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Role of Advertising Strategies on Product Performance of Manufacturing Firms in Rwanda: A Case of Rwaspices Ltd

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Abstract

Advertising strategies and product performance are very important facets of a company for surviving in the worldwide competitive souk. Advertising strategies define the achievement of a business by the way advertising has be accomplished every day. The purpose of study was to explore the role of advertising strategies on product performance of manufacturing firms in Rwanda with specific reference to RwaSpices Ltd. The study is significant to the management of RwaSpices Ltd and other manufacturing firms. This study used three theories namely Bettman model, Consumer behavioral models and Howard – Sheth Model. The research design for this study was descriptive research and data was analyzed by use of quantitative and qualitative methods. The target population of the study comprised of ninety-nine (99) employees of RwaSpices Ltd. The study involved a small population hence a census was conducted. To ascertain the validity and reliability of the study, the researcher conducted a pilot study. Using descriptive and inferential statistics the researcher then made the conclusions on the study from the findings on how advertising strategies affect the product performance of local manufactured products using SPSS. Advertising has a great effect on product performance from the results it was found out that advertising had an overall mean 3.92 with a standard deviation of 0.415 which also showed that Rwaspices ltd have advertised their product well in the local markets.

Keywords: *Advertising Strategies, Product Performance, Manufacturing Firm*

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1.0 Introduction

Due to large competition amongst manufacturers, there is a rising need to spend on factors that benefit the profitability of the company, thus manufacturers especially in the food industry are using a lot of resources in advertising their products locally. Therefore, answering this problem will further help us identify ways that RwaSpices Ltd will use to increase their product performance from 25% market share.

1.1 Statement of the problem

Producer design strategies helps the company to strongly survive in the worldwide competitive market, creating a new product could be riskier because of high disappointment rates plus huge sums of money involved in advertising it. Local products are also underrated and most producers are trying their best to improve the performance of their products in the competitive market (Hassan, 2018).

In Rwanda 80% of new products which are designed for the Rwanda market will not compete in the international markets because they have not been advertised well in the local markets. (Rwanda Association of Manufacturers, 2020 Rwanda has, exhibited sales performance trend variations over the years with 0.6% sales decline in 2013; 1.4% decrease was in total sales volume in 2016 and a 12.4% reduction was in total sales volume in 2020 (RwaSpices Ltd Annual Reports 2013, 2016 & 2020). There are large gaps that exist between consumers' expectations and their perceptions of the way products are advertised, in as much as manufacturers have tried to brand and advertise the products very well. There is no study done on advertising and product performance in Rwanda hence there is a need to carry a study about effects of product design strategies (advertising) and product performance of manufacturing firms in Rwanda with specific reference to RwaSpices Ltd.

1.2 Objectives of the Study

To determine the effects of advertising on product performance of RwaSpices Ltd.

2.0 Literature review

This can be referred to us as a marketing communication practice that engages in an open supported, non-personal message that is intended to promote and sell a product, service, or an idea. Advertising can be distinguished from public relations in that an advertiser will pay for the advert and controls the message which is passed on to the estimated customers (Jugenheimer, Kelley, Hudson & Bradley, 2015). Advertising is done through various mass media, which includes newspapers, the internet (e.g. social media, websites, or text messages), magazines, television or radio. The real message to be used for advertising is called advertisement (Guion & Stanton, 2012).

In ancient China, they used oral advertising as it is indicated in the record books of classic poetry. Advertisements usually are made in the form of calligraphic signposts and printed papers (Liu & Li, 2012). There are very many companies operating exclusively on advertising revenue, they also offering free vouchers and free internet access. In the 20th century, some companies owning websites, like google search, have changed online advertising by

personalizing adverts based on web browsing behavior of customers, which has led to an increase in interactive advertising (Maslowska, Smit & Van den Putte, 2016).

The reason why companies are using adverts is to notify consumers about their products to persuade them to buy the products for they could be the best in the market so that to boost the image of the company. The company then tries to exhibit new uses for established products, promote new products for new customers, and hold existing customers (Altstiel, Grow & Jennings, 2018),

2.1 Empirical Literature

In a research done by Mehta (2000), on the topic “Advertising Attitudes and Advertising Effectiveness” shows that the performance of a product is influenced by consumers' attitudes toward the general advertising of that product. Customers with more satisfactory attitudes toward advertising recorded a higher number of advertisements and were more persuaded by them. This research did not compare the element of a product design or the way the product has been branded in the market.

A study was done by Frazer, Sheehan, and Patti (2002), on the topic effects “Advertising strategy and effective advertising: comparing the USA and Australia” Their study revealed that active messages were same in terms of retailing intentions, and their emphasis on products qualities. Effective campaigns of products differed in their creative strategy and the presence of a brand-differentiating message. Frazer, Sheehan and Patti (2002), did not compare other elements like the brand of the product in their study.

A research done by Feng and Xie (2012) on the topic “Advertising as Signals of Product Quality,” shows that identifying important aspects that affect product performance-based advertising is comparative to its original counterpart in the market. This includes: (1) information; A total advertising expenditure is determined after the demand of that product is realized. (2) Performance; this is a performance that includes decisions made by first-time consumers and those that are made by repeated customers according to the impact of the advert. (3) Demand uncertainty; the business pays only when a response to the advertisement is generated, reducing the merchant's advertising insecurity by the trust that has been built. However, the effect of product performance through advertising has not been discussed here. Then it is recommended that when products are advertised there is a need to consider the consumer's perception on the product's design.

3.0 Methodology

A descriptive research design was used in this study which empowered the researcher to look for new concepts from the respondents and develop an understanding into the research problems under study. The researcher used questionnaires to collect data from different respondents of selected population. This research was based on a quantitative research design, where numbers were providing a better business perspective to make critical business decisions for their growth.

4.0 Findings

The study sort to establish the perception on how advertising affect the product performance of RwaSpices Ltd. The following rating were used; strongly agree 5, Agree 4, neither agree nor disagree 3, Disagree 2 and strongly disagree 1. The below find a detailed analysis.

Table 1: Advertising on performance

Statement	SA %	A %	NAD %	D %	SD %	Mean %	SD %
Advertising affect product performance of RwaSpices Ltd	3.0	92.9	4.0	0	0	3.99	0.267
Consumer perception is creased when products are frequently advertised.	12.1	81.8	6.1	0	0	4.06	0.424
Product promotion increases the awareness of a product thus increasing the market share and also increasing its performance.	4	69.7	25.3	1	0	3.77	0.531
Loyal customers are not sensitive to prices and they pay less attention to competitors advertising;	3.0	78.8	18.2	0	0	3.85	0.437
Overall						3.92	0.415

Source: Primary data (2021)

SA- Strongly agree, **A-** Agree, **NAD** – Neither Agree nor disagree, **D-** Disagree, **SDA** – strongly disagree, **SD-** Standard Deviation

Regarding the table 1, the findings shows that respondents 92.9% agreed while 3.0% strongly agreed while 4.0% neither agreed nor disagreed with the statement advertising affect product performance of RwaSpices Ltd with mean of 3.99 with standard deviation of 0.267 meaning there is a strong correlation between advertising and product performance. Respondents 12.1% strongly agreed, 81.8% agreed, and 6.1% neither agreed nor disagreed having a mean of 4.06 and a standard deviation of 0.424 with the statement consumer perception is creased when products are frequently advertised. Then 4.0% strongly agreed, 69.7% agreed, 25.3% neither agreed nor disagreed while 1.0% disagreed with the statement product promotion increases the awareness of a product thus increasing the market share and also increasing its performance with mean of 3.77 with standard deviation of 0.531 meaning that more consumers are aware about the product the high chances of the product performing well. Respondents 3.0% strongly agreed, 78.8% agreed while 18.2% neither agreed nor disagreed having a mean of 3.85 and a standard deviation of 0.437 for the statement. Loyal customers are not sensitive to prices and they pay less attention to competitors advertising.

According to Altstiel, Grow and Jennings (2018), the reason why companies are using adverts is to notify consumers about their products to persuade them to buy the products for they could be the best in the market so that to boost the image of the company. The company then tries to exhibit new uses for established products, promote new products for new customers, and hold existing customers. According to the hypothesis there is no significant effect of advertising on product performance of RwaSpices Ltd. According to table 1 the results shows that advertising had $p = 0.001 > 0.05$ therefore, we fail to reject null hypothesis and presume

that findings reveal that advertising has no significant effect on product performance of RwaSpices Ltd

4.1 Descriptive Statistics

Table 2 show the summary of product design strategies (branding, advertising, product life cycle and customer buying behavior) on product performance at RwaSpices Ltd.

Table 2 Regression analysis model summary

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.325 ^a	.105	.067	.78600
a. Predictors: (Constant), branding, advertising, product life cycle, consumer buying behavior.				

Source: primary data (2021)

The findings on table 2 revealed that product design strategies (Branding, Advertising, consumer buying behavior and product life cycle) affect the product performance, therefore the regression analysis (R^2) of 0.786, means that the findings show strong linear, positive, statistically important and good for product performance of RwaSpices Ltd because the regression analysis is not less than 0.005

4.2 Summary

Advertising has a great effect on product performance. From the results it was found that advertising had an overall mean 3.92 with a standard deviation of 0.415 which also showed that RwaSpices have advertised their product well. Working on performance and designing products that compete in the local market with a tangible investment for a long-term success of a firm. However, there may be variations in advertising due to changes in time, intensity of consumers and markets, Therefore, the aim of this study was to discover whether those variations in product performance and advertising do occur and if they do, are they significant variations in the company's performance which was proved through the outcome from the data that was analyzed by SPSS.

5.0 Conclusion

In order to maintain product performance at RwaSpices Ltd through the research findings, advertising should have high standards to promote products in the local market so as to determine product performance's effects on advertising, the way products are perceived depends on how they are promoted in the target markets. Therefore, RwaSpices management need to look at advertising as one way of improving product performance and if it is not done well it can lead to lower revenue to the company.

6.0 Recommendation

RwaSpices Ltd should strive to maintain customer satisfaction through promotions, price reduction and proper product awareness through all Rwandan markets to attain the relationship between customer buying decision and product performance. It is recommended that RwaSpices should strengthen branding because it gives a business a bigger customer understanding about their products which will improve on product performance according to the findings of this research.

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