

**THE EFFECTS OF ADVERTISING ON ORGANIZATIONAL  
PERFORMANCE**

**A Case Study of TIGO Telecommunication Network**

**By**

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**A dissertation Submitted in Partial/Fulfilment of the Requirements for Award  
of the Degree of Master of Business Administration (MBA) of Mzumbe**

**University**

**2015**

## CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **The Effects of Advertising on Organizational Performance A case Study of Tigo Telecommunication Network**, in partial/fulfilment of the requirements for award of the degree of Master of Business Administration of Mzumbe University.

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## **ACKNOWLEDGEMENTS**

This dissertation could not have been completed without the support of many people. I would like to thank those who have remarkably contributed to the completion of this study. Appreciations are dedicated to all those who in one way or another assisted me. First, I thank God, the Almighty for protecting me in my every action of life and in the course of accomplishing my master's program.

Secondly, I extend my gratitude and appreciation to my supervisor for her constructive criticisms, guidance, and insights during this study. Her endless patience, intellectual guidance, moral support, and wide research experience made this study possible.

Thirdly, my heartfelt gratitude goes to my family for their understanding, support, and encouragement during the whole period of my studies. Fourth, much appreciation is extended to Tigo headquarters who willingly and open-heartedly agreed to contribute necessary information which was used in preparing this dissertation.

## **DEDICATION**

This dissertation is dedicated to my parents for their love and support from my childhood. Their endless support, love, and encouragement that they gave me to make me the person that I am today.

## **LIST OF ABBREVIATIONS**

MBA	Masters of Business Administration
ROI	Return on Investment
SPSS	Statistical package for Social Sciences
TTCL	Tanzania Telecommunication Company Limited

## **ABSTRACT**

The aim of this study was to examine the effects of advertising on organizational performance with a case study of Tigo telecommunication network. The specific objectives of the study entailed, to examine the extent to which Brand awareness relates to organizational performance, to establish the extent to which Brand loyalty relates to organizational performance, to assess the extent to which Brand equity relates to organizational performance.

The population under this study included Tigo employees. Data were collected through questionnaires, interviews, and documentary review. The analysis of primary data was done with Statistical Package for Social Science (SPSS).

The findings revealed that, brand awareness, brand loyalty, and brand equity have a significance influence on organizational performance. The findings also reveal that proper advertising techniques are very important in an organization.

The study recommends that, companies should at all times to have a planned and systematic advertising campaigns program, as it would help to make promotional implementation effective.

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# **CHAPTER ONE**

## **INTRODUCTION AND BACKGROUND OF THE STUDY**

### **1.1 Introduction**

This chapter sets the study. It provides the background information which highlights the historical background of the problem. It also explains the statement of the problem, objectives of the study, significance of the study, limitations as well as the organization of the study.

### **1.2 Background to the Study**

Advertising has been existing for many decades. It is one means of promotional mix which has its ultimate function to set up channels of information and persuasion to sell goods and services or promote an idea (Belch, 1991). Advertising is considered one of the marketing communication tools. Communication is the process of giving or an exchange of information and the science of transmitting information as well (Smith, 1993). In the world's complicated society, advertising has developed into a significant communication system which connects both consumers and businesses (Belch, 1998).

Advertising communication can be conveyed through various mass media which include traditional media such as TV, broadcasting, magazines, and newspapers (Belch & Belch, 1998). In addition, Internet industry becomes a new medium for businesses, especially provides a new living space for the growth and development of enterprises (Hamill, 1997).

Advertising as a marketing tool is used by business organization to inform consumer that the right product is available at the right place, right price and to convince the consumer to purchase them. Advertising comprises all messages that are paid for in the media owned and controlled by people other than the company making the advertisement. Therefore, advertising must be tailored towards consumer's satisfaction and organizational performance (Osogbo, 2014).

A few years ago, a conversation with a friend raised an interesting point that motivated a researcher to study on the topic “The impact of advertising on consumer purchase decisions”. In summary, he stated subtly that, he does not purchase products that are “over advertised”. He backed his purchasing decision with the reason that a good product does not necessarily need to be advertised so often to sell. Similarly, Yelber (2010), in her research “Effects of advertisement of hair products on student’s purchasing habits” found out that some people think advertising is highly deceptive and influences the individual to buy inferior products (Yelber, 2010).

In addition, Klein (2010) in her book “No Logo” explains that a brand is not created in the factory anymore, but rather created in the office. Klein (2010) describes the brand as a non-reflection of quality but a reflection of what the marketing department wants it to stand for. She indicates that instead of producing things, companies are rather producing images of things (Klein, 2000). Advertising helps to create top of the mind awareness of a brand and aims at facilitating brand recall (*Ibid*).

In addition, my friend heartily stated that, “If the product is good, it will sell itself”. He made the claim that people will continue to buy it after using it for the first time. Therefore, he has the notion that products that have inferior quality are the ones, that are “overhyped” (over advertised) to make sales. Advertising may be defined as any paid form of non-personal presentation of ideas, goods, or services by an identified sponsor (Perreault & McCarthy, 1997).

Abiodun (2011) also defines advertising as a non-personal paid form of “communication about an organization or its product to a target audience through a mass broadcast medium by an identified sponsor”. These definitions clearly establish that every product, service, or idea being promoted has an identifiable sponsor, brand owner, or service provider. Advertising has become an integral part of our social and economic system. In our complex society, advertising has evolved into a vital communications system for both consumers and businesses (*Ibid*). The encyclopedic dictionary of marketing defines advertising appeal as “the basis or approach used in

an advertising messages to attract the attention or interest of customers and or influence their feelings toward the advertised product, service, or cause”. In 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. Advertising as a promotional tool also tends to remind, reassure, and influence the decisions of the consumers because an advertisement itself enlightens, and persuades consumers on their acceptability of the product offering. For any promotional activity to be called advertisement, it must be paid for (Abiodium, 2011).

These adverts try to portray a positive sense of their brand on others to attract people to it. Advertising takes many forms. It can be done through public announcement in a newspaper, on a radio station, television channel, on the internet and other outlets such as, the use of posters, banners, billboards, and brochures. A number of studies have been done on impact of advertising on organizational performance but none of them has focused on the effects of advertising on Tigo telecommunication network in 2015, therefore this study examined the effect of recent advertising on Tigo’s performance.

### **1.2.1 Objectives of Advertising**

Every ad and every advertising campaign should have clearly defined objectives. These should grow out of the firm’s overall marketing strategy and the promotion jobs assigned to advertising. Advertising objectives should be more specific than personal selling objectives. One of the advantages of personal selling is that a salesperson can shift the presentation for a specific customer. Each ad, however, must be effective not just for one customer but for thousands, or millions, of them (Stanley, 1982).

The following are advertising objectives as specified by Stanley (1982) in promotional advertising, publicity, personal selling, and selling promotion.

- i. Help position the firm’s brand or marketing mix by informing and persuading target customers or intermediaries about its benefits.
- ii. Help introduce new products to specific target markets.

- iii. Help obtain desirable outlets and tell customers where they can buy a product.
- iv. Provide ongoing contact with target customers, even when a salesperson isn't available.
- v. Prepare the way for salespeople by presenting the company's name and the merits of its products.
- vi. Get immediate buying action.
- vii. Help to maintain relationships with satisfied customers and encourage more purchases.
- viii. Help build more trusting relationships with customers.

### **1.3 Statement of the Problem**

It is an established fact that advertising plays a very significant role in creating product or service awareness in the market place. David and James (1982) argued that advertising is one easy way to educate existing and prospective consumers about a product or service hence improves the organisation performance in general.

Mobile companies in Tanzania, particularly Tigo Telecommunication Company considers advertisement as an inevitable tool for survival in highly competitive market and improved performance of the organisation. Empirical evidence has proven that just like any other mobile companies, Tigo Mobile company has competitors. This implies that Tigo Mobile company would have to rely heavily on advertising to create a brand and distinguish it from other products in the minds of consumers and eventually improve its performance. Thus, advertising in Tanzania has become the gateway to survival and the performance of the organisation.

However, the need for high performance, survival, the desire to control larger market share and the dream of creating brand loyalty in the minds of consumers have made successful Mobile Companies in Tanzania. Like the Tigo Mobile company, to pay much attention to advertising programmes without recourse to the extent to which advertising has been able to commensurately improve their performance.

Despite the fact that the advertising theoretically is linked with the improved company performance, little research attention has been paid to the effect of such advertising in Tigo Telecommunication Company. The study by Akanbi and Adeyeye (2011) which sought to establish the effect of advertising on the sales volume of Vodacom Tanzania Company limited utilizing composite data from the annual accounts and reports of the Company from 2009-2014.

Therefore, it is in the line of the above argument that this study assessed the effects of advertising on organizational performance with a case study of Tigo telecommunication network.

#### **1.4 Study Objectives**

##### **1.4.1 Main Objective**

The main objective of the study was to examine the effect of advertising on Tigo performance.

##### **1.4.2 Specific Objectives**

The study was guided by the following specific objectives:-

- i. To examine the extent to which Brand awareness relates to organizational performance
- ii. To establish the extent to which Brand loyalty relates to organizational performance
- iii. To assess the extent to which Brand equity relates to organizational performance

## **1.5 Research Questions**

The following questions guided the study:

- i. To what extent does brand awareness relate to organizational performance?
- ii. To what extent does brand loyalty relate to organizational performance?
- iii. To what extent does brand equity relate organizational performance?

## **1.6 Significance of the Study**

The study broadens the knowledge on advertising. It shows areas where organizations should put more emphasis for better performance. Furthermore, the study practically helps Tigo company to review its laws and regulations on advertising in order to cope with the contemporary society.

On top of that, the study opens up a way for other researchers to conduct further studies on the issues related to advertising and organization performance in Tanzania and elsewhere. Lastly, this study is also for accomplishment of the Masters of Business Administration in Corporate Management of Mzumbe University.

## **1.7 Limitations of the Study**

Time was a major limitation of this study. Appointment with respondents was a constraint because of their failure to comply with the appointment. There were excuses from some of the respondents. Notably, strong resistance was observed in case of interviews when collecting data and confidentiality but after discussion with some key respondents, they managed to provide necessary information needed in the study.

Also, due to the unique cultural background of the people in the study area, the outcome of the study would be difficult to replicate in other places. Another limitation was that, the entire questionnaire given out were not retrieved for analysis.

Financial constraint. There were so many requirements which were needed during the whole research exercise. The researcher did not have a sponsor to pay for the study. Therefore, he used his own meagre resources to meet the research expenses.

Limited time. The research topic covered a wide area. Therefore, it needed a lot of time to reach the entire respondents. Confidentiality of information. Some of the information were treated as confidential and, therefore, deny access to it by the researcher.

Uncooperative attitudes by potential respondents This was a common problem where common people who did not know the importance of the research and even the educated once who were used to giving out the opinions and see nothing being done were not willing to cooperate with the researcher.

### **1.8. Delimitation of the study**

Either the researcher made a close follow up of the questionnaires by physical visits or by phone calls to ensure the complete participation in the study also through assurance that the information was to be used only for academic purposes.

The questionnaires prepared were simple, short up to the point and attracts participants to fill the in. By using his skills, experiences in the management, profession and theoretical orientation in research methods, the researcher thoroughly explained to participants about the study rationale and implication for them by participating in the study.

### **1.9 Organization of the Study**

This study is organized in five chapters.

- i. Chapter one presents background information, statement of the problem, objectives of the study, significance of the study, limitation of the study and organization of the study.
- ii. Chapter two provides relevant empirical and theoretical literature reviews; it also defines key terms used in the study and as well as providing the framework of the study.
- iii. Chapter three presents the design and methodology used in the study. It first provides the research philosophy, research design, population, sampling

design, data collection methods, area of the study and the way data was processed as well as the way it was analyzed.

- iv. Chapter four presents the findings of the study. It also analyze and discusses the findings of the study based on the objectives of the study stated in chapter one.
- v. Chapter five concludes the study. It provides a general conclusion from the findings.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The review of the literature is crucial in any research work. This is because it enables the researcher to study different theories related to the identified topic and gain clarity of the research topic (Katsikeas and Leorned, 1996). In this chapter, a detailed literature review on advertising is provided. The chapter is divided into two parts, namely; theoretical literature review and the empirical literature review. It also provides the conceptual framework of the study.

#### **2.2 Definition of Key Concepts**

Advertising is: "the non-personal communication of information usually paid for and persuasive in nature about products, services or ideas by identified sponsors through the various media" (Bovee and Arens, 1992). Organizational Performance is defined as an analysis of an organization's performance as compared to goals and objectives. Within corporate organizations, there are three main outcome analyzed: financial performance, market performance and shareholder value performance, and in some cases production capacity performance may be analyzed (Kates and Galbraith, 2007).

#### **2.3 Main Steps in the Management of Advertising Communication**

The management process for marketing communication should follow six steps which should be taken in order (Usunier, 2009).

The six steps are as follows:

- i. The communication problems which marketers want to solve should be isolated. The first step refers to the problems which exist in the marketing communication process and are needed to be solved, such as improving brand awareness, changing brand image, increasing sales and so on.
- ii. The target population should be identified.

- The second step includes “the consumer segments to be targeted and their socio demographic characteristic, consumption habits, psychographic characteristics” (Usunier and Lee, 2009).
- iii. The marketing communication objectives should be defined “in terms of influencing the target population, at either the attitudinal or the behavioral level” (Usunier and Lee, 2009). Communication objectives contain persuading consumers to like the advertised product, encouraging consumers to try the product again, educating the consumers to accept the product, and so forth.
  - iv. A creative strategy should be selected.  
This step indicates the way which brand name is portrayed and how to translate the objective into copy (Usunier and Lee, 2009). One or several creations could be included as well.
  - v. A media plan should be designed.  
Which media to be used and how to use it are included in media plan. Generally, there are two kinds of media namely; traditional media (e.g. TV, broadcasting) and new media (e.g. online advertising).
  - vi. The advertising campaign should be implemented.  
The last step covers “pre and post testing of the advertisement effectiveness and research on different aspect” (Usunier and Lee, 2009).

## **2.4 Aaker’s Model on Brand**

Aaker’s model has outlined some dimensions which may lead to achievement of brand equity and hence performance of the organization.

### **2.4.1 Brand Loyalty**

Loyalty is an important concept in marketing strategy and as Aaker said the brand loyalty is the center core of brand equity. Loyalty causes costumers to spend less time in seeking information. Loyalty-based buying decisions might turn into a habit and this may be resulted from current brand equity. The loyal customers would have

benefit for an organization in the reducing costs and implementing its works (Rundle 2001). Moreover, loyalty can give a company a chance to react against threats such as competition because as consumers become loyal to a brand they become less sensitive to a price increase because of the product's ability to satisfy their needs (Graham et al., 1994).

“Loyalty development is often associated with the actual service encounter but advances in technology, particularly social media, have allowed the customer brand connection to be enhanced (King, 2015).

#### **2.4.2 Brand awareness**

Brand awareness is recalled brand memorization power in customer’s mind. There are four types of brand awareness:

- i. High mental awareness,
- ii. Brand reminding,
- iii. Brand recognition,
- iv. Unawareness

(Bumm, 2005).

The role of brand awareness depends on the level of awareness achieved. In the higher awareness level buying, the possibility of considering brand and the effect of awareness on buying decision are increased (Rundle and Bennet, 2001). It is one of the fundamental dimensions of brand equity, and is often considered a pre-requisite of consumers’ buying decision as it represents the main factor for including a brand in the consideration set.

Brand awareness can also influence consumers’ perceived risk assessment and their confidence in the purchase decision, due to familiarity with the brand and its characteristics. On the other hand, brand awareness can be depicted into at least two facets – unaided (brand recall) and aided (brand recognition) – each of the two facets having its more or less effective influence on buying decision and perceived risk assessment.

Entrepreneurial firms, organizations, and institutions use brand name, logos, slogans, jingles, brand characters/personalities, URL, signage, packaging, letterhead paperwork, and advertising to increase brand awareness as part of their external branding efforts. Brand logos are also seen on labels, promotion materials, trade dress and employee uniforms, distribution trucks, and business cards. These external branding strategies and tactics help firms build not only corporate identity and brand persona to differentiate themselves from the competition, but also brand loyalty. Entrepreneurs can develop their brand's persona throughout the years with guided and planned actions and in turn consumer responses to their brand.

Herskovitz and Crystal (2010) state that brand persona is essential in driving the continuity of the overall brand message. They (Herskovitz and Crystal, 2010, p. 21) add that brand persona is "what makes the difference in strong or weak brand associations". Consumers attach human like characteristics to brands based on their understanding of brand's values and behaviors. Logo is an important part of the brand as it signals brand character through a stylized treatment of the company or brand name. It is like a signature of a person. Its main function is to remind the brand and make e sure that "it remains at the forefront of the audience's thoughts" (Herskovits and Crystal, 2010, p.21).

Schechter (1993, p.33) defines logos as "the official visual representation of a corporate or brand name, and the essential component of all corporate and brand identity programs". Due to the entrepreneurial importance of logos in consumer sentiments (positive or negative attitudes) and brand awareness, great amounts of "investments are made because management expects that logos can add value to the reputation of an organization" (van Riel and van den Ban 2001, p. 428). Indeed, in 1994 over 3,000 new companies in the United States spent an estimated total of \$120 million to create and implement a new logo (Anson, 1998). Timmons (1999), however, points out that entrepreneurs work with minimal resources.

Although the theoretical assumptions and evidence from practice underline the importance of logos in consumer perceptions of a company and its products

(Schechter, 1993) and their preference of brands, empirical research on the added value of logos are limited (Green and Lovelock, 1994).

As the brands become more similar and struggle to gain unique associations in the presence of strong competitors, investigating the correlation of brand and logo associations, become critical. As brand association researchers mentioned, brands are focusing on trivial attributes for unique brand associations and losing the core value of the brand. Logos may help brands to avoid lose focus. They may act as cues to elicit stronger associations than mere attributes and help differentiate in the presence of strong competitors. Boyle (2003) suggests that brand building efforts are more likely to succeed if associations are created based on personal identification rather than on abstract concepts.

### **2.4.3 Perceived quality**

Perceived quality is the customer's judgment about a product's overall quality or superiority of a good or service in comparison with customer's tendency to its substitutions. For understanding perceived quality, recognizing and measuring main dimensions is useful. However, perceived quality is a world structure and a summary. The brand is linked with customer's perceived quality; a perception which only shows overall quality and is not necessarily concerned with its trivial characteristics. High quality could be a base for developing the domain of brand (Farquhar et al., 1991).

Perceived service quality is defined as consumers' judgement about a business overall distinction or dominance (Parasumaran, Zithaml & Berry, 1988). In simple words, Jiang and Wang (2006) defined it as the customer's evaluation of the service performance received and how it compared with their expectation. Another aspect Jiang and Wang (2006) point out that, evaluations are not based on service attributes, rather these depend on a customer's feelings or memory. Therefore, customers measure quality in terms of how much pleasure they have received from a service.

#### 2.4.4 A set of brand dependents

Dependents are made a basis for loyalty and buying decision. Dependents could be made of value by the following ways: process/information recovering and distinction are the reasons for buying brand and making positive feeling and vision. In addition, they are basis for developing brand's domain (Hosseini and Rahimi, 2007).

#### 2.4.5 Other brand's private property

First three groups of brand equity are indicated customer's perceptions and reactions. The forth is the customer's base. The last group indicates the other brand's private properties such as franchises and registration rights, trademarks, channel relationships and etc. if brand's properties are prevented from competitors' entry for weakening costumer's loyalty, they have the most valuation (Farquhar et al, 1991).

#### 2.5 Advertising Adaptation Process

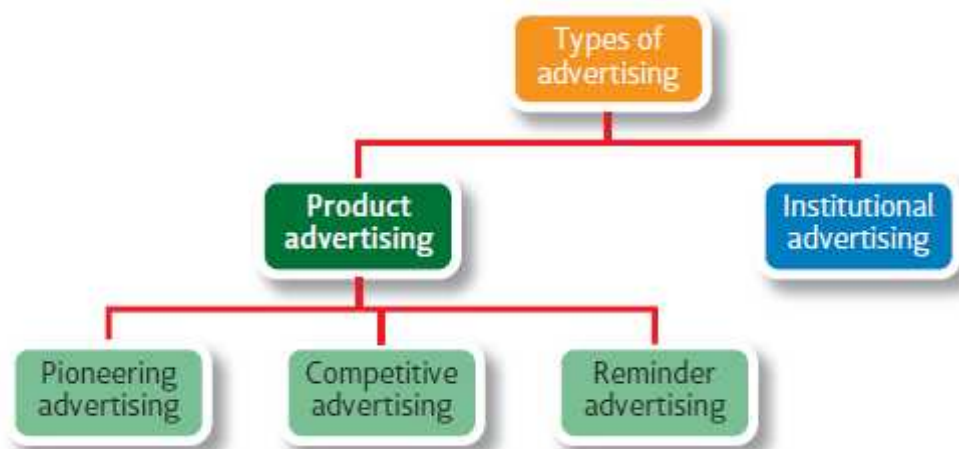
The objectives obviously affect what type of advertising is best. Figure 2.1 as shown by Stanley (1982) shows that the type of advertising that achieves objectives for one stage of the adoption process may be off target for another stage.

**Figure 2.1: Advertising Adaptation Process**

Source: (Stanley, 1982)



**Figure 2.2: Type of Advertising**



**Source:** (Stanley, 1982)

The advertising objectives largely determine which of two basic types of advertising to use product or institutional as shown in figure 2.2 above.

### **Aida Model**

This model was propounded by Elmo Lewis. This is an approach used by many advertisers to describe the different phases of consumer engagement with an advertisement. It explains the way consumers' process information they are exposed to in the media. (Collye, 1984). In order for advertising communication to be successful, prospective buyers become a target for advertising messages (Rossitor, 1985).

The individual must process the elements in an intended manner so that the advertising results which in appropriate circumstances will produce action (Purchase of the product or service). Actions can also include a variety of desired targeted behavior on the part of distributors or consumers. This behavior can be in the form of sales enquiries, or visit to retail outlets.

It identifies the stages which describe the processes a consumer goes through to become a potential customer. The stages identified by this model are; Awareness, Interest, Desire and Action (Glowa, 2002).

The model depicts that; awareness will cause or attract the attention of the consumer to the product. This will further arouse the interest and possibly lead to the consumer's desire for the product. Advertisers believe that when the consumer gets to the stage of "desire information" for the product, he, or she is likely to an action which the advertiser see will be purchasing the product (Lavidge and Steiner, 1961).

Different advertisers publicize advertising information differently and try to make consumers aware by getting their attention through modern communication methods. Advertisers use appealing information and images to convince consumers about the benefit they will get from a product or service and how that product can help solve their problems. Therefore, it is very necessary for the information to spark the consumer's interest with a concise, brief, and accurate explanation of features and benefits of the products that are being promoted (Hansen, 1972).

The desire is created, by the use of keywords to convince the consumer that the product is what they really need. Advertisers propagate their offers and the value of their product and people are moved because of the action it projects. (Jones, 1986). This demonstrates that consumers must be aware of a product's existence, be interested enough to pay attention to the product's features, benefits and develop a strong desire to have benefits from the products offerings. Thus, the fourth stage (action) would come because of the individual's movement through the three stages of awareness, interest, and desire.

Bovee et al. (1995) indicates that whether the variety, these models are based on the assumption that people first learn something from advertising, then form feelings about the product in question. Finally, they take action (purchasing a product). This order of stages is often called the "learn-feel-do sequence" (Bovee et al., 1995).

In reference to the AIDA model, advertising is aimed at generating a strong desire which can stimulate or trigger an audience to take action about a product. This clearly shows that the level of impact an advert may have on a consumer depends on

the interest and desire created in the ad. This may or may not lead to an action (purchasing) towards the product being advertised.

Frequency of exposure can be a contributing factor to gradually generate consumer interest, desire and lead to action that contributes to patronage. In an effort to improve messaging and to gain audience's attention, advertisers create branding and moments that will resonate with target markets and motivate the audience to purchase the advertised product or service. (Abiodium, 2011).

### **The effect of the hierarch model**

According to Barry (1987), the review of the advertising and marketing literature leads to the conclusion that there is not one but many hierarchy of effects (Barry, 1987:253). William J. McGuire (1969) is one of the proponents identified with the hierarchy of effects model.

McGuire presented a paper on the topic "An information-processing Model of Advertising Effectiveness" to symposium on Behavioral and Management Science in Marketing, at the University of Chicago. He identifies the fact that it is necessary for an advertiser to place their advertising in the appropriate media. This is very important to achieve message exposure. He also believes that this will give the consumer the opportunity to process the message effectively by using this theory (McGuire, 1969).

In the hierarchy of effect model, the consumer goes through a number of processes after being exposed to an advert. McGuire identifies the processes to be;

- i. Consumer attention (Awareness)
- ii. Message comprehension (Knowledge)
- iii. Message acceptance (Liking)
- iv. Selection perception (Preference)
- v. Selective retention (Conviction)
- vi. Action (Purchase)

(McGuire, 1969)

Every advertiser is keen to consumer attention. Advertising must therefore be placed strategically to stimulate the mental efforts of a consumer. The theory depicts that, the physical properties of an advert is the primary requirement to get the consumer's attention. For broadcast-adverts, the motion and picture quality are essential. The size, columns, visibility, and brightness are keen for billboards and print advertising (*Ibid*)

The time of exposure to adverts, and the consumer's prior product knowledge is a key factor for consumer motivation and comprehension. Here the adverts enable the consumer to be able grasp the meaning of the advertising content. Usually, adverts that have catchy phrases, and words repeated at the end frequently become easy to store in the memory (*Ibid*).

If the advertising message is easy to comprehend by the consumer, message acceptance is likely to occur (Roland, 1986). The consumer will begin to develop a favorable attitude towards the product. This usually occurs when the consumer believes the information propagated in the advertisement is true and helpful to satisfying their need. There is a cognitive and physical response towards the advert.

It is presumed that the achievement of this stage is positive and could lead to an action – purchasing (Robertson, 1971). Ideally, a consumer may choose to buy one product over another due to his acceptance of the product, even though they may serve the same purpose, comprehension and message acceptance in their advertising may influence the consumer's choice.

After getting the public's attention, it is necessary for the consumer to understand and interpret the advertising message as intended by the advertiser. Acceptances of advertising messages tend to create consumer selective perception, at this stage; the consumer is likely to notice certain ads over others (Robertson, 1971).

Selective retention will occur for a product design because they convince the public to pay attention to the advert. Advertisers and Advertising agencies must consider

appropriate messages that can be easily comprehended, accepted, and retained by their target audience. This will create, improve, or maximize the impact expected on viewers (Consumers) of these advertisements to relate themselves to the product being advertised.

### **Consumer Behavior**

People have different preferences and choices. This can be due to the diverse experiences and backgrounds of individuals. This past experience and state of mind of the person subjected to advertising may determine the impact that advertising has on him or her (Abiodun, 2011).

This preference is usually referred to as consumer behavior. The market is such that consumer tastes are increasingly differentiated and maintenance of high service quality in the face of rising cost of essential factors is necessary. Advertising in competing brands is seen to be increasing very rapidly and has created a situation to make consumers more knowledgeable about products and services in the market (Abiodun, 2011).

According to an advertising review by Robbs (2009), it is estimated that an average person in the United States may encounter from 100 to about 500 adverts in a single day. We are exposed daily to literally hundreds of advertising messages (*Ibid*). Advertising has evolved from the local stage to an international level. “More than ever before, corporations are looking beyond their country borders for new customers” (*Ibid*). The selection process of one brand over all other brands optimizes the consumer’s utility. This optimization is done under uncertainty, since the buyer may not have absolute information about a product. (*Ibid*)

Consumers must always choose between making an immediate decision (to buy or not to buy) and delaying this decision to seek additional information, and thus reduce the decision risk. This reveals how advertising casts its shadow on consumer culture (Hackly, 2005). To purchase a product or a brand, buyers need a certain level of information; pre-purchase information-seeking activities depend on four factors. Two

of them are purchase-situation related and the other two relate to the type of product and market. (*Ibid*).

Wilkie defined consumer behavior as “the mental, emotional, and physical activities that people engage in selecting, purchasing, using and disposing of products and services so as to satisfy needs and desires” (Wilkie, 1994). Every person has a reason as to why to choose to purchase or use a particular product.

An advertisement reaching a potential buyer while the buyer is seeking information will have a greater impact, since the buyer is spared the time and effort needed to seek out this information him/herself. He or she is less likely to turn to competing brand advertisements to obtain the additional information. In other words, buyers are generally more responsive to different brand advertisements while they are seeking information on these brands.

This is why they become a choice for the target advertiser, provided the advertiser can identify and locate them. To assess the products in a consideration set, the buyer uses evaluation criteria, objective characteristics that are important to the buyer (Pride & Ferrell, 2008).

Every business organization that is determined to succeed has to adopt an effective system for the promotion, distribution, and sales of its services. In order to fully understand the situation the problem has to be determined if advertising has any impact on the volume of sales for the consumer preference of a particular service. (Abiodun, 2011). Advertising has the ultimate goal of expanding sales and consumption in two ways. It both reminds and teaches. It reminds consumers in order to influence their immediate brand choice and teaches to increase brand awareness (*Ibid*). This makes it easier for future advertising to influence brand choice. Broadbent describes the mathematical manifestation of this behavioral process as “ad stock” (*Ibid*)

Advertising is the key for building, creating and sustaining brands. It plays a major role in persuading, informing and reminding both potential and existing customers towards making a purchase decision (Ingavale, 2013). Most advertising is intended to attract comments such as “a good, service or idea”. The advertising objective declares where the advertiser wants to be with respect to consumer awareness, attitude, and preference (*Ibid*). Advertisers create adverts with a variety of objectives in mind. They may have the ultimate goal of getting people to sample a product, or persuading them to take an action (*Ibid*). Significantly, the media is the carrier of advertising messages from the sender (Advertisers) to the receiver - Target Consumers, (*Ibid*).

The impact of such advertising is to persuade the consumer’s purchasing power (Abiodun, 2011). Majority of adverts use appealing images and persuasive words as a code to convince individual’s perception about the product. Persuasion has been defined as human communication that is designed to influence others by modifying beliefs, values or attitudes, (Ingavale, 2013). This method of persuasion in advertising is based on reflexive purposes of imitation and the desire to be what is in the advert (*Ibid*). Consumers are exposed daily to adverts of persuasive nature (*Ibid*).

Advertising plays a vital role in shaping dreams and aspirations, and helps customers take conscious product and brand decisions. Often, advertisement with endorsements creates easy remembrance for the customer’s for the advertised product. The customer tends to associate the brand with the celebrity and can easily register the brand in their mind (Ingavale, 2013).

Perpetually, the role that advertising play in consumer’s culture is why it is necessary to research on the impact of advertising on the consumer’s purchase decisions. William Bernbach, a U.S advertising executive states “Advertising is not a science. It is a persuasion. And persuasion is an art” (Encarta Student [DVD], 2009). The promotion practice of advertising is strategically used to “induce consumers to purchase goods and services” (Robbs, 2009).

Measuring the influence of advertisement in consumer brand preference is very essential for every marketer. If advertisement does not create any positive change in consumers' brand preference, all the resources such as money, time and efforts spent on advertisement will go in vain (Ingavale, 2013).

Consumer behavior can be defined as the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services to satisfy their needs and desires. Most advertising agencies try to understand the mood and desires of their target market in their approach to advertising. (Pride, 2005). A 1986 research, by Hill and Gardner on people and advertising shows explicitly that, consumers consciously or unconsciously utilize the buying process to manage their moods.

The basis of this is to search for emotional stimulation which is an important motivation for individuals when selecting products to consume (*Ibid*). "The most common types of appeal are based on price or value, quality, star identification, ego, fear and/or anger" (*Ibid*).

Often, advertising agencies through their adverts, seek to build a lasting relationship with people. As a result, they find ways to turn one-time purchasers into lifelong customers (Robbs, 2009). In the book, "Contemporary Advertising", Buvee and Arens classify advertising based of four factors; target audience, geographical area, medium and purpose (*Ibid*).

Robbs, in his review "Advertising", identifies two broad categories of adverts. They are Consumer advertising and Trade advertising (Robbs 2009). According to Robbs, consumer advertising is directed at the public while trade advertising is directed at wholesales or distributors who resell to the public (Robbs, 2009).

Increasingly, advertising has become an inevitable strategy used to promote a product, business, or event to attract and increase public interest. Consumer promotions involve the extensive use of techniques, such as "sampling of goods and services, to encourage the trial of products" (Robbs, 2009).

British-born Canadian writer and economist, Stephen Leacock explains this style of advertising as a tool for “arresting human intelligence long enough to get money from it” (Encarta, 2009). Even though most adverts are designed to promote the sale of a particular product, some adverts are however intended to promote a belief, idea or specifically influence behavior. An advert may be used to encourage people not to engage in illegal transactions (Robbs, 2009).

Some people will strongly argue out that advertising actually has social and economic benefits. Contrary to this, others may also criticize advertising to be deceptive. For this reason, most countries have bodies that regulate advertising. These bodies “help prevent deceptive adverts and limit the visibility of certain kinds of adverts” (Robbs, 2009). Buvee & Arens also acknowledge the fact that the government, industry, and consumer groups also play a very important role in regulating adverts (Buvee & Arens, 1992: 55).

In spite of the impact of advertising on company’s sales volume, the role and effectiveness of advertising in achieving organization marketing objectives include increased sales volume which has become a subject of controversy among marketers, advertisers, and business experts. While advertising is being criticized by some, on the other hand, argued in favour of advertising as a tool for increasing company’s sales and organizational profitability (Osogbo, 2014).

## **2.6 Effects of Advertising on Organizational Performance**

Coming to the other aspect like whether high a high or low quality firm engages in high advertising there is huge signaling literature on advertising spending. Osogbo, (2014) found that the high quality firm will reduce advertising spending and increase price from their respective complete information levels. The intuition behind this is that when information is incomplete, the high quality firm cannot exploit its advantages.

Whenever there are advantages in quality, a firm will want to spend less on advertising. Nelson (1974) explained the way in which advertising as information operates. Manufacturers of experienced goods can increase the demand by

advertising heavily, lowering the prices, and increasing the quality; however, consumers have greater marginal revenue for search goods as compared to the experienced goods.

In the pharmaceutical industry, researchers have found small primary demand effects of detailing and direct-to-consumer advertising (Fischer and Albers (2010); Iizuka and Jin (2005)). For consumer package goods, Slade (1995) estimates a dynamic model in which firms choose prices and advertising intensity for the saltine crackers category and advertising expands the demand for the category.

In cigarette and auto industries, researchers have documented mixed associations between advertising and primary demand. The main reason for this mismatch is the inelastic demand for these products. (Kwoka, 1993). Erdem and Sun (2002) use individual scanner panel data and showed an increase in advertising can reduce uncertainty across categories for the advertised brand. Balachander and Ghose (2003) also show advertising spillovers to extended brands in the consumer product category.

## **2.7 Empirical Studies**

There are a number of studies that have attempted to address the effect of advertising on organizational performance. The subsection below presents a number of related studies on the topic from both developed and developing countries.

### **2.7.1 Studies from Developed and Developing Countries**

The following empirical evidence shows the relationship between advertising and organizational performance for different products in both developed and developing countries. The positive relationship between the advertisement and sales hence organizational performance are reported for the US Auto industry by Kwoka, (1993), where he showed that advertising in the auto industry increases a car's model sales but it is short-lived.

Seldon and Doroodian (1989) showed that advertising increases demand of the cigarettes in the US though health warnings reduce the consumption of cigarettes. In fact, the interesting point he made is that the industry reacts to the health warnings by increasing its advertising. Nerlove and Waugh (1961) investigated the relationship between sales and advertising in the US orange industry by stating that industry output must always increase with the increase in the advertisement expenditure.

There are also studies that reported the negative relationship between advertisement expenditure and sales like Baltagi and Levin (1986) used a dynamic demand for cigarettes and indicated insignificant income elasticity and significant low price elasticity. Similar negative relationship was worked out in the US cigarette industry by Hamilton (1962).

Telser (1964) gave empirical evidence to show that there exists an inverse relationship between the intensity of competition and the intensity of advertising. Henry Simons, one of the major critics of advertising summed it up when he wrote that a major barrier to really competitive enterprises and efficient service to

consumer is to be found in advertising, in national advertising especially and in sales organization which cover great regional or national areas.

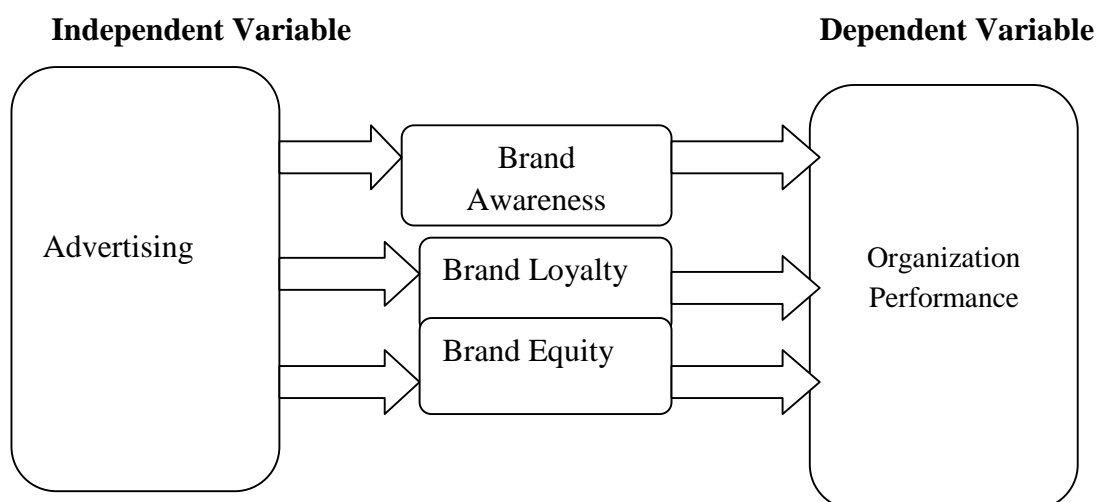
Boulding et al, (1994) used longitudinal and cross-section PIMS (Profit Impact of Market Strategies) data, in order to assess at the business-unit level the effect of advertising on demand elasticity. They report evidence that current advertising reduces future demand elasticity for firms that price above the industry average.

Musa (2003) studied the relationship between advertising and organizational performance in Tanzania using a case study of TTCL Company. He found that advertising has a direct relationship with overall business performance in a company.

## 2.8 Conceptual Framework for the Study

The following figure 2.3 represents the conceptual framework of the study;

**Figure 2.3: Conceptual Framework for the Study**



**Source:** Own Developed Model (2015)

Based on the nature of the study objectives and the literature reviewed, this study proposed a conceptual framework as shown in Figure 2.3 above. The framework postulates that, advertising create brand awareness and brand loyalty. It also postulates that brand awareness and brand loyalty leads to brand equity. Lastly, the framework postulates that advertising which leads to product awareness, product loyalty and later brand equity leads to achievement of organizational performance. Therefore, the framework postulated a positive relationship between advertising and organizational performance.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the design, methodology, and procedures to be used in the study. It describes the research design, research philosophy, types of data and methods of data collection, analysis, and presentation.

#### **3.2 Research Philosophy**

Research philosophy is defined as the development of the research background, research knowledge and its nature (Saunders and Thornhill, 2007). This study adopted pragmatism as the philosophical approach in conducting the study since it is concerned with gaining general knowledge in a world which is in turn helps in being predictive based on the decisions made.

#### **3.3 Choice of the Study Area**

The study was carried out at Tigo head office in Dar es Salaam. This limitation was due lack of enough resources (time and finances) to perform a country wide study.

#### **3.4 Research Design**

Research design refers to the way information is gathered from subjects and, in the case of experimental research, the nature of the treatments that are controlled by the investigator. The study adopts the quantitative approach of data gathering. This approach is concerned with the acquisition and interpretation of data that is presented in the form of discrete units. The data compared with other units by using statistical techniques (Gall et al., 1996).

Quantitative research approach attempts to discover something about a large group of individuals by studying a smaller group. Unlike qualitative research, quantitative methods are those which emphasize on facts, numbers, and frequencies. The respondents can represent the opinions of the whole population (*Ibid*). The larger group is the population and the smaller group is referred to as the sample (Gall et al., 1996).

### **3.5 Population**

Population is a group of individuals who have one or more characteristics in common (Kothari, 2002). To achieve good population validity, quantitative researchers must select their sample from a defined population to which they wish to generalize their results (Gall et al., 1996). In this study, 300 Tigo employees at the head office were used to obtain the sample.

The population represents the larger group which the researcher intends to generalize the results of the research. However, due to the large size of the population, the researcher cannot test every individual in the population. This limitation is due to cost and limited time; accessible population was therefore used for this research. I selected an accessible population from the target population and from this accessible population, I drew the sample.

### **3.6 Sampling Design**

In order to provide an equal chance in the selection of respondents, stratified sampling was used to select employees in Tigo as it is intended to generalize the obtained results. The employees were divided into smaller groups (strata) based on

shared attributes (age, gender, and education). In view of this, the sample was adequate and representative since it is appropriate for quantitative analysis of data employed in the research (Saunders, 2007).

### **3.6.1 Sampling Procedures**

Questionnaire was the main instrument used in this study. According to the oxford learner's dictionary (seventh edition), "a questionnaire is a written list of questions that are answered by a number of people so that information can be collected from the answers."

This document asks same questions of individuals in a sample. Thus, a questionnaire is a technique of data collection where different people are asked to respond to the same set of questions in a predetermined order. It includes structured interviews as well as those in which the questions are answered without an interviewer present. Subjects usually record a written response to each questionnaire item. They can fill out the questionnaire at their convenience and answer the items in any order. They may skip questions as well as give unique responses. Questionnaires are used extensively in educational research to collect information that is not directly observable. This data collection method typically inquires about feelings, motivations, attitudes, accomplishments, and experience of individuals. A wide range of issues can be investigated with questionnaires. They are commonly used in quantitative research because it is highly standardized, structured, and compatible with the approach. A questionnaire often solicits respondent's opinion about a particular topic or issue (Gall et al., 1996:288-289)

The questionnaire used is very flexible. There are three basic types of questionnaire. The close-ended, open-ended and a combination of both (Kumar, 2005). The questionnaire contains both close ended and open ended questions. This makes it possible to find out how many people use a product or service and what they think of it in the same form (Kumar, 2005).

The close-ended questions include all possible answers or prewritten response categories. Respondents are asked to choose their answer among the questions. This type of question is used to generate statistics in quantitative research. In addition, because these follow a set of format, most responses can be entered easily into a computer for easy analysis (Kumar, 2005).

The open-minded questions allow respondents to answer in their own words. These kind of questions does not contain boxes to tick but instead leaves a blank section for respondents to write in an answer. Due to the fact that there are no standard answers to these questions, data analysis is more complex. This is because opinions are sought rather than numbers. Fewer-open minded questions were included. Whereas close-ended questionnaires might be used to find out how many people use a product or service, open-minded questionnaires might be used to find out what people think about a service (Kothari, 1985).

The population of this study consisted of Tigo employees. However, due to limitation of funds and time, the sample was drawn only from Tigo employees at the HQ office in Dar es Salaam.

### 3.6.2 Sample Size

Based on the formula used below, a suitable and desired sample size was 175 units (175 employees) out of a target population of 300 employees at a 5 per cent level of significance ( $\alpha = 0.05$ ). However, the researcher managed to obtain only 161 respondents. The reasons behind the reduction of the sample size includes unfilled questionnaires (10) and unreturned questionnaires (4), this number was reduced down to 161 units.

Sample as defined by Saunders (2000) is a representative of the population. Since the required statistics or parameters are not available beforehand. The following statistical formula was applied to guide the researcher in determining a suitable sample size. The formula used in is suitable when the required statistics are not known, but the size of the target population is known, and a probability sampling technique is used (Saunders et al, 2007): where:

$$n = \frac{N}{1 + \frac{N \times d^2}{10,000}}$$

$$n = \frac{300}{1 + \frac{(300 \times 5^2)}{10,000}}$$

$$n = \frac{300}{1.75}$$

$$n = 171+$$

n = size of the sample

N = size of the population

d = 100% - 95% confidence interval (5% level of significance)

The confidence interval refers to a 'range whose endpoints define a certain percentage of the responses to a question'. The 95 per cent confidence interval is defined as 'the range described by the mean+\_1.96 times the standard deviation' Malhotra et al (2006).

### **3.7 Data Collection Methods**

Secondary data was be obtained from, books and reports of previous surveys in libraries and the internet. The Primary data was be collected from Tigo employees during a cross sectional survey using a questionnaires. Top managers and relationship managers in the sales and advertising department interviewed.

### **3.8 Data Processing and Analysis**

The first step in data processing is to edit the questionnaires. This was done during the data collection process. The aim is to correct any inconsistencies in the questions and all mistakes found. Data was analyzed using quantitative analysis Software Package for Statistical Sciences (SPSS) version 20 together with the help of an excel spread sheets. The resulting interpretations are in the statistical measurements generated by SPSS version 20. The analysis was guided by research objectives and research questions.

### **3.9 Validity**

#### **3.9.1 Validity**

In statistics, a valid measure is one which measures what is supposed to measure (Kothari, 2004). Validity refers to getting results that accurately reflect the concept

being measured. To increase the validity, the questionnaires were constructed through the support of the supervisor.

The questions were surveyed to ensure that they really reflected the theoretical framework in order to comply with the purpose of the research. In this study, the questions were formed in such a way that the respondents did not fear to answer them honestly. To get more relevant information concerning the study, few top bank officials were interviewed. The interview questions were almost similar with those asked in the questionnaires to get more strong recommendations.

## **CHAPTER FOUR**

### **PRESENTATION AND DISCUSSION OF RESEARCH FINDINGS**

#### **4.1 Introduction**

The chapter presents the findings of the study. It also analyses and discusses the findings as per study objectives. The chapter begins by presenting the descriptive findings then it analyses and discusses the findings of the study.

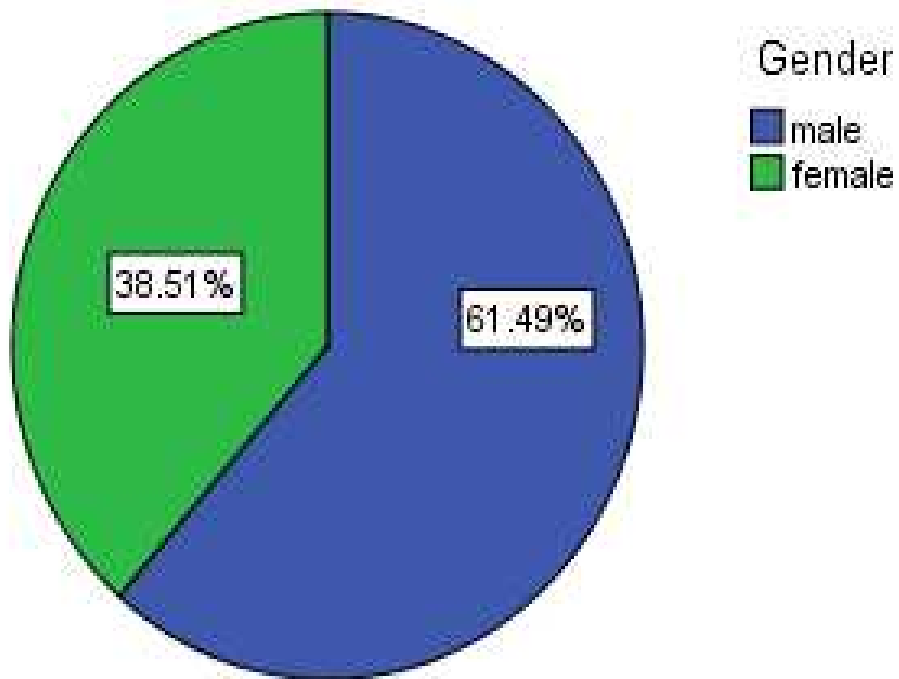
#### **4.2 Findings on Respondent's Profile**

This section aims at gathering basic information on the subject. The information sought includes gender, age, and education level. All these variables helped to sort out the influence of each category towards advertising and organizational performance.

##### **4.2.1 Gender of the Respondents**

The study involved 61% male respondents and 31% female respondents as shown in figure 4.1 below.

**Figure 4.1: Gender of the Respondents**



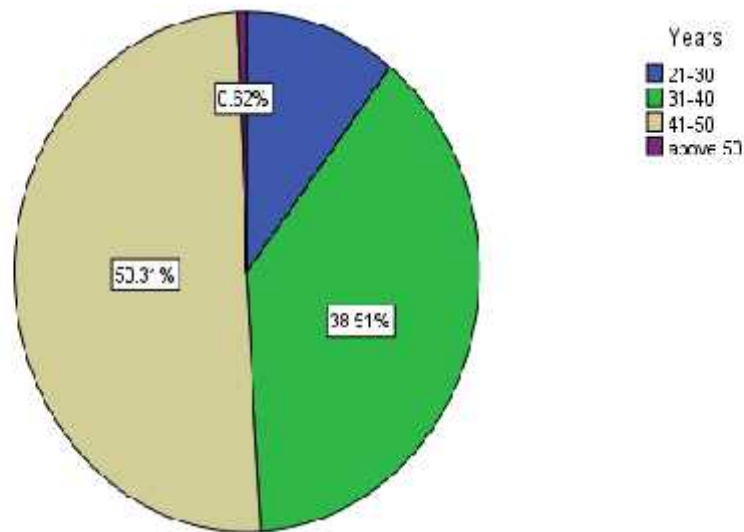
**Source:** Field Data, (2015).

The findings presented in figure 4.1 above reveal that there were more male employees as compared to female counterparts, nevertheless the results are reliable and valid since, both men and women were involved in the study and they showed a good understanding of the subject matter, the findings also imply that Tigo has more male employees than females by a very large percentage which may not be a good indicator for gender balance.

#### **4.2.2 Age of the Respondents**

The aspect of age was checked during data collection where respondents were asked to indicate their age group. Respondents above 50 years were only 1% of total respondents, 50% of respondents were between 41-50 years, 31-40 years were 39% while 21-30 years were only 10% of the total population.

**Figure 4.2: Age of respondents**



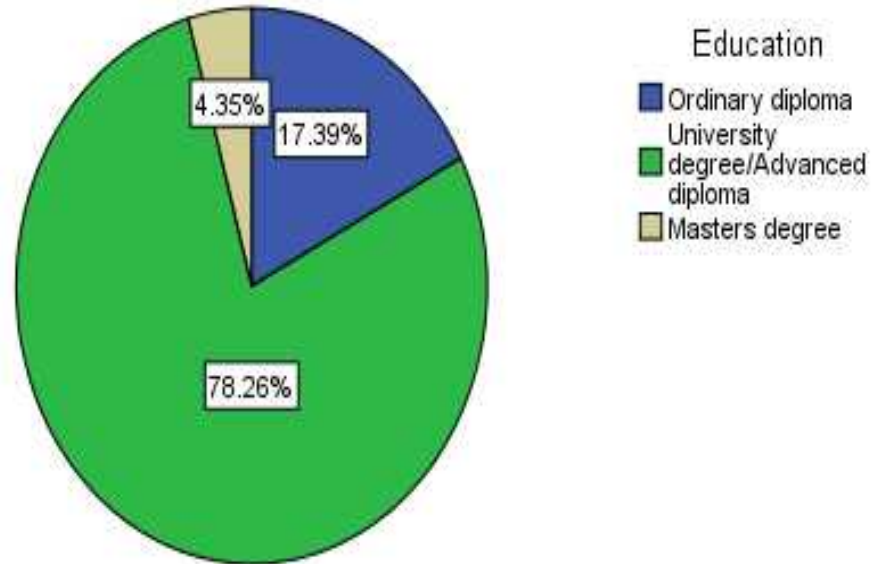
**Source:** Field Data, (2015).

The findings presented in figure 4.2 above indicate that majority of the employees in Tigo are at middle aged who may have enough experience in their respective field. Reasons for this is that Tigo is largely a marketing company that demands high energy required in different types of marketing campaigns which most middle aged can perform at a much optimum level than people above 50 years of age who mostly are at managerial positions.

#### **4.2.3 Education Level of the Respondents**

It was important to find out the respondent's education level. Three levels of education are ordinary diploma, university degree /advanced diploma and master's degree. According to the findings indicated in figure 4.3 below 78% of the employees had university degree or advanced diploma, 17% had ordinary diploma while only 4% were Master's degree holders.

**Figure 4.3: Education level of respondents**



**Source:** Field Data, (2015).

The findings presented in figure 4.3 above indicate that majority of the employees in Tigo are the Degree holders or Advanced diploma holders while very few had Ordinary Diploma or Master's degree. The findings imply that majority of Tigo employees are well educated to manage their tasks.

### **4.3 Presentation and Discussion of the Findings**

This section presents the findings of the study as per stated objectives. The analysis and discussions are based on the responses from questionnaires, interview, and secondary data information.

#### **4.3.1 Brand awareness and organizational Performance**

Issues examined to relate brand awareness and organizational performance are measuring media exposure, measuring engagement and influence if the company has

produced positive vibes or not. The first objective of the study intended to examine the extent to which Brand awareness relates to organizational performance. Brand awareness is the primary goal of advertising.

With the vast amount of products options, having a differentiated image and an audience that can distinguish a company's brand from its competitors is crucial. It can mean the difference between success and failure for a company. Entire marketing campaigns can be constructed around promoting brand awareness. Spreading brand awareness is especially important in the early years of a company when they are trying to make a name for themselves (Osogbo, 2014).

When consumers are aware of the product a company offers, they will more likely go straight to that company if they need that product, instead of researching other places that they can acquire that product. Businesses with high brand awareness are viewed as accepted by the market. Therefore, they are trusted more by consumers who are looking to purchase a new product.

#### **4.3.1.1 Effect of Brand awareness and organizational performance**

Respondents were asked to state whether brand awareness affect organizational performance. The findings are presented in Table 4.1 below

**Table 4.1: Brand awareness and organizational performance**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	98	60.9
Agree	63	39.1
Total	161	100.0

**Source:** Field Data, (2015)

From Table 4.1 above the findings reveal that 98 (61%) of the respondents strongly agreed that brand awareness affect organizational performance and 63 (39%) agreed on the statement. The findings imply that one of the reasons behind Tigo success is that customers are aware of its product, Tigo, as a brand is well known in the market.

According to (Bumm and Gon Kim, 2005), brand awareness is the heart of the business success for many organizations especially in emerging markets and Tigo has shown this in its customer base which includes 3.5 million Tigo Pesa mobile money subscribers, many of whom have never held a bank account and who can now access and transfer their money via their mobile phone.

In 2014, Tigo Pesa became the first mobile money service in the world to automatically pay returns on balances held in customer accounts, without any need for customers to register in order to qualify.

#### 4.3.1.2 Tigo Brand recognition and organizational performance

Respondents were asked to state whether customers mostly prefer Tigo as compared to other brands. The findings are presented in Table 4.2 below

**Table4.2: Brand recognition and organizational performance**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	142	88.2
Agree	19	11.8
Total	161	100.0

**Source:** Field Data, (2015)

From Table 4.2 above the findings reveal that 142 (88%) of the respondents strongly agreed that they prefer Tigo as compared to other brands and 19 (12%) of respondents agreed on the statement. The findings imply that Tigo is well recognized and liked as compared to other brands by its customers and this is mainly because of enough advertising campaigns. Erdem and Sun (2002) explained that brand recognition can reduce uncertainties in firms since many customers are likely to make purchasing decisions only when they recognize the brand.

#### 4.3.1.3 Brand image, slogans, taglines and organizational performance

Respondents were asked to state whether there is a reliable brand image, slogans and taglines which increases sales performance. The findings are presented in Table 4.3 below.

**Table 4.3: Brand image, slogans, taglines and organizational performance**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	130	80.7
Agree	31	19.3
Total	161	100.0

**Source:** Field Data, (2015).

From Table 4.3 above the findings reveal that 130 (81%) strongly agreed that there is a reliable brand image, slogans and taglines which increases sales performance and 31(19%) agreed on the statement. The findings reveal that Tigo has branded its product in a way that it can be differentiated from the competitor's products.

According to Seldon and Doroodian (1989), the brand image is important and organizations should strive to maintain a positive brand image throughout, here Tigo has managed to stand at the pinnacle by providing highly successful Facebook-for-free campaign, a groundbreaking partnership with Internet.org - a Facebook-led initiative to promote free internet, as well as tailored services such as Tigo Kilimo

which provides small-scale farmers with information about weather, market prices and agronomy as well as Tanzania's first mobile insurance service – Tigo Bima - is available, offering free insurance solutions to communities who previously could not access insurance.

#### 4.3.1.4 Brand awareness and Return on Investment (ROI)

Respondents were asked to state whether brand awareness create a measurable return on investment (ROI). The findings are presented in Table 4.4 below.

**Table 4.4: Brand awareness and organizational performance**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	121	75.2
Agree	40	24.8
Total	161	100.0

**Source:** Field Data, (2015)

From Table 4.4 above the findings reveal that 121(75%) of the respondents strongly agreed that brand awareness create a measurable return on investment (ROI) and 40(25%) agreed on the statement. The findings imply that brand awareness create a very positive return on investment because by being aware many customer purchase a product and the generated revenue can as well be measured. Reported revenues rose to 1.86 billion US Dollars versus an expected 1.84 billion US Dollars and

expected core profit to rise to between 2.2 billion US Dollars and 2.35 billion US Dollars in 2015 (Daily News, 23/02/2015, reported by Masembe Tambwe, from Dar es Salaam, Tanzania).

### **4.3.2 Brand Loyalty**

The second objective of the study intended to examine the extent to which brand loyalty relates to organizational performance. Brand loyalty is the extent to which a consumer constantly buys the same brand within a product category. The consumers remain loyal to a specific brand as long as it is available. They do not buy from other suppliers within the product category. Brand loyalty exists when the consumer feels that the brand consists of right product characteristics and quality at right price. Even if the other brands are available at cheaper price or superior quality, the brand loyal consumer will stick to his brand.

#### **4.3.2.1 Results of Brand Loyalty and organizational Performance**

Respondents were asked to state whether brand loyalty affects organizational performance. The findings are presented in Table 4.5 below

**Table4.5: Brand loyalty and organizational performance**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	93	57.8
Agree	68	42.2
Total	161	100.0

**Source:** Field Data, (2015)

From Table 4.5 above the findings reveal that 93(58%) of the respondents strongly agreed that brand loyalty affects organizational performance and 68 (42%) agreed on the statement. The results show that brand loyalty creates permanent customers who increase sales revenue hence organization performance.

#### **4.3.2.2 Repeat customer purchase and organizational Performance**

Respondents were asked to state whether repeat customer purchases of Tigo product increase sales performance. The findings are presented in Table 4.6 below

**Table 4.6: Repeat customer purchase and organizational Performance**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	141	87.6
Agree	20	12.4
Total	161	100.0

**Source:** Field Data, (2015).

From Table 4.6 above the findings reveal that 141(88%) of the respondents strongly agreed that repeat customer purchases of Tigo product increase sales performance and 20 (12%) agreed on the statement. The findings reveal that repeat customer purchases from Tigo leads to more sales revenue that increase profit hence organization performance.

#### **4.3.2.3 Quality services and organizational Performance**

Respondents were asked to state whether Quality services offered results to loyal customers' hence organizational performance. The findings are presented in Table 4.7 below.

**Table 4.7: Quality service and organizational performance**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	123	76.4
Agree	38	23.6
Total	161	100.0

**Source:** Field Data, (2015).

From Table 4.7 above the findings reveal that 123(76%) of respondents strongly agreed that Quality services offered results to loyal customers hence organizational performance and 38(24%) agreed on the statement. The findings revealed that quality service is one of the important things that organization should adhere to as all the respondents agreed on the important of service quality on organizational performance.

#### **4.3.2.4 Leverage brand loyalty and organizational Performance**

Respondents were asked to state whether Tigo Leverage brand loyalty developed for a product to other products. The findings are presented in Table 4.8 below

**Table 4.8: Leverage brand loyalty and organizational Performance**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	56	34.8
Agree	105	65.2
Total	161	100.0

**Source:** Field Data, (2015).

From Table 4.8 above the findings reveal that 56(35%) of the respondents strongly agreed that Tigo Leverage brand loyalty developed for a product to other products and 105(65%) agreed on the statement. The findings revealed that companies can use already created names to sell other products that they develop. This can be seen in its products; it started as a normal telecommunication network offering voice services and text messages, but later on evolved to offer other services such as tigo pesa, internet services, and tigo-kilimo as well as insurance services.

### **4.3.3 Advantage of Brand Equity and Organizational Performance**

The third objective of the study intended to examine the extent to which brand equity relates to organizational performance. The main advantage of the brand equity is its positive effect on demand. It is expected that the brand awareness, brand quality and the brand loyalty causes the increase of brand market performance.

This aspect of brand equity helps the organizations attract the customers and keep them. Brand Equity is the value and strength of the Brand that decides its worth. It can also be defined as the differential impact of brand knowledge on consumer's response to the Brand Marketing. Brand Equity exists as a function of consumer choice in the market place. The concept of Brand Equity comes into existence when consumer makes a choice of a product or a service. The main indicators of brand equity are goodwill and financial value of the brand.

#### 4.3.3.1 Results of Brand Equity and Organizational Performance

Respondents were asked to state whether brand equity affects organizational performance. The findings are presented in Table 4.9 below.

**Table 4.9: Brand equity and organizational performance**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	116	72.0
Agree	35	21.7
Neutral	10	6.2
Total	161	100.0

**Source:** Field Data, (2015).

From Table 4.9 above the findings reveal that 116 (72%) strongly agreed that brand equity affects organizational performance, 35(22%) agreed while 10(6%) were neutral on the statement. The findings imply that brand equity has a significant effect on organizational performance. Farquhar et al (1991) suggest that brand equity could be a base for developing domain for a brand.

#### 4.3.3.2 Goodwill and Organizational Performance

Respondents were asked to state whether there is goodwill and name recognition for Tigo Company. The findings are presented in Table 4.10 below

**Table 4.10: Goodwill and organizational performance**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	152	94.4
Agree	9	5.6
Total	161	100.0

**Source:** Field Data, (2015)

From Table 4.10 above the findings reveal that 152 (94%) strongly agreed that there is goodwill and name recognition for Tigo as a Company and 9(6%) agreed on the statement. The finds revealed that Tigo has a goodwill that has positive impact on its customers as well as the organizational performance. Many customers are always motivated to purchase goods from a company that has goodwill to the society as goodwill means that the company has a good impression to all the stakeholders.

An example being in 09 March 2012, when it donated 48 computers to UDOM (UNIVERSITY OF DODOMA), such acts helps a company gain faith with its esteemed customers showing that it has good intent with the surrounding vicinity.

#### **4.3.3.2 Importance of brand equity on organizational Performance**

Respondents were asked to state whether brand equity is strategically crucial. The findings are presented in Table 4.11 below.

**Table 4.11: Importance of brand equity on organizational Performance**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	137	85.1
Agree	24	14.9
Total	161	100.0

**Source:** Field Data, (2015).

From Table 4.11 above the findings reveal that 137(85%) strongly agreed brand equity is strategically crucial and 24(15%) agreed on the statement. The findings revealed that brand equity is so important to the organization performance.

#### **4.3.3.3 Brand equity and financial value of a brand**

Respondents were asked to state whether brand equity is one of the factors that can increase financial value of a brand. The findings are presented in Table 4.12 below

**Table 4.12: Brand Equity and financial value of a Brand**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	130	80.7
Agree	31	19.3
Total	161	100.0

**Source:** Field Data, (2015)

From Table 4.11 above the findings reveal that 130(81%) of the respondents strongly agreed that brand equity is one of the factors that can increase financial value of a brand and 31(19%) agreed on the statement. The findings imply that brand equity increases the financial value of the brand. Musa (2003) showed that brand equity increases the financial value of the brand which is very important as it can depict the financial value of the actual product in the near future.

#### **4.3.3.4 Challenges faced during advertising**

Respondents mentioned a number of challenges that they face the company when advertising among the challenges mentioned were high advertising cost, high competition cost and delayed response advertising describes. Furthermore, respondents mentioned too much reliance on sales inducements can instill a price orientation in the market.

#### **4.4 Discussions**

Majority of the respondents described advertisements being the major way of being informative to customers and thus, help in creating a reliable brand which generally assists in the overall general performance of the company in terms of sales. This forms the awareness stage and grabs the attention of the consumer. Most people are likely to choose a particular product over others if they find the advertisement exciting and informative enough. In the theoretical framework, the steps indicated by the AIDA model identifies that when a person is attracted and aware of the product's features, it can create interest leading to desire and action (Purchasing of the product). Some people believe as long as they have been exposed to the advertisement of the product it is authentic and better than its competitors are.

Apart from advertisement, customers care a lot about the endorsement of a product by friend and families who have attained a substantial level of satisfaction from the product. Even though people buy solely on advertising, they still care about product quality and satisfaction. Most people seem to be disappointed when the products do not serve the purpose for which they portrayed in advertisement to be.

In addition, the most prominent advertising medium as examined by this study is television. It is therefore very important that advertisers select and frequent repeat advertisements through the right medium to send the message across.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter covers conclusion and policy recommendations based on research findings. It gives the implications of the findings and draws some conclusions which require some recommendations. Moreover, it suggests further areas for the study.

#### **5.2 Conclusion**

Advertising is very important to any business performance however, it is not absolute. It may serve, as a platform to inform or remind consumers of the existence of a product but the purchase decision needs more than that. After the purchase, the buyer begins evaluating the product to ascertain if its actual performance meets expected levels (Pride & Ferrel, 2008: 126). The consumer must be satisfied and convinced with all other factors such as product quality and endorsement among others to take action towards the product.

Brand is beyond a name and is a key part of management. Branding and brand management have clearly become an important aspect for all types of organizations as they create the value for customers and result in more revenue for the company.

Brands will have more success and better performance in this regard if companies intelligently and continuously evaluate themselves. The different dimensions of brand equity can be assumed as an important factor in the growth and decline of the general performance of a brand.

Brand equity is also a benefit that is created due to the brand name, knowing its dimensions can make a better understanding of the strengths and weaknesses of the brands in markets, and it can make the comparison of a brand and its rivals easier. Brands which have higher equity can get the customer's preferences and tendencies and result in higher level of sale. Therefore, since advertising is one of the way through which brand awareness, brand loyalty and brand equity can be achieved, it is very important that companies advertise their products and make sure that they reach the targeted advertised goals.

### **5.3 Recommendations**

Companies are required at all times to have a planned and systematic advertising campaign program in place, as this would help to make such promotional implementation effective. Companies like Tigo should set up a more and effective sales promotion department with experienced staff with the view to developing more promotional strategy in line with the company's objectives.

The company should be aware of the fact that there are times when the effective use of sales promotions are needed and therefore should take full advantage of such seasons by developing an effective and efficient advertising campaign that can arouse consumer's awareness, thereby leading to increase in sales.

### **5.4 Areas of Further Studies**

Due to limited time, this research is not conclusive as such. It is therefore important that further research be carried out on the following areas,

Effects of e-advertising on sales volume as well as impacts of employees training on sales. The study of other sectors would increase our knowledge and deepen understanding of the effect of advertising performance of the organisation as well as the revenue and profitability of companies. Thus, it is proposed that a new study can be conducted in other sectors other than the mobile firms.

The study used a sample size of 161 respondents to generalise its findings to entire population of the mobile and other companies. Therefore, a more wide study could be conducted to cover more than one mobile company for good generalisation.

Also a different study could be conducted covering other foreign owned companies to find out whether same results would be obtained.

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## APPENDICES

### QUESTIONNAIRE

This questionnaire is designed to collect information for a study which is conducted in order to enable the researcher to assess the effects of advertising on organizational performance at Tigo. The study is part of the researcher's academic work for the accomplishment of the Masters of Business Administration (MBA) degree course at Mzumbe University. The findings of the study will be strictly utilized for the intended purpose. Therefore, you are requested to respond to all of the following questions. Please feel free to give out information and express your opinion, which will be received and treated with all due respect.

I appreciate your cooperation

#### A: General Information

Please, tick or fill appropriate space in each question

1. Name of the Respondent (Option)

#### B: Personal Information of the Respondent

2. Gender      Male     

                         Female     

3. Please, specify range of years in which your age belongs.

(a).18-20 years     

(b).21-30 years     

(c).31-40 years     

(d).41-50years     

(e).above 50 years     

4. The highest level of education of respondent (Please tick the appropriate box)

(i) Secondary education

- (ii) Ordinary Diploma
- (iii) University degree/Advanced Diploma
- (iv) Master's degree

**C. Brand awareness and organizational Performance**

Please, tick the number which best describes how you agree or disagree on how brand awareness affects organizational performance

**1. Strongly agree, 2. Agree, 3. Neutral, 4. Disagree, 5. strongly disagree**

		1	2	3	4	5
5.	Brand awareness affects organizational performance					
6.	Customers highly recognize Tigo and use it					
7.	There is a reliable brand image, slogans and taglines which increases sales performance					
8.	Does Brand awareness create a measurable return on investment (ROI)					

**C. Brand Loyalty and organizational Performance**

Please, tick the number which best describes how you agree or disagree on how brand loyalty affects organizational performance

**1. Strongly agree, 2. Agree, 3. Neutral, 4. Disagree, 5. strongly disagree**

		1	2	3	4	5
9.	Brand loyalty affects organizational performance					
10.	Repeat customer purchases of Tigo product increase sales performance					
11.	Quality services offered results to loyal customers hence organizational performance					
12.	Does Tigo Leverage brand loyalty developed for a product to other products?					

**C. Brand Equity and organizational Performance**

Please, tick the number which best describes how you agree or disagree on how brand equity affects organizational performance

**1. Strongly agree, 2. Agree, 3. Neutral, 4. Disagree, 5. Strongly disagree**

		1	2	3	4	5
13.	Brand equity affects organizational performance					
14.	There is a goodwill and name recognition for Tigo Company					
15.	Brand equity is strategically crucial					
16.	Brand equity is one of the factors that can increase financial value of a brand.					

17. How does brand awareness, brand equity and brand loyalty affect Tigo performance? Please explain below

- i. ....
- ii. ....
- iii. ....
- iv. ....
- v. ....
- vi. ....

18. What challenges are you facing in Advertising?

- i. ....
- ii. ....
- iii. ....
- iv. ....
- v. ....
- vi. ....

19. What should be done by Tigo to solve the advertising challenges?

- i. ....
- ii. ....
- iii. ....
- iv. ....
- v. ....
- vi. ....

Thank you for your Cooperation