THE ROLE OF MARKETING IN ENHANCING THE PROFITABILITY OF INSURANCE COMPANIES: THE CASE OF EAGLE AFRICA INSURANCE BROKERS (T) LTD
THE ROLE OF MARKETING IN ENHANCING THE
PROFITABILITY OF INSURANCE COMPANIES: THE CASE OF
EAGLE AFRICA INSURANCE BROKERS (T) LTD

By
Elvaina Gasper Urassa

A Dissertation Submitted in Partial Fulfillment of the Requirements for the
Award of the Degree of Master of Business Administration (MBA) of Mzumbe
University.
2013
CERTIFICATION

The undersigned certifies that she has read this research paper titled “The Role Of Marketing In Enhancing The Profitability Of Insurance Companies”: A Case study of Eagle Africa Insurance Company (T) Ltd and recommend it for the award of a Masters in Business Administration (Corporate Management) of Mzumbe University.

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ACKNOWLEDGEMENT

This paper would not have been successful without support and encouragement of a number of people whom I owe to extend my sincere gratitude. My research supervisor Dr Sulle deserves special appreciation for his guidance and offering constructive lecture before starting this writing.

I would like also to extend my sincere appreciation to the staff of Eagle Africa Insurance Brokers, Aon Tanzania Insurance Brokers, Heritage Insurance Co. T Ltd, Jubilee Insurance Company T Ltd, for devoting their time in provision of adequate data for this study.

Although it is difficult to mention all people who played a great role to make this work successful but to mention a few, Mr. Edward Nganga (Principal Office –Eagle Africa Insurance Brokers T Ltd), Mr Joseph Mardai (The Underwriting Manager-Heritage Insurance Co. T Ltd, Miss Nilufar Manalla (Head of Sales - Medical, Jubilee Insurance Co. Ltd) ,Godfrey Mzee(Manager-Broking-Real Insurance Company Limited)

In no way, the above mentioned individuals or institutions should be ascribed to any errors and or omissions in this work. The author bears full responsibility for any errors and/ or omissions.
DEDICATION

I first and foremost dedicate this paper to my parents Mr. and Mrs. Gasper Urassa for their moral rewards, who raised and trained me in God’s Commandments. I also owe a great deal of dedication to my Family, for their love and their care on me during my studies.
Market competition appears to be a common affair between companies which are profit focused. This study examines the role of marketing in the profitability of the insurance companies. The specific objectives of this research were to find the impact of advertising on sales volume of the insurance companies, to assess the role of advertising in the customer’s buying behavior especially for insurance products and to find out the role of advertising on winning market competition. The research used both qualitative and quantitative approaches where both stratified and purposive samplings were used to obtain a sample. Both primary and secondary sources were used to collect data. Primary source used questionnaire and interviews, and secondary source consisted of obtaining related data from written sources both published and unpublished reports, books, journals, articles at various documentation centers in Dar es Salaam.

The findings show that 5 (50%) of the managers and 18 (60%) of the customers strongly agreed. The finding imply that the customers and managers strongly agree that the longer the time in which the product has been in the market the higher the product awareness to the consumers and therefore the higher the purchase of that product. The repetitive purchase of the product increases the sales volume and ultimately leading to the growth of the company’s profitability. Advertising can contribute to the increase of sale, this is due to the reason that it will publicize the product, make it widely known and influence the behavior to buy the product, create retention of the customers and maintain loyalty of the customers to the product and ultimately lead to the increase of the sales volume.

However the advertisement is necessary to remind the customers and stick the product into the minds of the customers. The firm should also ensure that advertising agencies place their product adverts on stations and places where the consumers will easily identify with them make a decision to buy a product. A good advert should be effective, persuasive and contain the necessary information on the products.
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CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Background of the Problem

In the current market situation competition appears to be a common affair between companies which are profit focused. The commodities are fairly having similar qualities; products are produced in a very innovative way. The only main area of directing greater concerns is to focus the marketing attention to advertisement.

Advertising is any paid form of non-personal communication about an organization or its product to a target audience through a mass/broadcast medium by an identified sponsor. It should be observed that for any promotional activity to be called advertisement it must be paid for. In the real sense, it is the method used by companies for creating awareness of their products, as well as making new products known to the new and potential consumers.

This study focuses on the impact of advertising on the profitability of the insurance companies. This work shed light on how advertising can really affect a consumer’s buying decisions in a growing economy like that of Tanzania and how successful advertising can keep businesses going even in the midst an acute competition. More so, advertising as a promotional tool also tends to remind, reassure and influence the decisions of the consumers because an advertisement itself enlightens, educates, and persuades consumers on their acceptability of the product and service offering.

Advertisement in such a media as print (newspaper, magazines, billboards, flyers) or broadcast (radio, television) typically consist of pictures, headlines, information about the product and occasionally a response coupon. Broadcast advertisement on the other hand consists of an audio or video narrative that can range from 15 seconds spots to longer segments known as infomercials, which generally last 30 to 60 minutes. (Busari 2002)
Advertisements can also be seen on the seats of grocery carts, on the wall of airport walkways, on the sides of buses, airplane and train. Advertisements are usually placed anywhere an audience can easily and/or frequently access visual and/or video (Busari, 2002). 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).

1.2 Statement of the Problem

Various writers have viewed advertising from different perspectives. Advertising is a tool of marketing for communicating ideas and information about goods and services to an identified group, which employs paid space or time in the media or uses another communication vehicle to carry its message. It openly identifies the advertiser and his relationship to the sales effort (Wanoff, 1997).

Companies today are in a more competitive and faster-paced environment than were before, accelerating the need to understand the consequences of their marketing efforts. Marketers simply do not have the luxury any more to rest on their laurels or to assess how a set of campaigns performed months after they have been concluded. The market-place is evolving so rapidly in many cases that knowing what’s working and what’s not almost as fast as it is happening has great value. For these reasons, marketers have begun to seek new and effective measurement tools to help them estimate the impacts of their advertising mostly on sales volume. It is even confusing to understand the consumer buying behavior in this context where competition is very sophisticated in terms of media technology and fairly similar goods and services produced by different firms. The role of marketing in enhancing firms’ profitability has not been well researched in Tanzania, according to our knowledge. This research thus attempts to fill this lacuna by exploring the role of advertisement in increasing the profits of insurance firms in Tanzania. Specific research objectives are given below.
1.3 Overall Objective
To determine the role of advertising in enhancing the profitability of the insurance companies.

1.4 Specific Objectives
(i.) To find the impact of advertising, on sales volume of the insurance companies.
(ii.) To assess the role of advertising in the customer’s buying behavior especially for insurance products.
(iii.) To find out the role of advertising on winning market competition

1.5 Research Questions
(i.) What is the contribution of advertising on the increase of sales volume of the insurance companies?
(ii.) What is the role of advertising in the customer buying behavior routine of the insurance companies?
(iii.) What is the role of advertising in winning market competition?

1.6 Significance of the Study
The result of this study will inform a proper way in which products and service should be made aware to realize first round sells of any new product and or service. This will also provide a highlight on how properly should the companies pay attention to the issue of advertising in the context of market competition. This study is done for the fulfillment of the requirements of the Bachelor of Business Administration and will remain as a good resource for the intellectual who may be interested on the marketing issues.

1.7 Scope of the Study
This study has covered the roles of advertising in enhancing the profitability of Insurance Companies; however, this study concentrates on Eagle Africa Insurance Brokers Tanzania Limited Dsm Office, not only that but also the researcher has gone further to various Insurance Companies in Dar es Salaam Region. The study is
confined to Dar es Salaam Region only, due to time and financial constraints among other factors.

1.8 Limitation of the Study
The study was successful conducted at Dar es Salaam though it faced the following limitations: Limited fund allocated for the study, The study has been financed by the researcher from proposal to report writing using limited cash hence to overcome this the researcher used a lot of his resources as well as working alone in data collections. Moreover the study was also limited by timeframe set for the study, With limited period of time the researcher was unable to collect data from other regions which could broaden the scope of this paper, Though it was based in Dar es Salaam only large number of respondents was involved to overcome the barrier of been using the findings for generalizing other regions. Again some respondents were not willing to expose some potential information (Confidential information) for the fear of losing the market to other competitors, however to overcome this study used different data collection techniques and managed to reach the goal of this study.

1.9 Summary
This chapter described on the background of the problem, statement of the problem, objectives of the study, research questions, significance of the study, scope of the study and Limitation of the study. Chapter two will provide an in-depth literature insights highlighted from different studies, books, articles which shine the light for this study including the theoretical frameworks as well as operational definitions of the key terminologies for this study.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This part covers theoretical literature review, empirical literature review, definition of key terms and conceptual framework that governed the study.

2.2 Theoretical Literature review

Theoretical literatures provided the researcher with the theoretical issues pertaining to advertising and market competition, advertising and sales, advertising and the profitability of the companies, advertising, consumer awareness and consumer choice and roles of advertising.

2.2.1 Advertising

Advertising is a policy variable which has been utilized at different levels depending on the objective of the firm and the market structure under which it operates. Advertisement like price, product/service variation and any other policy variable, aims at the attainment of the goals of the firms. In this respect, the use of advertising by firms is governed by similar considerations to the application of other competitive weapons (Okoboi, 2000). Similarly according to Macibi, 2003, the organization promotes itself by advertising. The organization sells what it needs through advertising and focused advertisement helps to reach the right people. It reflects the priorities and philosophy of the organization; small organizations use the adverts to sell themselves.

Longe, 2001 defined advertising as any personal paid form of non-personal communication which is directed to the consumers or target audiences through various media in order to present and promote a product, services and idea. Good advertising requires competent personnel including a number of specialists to enable it thrive in the ever dynamic and competitive business environment.
It is therefore imperative that key personnel in departments that are directly involved to be carefully selected and positioned to ensure continuous success. In recognizing the role advertising can play, a growing number of companies and establishments have to embark on a nationwide advertising campaign. Advertising campaigns obviously informed by depressed consumer demand, thrive by persuading the consumer on the need for consumptions. At the completion of this thesis, the impact of advertising at Starcomms was clearly defined and it should have become a continuous practice for Starcomms.

Advertising is a form of communication intended to persuade an audience (viewers, readers or listeners) to purchase or take some action upon products, ideas or services. It includes the name of a product/services and how that product/service could benefit the consumer to persuade a target market to purchase or to consume that particular brand. These messages are usually paid for by sponsors and viewed via various media. Advertising can also serve to communicate an idea to a large number of people in an attempt to convince them to take a certain action (Gertner, 2007)

In a study by Joseph 2011, it was discovered that the insurance products enjoy high degree of patronage from consumers. It was also discovered that out of the various advertising media employed by the company, posters and bill boards offered the highest degree of exposure for the products. Consumers also attested to the fact that the advertisement of insurance elicits a feeling of warmth and cheerfulness towards the products, hence encouraging them to consume more of the products. All the respondents are also of the opinion that advertising of insurance products leads to more sales of the products.

According to Stanton 1997, advertising can be considered as consisting of all activities involved in presenting to a group a non-personal, oral or visual openly sponsored messages regarding a product, services idea etc and is usually paid for. Also, according to Kotler and Keller, 2006 advertising can be used to build up a long time image for a product or trigger sales. Advertising can effectively reach geographically dispersed buyers. The presence of advertising has an effect on sales.
According to Kotler and Keller, 2006, advertising is any paid form of nonpersonal presentation and promotion of ideas, goods or services by an identified sponsor. Advertising can be a cost effective way to disseminate messages, to build brand preference or to educate people. According to Palmer (2004), advertising is mass paid communication which is used to transmit information, develop attitudes and induce some form of response from the audience. According to Drunker, 1958, the purpose of business is to create customers. Customers must be aware of the products or services being offered. In an attempt to create this awareness, advertising takes place in different forms. A company that manufactures products and services seems to generate awareness for its products and services. He further went on to say that the purpose of advertising is for effective and efficient communication, which message must be acceptable to its target audience. According to Kotler and Keller, 2006, advertising objectives can be classified to whether their aim is to inform, persuade, remind or reinforce.

Koutsoyiannis, 2002 present’s two forms of advertising, which are; informative and persuasive advertising. Informative advertising aims at giving factual information to potential and existing consumers about the specific attributes (price, quality, conditions of sales and product locations). While persuasive advertising aims at manipulating the tastes of consumers and making them believe that some products are superior in some sense to others.

Advertising consists of media messages paid for and signed by the form of business institutions that wish to increase the probability that those to whom this message reaches, will behave or believe as the advertisers wishes them behave or believe (Armstrong 1996).

Many companies such straightforward methods in determining advertising appropriations as percentage of sales, standard expenditure per unit, the task method or advertisement/market share relations between advertisement and sales revenue. Advertising may not necessarily increase sales revenue since there are many other factors that determine the sales revenue of a Company, such as price, perception
towards the product or even the advertising campaign itself may not be good enough (Kotler & Armstrong, 1996).

Advertising can take a number of forms, including advocacy, comparative, and cooperative, direct mail, informational, institutional, outdoor, persuasive, product, reminder, point-of-purchase, and specialty advertising.

2.2.2 Advertising and Sales Performance

Pride, 2005 observed that advertising often stimulates revenue. For advertising to have a direct relationship with the sales revenue, the entire marketing mix must be viewed by the consumer as the right one Engel et al., (1991), McCathy and perreault, 1987, Penchman, 1992 found out that advertising has a greater potential for building awareness to people hence obtaining a high preference in the market share because a big percentage of the population has access to one or more of the mass media such as radios and televisions. This fact introduces the advertised company to many people. If the advertisement is satisfying, it would lead to an increase in the volume of sales. However there are authors who have shown that advertising can fail to have a positive effect on the sales of the company. Koutsoyiannis, 2002 claimed that advertising should be credited for facilitating research and development, innovation and growth. He reasoned that, by informing the public about new products/services, innovative firms are able to tap large markets rapidly, thus reaping profits from innovation and increasing their sales performance. Gordon, 1993 stated that companies advertise in order to; compete in a new and aggressive way within the market. To increase their market share through increased customers, companies increase and utilize this low cost way of reaching customers compared to other marketing approaches.

Dunn, 1968 points out that the market needs and conditions are changing therefore there is need for creativity in selling. This will show a company what to produce so as to satisfy the needs of the users. When companies produce such a commodity and they advertise, there is an automatic high response in consumption. This shows that advertising is coordinated with sales.
Increasing global competition has made many companies want to find more innovative ways of selling their goods and services. This has largely contributed to the increased use of sales promotion as a promotion tool to enhance sales revenue in many industries. Sales promotion is, however, an initiative undertaken by organizations to promote increase in sales, usage or trial of a product or services (such as initiations that are not covered by other elements of the marketing communication/promotional mix).

Sales promotion is an important component of an organization's overall marketing strategy along with advertising, public relations, and personal selling. Sales promotion acts as a competitive weapon by providing an extra incentive for the target audience to purchase or support one brand over another. It is particularly effective in spurring product trial and unplanned purchases (Aderemi, 2003).

Most marketers believe that a given product or service has an established perceived price or value, and they use sales promotion to change this price value relationship by increasing the value and/or lowering the price compared with other components of the marketing mix (advertising, publicity, personal selling). In determining the relative importance to place sales promotion in the overall marketing mix, an organization should consider its marketing budget, the stage of the product in the life cycle, the nature of competition in the market, the target of the promotion, and the nature of the product. For example, sales promotion is a particularly attractive alternative when the budget is limited.

In addition, sales promotion can be an effective tool in a highly competitive market, when the objective is to convince retailers to carry a new product or influence consumers to select it over those of competitors. More so, sales promotion tends to work best when it is applied to impulse items whose features can be judged at the point of purchase, rather than more. Sales promotion includes communication activities that provide extra value or incentives to ultimate consumers, wholesalers, retailers or other organizational customers. It also stimulates sales and product trial
The essence of this paper is to test the effect of sales promotion on organizational performance.

However, increase in global competition has also made many companies to find more innovative ways of selling their goods and services. This has largely contributed to the increased use of sales promotion as a promotional tool to enhance sales revenue, acquire and retain old and new customers of a company.

Sales Promotion is a short term incentive to encourage purchase or sales of a product or service. It includes those marketing activities, other than personal selling, advertising and publicity, which stimulate consumers purchasing and dealers’ effectiveness such as window display, shows, expositions, demonstrations etc. Sales promotion is also concerned with the creation, application and dissemination of materials and techniques that supplement advertising and personal selling. On the other hand, sales promotion are a campaign consisting of periodic events designed to move extra volume to consumers and trade in the course of the year over and above, what would be sold.

The concept of sales promotion outlines consumer promotion targeted at end users and trade promotion, targeted at intermediaries/trade channels. According to Philip Kotler, 2003, sales promotion has three basic characteristics are communication, providing incentives and making an invitation to engage a transaction. The concept of sales promotion is used as a marketing strategy internationally.

Sales Promotion among the media houses especially the Television stations has been on the increase especially use sales to promotion as a strategy to meet their sales volumes. Most companies in the world used sales promotion to gain an upper edge over competitors. This study seeks to investigate the effects of sales promotion on television advertising revenue, in general by using Television Africa as the case study.
Advertising has been known as the main means by which a firm builds its name and goodwill gradually over time. Advertising expenditure built up a goodwill that depreciates at a rate 12% to 15% (Tesler, 1962). Paida, 1964 found out that the Lydia Pinkham Insurance company realized 95% of advertising generated sales within approximately seven years. Even when Weiss, 1969 had capitalized the advertising expenditure over a six year period, there still remained appositive relationship between advertising and sales performance. It is a zero assertion that in the frequent new product entry market situation, advertising is very necessary in order for firm to realize first round sells. This inference can be supported thoroughly by having a tour to the markets such as those of cars, digital camera, or cell phones where advertising a big portion of the companies cost.

According to Krishna, 2006 the initial awareness level is a fundamental peace to explain how consumers learn about new products. Once the product is initially made aware to the consumer it sticks to their mental memory and become very difficult for them to forget the product even if the product is not publicized during a long period of time.

According to S. J. Daharwal, 2007 Advertisement and sales promotion are basically the two important features used to promote the sale of the product, but they differ in their ways. Advertising on one hand, is the form of mass media communication directed towards influencing the end consumer. Whereas sales promotion on the other hand deals with the mass communication directly towards informing and influencing the channels of distribution. Both help the firm to face the competition in the market for its survival. They promote the brand and also are useful in the launch and introduction of new products.

In a competitive marketing environment, communication is one of the ways to reach the company’s customers. It also serves as a tool to reach out to customers as well as to achieve the organization’s objectives. The purpose of marketing communications however is to enable companies to achieve their strategic marketing objectives some of which are to introduce new products, to induce present customers to buy more, to
combat competition and to increase retail inventory for higher sales. Companies worldwide use variety of marketing communications tools to achieve these objectives and some of these include personal selling, advertising, public relations and sales promotion.

In times past, companies focused mainly on advertising to reach out to their loyal and prospective customers. Research has however noted that, advertising when coordinated with sales promotion and other marketing tools like direct marketing, public relations and personal selling can have a synergistic effect. Consequently, many companies or businesses have resorted to sales promotions to enable them achieve their objectives and satisfy the changing needs of customers. Sales promotion activities refer to promotional activities other than advertising, publicity and personal selling that stimulate interest, trial or purchase by the final customers or others in the channel. Sales promotion may be aimed at consumers, intermediaries or the firm’s own employees. Sales promotions are short-term schemes aimed at complementing other promotional tools.

The objectives of sales promotion are to stimulate short-term demand, to create loyal customers and to encourage brand switching from competitors. Sales promotions are achieved through informing and persuading customers or consumers of an existing or new product.

The immense role sales promotion plays in the selling of products could be one of the most important reasons why businesses continue to use this tool to promote their products. The use of sales promotion techniques has been on the increase by most Ghanaian businesses in recent years. Following the economic recovery programme, structural adjustment programme and the subsequent trade liberalization, many companies in Ghana have had to face competition from overseas companies that are aggressive in promoting their products. This situation has led to the need for adoption of sales promotion by local companies. PZ Cussons Limited is one of the companies in Ghana that uses sales promotion. PZ Cussons Limited was established in Sierra-Leon in 1879 by George Paterson and George Zochonis.
Later, the company expanded into other countries in Africa. In 1969, a manufacturing base was established in Tema, Ghana. PZ Cussons deals in hair care products, beverages, soaps, detergents, sanitary pads and pharmaceutical products. PZ Cussons introduced the duck bar soap in 1997.

The intense competition from imported products and dwindling sales as well as increase in competition among firms calls for use of sales promotion. To stay competitive, businesses are resorting to marketing tools to increase sales immediately, stabilize fluctuating sales pattern, attract new customers, build goodwill, provide punch to the company’s advertising effort and counter competitors’ marketing efforts to retain and entice new customers.

Globally, transformation from the sellers’ market to the buyers’ market is taking place and competing firms position their offerings strategically in order to attract consumers. Generally, companies adopt sales promotions in order to increase the level of sales but whether PZ Cussons’ sales promotion really induces consumers and increases the level of the company’s sales still remain unanswered. The sales promotion situation of PZ Cussons especially, its soap product line is still on the increase. However, the question is does these aggressive sales promotion influence buyer behaviour of young consumers who constitute a market segment? The general objective of the study was to assess the effect of sales promotion on young consumers’ purchase behaviour using PZ Cussons’ Se m’anhyia duck soap sales promotion as a case.

A study of the reactions of young consumers such as students to sales promotion is significant as little is known about this phenomenon in Ghana. Senior High School (SHS) students who are in the boarding schools constitute a significant market segment for laundry soaps in Ghana because they often buy laundry soaps for their use at school.

Though young consumers also make some purchase decisions concerning some fast moving consumer goods, there was a literature gap on the purchase behaviour of
young consumers regarding sales promotion of fast moving consumer goods in Ghana. This study therefore contributes some knowledge to consumer behaviour in response to sales promotion among young consumers in the personal care market in Ghana.

Promotion is an element of the marketing mix (also known as the 4Ps) within whose confines marketing organizations operate. The 4Ps are product, price, place and promotion. For the purpose of this study, the discussions focus on sales promotion which is an element of promotion. According to promotion is defined as communicating information between a seller and potential buyers or others in the channel to influence attitudes and behaviour.

It is the marketing manager’s responsibility to communicate with customers in a manner, which will satisfy their needs. How well messages are delivered depends on the blend of the various promotional mix elements. There are a variety of promotional elements from which the marketing manager chooses what suits the organization’s customers depending on the prevailing situations. It must however be noted that promotional mix elements have their own strengths and weaknesses.

Managers therefore, look for the best combination that will yield the most desired results. There have been various definitions of sales promotion. Belch and Belch [4] define sales promotion as direct inducement that offers that extra value or incentive for the product to sales force, distributors, or the ultimate consumers with primary objective of creating an immediate sale. Belch and Belch also defines sales promotion as the marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness. Kotler defines sales promotion as a collection of incentive tools, mostly short-term designed to stimulate quicker and or greater purchase of particular products by consumers or traders.

Sales promotion must be coordinated with other promotional mix elements such as advertising and personal selling to have a real impact on sales. Perreault and
McCarthy further remarked that money spent on advertising and personal selling helps the firm more over the long-term and that sales promotions do not help develop close relationships with customers, instead, it erodes brand loyalty.

Joncos asserts that sales promotion fuels flames of competitive retaliation far more than other marketing activities. The long-term effect of such retaliation is sometimes the elimination of all profit from total market categories. The advantage of running an extra promotion or offering higher incentives is usually short lived. Competitors retaliate with more aggressive sales promotion and that often neutralizes whatever incremental sales were generated by the company that initially used sales promotion. Jones contends that sales promotions devalue the image of the promoted brand in the customer’s eyes. On some occasions, sales promotions have had unfavorable influence on consumers’ brand perception. Pickton and Broderick noted that too much sales promotion causes the brand to have high volume but low profitability. Quelch argues that consumer goods and services marketers have increased their sales promotion expenditures significantly in recent years. Schneider and Currim claim that customers’ tendency to patronize a product depends on the out-store sales promotion and in-store sales promotion.

Out-store sales promotion and in-store sales promotion can generate additional sales by motivating consumers not to be moved by other advertising efforts. Esfahani and Jafarzadeh found that there is no meaningful relationship between impulsive buyer behaviour and sales promotion. In spite of studies showing that sales promotion is not effective and that it is a waste of the firms’ resources and erodes brand loyalty, others hold contrary views that it increases sales and induces the consumers to do impulse buying.

Sales promotion can be categorized into three types namely consumer-oriented sales promotion (pulling strategy), trade-oriented sales promotion (push strategy) and sales force sales promotion. Consumer-oriented sales promotion aims at stimulating customer demands for the firm’s offering by getting customers to ask intermediaries for the products through the channels of distribution. It also encourages consumers to
make immediate purchases of a particular brand as well as increase its usage, thus stimulating short-term sales. Consumer-oriented sales promotion usually takes the form of using coupons, samples, rebates or refunds, sweepstakes, contests and point of purchase advertising.

Trade-oriented sales promotional tools are primarily defensive tactics designed to protect shelf space against competitors. They are targeted at attracting marketing intermediaries such as wholesalers, distributors and retailers. Trade-oriented sales promotion focuses on the short-term arrangements that will improve intermediaries’ purchases. The goal of this strategy is to push products through the channels of distribution by aggressively selling and promoting the items to the resellers or traders. This is done through the use of special point of purchase displays, discount, dealer premiums etc. Sales force sales promotion aims at developing incentives and motivation schemes for a company’s sales force. The method often keeps every member of the sales force focused on the company’s targets.

Sales promotion influences buying decisions of customers. The buying decision process comprises five stages consumers go through in making purchases. The stages are need recognition, identification of alternatives, evaluation of alternatives, purchase and related decisions and post-purchase behaviour. Buying decisions are either high-involvement or low-involvement. Low-involvement decisions include fewer stages while a high involvement consists of all the five stages. Low involvement situations occur when there is a brand and store loyalty and impulse buying.

Need recognition is when the consumer tries to identify and recognize his or her needs. The consumer then moves on to identify alternative products and brands and collects information about them. Evaluation of alternatives involves weighing the pros and cons of the alternatives identified. Purchase and related decision refers to the stage where the consumer decides to buy a product and makes decisions related to the purchase. During the post-purchase behaviour stage, the consumer seeks reassurance that the choice made was correct.
The dynamic nature of the consumer market is reflected in the distribution and the demographic characteristics of consumers. Demographics are the vital statistics which describe a population. They are useful to marketers because they are related to the behaviour of consumers and are relatively easy to gather. The demographic characteristics are consumers’ age, gender, family, life-cycle, income, ethnicity and other characteristics such as education, occupation, religion and nationality.

2.2.2 Advertising and Market Competition

It is believed that advertising increases competition in the market and therefore leads to profit realization as a consequence. Sutton, 1991 suggests that when advertising improves perceptions of the quality of a product can pose a barrier to entry and lead to high concentration in the market. Instead, if advertising expenditures mainly affect awareness, Fershtman and Muller, 1993 argue that it might increase competition and, even might lead firms to curtail their expenditures to prevent fierce price competition. It is a clear fact that, overcoming competition is to achieve high sales volume, attainment of customer loyalty and therefore in the ultimate result is maximization price.

The opportunity to compare exogenously manipulated treatment and control groups is an important characteristic of the study that overcomes a problem that has plagued many previous studies of advertising. In general advertising decisions are endogenous, and are often at least partly determined by expectations about sales levels. As a result, simply measuring the level of association between advertising sales does not allow us to draw causal inferences about how advertising affects sales (Bagwell 2007). It is generally even more difficult to identify how sales are affected by competitors’ advertising. In most cases it is not possible to distinguish which customers are targeted by competitors, or to account for the factors that may have contributed to the targeting decisions.

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Interestingly, whereas the existing literature has focused on the dynamic effects of advertising for the consumer utility (usually understood as a stock) it has frequently overlooked the dynamic effects of advertising for the awareness that consumers develop of a product. One of the few exceptions is Clark et al. (2009) who empirically show, using evidence across markets that the dynamic effect of advertising operates mainly through the awareness channel. Evaluating the previous effect is important because, as Doraszelski and Markovich, 2007 theoretically show it has implications on the structure and the dynamics of an industry.

Dubé, Hitsch and Rossi, 2009 attribute the state dependence in their study to a “psychological” switching cost, including cognitive dissonance in which customers change their preferences to rationalize previous choices. Elsewhere the literature has distinguished between “transaction costs” and “learning costs.” Examples of transaction costs include the cost of travelling to different gasoline or the time required to evaluate alternative suppliers and establish new account information in the telecommunications, financial services and healthcare markets the costs reflect. Learning costs describe the time and effort customers incur when learning how to use a new product (Erdem and Keane 1996, Ackerberg 2003, Crawford and Shum, 2005. Nilssen, 1992 argues that this distinction is important. He predicts that because learning costs are only incurred once for each supplier while transaction costs are incurred every time a customer switches, transaction costs lead to a larger increase in equilibrium prices and contribute to a greater loss of social welfare.
The switching costs we identify in this paper do not fit neatly into either category. Because customers must learn about product fit when purchasing from a retailer they exhibit some of the characteristics of a learning cost. However, the cost to the customer also includes the risk of purchasing the wrong item, which is not the time and effort typically associated with learning. If customers purchase items that do not fit they may incur a transaction cost to return an item. Under either interpretation, the switching costs when purchasing apparel from a new retailer appear to be relatively small.

The results in this paper can also be compared with the literature on product standards, which has demonstrated that competition can result in the adoption or preservation of socially inefficient standards (see for example Farrell and Saloner, 1985 and 1986; Katz and Shapiro 1985 and 1994; and Bessen and Farrell, 1994. While the body of theoretical work is now very extensive, there has been Consumer’s choice set depends on how long each product has been in the market and the advertising expenditures on each of them. Of all the products the consumer is aware of (that is, products in the consumer’s choice set), he or she chooses the one that leads to the highest utility. This utility is determined by product characteristics, the price, and the advertising expenditures by the firm.

2.2.3 Advertising and Profitability of the Companies
The problem faced by most of the multi-product companies is about the decision of the price and advertising expenditures for each of its products. These companies intend to maximize the present value of future profits, and consider that advertising, does not only affect consumers utility but also the configuration of their choice set (Berry and Pakes 2001).

Moreover, according to Nickels et al (1999) advertising not only helps to maintain superior stand in the industry and profit maximization, it provides information about a products or services and also gives consumers free television and radio programmes. Giles, 1997) sees advertising as non-personal communication directed at a target audience through various media in order to present and promote products,
services and ideas. The cost of media space, time and advertisement production is borne by the sponsor or sponsors. Advertising gives a clear image for any product or service. In the Bagwell-Ramey, 1994 models, a consumer desires to visit a firm that expects a large number of other consumers. In this sense, an “indirect” net-work externality exists between consumers. Chwe, 2001, Clark and Horstmann, 2001 and Pastine and Pastine, 2002. consider the related but distinct case of a “direct” network externality among consumers, whereby a consumer enjoys the social prestige that is associated with purchasing from a firm that actually sells to a large number of other consumers. Under both approaches, advertising may promote improved coordination and welfare gains.

2.2.4 Advertising, Consumer Awareness & Choice of the Product
While the consumer product awareness is the function of advertising, the choice set of the product is the function of the consumer decisions. The consumers simultaneously choose, among the products they are aware of, those which they expect to lead to the highest utility. Kim et al. (2010) understand the choice set as the result of a process of sequential search. In contrast Goeree, 2008 or Draganska and Klapper, 2011 who regard the choice set as a result of firms’ advertising decisions.

2.2.5 Advertising of Intangible Services
Relationship marketing is recommended as a strategy to overcome service intangibility Berry, 1983 and may be appropriate for "credence" services, that is, services that are difficult for customers to evaluate even after purchase and use Zenithal, 1981. Many professional and financial counseling services are in this category. The buyer may have a relationship with a firm itself and/or a specific contact person, but personal relationships are believed to result in greater commitment (Liechty and Churchill 1979). Some economists say relationship marketing creates inefficiencies because buyers may indeed feel satisfied, but for the wrong reasons. Buyers become enamored with the interactive aspects of the service Gronroos 1986; Lehtinen 1985, and fail to analyze price "rationally" in relation to an objective standard of core service (technical) quality. When relationship marketing
is the pre-dominant strategy in an industry, economists contend that price competition is reduced. We compare two views of relationship marketing

2.2.6. Advertising and Sales promotion and Sales
Sales promotion must be coordinated with other promotional mix elements such as advertising and personal selling to have a real impact on sales. Pickton & Broderick, 2005 cited in Awunyo-Vitor et al, (2013). Perreault and McCarthy, 2006 further remarked that money spent on advertising and personal selling helps the firm over the long-term and that sales promotions do not help develop close relationships with customers, instead, it erodes brand loyalty.

During the recent times mobile advertisement has adopted a significant role in the world of marketing. Multifaceted research work is being conducted to find out the overall impact of SMS influence on the customers’ purchasing behavior. SMS advertising research is abundant but there is still need for experimental research to understand cause and affect dependencies and to provide useful managerial implications (Okazaki, 2005). Convenience and economical reasons influence SMS usage frequency along with social involvement to influence attitudes towards SMS advertising (Phau and Teah, 2009).

Little is known regarding the effectiveness of an SMS advertisement and the factors contributing to its success keeping in view its effect on the customers’ behavior. However, it was concluded that several factors like incentive, interactivity, appeal, product involvement, acronyms usage and attitude towards SMS advertising in general, exhibit main effects on attitudinal variables and purchase intentions (Dimitris et al 2007).

As regarding the right time and place for the target customers, Cronin et al (2000) concluded that SMS advertisements lead to more positive attitudes towards the advertisement and the brand and to more positive purchase intentions when the perceived effort to buy the advertised product is low. Generally, it has been observed that customers have negative attitudes towards mobile advertising unless they have
specifically permitted the concerned service provider to receive mobile advertisements. This shows that any specific attitudes towards the mobile advertisements have generalized influence towards the Women are more active than men in their responses to SMS call-to-action campaigns.

In addition, the results indicate that mobile advertising is not only for teenagers. For instance, consumers in the 36-45 age groups were most likely to respond to SMS calls-to-action in a television program and participate in SMS sweepstakes and other competitions. However, the youngest consumers most actively ordered mobile services using SMS. In addition, it was found that employment status had a substantial impact on consumers' SMS campaign activity (Matti and Heikki 2008).

Barwise and Strong, 2002 added that many consumers need and suppose an inducement to acknowledge and get benefits from commercial messages on their mobile phones. Tsang, Ho and Liang, 2004 pointed that offering incentives to consumers increases the intent to accept SMS advertisements and also increases their usefulness based on the type of incentives offered, which also matches the results of Hanley, Becker and Martinsen who showed that financial incentives motivate university and college level students to take into consideration the acceptance of advertisements on their mobile phone.

Another feature which can manipulate the usefulness of SMS advertisements is the advertising appeal. Drossos, Giaglos and Lekakos (2007) point out about this that the value of information send on the mobile phone is critical, because due to the nonexistence of sound, picture and movement SMS advertisements may not be useful in inducing a major emotional appeal. Though, the technological function, EMS i.e. Enhanced Message Service associates diverse SMS messages to each other, which provides the chance to send formatted text, sound and pictures Brengman, Cauberghe and Thielemans, 2007. It is highlighted that a vast number of advantages of SMS advertising includes that this medium allows for the real-time communication with consumers anytime
and anywhere and it also helps to find about consumers needs (Tsang et al., 2004: 68). SMS advertising increases the relevancy and likelihood that the advertisement reaches to the target market as consumers is of their specific need because they generally have only one cell phone which is very personal in nature and carried around with them at all times (Kavassalis et al., 2003:57).

SMS advertising is the only good channel relevant for recipients needs when on the move and is a great benefit for targeting young consumers who often have active lifestyles and are not exposed to the more traditional advertising channels Heinonen and Strandvik, 2002: 142. Sales promotion can be categorized into three types namely consumer-oriented sales promotion (pulling strategy), trade-oriented sales promotion (push strategy) and sales force sales promotion Etzel et al, (2001) cited in Vitor et al,(2013) Consumer-oriented sales promotion aims at stimulating customer demands for the firm’s offering by getting customers to ask intermediaries for the products through the channels of distribution.

It also encourages consumers to make immediate purchases of a particular brand as well as increase its usage, thus stimulating short-term sales. Consumer-oriented sales promotion usually takes the form of using coupons, samples, rebates or refunds, sweep-stakes, contests and point of purchase advertising. Trade oriented sales promotional tools are primarily defensive tactics designed to protect shelf space against competitors. They are targeted at attracting marketing intermediaries such as wholesalers, distributors and retailers. Trade-oriented sales promotion focuses on the short-term arrangements that will improve intermediaries’ purchases. Vitor et al,(2013)

Some researcher proof long run relationship among sales and advertisement which is positive. On the other hand many support studies either no long runs effect or the effect is in short run. There is no existing report about any study which is reporting about the negative relationship of the future demand and the advertisement. However, as we come to know that the empirical work has been faced so many challenges.
The work which has done earlier had a limited access to the brand of aggregate category level which the researchers had searched for the relationship of the current advertisement and its effects on sales. This effect is lagged because of different subsets of consumers, so this relationship cannot be detected by the data because of the endogeneity factor (Lambin, 1976, Schmalensee, 1978). On the other In 2009 Florence et al examined the relationship between sales promotions with brand equity and sales. They examined that in short run sales promotion affect the sales but this effect is not in long run.

They further argued that the strong sales promotion activity increase brand personality which lads toward sales growth and this effect is only for the short time period. Anderson and Simester, 2004 tried to find the frequency of the retail catalog correspondence, through direct-mail advertisement. 20 000 Customers receive a catalog by mail. On the basis of these customers, they found evidence that in short-run there is an increase in sales and in the long run with a decrease in advertisement there is a decrease in sales.

Aduloju et al.,(2009) examined the impact of advertisement on sales. They conducted their research on insurance product in Nigeria, for this purpose they used a sample size of 100 and found that the advertisement improves the image of the product which increases the sales volume. Stremersch and Rotterdam, 2009 argued about the role of a regulatory regime which help to understand the sales growth of the product. They found a positive effect of regulatory regime on sales.

Kim and Lennon, 2008 measures causing effects of online advertising on sales by using a random study conducted in partnership between Yahoo and large retail stores. After identifying more than one million customers in the database corresponding to the dealer and Yahoo, they randomly assigned treatment to control groups. They analyzed the data at the individual level and they found statistically and economically significant impact of pre product announcement on sales.
Yancey et al., (2009) studied that advertising promotions in magazines, billboards, television, and radio have some impact on the customers purchase decisions of U.S. food and beverage users. Kwong and Norton., (2007) found that the way to increase competition in the advertising market and product innovation. Kwong and Norton., (2007) research showed that advertising can have a significant positive impact. However, the influence of advertising on new product innovation is still inconclusive.

2.3 Roles of Advertising

The main role of advertising is to make known the availability of a product or science 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:

2.3.1 Creation of Standards through Competition

Advertising message often extol the good qualities of products or service. For consumers to continue to buy these product or service, manufactures or organization are compelled to adhere to the advertised qualities, for if they allow the qualities to drop, consumers will buy less of their products or services and patronize their competitors instead. This thus ensures that manufactures and organization do not allow the quality of their products or service to fall below a standard that is acceptable to consumers (Adekoya, 2011).

2.3.2 Advertisements are Informative

First, advertisements are informative. The newspaper ads are full of information about products, prices, features and more. Businesses spend more on direct mail than radio or magazine advertising. Direct mail (e.g. catalogs and letters sent by mail to people’s homes and offices) is an informative shopping aid for consumers. Most times consumers receive mini catalogs in their newspaper, that tells them what’s on sales, where at what price, for how long and more (Adekoya 2011).

Advertising not only informs us about products, it also provides us with free television and radio programmes because money advertisers spend for commercial...
time pays for production costs. Advertising also covers the major costs of producing newspapers and magazines (Adekoya, 2011).

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.

2.3.3 Advertising Influences Consumer Buying Behavior Pattern
The major aim of advertising is to impact on buying behavior; however, this impact about brand is changed or strengthened frequently in people’s memories. Memories about the brand consist of those associations that are related to brand name in consumer mind. These brand cognition influence consideration, evaluation, and finally purchases Romaniuk and Sharp, (2003). The creation of product image in the consumer mind can guarantee the sustainable consumer buying behavior and ultimate profit realization as the consequence. When young people choose advertising information and characters as their role models, they may not only identify with them but also intend to copy them in terms of how they dress and what they are going to buy Latif et al., (2011). Product liking and attitude toward purchase; which in the end leads to behaviors, like buying the on advertised product Mendelson and Bolls, (2002). As the market is surplus with several products or services, so many companies make similar functional claim; so, it has become extremely difficult for companies to differentiate their products or services based on functional attributes alone.

Differentiations based on functional attributes, which are shown in advertisement, are never long lasting as the competitors could copy the same Hussainy et al., (2008). Therefore, the marketers give the concept of brand image. Like by creating the character of the caring mother, the marketer injects emotion into the consumer’s learning and process of advertisements (Jalees, 2006). Doing so advertiser creates those types of advertisements, which carry emotional bond with consumer. Therefore, that consumer is more likely to associate with advertisements of those
brands, which have emotional values and messages. This is because, positive emotional appeals also provide a strong brand cue and stimulate category-based processing (Abideen and Latif, 2011). If the categorization process is successful, then the affect and beliefs associated with this category in memory are transferred to the object itself. Consumers are not only at first confused and disordered in mind, but they also try to categorize the brand association with their existing memory, when thousands of products are faced by them, and they might reposition memories to outline a brand image and perception / concept toward new products. They can categorize latest information into particular brand or product group label and store them accordingly. This procedure is not only associated to consumer’s familiarity and information, but also attachment and preference of brand. It is also suggested that consumer can disregard or prevail over the dissonance from brand extension (Abideen and Latif, 2011).

In today’s dynamic world, it is almost impossible for advertisers to deliver advertising message and information to buyers without use of advertising. Certainly, this may be because of the globalization and accessibility of hundreds of channels for the viewers of this modern era. Now a day, due to globalized economy, that made available a bulk of marketing stimuli to the modern consumers. More often consumerism describes the way of equating personal happiness, with purchasing material possessions and consumption in excess of one’s need (Saleem et al., 2010). This research is based on attitudinal behavior of consumer in different buying behavior. The basic objectives of this research are to assess the influence of emotional advertising through attitudinal buying behavior consumer and analyze the influence of environmental advertising through attitudinal buying behavior consumer.

2.4 Empirical Literature Review

Empirical literatures provide the overview of different literatures developed by different scholars related to this study. The studies will shine the light on the issues to be taken into account during the study procedures.
Ayanwale et al (2005) conducted research on advertisement of Bournvita, he found as advertising has a major influence on consumers’ likeness for Bournvita food drink. Similar researches have already been conducted for the quality of Bournvita.

Adelaar et al. (2003) conducted study on online compact discs (CDs) shopping behavior of consumer through emotional advertising. Advertising is a non-personal and paid form where ideas, concepts, products or services, and information, are promoted through media (visual, verbal, and text) by an identified sponsor to persuade or influence behavior. Ayanwale et al.,(2005, and Bovee et al., (1995). Television advertising is a form of advertising in which goods, services, organizations, ideas, etc., are promoted via the medium of television. Through television, advertisers can reach a wide variety of consumers Abideen et al.,( 2011).

Alicia Barroso and Gerard Llobet ,2011 carried out a study on advertising and consumer awareness of new, differentiated products in Nigeria and found out that in Consumers are more likely to incorporate a product in their choice set if they have purchased it in the past or if it becomes more visible, such as, through price promotions or a more prominent shelf placement. Roberts and Lattin, 1991 distinguish between awareness sets and choice sets. Whereas an awareness set might arise as a result of strategies, for example through advertising expenditures, the choice set is shaped by consumer decisions. In their model, consumers simultaneously choose, among products they are aware of, to invest in learning about the ones that ex ante are expected to lead to the highest expected utility.

The second source of information for the study carried out by Allicia and Gerald, 2011 was Infoadex a car company by which they collected data on advertising expenditures through main media channels: newspapers, magazines, television, radio, cinema, and billboards. They found out that advertising expenditure on the Spanish automobile promotes the brand for 18.2% of the total. They finally conclude that brand advertising is characterized primarily by a focus on the brand position and communication of its attributes and benefits without referring to any car models.
Vitor et al. (2013) did the study titled “Does Sales Promotion Influence Buyer Behaviour? A Study of PZ Cussons Limited” in Ghana. Their main objective was to assess the effect of sales promotion on young consumers’ purchase behavior using PZ Cussons’ Se m’anhyia duck soap sales promotion as a case in the Ho Municipality in Ghana. Se m’anhyia is an expression in Akan, a Ghanaian language, which means “if I had not seen it.” Awunyo et al. (2013). The Se m’anhyia duck bar soap sales promotion was carried out as an effort to change the brand from “add colour to your life” to Se m’anhyia. This was done to create a new identity for the brand and also to increase sales Vitor et al. (2013).

The sales promotion mechanisms adopted included token of prizes such as T-shirts, shopping baskets, GTP wax pieces of cloth and TV sets which most of the respondents were aware of. The sales promotion has influenced some respondents to purchase the product especially after the initial winners were announced and published.

The study shows that most students in the Senior High Schools have used duck bar soap. Also, fifty percent of the respondents had information about the soap at home. However, more than three-quarters who purchased the product attributed their purchase to the influence of sales promotion adverts in the various media such as television, radio, posters and newspapers. Thus, this sales promotion had significant influence on their purchase decision. The study also revealed that this sales promotion was carried out as a competitive strategy to promote the product and increase its market share against competitors.

Furthermore, it also helped to build a brand identity and loyalty, which actually increased sales and impact positively on the company. It is clear that the sales promotion had significant effect on the purchase behaviour of the respondents. Therefore, for the company to increase sales of duck bar soap there is the need to organize sales promotion regularly and target students as a major market segment.
2.5 Definition of Key Terminologies

2.5.1 Customer
According to Gurney (1999), a customer is anyone who receives a product either a good or a service from an organization. In most situations the customer will have to pay to obtain the product, but this is not always the case. For example, students are increasingly referred to as the ‘customers’ of the schools and colleges that they attend, but the majority of students do not pay directly for the educational service they receive.

2.5.2 Advertising
Advertising can be defined as any paid form of non-personal communication about an organization, product, service or idea by an identified sponsor Bennet, (2006). Advertising is any paid massage presented through various media, such as television, radio, magazines, newspaper, or billboards by an identified source. Advertising is a non-personal communication paid for by an identified sponsor who is relayed through various media with the aim of influencing people’s behaviours towards the advertiser’s products and services at the lowest possible cost). Frank, 2005 defined advertising as the aim to persuade people to buy. Advertising as the dissemination of information concerning an idea, service or product to compel action in accordance with the intent of the advertiser. Advertising is a controlled identifiable information and persuasion by means of mass communication media (Borden, 2007).

2.6 Theoretical Model
The basic theoretical model adopted in this study is the Traditional Hierarchy-of-Effects Model. This model states that advertising exposure leads to cognition such as memory about the advertisement, the brand; which in turns leads to attitudes i.e. product liking and attitude towards purchase, which in the end leads to behaviors, like buying the advertised products Mendelson and Bolls, 2002. Introduced the fact that market is flooded with the several goods and services so many firms make similar functional claim: so it is a context which is extremely difficult for companies to differentiate their products based on the functional characteristics alone. This is based on the fact that copying is common in the liberal market situation.
This is the case for Hussainy et al, (2008) who argue that “differentiations based on functional attributes, which are shown in advertisement, are never long lasting as the competitors could copy the same”

It is upon this context the marketers inject emotion in the consumer’s learning process of advertisement (Jalees, 2006). By so doing, advertisers creates those types of advertisements, which carry emotional bond with consumer.

In this conceptual framework consumers are more likely to associate with advertisement of those brands which have emotional values and messages. Positive emotional appeals provide a strong brand cue and stimulate category-based processing (Abideen and Latif, 2011).

If the categorization process is successful, then the effects and beliefs associated with this category in memory are transferred to the object itself. Consumers are not only at first confused and disordered in mind, but they also try to categorize the brand association with their existing memory, when thousands of products are faced by them, and they might reposition memories to outline a brand image and perception / concept toward new products. They can categorize latest information into particular brand or product group label and store them accordingly. This procedure is not only associated to consumer’s familiarity and information, but also attachment and preference of brand. It is also suggested that consumer can disregard or prevail over the dissonance from brand extension (Abideen and Latif, 2011).

2.6.1 Advertising and Consumer Behavior
Advertising has been known to affect customer behavior in two ways: Emotional response and environmental response Ghulam S. K. et al, (2011).

Emotional Response: Advertising is to create understanding, liking, and selection of product or services. The most influencing theory in marketing and advertising research is attitude-towards-the-ad. However, the attitude that is formed towards the ad help in influencing consumer’s attitudes toward the brand until their purchase
intent (Goldsmith & Lafferty, 2002). Consumer buying behavior is based on the concept and idea that he/she simply decided to purchase a product or service at the spot Adelaar et al., (2003). The major aim of advertising is to create positive attitude towards the ad and the brand until consumer purchases that product and through this positive attitude create emotional response in the mind of consumer (Goldsmith & Lafferty, 2002). That is why basic aim of advertising to encourage people to buy things and creates awareness Bijmolt et al., (1998). According to the traditional attitude theory consumer, behavior is predicted from consumer attitude when consumers buy the brand, which they like the most. An attitude may be defined as “acquire behavioral disposition” (Smith & Swinyard, 1983).

Environmental Response: Environmental attitudes are defined by attitude theory, which is based on beliefs. Environmental attitude is based on those belief and norms, which are constructed through individual perception and this perception, should be taken as individual’s opinion rather than an attitude (Heberlein & Wisconsin, 1998). Environmental variables might affect on buying behaviors of consumer Stern, 1962.

As Marketing related research proposed that environment provides certain type of experience for consumer, which are used for promotion and selling product or services (Adelaar et al., 2003). Specially, marketing research has conducted to describe the effect of different emotional condition at the time of purchasing (Morris & Boone, 1998). The purchasers who cannot decide what to purchase, use the process of purchase intent (Goldsmith & Lafferty, 2002). Purchase intent means customer purchase the product unintentionally and unplanned Adelaar et al., (2003). Shopping lifestyle of consumer describes the behavior of consumer who wants to purchase and give positive responses towards the product Tirmizi et al., (2009). In this condition consumer, take only information from retail store for purchase decision (Stern, 1962).

2.6.2 Impact of Advertising on Sales
As is generally known that the role played by advertising is increasing the sales volume of any company’s product at any point in time cannot be overemphasized. As
a matter of reality, it has contributed immensely to increasing growth of many companies in various industries. This is because it goes a long way in placing positive image about the companies’ product in the mind of potential consumers; this can also influence their buying behavior.

However, the formal study of this write-up requires an understanding of its definitions because advertising itself means different things to different people, i.e. there are many definitions to it as there are many authors.

In a study of the consumer view of advertising carried out in 1974 by the American Association of Advertising Agencies, more than half of the respondent described advertising as a channel of information from the manufacturer to consumer, some said it

Scholars, professional bodies and associations and various authors have given diverse definitions of advertising. However, it is noteworthy that each definition is unique on its own, thus, we can say advertising is a complex field.

Longman, 2000 says “advertising is an act of telling people publicly about a product or service in order to persuade them to buy it.

Alonge, 2001 feels that advertising can be defined as any paid form of non-personal communication which is directed to the consumers or target audiences through various media in order to prevent and promote product, services and idea. This means that advertising is branch of commerce which used to create awareness for particular product and it must be paid for. Advertising informs, educates and persuade people to buy the advertised goods or services.

Gillian, 1982 views it as “means of drawing someone’s attention to something or notifying or informing somebody of something”. Harri Tuomola says in one his class that advertising must be paid for by an identified sponsor and must be persuasive to influence consumers buying behavior. (Hamk UAS, Finland).
Tuflinger, 1996 says “advertising is the non-personal communication of information usually paid for and usually persuasive in nature, about product, services or ideas by an identified sponsor through the various media. So much for academic double talk. Let’s take this statement apart and see what it means.

**Figure 2.1: A Conceptual Model**

![Diagram](image)

Source: **Valarie A. Zeithaml, 2000**

Advertising in connection with Good customer relationship and Product Quality can create Customer retention which leads to the repetitive purchase of the product and become a behavior routine. Higher overall service quality or customer satisfaction leads to increased behavioral intentions, such as greater repurchase intention Boulding et al. (1993), willingness to recommend (Danaher and Rust 1996b; Zeithaml et al. 1996), and intention to increase usage (Bolton and Lemon 1999; Danaher and Rust 1996a, 1996b). Increased behavioral intentions lead to behavioral impact, including repurchase or customer retention Bolton, 1998; Reichheld and Sasser1990; Rust and Zahorik 1993, positive word of mouth (Oliver and Swan 1989), and increased usage (Bolton and Lemon 1999; Danaher and Rust 1996a). Reichheld (1993) showed that building a high-loyalty customer base of the right customers increased profits. Likewise Cronin and Taylor (1992), using a single-item purchase-intention scale, found a positive correlation with service quality and customer satisfaction. Behavioral impact leads to improved profitability and other financial outcomes (Rust et al.1995; Zahorik and Rust 1992).
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This Chapter describes the research design and methodology for studying the role of advertising on the profitability of the insurance companies. It includes a description of the population and sampling procedure, area of study and its characteristics, instrumentation for data collection and analysis. It also explain how interviews, questionnaire was administered with subjects and procedure of data analysis.

3.2 Research Design
A research design is an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance of the research purpose with economy in procedure (seltz, 1965 Cited in Kothari, 1990:39) for the purpose of this study, qualitative and quantitative approaches will be applied in data collection and analysis.

Mason (1998) defined qualitative research as mult-method in focus, involving an interpretive and naturalistic approach to its subject matter. The design is suitable in collection of data about people’s opinions and views of the respondents. According to Denzin and Lincolin (2000) the qualitative research approach helps the researcher to give the nature of the research problem to be investigated. The researcher will explore the perception of the customers and company managers on the aspect of advertising.

3.3 Area of Study
This study was conducted using Eagle Africa Insurance Companies in Tanzania, Dar es Salaam. The company was purposely chosen because of its location in relations to researcher’s location as well as easiness of data collection. More over the Eagle Africa Insurance Company has occupied large market area in Dar es Salaam with
rapid expansion to other upcountry regions which gave hope to the researcher that the expected goal will be attained within the stated time frame for the study.

3.4 Sample, Sample Size and Sampling Technique.
The technical term for selected respondents from the target population for the study is called the Sample (Kothari 1990, Pons 1992). The process to select the sample is called the Sampling techniques. It will not be possible to collect data from the whole population. This research adopted purposive Sampling (PS) to get samples from marketing managers and their clients who have ever used the service of the insurance company under the study of the insurance companies. This is because they are the ones, who deal with matters concerning the role of advertising on the profitability of the insurance companies. The study used 30 customers and 10 managers from Eagle Africa Insurance Company.

3.5 Data Collecting Instruments. (Primary Methods)
Data was collected by using questionnaires and interviews schedule techniques. The use of more than one technique made it possible to countercheck and cross validate information obtained from different sources (Babbie 1983)

3.5.1 Secondary Methods
The Secondary source of information or data included journals, newspapers, books and booklets. Documentary review is important to provide data to supplements that from interview schedule and questionnaire and to cross validate from interview and questionnaire.

3.5.2 Questionnaire
Questionnaire is an appropriate tool for data collection as it is relatively cheap and easy to administer as well as to reduce work time. Also it helps to cover wide range of respondents. Responses from the respondents will be obtained easily. The instruments by the nature are devoid of interview bias (Kothari, 1992). The questionnaire enabled the researcher to collect a lo
3.5.3 Interview

An interview is a planned set of questions presented verbally to interviewers in turn expecting oral/verbal responses (Babbies, 1983)

Apart from the fact that interview has high rates of responses, they also tend insulted from what is sometimes perceived as a confusing questionnaire items. The interview technique allow for the researcher to observe the actual situation as well as ask questions for clarification (Seidman 1991). Interview was selected because it will enable the researcher to tape the inner feeling of the respondents and ascertain the data derived from questionnaire and documentary review. Cohen et al (2000) argue that an interview allows subject to provide their interpretations of the world in which they live and express how they regard the situation from their own point of view.

3.6 Data Analysis

Data analysis is a process that entails editing, coding, classification and tabulation of collected data (Kothari, 1990). Data analysis was done based on the types of data acquired. The study generated quantitative and qualitative data. Qualitative data subjected to content analysis for purpose of testing the variables, were recorded in interview guides whose content were summarized in a narrative format. Quantitative data will be quantified, tabulated in form of frequencies as derived from responses and the percentage will be calculated. Inferences was made in the research tasks advanced in the study. Statistical Packages for Social Science (SPSS) software was used in analyzing the data collected from the questionnaire.

3.7. Summary

This Chapter explains about the research design, research tools, research sample and sampling techniques, study location, as well as data analysis methods.
CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction
The purpose of this chapter is to show the findings from the targeted respondents. It shows both descriptive findings and findings per research objectives. At last the summary of the study is shown.

4.2 Age of Respondents
The respondents were asked about their age. The responses showed that 20 (66.7%) of customers and 6(60%) of the managers were aged between 25-30 years, 3 (10%) of customers and 2(20%) of the managers were aged 40-49 years, and the rest 2(6.6%) of customers and 1(10%) of managers were aged 50+ as shown in table 4.1 below

Table 4.1: Age of Respondents

<table>
<thead>
<tr>
<th></th>
<th>Customers</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
<td>Frequency</td>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-24</td>
<td>5</td>
<td>16.7</td>
<td>1</td>
<td>10.0</td>
<td></td>
</tr>
<tr>
<td>25-30</td>
<td>20</td>
<td>66.7</td>
<td>6</td>
<td>60.0</td>
<td></td>
</tr>
<tr>
<td>40-49</td>
<td>3</td>
<td>10.0</td>
<td>2</td>
<td>20.0</td>
<td></td>
</tr>
<tr>
<td>50+</td>
<td>2</td>
<td>6.6</td>
<td>1</td>
<td>10.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100.0</td>
<td>10</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Data 2012
The findings show that the majority 20 (66.7%) of customers and 6(60%) of the managers were aged between 25-30 years and this has been the case due to the fact that, this group are the ones who are responsible on matters of life insurance, health insurance and vehicle insurance.

4.3 Education Level of Respondents

Respondents were asked about their level of education, the response show that 6 (60%) of managers and 15(50%) of the customers were graduates, 2 (20%) of the managers and 8(26.6%) of the customers were diploma holders, 1(10%) of managers and 4(13.3%) of customers were secondary leavers, 1(10%) of the managers and 2(6.6%) of the customers were post graduate and the rest (Customers) 1 (3.5%) were primary level.

See table 4.2 below and figure one below.

Table 4.2: Education Level of Respondents

<table>
<thead>
<tr>
<th>Managers</th>
<th>Frequency</th>
<th>Percent</th>
<th>Customers</th>
<th>frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>1</td>
<td>10</td>
<td>4</td>
<td></td>
<td>13.3</td>
</tr>
<tr>
<td>Diploma</td>
<td>2</td>
<td>20</td>
<td>8</td>
<td></td>
<td>26.6</td>
</tr>
<tr>
<td>Graduate</td>
<td>6</td>
<td>60</td>
<td>15</td>
<td></td>
<td>50</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>1</td>
<td>10</td>
<td>2</td>
<td></td>
<td>6.6</td>
</tr>
<tr>
<td>Primary Level</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td></td>
<td>3.5</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
<td>30</td>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field data 2012

This implies that the majority 6 (60%) of the Managers and 15(50%) of customers were graduates and this group was highly of a great deal for they were the ones who were dealing with micro and middle scale business enterprises, cars, followed by those who were diploma holders. Those who held post graduate were significantly few.
4.4. Gender of Respondents

Respondents were asked about their gender. The findings show that 4 (40%) of the managers and 16 (53.3%) of the customers were male and the rest 6 (60%) of the managers and 14 (46.7%) of the customers were female as described in table 4.3 below.

Table 4.3: Gender of Respondents

<table>
<thead>
<tr>
<th></th>
<th>Managers</th>
<th></th>
<th>Customers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
<td>Frequency</td>
<td>Percent</td>
</tr>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>4</td>
<td>40.0</td>
<td>16</td>
<td>53.3</td>
</tr>
<tr>
<td>Female</td>
<td>6</td>
<td>60.0</td>
<td>14</td>
<td>46.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100.0</strong></td>
<td><strong>30</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Field data 2012

The findings above signify that there was a greater observation of gender balance during sampling and this was done significantly to avoid biasness. From here arrange to present your empirical data in line with your research questions. In fact each research becomes a subtitle under which empirical data are then presented. Remember you have two sets of data: primary data and secondary – all of which must be used to answer each research question. The presentation and analysis must be systematic and relevant to a research question under which data are presented. This is how data is presented.

4.5 The Contribution of Advertising on the Increase of Sales Volume

4.5.1 Types of Advertising Media

Respondents who are the managers of the insurance companies were asked about the type of the media the company uses to advertise their services. The findings show that 5 (50%) of the respondents reported television, 3 (30%) said radio, 1 (10%) said banners and oral advertising. See table 4.4
### Table 4.4: Types of Media used to Advertise the Services

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banners</td>
<td>1</td>
<td>10.0</td>
</tr>
<tr>
<td>Television</td>
<td>5</td>
<td>50.0</td>
</tr>
<tr>
<td>Oral advertising</td>
<td>1</td>
<td>10.0</td>
</tr>
<tr>
<td>Radio</td>
<td>3</td>
<td>30.0</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source: field research 2013**

The findings imply that the choice of the type of media for advertising is determined by the coverage of that particular media. The higher the coverage of the media the higher the preference and choice made of that media type. In this research the findings showed that the majority 5 (50%) of the respondents said television is the widely used to advertise services offered by the insurance company this is because television can be viewed by the majority of the people and therefore the messages about the product can be more widely spread through television, than any other type of media.

Radio is another media which has been reported by the respondent to be widely used in advertising of the insurance services. This also covers widespread customers because it is cheap, affordable to the low income people, and portably accessible even in the mobile phones. The rest of the media types are oral and banners which can also speak about the positive image of the services. In the same line Latif and Abideen, 2011 argued that advertising through all mediums influence audiences, but television is one of the strongest medium of advertising and due to its mass reach; it can influence not only the individual’s attitude, behavior, life style, exposure and in the long run, even the culture of the country.
Television advertising is a form of advertising in which goods, services, organizations, ideas, etc., are promoted via the medium of television. Through television, advertisers can reach a wide variety of consumers Abideen et al., (2011).

4.5.2 Results of Advertising on the Sales of Your Company

The question was asked to the respondents on the results of advertisement of on sales of the company. The finding show that 8 (80%) of the respondents reported increase of the sales, 1( 10%) said no change and sales remained the same. See table 4.5

Table 4.5: Results of Advertisement on Sales of the Company

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase of the sales</td>
<td>8</td>
<td>80.0</td>
</tr>
<tr>
<td>Sales volume remained normal</td>
<td>1</td>
<td>10.0</td>
</tr>
<tr>
<td>Low sales</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>No change</td>
<td>1</td>
<td>10.0</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field data 2013

The findings entail that advertising can contribute to the increase of sale, this is due to the reason that it will publicize the product, make it widely known and influence the behavior to buy the product, create retention of the customers and maintain loyalty of the customers to the product and ultimately lead to the increase of the sales volume.

Consumer is more likely to associate with advertisements of those brands, which have emotional values and messages. This is because, positive emotional appeals also provide a strong brand cue and stimulate category-based processing (Abideen and Latif, 2011). If the categorization process is successful, then the affect and beliefs associated with this category in memory are transferred to the object itself.
4.5.3 Advertising and Sales

Julian Simon and Johan Arndt concluded that the effects of advertising budgets follow the microeconomic law of diminishing returns. That is, as the amount of advertising increases, its incremental value decreases. The logic is that those with the greatest potential to buy will likely act on the first (or earliest) exposures, while those less likely to buy are not likely to change as a result of the advertising. For those who may be potential buyers, each additional advert will supply little or no new information that will affect their decision. Thus, according to the concave-downward function model, the effect of advertising quickly begins to diminish. Budgeting under this model suggests that fewer advertising naira may be needed to create the optimal influence on sales.

4.6 Role of Advertising in the Customer Buying Behavior

It has been discovered that advertisement can change minds of the buyers and can completely switch to the product being advertised. The researcher therefore, wanted to know the perception of the respondents by giving a likert scale of to find a degree of the agreement of the argument that advertising can change minds of the buyers and switch to the product being advertised. The findings show that 5(50%) of the respondents who are the managers and 18(60%) of those who are the customers strongly agree, 2 and 6

(20%) of the managers and customers respectively agreed, 2 (20%) of the manages and 4(13%) of the customers disagreed and the rest 1(10%) of the managers and 2(6.7%) of customers strongly disagreed. See table 4.6
Table 4.6: Advertising can Change Minds of the Buyers.

<table>
<thead>
<tr>
<th>VALID</th>
<th>MANAGERS</th>
<th>FREQUENCY</th>
<th>PERCENT</th>
<th>CUSTOMERS</th>
<th>FREQUENCY</th>
<th>PERCENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGREE</td>
<td>2</td>
<td>20.0</td>
<td>6</td>
<td>20.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DISAGREE</td>
<td>2</td>
<td>20.0</td>
<td>4</td>
<td>13.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STRONGLY AGREE</td>
<td>5</td>
<td>50.0</td>
<td>18</td>
<td>60.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STRONGLY DISAGREE</td>
<td>1</td>
<td>10.0</td>
<td>2</td>
<td>6.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>10</td>
<td>100.0</td>
<td>30</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: field data 2013.

The findings imply that advertising is an important marketing strategy which can influence consumer to change their minds on the product and switch to the new product which seems to constitute of the additional values or utilities. The findings imply that without advertisement consumers may not be aware of the product and therefore may not buy it but with advertising, the customers may recognize additional utilities of the product and switch to the new product.

4.6.2 Customers’ Responses to Advertisement of the Product

The researcher asked the respondents on the customer responses to advertisement of the products. The findings show that 6 (60%) of the managers and 18 (60%) of the customers said customers become loyal to the product, 4, 12 (40%) of both managers and customers respectively said customer switch controlled. See table 4.7
Table 4.7: Customers’ responses to Advertisement of the Product

<table>
<thead>
<tr>
<th>Managers</th>
<th>Frequency</th>
<th>Percent</th>
<th>Customers</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Customers become loyal to the product</td>
<td>6</td>
<td>60.0</td>
<td>18</td>
<td>60.0</td>
<td></td>
</tr>
<tr>
<td>Customer switch controlled</td>
<td>4</td>
<td>40.0</td>
<td>12</td>
<td>40.0</td>
<td></td>
</tr>
<tr>
<td>Customers do not respond to advertisement</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
<td>30</td>
<td>100.0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: field data 2013

The findings imply that advertising can play a significant role in making customer loyal to the company products. When advertisement is combined with improvement of the quality of the product and the customer relationship management it will lead to customer retention and repetition of the customers purchase to the product or service. This will lead to the control of the customer turnover to the similar service providers.

Higher overall service quality or customer satisfaction leads to increased behavioral intentions, such as greater repurchase intention (Boulding et al. 1993), willingness to recommend (Danaher and Rust 1996b; Zeithaml et al. 1996), and intention to increase usage (Bolton and Lemon 1999; Danaher and Rust 1996a, 1996b). Increased behavioral intentions lead to behavioral impact, including repurchase or customer retention (Bolton 1998; Reichheld and Sasser1990)

4.6.3 Advertising in Relation to the Awareness of the Consumers.

Advertising is more about raising awareness to the consumers but the choice of the product depends on the consumer’s decision. The degree of agreement on the assertion that advertising is more about raising awareness to the consumers but the choice of the product depends on consumer’s decision was as follows, 5( 50%) of the
managers and 18 (60%) of the customers strongly agreed, 2 (20%) of the managers as 6 (20%) of the customers agreed, 2 (20%) of the managers and 4 (13.3%) of the customers disagreed and the rest 1(10%) of the managers and 2 (6.7%) of the customer strongly disagreed. See table 4.8 below

Table 4.8: Advertising in Relation to the Awareness of the Consumers.

<table>
<thead>
<tr>
<th></th>
<th>Managers</th>
<th></th>
<th></th>
<th>Customers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
<td>Frequency</td>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agree</td>
<td>2</td>
<td>20.0</td>
<td>6</td>
<td>20.0</td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>20.0</td>
<td>4</td>
<td>13.3</td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>50.0</td>
<td>18</td>
<td>60.0</td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>1</td>
<td>10.0</td>
<td>2</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
<td>30</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: field data 2013

The findings imply that there is a great agreement on the assertion that advertising is more about raising awareness to the consumers but the choice of the product depends on the consumer’s decision. From findings 5 (50%) of the managers and 18 (60%) of the customers strongly agreed, 2 (20%) of the managers as 6 (20%) of the customers agreed totaling 80% agreement this is because advertisement can bring about awareness of the product in the market but the power to make choice to buy the product or not is vested in the hands of the customer no matter how much a seller persuade them.

Alicia Barroso and Gerard Llobet (2011) carried out a study on advertising and consumer awareness of new, differentiated products in Nigeria and found out that in Consumers are more likely to incorporate a product in their choice set if they have purchased it in the past or if it becomes more visible, such as, through price promotions or a more prominent shelf placement.
4.6.4 Advertising in Relation to the Increased Customer Loyalty.
Advertising can increase customer loyalty and retain customer as a result it sustain companies profitability. Another argument which was given out by the researcher was that, advertising can increase customer as the company’s profitability. 5( 50%) of the respondents who are managers and 18( 60%) customers strongly agreed, 2( 20%) mangers and 6( 20%) of the customers agreed, 1 (10%) manager and 4( 13.3) disagreed,1 ( 10%) managers and 2(2.7%) of the respondents strongly disagreed. See table 4.9

<table>
<thead>
<tr>
<th></th>
<th>Managers</th>
<th></th>
<th></th>
<th></th>
<th>Customers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
<td>Frequency</td>
<td>Percent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agree</td>
<td>2</td>
<td>20.0</td>
<td>6</td>
<td>20.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>20.0</td>
<td>4</td>
<td>13.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>50.0</td>
<td>18</td>
<td>60.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>1</td>
<td>10.0</td>
<td>2</td>
<td>6.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
<td>30</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: field data 2013.

The findings imply that the advertising in connection with other factors such as customer relationship management, good communication skills, service quality maintenance can all together lead to retention of the customers.

4.6.5 Relationship between Consumer Behavior and Advertisement
Advertising, as stressed out by the respondents, refers to ways in which marketers, retailers, and other professionals communicate with potential consumers or prospects. It usually involves the use of paid printed media communications, television spots, or Internet radio ads. Marketers must have a good grasp of consumer behavior and advertising of the way the two are connected before an effective campaign can be implemented. Studies of past consumer behavior and public opinion
on certain products should be performed well in advance. Advertisers must understand their potential customers in order for their efforts yield a good return.

4.7 Role of Advertising on Wining Market Competition

Consumer’s choice set depends on how long each product has been in the market and the advertising expenditures on each of them. The argument stated that consumer choice set depends on how long each product has been in the market and the advertising expenditure on each of them. The respondents were required to show their degree of agreement on the argument. The findings show that 5 (50%) of the managers and 18( 60%) of the customers strongly agreed, 2( 20%) of the managers and 6( 20%) of the managers agreed, 2( 20%) of the managers and 4( 13.3%) of the customers disagreed,1(10%) manager and 2( 6.7%) customers strongly disagreed. See table 4.10

| Table 4.10: Consumer’s choice in Relation to the Product in the Market |
|----------------------------------|-----------------|-----------------|
|                                  | Managers         | Customers        |
|                                  | Frequency | Percent | Frequency | Percent |
| Valid                            |           |         |           |         |
| Agree                            | 2         | 20.0    | 6         | 20.0    |
| Disagree                         | 2         | 20.0    | 4         | 13.3    |
| Strongly agree                   | 5         | 50.0    | 18        | 60.0    |
| Strongly disagree                | 1         | 10.0    | 2         | 6.7     |
| Total                            | 10        | 100.0   | 30        | 100.0   |

Source : field data 2013

The finding imply that the customers and managers strongly agree that the longer the time in which the product has been in the market the higher the product awareness to the consumers and therefore the higher the purchase of that product. The more the resources allocated by the firm for advertising the higher the product awareness to the consumers that leads to loyalty and customer retention. The repetitive purchase of the product increases the sales volume and ultimately leading
to the growth of the company’s profitability. Roberts and Lattin, 1991 distinguish between awareness sets and choice sets. Whereas an awareness set might arise as a result of strategies, for example through advertising expenditures, the choice set is shaped by consumer decisions. In their model, consumers simultaneously choose, among products they are aware of, to invest in learning about the ones that ex ante are expected to lead to the highest expected utility.

4.7: The Utility of the Product or Service

The utility of the product or service to the buyers is not only determined by the advertising expenditures by the firm but also product characteristics and the price. The degree of agreement to the argument that the utility of the products or service to the buyers is not only determined by the advertising expenditures by the firms but also product characteristics and price was measured by the researcher. The results show that 4 (40%) of the managers and 18 (63.3%) of the customers strongly agreed, 2 (20%) of the managers and 2 (6.7%) of the customers strongly disagreed, 2 (20%) of the managers and 3 (10%) of the customers disagreed, 1 (10%) manager and 6 (20%) of the customers agreed. See table 4.11

<table>
<thead>
<tr>
<th></th>
<th>Managers</th>
<th></th>
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<th>Customers</th>
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<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
<td>Frequency</td>
<td>Percent</td>
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<tr>
<td>Valid</td>
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</tr>
<tr>
<td>Agree</td>
<td>1</td>
<td>10.0</td>
<td>6</td>
<td>20.0</td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>20.0</td>
<td>3</td>
<td>10.0</td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>4</td>
<td>40.0</td>
<td>19</td>
<td>63.3</td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>2</td>
<td>20.0</td>
<td>2</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
<td>30</td>
<td>100.0</td>
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</tbody>
</table>

Source: field data 2013

The findings entail that it is a true assertion that the utility of the product or service to the buyers is not only determined by the advertising expenditures by the firm but also product characteristics and the price. This is what has highly agreed on by the
respondents because the respondents knew the fact that the when the commodity yields a good utility to the users the quality of that product will be internalized into the customers mindsets and the customer him/herself will strive for that commodity in the market regardless of its publicity and advertisement. However the advertisement is necessary to remind the customers and stick the product into the minds of the customers.

4.7.2 Advertising the Product or Service in Winning the Market Competition

Companies which advertise their products are likely to win market competition. The researcher wanted to know the participant degree of agreement on the assertion that the companies which advertise their products are more likely to win market competition. The findings show that 5( 50%) of the managers and 14 (46.6) of the customers agreed, 2 ( 20%) of the managers and 8( 26.7) disagreed, 2 ( 20%) of the managers and 4( 13.3%) of the customers strongly agreed , 1( 10%) of the managers and 4(13.3%) of the customers strongly disagreed. See table 12

Table 4.12: Advertising the Product or Service in Winning the Market Competition

<table>
<thead>
<tr>
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<th>Managers</th>
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<tr>
<td></td>
<td>Frequency</td>
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<tr>
<td>Valid</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Agree</td>
<td>5</td>
<td>50.0</td>
<td>14</td>
<td>46.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>20.0</td>
<td>8</td>
<td>26.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>2</td>
<td>20.0</td>
<td>4</td>
<td>13.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>1</td>
<td>10.0</td>
<td>4</td>
<td>13.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
<td>30</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Source 2013

The findings imply that the majority 5 (50%) of the managers and 14( 46.6%) of the customers who agreed but not strongly agreed this is due to the fact that there is no one way causal relationship between advertising and winning market competition.
There is therefore interplay of different factors to intervene between and bring an important impact of market competition.

The possible factors jointly working to ensure market competition includes quality of the products, customer relationship marketing strategy, customer complains management advertising to ensure the existence of the company in the cutthroat market competition.

4.8 Factors to be considered before Choosing Advertising Media
The selection of advertisement media is a primary concern to an advertising agency. This is due to its paramount importance towards successful, effective and meaningful response from its advertisement messages. It is not enough to say the right thing about the right thing but to the right people using the right choice of media.

The factors that must be considered before arriving at the logical and possible decision in the choice of media are; The Impact of Advertising on Sales Volume of a Product. The cost of medium varies, while some are very costly, some are relatively cheap. This must be weighted with the financial resources made available for the advertisement to ensure compatibility.

4.8.1 Product Features
The nature of the product is very significant. Some products are very complex, while others are simple. The unique features of a complex product must be explained while simple products are more or less of a mass market.

4.8.2 Audience Characteristics
This greatly influences the choice of not only the message but also equally the mean of advertisement.
4.8.3 Objectives of Advertisement
The reason of advertising a product or service must be uppermost when choosing a medium. This is because each of the media has its own objective, therefore, for a round peg to be in a round hole, there must be coincidence of objectives.

4.8.4 Message Characteristics
The message that each medium can contain equally varies. Therefore, for a better communication, the advertisement message must be in line with what the advertisement medium or media can obtain.

4.8.5 Location, Demography and Religion
All these will determine the kind of advertisement message can be distributed. However, advertising research is a key to determining the success of an ad in any country or region. The ability to identify which demerits and/or moments of an ad that contributes to its success is how economies of scale are maximized. Once one knows what works in an ad, that idea or ideas can be imported by any other market. Market research measures, such as flow of attention, flow of emotion and branding moments provide insight into what is working in an advert in any country or region because the measures are based on the visuals not verbal elements of an advertisement. (Young Charles, 2005, 130-136)
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter covers the summary of the study, conclusions, and recommendations.

5.2 Summary of the Study
In the current market situation competition appears to be a common affair between companies which are profit focused. The commodities are fairly having similar qualities; products are produced in a very innovative way. The only main area of directing greater concerns is to focus the marketing attention to advertisement.

Advertising is any paid form of non-personal communication about an organization or its product to a target audience through a mass/broadcast medium by an identified sponsor. It should be observed that for any promotional activity to be called advertisement it must be paid for. In the real sense, it is the method used by companies for creating awareness of their products, as well as making new products known to the new and potential consumers.

This study focused on the impact of marketing on the profitability of the insurance companies.

The specific objectives of this research were to find the impact of advertising, on sales volume of the insurance companies, to assess the role of advertising in the customer’s buying behavior especially for insurance products and to find out the role of advertising on winning market competition.

The researcher used both qualitative and quantitative approaches to research where both stratified and purposive samplings were used to obtain a sample. Both primary and secondary sources were used to collect data. Primary source used questionnaire and interviews, and secondary source consisted of obtaining related data from written sources both published and unpublished reports, books, journals, articles at various documentation centers in Dar es Salaam.
Questionnaires with both closed-ended and open-ended questions were administered to the owners of the customers and managers of the insurance company. The analysis was done by using Statistical Package for the Social Sciences (SPSS) Version 17.0.

5.3 Summary of the Findings
In objective one the researcher wanted to know the impact of advertising, on sales volume of the insurance companies, the researcher therefore used likert scale to see the degree of agreement of the argument that advertising can change minds of the buyers and switch to the product being advertised. The findings show that 5 (50%) of the managers and 18(60%) of the customers strongly agreed. The finding imply that the customers and managers strongly agree that the longer the time in which the product has been in the market the higher the product awareness to the consumers and therefore the higher the purchase of that product. The repetitive purchase of the product increases the sales volume and ultimately leading to the growth of the company’s profitability.

In the first objective the researcher also wanted to know the results of advertisement on sales of the company. The finding show that 8 (80%) of the respondents reported increase of the sales. This entails that advertising can contribute to the increase of sale, this is due to the reason that it will publicize the product, make it widely known and influence the behavior to buy the product, create retention of the customers and maintain loyalty of the customers to the product and ultimately lead to the increase of the sales volume.

The second specific objective of the research was to assess the role of advertising in the customer’s buying behavior especially for insurance products. Under this objective, the researcher wanted to understand the degree of agreement to the argument that the utility of the products or service to the buyers is not only determined by the advertising expenditures by the firms but also product characteristics and price and the results showed that 4 (40%) of the managers and 18(63.3%) of the customers strongly agreed, it has been agreed by the respondents
because the respondents knew the fact that the when the commodity yields a good utility to the users the quality of that product will be internalized into the customers mindsets and the customer him/herself will strive for that commodity in the market regardless of its publicity and advertisement. However the advertisement is necessary to remind the customers and stick the product into the minds of the customers.

The third specific objective of this study was to find out the role of advertising on winning market competition. Under this objective the researcher wanted to know the participant degree of agreement on the assertion that the companies which advertise their products are more likely to win market competition. The findings show that 5(50%) of the managers and 14 (46.6) of the customers agreed, these have only agreed but not strongly agreed this is due to the fact that there is no one way causal relationship between advertising and winning market competition. There is therefore interplay of different factors to intervene between and bring an important impact of market competition including customer relationship management, keeping quality of the product and good service delivery.

5.4 Conclusion
The findings showed that, with regards to the impacts of advertising ,the study found that advertising can contribute to the increase of sales, it publicizes the product, makes it widely known and influences the behavior to buy the product, creates retention of the customers and maintains loyalty of the customers to the product and ultimately lead to the increase of the sales volume.

The findings show that 5(50%) of the managers and 14 (46.6) of the customers agreed, these have only agreed but not strongly agreed on the assertion that advertising can lead to company to win the market competition, this is due to the fact that there is no one way causal relationship between advertising and winning market competition. There is therefore interplay of different factors to intervene between and bring an important impact of market competition including customer relationship management, keeping quality of the product and good service delivery.
About the role of advertising in the customer’s buying behavior especially for insurance product, the researcher wanted to understand the degree of agreement on the argument that the utility of the products or service to the buyers is not only determined by the advertising expenditures by the firms but also product characteristics and price and the results showed that 4 (40%) of the managers and 18(63.3%) of the customers strongly agreed, it has been agreed by the respondents because of the fact that the when the commodity yields a good utility to the users the quality of that product will be internalized into the customers mindsets and the customer him/herself will strive for that commodity in the market regardless of its publicity and advertisement. However the advertisement is necessary to remind the customers and stick the product into the minds of the customers.

5.5 Recommendations
Having analyzed, discussed and interpreted the data collected in this study, the researcher therefore recommends the following:
Due to the competitive nature of the industry the marketing manager of Eagle Africa Insurance Brokers must develop and formulate marketing programmes that will satisfy the needs of the consumers. Since other service providers have similar advertising messages, it is recommended that for a more distinguished and effective response from the customer, other forms of advert should be used.

Regular and consistent up-to-date training on product information should be given to the advertising agency so that they will have the current knowledge and skills to handle the adverts and also to ensure that product information is being emphasized so as to enlighten the customers.

As advert campaigns are relayed from different service providers, the adverts should be used to aid the customers to identify the company’s products or service when they are making a purchase decision.
The company should also ensure that advertising agencies place their product adverts on stations and places where the consumers will easily identify with them make a
purchase. A good advert should be effective, persuasive and contain the necessary information on the products.

Finally, it is suggested that market research and other studies be conducted to enable Eagle Africa Insurance Brokers identify those areas where promotional activities with effective advertising is lacking. They should also regularly examine the segments of the market that have been appealing so as to hold strongly on to them and to look for ways of attracting more customers.

Due to the competitive nature of the industry the marketing managers of Insurance companies must develop and formulate marketing programmes that will satisfy the needs of the consumers. Since other service providers have similar advertising messages, it is recommended that for a more distinguished and effective response from the customer, other forms of advert should be used.

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The companies should also ensure that advertising agencies place their product adverts on stations and places where the consumers will easily identify with them make a purchase. A good advert should be effective, persuasive and contain the necessary information on the products.

The companies should embark on companywide awareness of advertising through seminar and workshops to educate and intimate all categories of the employees on the strategy. Top management should be involved in the continuous evaluation and monitoring of advertising to ensure that the goals and objectives set are achieved and...
appropriate corrective actions are taken in the event of deficiencies. The companies should harmonize all departments so as to realize the goals and objectives of advertising.

In this study it shows that there is positive relationship of emotional response with consumer buying behavior and no relationship between environmental response and consumer buying behavior. Therefore, it is concluded that consumers purchase products by emotional response, rather than environmental response. In environmental response consumer do shopping unplanned but in this research consumer purchase those products from which consumer are emotionally attached.

These attachments are created through advertisement as audio, video and text form, which appeals him or her. This research is conducted in telecom sector; therefore for generalization of these results, it is necessary for future researcher to empirically contribute to do this research by using other brands i.e. mobile advertising, FMCGS products automobiles, electronics etc. There should be novelty approach to attract the consumer buying behavior for future studies. Consumer buying behavior should be checked by consumer psychological behavior and social concerns.
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University of North Carolina at Chapel Hill


APPENDICES

Appendix 1: Questionnaire

Dear Sir / Madam,

My Name is Elvaina Urassa, the MBA Student studying Masters Degree in Corporate Management at Mzumbe University of Tanzania. As part of my studies I am conducting a research on the role of marketing in enhancing the profitability of insurance companies; case of Eagle Africa Insurance brokers T Ltd.

I am hereby requesting your response to the following questions that will be used in this academic research work. The obtained information is confidential and is for academic purpose only. Therefore your cooperation, and transparency are highly needed and appreciated.

Please help ticking in the bracket and fill the appropriate answers.

Part A

PERSONAL DETAILS

i) Age
   (i.) 20-25 ( )
   (ii.) 30-35 ( )
   (iii.) 40-45 ( )
   (iv.) 50+ ( )

ii) Education Level
   (i.) Primary ( )
   (ii.) Secondary ( )
   (iii.) College/University ( )

iii) Gender
   a) Male ( )
   b) Female ( )
Part B: OBJECTIVE QUESTIONS

THE IMPACT OF ADVERTISING, ON SALES VOLUME OF THE INSURANCE COMPANIES.

1) What is the form of media used by your company to advertise the services
   (i.) Banners             (   )
   (ii.) Television         (   )
   (iii.) Oral Advertising  (   )
   (iv.) Radio              (   )

2) What are the results of advertising to the sales of your company
   (i.) Increase of the sales      (   )
   (ii.) Normal Sales Volume      (   )
   (iii.) Low sales               (   )
   (iv.) No changes               (   )

3) Advertising can change minds of the buyers and switch to the product being advertised
   (i.) Agree                 (   )
   (ii.) Disagree             (   )
   (iii.) Strongly agree      (   )
   (iv.) Strongly disagree    (   )

Customer Buying Behavior

4) What is the response of the customers when advertising the services or products of your company?
   (i.) The customers become loyal to the product       (   )
   (ii.) Customer switching to other products controlled (   )
   (iii.) Customers do not respond to the Advertisement   (   )
5) Advertising is more about raising awareness to the consumers but the choice of the product depends on the consumer’s decision.
   (i.) Agree (    )
   (ii.) Disagree (    )
   (iii.) Strongly agree (    )
   (iv.) Strongly disagree (    )

6) Consumer’s choice set depends on how long each product has been in the market and the advertising expenditures on each of them.
   i. Agree (    )
   ii. Disagree (    )
   iii. Strongly agree (    )
   iv. Strongly disagree (    )

7) The utility of the product or service to the buyers is not only determined by the advertising expenditures by the firm but also product characteristics and the price.
   (i.) Agree (    )
   (ii.) Disagree (    )
   (iii.) Strongly agree (    )
   (iv.) Strongly disagree (    )

**Competition**

8) Companies which advertise their products are likely to win market competition.
   (i.) Agree (    )
   (ii.) Disagree (    )
   (iii.) Strongly agree (    )
   (iv.) Strongly disagree (    )
9) Advertising can increase customer loyalty and retain customer as the result it sustain companies profitability.
   (i.) Agree (   )
   (ii.) Disagree (   )
   (iii.) Strongly agree (   )
   (iv.) Strongly disagree (   )

10) Advertising cannot improve sales volume and therefore cannot affect profit making of the company.
   (i.) Agree (   )
   (ii.) Disagree (   )
   (iii.) Strongly agree (   )
   (iv.) Strongly disagree (   )

THANK YOU FOR YOUR TIME.
Appendix 2: Interview Guide:

Dear Sir / Madam,

My Name is Elvaina Urassa, the MBA Student studying Masters Degree in Corporate Management at Mzumbe University of Tanzania. As part of my studies I am conducting a research on the role of marketing in enhancing the profitability of insurance companies; case of Eagle Africa Insurance brokers T Ltd.

I am hereby requesting your response to the following questions that will be used in this academic research work. The obtained information is confidential and is for academic purpose only. Therefore your cooperation, and transparency are highly needed and appreciated.

1. Mention four results of advertising which appeared to sales on your company
   (i.) ...........................................................................................................
   (ii.) ...........................................................................................................
   (iii.) ...........................................................................................................
   (iv.) ...........................................................................................................

2. Between the company which advertise its products and the company which does not which one is likely to increase profitability and why?
   ..............................................................................................................
   ..............................................................................................................
   ..............................................................................................................

3. Is there any likelihood for the company which focuses on advertising of goods and services to win market competition?
   (i.) Yes
   (ii.) No
Explain your answer
...........................................................................................................................................
...........................................................................................................................................
...........................................................................................................................................

4. How can you explain the changes in customer loyalty and retention as the result as the company advertises their goods and services?
...........................................................................................................................................
...........................................................................................................................................
...........................................................................................................................................

5. Does advertising increase sales volume and increase profit making of the company.
   (i.) Yes
   (ii.) No

   If yes explain how it does
...........................................................................................................................................
...........................................................................................................................................
...........................................................................................................................................

   if no please explain the reasons
...........................................................................................................................................
...........................................................................................................................................
...........................................................................................................................................

6. What factors are used by advertising agents in choosing media for advertising?
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...........................................................................................................................................
...........................................................................................................................................

AHSANTE SANA