

**A CRITICAL ANALYSIS OF ADVERTISING COSTS ON DAIRY
PRODUCTS SALES VOLUMES: A CASE OF PARMALAT ZAMBIA
LIMITED.**

By

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A dissertation submitted to the University of Zambia in partial fulfillment of the
requirements for the degree of Master of Business Administration

**THE UNIVERSITY OF ZAMBIA IN COLLABORATION WITH
ZIMBABWE OPEN UNIVERSITY**

@2018

DECLARATION

I, Rachel Mwale, do hereby declare that this dissertation represents my own work, has not previously been submitted for a degree in Master of Business Administration at this or any other university and that it does not incorporate any published work or material from another dissertation.

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Signed.....

Date.....

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Signed.....

Date.....

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APPROVAL

This dissertation of Rachel Mwale has been approved as partial fulfillment of the requirements for the award of the degree of Master of Business Administration by the University of Zambia, in collaboration with Zimbabwe Open University.

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ABSTRACT

The purpose of the study was to establish a relational analysis between advertising costs and dairy products sales volumes at Parmalat Zambia limited for the period 2012-2016. Descriptive research design was employed with a sample population of 105 participants. Data were collected using questionnaires and in-depth interviews. Quantitative data were analyzed using a statistical application called SPSS, version 16.0 while thematic analysis was used to analyze qualitative data. The study had three specific objectives which were to ascertain the extent to which advertising affects consumer behavior, to establish the cost of advertising Parmalat Milk and Milk products and finally to establish the cost of advertising Parmalat milk and milk products. The findings on the first objective were that advertising had minimal statistical significant effect on consumer behavior. Based on the research findings, there were other strenuous variables that impacted on consumer behavior such as age, income and location of the consumers. The finding on the second objective was that despite advertising being a costly undertaking, it played pivotal role in growing the sales of Parmalat daily products hence the need for Parmalat Zambia Limited to have a budgetary allocation for this critical component of the entity. The study further indicated that there was no sufficient evidence statistically that an increase in advertising cost spontaneously increases sales of Parmalat dairy products (Testing H_0 at 5% level of significance, $P_v < \alpha$ ($0.016110754 < 0.05$); Reject H_0). Therefore, an inverse proportion between the cost of advertising and sales emerged from the study findings. That is an increase in the cost of advertising did not translate into a direct increase in the sales of dairy products. Based on the findings of the study the following were the recommendations: 1. Parmalat management should adopt other cost effective advertising strategies as the current advertising costs do not directly trigger high sales of dairy products. These may include but not limited to web based and online advertising. 2. Parmalat management should appraise PESTEL factors that act as hidden causative costs outweighing revenues from sales of dairy products. 3. Parmalat management should constantly scan the Dairy sector (SWOT) in order to adopt the best practices of advertising i.e. they should periodically review and renew their advertising policy and strategies of advertising dairy products.

DEDICATIONS

This work is dedicated to my Husband Clement and our children Wiza and Wimula for the support, confidence and endurance they suffered the time I was busy with school work at the University of Zambia at the expense of family time.

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CHAPTER ONE

INTRODUCTION

1.0.Introduction

This chapter highlights the background of the study, the problem statement, the objectives and research questions to be used in the survey. The chapter also includes the significance and scope of the study, the conceptual framework and lastly, the study limitations.

1.1. Background of the study

Parmalat is a leading Dairy company in the dairy industry in Zambia. Parmalat manufactures a number of milk and milk products. Initially it was a Parastatal called Dairy Produce Board (DPP). After 1991 tripartite elections, the new Government changed the country's policy of Socialistic economy to Capitalistic. The idea was born of selling all Parastatal organizations to the Private sector. Therefore, DPP was sold off to a private company called Bonita Zambia on the 1st may 1996. In 1996, Parmalat bought majority shares of Bonita; therefore, the company changed its name from Bonita to Parmalat. Parmalat has been a subsidiary of a French group called Lactalise since July 15th 2011. Parmalat is one of the major players in the South African dairy industry. Parmalat has a number of products that it offers and these are Milk and Milk products. These include Milk that is Long life and Pasteurized, Juice, Butter, Cheese, Yoghurt, Fresh Cream etc. (www.parmalat.co.za)

Parmalat has been a leader in the Dairy industry in Zambia for some time. The industry had been dominated by Parmalat Zambia limited for some time causing them to be so reluctant when it comes to advertising. They took it for granted that they were the only players in the industry. With the coming of competitors such as Zambeef and Varun Beverages in the industry, Parmalat has started carrying out some advertising activities. They have quite a substantial budget for advertising every year. According to the Parmalat sales report, there has been advertising budgets every year. Looking at the years 2012 to 2016, the sales budgets have been there but the sales have been K7,859,420, K8,926,752, K8,791,070, K10,200,000 and K9,008,000 respectively. The sales target volumes in Liters have been 49,084,720, 46,455,752, 45,655,987, 40,259,432 and 38,346,611 whereas the actual sales were 42,379,456, 38,954,600, 36,985,765,

35,788,843 and 34,738,805 giving sales variances in liters of 6,705,264, 7,501,152, 8,670,222, 4,470,589 and 3,607,806 in all 5 years respectively. The figures above show that despite having invested in advertising so much, the targeted sales figures were not achieved in all years

1.2.Statement of the problem

Parmalat (Z) Limited carries out a lot of advertising of their various products in a pursuit to make the products known on the market and subsequently improving the organization's product sales and in turn the overall organizational welfare. The organization has a full-fledged marketing team which has crafted some advertising strategies, the adverts are placed on different media such as Television, Radio, Newspaper, Magazines and bill boards (static and digital). Other forms of advertising used are brand activations through road shows and in store sampling. Despite the efforts of conducting all these advertising activities, the sales of Parmalat (Z) Limited products have not improved to the desired targets, its sales for the past five years have not been steady. While there was 29.8% increase in the advertising cost budget from 2012 to 2016, the sales volumes of Parmalat dairy products dropped by 21.99% during the same period (Parmalat Sales Report, 2016). It is evident from the above statistics that despite an increase in the advertising cost budget, the sales figures kept dropping every year (Ibid, 2016). Therefore, this research sought to undertake a critical analysis of the relationship between advertising costs and the sales volumes of Parmalat dairy Products.

1.3.Purpose of the study

The purpose of the study was to conduct a critical analysis of advertising costs and dairy products sales volumes at Parmalat Zambia limited.

1.4. General objectives

To carry out a critical analysis of advertising costs and product sales volumes of milk and milk products (Dairy).

1.4.1. Specific objectives

- To ascertain the extent to which advertising affects consumer behavior.
- To establish the cost of advertising Parmalat milk and milk products
- To determine the correlation between cost of advertising and sales volume of Parmalat dairy products

1.5. Research questions

1.5.1. Main research question

- How critical are advertising costs of Dairy products on sales volumes?

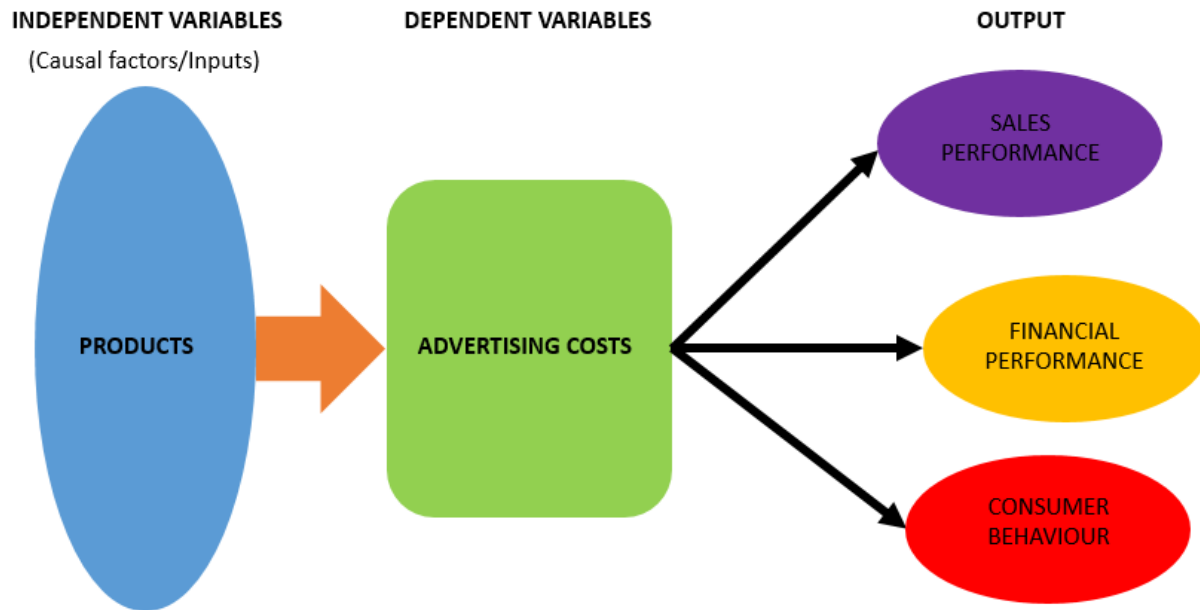
1.5.2. Specific research questions

- To what extent does advertising affects consumer behavior?
- What costs are involved in advertising Milk and Milk products?
- What is the correlation between the cost of advertising and the sales volumes?

1.6. Conceptual Framework

A conceptual framework is an account of how variables relate or are interlinked with each other (simplyeducate.me, 2015). This study focused on the conceptualization of the costs of Advertising and Product sales volumes in the dairy industry. Below is a figure illustrating the relationship of Advertising costs and Product sales volumes.

Figure 1: Conceptual framework



Source: Saif (2015). International Journal of Innovation and Economic Development
Volume 1, Issue 3, August 2015, Pages 7-15

The above conceptual framework guided the whole study. This study aimed at giving a critical analysis of advertising costs and Dairy products sales volumes. All the advertising activities that are carried out in any given organisation are for a purpose. This is either to inform the customers (could be about the product, company or service), to create awareness, promote a particular feature or even to achieve a sales and profit goal, to mention but a few benefits or objectives. All these add to the general performance of the organisation which in most cases is reflected in numbers (Sales figures or number).

As shown in figure 1 above, there is a relationship between products and advertising costs. One can have a good product but if customers are not made aware of it through advertising which comes with a cost, it will not be sold or the sales will be terribly low as customers will not know about it. This concept indicates that the sales performance are dependent on advertising and in turn advertising also depends on how much there is to spend. However, indications show that

products might also have a bearing on the performance of the sales volume, i.e. the quality of a given product affect the sales either positively or negatively regardless of the advertising cost.

1.7. Significance of the study

This study was conducted in order to analyse advertising costs and dairy product sales volumes. The findings of this study will benefit Parmalat in a number of ways, some of which are that Parmalat management will have information with regards to advertising such as when to advertise, who to target, the costs and the estimated sales figures.

Management will understand their consumers and their reaction to certain advertising activities. Since Parmalat uses a number of advertising agents as well, these agents will also benefit from the research findings.

This information will also act as a basis for future research, it can be used as one of the literature to be reviewed.

1.8. Scope of the study

The study focused on the critical analysis of advertising costs of dairy products on sales volumes. The study only looked at the case of Parmalat in the dairy industry in Zambia to establish the extent to which advertising affects consumer behaviour, the costs involved in advertising and lastly to determine the relationship between the cost of advertising and the sales volumes. The author used available international and local literatures to gain an understanding of advertising costs and sales volumes. The study sample frame was drawn from Parmalat Management, Agents and Retailers and Consumers, all from within Lusaka.

1.9. Limitations of the study

Even though this research reached its aims, there were some unavoidable limitations, some of which included: sample size and limited literature, especially local. The sample size which was used in this research was small as the research was only done in Lusaka hence, produced results could not be generalized.

In overcoming these limitations, the researcher made sure that the sample size was 35% of the entire population as recommended by Fielding (2007) who states that the sample size must be at least 30% of the total population.

For the limited local literature on the topic, the researcher used one local literature and used some other regional literature which were quiet representative of the local scenario.

1.10. Operational definition of terms

1.10.1. Advertising

Advertising is a means of communication with the users of a product or service. There are messages paid for by those who send them and are intended to inform or influence people who receive them.

1.10.2. Advertising Costs

An item on a balance sheet indicating what a company spends on advertising its products.

1.10.3. Products

A product is anything that can be offered to a market that might satisfy a want or need.

1.10.4. Dairy Product

A Dairy product could be Milk or any product made from Milk.

1.10.5. Product Sales Volumes

The quantity or number of goods sold or services sold in the normal operations of a company in a specified period.

1.11. Summary

This chapter gave an overview of the research. It outlined the background of the study and why the topic was chosen. The chapter further looked at the conceptual framework, significance and scope of the study and, finally, the limitations that might have affected and influenced the results of this research. The next chapter which is the Literature Review will focus on available literature and journals in relation to the topic at hand.

CHAPTER TWO

LITERATURE REVIEW

2.0. Overview

The chapter reviewed relevant literature derived from research objectives. The chapter further looked at studies by different researchers in order to establish a research gap. These were structured as follows: Global, Regional and Local perspectives.

2.1.Global perspective

Sujata et al, (2016) conducted a study entitled the Impact of Advertising and Sales Promotion Expenses on the Sales Performance of Indian Telecommunication Companies. The researchers gave a background of the Telecommunication sector in India and named it as a high growing sector. The study also highlighted the current ranking of the Indian telecommunication market as the 2nd largest in the world with a subscriber base of 1,058.86 million. This information was as at the end of March 2016. (Ibid) also stated that the main sectors in the telecommunication market of India are Internet, Telephony, and Television broadcast and that they operated in a liberalized market where large population base backed by increasing demand and huge development potential of the country attracts a lot of players creating a competition in the sector.

The most dominating telecom companies in India are Idea, Bharti Airtel, Vodafone, Reliance Communications, Reliance Industries Ltd, Aircel, BSNL, MTNL, Tata, Telenor, Sistema, Videocon, and Quadrant. (op.cit). According to the study, the presence of these major players has stemmed up a lot of competition and hence, making it necessary for all the sector's participants to ensure that they make their products and networks visible and to the consumers. The study further indicated that these organisations have made use of various advertising channels such as television channels, radio stations, outdoor, social media and many others. The study indicated that the organisations believe that Advertising and Sales promotion have always been a major marketing expense for all telecom organizations. The study further showed that the telecommunication companies were already bleeding as far as revenue and profits were

concerned as a result of high spending on infrastructure, reduced tariff rates, price wars, spectrum auction expenses, mobile number portability etc. (Sujata et al, 2016). It was stated that stakeholders in these organisations complained that despite the fact that they were already spending heavily on infrastructure, they were not spared on marketing and advertising expenditure.

To help establish the impact these high costs of advertising had on sales, Sujata et al, (2016), came up with the objective of the research as to investigate the relationship between two marketing communication activities mainly advertising and sales promotion on the sales performance of Telecom companies.

The researcher used 3 out of the 11 operators in the Indian telecom sector. For the purpose of the study, financial data was required to the advertising and sales promotion expenses of the telecoms operators, therefore, secondary form of research was adopted for the collection of financial data from annual reports of the companies. The advertising, sales promotion expenses and sales revenue data for the past 10 years was collected for the three companies in India from published balance sheets. However, a total sample size of 30 was available for data analysis. The author feels that by conducting a research using 3 companies out of the 11 in the sector representing 27% was not representative. According to Fielding (2007), a sample size must be at least 30% of the total population under research. Therefore, this sample was not representative of the population.

The study fulfilled its objectives by indicating that there exists a significant predictive relationship of advertising spend and sales promotion spends with sales performance of Indian Telecommunication Companies. It did not however give indications by figures of how much these companies were realizing as a result of investing in advertising which could have been used to justify the impacts of the relationship between the two. Hence, this created a gap which this study intends to establish.

Another study conducted in the United States of America - USA by IHS Global Insight, (2013) titled the Economic impact of advertising expenditures in the United States. The study highlighted how Advertising stimulates a large amount of sales and jobs in the US economy. It also stated how each different form of advertising, ranging from online, print, broadcasting, social media, helps businesses build brand awareness and

communicate the benefits of their products and services to target audiences (ibid). The study indicated that if organisations intensified awareness among buyers, the share market can shift amongst competing firms, and at the same time stimulating economic activity that would not have occurred otherwise. The research also indicated that this does not only have effects on the sales but also initiates a flow of economic activities that bring about job creation and retention throughout the US economy (op.cit).

IHS Global Insight, (2013) stated that the main aim of the study was to measure the level of sales and employment that are attributable to the stimulative effect of advertising. It was also indicated that the increased sales require higher levels of production, which could result in employment creation and retention. The research further stated that the economic impact of advertising along four dimensions and named them as direct economic impact, supplier economic impact, Inter-industry economic impact and induced consumer spending.

To conduct the study, the forecast for a period 2012 to 2017 was done by HIS Global Insight and below were the outcome:

- Every dollar of advertising spending will generate, on average, almost \$22 of economic output (sales).
- Every million dollars of annual advertising spending will support 81 American jobs.
- In 2012, advertising accounted for \$5.6 trillion of the \$33.8 trillion in US output and supported 21.1 million of the 136.2 million US jobs.
- By 2017, advertising will account for \$6.5 trillion of \$42.3 trillion in US output and support 22.1 million of 146.7 million US jobs.

IHS Global Insight, (2013) after conducting the research, acknowledged that advertisers had cut spending during the recession, which officially ended in 2009. The study predicted that advertising spending would improve by 2011.

Although the study established that there were a lot of fluctuations in terms of advertising expenditures against the economic benefits i.e. job creation as well as other related economic benefits, it was stated that indeed a relationship between advertising and

economic development really existed. However, the study concentrated more on establishing the relationship between the two variables and not the benefits in terms of product sales and advertising costs. The study did not look at the costs involved in advertising and how this in turn affects the sales. This has resulted in the gap that the study addressed.

A study conducted in Switzerland by Juliane A, et al, (2014), entitled Sales drive advertising expenditures. The study focused on advertising – sales relation and contrasted the views with advertising budgeting practices. It also looked at whether advertising activities drive or follow sales.

The study was based on the companies that advertised intensively and deal in food, drinks and tobacco.

This study revealed that advertising is a tool that activates demand by diffusion of knowledge and influences consumers' product preference. It was also revealed that advertising persuades customers to purchase and that when advertising activities or expenditures increase, sales increase as well. Even though the research objectives were met in this study, it however, did not specify the methodology used in the study hence creating the gap that the current study needs to address.

2.2. Regional Studies

At this perspective, the study conducted at Midlands State University, by Dangaiso (2014) that determined the effectiveness of sales promotion strategies on company performance with special reference to TelOne Zimbabwe, revealed that there was a very strong positive relationship between sales promotion activities and company performance measured in relation to growth of profitability, sales volume and market share, however, the study only looked at the sales promotion strategies which were mainly short term and just focuses on one element of the marketing mix as compared to the current study, which focused on all the marketing mix elements and the costs involved. Promotion strategies look at short term activities that are done at specific times such as when there is a new product being introduced. Strategies may include price reduction, loyalty programs etc. It did not examine at Advertising and advertising costs as a whole, therefore, creating a gap which was the focus of this research.

Another study conducted in Nigeria by Abdullahi, (2015), entitled “Effects of advertising on the sales revenue and profitability of selected Food and Beverages firms in Nigeria.”

The study done by Abdullahi (2015) which focused on establishing the effects of advertising on the sales and profitability of selected food and beverages firms in Nigeria. Its aim was also to determine the extent to which advertising costs affect the sales revenue of selected food and beverages firms in Nigeria and to evaluate the effect of the advertising costs on the net profit of selected food and beverages firms in Nigeria.

Data for the study was collected purely through secondary sources by extracting the relevant data from the annual report and accounts of the food and beverages firms in Nigeria from 2000 to 2012. The population of this study consisted of the fifteen firms listed under the food, beverages and tobacco sector of the Nigerian Stock Exchange at 31st December 2012. Some companies were selected from the food and beverages firms as samples by the study because of the special and distinct attention the companies gave to advertising. However, the study did not specify the companies researched on thereby making it difficult to bring out accurate and convincing outcomes. The study evaluated the effectiveness of advertising expenses on the sales revenue and profitability of selected food and beverages firms in Nigeria. It also looked at the extent to which advertising costs affect the sales revenue. It further did an evaluation of the advertising costs on the net profit of selected food and Beverages firms in Nigeria. However, the study did not look at the advertising costs and the influence advertising has on customer behavior and it did not establish the relationship between advertising and product sales hence this study. The researcher also used secondary data throughout which was not good enough as it might be outdated as the business environment is dynamic. It changes almost every day therefore, the author saw to it that some data came from the primary source as well for more accurate information.

A similar study was conducted in Nigeria by Abiodun (2011) entitled “Impact of advertising on sales volume of a product,” Starcomms Plc. was used as a case. This thesis was based on the drive to know the effect of advertising on the sales volume of a product in a company and how these sales volumes could keep the company going in business. Although the study looked similar to the author’s study, it was observed however, that the two studies focused on different objectives. The study under review included the

following objectives: To identify the major merits and demerits of advertising and to get to know the concepts of advertising and its various forms whereas the current study tried to establish the following:

- To find out the extent to which advertising affects consumer behavior
- To establish the cost of advertising Parmalat milk and milk products
- To determine the correlation between cost of advertising and sales volume of Parmalat milk and milk products.

Although Abiodun, (2011) study met its objective of establishing whether advertising has an impact on sales volumes of a product, it did not however state the extent to which those buyers are influenced by advertising. Secondly, it did not state the correlation of advertising and subsequent impacts on sales, hence, creating a gap which this study addressed. In his study, the findings were not really coming out, which is a big weakness and the current study endeavored to address.

Another study done by Awofadeju, et al (2015), the aim was to demonstrate the impact of advertising on the sales and profit of a business organization. The study was entitled, “The Impact of advertising on sales performance”. It centers on the impact of advertising on the sales performance of a manufacturing company. The research shed light on how advertising really affects a consumer’s buying decisions in a growing economy like that of Nigeria and how successful advertising can keep businesses going even in the middle of tough competition. The data used for this work were based on primary and secondary data. The secondary came from already existing sources like textbook, relevant journals, interview and internet of different websites and for primary, 150 customers of Nigerian Breweries, Iganmu Lagos State were given copies of the questionnaire to be administered.

The findings were that there were various forms of advertising used by the organisation but according to the response there are some forms which are mostly used than others. It was further found out that the organisation which is established to make profit must rely on advertising using all forms of media to make its products known to the general public. Even though the research attained its objective which was to find out the impact of advertising on the sales performance, it however did not look at the costs involved in the same advertising. The data for the research was only collected from the customer (150)

leaving out management of the organisation. The data was not inclusive as respondents from management were left out, hence this research.

Abah, D and Abah P, (2015), conducted a study in Nigeria entitled, “Analysis of the Effect of Advertising on Sales Volume of an Agro-Allied Company.” Benue Brewery Limited (BBL) of Makurdi in Benue State, Nigeria was used as a case.

The objectives of the study were to examine the appropriateness of the media of advertising used by BBL, examine the suitability of the messages used by BBL in its advertisements; and to determine the relationship between advertising and sales volume in BBL. The sample population was drawn from the customers and the total sampled was 384 participants.

The study findings indicated that the media of advertising used by BBL were appropriate, the advertising messages were effective and there was a significant relationship between advertising and sales volume of BBL products. However, the study recommended that BBL should focus more on the broadcast media and word of mouth advertising, to improve on its budget so as to maintain increase in sales volume. Looking this study’s findings, the author noted that the emphasis was on the advertising media and suitability of messages different from the current study which is looking at ascertaining the extent to which advertising affects consumer behavior, establishing the cost of advertising products and determining the correlation between cost of advertising and sales volume of Parmalat daily products hence creating a gap that the current study addressed.

2.3. Local studies

The author reviewed a study conducted in Zambia by Hamusokwe, (2009) entitled an examination of advertising and its impact on the media in Zambia. The study looked at different types of media institutions in Zambia and how these were categorized as well as the types of advertising available. The main aim of the study was to assess the relationship of advertising on the media industry and the effects of advertising on the business and society.

The study used both qualitative and quantitative research methods.

Although the findings of this study established a high dependence of advertising by the media organization's profits and survival, it was however noted that it left out a lot of assumptions to be made, these include, establishing the influence advertising has on customer behavior and how it affected product preference. Furthermore, the findings of the study did not give any advertising expenses and sales figures as a justification, which created a research gap. The study also had too many objectives. Six objectives were a bit too many to be fulfilled in one research. In this regard, the objectivity of the study would have been lost.

2.4. Comparative Studies

Lungazo C, (2011), conducted a study in Uganda entitled “the impact of advertising on sales performance” and used the Mukwano industry as a case. Mukwano industry consists of manufactures of fast moving consumer goods in Uganda. It provides edible oils and fats, laundry and toilet soaps, powder and liquid detergents, personal care and hygiene products, domestic and commercial plastics, and energy food drinks and drinking water.

The main purpose of this study was to establish the impacts of advertising on sales performance. The scope of this study was centered on the Mukwano industry in Kampala being the place where most marketing decisions are made. The sample size used for this study was 40 participants and used a mixed research design.

According to the findings of this study, all the three specific objectives of the study were met. However, it was noted that this study's main focus, was that of establishing the impacts that advertising has on sales performance. This is different from the current study which looked at a critical analysis of advertising costs and dairy products sales volumes.

The other notable difference was that, this study took a case of the entire industry and yet only used 40 participants as its study sample while, the current study took only one company as a case with a study sample of 105. Therefore, it was going to be ideal if this study used a bigger sample population for a more comprehensive and accurate representation.

Another study on the factors affecting consumer behaviour was reviewed. UK essays reviewed that the aim of marketing is to satisfy their customer needs and wants (Kotler, 2003; 182). The field of consumer behaviour is to identify how a customer buys, uses any product and services and disposes it. In this essay it was stated that it is never simple to identify and understand consumer needs. However, the behaviour of a consumer depends on some factors. There are a number of factors in the study of consumer behaviour which plays an important role in buying of any new product or services from the selling firm such as customer income, culture, technology, and various types of personal factors

2.4.1. Advertising and its Effects on Consumer Behavior

Advertising is the paid, public, non-personal announcement of a persuasive message by an identified sponsor (Lake, 2017). It's the impersonal presentation or promotion by a firm of its products to its existing and potential customers. Advertising takes care of the four P's which are Product, Price, Promotion and Place. It is an inducement and if achieved properly, it can prompt the target market to act and engage in a sale. Schofield, 2017, described consumer behavior as the study of how people make decisions about what they buy, want, need, or act in regards to a product, service, or company. It is critical to understand consumer behavior to know how potential customers will respond to a new product or service. It also helps companies identify opportunities that are not currently met. Advertising affects consumer behavior which in turn has a bearing on the sales performance of a product.

2.5.Summary of Literature Review

Table 1: Summary of Literature Review

Author/Year	Study/Topic	Findings	Knowledge Gap
Sujata et al, (2016)	The Impact of Advertising and Sales Promotion Expenses on the Sales Performance of Indian Telecommunication Companies.	<p>The study showed that organizations use various advertising channels such as television channels, radio stations, outdoor, social media and many others.</p> <p>The study also indicated that the organizations believed that Advertising and Sales promotion were always a major marketing expense for all telecom organizations.</p>	The study did not give indications by figures of how much the 3 used companies were realizing as a result of investing in advertising which could have been used to justify the impacts of the relationship between Advertising and sales performance.
IHS Global Insight, (2013)	Economic impact of advertising expenditures in the United States	The study showed that advertising does not only have effects on the sales but also initiates a flow of economic activities that bring about job creation and retention throughout the economy	The study did not look at the costs involved in advertising and how this in turn affects the sales.
Dangaiso, (2014)	The Effects of Sales Promotion strategies on Company Performance.	The study reviewed that there is a very strong positive relationship between sales promotion activities and company performance measured in	The study just looked at promotional strategies alone which are normally short term.

		relation to growth of profitability, sales volume and market share	It also did not look at the advertising costs.
Abdullahi, (2015)	Effects of advertising on the sales revenue and profitability of selected Food and Beverages firms in Nigeria.	The study reviewed that advertising increases sales volumes.	Only secondary data was used.
Awofadeju, et al (2015),	The Impact of advertising on sales performance	The findings for this research showed that there are various forms of advertising used by the organization but according to the response there are some forms which are mostly used than others.	The sample size was small and did not include management staff.
Hamusokwe,(2009)	Advertising and its Impact on the media in Zambia	The findings reveled that there is his dependence advertising by media organisations' profits and survival.	The study did not customer behaviour and how it affected product preference.
Abiodun, (2011)	Impact of advertising on sales volume of a product		This study did not inform on the extent to which buyers are influenced by advertising and it did not state the correlation of advertising and subsequent impacts on sales,

Lungazo C, (2011),	The impact of advertising on sales performance	The findings of the study indicated that advertising has a great impact on sales	The study did not look at the costs of the actual advertising. The sample sized was also too small for the whole industry study.
Abah, D and Abah P, (2015),	Analysis of the Effect of Advertising on Sales Volume of an Agro-Allied Company	The study findings indicated that the media of advertising used by BBL were appropriate, the advertising messages were effective and there was a significant relationship between advertising and sales volume of BBL products	Again this study did not look at the cost of advertising.

This chapter focused on reviewing different studies done by different scholars and expert researchers. Almost all these studies were concentrating on advertising and the impact it has either on sales or the overall performance of the firm. None of them focused on the costs of advertising meanwhile advertising does not take place for free. This reason created the gap that prompted the author to carry out this research. In the next chapter, the researcher looks at the research methodology and the research design selected for this study, other areas are the targeted population used, the sampling techniques, instruments and procedure of data collection, analysis of the data collected and, finally, the ethical considerations of the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0. Overview

This chapter presented the research methods which were used in conducting this study. It also outlined research design, research instruments, Target population, study sample, sampling techniques, Instruments for data collection, procedure for data collection, data analysis as well as ethical issues.

3.1. Research design

Both quantitative and qualitative methods were used to carry out this research in a triangulated approach using a descriptive survey method. Creswell, et al., (2007) stated that, descriptive research can be either quantitative or qualitative. He further indicated that this method encompasses the gathering of quantitative information that can be presented together with other data in statistical form. This method of research involves data gathering, description of events, tabulations, depicts activities, and provides descriptions of the collected data.

3.2. Target population

This study obtained its target population from the Parmalat Zambia Limited staff which included, the management, sales and marketing teams, Agents, retail stores and consumers and other key stake holders as respondents to draw the required sample size for this study. A total number of 300 people were used as target population of possible respondents.

3.3. Study sample

According to Fielding, (2007), a sample size must be at least 30% of the total population under research. For this research, a total of 105 respondents which constitutes 35% of the entire population was considered as a representative number of the whole population as tabulated below.

Table 2: Population sample frame

Sample Frame	Sample Population	Sample Size
Management and Staff	57	20
Agent	14	5
Retail Stores	29	10
Consumers	200	70
TOTALS	300	105

3.4.Sampling techniques

This study used customer database from Parmalat Zambia Limited to define a sample population of a decisively sampled constituency in Lusaka only to be applied as a representative of the population for other parts of the country. The constituency sampled was selected using a simple random sampling technique which gives every person an equal chance of being picked for sampling.

3.5.Instruments for data collection

Data were collected through the use of questionnaires and in-depth interviews and also secondary data were obtained from historical records such as sales reports. In this study, the questionnaires were self-administered. The two used questionnaires, in-depth interviews and content analysis for Parmalat Zambia Limited and other respondents.

3.6. Procedure for data collection

As stated in 3.5, the study used two methods of collecting data. I.e. administering questionnaires and conducting in-depth interviews in the following manner:

3.6.1. Questionnaire Administering

Questionnaires were distributed according to categories such as demographic, geographic and social segments.

3.6.2. In-depth Interviews Conducting.

The interviews were conducted based on similar questions to ensure consistence. The researcher designed some interview guide to help in the process.

3.7.Data analysis

The researcher used a statistical analysis application called Statistical Package for the Social Science (SPSS), version 16.0 to analyze quantitative data that was collected through questionnaires. The use of SPSS to analyse data enabled generation of graphs, tables and other useful statistical summaries. Qualitative data collected was analyzed thematically.

3.8. Ethical considerations

All ethical issues involved in the research process starting from data collection to data reporting stages were taken note of. Other than seeking permission from Parmalat Management to research on their organisation, the research sought informed consent from the actual participants. All details of the research were explained in full to all participants including the fact that they could choose to withdraw their participation even in the middle of the research. They were made to understand that participating in the research was not a forcing matter. The collected data were held in strict confidence and were only used for the purpose of this study. Since the study was only interested in the information regarding advertising costs and the sales volumes of dairy products, the anonymity of the participants was guaranteed. The data collected from the field has been reported as it is, without the researcher twisting it to suit his own biases.

Above all the research proposal was submitted to the University of Zambia (UNZA) Ethical committee and approval was sought. Reference Number from the ethical committee is HSSEREC 2018-JUNE-032.

3.9.Summary

This chapter gave an overview of the research methodology that was used in carrying out the study. Both qualitative and quantitative methods were used. 105 participants were used out of the total population of 300. In depth interviews and questionnaires were used and the ethical consideration were also covered in this chapter. The next chapter gives a Data presentation.

CHAPTER 4

PRESENTATION OF DATA

4.0. Introduction

This chapter presents and interprets the research findings. The findings are presented according to themes and subthemes derived from the study's objectives, but firstly, the chapter will present the respondents' biographical data to help the readers understand the type of participants sampled in the study.

4.1. Biographical Data

4.1.1. Distribution of participants by gender

Below is the presentation of the data collected and results obtained from the participants as regards to gender:

Table 3: Distribution of participants in the research by gender

Gender		
	Frequency	Percent
Male	34	48.6
Female	36	51.4
Total	70	100

Source: Field data, 2018

The table above shows the total number of participants who were interviewed. Out of 70, 34 were male participants representing 48.5 % while 36 were females representing 51.4 %.

4.1.2. Distribution of participants by age

The study included different age groups who were grouped in different age categories. This was done to establish what age category are deciders in homes in terms of what they purchase, when and how. Below is a figure showing the age distribution of participants.

Table 4: Distribution of participants in the research by age

Age		
Age Range	Frequency	Percent
15 to 24	12	17.14
25 to 44	46	65.71
45 to 64	10	14.29
65 above	2	2.86
Total	70	100.00

Source: Field data, 2018

Table 4 above shows the distribution of participants' age groups. It shows that the most participants were aged between 25 to 44 years, representing 65.71%, while the lowest was above 65, representing 2.86%. Others included those aged between 15 to 24 and 45 to 64 years, representing 17.14% and 14.29% respectively.

4.2.Objective 1: Finding out the extent to which advertising affects Consumer Behaviour.

4.2.1. Distribution of participants by Income

The participants' income brackets were used to establish whether they consider their income to purchase dairy products.

Table 5: Distribution of participants in the research by their Income

Participants' Monthly Income		
Income range (ZMW)	Frequency	Percent
0 to 1000	6	9
1001 to 5000	25	36
5001 to 10000	21	30
10001 to 15000	10	14
Above 15000	8	11
Total	70	100

Source: Field data, 2018

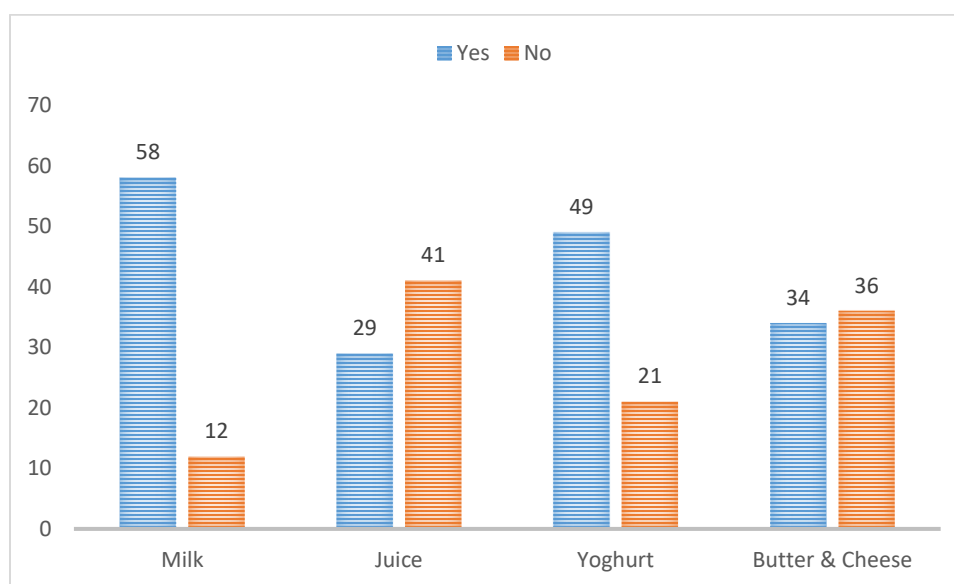
All the income brackets were represented. The table above shows that out of a total number of 70 participants, those who had a monthly income of between 0 and K1, 000 were 6 representing 9 percent, 1001 to 5000 ZMW were 25 representing 36 percent and between 5001- 10,000 and 10,001 to 15,000 ZMW were 21 and 10 representing 14 and

15 percent respectively. Those getting above 15,000ZMW were 8 representing 11 percent of the total number of participants.

4.2.2. Distribution of participants in the research by Product knowledge

When asked about what products they were aware of, participants knowledge of the products are presented below:

Figure 2: Distribution of participants in the research by Product knowledge



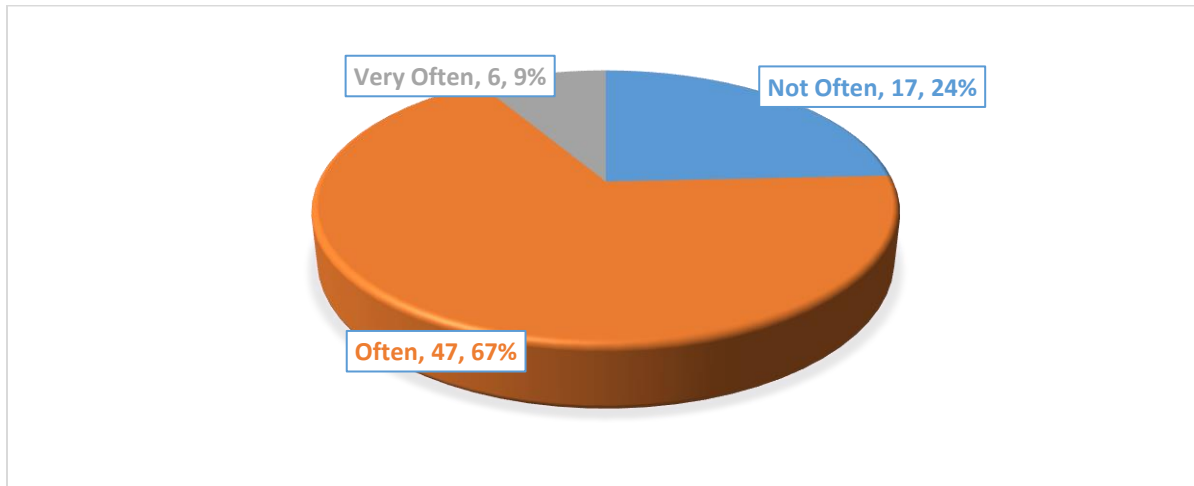
Source: Field data, 2018

Out of the 70 participants 58 representing 83% knew the milk while only 12 representing 17 % were not aware of Parmalat milk. 29 respondents representing 41% knew juice whereas 41 representing 59% did not know juice at all. 49 and 34 out of the 70 participants knew Yoghurt and Butter and Cheese respectively representing 70% and 49% whereas 30% and 51% had no knowledge of yoghurt and Butter and Cheese.

4.2.3. Distribution of participants by Frequency of Purchase

The study included participants of different age groups and occupation and this had a bearing on how often they purchase. The figure below shows the respondents' purchase frequency.

Figure 3: Distribution of participants by purchase frequency



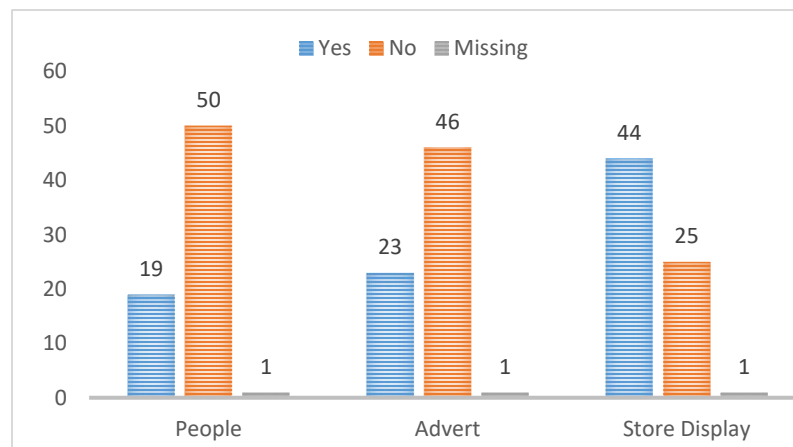
Source: Field data, 2018

Participants were asked as to how often they bought products to establish whether they bought because they had money, or when they see adverts or is it only when they have need for the products. The figure above shows how they buy. 17 of the respondents representing 24% said they do not buy these products often, 6 of them representing 9% disclosed that they buy very often while the remaining 47 representing 67% which is the majority confirmed that they often purchase these products.

4.2.4. Distribution of participants' knowledge of products

Participants of the study indicated that they got to know about the products through a number of different ways as shown below;

Figure 4: Participants knowledge of products.



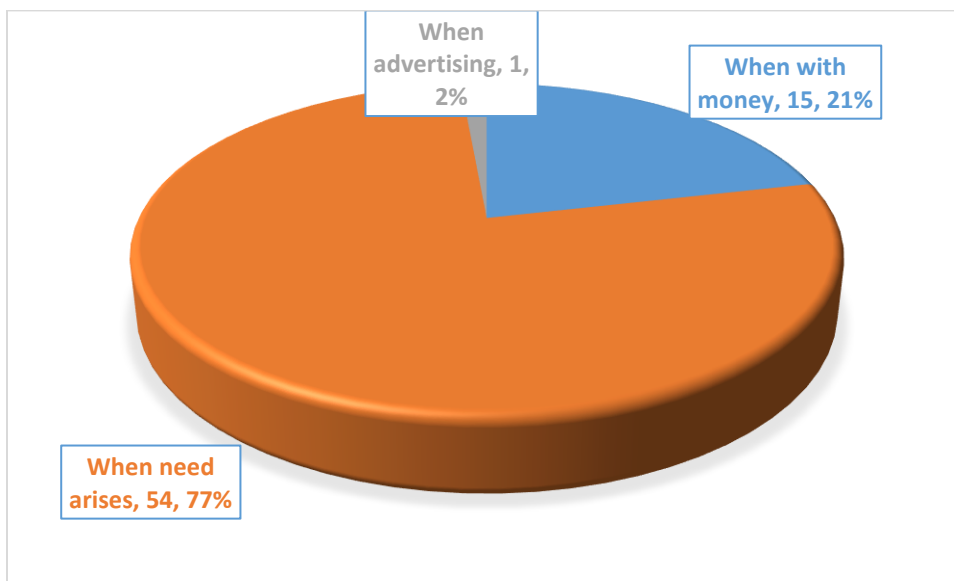
Source: Field data, 2018

Participants were asked to state how they got to know or see Parmalat products. Of the 70 sampled, 19 representing 27% indicated that they learnt about the products from other people around them while 50 representing 71 % said they learnt through other means. 1 representative representing 2 % was missing. Through advertisements, only 23 representing 33% get to know products through adverts and the 46 representing 67% said no to adverts. They said their knowledge about the products was not because of advertisements.44 representing 63% got to know about the products through store displays while 24 representing 37% said they did not know through store displays.1 was missing.

4.2.5. Distribution of participants' frequency of purchase of dairy products

Participants were also asked when they buy these dairy products and the figure below shows the responses:

Figure 5: When Participants Purchase Parmalat dairy products



Source: Field data, 2018

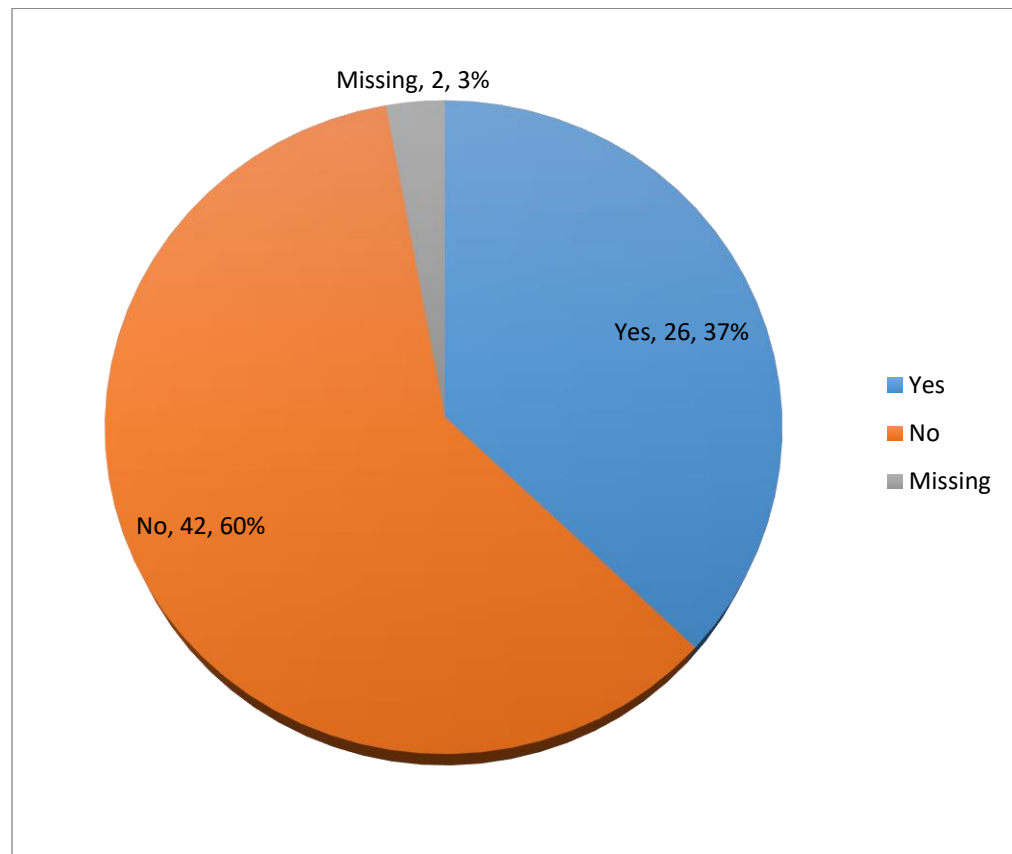
Of the 70 participants, 15 representing 21% said they only buy when they have some money for buying and 54 of them representing 77% said regardless of whether there are adverts running or not, they only buy when they have need for the products whilst 1 respondent representing 2 % said they are enticed by adverts to buy.1 participant said

even when they do not have money or when they do not need the product, as long as they see the advert, the desire to buy just comes.

4.2.6. Effects of advertising on Consumer Behavior

When asked whether advertising of Parmalat products affects their purchasing behavior, the following were the responses:

Figure 6: Advertising Effect on Consumer behavior



Source: Field data, 2018

42 participants representing 60 % said that advertising does not influence their purchasing behavior, 26 representing 37% agreed that advertising affects their behavior while 2 representing 3% did not indicate anything.

When further asked on how they get affected by advertisements, respondents gave the responses as summarized in the table below:

Table 6: Effects of Advertising on purchasing behavior

Type of Advert effects		
	Frequency	Percent
Attractiveness	5	7
Creates awareness	10	14
Induces Trial	10	14
Missing	3	4
N/A	42	60

Source: Field data, 2018

Of the 70 participants who were asked how advertisements affect them, 5 representing 7% said it makes them get attracted to the products and 10 representing 14% said it makes them aware of the available products. 10 of the participants representing 14% also said it just makes them want to try the product. 3 representing 4% and 42 representing 60% were missing and did not pick any of the given options respectively.

4.3.Objective 2: Establishing the Cost of Advertising Parmalat Milk and Milk Products.

4.3.1. Distribution of Participants by Advertising Costs

When asked whether advertising is worth spending on, some Parmalat employees and Management staff had the following responses;

Table 7: Management and Employees' views on Advertising Costs

Importance of Advertising Costs		
	Frequency	Percent
Important	16	80
Unnecessary Cost	4	20
	20	100

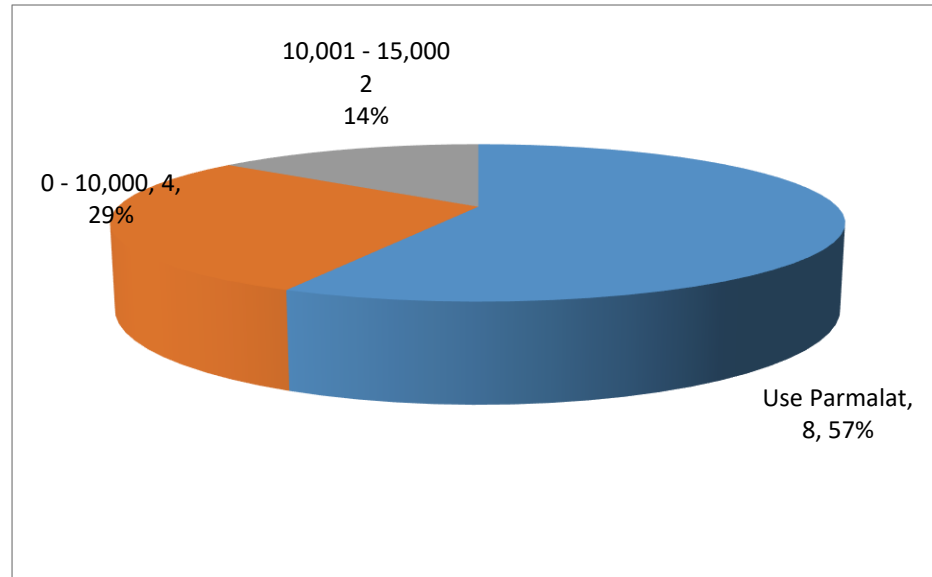
Source: Field data, 2018

16 of the 20 respondents representing 80 % said that they see advertising as a very important activity to spend on while 4 representing 20% said it is not worth spending on advertising. They said it is an unnecessary cost.

4.3.2. Distribution of Participants' spending power on Advertising

Retail outlets were asked how much they spend on advertising as a business and the figure below shows the distribution:

Figure 7: Advertising Spent



Source: Field data, 2018

Out of the 15 Retail outlets and Container agents interviewed, 8 of them representing 57% said they do not have any advertising budget, instead, they depend on Parmalat advertisements. Only 4 of them representing 27% said they spend about K10,000 per month on average. 2 representing 13% of the participants have a budget of between K10,001 and K15,000 whereas only 1 of the 15 interviewed representing 7% have an advertising budget of over K15,000 per month.

4.3.3. Effects of product advertising on sales

When asked how product advertising affects sales, the participant's responses were that it creates awareness and others said it increases sales. Below is a figure showing respondent's views:

Table 8: Effects of Advertising on the Business

Effects of Advertising		
	Frequency	Percent
Creates Awareness	8	53
Increases Sales	7	47
	15	100

Source: Field data, 2018

Of the 15 participants in the study, 8 representing 50 % said advertising creates awareness whereas 7 representing 47% said it increases sales.

4.3.4. Location, Knowledge of product and frequency of purchase Cross Tabulation

Table 9: Location, Knowledge of product and frequency of purchase Cross Tabulation

RESPONDENTS' LOCATION	PRODUCT KNOWLEDGE								FREQUENCY OF PURCHASE		
	ADVERTS		WORD OF MOUTH		STORE DISPLAY		NONE		NOT OFTEN	OFTEN	VERY OFTEN
	YES	NO	YES	NO	YES	NO	YES	NO			
Lusaka East	6	11	4	13	12	5	0	18	4	13	1
Lusaka West	3	5	4	4	4	4	0	7	3	3	0
Lusaka South	9	7	3	13	13	3	0	16	1	13	3
Lusaka North	1	5	3	3	3	3	1	5	3	3	0
Lusaka Central	5	17	5	17	12	10	1	21	5	16	1

Note that 1 was missing

Source: Field data, 2018

A cross tabulation above was done to establish the number of participants in different locations in Lusaka, how they got to know the product and how often they purchase the same products. Below is a summary of the respondents' totals knowledge and location.

Table 10: Cross Tabulation on Location, Knowledge of product and frequency of purchase

RESPONDENTS' LOCATION	PRODUCT KNOWLEDGE		FREQUENCY OF PURCHASE		
	Y	N	NOT OFTEN	OFTEN	VERY OFTEN
Lusaka East	22	47	4	13	1
Lusaka West	11	20	3	3	0
Lusaka South	25	39	1	13	3
Lusaka North	8	16	3	3	0
Lusaka Central	23	65	5	16	1

Source: Field data, 2018

4.3.5. Purchase Frequency and Frequency of Advertising Cross Tabulation

A cross tabulation below was done to establish the relationship between the purchase frequency and the frequency at which participants see adverts.

Table 11: Frequency of Purchase/Advert exposure frequency Cross Tabulation

	Advert exposure Frequency				Total
		Not Often	Often	Very Often	
Frequency of Purchase	Not Often	11	5	0	16
	Often	23	21	5	49
	Very Often	1	3	1	5
	Total	35	29	6	

In summary, this cross tabulation shows that the respondents that saw the adverts often were 29 while those that do not see it often were 35 and only 6 see the adverts very often. On the purchase frequency, 16 out of the 70 interviewed do not purchase often, while 49 purchase quite often and 5 very often.

4.3.6. Purchase Frequency and Age Cross Tabulation

A cross tabulation below was done to establish the relationship between the age and the purchase frequency.

Table 12: Age / Frequency of Purchase Cross Tabulation

		Frequency of Purchase		
		Not Often	Often	Very Often
Age	15 to 24	3	8	1
	25 to 44	12	31	3
	45 to 64	2	8	0
	65 above	0	0	2
Total		17	47	6

Source: Field data, 2018

4.4.Objective 3: Determining the correlation between cost of advertising and Sales Volume

4.4.1. Cost of Advertising and actual Sales

The study further sought to establish the relationship between cost of Advertising and actual sales volume. The outcome is presented using a regression model as indicated below:

Table 13: Cost of Advertising and Corresponding Sales (2012 – 2016)

Year	Cost of Advertising (ZMK)	Actual Sales Volume
2012	7,859,420	42,379,456
2013	8,926,752	38,954,600
2014	8,791,070	36,985,765
2015	10,200,000	35,788,843
2016	9,008,000	34,738,805

Source: Parmalat sales reports, 2012 - 2016

Tables 4.2.1 above affirmatively portrays an inverse proportion relationship between the two variables (I.e. advertising cost and sales). There was an upward trend of advertising cost (K7'000'000 to K10'000,000) from 2012 to 2015 despite a slight drop in 2016. On the contrary, there was a continued reduction in sales (K42'000,000 to K34'000'000). Statistical summary about specific dimensions of this variations are further explained by the regression analysis and ANOVA table below:

Table 14: Approximated cost of advertisement and Sales

Year	Cost of Advertising (ZMK' 000,000)	Actual Sales Volume ('000,000)
2012	8	42
2013	9	39
2014	9	37
2015	10	36
2016	9	35

Source: Parmalat sales reports, 2012 - 2016

The approximated cost of advertisement and sales over a period of five (5) years still affirm a general increase in the cost of advertisement while sales steadily reduced over the same period under consideration. Using the regression model $Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \dots + \beta_m X_{mi} + e_i$ $i=1, 2, 3, \dots, n$

Where:

Y_i - is the i th observation on the dependent variable Y (i.e. sales of Parmalat dairy products)

X_{mi} - is the i th observation on the independent variable X_m (i.e. cost of advertising Parmalat dairy products)

m is the number of independent variables. In this case $m=1$, the model therefore is a simple linear regression model

n is the number of observations (i.e. $n = 5$)

β_1, β_2 up to β_m are the regression coefficients. These are known and where estimated from observed data

e_i – is the error term or stochastic disturbance term which measures the deviation of each observed Y_i value from the true regression line. Accordingly, the error term was discarded in the model because it is a simple regression model involving only two variables (i.e. cost of advertising and sales of Parmalat dairy products)

$$Y = 4.21875 + 0.13226019X$$

Table 15: Regression Statistics on cost of advertisement and sales of products

REGRESSION STATISTICS	
Multiple R	0.76447079
R Square	0.58441558
Adjusted R Square	0.44588745
Standard Error	2.06559112
Observations	5

Source: Field Data 2018

Table 4.2.3 indicates that $R^2 = 0.584$ which shows that the model is statistically and relatively a good fit although not very strong: Thus, 58.4% of the total variation in sales of Parmalat dairy products is explained by the model. The value of R^2 is which is a non-decreasing function is relatively low because the number of explanatory variables added to the model is small. On the other hand, the Adjusted R Squared (i.e. a measure of goodness of fit) = 0.44588745. A further analysis of variance (ANOVA) produced the following results:

Table 16: ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	18	18	4.21875	0.13226019			
Residual	3	12.8	4.26666667					
Total	4	30.8						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	64.8	13.17775904	4.9173763	0.016110754	22.8624894	106.7375106	22.86248943	106.7375106
X	-3	1.460593487	-2.0539596	0.132260192	-7.6482603	1.648260345	-7.648260345	1.648260345
RESIDUAL OUTPUT					PROBABILITY OUTPUT			

<i>Observation</i>	<i>Predicted y</i>	<i>Residuals</i>	<i>Standard Residuals</i>		<i>Percentile</i>	<i>y</i>		
1	40.8	1.2	0.67082039		10	35		
2	37.8	1.2	0.67082039		30	36		
3	37.8	-0.8	-0.4472136		50	37		
4	34.8	1.2	0.67082039		70	39		
5	37.8	-2.8	-1.5652476		90	42		

Source: Field Data 2018

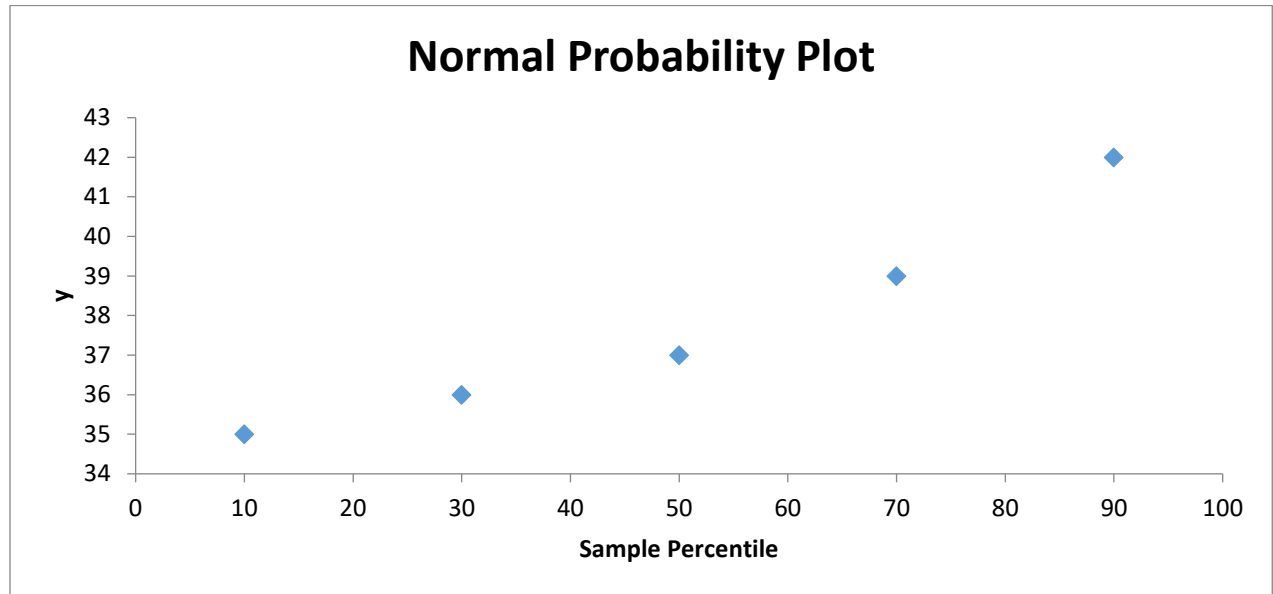
H_0 : An increase in advertisement cost spontaneously increases sales volumes of Parmalat dairy products

H_1 : An increase in advertising cost do not spontaneously increase sales volumes of Parmalat dairy products

Testing H_0 at 5% level of significance, $P_v < \alpha$ ($0.016110754 < 0.05$); Reject H_0

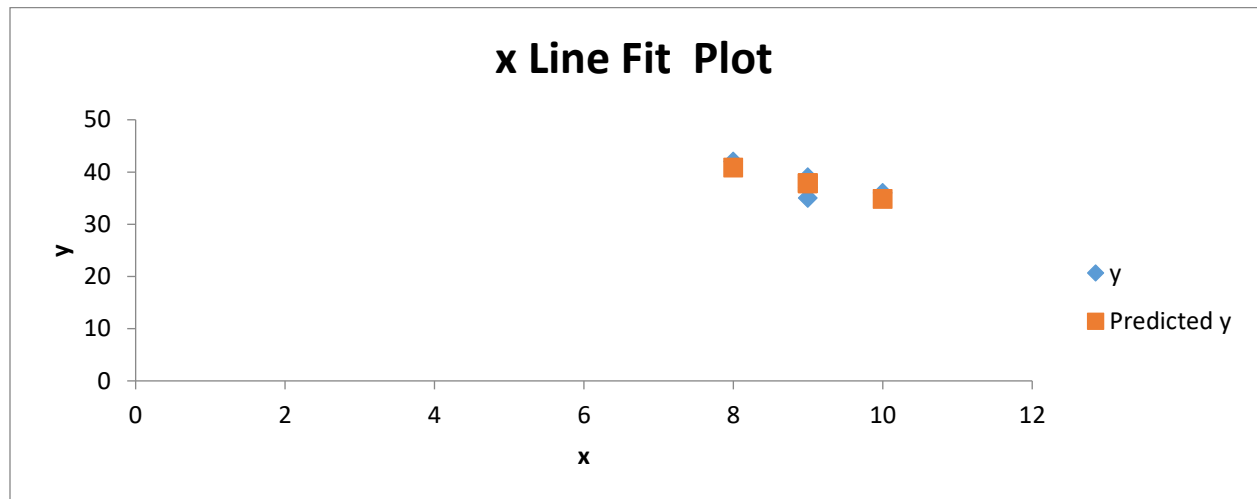
Therefore, there is no sufficient statistical evidence that an increase in advertising cost spontaneously increases sales of Parmalat dairy products

Figure 8: Normal Probability Plot for cost of advertising and sales



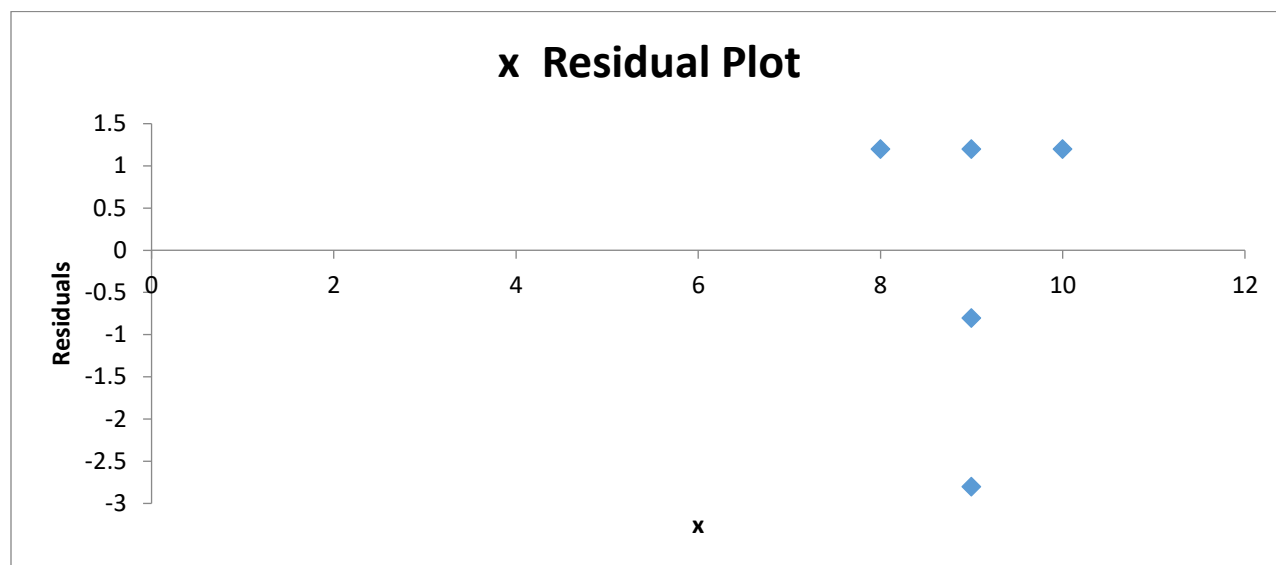
Source: Field Data 2018

Figure 9: X Line Fit Plot between cost of advertising and sales



Source: Field Data 2018

Figure 10: X Residual Plot between cost of advertising Parmalat Products and Sales



Source: Field Data 2018

The normal probability, x line fit and x residual plots confirms that the cost of advertisement inversely correlates with sales of Parmalat dairy products. The detailed account of the nature of the relationship between cost of advertising and sales is discussed in the next chapter.

4.5. Summary

This chapter gave some data presentations of this study. The presentations were done in a number of graphical and tabular forms to sum up the findings as obtained from respondents. The chapter further gave some brief descriptions about each presentations both in number and percentage forms and according to each objective and research questions. The next chapter will cover a discussion of the findings and outcomes as obtained from this chapter.

CHAPTER 5

DISCUSSION OF FINDINGS

5.0. Introduction

This chapter discusses research findings as presented in chapter four. In discussing the findings, the objectives as well as its literature review, informed the study. The study critically analyzed advertising costs and dairy product sales volumes.

5.1. Advertising Effects on Consumer Behavior

The first research objective was to find out the extent to which advertising affects consumer behavior. A number of conclusions were drawn from the results presented in chapter four. Although the sample from which the data was gathered was relatively small, the results still provided meaningful findings and insights that could be generalized to normal practice as carried out by the average company in the dairy industry.

The findings established that advertising does not affect consumer behavior. Looking at the findings that 60 % of the sample said it does not affect consumer behaviour while 37% agreed that advertising affects their behavior. On the other hand, a similar study by Abdullahi (2011) concluded that advertising is one of the most important medium of communication and does influence consumer behavior and the companies' performance in more than one way. It further concluded that advertising's influential strategic importance could be suppressed by other factors which also try to receive equal attention. According to the results obtained, those that said that they are not affected were more than those that said were affected by advertising. Although results gave a negative impression on consumer behavior, the findings of this research showed that this could be attributed to a number of other demographic factors such as Age, Income and location (Pratap, 2017)

5.1.1. Age and Consumer Behavior

According to Pratap, 2017, Consumer behavior can be affected by several factors. It can be different from person to person based on their age, income, sex, education and marital status. In his research it was revealed that Age is an

important demographic factor that affects consumer behavior. As people grow, their needs change. Similar changes come to their buying decision making patterns. With age, consumers' health needs change and so do many other needs. Age brings changes to people's lifestyle and with it their needs and personal values are also affected. When people are young, they spend more on their lifestyle needs from fun and movies to fashion. As they grow older, their expenses on these things shrink. Elderly people mostly remain indoor, however, their health related expenses may rise. In this way, age becomes one of the fundamental demographic factors affecting consumer behavior and buying decisions.

Age does not just affect buying behavior, it is also an important factor affecting market segmentation and marketing strategy. Marketers segment their target market on the basis of age. Similarly, there are products meant for the elderly and which meet the needs of people past their middle ages. For example, lifestyle gadgets and magazines are mostly marketed to the youth or the millennial generation. Since, the taste of this generation is vastly different and they are more digitally inclined, this affects not just the choice of marketing strategy but also the marketing channels used to market to them.

He further revealed that people's choice of brands and products start changing as they grow older. A young man's choices can be vastly different from the elderly since age brings changes that affect their flavor. An older person may have more serious choices and will be less fun loving than when he was young. For example, some products such as sweets or candies are meant for kids and young people. Their consumption among the elderly is much lower. Age determines several things and when people retire their consumption patterns also change according to their change in income. For example, elderly people are less digitally inclined and therefore their consumption of digital products can also be lower (Pratap, 2017).

The above findings from Pratap's research agree with this author's research because looking at the results in chapter four, figure 11, the age groups were categorized into four. The results showed that different age groups buy differently. The results indicated that the middle aged category (25 – 44) buy the most, which could be as a result of them being in formal employment and are taking care of families that need these products. These are the decision makers in families in most cases. Most of the respondents or participants in the lower age categories indicated that they were unable to buy because most of them are in school and depend on their parents or guardians for financial support.

For the ones above 65, the findings show that it is possible that they do not buy because products have been advertised, they buy what they know and have been using. This has a lot to do with product or brand loyalty. Therefore, this research shows that advertising does not affect their purchase behaviour. The need for the products and the ability to buy is what influences consumer behaviour. The age of the consumer has a big influence on the behaviour.

5.1.2. Income and Consumer Behaviour

According to the findings of this research, a consumer's occupation and the purchasing power influence decisions and buying behavior. This study has exposed that the income level affects what consumers can afford and the perspective towards money. People who share similar occupations turn to have similar tastes in things such as music, clothing, leisure activities as well as the food stuffs they consume. According to the research findings in chapter 4, it shows that people have different income levels. Each income bracket has its own number and they have their own pattern of purchase, i.e. when, what and how much they actually buy. This outcome reveals that even if adverts are done and are running, if people do not have money to spend, or if people do not have need for the product, they still will not buy. This is what is called consumer purchasing power. According to the dictionary of American history, (2013), Consumer purchasing power measures the value of money for which consumers may purchase goods or services. It indicates the degree to which inflation affects consumers' ability to buy. What should be understood is that consumer behaviour

is not only influenced by advertising, but the need for the products as well as the availability of money to spend. This agrees with the findings in Pratap's research that Income is a very important factor that affects the buying decisions and consumer behavior of people. Across different income levels, the difference in product choices and buying patterns can easily be marked. A person in the middle class makes his buying decisions based on utility. However, someone from the upper class would want style, design and special features while making a purchase. The channels for the marketing of luxury items are different from those for the ordinary ones. Luxury items are mostly marketed through luxurious magazines. The level of income determines what kind of products someone regularly purchases. A buyer with higher disposable income will spend more on luxury or lifestyle items. This was reviewed in the study done by Guor, 2011. In his study it was reviewed that consumer economic situation has great influence on his purchase behaviour. If the income and savings of the customer is high, then he will purchase more expensive and luxurious products. On the other hand, a person with low income and savings will purchase inexpensive and normally only much needed products.

This is why we see from the findings in chapter four that consumers in different income brackets buy or behave differently.

5.1.3. Location and Consumer behaviour.

The research findings showed that location has a bearing on the consumers' behavior. The researcher grouped respondents according to location namely Lusaka South, Lusaka East, Lusaka North, Lusaka West and Lusaka Central. When assessed on product knowledge according to their locations, the results showed that there were more people in Lusaka Central who knew the product and buy. This could mean that Parmalat focuses its advertising efforts on Lusaka central than other parts of Lusaka. It could also mean that the behavior of consumers is also dependent on their location. We have seen from the findings that in some areas or locations more people had knowledge of the product and they purchased more as compared to other places where fewer people knew the

products and very few bought as well. This also brings in the issue of having the right product at the right price and distributed in the right market. The marketing Mix which talks about the importance of having the right mix that is, the right product, at the right price, in the right place and having the right promotion activities. The marketing mix is important in a number of ways. According to Hitesh, 2017, the marketing mix is important in the following ways:

- It helps in a clean mix creation, meaning the marketing mix should have all the P's compatible with each other.
- It also helps in new product development.
- It helps in increasing the product portfolio.
- It is a guide to improve business.
- It also helps in differentiation.
- And finally it helps in the business been dynamic

For instance, one can have the right product but if wrongly priced, no sales will come through, same applies if one has the right product, correctly priced but trying to sale in a wrong location, and the sales will not be as good as they would be if the mix was correct.

These findings further agree with the conceptual framework which the study is based on. This conceptual model is showing that the product is key to the organisation's performance in terms of sales and that the organisation has to have the right marketing mix. The marketing mix elements are important to the running of the organization. The assessment of the roles of each of the marketing mix elements (Product, Promotion, Price, and Place) plays a very critical part in an organization's overall marketing approach. The mix helps in determining which marketing strategy is right for the organization. These decisions also have an impact on the decisions an organization makes regarding the promotion and price. With the wrong marketing mix, advertising will not mean anything and might not influence the behaviour in any way. One should have the right product which is correctly priced and at the right place (correct 4Ps). They should also have the right promotional activities. One can advertise but if the other mix elements are

not correct, nothing will happen, this advertising will not have any effect on consumer behavior.

This study picked on a single element called “Product” as its main focus. This was done in order to help establish one of the objectives which is to determine the correlation between cost of advertising and sales volume of Parmalat milk and milk products.

From the research findings, 42 participants representing 60% said that advertising does not influence their purchasing behavior. They said they buy when they have need for the product and when they have the money to purchase.

These results agree with Ibid (2016), who in his article echoed that the marketing mix is a significant tool for creating the right marketing strategy and its implementation through effective tactics. The assessment of the roles of your product, promotion, price, and place plays a vital part in the overall marketing approach. The mix helps in determining which marketing strategy is right for your organization. It is the first step before one even creates the business or marketing plan. The reason been that the marketing mix decisions also have an impact on the positioning, targeting, and segmentation decisions. One can make the targeting and segmentation decisions based on products while positioning can be decided on the basis of price. These decisions also have an impact on the decisions made regarding the promotion and price. Therefore, the marketing mix strategy goes hand in hand with positioning, targeting, and segmentation. All the elements, included in the marketing mix and the extended marketing mix, have an interaction with one another. If one has a service or a product, then they have to decide on a price in order to sell it. Warren, 2016, also disclosed that advertising also creates awareness and it actually induces trial. However, in as much as advertising creates awareness and gets customers or consumers attracted to the product, if they do not have money to spend on the product or if they do not have need for the product they will still not buy. He says it all depends on the need and the capacity to buy. Even if advertisements are running and people are attracted and they like the product or service, if they do not have the capacity to pay, it is just noise. This gets us back to income and consumer behaviour that

people's purchasing behaviour highly depends on their economic situation as reviewed in Gour's study.

5.2. Establishing the cost of Advertising Parmalat Milk and Milk products

From the research results presented in chapter four, a number of findings emerged and this research objective was met. It was established that advertising is an expensive activity to spend on but at the same time it was also established that it is very important that organisations allocate some funds towards the same due to a number of benefits that it comes with.

The results as presented in figure 5 show that organisations try by all means not to spend on advertising because of limited resources but still get leverage from others. As shown in chapter four, out of the 15 Retail outlets and Container agents interviewed, 8 of them representing 57% said they do not have any advertising budgets, instead, they depended on Parmalat advertisements. Only 4 of them representing 27% said they spend about K10, 000 per month on average. 2 representing 13% of the participants had a budget of between K10, 001 and K15, 000 whereas only 1 of the 15 interviewed representing 7% had an advertising budget of over K15, 000 per month. These results show that in as much as advertising is important, many organisations do not have a budget specifically for advertising. They depend on the adverts done by Parmalat and this is not enough. From the results we can safely conclude that these entities need to advertise to boost their businesses. The reason they do not advertise is not because it is not necessary for them, but because their budgets or resources do not allow them hence riding on Parmalat's advertising budgets. This research also agrees with the article conducted by Oubaiche, (2015), entitled Objectives and Importance of Advertising. Ibid, (2015), outlined a number of objectives and why advertising is important. On the objectives, he stated that advertising helps in establishing and promotion of the brand. It builds the brand. It also creates demand since it persuades the customers to buy. It contributes in the creation of brand awareness and demand. Advertising informs customers about a product, company or service. It is actually a strong medium of communication and for promoting particular features and overall achieving sales and profit goals.

On the importance of advertising, ibid (2015), stated that advertising is important when a company is launching a new product on the market. It is also important as it retains existing

customers and it also educates people or consumers and also provides them with the opportunity of comparing various products from different producers for them to make informed decisions. Based on features, qualities or specifications described through advertising, customers can take their choice on the available products.

Looking at the importance and advantages of advertising, despite it been an expensive or costly exercise, it is very critical that organizations do some advertising. If properly done, what is spent is recovered through good sales returns.

5.3.Determining the Correlation between Advertising Costs and the Sales Volumes

The results in this research show that there is an inverse proportional relationship between advertising costs and sales volumes. There was an upward trend of advertising cost (K7^{'000'000} to K10^{'000,000}) from 2012 to 2015 despite a slight drop in 2016. On the contrary, there was a continued reduction in sales (K42^{'000,000} to K34^{'000'000}).

Table 17: Advertising Costs Vs Sales Volumes

Year	Cost of Advertising (ZMK)	Actual Sales Volume
2012	7,859,420	42,379,456
2013	8,926,752	38,954,600
2014	8,791,070	36,985,765
2015	10,200,000	35,788,843
2016	9,008,000	34,738,805

To the contrary, the results in a similar study by Sujata et al, (2016), suggested that there exists a significant predictive relationship of advertising spend and sales promotion spend with the performance of the Telecom companies. The study also suggested a significant model with good predictive power for future use for manager.

Looking at the above outcomes from two different researches (the author's results and the results for Ibid (2016)). The differences in the results of the two researches suggests that advertising costs are not the only factor that affects sales volumes. Other factors

come into play when it comes to the correlation of advertising costs and the sales volumes. Some of the factors are as follows:

Political: According to DeMonte, (2017), Political factors are activities related to governmental policies that can have an effect on business. The political situation will have an effect on the sales volumes of the organization. It can impact on business organizations in many ways. It could add a risk factor and lead to major loss. One should understand that the political factors have the power to change results. It can also affect government policies at local to federal level. Companies should be ready to deal with the local and international outcomes of politics. Changes in the government policy make up the political factors. The change can be, legal such as change in Government policy or social. It could also be a mix of these factors. For instance, when the general elections were due in 2016, the sales for Parmalat came down, despite having a reasonable advertising budget. This was due to the fact that people were holding on to their money not knowing what the election result would be. Foreign investors were holding on to their money in readiness to go and invest elsewhere in case of anything in the elections.

Economical: Generally, when the economy is not doing well in hard times and when the cost of living is high, people will not have money to spend on certain products especially products like Parmalat products that are considered luxuries. No matter how much an organisation advertises, as long as people do not have money to spend, they will not buy. Therefore, an organisation can advertise but if people do not have disposable income, nothing comes through. Hence this is one of the factors that impact Parmalat sales other than advertising.

Social: Most of the Parmalat products are hallal certified. This is to cater for a certain sector of society such as the Indian community (Muslims) who constitute a big segment of their customers. Therefore, even if Parmalat advertises, if this group of customers is not taken care of by certifying some products hallal, the sales will not show any difference. This is so especially for Cheese and yoghurt sales figures since they are the biggest customers and consumers of Parmalat cheese.

The other point under social is that people or customers want high quality products therefore if the product quality is compromised, even with a number of advertising campaigns running, sales will not come through.

This factor just confirms that advertising is not the only factor that affects sales. There is a correlation between advertising cost and sales volumes, but many more other factors come into play.

Technological: According to the English Dictionary, (2017), Technological factors are influences that have an impact on how an organization operates that are related to the equipment and systems used within the organization's environment. Due to increased reliance on equipment and machinery, technological factors currently exert a considerably more important effect on the success of a business than they did only a hundred and fifty years ago. The equipment, machinery and the systems the organisation uses has an effect on the sales volumes. Parmalat has been investing in new machinery and systems in the past number of years with the attempt to reduce on production costs.

Environmental: The way an organisation takes care of the society in which it operates from, has a very big effect on sales. Corporate social Responsibility (CSR) is one such activity. Parmalat has a number of CSR activities some of which are that they donate products such as Yoghurt and Lacto Fermented milk to orphanages and Prisons. They also donate other products to schools and universities. Sponsorship of events such as Traditional ceremonies. These activities just put the brand in the minds of the people such that even without advertising people are able to remember the brand and whenever they have need for any milk product, they think Parmalat.

5.4. Summary

This chapter highlighted the findings of the research and compared them with those of other authors. These findings were discussed by objective. The first objective which was advertising effects on consumer behaviour, the finding established that advertising does not affect consumer behaviour. The behaviour of consumers was also as result of their age, income and the location in which there are found. On the second objective, which was determining the cost of advertising, it was established that advertising is a costly activity but still very import that organisation do advertise and lastly the third objective

which was to determine the correlation between advertising costs and the sales volumes, the findings showed that there is an inverse proportional relations between advertising costs and sales volumes. The next chapter will give the conclusion and recommendations for the study.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.0 Introduction

This section presents the major findings and conclusions reached during the course of the study, based on the main findings presented in chapter five. Also recommendations will be made to Parmalat Management with reference to each main finding.

6.1. Conclusion

The research was aimed at giving a critical analysis of advertising costs and product sales volumes of Parmalat Milk and Milk products.

Research Objective 1: To ascertain the extent to which advertising affects consumer behavior.

The main finding on this objective was that advertising does not affect consumer behaviour. Consumers can see the advert but if they do not have the need for the product and the money to purchase, they will not do anything about it. Based on the research findings, consumer behaviour is as a result of age, Income and Location of the consumers. Based on these findings, it was concluded therefore that advertising does not necessarily affect consumer behaviour.

Research Objective 2: To establish the cost of advertising Parmalat milk and milk products

The main finding on this objective was that advertising is a costly activity. It is very expensive but still very important that organisations allocate some resources for it due to a number of benefits that it comes with. According to Oubaiche, (2015), advertising gives the following benefits: it helps in establishing and promotion of the company and its products or services, it builds the brand, it also creates demand since it persuades the customers to buy. It contributes in the creation of brand awareness and demand. Advertising informs customers about a product, company or service. It is actually a strong medium of communication and for promoting particular features and

overall achieving sales and profit goals. Therefore based on the above findings it was concluded that even if it is expensive to advertise, there is still need that organisations invest in advertising.

Research Objective 3: To determine the correlation between cost of advertising and sales volume of Parmalat dairy products

The findings of the study indicated that there was no sufficient evidence statistically that an increase in advertising costs spontaneously increases sales of Parmalat dairy products (Testing H_0 at 5% level of significance, $P_v < \alpha$ ($0.016110754 < 0.05$); Reject H_0). Therefore, an inverse proportion between the cost of advertising and sales. That is, an increase in the cost of advertising did not translate into a direct increase in the sales of dairy products. Based on this finding, the conclusion was drawn that sales do not increase with the increase in the advertising cost and vice versa.

6.2. Recommendations

The recommendations based on the research findings were as follows:

- i. Parmalat management should adopt other cost effective advertising strategies as the current advertising costs do not directly trigger high sales of dairy products. The suggested cheaper ones are web based and online advertising.
- ii. Parmalat management should appreciate PESTEL factors that act as hidden causative costs outweighing revenues from sales of dairy products.
- iii. Parmalat management should constantly scan the Dairy sector (SWOT) in order to adopt the best practices of advertising or they should renew their advertising policy and strategies of advertising dairy products.

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APPENDICES

Appendix i. Research Time Schedules

The study period will run from 20th November, 2017 to 16th July, 2018 as shown in the activity breakdown below.

Sn	TASK	START DATE	END DATE	DURATION (DAYS)
1	Research proposal	20/11/2017	15/12/2017	25
2	Literature review	01/11/2017	15/12/2017	45
4	Research design preparation	16/12/2017	23/12/2017	7
5	Data collection	24/12/2017	24/01/2018	30
6	Data analysis	25/01/2018	16/02/2018	21
7	Discussion of findings	17/02/2018	09/03/2018	21
8	Conclusion & recommendations	22/03/2018	27/03/2018	5
9	Completion & Editing	28/03/2018	28/06/2018	60
12	Corrections and Binding	29/06/2018	15/07/2018	16
13	Submission	16/07/2018	16/07/2018	1
TOTAL PROJECT DURATION		20/11/2017	16/07/2018	231

Appendix ii. Research proposed budget

This research was not sponsored by any third party, all the costs were borne by the researcher. The costs included transport to meet the supervisor, distribution of questionnaires, conducting interviews, buying of stationary (Bond paper), printing, binding of final report and the allowance for the research assistant as tabulated below.

Sn	Description	Qty	Unit Cost	
			(ZMW)	(ZMW)
1	Transport	2	500	1000
2	Contingent	1	500	500
3	Binding	6	150	900
4	Printing	6	150	900
5	Research Assistant Allowance	1	700	700
TOTAL ESTIMATED COSTS				4,000

Appendix iii. Questionnaire for Customers



The University of Zambia

(Institute of Distance Education)

QUESTIONNAIRE FOR PARMALAT ZAMBIA LIMITED PRODUCT CONSUMERS

Research topic:

**A CRITICAL ANALYSIS OF ADVERTISING COSTS AND DAIRY PRODUCTS SALES
VOLUMES: A CASE OF PARMALAT ZAMBIA LIMITED.**

Dear Respondent,

My name is Rachel Mwale, currently studying for a Master of Business Administration (MBA) at the University of Zambia under the Institute of Distance Education. The aim of this questionnaire is to have a critical analysis of advertising costs and dairy product sales volumes. Take note that the researcher and the university adhere to ethics and, therefore, guarantee maximum confidentiality and non-disclosure of information. All the data and information you will provide shall be used for the intended purpose only. Please complete all the sections and return it to the researcher.

For any clarifications, you can contact the researcher on +260974 021 210 or simply send an email using the address: chumar2003@yahoo.co.uk

SECTION A: PERSONAL DETAILS

Instruction

Please tick ☒ in the box next to you preferred answer

1. Gender:

Male ☐ Female ☐

2. Age Group

15 – 24 ☐ 25 – 44 ☐ 45 – 64 ☐ 65 and Above ☐

3. Your occupation

- i. Employed ☐
- ii. Self Employed ☐
- iii. Student ☐
- iv. Retired ☐

4. Which part of Lusaka do you stay?.....

5. What is your monthly income?

0- 1000 ☐ 1001 - 5000 ☐ 5001 – 10000 ☐ 10001 – 15000 ☐ 15000 and Above ☐

SECTION B: EFFECTS OF ADVERTISING ON CONSUMER BEHAVIOUR

6. Which Parmalat product are you familiar with? Please tick all suitable options.

- i. Milk ☐
- ii. Yoghurt ☐
- iii. Juice ☐
- iv. Cheese and Butter ☐
- v. None of the above ☐

7. Do you purchase any of these product listed in (6) above?

- i. Yes ☐
- ii. No ☐

8. How often do you purchase these products?

- i. Not often ☐
- ii. Often ☐
- iii. Very often ☐

9. How did you get to know about the products?

- i. Through Adverts ☐
- ii. Through people ☐
- iii. Shop displays ☐
- iv. None of the above ☐

10. When do you buy these products?

- i. When I have money ☐
- ii. When there is an advertisement running ☐
- iii. When there is need ☐

SECTION C : CORRELATION BETWEEN ADVERTISING COSTS AND SALES

11. Do you think Parmalat is doing enough advertising of their products?

- i. Yes ☐
- ii. No ☐

12. Are you exposed to any of the Parmalat adverts?

- i. Yes ☐
- ii. No ☐

13. How often do you see Parmalat adverts?

- i. Not often ☐
- ii. Often ☐
- iii. Very Often ☐

14. What type of advertisements are you exposed to?

- i. Digital ☐
- ii. Print ☐
- iii. Outdoor ☐
- iv. Word of Mouth ☐

15. Does advertising of Parmalat products affects your purchasing behaviour in any way?

- i. Yes ☐
- ii. No ☐

16. If yes, How does it affect

you?.....

I would like to thank you for taking time off your busy schedule to respond to this interview, I really appreciate.



The University of Zambia

(Institute of Distance Education)

INTERVIEW GUIDE FOR PARMALAT ZAMBIA MANAGEMENT

Research topic:

A CRITICAL ANALYSIS OF ADVERTISING COSTS AND DAIRY PRODUCTS SALES
VOLUMES: A CASE OF PARMALAT ZAMBIA LIMITED.

Dear Respondent,

My name is Rachel Mwale, currently studying for a Masters of Business Administration (MBA) at the University of Zambia under the Institute of Distance Education. The aim of this questionnaire is analyse advertising costs and the sales volumes of milk and milk products. Take note that the researcher and the university adheres to ethics and, therefore, guarantees maximum confidentiality and non-disclosure of information. All the data and information you will provide shall be used for the intended purpose only. Please complete all the sections and return it to the researcher.

For any clarifications, you can contact the researcher on +260974 021 210 or simply send an email using the address: chumar2003@yahoo.co.uk

1. What is your position at Parmalat Zambia Limited?.....
2. How do you look at advertising in terms of costs?.....
.....
3. What type of advertising do you think is the best for this kind of business?
.....
.....
4. In comparison to other competitors, how do you think Parmalat is doing in terms of advertising?
5. In your opinion how does product advertising affects sales?.....
6. To what extent do you think advertising affects consumer behaviour?
7. Do you think advertising plays a major role in sales volumes or it is just an unnecessary cost? Explain your answer

.....
.....

[]

I would like to thank you for taking time off your busy schedule to respond to this interview, I really appreciate.

Appendix v. In-depth Interview guide for Agents and Retail Stores



The University of Zambia

(Institute of Distance Education)

INTERVIEW GUIDE FOR AGENTS AND RETAIL STORES

Research topic:

A CRITICAL ANALYSIS OF ADVERTISING COSTS AND DAIRY PRODUCTS SALES
VOLUMES: A CASE OF PARMALAT ZAMBIA LIMITED.

Dear Respondent,

My name is Rachel Mwale, currently studying for a Masters of Business Administration (MBA) at the University of Zambia under the Institute of Distance Education. The aim of this questionnaire is to analyse the cost of advertising and the sales volumes of milk and milk products. Take note that the researcher and the university adhere to ethics and, therefore, guarantees maximum confidentiality and non-disclosure of information. All the data and information you will provide shall be used for the intended purpose only. Please complete all the sections and return it to the researcher.

For any clarifications, you can contact the researcher on +260974 021 210 or simply send an email using the address: chumar2003@yahoo.co.uk

1. How long have you been selling Parmalat products?
.....
2. What type of Parmalat products do you sale?
 - i. Milk ☐
 - ii. Yoghurt ☐
 - iii. Juice ☐
 - iv. Cheese and Butter ☐
3. (a) Do you carry out any advertising activity?
 - i. Yes
 - ii. No

If yes:

- a) What type of advertising do you perform?.....
..
- b) How much do you spend on advertising on average per month?.....
4. In your opinion how does product advertising affects your business?.....
5. To what extent does advertising affects consumer behaviour?
.....
6. Do you think spending on advertising is important for your kind of business?
 - i. Yes
 - ii. No

Explain your answer

.....

.....

I would like to thank you for taking time off your busy schedule to respond to this interview, I really appreciate.

Appendix vi. Ethical Clearance Letter