

**EFFECT OF ADVERTISING ON SALES PERFORMANCE IN PROFIT MAKING
ORGANIZATIONS**

CASE STUDY: TAMU COOKING OIL

**Submitted By:
BAGERENGA ISAAC**

**REGISTRATION NUMBER
2011-B021-10063**

UGANDA MARTYRS UNIVERSITY, NKOZI

APRIL 2014

EFFECT OF ADVERTISING ON SALES PERFORMANCE IN PROFIT MAKING
ORGANIZATIONS

CASE STUDY: TAMU COOKING OIL

Submitted By:
BAGERENGA ISAAC

REGISTRATION NUMBER
2011-B021-10063

A DISSERTATION SUBMITTED TO THE FACULTY OF BUSINESS
ADMINISTRATION AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF A DEGREE OF BACHELOR
OF BUSINESS ADMINISTRATION AND MANAGEMENT
UGANDA MARTRYS UNIVERISTY

APRIL 2014

DEDICATION

I dedicate this work to my Mother Annet Nassozi, my beloved brother Bazira Paul, Sister Kalibala Joan and all my friends especially Kateegaya Edgar for the contribution and inspiration they have offered during my education. I would also like to acknowledge my beloved friends in Uganda Martyrs University and also the lecturers who guided me throughout the research. Special thanks go on to you for all the words of encouragement you have always given to me. Thank you very much for everything all of you.

Special thanks to my supervisor Sekatawa John Ezekiel for enabling me write this research, it would not have been possible without your help, and may God continue to bless you.

I LOVE YOU ALL.

May God bless you abundantly.

ACKNOWLEDGEMENT

In the premises I would like to thank the following people for their invaluable contributions.

My supervisor, SEKATAWA JOHN EZEKIEL, whose official role was that of supervisor which involves providing guidance and encouragement. In practice he performed far beyond these typical roles.

I am also indebted to my family that has tirelessly provided support throughout the endeavour.

I also thank all my friends especially Muyanja Eric, Nsubuga Henry, Naiga Specy, Namutebi Sandra, Kamanzi Ivan, Maiga Osman, Muhinde Jude, Nanteza Harriet, not forgetting my love Dorah Muggale for their support, love, encouragement and prayers that have been a key to my success.

I am further obliged to the entire Bachelors of Business Administration and management faculty of Uganda Martyrs University Nkozi especially my lecturers for the contribution towards my academic growth.

The management of Mukwano Company and the staff who offered me all the required assistance and gave me the required data needed for my study.

May the Almighty God bless you all

TABLE OF CONTENTS

DECLARATION ii

APPROVAL iii

DEDICATION..... iv

ACKNOWLEDGEMENT v

TABLE OF CONTENTS..... vi

LIST OF ABBREVIATIONS AND ACRONYMS..... ix

LIST OF TABLES xi

ABSTRACT xii

CHAPTER ONE 1

GENERAL INTRODUCTION..... 1

1.0 Introduction..... 1

1.1 Background of the study..... 1

1.2 Statement of the problem..... 4

1.3 Objective of the study..... 5

1.3.1 Major objective..... 5

1.3.2 Specific objectives..... 6

1.4 Research questions..... 6

The study will be based on the following research questions;..... 6

1.5 Scope of the study..... 6

1.6 Significance of the study..... 7

1.7 Conceptual framework..... 7

1.8 Definition of key terms..... 9

CHAPTER TWO 10

LITERATURE REVIEW..... 10

2.0 Introduction..... 10

2.1 Advertising and sales performance 11

2.2 Persuasive advertising and sales performance 14

2.3 Informative advertising and sales performance 21

2.4	Outdoor advertising and sales performance.....	25
2.5	CONCLUSION.....	34
	CHAPTER THREE.....	35
	RESEARCH METHODOLOGY.....	35
3.0	Introduction.....	35
3.1	Research design.....	36
3.2	Area of the study.....	36
3.3	Study Population.....	36
3.4	Sampling Procedures.....	39
3.5	Data Collection methods and instruments.....	40
3.5.1	Questionnaire method.....	40
3.5.2	Document review.....	41
3.5.3	Observation.....	41
3.6	Data collection procedure.....	42
3.7	Data Analysis.....	42
3.7.1	Quantitative technique.....	42
3.7.2	Qualitative technique.....	43
3.8	Ethical consideration.....	44
3.9	Limitation to the study.....	44
3.10	Conclusion.....	44
	CHAPTER FOUR.....	45
	DATA PRESENTATION AND DISCUSSION.....	45
4.0	Introduction.....	45
4.1	Background information of the respondents.....	46
4.2	The age brackets of the respondents.....	47
4.3	Presentation and discussion.....	48
4.3.1	Outdoor advertising media used by Tamu Cooking Oil Company.....	48
4.3.2	Informative advertising and its influence on the sales performance.....	51
4.5	Persuasive advertising and sales performance.....	53
	CHAPTER FIVE.....	56

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	56
5.0 Introduction.....	56
5.1 Summary, Conclusions and Recommendations.....	56
5.1.1 Summary.....	56
5.1.2 Conclusion.....	58
5.1.3 Recommendations.....	58
5.2 Suggestions for further research.....	59
REFERENCES.....	61
APPENDICES.....	64
RESEARCH QUESTIONNAIRE.....	64
TOPIC: THE EFFECT OF ADVERTISING ON THE SALES PERFORMANCE OF PROFIT MAKING ORGANISATIONS.	64
Color of the advertisement.....	Error! Bookmark not defined.
Typography of the advertisement.....	Error! Bookmark not defined.
Size of the advertisement.....	Error! Bookmark not defined.
Location of the advertisement.....	Error! Bookmark not defined.
The use of language.....	Error! Bookmark not defined.

LIST OF ABBREVIATIONS AND ACRONYMS

MC- Mukwano Company

LIST OF FIGURES

Figure 1: Showing the conceptual framework.

Figure 2: The bar graph showing the respondents age brackets

Figure3: A bar graph showing the existing forms of outdoor advertising used by Mukwano Company

Figure 4: showing that informative advertising influences the sales performance of a profit making organization.

Figure 5: Showing the effect of persuasive advertising to the sales performance in Mukwano industry.

LIST OF TABLES

Table 1: Table 1: Showing the background information of the respondents

Table 2: Showing the age brackets of the respondents

Table 3: Showing the existing forms of outdoor advertising media used by Mukwano Company

Table 4: Showing the existence of informative advertising and how it influences performance

Table 5: Showing the effect of persuasive advertising and the sales performance.

ABSTRACT

This paper seeks to examine the effect of advertising on the sales performance in a profit making organization. The sales performance of an organization is an important aspect in the community because it's through sales activity that the community receives services. Many organizations are being formed and this has increased the need for proper advertising of the products as a means to improve on the quality of services offered to the community.

While there are many organizations that have good advertising methods, a large number still seem to have inadequate advertising systems, this gives a gap on the efficiency especially of the sales performance allocation by the organizations. The study examines the effect of advertising on sales performance in profit making organizations taking a case of Tamu cooking oil.

The study used empirical data acquired through questionnaires, review of the existing documents and interview with the company management, different departments such as marketing and distribution and support staff. The data was analysed both qualitatively and quantitatively to assess the effect of advertising on sales performance in profit making organizations. The findings of the study show that the main challenges to effective advertising on the sales performance in profit making organizations were lack of adequate capital, poor inventory management, lack of integrity and lack of participatory budgeting. The analysis showed a strong correlation between advertising and the sales performance in profit making organizations.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

Keller (2005), says that advertising is part of human nature evidenced since ancient times. One of the earliest means of advertising was the use of signs. Early craftsmen used signs to advertise their wares and some traders like the Phoenicians planted commercial messages on prominent rocks. They were among the forerunners of modern day advertising. Furthermore advertising is important as it can give companies an opportunity to get their brand out into the market and build or increase brand awareness.

Advertisements can also be seen on the seats of grocery carts, on the wall of airport walkways, on the sides of buses, airplanes and trains. Advertisements are usually placed anywhere an audience can easily and/or frequently access visual and/or video (Busari 2002).

1.1 Background of the study

Multibillion Companies like Sony Marlboro, McDonald's, Kine, Disney, Kodak, Coca-cola among others have invested massively in advertng because they know they are operating in a competitive environment (Hackley 2005). Advertising has a significant role in

developing the performance of sales in a profit making organisation.

Different organizations or countries have invested much in advertising their products or services because of its significant importance to improve sales performance. In 1980, advertising expenditures in the United States were \$53 billion. By 2007, nearly \$284 billion was spent on global advertising. Different organizations spend differently on advertising for example General Motors Corporation spends 3, 296 million dollars annually, Toyota Motor Corporation spends 1,995 million dollars annually, Nissan Motor Company spends 1.329 million dollars annually and Pepsi Company spends 1,323 million dollars annually.

These organizations use different forms of media to advertise and the table below shows the global total share advertising expenditure spent by medium 2006 - 2008 (%)

Advertising Media	2006	2007	2008
Television	37.5	37.3	38.0
News papers	28.4	26.9	25.1
Magazines	12.5	12.2	11.6
Radio	8.2	8.0	7.7
Internet	6.8	8.6	10.5
Out door	6.2	6.5	6.7
Cinema	0.5	0.5	0.5

Source: Zenith optimedia (2009)

In Uganda there are different forms of advertising for example radio, television, newspapers, outdoor billboards and display information; however prior to 1994 in terms of billboards, the most commonly seen billboards, were those mainly done by informally trained artists using brushes and oil paints whereby a message was painted onto wooden or metallic stands.

Slowly as technology advanced photographic billboard signs replaced hand painted ones which were manufactured by self-taught artists and coated with layers of paints that aided in protecting it from the changing weather conditions. Today digital billboard signs are replacing photographic ones gradually. With improvement in technology, digital billboard signs offer custom features like adjusting the pitch of adverts according to the time of the week or day.

Tamu cooking oil is a subsidiary of Mukwano group of companies located in Kampala city along Jinja road near industrial area plot 30 mukwano road. It was established in 1980 and it deals in the production of a variety of products for example smearing jelly, soaps, body lotions and creams as well as other domestic products for example cooking oils, bottled water and plastic containers. It is for this reason that the researcher decided to carry out the research on the effect of advertising on the sales performance of profit making companies using Tamu cooking oil as the case study since the company has been in existence for over thirty years.

1.2 Statement of the problem

The nature and purpose of advertising differs from industry to industry and across situations, companies selling products and services to the consumer market generally rely heavily on advertising to communicate with their target market as do retailers and other local merchants and this directly influences performance. Since organizations operate in a competitive world or environment, the nature and advertising within an organization greatly contributes to its performance in reference to customer satisfaction, efficiency and effectiveness in reference to their operations (Blech and Blech, 2009).

There are some inefficiencies in the way these organizations carry out their advertisements for example Mukwano advertisements

in the visual media are done in local language i.e. (Luganda) a language that can only be understood by a few people in the country, making the advertisements appealing only to a group of people (Daily Monitor April 2010).

Mukwano advertises using visual media for example the television and the Audio on the radio, print media for example the newspapers. The advertisements lack the unique selling proposition in the statements used to differentiate their products from competitors, they are done in the same way as the competitors making it hard to differentiate its advertisements from others. Besides their advertisements rarely provide room for further information about their products for clarification (Daily Monitor April 2010). Therefore, the researcher seeks to find out why there is still poor performance in organizations despite the existence of advertising methods such as outdoor advertising, persuasive and informative advertising methods.

1.3 Objective of the study

These are divided into two parts that is the major and the specific objectives.

1.3.1 Major objective

To examine the effect of advertising on the sales performance of a profit making organisation.

1.3.2 Specific objectives

The study will be based on the following specific objectives;

1. To find out the relationship between advertising and the sales performance of Tamu cooking oil.
2. To examine how the existing forms of informative advertising media influence sales performance.
3. To find out the existing forms of outdoor advertising media used by organisations.

1.4 Research questions

The study will be based on the following research questions;

1. What are the existing forms of advertising Medias by Mukwano Group of Companies?
2. How do the advertising forms used by Mukwano group of companies influence its sales performance?
3. What is the relationship between advertising and the performance of Mukwano Group of Companies?

1.5 Scope of the study

The scope of the study according to Oso and Onen, (2008) mean the description of boundary or the study in terms of content, geographical and time. The study will mainly focus on analyzing the effect of advertising on the sales performance of profit making organizations focusing on Mukwano Group of

Companies. The study will consider a time period of five years beginning from 2007- 2011 a period in which different advertising strategies were implemented by Mukwano Group of Companies, however the researcher will begin his research in May 2013 and concluded it in April 2014.

1.6 Significance of the study

1. The research deepened the insight on actual contributions of advertising on the performance of organizations and it further helped the researcher to apply the relevant academic theories into the practical world during the proceedings of the research.

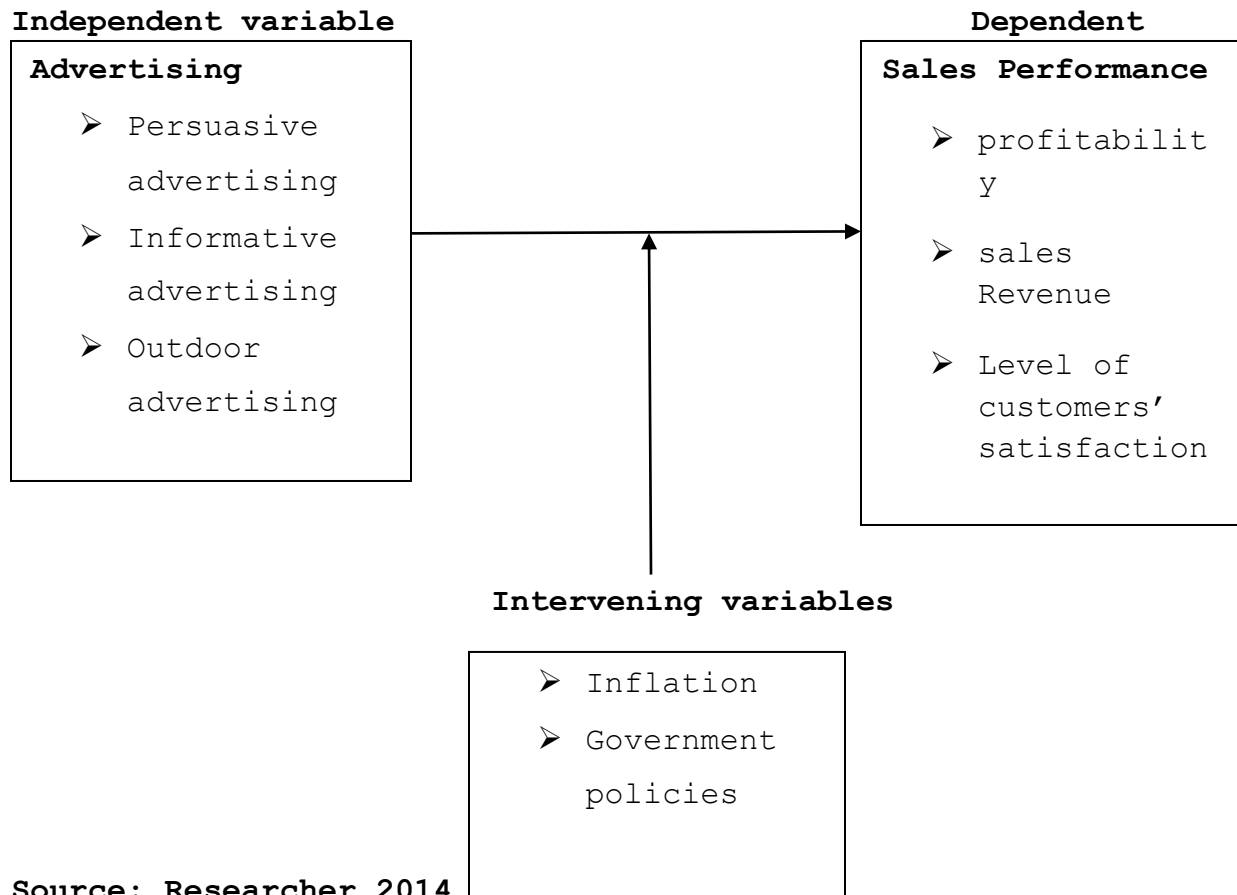
2. The research aimed at bridging the gap of poor organizational sales performance in line with advertising because at the end of the research, relevant methods of advertising which could improve the performance of the organization were suggested.

3. The study was a partial fulfillment for the requirement of reward of the degree of bachelor of Business Administration and Management at Uganda Martyrs University.

1.7 Conceptual framework

A conceptual frame work provides a model for linking categories of possible variables or concepts in the study as perceived by the researcher (Odiya, 2009).

Figure 1: Showing the conceptual framework



Source: Researcher 2014

The conceptual framework above shows how the independent variable advertising affects sales performance in terms of profitability, sales revenue, and level of customers' satisfaction. Although the different attributes of advertising such as persuasive advertising, informative advertising, and outdoor advertising influence sales performance, intervening factors such as inflation and government policies do influence the sales performance of organizations.

1.8 Definition of key terms

Performance

Refers to the accomplishment of a given task measured against preset known standards of accuracy completeness and speed.

Advertising

A paid non-personal communication from an identified sponsor using mass media to persuade or influence an audience" (Wells, Burnett & Moriarty, 2003).

Sales

Refers to an agreement between a buyer and a seller on the price of a security.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides a critical review of the existing literature on effect of advertising on the performance of organizations. The review of literature will be made on a basis of dimensions of the independent variable by the dependent variable in consideration with what different authors have written about the subject

Advertising is considered a powerful marketing tool because it reinforces consumer preferences for brands by making consumers less price sensitive through product differentiation (Mela et al. 1997). Cobb-Walgren et al. (1995) found that greater advertising budgets yield substantially higher levels of brand equity and significantly greater preference and purchase intentions. In line with these results, is the study of Ambler and Hollier (2004), who report that advertising has a crucial role in positioning a product and promoting brand quality as a basis for purchase decision.

Berkowitz et al. (2001) suggest that in the case of advertising for brand building, its effect on sales could be seen in the long run, especially when buying products after evaluation and discussion with others. Ehrenberg et al. (2002),

on the other hand, viewing advertising as having the function of brand maintenance or refreshing acceptance of the brand. They further explain that, since advertising works through people's memory, the gap between exposure and behavior will be different for different types of products; it could be seconds for an in-store display, months for an instant coffee, or years for car or insurance campaigns (Ehrenberg et al., 2002).

Newspapers, magazines and radio are especially attractive to local advertisers. However, television offers many advantages to a national advertiser but it's expensive. But few media besides television allow advertisers to reach so many people with such effect. Marketers must choose which media and which programs can be used to reach the audience and what they desire. Different kinds of advertising are used by various organizations to reach different market targets. (Philip Kotler, 2005, 776). Furthermore Young (2005) stated that in an effort to improve managing and gain audience attention, advertisers create branding moment that will resonate with target markets, and motivate audiences to purchase the advertised product or service, advertisers copy test their advertisement before releasing them to the public.

2.1 Advertising and sales performance

The essence of advertising is to increase sales revenue hence improving sales performance. (David et al 1988).

Advertising combines with a host of other influences to determine what contribution advertising makes to the buyer's 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 1991, 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 1989).

Effective advertising increases sales of the advertisers' products thus increase their profits. Advertising provides consumers and other prospects with information about different products that are available to them. This enables consumers to compare and choose between the products which encourages competition. It is important to note that 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 in the target market. This means the provider will no longer depend on personnel to gain distribution. Instead he implies his readiness to and intention

of speaking directly to consumers in abroad countries. The decision to advertise also helps the marketer to expand his position in the market. Advertisement helps in development and expansion of the market and the consumer acceptance of the product.

Dunn 1968 points out that the market needs and conditions are changing; therefore there is need for creativity in selling. This will show the company what to produce so as to satisfy the needs of the customers. When companies produce such a commodity and they advertise, there is a likelihood that there will be high response in consumption.

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

Pride F et al (1989) observes that advertising often stimulate demand thus increased 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. (Engel et al 1991, Mc Cathy and Perveault, 1988).

David et al (1988) recognizes that many scholars have heard different views on the effect of advertising on sales performance .however most of them agree that effective advertising will eventually increase revenue.

Jefikins (1990) stated that in a competitive society there is not only competition between rival advertisers but choice between their rival products and services. Also people forget very easily and therefore the biggest advertiser in the world will get bankrupt very easily if he stopped advertising.

Companies advertise to create familiarity with a product, which helps to create confidence in it. If a product is simply made available, it is important to inform people of its existence. But how does a Company measure its advertisement to sales performance in the market? Steve, (2011) said Great victories in franchise development are achieved by careful measurement and refinement of lead generation and selling activities. Sadly, not enough franchisors embrace this best practice.

2.2 Persuasive advertising and sales performance

The persuasive view holds that advertising primarily affects demand by changing tastes and creating brand loyalty. The advertised product thus faces a less elastic demand. This elasticity effect suggests that advertising causes higher

prices, though this influence may be moderated by the presence of production scale economies. Going beyond Chamberlin's discussion, the persuasive view holds further that advertising may deter entry. Consumers are reluctant to try new products of unknown quality, and this experience-based asymmetry between established and new products may be exacerbated in the presence of heavy advertising by established firms.

Robinson (1933) emphasizes that advertising may create brand loyalty and deter entry. Kaldor (1950) advances the view further and stresses that advertising leads to a more concentrated market, due to the presence of an advertising scale economy. Working within the structure-conduct performance paradigm, Bain (1956) and Comanor and Wilson (1967) offer early empirical support for the persuasive view. Looking across U. S. manufacturing industries, they present evidence that advertising intensity exerts a positive and significant influence in the explanation of profits. This is consistent with the hypothesis that advertising creates brand loyalty and deters entry.

According to Clow (2002), one of the common goals of advertising programs is persuasion. Advertisements can convince consumers that a particular brand is superior to other brands. They can show consumers the negative consequences of failing to use a particular brand. Changing consumer attitudes and persuading them to consider a new purchasing choice is a

challenging task. Advertisers can utilize several methods of persuasion. Persuasive advertising is used more in consumer marketing than in business-to-business situations. He holds that persuasion techniques are used more frequently in broadcast media such as television and radio than in print advertising.

The intense competition among different industries, as well as among different firms in the same industry, exerts tremendous pressure on the promotional programs of sellers. In our economy of abundance, even products designed to satisfy a basic physiological need requires strong persuasive promotion through persuasive advertisements to the customers, since customers have many alternatives to choose from. Campbell soup Company has been selling soup for over 120 years and has annual soup sales of over \$1.8 billion. Studies show that virtually every U.S household has some Campbell's soup in the pantry. Yet the firm spends over \$60 million a year advertising soup because of strong competition from existing brands and new products targeted at the same market. In the same case of luxury product, for which sales depend on the ability to convince consumers that the product benefits exceed those of other luxuries, persuasion is even more important (Etzel, 1997).

In the original persuasion game, a firm must choose what quality attributes to reveal to the consumer, where the disclosed information is verifiable. For example, a car

manufacturer may state that the car goes from zero to 60 m.p.h. in 5.3 seconds, or it may not report the acceleration information. There is a single consumer type, whose quantity demanded rises with the expected quality level. The price of the good is fixed exogenously. There is no consumer search so that she buys on the grounds of expected quality. The good sold may therefore be thought of as an experience good, though only at a rather superficial level as far as there is no repeat purchase option. As Milgrom (and others) show, the firm will reveal all of its quality information: withholding some quality information would only reduce willingness to pay since the consumer in equilibrium infers that the withheld information is unflattering.

While we already know the purpose of advertising is to generate more sales and bring in new customers to the company. There are a number of different techniques, here are some that work: Online advertising, direct mail marketing, newspaper advertising and television advertising.

Most businesses have probably dealt with most of these advertising techniques already. And one needed to figure out which types of advertising techniques that were effective for one's business and which ones are driving in the revenue instead of keeping it away.

Become a follower of your organization. One needed to get in touch with your customers to learn about them and what works for them. When you follow your competitor's sites on social media pages, you will be able to see how the advertising methods they are using are driving people to buy their products and to go to their business. Never discount the power of social media sites and the internet in general. One can really earn a lot of momentum online by taking note of one's website and focusing on the landing page.

Internet advertising has been popular for a number of companies because it is very cost effective and one of the easiest ways for you to reach out to a new audience without need to do much. As long as you own a website, you are essentially advertising online. Your customers will be able to have somewhere to go where they can learn about your company and find out new things about your company like products that are in work and other things. A website is one way to get the word out there but you do need to work hard to make people hear about your website. This will come with pay-per-click advertising and a few other great advertising techniques that can help you spread the word about your company and earn a great online presence.

The older methods of advertising are still quite effective. Newspaper advertising is a great way to get in touch with your

customers and to let your local and national audience know you are out there and you have a message to send. What makes a newspaper ad stand out to the point where your customers will respond to it quickly? You have to use catchy slogans along with some great promotional advertising techniques that will capture the attention of your customers in a hurry.

One other method to get in touch with your customers is by sending them letters. A direct mail campaign can work, even if it is just a small postcard message that you would like to send out and notify your customers that you have new products. Look for ways to cut down on the amount of money you are spending on advertising with direct mail by opting for postcards along with simple techniques like cutting down one color from your ads because it really will cut down on the cost of the direct mail campaign.

Persuasive advertising is linked to inflation in the following way, inflation increases the advertising costs. This will make the company wish to recover some of the money back that they used in the advertising of the product thus making the company increase in the price of the product it is manufacturing. Increment in the price therefore will lead to reduced demand for the product because consumers will opt for the substitute products from other manufacturers since the

product serves the same purpose. In the long run therefore the company will start obtaining normal profits.

Government also affects advertising since the government has two major policies that is monetary and the fiscal. However the contractionary monetary policies make advertising ineffective and thus the policies reduce aggregate demand since people have no money to buy the products that are being advertised. With the fiscal policies, here we look at taxation. Fiscal policies therefore cause high taxation and if the advert is being taxed, then the price of the product will be made high by the company. This therefore will have the effect of reduced demand in the market since people will have opted for the substitute products in the market.

High taxes also reduce the people's disposable income and hence the aggregate demand reduces of the people. This therefore means that the products demand will be strongly affected since the people lack the money to buy the products that are being advertised.

Whichever creative approach a company chooses to use, a bond must be formed with its consumers. The advertising that creates this bond must change or maintain an attitude, build a brand's image and persuade consumers to buy. Of course, it is the marketer's responsibility to provide consumers with products

of the highest quality so that a continued relationship is maintained.

2.3 Informative advertising and sales performance

Telser (1964) looks across U. S. consumer goods industries and reports evidence that advertising serves mainly to facilitate entry. Nelson (1974) explains that a high level of advertising provides indirect information that the advertised good is of high quality, for the three reasons given above. This signaling role for advertising is of particular significance for experience goods. As Nelson (1974, 1975) and Demsetz (1973) explain, a finding that profitability and advertising are positively associated may indicate only that firms of superior efficiency advertise more.

Butters (1977) offers a first equilibrium analysis of informative advertising. In his model, firms are identical but consumers are poorly informed. A consumer can learn of a firm's existence and price only by receiving one of the firm's advertisements.. In comparison to Stigler's analysis, an important innovation of Butters's work is that the distribution of prices is endogenized. A key issue is then whether firms provide the socially efficient level of advertising. Butters's striking finding is that firms supply advertising at the socially efficient level.

Clow (2002) argues that advertising often is used to provide information to both consumers and business buyers. Typical information for consumers includes a retailer's store hours, business location, or sometimes more detailed product specifications. Information can make the purchasing process appear to be convenient and relatively simple, which can entice customers to finalize the purchasing decision and travel to the store. He further states that for business-to-business situations, information from some advertisements leads various members of the buying center to consider a particular company as they examine their options. This type of information is the most useful when members of the buying center are in the information search stage of the purchasing process. For high involvement types of purchases, wherein members of the buying center have strong vested interests in the success of the choice, informative advertisements are the most beneficial. Low-involvement decisions usually do not require as much detail.

Shimp (2003), states that marketing messages have no chance of effectiveness unless consumers comprehend information about the brand and incorporate it with information related to the product category in their memory structure. Hence, the communicator's goal is to get consumers to encode information and, toward this end, to make it as simple and quick as possible for them to do so. The secret to facilitating encoding is

repetition. Through repetition consumers have increased opportunity to encode the important information the communicator wishes to convey.

Ogilvy (1986) argues that Informative advertisements make consumers aware of the new products, informs them about specific brands, and educates them about particular product features and benefits. Because advertising is an effective form of communication capable of reaching mass markets at a relatively low cost per contact, it facilitates increased demand for existing products largely by increasing consumers' "Top of Mind Awareness" (TOMA) for established brands in mature product categories.

According to Etzel (1997) the most useful products or brands will be a failure if no one knows about their availability. Because distribution channels are often long, a product may pass through many hands between a producer and customers. Therefore, a producer must inform middlemen as well as the ultimate consumers or business users about the product. Wholesalers, in turn, must inform customers. As the number of potential customers grows and the geographic dimensions of a market expand, the problems and cost of informing the market increase. Franklin Sports industries sells over \$100 million a year of all types of sporting goods. Achieving that level of success in a market dominated by names such as Wilson and

Spalding required a unique promotion strategy to create awareness of its brand name. Franklin developed a high-quality batting glove with its name in large letters across the back. Dozens of the gloves were given to professions and college baseball teams. Before long, nearly every batter who appeared on TV or in a sports magazine prominently displayed the, Franklin name. The exposure gave Franklin credibility with sporting goods stores, which then began stocking its gloves and other products. Thus, a major purpose of promotion is to disseminate information to let potential customers know about a product's existence, availability and price through advertising.

However, relating the advertising and sales performance to inflation, it is indeed true that once inflation rises in a country, then it is quite hard for the people to deal in the services of making the people aware of the products that the companies are dealing in thus making it very difficult for the organisation. This is so because the government will be unable to control the money supply in the country thus affecting a number of things in the state advertising and the sales performance being one of them.

In this environment, inflation is almost constant and the correlation between money supply and inflation is inexistent. But we leave this fact for the last five minutes of the class

given how much fun it was to talk about Germany in 1923, Hungary in 1946 and Zimbabwe in 2008.

However the link between informative advertising to inflation is, inflation increases the advertising costs. This will make the company wish to recover some of the money back that they used in the advertising of the product thus making the company increase in the price of the product it is manufacturing. Increment in the price therefore will lead to reduced demand for the product because consumers will opt for the substitute products from other manufacturers since the product serves the same purpose. In the long run therefore the company will start obtaining normal profits of losses if it was getting abnormal profits in the beginning.

2.4 Outdoor advertising and sales performance

Outdoor advertising is actually the oldest form of advertising. It can be traced back to the wall graphics of the Stone Age. The use of signs in advertising dates back to the days of ancient Rome and Greece. During this era, signs were used to mark the location of mercantile establishments. Traders in those days used signs outside buildings and along the routes as a means of mass communication. Today's outdoor media of advertising are nothing but a refinement of the ancient method of delivering a message to a large group of people.

The most frequently used instruments of outdoor advertisement are as follows (Assael, 1993, p.606; Marketing Turkey 2004, p.48); Billboards composed of panels and posters that are immobile and separate, Street furniture such as racquet billboards, stations and cylindrical towers, Transit panels placed in airports, railways, subways, buses and taxis. Billboards are the most common and widely used forms among the outdoor advertisement media listed above (Berkovitz, et al, 1994, p.541; Lichtenthal, et al., 2006, p.237). When compared to other media tools, the share of outdoor advertisements as a proportion of total advertising expenditure is increasing - albeit slowly.

According to Berkowitz (1997) a very effective medium for reminding consumers about your product is outdoor advertising, such as the score board at Chicago's Comiskey Park. The most common form of out-door advertising called billboards, often results in a good reach and frequency and has been shown to increase purchase rates. The visibility of this medium is good supplemental reinforcement for well-known products, and it is a relatively low-cost, flexible alternative. A company can buy space in the desired geographic market. A disadvantage to billboards, however, is that no opportunity exists for lengthy advertising copy. Also, a good bill board site depends on traffic patterns and sightlines.

Etzel (1997) spending on outdoor advertising remains fairly constant, at just over \$1 billion a year. Because of the mobile nature of our society, outdoor advertisements reach a large percentage of the population. For example, a bill board on Route 80 in New Jersey has the potential of being seen by 45,000 people a day. But because it is seen by people "On the go", bill board advertising is appropriate only for brief messages. The rules of thumb is six words or less. Bill boards can provide intense market coverage with in an area. However, unless the advertised product is a widely used good or service, considerable wasted circulation will occur, since many of the passersby will not be prospects. The landscape- defacing criticism of outdoor advertising may be a consideration for some advertisers.

Both local and national businesses use outdoor advertising. There are two types of outdoor signs non-standardized and standardized. Non-standardized out door signs are used by local firms at their places of business or in other locations throughout the community. For the off-site signs, business usually pay rent to the owners on whose property the signs are displayed. Standardized outdoor signs are available to local, regional or national advertisers. Such signs are purchased from outdoor advertising companies, come in standard sizes and are placed near highly traveled roads and freeways. Three types of

standardized outdoor signs are posters, painted bulletins, and spectaculars. Posters are preprinted sheets put up like wall paper on outdoor bill boards. They are changed three to four times each year. Painted bulletins are painted bill boards that are changed about every six months to a year. Spectaculars are outdoor advertising signs which use lights or moving parts and are situated in high traffic areas, such as in densely populated metropolitan cities (Farese, 1997).

Outdoor advertising is popular with some advertisers. However, its use is becoming more restricted because of environmental and traffic safety concerns. The signs are said to mar scenic views and distract drivers. The most significant characteristic of outdoor advertising is its capacity to deliver a targeted message to target markets in specific geographic areas (spatial reach) (Lichtenthala et. al. 2006, Bhargava & Donthu, 1999, Kaufman, 1989) and to raise awareness very rapidly (Belch & Belch, 1998, Bhargava & Donthu, 1999) In addition, "your audience can't zap, discard or even click away from it" and this medium also differs in that it targets a 'market in motion' and thus requires a special technique of presentation. (Lichtenthala et. al., 2005).

For outdoor advertising to be effective the following should be considered:

Relationship of text to image where in the majority of outdoor advertising materials, visuals predominate. Yet, as Rey has established, the 'message' conveyed by the image must be clearly and easily understandable to minimize misinterpretation. A picture is worth a thousand words; therefore, the image must be of good quality and must clearly transmit the desired message (Breva, 2008:69). On a scale of comprehension, photographs are the easiest images to interpret, followed by drawings and lastly by paintings. (Rey, 2007:226-231).

Color is also one of them and given the brevity of the time frame in which outdoor advertising has to attract sufficient attention in order to convey its message, bright or primary colors have a greater effect when used against a light or neutral background. (Rey, 2007). Color is a powerful factor in the effect of the advertisement, and the use of bright, contrasting colors increases its legibility and encourages the TA to associate the product with the desired feelings and/or emotions (Breva, 2008).

Typography has also affected outdoor advertising and an essential consideration in the use of text is that it operates on two levels simultaneously: as a source of 'logical' information (subject to the influence of the 'tone of voice' used) decoded by the left hemisphere, and as an element of the visual design (as determined by the choice of typeface used as well as its positioning - both relative and absolute - within the frame).

Gestalt psychology proposes that the brain is holistic with self-organizing tendencies capable of organizing and structuring individual elements, shapes or forms into a coherent, organized whole. Although the individual elements may contain some meaning, the coherent whole will have a greater meaning than the

sum of the parts. This satisfies the human brain's need to find, or impose, meaning to situations (Jackson, 2008).

Size and this is basically of the target market for outdoor advertising to be effective. The large size of outdoor advertisements, and the fact that they tend to be isolated from other similar visual materials allows the advertisement to stand out from its surroundings and to attract attention. While decisions about the size and dimensions of the supports are not under the control of the designer, they are under the control of the advertising agency.

Location of basically the target market is another factor that should be put under consideration for the success of outdoor advertising. The location of advertising supports is also a significant factor in both the probability and frequency of audience exposure. As Bhargava & Donthu have observed, "the traffic patterns in any city are not random; there are geographic limits to where people tend to travel for work and shopping" (Bhargava & Donthu, 1999:8), and these patterns are reflected in the strategic choice for the locations at which outdoor advertising supports are elected. It is also necessary to consider the place where the advertisement is to be located because depending on the message's degree of perpendicularity in relation to the receiver's line of vision, the positioning and height of its effect will be affected (Rey, 1997:).

The use of language should also be considered for the success of outdoor advertising. To be effective, "outdoor advertisements must be understood at a glance" (Enel, 1997:16), "the idea has to be conveyed in a matter of seconds" (Hepner, 2000:147, Lozano, 2005:108). To make the desired impression on the minds or imaginations of the TA therefore, the text used in outdoor.

Advertising must require minimal time to read to make sense of the accompanying image.

However the link between outdoor advertising to inflation is, inflation increases the advertising costs. This will make the company wish to recover some of the money back that they used in the advertising of the product thus making the company increase in the price of the product it is manufacturing. Increment in the price therefore will lead to reduced demand for the product because consumers will opt for the substitute products from other manufacturers since the product serves the same purpose. In the long run therefore the company will start obtaining normal profits or losses if it was getting abnormal profits in the beginning.

Government also affects advertising since the government has two major policies that is monetary and the fiscal. However the contractionary monetary policies make advertising ineffective and thus the policies reduce aggregate demand since people have

no money to buy the products that are being advertised. With the fiscal policies, here we look at taxation. Fiscal policies therefore have high taxation and if the advert is being taxed, then the price of the product will be made high by the company. This therefore will have the effect of reduced demand in the market since people will have opted for the substitute products in the market.

High taxes also reduce the people's disposable income and hence the aggregate demand reduces of the people. This therefore means that the products demand will be strongly affected since the people lack the money to buy the products that are being advertised.

2.5 CONCLUSION

This chapter has critically reviewed the existing literature on effect of advertising on the performance of organizations. The review of literature was made on a basis of objective by objective in consideration with what different authors have wrote about the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

Ochieng (2009) says, Methodology in the analysis of, and rationale for, the particular method or methods used in a given study. it entails aspects like; *research design, area of the study, sample size and sampling procedures, sampling techniques, data collection methods and instruments, quality control methods, data analysis, data management and processing, ethical considerations and limitations of the study.*

3.1 Research design

This refers to the plan and structure of investigation so conceived as to obtain answers to research questions (Cooper and Schindler, 2006). The researcher will use a Descriptive design and a case study design. The case study design will concentrate at Mukwano Group of Companies; this is because the case study design will give an empirical inquiry that investigates a contemporary phenomenon within real life context. A descriptive technique will be used because it will help the researcher obtain information through the use of questionnaires, personal interviews with the aid of study guide or interview schedule.

3.2 Area of the study

The population to be considered under study should be clearly defined before making any decision on how to sample it (Ochieng, 2009). The researcher's population study will be 150 people who are currently employed at Tamu cooking oil according to Sebugwawo Peter the operations manager. Tamu cooking oil will be selected because the researcher will have easy excess to information which will be relevant to his research and answers will be obtained from the different departments such as marketing and distribution among others.

3.3 Study Population

Amin (2005) defines a sample size as the number of elements in a portion of the population whose results can be generalized

to the entire population. Mukwano according to Wikipedia employs over 6000 people. The sample size for the study will be 150 respondents selected for infinite population which was established using Roscoe's (1975) rule of thumb. According to him sample size between 30 and 500 is sufficient; therefore a sample size of 125 respondents was selected by the researcher. However it is important to note that the researcher could not afford interviewing and providing questionnaires to all the people that Mukwano Company employees therefore a branch of Mukwano which manufactures Tamu Cooking oil was chosen to be the area where the research data is going to be collected. The branch employes 150 people and the researcher had a sample size of 125 people thus giving the researcher a target population of 100 people.

Using the population and sample size table by Amin (2005:454) that provided the sample size (S) required for the given population sizes (N), the sample comprised 150 individuals from the target population of 125 respondents. The sample consisted of 20 members from the marketing department; 15 members from the productions department; 30 members from the distribution department and 60 support staff. The above sample was selected based on the fact that the researcher was most likely to get reliable information from the above members who

were considered responsible people with enough information in the area of study. To determine the sample size, Solvin's formula was used: the researcher applied Solvin's formula to determine the sample size of 100 respondents as illustrated below:

$$n = \frac{N}{1 + Ne^2}$$

Where: n=sample size

l=constant number

N=population size

e = desired margin of error set at 0.5 level of
Confidence

Thus:

$$n = \frac{125}{1 + 1(0.5)^2}$$

n = 100 respondents

However out of the 125 questionnaires that were distributed to various respondents 100 questionnaires were received back and were completely filled, 10 were incompletely filled and were discarded whereas, 6 were not received back because some respondents were nowhere to be traced ,whereas others seemed not to have time to respond to the questionnaires.

3.4 Sampling Procedures

The researcher is to use 100 respondents from the population and out of those 60 will be the support staffs 15 from the marketing department, 7 from productions department and 18 of them were from distribution department. The researcher will use the stratified sampling technique which is the process of dividing members of the population into homogeneous groups. In this case dividing the respondents into groups of the management and customers and random sampling will be used within the groups. The reasons for the choice of techniques are because the stratified sampling technique can be used along with the other techniques like random sampling, correlations and comparisons can be made between sub sets of the respondents in this case the management, customers and employees. And random sampling was chosen as it helps in reducing bias while collecting data. (Royal Geographical Society, 2014) The respondents were given questionnaires and interviews which were be conducted and used to get information needed to assess the

effect of advertising on the sales performance of the profit making organizations.

3.5 Data Collection methods and instruments

The researcher used both primary and secondary sources to collect relevant data from the field of study. Primary data sources are where the researcher got firsthand information from the various respondents and the methods included, self-administered questionnaires and observation. Under secondary sources, here the researcher got information using the existing information of different authors who had interest in this particular study.

3.5.1 Questionnaire method

According to Green and Browne (2008), a questionnaire is a structured schedule used to elicit predominantly quantitative data and can either be completed by the respondent or verbally by an interviewer reading out the questions to the respondents. Questionnaires were used by the researcher because Questionnaires are relatively quick, easy to create and interpret; they are more objective, certainly more than interviews. A five point Likert scale of 1-Strongly Disagree, 2-Disagree, 3- Not sure, 4- Agree, 5-Srongly Agree. This method was be used because it would minimize room for bias from the respondents.

3.5.2 Document review

The researcher reviewed documents and literature in line with his study. Among the documents reviewed were documents related to sales volume which were to be a good indicator of performance, also the researcher used internet search engines like Google, yahoo, Bing, Alta vista and others to collect more literature because internet minimized on time wastage.

3.5.3 Observation

This is a systematic viewing coupled with consideration of the seen phenomenon as they occur in nature with regard to cause and effect mutual relationship. The researcher used this instrument to observe the different forms of advertising used by the company. This was to yield accurate data, which helped to supplement information, got through interview method and a test against possible biases of the information obtained. The researcher used this method because it avoids reporting bias information and helps in overcoming language barriers. I observed informative advertising through product launches and modifications. Outdoor advertising was observed through billboards and bus shelters while persuasive advertising was observed through offering promotions and free samples on the streets around Kampala and some of the famous super markets such as quality super market and mega standard super market.

3.6 Data collection procedure

The researcher first obtained a letter of permission from the university in particular from the faculty head to allow him carry out research, then consulted the relevant authorities of Tamu cooking oil a subsidy of Mukwano Group of Companies to find out whether it would be possible for the researcher to conduct his research concerning effect of advertising on sales performance in the company. The researcher then prepared the relevant instruments to be used in the field for data collection, pre-test the instruments, went in the field to collect data, analyzed the data collected and then finally submitted in a final report.

3.7 Data Analysis

Once data was collected from the field, it was edited, coded, and entered into computer software for analysis. Analysis was done using Microsoft Excel, tables and other relevant percentages were generated as part of the analysis.

The data that was obtained was managed and analyzed using two methods that is:

3.7.1 Quantitative technique

Both qualitative and quantitative methods were used. Quantitative methods were employed to collect data on persuasive, informative and outdoor advertisement. This information was coded and reviewed in order to have the required

quality, accuracy, reliability and uniformity. The data was entered into computer and using Microsoft excels program. It was transformed into tables and percentages and analyzed with regard to the theoretical principles. The advantage being that, the different tables, graphs and charts give precision to the research, add objectivity, and enable accurate policy response development on effect of advertising on sales performance in profit making organizations.

3.7.2 Qualitative technique

The qualitative data was edited upon the receipt of questionnaires to ensure precision and dependability in information given by respondents. Data was then entered in the computer and analyzed using the Microsoft excels software and summarized into meaningful patterns for analysis and interpretation. Frequency tables and bar charts, were then used to present the data into meaningful information for easy interpretation and decision making.

3.8 Ethical consideration

Burns and Burns (2011) define ethics as the application of moral principles and or ethical standards that guide our behaviors in human relationships.

The researcher ensured the anonymity and confidentiality of the respondents so as to protect the privacy of the participants by ensuring that the identified information was not being made available to anyone who is not directly involved in the study.

The researcher also ensured that the respondents are not coerced so as to provide the relevant information. Therefore the participants were to have the freedom from undue stress and deceptions meaning that they were voluntarily participating.

The researcher also did not reward respondents for their participation in the research study in order to encourage them act against their interest by taking part in the research.

3.9 Limitation to the study

The collection of data was quite hard since some respondents declined to give the desired information when asked.

3.10 Conclusion

This clearly spelt out which research designs the researcher used, the *study population, sample size and the way this sample size was selected, the different data collection methods and instruments which the researcher used, data*

analysis, data management and processing, ethical considerations and limitations of the study.

CHAPTER FOUR

DATA PRESENTATION AND DISCUSSION

4.0 Introduction

This chapter presents and discusses the findings of the study and relates the findings, data analysis and the interpretation of the findings to the effect of advertising on the sales performance of profit making organizations (Tamu cooking oil) to the research questions and hypothesis presented in the earlier chapters. The findings of each research question are presented in the consecutive sub-sections.

4.1 Background information of the respondents

The study was conducted at Tamu cooking oil a subsidiary of Mukwano Company which employes 150 people on a sample size of 125 staff' made up of marketing staff, distribution staff and productions staff. However, the researcher managed to fully collect one hundred as analyzed in table 1 below:

Table 1: Showing the background information of the respondents

Educational level	Frequency	Percentage %
Certificate	20	20
Diploma	18	18
Degree	44	44
Masters	18	18
Total	100	100

Source: Research Data, 2014

The above table illustrates that Tamu Company has qualified personnel being key in the sales performance of the company. The statistics showed that most of the staff are on and above the average with their level of educations and their managers are of degree and master level as shown on the table above. Given the nature of the work and qualifications, it gives an assurance that the Tamu cooking Oil Company is expected to perform well in terms of the sales. The researcher was able to get adequate information because the questionnaires were properly answered and the interviews were conducted fluently. This enabled the researcher to come up with un- biased results used in drawing up

the conclusion and the way forward on advertising and the sales performance of the profit making organizations.

4.2 The age brackets of the respondents

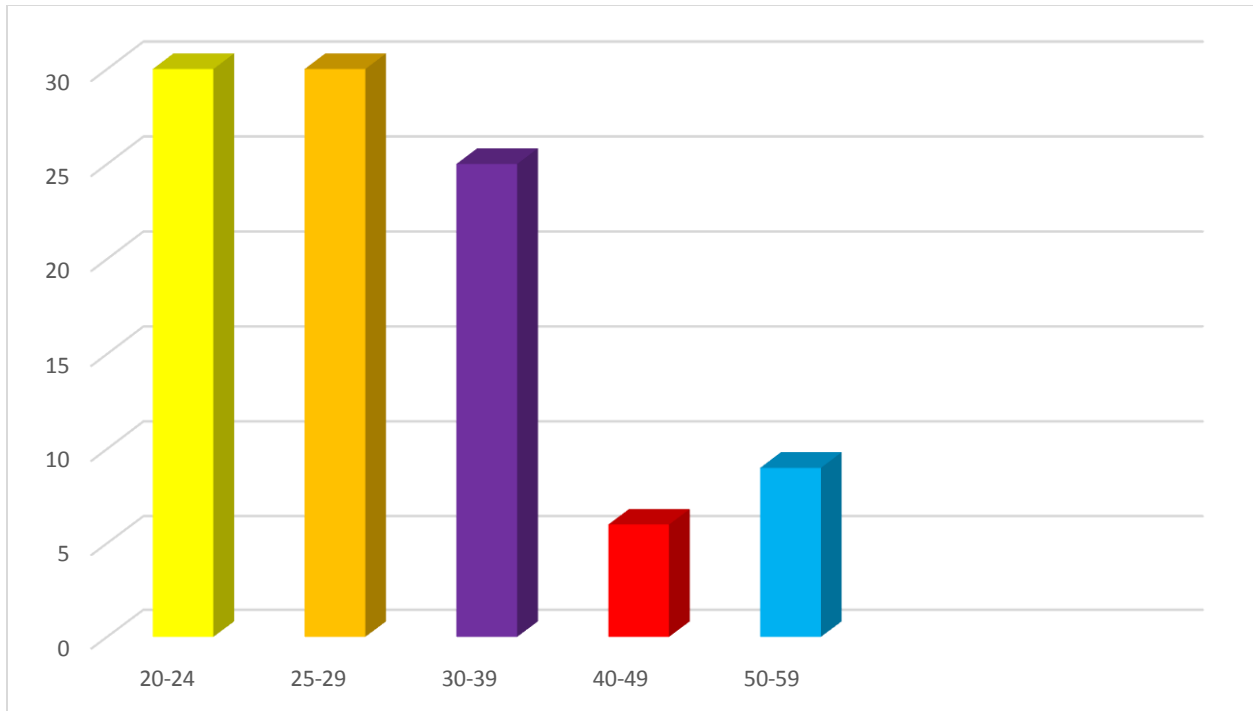
According to the data, the researcher found that the age of the respondents who are employed at Tamu cooking Oil Company ranges from 20 to 59 years as indicated by the table and the graph on the next page:

Table 2: Showing the age brackets of the respondents

Age	Frequency	Percentage %
20-24	30	30
25-29	30	30
30-39	25	25
40-49	6	6
50-59	9	9
Total	100	100

Source: Research Data, 2014

Figure 1: The bar graph showing the respondents age brackets



Source: Research data, 2014

From the table and the figure above, age of the workers of Tamu Cooking oil Company is above 20 years. Thus, it shows that most of the company workers fell in the age bracket of 20-24 and 25-29. This shows that the company has energetic and youthful staff that can render services.

4.3 Presentation and discussion

4.3.1 Outdoor advertising media used by Tamu Cooking Oil Company

Outdoor advertising has contributed significantly to the sales performance of profit making organisations. According to the questionnaires filled by various staff members, various factors were raised up as shown on the table 3 below: According

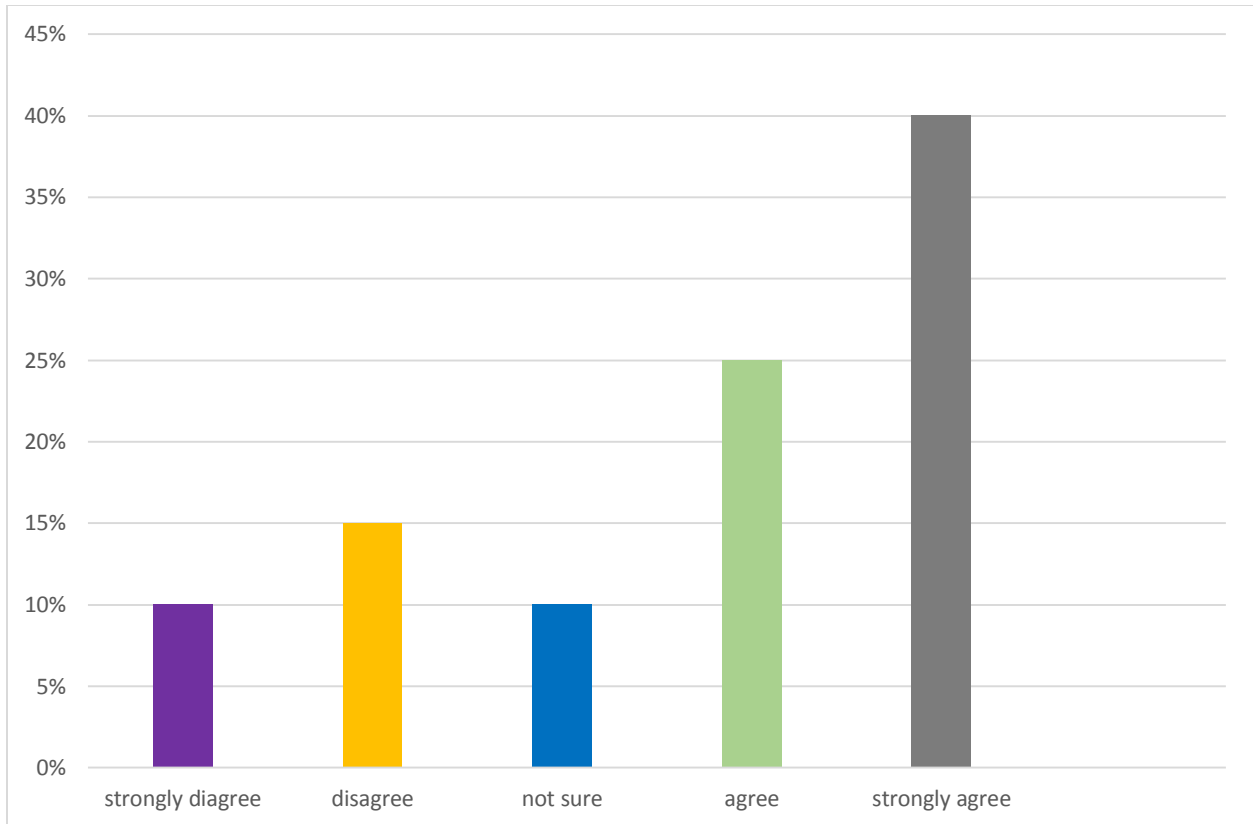
to the findings, the researcher found that different respondents had different responses of outdoor advertising as shown below:

Table 3: Showing that outdoor advertising creates awareness of its products

	Frequency	Percentage %
Strongly disagree	10	10
Disagree	15	15
Not sure	10	10
Agree	25	25
Strongly agree	40	40
Total	100	100

Source: Research Data, 2014

Figure 2: Showing that outdoor advertising creates awareness of Tamu cooking oil products



Source: Research data, 2014.

Interpretation

This depends on the perspective in which one interprets the figure in relation to outdoor advertising to the sales performance of the profit making organisations. From the analysis above, 10% of the respondents strongly disagreed to the fact that outdoor advertising creates awareness of the products of the company. 40% of the respondents also said they agreed strongly that outdoor advertising creates awareness of the products of the company. 10% of the respondents were not so sure of the effect of outdoor advertising to the sales performance of the company. 25% of the respondents agreed to the fact that

outdoor advertising creates awareness for the company's products in the market. However, 15% of the respondents said that outdoor advertising has no awareness it creates to the public about the company products. This percentage was too small to affect the final conclusion from these findings.

Discussion of the findings

From the above findings however, it can be further discussed that a total of 65% of the respondents attached the awareness of the company's products to outdoor advertising. This therefore means that Tamu cooking oil cannot do without outdoor advertising and ought to have it in place.

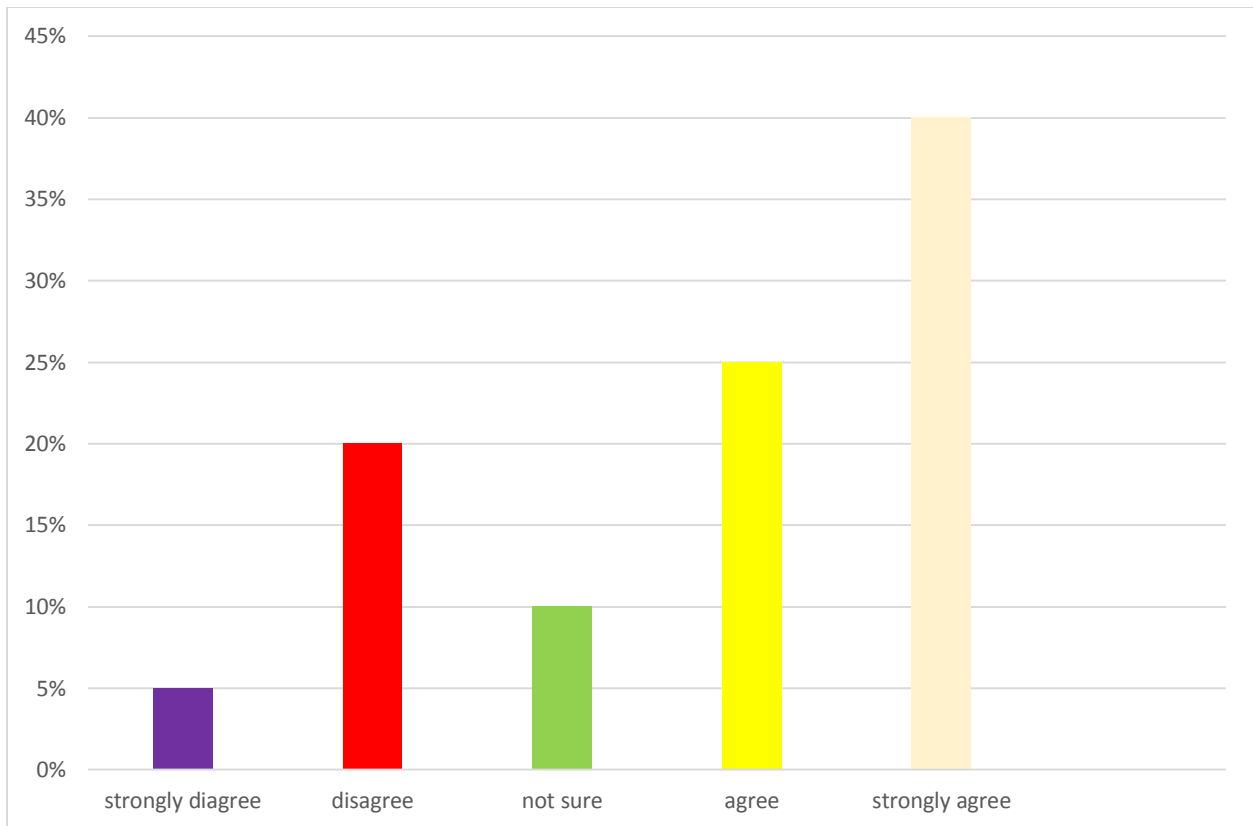
4.3.2 Informative advertising and its influence on the sales performance

Table 4: Showing informative advertising and how it influences sales performance

	Frequency	Percentage
Strongly disagree	5	5
Disagree	20	15
Not sure	10	10
Agree	25	25
Strongly agree	40	40
Total	100	100

Source: Research data, 2014.

Figure 3: A bar graph showing that informative advertising influences the sales performance of a profit making organization.



Source: Research data, 2014

Therefore it has been proved from the above figure that the majority of the people do agree with the fact that informative advertising has an effect on the sales performance of an organisation or a company and in this case Tamu cooking oil. 40% of the respondents said that they strongly agree to the fact that informative advertising has a positive effect on the sales performance of an organisation.

25% of the respondents also agreed to the same fact that informative advertising influences the sales performance of Tamu cooking oil Company. Those that were not sure and disagreed were so minimal and took the percentages as shown above.

From the above findings, it can therefore be concluded that informative advertising does influence the performance of Tamu cooking Oil Company to a great extent and therefore the company management ought to continue using informative advertising.

4.5 Persuasive advertising and sales performance

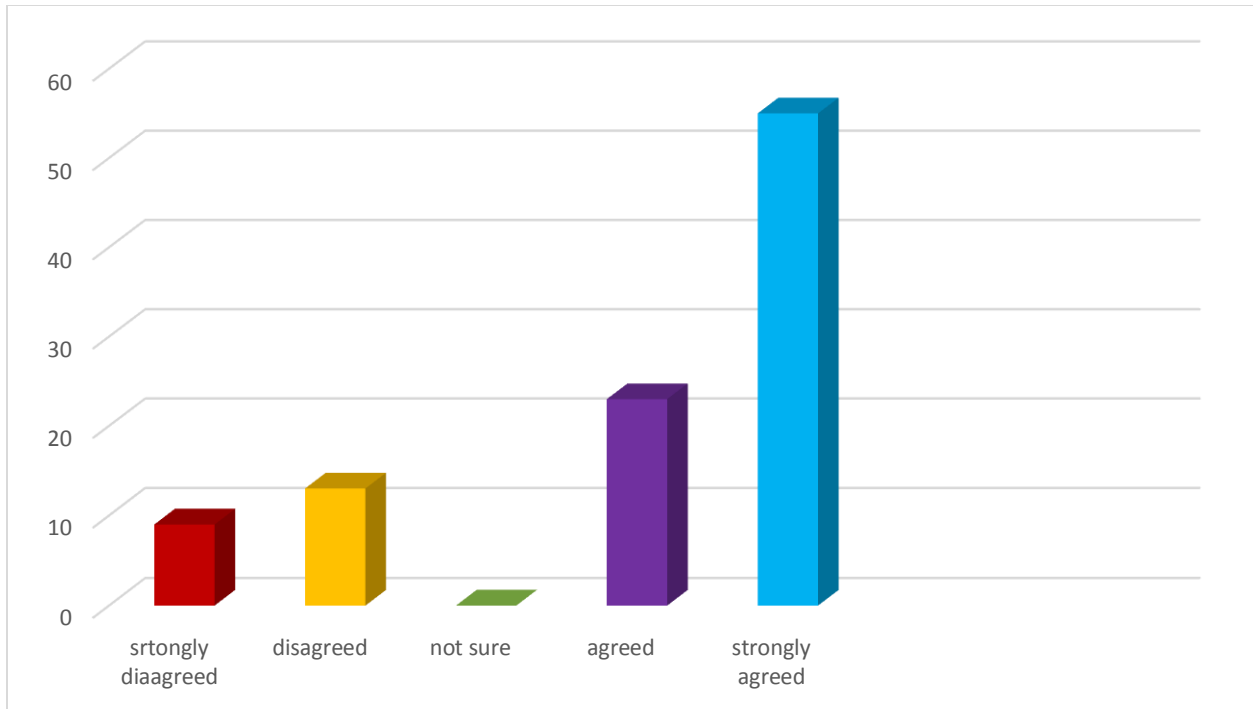
Persuasive advertising has contributed significantly to the sales performance of profit making organizations. According to the questionnaires filled by various staff members, various factors were raised up as shown on the table 5 below:

Table 5: Showing the effect of persuasive advertising and the sales performance.

Persuasive advertising	Frequency	Percentage
Strongly disagree	9	9
Disagree	13	13
Not sure	0	0
Agree	23	23
Strongly agree	55	55
Total	100	100

Source: Research data, 2014.

Figure 4: A bar graph showing the effect of persuasive advertising to the sales performance in Tamu cooking oil.



Source: Research data, 2014

Interpretation

From the analysis above, 9% of the respondents strongly disagreed to the fact that persuasive advertising has an effect on the sales performance of the company. 55% of the respondents also said they agreed strongly that persuasive advertising has an effect on the sales performance of the company. No respondents agreed to the case and this meant that they were not so sure of the effect of persuasive advertising to the sales performance of the company. Much as most of the respondents were agreeing to the fact that persuasive advertising has an effect on the sales performance of the company, the final group of respondents with a percentage of 13% were disagreeing and 23%

of the same population were agreeing to the same factor in question.

Discussion of the findings

From the above findings however, it can be further discussed that a total of 78% of the respondents attached the sales performance of the company to persuasive advertising. This therefore means that a company cannot do without the persuasive advertising and ought to have it in place.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter gives a summary of information from the literature review, findings, conclusions made upon findings and the recommendations in line with the objectives of the study. Some recommendations have been drawn from other programmes and agencies that use advertising as their tool for making sales. It also contains areas where the researcher thinks the reader or any user should do more research as they are such necessary advertising systems.

5.1 Summary, Conclusions and Recommendations

5.1.1 Summary

Advertising comprise of three decision variables which include informative, persuasive and outdoor advertising. Therefore it is on these variables that the profit making organization has influence. For a firm to have an effective advertising policy, it must have guidelines for establishing a trade-off between committing funds to an investment of receivables instead of somewhere else or even lending to one individual and leaving out the other. The organization should determine the purpose for which advertising is sought and the factors that could make sales performance successful.

There are bureaucratic ways of carrying on work that involves poor employee motivation approaches which tend not to include employees in the decision making pattern. In the evaluation of advertising, financial managers consider adverts that include character, capital, collateral security, condition and capacity of the organization to maintain the advert in the media.

Causes of poor advertisement policies are attributed to low value attached to risk by managers, the need to achieve a balance between organizations social objective of improving sales performance, the differing financial objectives, the lack of alignment between the strategic intents of the organisation and what is actually measured and reported. In addition, profit making organisations adopt information that is largely operational and lacks facts that can evaluate sales performance. The scant attention to consistency in sales performance measurement, add to the major causes of poor advertising policies in organisations. Therefore the above were conclusively gathered as major causes of poor credit advertisement policies.

5.1.2 Conclusion

An organizations profit will be determined by the economic conditions notwithstanding the advertisement policies employed in their operations. Van Hughes et al (2002) as earlier mentioned point out that no organization or business can survive without profits and Dwivedi (2002) asserts that profit is indispensable for any organizations survival. Like Mukwano company that operates profitably, all other companies should safeguard their interests by selection of the proper advertising policy and carefully manage it so as to remain in business as this research has pointed out. In that way, the organisation will be free from insolvency leading to the increase in the sales performance.

5.1.3 Recommendations

Like all policy guidelines, advertisement policies and procedures should be carefully selected, documented and communicated to all employees of the organization, so as to have a framework for making informed advertisement decisions. Once documented, advertisement policies should be reviewed periodically to reflect changes in the external and internal environments of the advertisement process and to correct any loopholes or unforeseen defaults in the policy.

Mukwano Company and all other profit making companies should ensure an efficient advertising policy which must

incorporate advertisement screening, close supervision and collection procedures. It is important to understand that an effective advertisement policy must not coerce but rather guide the organization on how to increase the sales performance.

5.2 Suggestions for further research

Having carried out a research on the effect of advertising on sales performance, the researcher found it necessary that these different areas be checked for further research for they could have such an impact on sales performance. These areas include the following:

The role of advertising on consumer consumption as Sometimes, companies fail to maintain daily customer demands or even become weak at it. One wonders whether it is as a result of the advertising practice. Further research should be carried out to help in such circumstances.

The role of advertising strategies on employee performance in organisations, there is a lot of paper work and documentation on the do's and don'ts within organisations. Sometimes these lists are not even revised at all for such a considerable time frame. While revision fails, nature and the environment keep changing thus certain conditions apply for certain times such that if the environment changes, there is need to change strategies but this is ignored by organisations. There is need

to carry on further research in this area to help organizations and thus increase their profitability.

Mukwano Company may be a big organization in the country, and one may argue that it will give a full representation of all other profit making organizations. The researcher however feels that basing on the objectives of this organization and the fact that it is profit making; it does not fully represent all organizations. The researcher therefore deems it necessary to make a study on at least 30% of the organizations to have a clear general picture.

REFERENCES

- Amin. M.F., 2005. Social science Research, conception, Methodology & Analysis. Uganda: Makerere University printer.
- Armstrong. M., 2009. Human Resource Management, 11ed. India: Replika Press Pvt Ltd
- Amanda. S., 2002. Barriers to New Competition: Their Character and Consequences in Manufacturing Industries, Cambridge, MA: Harvard University Press.
- Blech. G.E and Blech. M.A., 2009. Advertising and Promotion. New York: McGraw-Hill Companies, Inc.
- Bryman, A, and Bell, E. 2003. Business research methods. United States: Oxford University press Inc
- Burns, R, B and Burns, R, A., 2011. Business Research Methods and Statistics Using SPSS. London: SAGE publications Ltd.
- Clow, K. and Baack, D., 2002. Integrated Advertising, Promotion, & Marketing Communication. Pearson Education, Inc. New Jersey. USA.
- Comanor, W. S. Thomas. A. W., 1967, "Advertising, Market Structure and Performance," The Review of Economics and Statistics, 49, 423-40.
- Cooper. D. R and Schindler. P.S, 2006. Business Research Methods, 9 ed. New York: McGraw-Hall Companies, Inc.

Demsetz, H., (1973). "Industry Structure, Market Rivalry, and Public Policy," *Journal of Law and Economics*, April, 16, 1-10.

Esterberg, K. G., 2002. *Qualitative Methods in Social Research*. United States: McGraw-Hill Companies, Inc.

Rust, M.J et al. 2004. *Marketing.11th ed.* USA: McGraw-Hill Companies, Inc.

Ehrenberg S. L. et al., 2002. *Marketing Essentials, 2 ed.* USA: McGraw-Hill Companies, Inc.

Green, J and Browne J. 2008. *Principles of Social Research*. UK: McGraw-Hill Education.

Micheal, D., 2006. *Research Methodology*. New York: Open University Press.

Stein, P., 2006. "The Economic Consequences of Advertising," *Journal of Business*, 48, 213-41.

Odiya. J, N., 2009. *Research Proposal and Report*. Uganda: Makerere University printery.

Ogilvy D.1986.confessions of an Advertising Man. Anthenenm: New York. USA.

Oso, W.Y., and Onen, D., 2006. *A General Guide to writing research Proposal and report writing*. Kampala: Makerere University Printery.

Ochieng, S. A., (2009). "Imperfect Markets Through Lack of Knowledge," *Quarterly Journal of Economics*, 74.1, 29-52.

Ray, A., 2002. Using Out door to Target the Young, 31 January, P.25.

Breva, J., (2008), *Economics of Imperfect Competition*, London: MacMillan and Co.

Shimp, T. A., 2003. *Advertising, Promotion, & Supplemental Aspects of Integrated Marketing Communications*. 6TH ed. Library of Congress Publication: New York. USA.

Young, K., 2005. *Quantitative Social Research Methods*. California: Sage Publications Inc.

Stigler, G. J. and Gary S. B., 1977, "De Gustibus Non Est Disputandum," *American Economic Review*, 67, 76-90.

APPENDICES

RESEARCH QUESTIONNAIRE

**TOPIC: THE EFFECT OF ADVERTISING ON THE SALES PERFORMANCE OF
PROFIT MAKING ORGANISATIONS.**

(To be filled in by both employees Tamu cooking oil)

Dear Sir/ Madam,

I am a student at Uganda Martyrs University by the names of **BAGERENGA ISAAC** carrying out a research on the topic "**effect of advertising on the sales performance of profit making organizations**" as part of the requirement for the fulfillment of the award of a degree of Bachelor in Business Administration and Management. I humbly request you fill in this questionnaire. Please be assured that all information you give will be strictly for academic purposes and will be treated with great confidentiality.

Thank you for your time.

SECTION A:

BACKGROUND INFORMATION

Tick or write answers in full where applicable.

1. Name (Optional).....

2. Gender

a) Male

b) Female

3. Marital status:

- a) Single b) Married Widow(er) d) Divorced

4. Age bracket (years)

- a) 15-25 b) 26-36 c) 37-47 d) 48 and above

5. Level of education attained

- a) UCE b) UACE c) Tertiary d) University
e) others

SECTION B

(Please tick in the box provided the response you think is most appropriate). Use the five points given below to base your response of the questions.

1= strongly disagree 2= Disagree 3= Not sure 4= Agree

5= strongly agree

	Advertising and Sales performance	1	2	3	4	5
1	Advertising has a crucial role in positioning a product and promoting brand quality.					
2	Advertising has a long term effect on sales levels					
3	Adverts of the Mukwano industry meet the					

	intended audience.					
4	Advertising media used are accessible by the target market					
5	Advertising shows different kinds of products available for customers.					
	Persuasive advertising and performance					
6	Persuasive advertising changes tastes and creates brand loyalty					
7	Persuasive Advertising programs by Mukwano Industry persuade customer to purchase products.					
8	.Persuasive advertising is used more in consumer marketing than in business-to-business situations					
9	Persuasive advertising creates brand superiority					
	Informative advertising and performance	1	2	3	4	5
10	High level of informative advertising provides indirect information that the advertised good is of high quality					

11	Customers are informed of the existing and new products of Mukwano industry.					
12	Informative Advertising is often used to provide information to both consumers and business buyers					
	Outdoor advertising and performance	1	2	3	4	5
13	Mukwano industry uses outdoor adverting to create awareness of its products					
14	Outdoor advertising is the most effective method of reminding customers about the company's products					
15	Outdoor advertising reaches out to a large percentage of the population					
	For Outdoor advertising to be effective the following must be considered					
	Relationship of text to image					
	Color of the advertisement					

	Typography of the advertisement					
	Size of the advertisement					
	Location of the advertisement					
	The use of language					