

Role of Advertising on Sale's Performance: a Case Study of Bata & Service Shoes (Okara)

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Abstract

Advertising is a basic Marketing device and compelling correspondence medium. The fundamental goal of any advertisement is to empower the sales Promotion, straightforwardly or by implication by attempting to make grand claims about item execution. The question is, has any organization endeavored to survey the effect of its advertising on sales? The reason for this study was to inspect the effect of advertising on sales. The study was explorative in nature and likewise attempted to make a quantitative evaluation of Advertising on sales performance of Bata shoes and Service shoes industry. The principle examination instrument utilized as a part of this study was Questionnaire. The people from different departments like Bankers, Doctors, Businessmen, Households and Students help us in collection of data and co-operate with us. I use different statistical tools for finalizing the information. The result are described here are based upon different statistical test. Toward the end of the study, it was understood that albeit the majority of the organizations bore witness to the way that advertising is powerful in boosting sales the greater part of the organizations did not have a year by year figures of promoting expense and sales expenditure for a quantitative evaluation of the genuine increment in deals for every comparing increment in advertising expenditure.

Keywords: Advertisement, Sales Performance, Profitability, Bata shoes, Service shoes

Cite this article: Zia, A., & Shahzad, F. (2015). Role of Advertising on Sale's Performance: a Case Study of Bata & Service Shoes (Okara). *International Journal of Management, Accounting and Economics*, 2 (1), 37-45.

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Introduction

The basic goal of any organization is to increase its sales. Different method is used to achieve this purpose it may be direct or indirect. Advertising is one of them. Sales promotion is diverse collection of incentive tools, mostly, short term design to stimulate quicker and/or greater purchase of particular products or services by consumers (Kotler, 2002).

Sales performance describes the trend of collections in terms of revenue when comparing different periods. The sales may be in form of offering products or services to consumers. A service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in ownership of anything (Kotler and Armstrong, 2002). Sales volume is the core interest of every organization and is based on sales and profit. When volume goes up profits rises and management in organizations is made easier.

Advertising is the very important tool for the marketer, and its prominence increasing rapidly over the past few years. In Pakistan, the total sales promotion expenditures are PRs. 50,000 million due to this the profit of the Pakistani industry increased by 500 to 600 percent during last 5 years.

Our approach overcomes some of the objections to earlier studies of the impact of advertising on the market performance of advertised goods. Following Bain (1956) and Comanor and Wilson (1967, 1974), a large literature has developed that seeks to empirically identify the linkage between advertising and market performance in market data; however, measurement and endogeneity issues confound the interpretation of these results

Our research focuses on the impact of advertisement (important marketing tool) by taking two shoe manufacturing companies of Pakistan, i.e. Bata Ltd and Service Industries. Through the case study approach we have studied sales promotion from a dual perspective; both the long term and short term impacts of sales promotion. Many researchers have proven the short term impact of sales promotion as an increase in sales for the respective period. Our research has combined this study with the analysis of the long term impact of sales promotion as well, i.e. the increase in the brand loyalty of the customer which will ultimately increase the customer lifetime value of the company and thus the company's profitability. In addition to the above aspect of sales promotion our research has also attempted to explore some of the extraneous variables that could be increasing the customer's brand loyalty other than consumer's perception of sales promotion and also the reasons of the difference in impact of sales promotion.

Literature Review

Advertisement has a direct relationship with the sales performance. Every organization fixed their budget for the advertising complains. On the bases of the quality of the advertisement the variations of the sales occur (Alvarez, 2005). Advertisement is the important tool that reduces the risk related to the new products (Neslin, 1998). Advertisement according to the ICC (The international Chamber of

Commerce): “Marketing tools which used to attract intention of the customer by conveying the benefits relating to the product or service“

According to the smith there are three main categories of the sales promotion:

- Consumer promotions
- Trade Promotions
- Motive and Incentives

Advertisement is simple and easy to adopt and apply in the market and enhance the volume of the sales (Hanssens, Parsons and Schultz, 2001). The budget portion of the organization relating to the marketing department increases constantly (Mollahoseyni, 2012) Advertisement has direct impact on the minds of the consumer to consume greater portion of the product and quick consumption. Advertisement also increases the profitability of the organization (Ailawadi and Neslin, 1998). Advertisement is beneficial in both short run and long run businesses although in long run it is most valuable, it increase the value of the product and organization (Pwael, Silva-Risso & Hanssens, 2003).

Consumer promotion is a type of advertisement which consists of free samples, prizes for contest’s winners, different packages and price plans. Advertisement is used to enhance the consumption of the consumers (Kotler and Armstrong, 2002). Advertisement consists of some kinds of advantages while some are communicative according to their nature. Brand loyalty is major requirement of the advertisement. With the advertisement we can easily enhance the loyalty of our customer.

It drives acceptable behavior relating to the brand and it encourage the customer to repurchase the product. Advertisement is direct relation with brand loyalty. Long term impact on the loyalty of the customer increases with the quality of the advertisement (Alvarez and Casielles, 2005). The advertisement of the any product can reduce the buying behavior of the customer relating to the usage of competitor’s product (Dawes, 2004). During last few years the cost of marketing increases and cost of manufacturing and managing cost reduces gradually.

The marketing managers find a positive relationship between marketing efforts and productivity because of the customer demand high quality product at low cost and many competitors give the tough time for the survival of any industry. That’s why the marketing efforts are the most important for the performance of the organization from the budget perspectives the major portion of the organization’s budget goes to marketing department long term advertisement has a positive effect on the organization’s performance and brad equity. Advertisement works as a knowledge provider and enhance the brand demand. Consequently, advertising is under increasingly severe scrutiny because of the growing emphasis on accountability of advertising results.

There is the number of the studies which concluded that the advertisement and the sales have the positive and direct relationship. Verdon concluded that aggregate demand

of the newly launched or existing product has a direct relationship with the sales promotion activities. Advertising has long term effects on sales in the food, drugs and cosmetic industries, and short term effects on auto, tobacco, soap and cleaner industries. The advertisement through quick media has quick response in the performance of the sales of any organization.

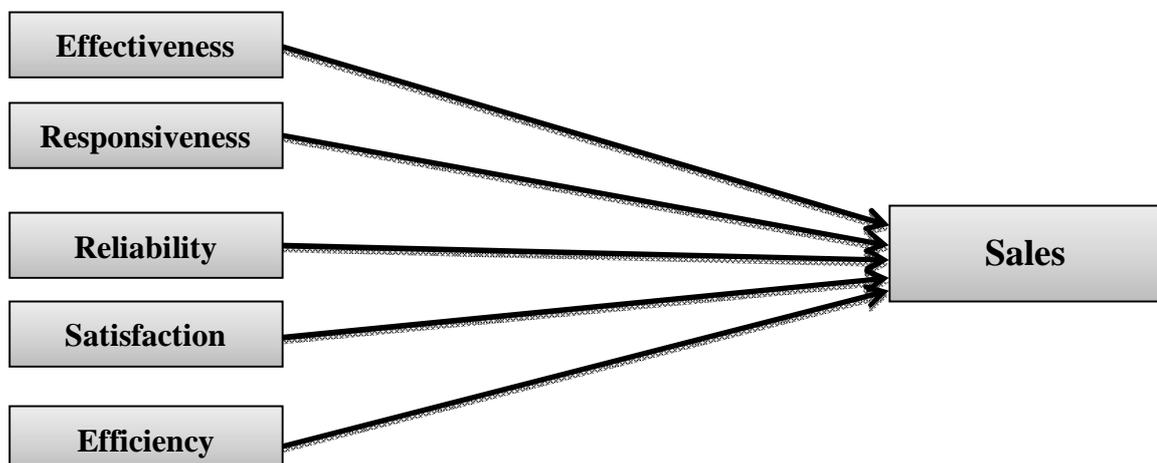
Now days in the market the advertisement used as the basic weapon to defeat the competitor and grasp the major portion of the market. If any organization pay extra amount for the advertisement they can easily build the image in the mind of the customer against those competitors who are not interested in the marketing efforts. But if customer find collapse between the real product and advertisement it can reduce your popularity and also harm your productivity. So, don't make promise greater than your abilities. Philip, (2007) examining the relationship of advertising expenditure and aggregate consumption, but cannot choose relationship between these.

By using the multiproduct advertising sale model with the commercial bank found that radio advertising has relatively no impact on stimulating sales of the combined outputs. Similarly, the variables of advertising and sales not only divisible of same sequence but also cointegrated, the results show that the mutual relation between advertising and sales works on both dimensions.

However, commonly in most of the studies which we have studied, there is positive and direct relationship among these two variables. Many kinds of studies used time series data to capture long term impact of advertising on sales. Brand loyalty is a larger necessity of the advertisement. By using the advertisement we can quickly enlarge the loyalty of our customer

With this study I want to check the effect of the advertisement on the sale of the any organization. For this we conduct this research with the name of the relationship of the advertisement on the sales performance. For checking the results we take the examples of the Bata Shoes Company and Service Shoes Company. For this purpose we study literature from different articles, papers and different media and also check the annual reports of the two different companies in Pakistan and check the customer's perception about the sales activities of that company.

Research framework



Methodology

Population and Sample

Citizen of Okara city considered as population for this study. Distribution of total 100 questionnaires among people of different fields like Bankers, Doctors, Businessmen, households and Students etc. Despite their work load they give us a healthy response against our questionnaire. For data collection I select sample by using convenience sampling technique.

Measures Used for Data Collection

I prefer secondary data collection method because primary data is not available due it is very hard to find much related persons and some other secrecy reasons. There are six different sources of data collection, archival of records, interviews, direct observations, participant observations and physical objects.

For the purpose of data collection I decided to go to design questionnaire. The questionnaire was developed to get the accurate responses of the people. I chose questions to find the Effectiveness, Efficiency, Responsiveness, Reliability and satisfaction and held by the people with respect to Advertisement and sales performance. There are different portions of the questionnaire. One related to demographics, other about Effectiveness, Efficiency, Reliability, Responsiveness and Satisfaction.

Procedure

I gathered data from the people of Okara by personal meeting with those persons at their work places and University. The people from different departments like; Finance, Operation, Human Resource, teaching and studets help us in collection of data and co-operate with us. I use different statistical tools for finalizing the information. The result are described here are based upon different statistical test.

Research hypothesis

H₀: There is no relationship between Advertising and sales performance.

H₁: There is relationship between Advertising and sales performance.

Reliability Statistics

Table 1 Reliability Statistics

Cronbach's Alpha	No of Items
0.722	25

The reliability of data is 0.722 which is acceptable.

Table 2 Statistics

	What is Your Gender?	What is Your Age?	What is Your Education?
Valid	100	100	100
Missing	0	0	0
Mean	1.40	1.57	3.06
Median	1.00	2.00	3.00
Mode	1	2	3

Education has the highest mean of 3.06.

Table 3 what is Your Gender?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid male	60	60.0	60.0	60.0
female	40	40.0	40.0	100.0
Total	100	100.0	100.0	

Males are 60% and females are 40%.

Table 4 what is Your Age?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below20	45	45.0	45.0	45.0
21-30	53	53.0	53.0	98.0
31-40	2	2.0	2.0	100.0
Total	100	100.0	100.0	

98% respondents are from 21-30 years of age.

Table 5 what is Your Education?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Intermediate	10	10.0	10.0	10.0
graduation	74	74.0	74.0	84.0
master	16	16.0	16.0	100.0
Total	100	100.0	100.0	

84 % respondents have the graduation population

Table 6 Correlations

		Effectiveness	Responsiveness	Reliability	Satisfaction	Efficiency	Sales
Effectiveness	Pearson Correlation	1	.338(**)	.402(**)	.528(**)	.589(**)	.593(**)
	Sig. (2-tailed)		.001	.000	.000	.000	.000
	N	99	99	99	99	99	99
Responsiveness	Pearson Correlation	.338(**)	1	.257(**)	.351(**)	.305(**)	.455(**)
	Sig. (2-tailed)	.001		.010	.000	.002	.000
	N	99	100	100	100	100	99
Reliability	Pearson Correlation	.402(**)	.257(**)	1	.613(**)	.431(**)	.574(**)
	Sig. (2-tailed)	.000	.010		.000	.000	.000
	N	99	100	100	100	100	99
Satisfaction	Pearson Correlation	.528(**)	.351(**)	.613(**)	1	.508(**)	.569(**)
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	99	100	100	100	100	99
Efficiency	Pearson Correlation	.589(**)	.305(**)	.431(**)	.508(**)	1	.603(**)
	Sig. (2-tailed)	.000	.002	.00	.000		.000
	N	99	100	100	100	100	99

	Effectiveness	Responsiveness	Reliability	Satisfaction	Efficiency	Sales
N	99	100	10	100	100	99
Sales						
Pearson Correlation	.593(**)	.455(**)	.57(**)	.569(**)	.603(**)	1
Sig. (2-tailed)	.000	.000	.000	.000	.000	
N	99	99	99	99	99	99

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

There is positive relationship between all variables.

Discussion

This study is about the impact of advertising on sales performance. Questionnaire distribution to selected population and then put the data into the software and get the results. Two type of result that conducted. First one is to check the reliability and second one conducted correlation result. The correlation between all the variables shows a positive relationship. All the variables involved have the positive relationship among them. The highest correlation is 0.613 between satisfaction and reliability. There is a positive relationship between dependent and independent variables.

Conclusion

This study result the relationship between advertising and sales performance. The study shows that there is a positive relationship between advertising and sales performance. And it indicates that with advertisement Bata and Service shoes industry enhance their sales performance through proper techniques. The five variables are interdependent and they have positive relationship with each other, that increase in advertisement will increase the sale performance and when sales are increased then profits are also increased so companies should make batter their advertisement structure and advertisement process different types of advertisement should be used. Sale is our dependent variable. It has positive relationship with all other independent variables.

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