop and apply methods and measures for a partial verification of results. Regarding the difficulty of measuring the overall effectiveness, it is believed that it is due essentially to the following considerations:

- i) advertising interacts with other business variables (behavior, marketing policies, financial decisions etc.) and environmental variables (competition, economic conjuncture etc.), hardly isolable;

- ii) the effects of advertising are varied and not always translatable into quantitative terms;
- iii) Advertising causes long-term effects, not always, therefore, the results occur in the same period in which are the costs.

In literature and practice the evaluation of advertising effectiveness has used two basic models:

- the dichotomous model;
- The three-dimensional model.

The dichotomous model is applied mainly in product and brand advertising, tending to isolate and evaluate separately the following:

- i. sales effect;
- ii. Communication effect.

The sales effect refers to the assessment of the capability of advertising to affect the sales volume and/or the market share, regardless of the possible influence of other variables. For (Batra et al. 1995), the effectiveness of advertising should be considered for its effect on sales in the short term. This advertising performance measurement is based on the marginal theory (Chamberlin, 1948). The advertising is therefore regarded as an independent variable that can be combined with other marketing variables to have a certain effect on the dependent variable, i.e. sales. The aim is to seek the best combination of the determinants of the sales increase.

The effect of communication refers to the ability to reach, with appropriate messages, a more significant share of public. Such effect is examined in literature with different approaches:

- a. sociological;
- b. semiotic;
- c. psychological;
- d. Socio-psychological.

Sociological analysis focuses on the community, considered as a system governed by rules and social norms, and on the social behavior according to (Moingeon 1993) and the role of advertising and consumption in the society change is a very fertile topic. Sociology has examined how advertising influences opinions, attitudes and behaviors of individuals and social groups.

There are two opposite sociological perspectives to the advertising function in contemporary society. The first maintains a positive approach to advertising. It is believed that the role

advertising is to better organize economic and social relations, to harmonize social behaviors, to make people adhere to common values and to help them to better live together without problems. The second approach is, by contrast, rather critic, because advertising tends to generate a mass consumption. In order to adapt messages to a wider audience, introduces new, poorly differentiated, symbolic values (Friedman, 1979).

The semiotic analysis focuses in the first instance, on symbols. These are identified as anything that conveys meaning, e.g., words, gestures, images, and dance. Semiotics studies the problem of encoding, and more generally of the code used. The object of investigation is the message itself containing different signs that can be interpreted according to a pre-established intention, without reference to the consumer and the influence on the consumer behavior. This approach is useful especially in the context of advertising creation. Authors assess the effectiveness of advertising in reference either to the language of the message (Barthes, 1964; Durand, 1964) or the graphic image of the message (Eco, 1979; Mick, 1986; Scott, 1994). However, they analyze the quality of message from the viewpoint of its construction, its presentation and the place of the communication process. The impact of the message on the recipient is a minor problem in the process of the message evaluation. This is an important limitation to the semiotic approach in terms of marketing.

Communication in general and advertising in particular, were treated by psychologists starting from the motivations of recipients, which occupy a central position in the analysis. This is because of their influence on the perception of the recipient (Mittelstaedt, 1990). They believe that the motivations drive consumer behavior. So the purpose for the advertising creator is to identify the reasons of consumer behavior, in order to identify the most effective advertisement message or to remove the communication barriers. With the psychological approach, other types of research and investigation have emerged, thanks to the contribution of neuroscience. The evidence (obtained through scientific experimentation) has become a necessary support to verify the assumptions. The psychological approach has the advantage to measure the effectiveness of advertising with reference to the recipient of the message, particularly to the consumers' characteristics. On the other hand, the approach does not provide exhaustive answers, not delving into the exact causes that lead the recipient of the message publicity to expose themselves voluntarily to the message, decode it, to store and, eventually, to make the purchase. So it is not

taken into account the entire communication process, and, in particular, the external factors, especially those related to the environment, that may play a crucial role in determining the behavior of the recipient.

The socio-psychological approach takes simultaneously into account the message and the recipient of the message. This approach aims to study the effectiveness of advertising in terms of persuasiveness (Ray, 1982), observing the effects on the formation process of attention, memory, attitude and behavior (Kapferer, 1990).

The major criticisms to the dichotomous model concern the partial evaluation and the inability to provide reliable breakdowns of the effects achieved by advertising and by other company politics (marketing and communication). For these reasons, sometimes, the three-dimensional models (i.e. AIDA model and model Dagmar) are preferred. These models are used both in planning advertising campaigns and evaluating their effectiveness. They propose a hierarchy of communication effects, cognitive affective and behavioral (Brasini et al. 1993; Marbach and Fabi 2000).

Namely the analysis of cognitive dimension concerns the messages understanding and storing and must take account of different types of memory: spontaneous recall, without any added indication; stimulated recall, facilitated by the presentation of certain evidence; related memory, when respondents are able to describe at least one specific element of the communication; recognition, or identification of the advertising; brand allocation, the memory not only of the advertising but also of the advertised brand).

The affective dimension is linked to the attitude toward and perceptions of communication. Affective reactions and emotional acceptance of that type of campaign are investigated. The affective attitude towards the images proposed and the spread opinion of consumers is detected.

The behavioral dimension describes changes in buying behavior, detectable by intentions and actions measured by sales and market share.

All the models mentioned so far are mainly focused on three elements of the communication process: the recipients (in terms of audience, memory, storage), the media used (in terms of impact, coverage, frequency, etc..) and the feedback (in terms of attitudes, behaviors, opinions, etc...). They totally omit other elements (source, code, context) assuming essentially that the communication process was conducted in optimal conditions or at least without distortion.

Moreover a fundamental element for an effective communication process is the use of the same code by the source and recipient. Otherwise, the recipient will not understand the message or give a different meaning and this will lead to the phenomenon Eco (1979), called "aberrant decoding". However, since the message is what we understand, not what it was intended to

Understand, it becomes important to examine not so much and not only what the firms wanted to communicate, but what was actually communicated.

Whatever the objective of advertising, if purchases were eventually made, does it translate to higher turnover and indeed other factors (goodwill, product availability, pricing etc.) exist to either draw down or skyrocket the purchase pattern also. Thus, empirical investigation of exact impact advertising has on sales turnover will not be a wasted effort but a research that worth the salt. This is against the backdrop of the general philosophical saying that advertising is the soul of business. All things being equal, the effect of advertising will be to increase the turnover of any associated product.

2.4 Reasons why companies measure advertising effectiveness

- 1. Avoiding costly mistakes:** this is the only way, ensure that the money allocated to the ad program is no being wasted on ineffective advertising program is continuously evaluate the effectiveness of the chosen program and to ensure that these programs are achieving their intended purpose. Evaluating the effectiveness of the chosen program is not all about money; it also gives the company the opportunity to analyze the non tangible effects of the chosen program. (Dominic J. 2013).
- 2. Evaluating alternative strategies:** it is not only important to evaluate the effectiveness of the chosen method, but also the opportunity cost of choosing that method. Often after companies have chosen a method they focus their attention exclusively on that method ignoring the potential profits that would have come about if they went with an ulterior method. A good evaluation program will be able to analyze the effectiveness and the opportunity costs of the given method. (Dominic J .2013).
- 3. Increasing the efficiency of Advertising:** often after companies choose a particular method and lose sight of the initial goal they were aiming for. Because the marketers

know that what the intended message of that chosen program is they expect their customers to know that message. A continuous evaluation of the chosen program will ensure that the message the consumer are receiving from this program is aligned with the message the marketer intended to send (Dominic J. 2013).

2.5 Reasons why companies often don't measure advertising effectiveness

1. **Cost:** The most common reason that companies provide for not measuring their advertising effectiveness is the cost of conducting measurement program. Often companies believe that the money used for measuring their advertising effectiveness can better spend on creating more advertisement or improving their product. If the company does not measure the effectiveness of its current advertising program, they will not know if the program reaches their desired audience, send the desired message or meets its intended goal. Being able to increase the advertising budget or improve the product will not help the company if the message is sent to wrong audience or if the message that is comprehend by the consumers is different from the message that the company intended to send. As a result even the slightest evaluation effort can go a long way in ensuring that the desired message is sent to the appropriate audience and hence saving the (Dominic J.2013).
2. **Research Problem:** the evaluation process can be very complicated, time intensive, and confusing for the company that is trying to start such an effort. In addition it can very difficult to isolate and evaluate the effects of only one of the companies marketing efforts, as a result managers often can not justify the costs if they can't pinpoint the contribution of each of the marketing effort however. Although it might be true that we can not pinpoint the money contribution, reach can be used to evaluate the communication, reach and other factors associated with each advertising method (Dominic J.2013).
3. **Disagreement on what, when, and where to test :** There are a variety of methods used when determining what, where, and when, to measure the effectiveness of an advertising program choosing the appropriate measurement method depends largely on the industry the firm is in, the objective of the program based on GOPST (Goal, Objective, Plans ,Strategies and Tactics) analysis and the person that will be analyzing the result, for example, sales managers may want to

measure the contribution of advertising program on sales, where as top executives may be interested in the effects of program on the companies image. These differences often lead to, a grate deal of confusion between the managers and might lead them to abandon the evaluation program altogether (Dominic J 2013).

2.6 Factors that should be tested during the evaluation process

1. **Testing the method:** According to (Dominic J. 2013),there are a Varity of methods to advertise , choosing the appropriate method will have a substantial impact on is success. There fore it is important to determine how well the chosen program is working and to measure its performance against predetermined standard. The testing process should be considered the following aspects when choosing which method will be the most effective.
2. **Testing the content:** when an advertiser is developing a new ad or evaluating a current one he/she must always start with an intensive analysis of the objective of the ad, it is intended meaning, it is desired effect on consumers, the demographic of these consumers and its desired effect on brand image. Once these factors have been out lined, they will serve as the standard y which the content of the ad will be evaluated.(Dominic J. 2013).
3. **Testing the budget decision:** according to (Dominic J. 2013), the advertiser often try to examine effects of their budget decisions on the ads effectiveness. Some the common question asked here are
 - a. Is the budget allocated to this ad campaign appropriate for its size?
 - b. Will a larger budget increase sales?
 - c. Is the allocated budget greater than the anticipated sales?
 - d. Should more money be spent in enhancing the current campaign?

2.7 Objectives of Advertising

Advertising objectives should always be in line with promotional and marketing objectives, as well as the business strategy or mission of the organization. Group advertising objectives fall into three categories (Arens, 1996):

- To Inform
- To Persuade
- To Remind

1. Informative Advertising: Informative advertising is often used when launching a new product, or for an updated or re-launched product. The objective is to develop initial demand for a good, service, organization, or cause. It is used when a new product is put on the market or when an old product has been re-launched or updated. Informative advertising will tell the consumer and marketplace about the product, explain how it works, provide pricing and product information, and should build awareness for the product as well as the company. The image of the product and the company should be compatible and complementary. There should be enough information to motivate the consumer to take some sort of action (Kotler and Armstrong 2010).

2. Persuasive Advertising: Marketers use persuasive advertising to increase the demand for an existing good, service, or organization. The idea is to persuade a target audience to change brands, buy their product, and develop customer loyalty. After the purchase, the quality of the product will dictate whether or not the customer will remain loyal or return to the previous brand.

Persuasive advertising is highly competitive when there are similar products in the marketplace, and products are competing for their share of the market. In this situation, the winning product will differentiate itself from the competition and possess benefits that are superior to, or compete strongly with, the competition. Comparative approaches are common place, either directly or indirectly (Kotler and Armstrong 2010).

3. Reminder Advertising: Reminder advertising reinforces previous promotional information. The name of the product, testimonials of past customers, public response, and sales techniques are repeated in the hopes of reminding past customers and garnering

new ones. It is used to keep the public interested in, and aware of, a well-established product that is most likely at the end of the product life cycle (Kotler and Armstrong 2010).

2.8 Importance of Advertising

Goods and services are produced according to consumers growing and changing desires. They are competitive tools for companies among their rivals. Companies involved in the commercial production of goods and services need advertising for several important reasons. The first reason is that advertising helps to publicize and promote their products to the public thereby helping to improve sales. Secondly, advertising helps to reduce distribution costs. Because advertising reaches a mass audiences, the cost of personal selling and distribution is greatly reduced (Dominick, 2013). Through the various media advertising messages can go beyond regional and national boundaries. Advertising has become greatly popular and even common place in today's world. According to (Trehan and Trehan 2010), market is controlled by consumers so companies have to persuade and attract the consumers for selling their products and services. Thus, advertising has crucial role for communication. Advertising serves as a tool for competition. In order to compete with others, companies use creative and appealing advertisements to lure consumers to patronize their brands.

Advertising plays very important role for the producers and the sellers of the products, because

- Advertising helps increasing sales
- Advertising helps producers or the companies to know their competitors and plan accordingly to meet up the level of competition.
- If any company wants to introduce or launch a new product in the market, advertising will make a ground for the product. Advertising helps making people aware of the new product so that the consumers come and try the product.
- Advertising helps creating goodwill for the company and gains customer loyalty after reaching a mature age.
- The demand for the product keeps on coming with the help of advertising and demand and supply become a never ending process.

Advertising is also important for the society. Advertising helps educating people. There are some social issues also which advertising deals with like child labour, liquor consumption, girl child killing, smoking, family planning education, etc. thus, advertising plays a very important role in society. However, Phillip and Raspberry(2008) argue that what counts is not what the company says about itself but rather what people say about it as experience shows that companies who trumpet virtues are barely average.

Advertising simplifies the task of the salesperson and helps consumers reach out to new products (Chowdhury, 2011). In addition, through advertising a company can compete with others.

By Showcasing competitive prices or the benefits of its products and services. Manufactures can also remove misunderstanding about their products through appropriate advertising (Akrani, 2010).

2.9 Purpose of advertising

Advertising plays a vital role in marketing, consumers purchasing decision and promotion in particular. Most consumers have the erroneous impression that promotion is synonymous with advertising and vice versa.

The partnership between producers and consumers through advertisement is solely aimed at achieving certain mutually beneficial objectives (Adekoya, 2011). These are:

- **To introduce new product:** one of the role of advertising is to inform consumers about the existence of a new product in the market, i.e. creation of awareness.
- **Persuade Customers to buy:** advertising helps in arousing the customer's interest and by so doing persuades them to buy the product.
- **Creation of demand:** Advertising stimulates demand by constantly reminding potential consumers about the availability of the product in the market.
- **To change consumer belief:** advertisement is a very good instrument that can be used to change consumer mind set about a product or service. Hence help to tap in to their buying power and influence their thought.
- **To create loyalty:** The demand of the consumers can be maintained by constantly arousing their interest on particular product and this will ultimately create brand loyalty.

- **Develop large market:** advertising creates large market segments, which leads to the development of large market.
- **To promote the image of the firm:** advertising builds a corporate image for a company.
- It helps to familiarize consumers with the new style of product in the market.
- Alert and sensitizes members of marketing channels.
- Help to reduce consumer Dissonance.

2.10 Roles of Advertising

Although the primary objective of advertising is to persuade, it may achieve this objective in many different ways. An important function of advertising is the identification function, that is, to identify a product and differentiate it from others; this creates an awareness of the product and provides a basis for consumers to choose the advertised product over other products. The main role of advertising is to make known the availability of a product or service to sell. In addition to this however, advertising performs some other useful and important roles in every society. (Sandage and Rotzoll 2001) stated that advertising plays the following roles:

1. **Creating Awareness:** In the context of advertising, the first hurdle for an advertiser is to obtain and create awareness to the consumer. This involves two important actions. First, it is important for the advertiser to know where a communication should be placed to increase the odds of reaching a particular type of consumer; this is the media decision. Careful analysis of the consumer use of various media what television shows they watch, what route they take to work, and what magazines they read allows the advertisers to identify those media to which target consumers are most likely to be exposed (Nowak, Cameron and Krugman, 2003).

Placing an advertisement about a product to be sold in a place where relevant consumers are unlikely to see it assures that the advertising will be ineffective. However, just because a consumer happens to view a television show or read a magazine in which an advertisement is placed does not guarantee that the consumer will see the advertisement. The consumer may have left the room when the television commercial aired or may not have read the particular part of the magazine in which the advertisement appeared.

Advertisers solve this problem by repeating advertising in the same and in different media in order to increase the probability that a given consumer will actually be exposed to the advertising. Thus, a key task for the advertiser is to identify create awareness of the existing product on sales and develop a schedule of repetition for the advertisement that maximizes the number of consumers who will be exposed to the advertising message. This is typically the responsibility of the media department in an advertising agency (George, 2005).

2. **Advertising Conviction:** Exposure to an advertisement still does not mean that a consumer will attend to it. A consumer may simply turn the page of a magazine, look away from the television, or click on a banner advertisement on the Internet to make it go away without ever paying attention to the advertisement. Thus, obtaining the attention of consumers who are, in fact, exposed to an advertisement is a significant challenge for advertisers. Various characteristics of advertisements have been found to increase the likelihood that consumers will attend to an advertisement (Mattila, 2000).

Advertisements that include relevant information for the consumer, such as a product benefit that is important to the consumer, are especially likely to attract attention. Information that is new to the consumer is also likely to obtain the attention of the consumer. Various creative devices such as the use of humor, a well-known celebrity, or an especially entertaining presentation also tend to attract attention. The latter devices must be used carefully; if they are not well integrated with the primary message of the advertiser, the consumer may attend to the advertisement, but only focus on the creative device (the humor, the identity of the celebrity) rather the intended message of the advertiser. Advertisers often refer to characteristics of advertisements that gain attention but distract the viewer from the primary message as “creative clutter” (Krugman, 1997)

An especially challenging dimension of advertising revolves around balancing the repetition of an advertisement, which is intended to increase the probability of a consumer being exposed to it, with the likelihood the consumer will attend to the advertisement when exposed (Denning, 2006). Consumers are less likely to attend to advertisements they have already seen, and the more often an individual consumer has seen an advertisement previously the less likely they are to pay attention to it when

exposed again. The number of repetitions of the advertisement needed to reach some consumers may be so great that the advertisement wears out among other consumers who are more readily exposed to the advertisement. To combat such wear out, advertisers will often use multiple advertisements that vary in terms of execution or presentation but carry similar messages. Such variation tends to reduce advertising wear out by providing something new to the consumer that serves as the basis for attracting attention (George, 2005).

- 3. Advertising Appeal:** Message appeals are usually divided into rational and emotional ones (Kim, Forsythes and Moon, 2002). Rational appeals are typically based on factual information and focus on product attributes. Emotional appeals, on the other hand, typically intend to create positive emotions and develop a brand personality. Emotional appeals have been found to be most effective when brand response involvement and advertising message involvement are low, whereas rational appeals are found to be relatively more effective when customers are highly involved with the brand and the advertisement (George, 2005). Keegan, (2008) have proposed that value-expressive advertising appeals are persuasive when the product is value-expressive, whereas utilitarian appeals are persuasive when the product is utilitarian. A series of studies by Khanh and Hau (2007) yielded evidence about the attitude functions associated with different products, and showed that attitudes toward products that serve different functions respond to different types of advertising appeals.
- 4. Attitude Formation:** In some cases, the objective of the advertiser is immediate action by the consumer that is direct-response advertising where the goal is to have the consumer does something immediately (buy a product, make a pledge, and so on). In most cases, however, there is a lag between advertising exposure and any action on the part of the consumer (Denning, 2006). In such cases, an important communication goal of an advertiser is to create a positive attitude toward their product. Attitudes are predispositions or tendencies to behave or react in a consistent way over time. There is an effect, or feeling, dimension associated with attitudes, and there are generally various beliefs that provide justification for the feeling and predisposition. The goal of advertising is to have a positive impact on attitudes; these attitudes, in turn, influence

future behavior. When the consumer visits the store another time to buy a particular type of product, these attitudes influence the choice of the product (Rossiter and Percy, 1997). Attitudes and attitude formation are among the most widely researched phenomenon in communication research. Advertising plays a role in attitude formation, but it is important to recognize that the advertised product itself is the most important determinant of attitude in the long term. A bad experience with a product will create a negative attitude that no advertising is likely to overcome (Kendall, 2004). In addition, advertising can reinforce positive attitudes by reminding consumers of product benefits, desirable product characteristics, and positive product experiences (Kim et al., 2002).

2.11 Sales Performance:

Sales in business terms are the actual sales in money value, a company receives after necessary collections are made from different sales channels of the original total production put on the market (Mc Cathy et al 1994). It is a sales that stimulates production in a company and consequently profit which are affected by various factors some of which are controllable like competition and general price changes.

Sales performance is an integrated frame work that enables organization to plan and model sales strategies and ensure timely execution of sales initiatives while ensuring both front lines sales peoples and decision makers have visibility into performance. Sales performance represents the next generation of best practices for sales (Micahel D 2006).

Sales performance also refers to the total amount of firms out put sold to the market especially on monthly or annually basis, this affected by many factors including customer relationship, marketing management of the firm and sales force skills and motivation and even the pricing of the goods and services (Amanda D.H 2002).

Sales revenue is the total amount of money that the firm gets from the sales of all its goods and services in a given period of time. This is usually six month or year if a firm produced only one product or service, the sales revenue will be the price of the product multiplied by the number of products sold. In the case of more than one product or service the revenue from each needs to be added together (Wood 1996).

The figures for sales revenue in profit and loss account does not necessarily mean that the firm has received all the money because although they may have sold that quantity of the product, they may still be owed, some of the money as debtors (Barker2001). Sales performance refers to consistent and satisfactory turn over of goods and services produced and put on the market by an organization or company. It is the sole economic goal of companies to have as much goods sold on the market. This facilitates the rate of goods turn over and consequently revenue and increased production.

2.11.1 Sales: According to (Sin 2006) it is believed that the right sales approach consists of sales training that supports a company sales methodology and related process.

Designing or adopting sales methodology is critical with out this methodology in place training is tactical attempt to larger problem. The selling methodology must be developed based on the company's unique situation in their market, their customer, how the customers buy the complexity and price levels of the product and services the company offers. Competitive pressure, reporting requirements the participation partners and the skill level of their current sales people (Stein 2006).

Most companies recognize that the world and their buyers buying process probably have changed forever. But some companies have not recognized the need to make change their sales force (Stein 2006).

In dealing with falling or declining sales, it is advisable to invest in some short terms training to up grade the skills of sales and customers service staffs. If you can not afford to fire experience, train the staff you can afford. This is an investment you can not afford to miss. Find training that producers result tailored to get to your situation. It can be seminar or distance learning that does not require time away from the property or the job (Verret 2004).

According to (Hardesty 2006) sales training programs encompasses a variety of necessary components, things like company policies, sales paper work, customer relationship management, sales force automation, orientation, sales process, company services, sales skill training and product features and benefits (Stein 2006). Further urges that even when companies do decide that sales training is a

step in the right direction, they do not always proceed forward for the right reasons in the right order or in a way that result in them driving more sales revenue companies have learned how to employ sales training as a strategic tool. Those that are leader in the industry offering their stakeholders maximum return on heir input are able to quickly adapt to change market conditions are respected by their customer and provide rock, solid, consistent sales performance, the people that work for those companies are motivated, stay at their jobs ignored and are proud to help in recruiting their friends who have been successful selling or other companies. This there fore leads to improved sales performance.

2.12 Relationship between Advertising and Sales Performance

The essence of advertising is to increase sales revenue, hence, improving sales performance. (David et.al 198). Advertising combines with a host of other influences to determine what contribution advertising makes to the buyers purchase decision.

It is through advertising or other forms of promotion that brands in different market segments can effectively tell people in the market that a product is intended specially for them (Engel 1919, Mc Gann and Russell 1998).

The significance of advertising is to let customers know that an established brand is still around and it has certain characteristics, uses and benefits (Pride et.al 1998). Effective advertising can increase sales of advertisers products and by so doing increase their profit. Advertising provides consumers and other prospects with information about different products that are available to them. This enables consumers to compare and to choose between the products and encourage competition. Competition encourages companies to be more price and quality conscious so as to retain customers and clients. (Cambridge International College training manual 2000).

The decision to advertise implies a decision to compete in a new and aggressive way with in the market. This means the provider will no longer rely too solely up on personal sales man ship o gain distribution. Instead he implies his readiness to and intension of speaking directly to consumer in broad countries. The decision to advertise also helps in

development of the product. (Dunn 1968) points out that, the market needs and conditions are changing there fore there is need for creativity in selling. This will show the company what to produce so as to satisfy the needs of the users. When companies produces, such a commodity and they advertise, there is an automatic high responses in consumption, thus showing the relation ship between advertising and sales performance.

(Penchman 1992) found out that advertising has a greater potential of building awareness of people hence obtaining a high preferences in the market share because a big percentage of the population has one or more of the mass medium such as radios and television. This fact introduces the advertised company to many people. If the advertising is satisfying, it will lead to increase in volume of sales.

(Pride F. et.al 1993) observed that advertising often stimulates demand, thus stimulating sales. For advertising to have a direct relationship with sales revenue, the entire market mix must be viewed by the customer as the right one (Engle et.al 1991, Mc Cathy and Perveault 1988).

Gorden (1993) recognizes that many scholars have heard different views on the effect of advertising on sales performance, how ever most of them agree that effective advertising will eventually increase revenue.

(Jeferkins 1990) has stated that in a competitive society there is not only competition between rival advertisers but choice between their products and services. Also people forget very easily if he stopped advertising.

Companies advertise to create familiarity with or of a product which helps to create confidence in it if a product is simply made available, it is important to form people of, it's existence.

2.13 Influence of advertising on Sales performance

(Korgaonkar et al.2004) hypothesize that advertising campaigns were successful in increasing sales when they were for nondurable products with unique attributes, were

geared to the consumer market and backed by adequate financial resources, and when they featured unique and creative messages. It also found that favorable product attributes could be achieved by advertising campaigns that promoted product uniqueness, had adequate financial resources, and used creative messages and appropriate media. (Denning 2006) advocates that advertising serves primarily a persuasive role. According to this view, advertising increases product differentiation and deters entry by contributing recognition and prestige to advertised goods, thereby inflating the market power of firms selling advertised goods and bracing prices. (Nelson 2004), points to the important role of advertising in providing price and product quality information. Informative advertising reduces the costs associated with consumer search and facilitates substitution possibilities between products, resulting in lower prices and superior market performance.

(Shah et al.2009) posit that other marketing variables such as economic conditions and the level of competition in the market also influence the advertising-sales relationship. Murphy and Cunningham (1993) state that linking advertising with sales impact is not appropriate as other marketing variables such as economic factors, market factors, affect the company sale. Theoretically, advertising can have direct influence on firm performance through its impact on market value or generating high returns for advertising firms. Similarly, advertising can also have indirect influence on firm performance by virtue of its ability to influence sales and profitability of a firm (Joshi and Hanssens, 2010). (Kim et. al2002) established a positive link between advertising and profitability for those firms operating mainly in consumer goods industries.

(Eng and Keh 2007) believe that advertising effectiveness has to be captured by the additional sales of a product over and above those that would have happened in absence of any advertising or promotion. Although advertising managers have long believed that advertising's impact on sales can persist longer than the current period, the tendency to assume that advertising's effect on sales is short-term is yet prevalent. They further argue that the longer uses of advertising are better than less and shorter uses of it irrespective of the nature of contribution of advertisement to sales. The inability of measures to

differentiate the impact of advertisement between its short term and long term effects have resulted in wastage of advertising expenditure.

The result of (Dekimpe et al., 2009) established that there is rarely any permanent effect of advertising on performance of organizations. Their findings proved that advertising does not change the structure of sales over the long run. They suggest that the diminishing impact of advertising may be because of choice of brand, quantity which is purchased and category incidence such as energy crisis. (Pauwels et al.2002) are of the opinion that when a consumer is exposed to a advertising offer majority of the time, the consumer has already purchased and practiced a particular brand so the impact of learning form the that purchase is minimal and is easily balanced by a simultaneous and similar competitive offering. Therefore the immediate effects of advertising are small. This is because of price promotion consumers are forced to make purchases and but this impact on sales cannot only be explained by accelerated rate of purchase due to price reductions.

2.14 Empirical literature Review

In the course of documentation, researchers came with different reports on advertising to sales and organization in general.

Other Researchers have tried to estimate the effects of advertising on brand sales using field data (Leone and Schultz 1980; Vakratsas and Ambler 1996). Most of these studies focus on many technical issues involved in efficiently capturing the unbiased effects of advertising, given the limitations of field data (Hanssens, Parsons, and Schultz 1990).

Deeper analysis of these studies finds that the effects of advertising are significantly greater than zero but do vary by market and product characteristics (Assmus, Farley, and Lehmann 1984; Sethuraman and Tellis 1991).

Few studies have addressed the advertising effects on sales. Little has been researched on capturing the impact of how the effects vary by creative medium or vehicle, and time of day for broadcast advertising (example: Bhattacharya and Lodish 1994). In particular, no study has researched the effects of advertising by these three factors simultaneously. While marketers know that that consumer behaviour is influenced by multiple factors, yet little research has been done on understanding the impact using the integrated marketing mix model (Sethi 1977, Feichtinger, Hartl and Sethi, 1994). This is attributed to the fragility of advertising's effects and the complexities involved in getting bias-free estimates.

Naik and Raman (2003) present an insight as to how a marketer or a shareholder is keen on measuring the impact of marketing (advertising investment) on market performance.

To assess these effects marketers often use regression analysis. Arguing that OLS models introduce biasing effects, they put forward the Weiner Kalman Filter (WKF) that provides estimates that are closer to the true parameters.

Advertising's effectiveness lies in its capability to help stimulate or maintain sales (Eachambadi 1994; Mantrala, Sinha, and Zoltners 1992; Naik, Mantrala, and Sawyer Sethi

1998; Vidale and Wolfe 1957). Thus, advertising is frequently used as an independent variable in explaining changes in sales (Lilien 1994). Abraham and Lodish

(1990) believe that advertising effectiveness has to be captured by the additional sales of a product over and above those that would have happened in absence of any advertising or promotion.

Although advertising managers have long believed that advertising's impact on sales can persist longer than the current period (Clarke 1976), the tendency to assume that advertising's effect on sales is short-term is yet prevalent. They further argue that the longer uses of advertising are better than less and shorter uses of it irrespective of the nature of contribution of advertisement to sales (Jones 1992, 1995). The inability of measures to differentiate the impact of advertisement between its short term and long term effects have resulted in wastage of advertising expenditure (Abraham and Lodish, 1990; Bass 1969).

Echambadi (1994) uses the analogy of capital budgeting process to capture the effectiveness of ad spending on sales and profitability. He suggests that the brand managers be allowed to spend as much as they want on advertising if the return they generate is able to beat an internally agreed hurdle. His belief rests on the premise that absolute size of the ad budget does not matter but the return on that budget is the criteria for ad effectiveness.

The basic duopoly model leads to an equilibrium which can be determined analytically

(Dixit, 1979); this basic model does not demonstrate any dynamic behavior. Introducing advertising into the model allows firms endogenously alter demand which does invoke dynamic behavior but is analytically intractable. Graham and Ariza (2003) present a model that optimizes allocation of firm advertising expenditure using a simulated annealing approach. Steerman et al (2007) use an approach that combines duopoly theory with the behavioural theory of the firm.

Research on the response to advertising had primarily looked at the shape of the response function (Aaker and Carman 1982; Simon and Arndt 1980; Mesak 1999), the dynamics of

advertising effects (Simon 1978), and the interaction of advertising with other promotional mix elements (Winder and Moore 1989; Wild 1977).

Luo and Donthu (2001) apply DEA – Data Envelopment Analysis – to the question of how to measure the efficiency of the advertising in the traditional media. Further Yunjae Cheong (2006) uses the similar model to carry out a study on the evaluation of ad media spending efficiency. This model focused on how one could measure, maximize and benchmark the effects of advertising media spending thereby improving the effectiveness of advertising.

Yew, Keh and Ong (2005) report that intensive investment in advertising contributes positively to the one-year stock market performances of non-manufacturing firms. However their results were inconclusive whether manufacturing firms benefit from investment in advertising as measured by the three-year stock market performance. Mathur et al (1995) using event study methodology concluded that investors react positively to announcements of advertisement changes leading to higher market value for the firms.

Graham and Frankenberg (2000) examined the asset value of advertising expenditures of 320 firms with reported advertising expenditure for each of the 10 consecutive years ending in 1994, seeking to determine the impact of advertising expenditures on the financial performance. They used the changes in year to year differences in advertising expenditure to measure the impact on asset value and subsequent market value of the publicly traded firms.

Zefania Kimolo (1998) in her report on the “Promotion Techniques” conducted at NSSF headquarters found out, some organizations are not effective in sales because they are not aware of the promotion tools when, where and how to employ them. She also said that some techniques are not affecting sales because they are wrongly implemented and lacks enough funds for implementation.

Consolata Sanka (1999), in her research “effectiveness of promotion in service marketing”, she found that ,the most people in organization think that promotion is the role of marketing department only. This reduces the effectiveness of promotion mix/tool(s), and

she concluded that frequent seminars, conferences, workshops and training should take place so that every employee in every department can participate in getting the expected promotion effect to organization.

Joseph, E.G (2002) of Mzumbe University in his research on “The impact of promotion techniques under competitive business environment” he generally said that promotion tools are the most weapon(s) used in the competition battle, and if they are effectively used, they tend to affect sales positively.

2.15 Conceptual Framework

The conceptual framework for the study is depicted by figure 2.1 below. Conceptualization attempts to visualize the causality of the research problem prior to understand this research in detail. In this research it is planned to explain the relationship between Advertising and sales performance.

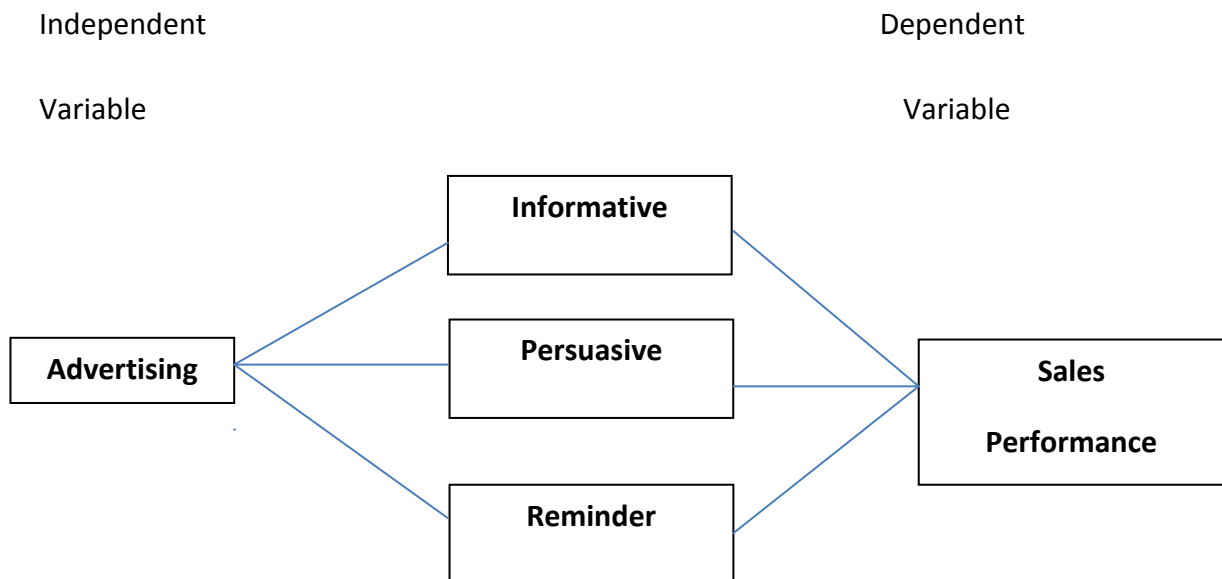


Figure 2.1 **Conceptual Framework**

Source: Adapted from: Pride, F. et al (1989) marketing concept and strategies (sixth edition)

Boston Houghton Mifflin company

Chapter Three Research Design and Methodology

3.1 Introduction

This chapter describes research design and methodology, Target population, sample size determination, method of data collection, ethical consideration, and data analysis

The study focus to assess the effect of advertising on sales performance of St. Gorge Brewery based on the opinion of the company's marketing and sales department staffs.

3.2 Research Approach.

This study uses quantitative approach which identifies any causal link between factors or variables, and it allows examining the effect of advertising on sales performance.

A quantitative approach is one in which the investigator primarily use post positivist claim for developing knowledge (i.e cause and effect thinking , reduction of specific variables and question , use of measurement and observation and the of theories, employs strategies, of inquiry such as experiments and survey and collects data on predetermined instruments that yield statistical data(Cresswell 2003).

3.3 Research Design

Research designs are plans and the procedures for research that span the decision from broad assumption to detailed method of data collection and analysis (Cresswell 2003).

In other words, the research design articulates what data is required, what methods are going to be used to collect and analyze this data, and how all of this is going to answer our research question.

This study uses descriptive research design and aims to determine the aspects of the problem which will be crucial for a thorough analysis. With descriptive research design, the researcher has an opportunity to have a clear view of the problem from other related sources and narrows the research around these important items.

3.4 Population and sample size determination

3.4.1 Target population

The population of this study was members of the staff of St. Gorge Brewery in the department of marketing and sales with work experience of greater than or equal to one year and main distributors in Addis Ababa. According to data obtained from Human Resource department the total population was 125.

3.4.2 Sample Size

The target population and the sample size is the same because the number of respondents is not large. Therefore number of respondents to whom the questionnaire was administered includes 115 employees of in the department of marketing and sales of St. Gorge brewery and 10 for the managers of the distributor of St gorge brewery products in Addis Ababa.

3.4.3 Sampling Technique

The sampling technique used in this study is census because the target population of the marketing and sales staffs of the company is of manageable size.

3.5 Data Source and Type

The sources of data used in this study comprised both primary and secondary data. According to Malhotra (2005), primary data are originated by the researcher for the specific purpose of addressing the problem at hand, even if obtaining them can be expensive and time consuming, primary data being the most significant were gathered through structured questionnaires.

The secondary data for this study were collected from marketing journals, and other related publications. As a general rule stated by Malhotra (2005) examination of available secondary data is a pre requisite to the collection of the primary data.

3.6 Data collection Method

The primary data will be collected through questionnaire from the marketing and sales department staffs of St.gorge brewery and from the main distributors of St. Gorge brewery products in Addis Ababa.

3.7 Data Collection Procedure

For this study the questionnaire will be prepared in line with the objective of the study mentioned above. The questionnaire will be organized in four section. The first section will be designed to obtain the personal information of the respondents, the second section contains the which are informative advertising, Persuasive advertising, and reminder advertising to obtain relevant information regarding the company's ad objective, the third section contains the forms of medias which St. Gorge brewery prefer to advertise its product and the fourth section contains sales performance related questions to obtain data whether advertising affected it or not.

3.8 Reliability and Validity

3.8.1 Reliability Test

In order to test the internal consistency of variables in the research instrument with coefficient alpha between 0.6 and 0.7 indicates fair reliability. Thus for this study chronbach's Alpha score 0.6 or higher is considered adequate to determine reliability. The reliability in this study assessed by coefficient alpha was found to be 0.766 (table3-1), as indication of acceptability of the scales for further analysis.

Table 3.1 Reliability test

| Reliability Statistics | |
|------------------------|------------|
| Cronbach's Alpha | N of Items |
| .766 | 47 |

3.8.2 Validity Test

Validity determines whether the measuring instruments truly measure what it was intended to measure or how truthful the research results are. To measure the validity of result we consider the theory and measuring instruments used (Cresswell 2003). For this study to assure validity the questionnaires are developed in the basis of review of related literature. Therefore in order to test the validity correlation coefficient for the independent and dependent variables were calculated. Based on the result of correlation analysis all the three factors of advertising were positively related with sales performance. Since the dependent variables are positively related with independent variable, the independent variables therefore are considered has effect on sales performance

3.9 Data Analysis

The data analysis was made by using both descriptive and inferential statistics (SPSS version 20). Descriptive statistics such as frequencies, percentage, mean, and standard deviation were used to summarize and presented data. With regard to inferential statistics Pearson correlation coefficient was used to show the inter dependence between independent and dependent variables and multiple regression analysis was used to test the significance contribution of each independent variable to the dependent variable sales performance.

3.10 Ethical considerations

Ethics in business research refers to the set of behavioral principles and norms beginning with the research from the first phase of the study (Sekaran 2003). The ethical code of conduct should reflect the behavior of every one participating in the research project, researcher, participants or moderators

(Sekeran 2003). In this study in order to keep the confidentiality of the data given by respondents were not required to write their name and assured that their response will be treated in confidentiality. The purpose of the study was disclosed in the introductory part of the questionnaire and the questionnaires were distributed only to voluntary participants of the marketing and sales department staffs of St.Gorge Brewery.

Chapter Four: Data Presentation, Analysis, and Interpretation of the Findings

Introduction

This chapter focuses on the presentation and the analysis of the research findings. The data analysis was made with the help of statistical package for social science (SPSS version 20). The demographic profile of the respondents, Informative advertising, persuasive advertising, reminder advertising, Medias used to advertise by St. Gorge brewery and the relationship between advertising and sales performance have been described using descriptive statistics and presented in the form of tables of percentage and frequencies.

4.1 Data Preparation

In order to make all the collected data suitable for analysis, all the collected questionnaires were screened. Out of 125 questionnaires distributed 123 were completed. Each questionnaires and possible answers of the questionnaire has a code, since coding of data is necessary for transferring and editing data in SPS. The question and possible answers are corresponded in the order of the actual questionnaire.

4.2 Demographic Characteristics

The information in this chapter was obtained mainly using questionnaires, 125 questionnaires were issued out but only 123 were filled as indicated in the table below.

Table 4, 1: Number of respondents

| Details | Frequency | Percentage |
|--------------|-----------|------------|
| Responses | 123 | 98 |
| Non response | 2 | 2 |
| Total | 125 | 100 |

Source: primary Data

From Table 4.1: 98% responds and 2% did not respond to the questionnaires. These show an excellent turn up of the respondents.

Table 4.2: Gender of respondents

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------|-----------|---------|---------------|--------------------|
| Male | 94 | 76.4 | 76.4 | 76.4 |
| Valid Female | 29 | 23.6 | 23.6 | 100.0 |
| Total | 123 | 100.0 | 100.0 | |

Table 4.2 indicates the number of males and females. Accordingly 76 % of respondents are males and 24% are females. This shows the majority of respondents are males.

Table 4.3: Educational background of respondents

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|-----------|---------|---------------|--------------------|
| Post Graduate level | 7 | 5.7 | 5.7% | 5.7 |
| Valid University | 66 | 53.7 | 53.7 | 59.3 |
| College | 37 | 30.1 | 30.1 | 89.4 |
| Secondary | 13 | 10.6 | 10.6 | 100.0 |
| Total | 123 | 100.0 | 100.0 | |

Table 4.3 depicts the educational background of respondents. 89.4% of respondents are college and university graduates. This implies that St. gorge gives a good consideration for the marketing skill for the employee of the marketing and sales department.

Table 4.4 Respondents no of service year in the department

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------|-----------|---------|---------------|--------------------|
| Valid 1-4 years | 79 | 64.2 | 64.2 | 64.2 |
| 5-10 years | 30 | 24.4 | 24.4 | 88.6 |
| Over 10 years | 14 | 11.4 | 11.4 | 100.0 |
| Total | 123 | 100.0 | 100.0 | |

Table 4.4 indicates the year of service of respondents. 88.6 % have 5 or more years of experience and only 11.4 are of 5 or less years of service.

4.3 Findings on the Advertising of St. Gorge brewery

Table 4.5 St. Gorge advertise all its products

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid Strongly disagree | 1 | .8 | .8 | .8 |
| Disagree | 7 | 5.7 | 5.7 | 6.5 |
| Moderate | 19 | 15.4 | 15.4 | 22.0 |
| Agree | 47 | 38.2 | 38.2 | 60.2 |
| Strongly agree | 49 | 39.8 | 39.8 | 100.0 |
| Total | 123 | 100.0 | 100.0 | |

From **Table 4.5** 38.2% of respondents agreed that **St. Gorge** advertises all its products. 39.8% of them strongly agreed, 15.4% were not sure, and 5.7 of the respondents Disagreed. This implies that **St. Gorge** carries out advertising on all its products but.8% of respondents Strongly disagree. This shows that the consideration that the company gives to the advertisement of its product to get the attention of customers.

Table 4.6 Adverts of St. Gorge brewery is captured by the intended audience

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid Strongly disagree | 1 | .8 | .8 | .8 |
| Disagree | 5 | 4.1 | 4.1 | 4.9 |
| Moderate | 15 | 12.2 | 12.2 | 17.1 |
| Agree | 58 | 47.2 | 47.2 | 64.2 |
| Strongly agree | 44 | 35.8 | 35.8 | 100.0 |
| Total | 123 | 100.0 | 100.0 | |

Source: primary Data.

From **Table 4.6**, 47.2% of the respondents agreed that adverts of the company reach the intended audience, 12.2% were not sure. 35.8% strongly agreed and .12.1% disagreed or strongly disagreed. This implies that advertisements have a chance that may not reach intended audience. This indicates that the advertisement made by St.gorge brewery through different media mixes got the attention of customers.

Table 4.7 Media Mixes that St. gorge brewery used to advertise

| | N | Minimum | Maximum | Mean | Std. Deviation |
|------------------------------------------------|------------|-------------|--------------|---------------|----------------|
| Radio | 123 | 1.00 | 55.00 | 4.8699 | 4.60926 |
| Sponsoring event | 123 | 1.00 | 5.00 | 4.4016 | .77523 |
| Giving prizes with company product name | 123 | 1.00 | 53.00 | 4.3659 | 5.76204 |
| Television | 123 | 1.00 | 5.00 | 4.2846 | .86385 |
| Stickers | 123 | 1.00 | 5.00 | 4.2358 | .84039 |
| Billboard | 123 | 1.00 | 5.00 | 4.2033 | .90499 |
| Posters | 123 | 1.00 | 5.00 | 4.1626 | .96982 |
| Brochures | 123 | 2.00 | 5.00 | 4.0244 | .91851 |
| Magazines | 123 | 1.00 | 5.00 | 3.7480 | 1.00485 |
| Newspapers | 123 | 1.00 | 5.00 | 3.5528 | 1.08796 |
| Mobile advertising | 123 | 1.00 | 55.00 | 3.2033 | 4.81112 |
| Business cards | 123 | 1.00 | 5.00 | 2.9919 | .97085 |
| Internet/website | 123 | 1.00 | 5.00 | 2.8689 | 1.14484 |
| Work shops | 123 | 1.00 | 5.00 | 2.7480 | .96320 |
| Valid N (listwise) | 123 | | | | |

Table 4.7 depicts the media mixes that are used by St. Gorge Brewery to advertise its product. As can be seen in the table Radio, Sponsoring event, Giving prizes with company product name, Television, Stickers, Billboard, Posters, and Brochures are used with a mean value 4 and above. Other forms of advertising are used with lesser The most three dominant form of advertising used by St. Gorge are Radio, Sponsoring event, and Giving prizes with company product name. Internet/website form advertising is less used by the company.

4.4 Findings on Advertising objectives

Table 4.8 INFORMATIVE Frequencies

| | | Responses | | Percent of Cases |
|-------------------------------------------------------|-------------------|-----------|---------|------------------|
| | | Number | Percent | |
| Respondents response on Informative adve ^a | Strongly disagree | 20 | 2.3% | 16.3% |
| | Disagree | 48 | 5.6% | 39.0% |
| | Moderate | 140 | 16.3% | 113.8% |
| | Agree | 369 | 42.9% | 300.0% |
| | Strongly agree | 284 | 33.0% | 230.9% |
| Total | | 861 | 100.0% | 700.0% |

From table 4.8 33.0% respondents strongly agree, 42.9%, Agree and 16.3% moderately agree. Only 7.9% disagree or strongly disagree. This implies the in formative purpose of advertising is achieved.

Table 4.9 Persuasive Frequencies

| | | Responses | | Percent of Cases |
|-------------------------------------------------------|-------------------|-----------|---------|------------------|
| | | N | Percent | |
| Respondents response on persuasive adver ^a | Strongly disagree | 75 | 7.6% | 61.0% |
| | Disagree | 111 | 11.3% | 90.2% |
| | Moderate | 206 | 20.9% | 167.5% |
| | Agree | 350 | 35.6% | 284.6% |
| | Strongly agree | 242 | 24.6% | 196.7% |
| Total | | 984 | 100.0% | 800.0% |

From table 4.9, 24.6% respondents strongly agree, 35.6% Agree and 20.9% moderately agree. Only 18.9% disagree or strongly disagree. This implies the Persuasive purpose of advertising is significantly met. In other words the output obtained showed that all most all the respondents agreed that the persuasive purpose of the company’s advertisement is achieved.

Table 4.10 Reminder Frequencies

| | | Responses | | Percent of Cases |
|---------------------------------------------------------|-------------------|-----------|---------|------------------|
| | | N | Percent | |
| Respondents response on Reminder advert ^a | Strongly disagree | 9 | 1.5% | 7.3% |
| | Disagree | 17 | 2.8% | 13.8% |
| | Moderate | 93 | 15.1% | 75.6% |
| | Agree | 273 | 44.4% | 222.0% |
| | Strongly agree | 223 | 36.3% | 181.3% |
| Total | | 615 | 100.0% | 500.0% |

From table 4.10, 36.3% respondents strongly agree, 44.4% Agree and 15.1% moderately agree. Only 4.3% disagree or strongly disagree. This implies the Reminder purpose of advertising is served

4.5 Findings on the relationship between advertising and sales performance using Pearson correlation

This section focuses on establishing the relationship that exists between advertising of products and sales performance. It looks at advertising as independent variable while sales performance is a dependent variable.

Correlation analysis helps to gain insight in to the direction and strength of correlation between variables. Correlation coefficients take value between -1 and 1 ranging from being negatively correlated (-1) to uncorrelated (0) to positively correlated (+). Pearson correlation analysis was used to provide evidence of convergent validity. Pearson correlation coefficient reveal magnitude and direction of relationship (either positive or negative) and the intensity of the relationship (-1.0 to +1.0) correlation are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo, and Festinger 2005). As per Marczyk, Dematteo and Festinger (2005), general guide lines correlation of .01to .30 are considered small,

correlation of .30 to .70 are considered moderate, correlation of .70 to .90 are considered large and correlation of .90 to 1.00 are considered very large. Depending on this assumption all basic constructs were included in to the correlation analysis and bivariate tow tailed correlation analysis was done.

Table 4.11advertising and sales performance - Correlations

Correlations

| | | INF_Mean | Per_Mean | Rem_Mean | Sp_Mean |
|----------|---------------------|----------|----------|----------|---------|
| INF_Mean | Pearson Correlation | 1 | .510** | .344** | .310** |
| | Sig. (2-tailed) | | .000 | .000 | .000 |
| | No. | 123 | 123 | 123 | 123 |
| Per_Mean | Pearson Correlation | .510** | 1 | .282** | .187* |
| | Sig. (2-tailed) | .000 | | .002 | .038 |
| | No. | 123 | 123 | 123 | 123 |
| Rem_Mean | Pearson Correlation | .344** | .282** | 1 | .378** |
| | Sig. (2-tailed) | .000 | .002 | | .000 |
| | No. | 123 | 123 | 123 | 123 |
| Sp_Mean | Pearson Correlation | .310** | .187* | .378** | 1 |
| | Sig. (2-tailed) | .000 | .038 | .000 | |
| | No. | 123 | 123 | 123 | 123 |

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

According to the above table 4.13 informative advertising correlates with sales performance with the value of(0.310), correlation is significant at 0.01 level, persuasive advertising correlates with

sales performance with the value of (0.187) correlation is significant at 0.01 level and reminder advertising and sales performance correlates with the value of (0.378), the correlation is significant at 0.05 level.

This implies that the three independent variables (i.e informative, persuasive and reminder advertising has a positive relation with the dependent variable sales performance.

4.6 Normality Test using Skewness and Kurtosis

Skewness is the measure of the asymmetric of the distribution of variables. The skew value of a normal distribution is zero, usually implying symmetric distribution. A positive skew value indicates that the tail on the right side of the distribution is longer than the left side and the bulk of the values lie on the left of the mean.

In contrast a negative skew value indicates that the tail on the left side of the distribution is longer than the right side and the bulk of the value lie to the right to the mean West et .al (1996).

West et al(1996) proposed that reference of normality as skew value < 2 .

Kurtosis is a measure of the peakedness of a distribution. West et.al (1996) proposed a preference of normality as an absolute kurtosis (proper) value > 7 . For some practical reason most statistical packages such as SPSS providing excess kurtosis obtained by subtracting 3 from three kurtosis (proper).

The excess kurtosis should be zero for perfectly normal distribution. Distribution with positive excess kurtosis are called leptokuric distribution (meaning) high peak and distribution with negative excess kurtosis are called plarykurtic distribution.

Based on the table 4.12 below, the statistics output skewness obtained the value of (-.675) for informative advertising, (-.374) for persuasive advertising, (-.525) for reminder advertising and (1.283) for sales performance, meaning that there is a normal distribution between factors.

Based on the statistics output kurtosis obtained value of (-.192),(-.454),(-.0.26) and (14.288) for informative, persuasive, reminder advertising and sales performance respectively, meaning there is a normal distribution for the three independent variables and based on the above assumption there is positive excess kurtosis for sales performance called leptokuric distribution.

Table 4.12 Skewness and Kurtosis normality test table

| | | Statistics | | | |
|------------------------|---------|------------|----------|----------|---------|
| | | INF_Mean | Per_Mean | Rem_Mean | Sp_Mean |
| N | Valid | 123 | 123 | 123 | 123 |
| | Missing | 0 | 0 | 0 | 0 |
| Skewness | | -.675 | -.374 | -.525 | 1.283 |
| Std. Error of Skewness | | .218 | .218 | .218 | .218 |
| Kurtosis | | -.192 | -.454 | -.026 | 14.288 |
| Std. Error of Kurtosis | | .433 | .433 | .433 | .433 |

4.6 Multicollinearity Test

After the normality of the data is tested the next step is to determine whether there is similarity between the independent variables in a mode, it is necessary to multicollinearity test. Similarities between the independent variables will result in a very strong correlation.

If the VIF(Variance inflation Factor) is equal to 1, there is no multicollinearity among factors.

If the VIF is greater than one, the predictors are moderately correlated.

A VIF between 5 and 10 indicates high correlation that may be problematic, and if the VIF goes above 10 the regression coefficients are poorly estimated Eston Martz (2013).

Table 4.13 Collinearity coefficient table

| | | Coefficients ^a | | | | | | |
|-------|------------|------------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| Model | | Un standardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 1.738 | .530 | | 3.280 | .001 | | |
| | INF_Mean | .270 | .130 | .207 | 2.081 | .040 | .696 | 1.436 |
| | Per_Mean | -.006 | .113 | -.005 | -.055 | .956 | .727 | 1.375 |
| | Rem_Mean | .373 | .108 | .309 | 3.461 | .001 | .866 | 1.154 |

a. Dependent Variable: Sp_Mean

Based on the above table 4.13, the coefficient output collinearity statistics obtained VIF value of (1.436) for informative advertising,(1.375) for persuasive advertising and (1.154) for reminder advertising meaning that the VIF value obtained is greater than one, there is a moderately correlation between factors.

4.7 Findings on regression analysis

Regression analysis was conducted to examine the effect of independent variables (i.e. Informative, persuasive and reminder advertising) on the dependent variable, sales performance.

Regression analysis was used to test the significance contribution of each independent variable to the dependent variable.

Table 4.14 Regression Model summary Table

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .424 ^a | .180 | .159 | .64796 |

a. Predictors: (Constant), Rem_Mean, Per_Mean, INF_Mean

The above model summary table provides the R value and the R square values. The R value represents the simple correlation and is (0.424) which indicates a moderate degree of correlation. The R square value is indicated how much of the total variation in the dependent variable sales performance can be explained by the independent variable (informative, persuasive and reminder advertising and it is (0.180) which is 18%.

Table 4.15 ANOVA table

ANOVA^a

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|------------|----------------|-----|-------------|-------|-------------------|
| Regression | 10.971 | 3 | 3.657 | 8.710 | .000 ^b |
| Residual | 49.962 | 119 | .420 | | |
| Total | 60.933 | 122 | | | |

a Dependent Variable: Sp_Mean

b. Predictors: (Constant), Rem_Mean, Per_Mean, INF_Mean

The above table is the ANOVA table which indicates that the regression model predicts the dependent variable significantly well. This indicates the statistical significance of the regression model that was run here $p < 0.005$, which is less than 0.05, indicates significantly predicts sales performance.

Table 4.16 Regression Coefficient table

Coefficients^a

| Model | Un standardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------------|------------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 1.738 | .530 | | 3.280 | .001 |
| INF_Mean | .270 | .130 | .207 | 2.081 | .040 |
| Per_Mean | -.006 | .113 | -.005 | -.055 | .956 |
| Rem_Mean | .373 | .108 | .309 | 3.461 | .001 |

a Dependent Variable: Sp_Mean

The above coefficient table provides with the necessary information to predict sales performance from informative, persuasive and reminder advertising determine or whether advertising contributes statistically significantly to the model by looking at the sig column.

Based on the above coefficient table the predicted equation for the dependent variable sales performance is

$$Y = 0.270 - 0.006 + 0.373 + 1.738$$

Chapter Five: Findings, Conclusion, and Recommendation

5.1 Introduction

This chapter contains the field of discoveries, draw conclusion and recommendations and end with areas of future research. The objective of the study was examining the effect of advertising on sales performance, determining the level of sales performance, and determining the medias used to advertise the products of St. Gorge brewery.

5.2 Discussion of Findings

This study aims to assess the effect of advertising (i.e informative, persuasive and reminder advertising) on sales performance of St. Gorge brewery and the media mixes that the company used to advertise have been examined.

The result of the Pearson correlation coefficient showed that, for informative advertising the value of r is (0.310) and significant at 0.01 level, persuasive advertising the value of r is (0.187) and significant at 0.01 level and the value of r for reminder advertising is (0.378) and significant at 0.05 level, this shows that a positive relationship between advertising and sales performance which indicates that the increase in informative , persuasive and reminder advertising leads to the increase in sales performance of St. Gorge brewery.

Based on the result of the regression, the coefficient correlation (R) value of informative advertising is , for persuasive advertising and for reminder advertising is (0.424) on the other hand the result of R -square is (0.180) This indicates (18)% of advertising was caused by the variation.

Regarding the finding on the media mixes that St. Gorge used to advertise its product, the company use almost all types of medias that visual, audio and print medias with the mean value of greater than 4.

All the above result of finding shows that there is a positive relationship between advertising and sales performance of St. Gorge Brewery.

5.3 Conclusion

This study is designed and carried out in order to identify the underlying objectives of advertising among sales performance of St. Gorge Brewery Addis Ababa. According to the study findings the three factors, informative, persuasive, and reminder advertising were identified as having effect on sales performance of the company and the media mixes that st.gorge advertise its products have been assessed.

Advertising drives sales performance in to tow ways. First by making consumers interested enough in the focal product that they would seek information about it and second, by converting information seeking consumers in to buyers (Hu et.al 2014).

A Pearson correlation result confirmed that positive and significant relationship between advertising and sales performance, the positive relationship showed that an increase in advertising can lead in an increase in sales performance.

The data analysis showed that the most significant factor from the three is reminder advertising, this shows that the company's advertising objective lie on reminder objective. Informative advertising was found to be the second significant factor and persuasive advertising is found to be the third significant factor.

The results of the regression model indicates the regression coefficient of the advertising variable have effect on sales performance and have predictive power on the dependent variable sales performance.

Findings of media mixes that the company used to advertise its product showed that, St gorge used Television, Radio, sponsoring event, Giving prize with the company product name, stickers, billboards, posters, and brochures. This indicates that the company use both visual, audio and print media to advertise its product. In the contrary the company did not use internet and mobile to advertise St.gorge beer.

From the findings of this study, based on the positive relationship between advertising and sales performance, it can be concluded that the more consumers exposed to St. gorge brewery's advertising, the company's sales performance will increase.

5.4 Recommendation

Based on the findings of the study and the conclusion made, the following possible recommendations are drawn:

- St. gorge should develop more effective advertisement campaign that attracts consumers attention and capture their interest, which leads to the improvement of the sales performance.
- According to keller (2009) since consumers spend little time or effort on the consumption decision of low involvement products, brand awareness alone is sufficient to decide and determine purchase, as consumers are willing to base their choice merely on familiar brand. Hence it is recommended that St .Gorge Brewery should embark on intensive advertising campaign to create strong brand awareness which leads to strong sales.
- The management of St. Gorge should carry out periodic review of the advertising message, its effect on their sales and Medias that are appropriate to increase their sales performance.
- At this stage of competition in the beer industry in Ethiopia, the St. gorge brewery's advertising message should both be persuasive and reminder oriented.
- The advertising message must be strong and appealing enough to persuade and build product preference, encourage switching to St.gorge beer by changing the perception of the consumers of rival brands.
- However the advertising objective should emerge from the analysis of the current marketing situation of a company, for example if a brand is new to the market obviously the advertisement objective of St. Gorge brewery should be informative.
- With regards of the advertising media, this study revealed that St. Gorge used many advertising mediums to advertise its product. Currently television and Radio are the most potent of all Medias used in advertising a beer product. In view of this more consideration should be given to television and radio as a medium of advertising. In fact, St. gorge should continue to employ integrated advertising to of their product.

5.5 Suggested areas for future research

The present study was conducted to investigate the effect of advertising on sales performance of St. gorge brewery Addis Ababa. Due to limited time, this study is not conclusive as such. It is therefore important that future research be carried out on, impacts of other variables on sales performance and also the effect of advertising on sales performance on different companies producing the same product, or the same title will be assessed on different product and company.

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Annex I Questionnaire

This questionnaire is designed to collect information for a study which is conducted in order to enable the researcher to assess the effects of advertising on sales performance in St. Gorge Brewery. The study is part of the researcher's academic work for the accomplishment of the Masters of Marketing Management degree at Addis Ababa University School of Commerce. The findings of the study will be strictly utilized for the intended purpose. Therefore, you are requested to respond to all of the given questions. Please feel free to give out information and express your opinion, which will be received and treated with all due respect and confidentiality.

I appreciate your cooperation

Please give answers in the spaces provided and tick () in the box that matches your response to the questions where applicable.

Section I: General Information

- Sex : Male() Female ()
- What is your highest level of education qualification?
 - Post graduate level ()
 - University ()
 - College ()
 - Secondary ()
 - Other, specify _____
- Length of continuous service with the department?
 - 1 to 4 years()
 - 5-10 years ()
 - Over 10 years()

- To what extent do you agree St. Gorge Brewery uses the following media mixes in advertising? Use 1-Strongly disagree, 2-Disagree, 3-Moderate extent, 4-Agree and 5-Strongly agree.

| Types of media | 5 | 4 | 3 | 2 | 1 |
|-----------------------------------------|---|---|---|---|---|
| Television | | | | | |
| Posters | | | | | |
| Newspapers | | | | | |
| Magazines | | | | | |
| Bill boards | | | | | |
| News letters | | | | | |
| Brochures | | | | | |
| Stickers | | | | | |
| Radio | | | | | |
| Giving prizes with company product name | | | | | |
| Business cards | | | | | |
| Workshops | | | | | |
| Mobile advertising | | | | | |
| Sponsoring event | | | | | |
| Website/internet | | | | | |
| Other, please specify.... | | | | | |

Section II: Objectives of Advertising in St. Gorge Brewery

- To what extent do you agree with the following regarding St. Gorge Brewery advertising? Use 1-Strongly disagree, 2-Disagree, 3-Moderate extent, 4-Agree and 5-Strongly agree.

| | 5 | 4 | 3 | 2 | 1 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1.1 Informative | | | | | |
| St. Gorge Brewery advertises all its products. | | | | | |
| <ul style="list-style-type: none"> Adverts of St. Gorge Brewery meet the intended audience. Media used are accessible by the target market Advertising provides a good knowledge of St. Gorge products | | | | | |
| <ul style="list-style-type: none"> St. Gorge Advertising demonstrates product differentiation | | | | | |
| <ul style="list-style-type: none"> St. Gorge Advertising provides enough Information about its products | | | | | |
| <ul style="list-style-type: none"> Used to make audiences laugh, but provides little information about the product or service | | | | | |
| 1.2. Persuasive | | | | | |
| <ul style="list-style-type: none"> St. Gorge Advertising Uses the argument that a person should believe or do something because “everybody else” does | | | | | |
| <ul style="list-style-type: none"> Dishonest tactic in which a salesperson lures customers into a store with the promise of a bargain Uses a celebrity or famous person to endorse a product | | | | | |
| <ul style="list-style-type: none"> Make viewers feel certain emotions, such as excitement, sadness, or fear Emphasizes highly valued beliefs, such as patriotism, peace, or freedom Appeals to consumers’ desire to be different from everyone else; the opposite of the bandwagon appeal | | | | | |
| <ul style="list-style-type: none"> Uses words with positive or negative connotations to describe a product or that of the competitor—such as purr, snarl, or weasel words | | | | | |

| | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|
| <ul style="list-style-type: none"> Attacks people or groups to discredit their ideas | | | | | |
| 1.3 Reminder | | | | | |
| <ul style="list-style-type: none"> Brief messages are designed chiefly to keep a product in the mind of the consumer once the product is already familiar | | | | | |
| <ul style="list-style-type: none"> Uses an extensive advertising campaign seasonally Advertising is designed to remind consumers of the benefits of a product or of their current need for those benefits. | | | | | |
| <ul style="list-style-type: none"> Advertising inform its existing customers regarding its products or services already existing in market seldom Advertising keeps updating knowledge of the customers regarding products availability in the markets. | | | | | |

Section III: sales performance

- To what extent has advertising influenced sales performance of St. Gorge Brewery? Use 1-Strongly disagree, 2-Disagree, 3-Moderate extent, 4-Agree and 5-Strongly agree.

| 3.1 Sales performance | 5 | 4 | 3 | 2 | 1 |
|------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 3.1.1 Encourage purchase of large size unit | | | | | |
| 3.1.2 Generate trials among non-users | | | | | |
| 3.1.3 Encourage off season buying | | | | | |
| 3.1.4 Build brand loyalty& Equity | | | | | |
| 3.1.5 Advertising motivates sales people to get squarely behind a product | | | | | |
| 3.1.6 Combination of various types of promotional strategies helps the company to achieve their set goals. | | | | | |
| 3.1.7 Increase the number of customer | | | | | |
| 3.1.8 Increase profitability | | | | | |
| 3.1.9 Increase competitiveness | | | | | |
| 3.1.10 Increase sales volume | | | | | |

Thank You.