

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**



**THE EFFECTS OF ADVERTISEMENT ON ORGANISATIONAL  
PROFITABILITY IN THE FASHION INDUSTRY IN GHANA**

**BY**

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**A THESIS SUBMITTED TO THE DEPARTMENT OF MARKETING AND  
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## ABSTRACT

The fashion industry involves the design, manufacture, sale, advertisement, distribution and promotion of different types of attire. Preston (2013) conducted a research on the returns of advertising in the fashion retail industry in the United States. There are many independent variables that affect the profitability of a company that were not captured in the research. This research thus seeks to find out if there are other determinants that affect profitability. The objectives of the study is to investigate the nature of advertisements used in the fashion industry in Ghana and the trend in profitability in the fashion industry in Ghana from 2008-2012. It also seeks to find out the causes of profitability in the fashion industry in Ghana as well as the effect of advertisement on the profitability of fashion industry in Ghana. A sample size of 146 out of a population of 420 students and proprietors from 20 fashion institutions was used for the study. Purposive and snowball sampling methods were used. The research found out that the main types of advertisement employed by fashion institutions in Ghana were radio, television, banners and billboards while the benefits of promise and the picture used were components of a good advert. The causes of profitability in the fashion industry were from fees and other administrative charges that students pay as well as other income generating activities undertaken by the various schools. There was a general increased trend of profitability in the fashion industry in Ghana over the last five years. Advertisement had a positive effect on profitability in the fashion industry in Ghana since it led to an increase in profits. The study recommends that fashion institutions in Ghana should use modern means such as the social media in advertising. They should also use celebrities in their adverts.

## DEDICATION

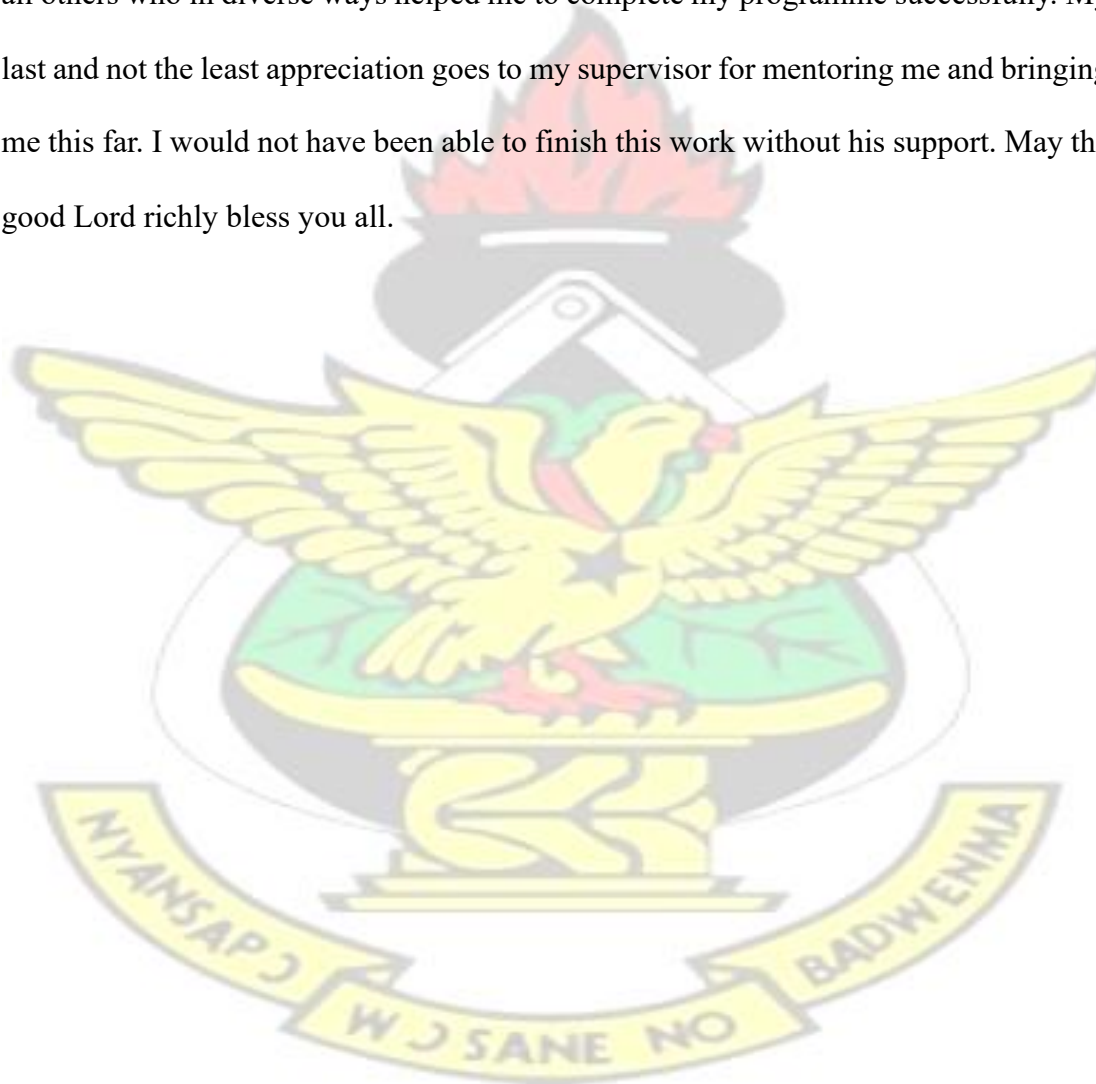
I dedicate this work to my dearest husband, Albert Addai Danso and to my lovely daughter, Nhyira Maalo Addai Danso.

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I am grateful to God Almighty for how far He has brought me. It has not been easy but by the Lord's grace I have been able to finish. My sincere thanks also go to my parents, Mr. and Mrs. Joseph Zagbuor for the enormous support they offered me in diverse ways. May God be with them. I would also like to say a big thank you to my husband for his encouragement and support. I would also thank my elder brother and younger sister and all others who in diverse ways helped me to complete my programme successfully. My last and not the least appreciation goes to my supervisor for mentoring me and bringing me this far. I would not have been able to finish this work without his support. May the good Lord richly bless you all.





<b>TABLE OF CONTENT</b>	<b>PAGE NO.</b>
Title page Declaration	ii
Abstract	iii
Dedication	vi
Acknowledgments	v
Table of content	vi
<b>CHAPTER ONE</b>	<b>1</b>
1.0 Introduction	1
1.1 Background to the study	1
1.2 problem Statement	3
1.3 Research Objectives	5
1.4 Research Questions	6
1.5 Justification of Study	6
1.6 Scope of Study	7
1.7 Brief Overview of the Research Methodology	7
1.8 Organization of the Study	8
1.9 Limitations	8
<b>CHAPTER TWO (LITERATURE REVIEW)</b>	<b>9</b>
2.0 Introduction	9
2.1 Importance of Advertising	9
2.2 Types of Advertising	11
2.3 Types of Advertising Methods	13
2.4 Types of Media Advertising	22
2.5 Functions of Advertising	25
2.6 Psychology and Advertising	27
2.7 The Psychology of Advertising	28
2.8 What Advertising Does not Do	36
2.9 Africa and Advertising	38
2.10 Fashion Industry	38
2.11 Fashion in Africa	40
2.12 Fashion Advertising	41

<b>2.13 Components of an Advertisement</b>	<b>42</b>
<b>2.14 Effect of Advertising on Audience</b>	<b>45</b>
<b>2.15 Measuring Organisational Profitability</b>	<b>45</b>
<b>2.16 Organisational Profitability in the Fashion Industry</b>	<b>45</b>
<b>2.17 Organisational Profitability in the Fashion Industry in Africa</b>	<b>47</b>
<b>2.18 Effects of Advertisement on Organisational Profitability</b>	<b>47</b>
 <b>CHAPTER THREE (RESEARCH METHODOLOGY)</b>	 <b>49</b>
<b>3.1 Introduction</b>	<b>49</b>
<b>3.2 Research Design</b>	<b>49</b>
<b>3.3 Population for Study</b>	<b>49</b>
<b>3.4 Sample and Sample Technique</b>	<b>50</b>
<b>3.5 Data Collection</b>	<b>54</b>
<b>3.6 Data Analysis</b>	<b>54</b>
<b>3.5 Brief Description of the Study Area</b>	<b>55</b>
 <b>CHAPTER FOUR (RESEARCH FINDINGS, ANALYSIS AND INTERPRETATION OF DATA)</b>	 <b>56</b>
<b>4.0 Introduction</b>	<b>56</b>
<b>4.1 Response Rate</b>	<b>56</b>
<b>4.2 Demographic characteristics of Stakeholders in the Fashion Industry</b>	<b>57</b>
<b>4.3 Nature of Advertisement</b>	<b>61</b>
<b>4.4 Causes of Profitability in the Fashion Industry</b>	<b>67</b>
<b>4.5 Trends in the Profitability of the Fashion Industry</b>	<b>69</b>
<b>4.6 Effects of Advertisement on Profitability</b>	<b>74</b>
 <b>CHAPTER FIVE (SUMMARY, RECOMMENDATIONS, CONCLUSION)</b>	 <b>79</b>
<b>5.1 Introduction</b>	<b>79</b>

<b>5.2 Summary of the Findings</b>	<b>79</b>
<b>5.3 Recommendations</b>	<b>81</b>
<b>5.4 Conclusion</b>	<b>82</b>
<b>REFERENCE LIST</b>	<b>83</b>
<b>APPENDICES</b>	<b>87</b>

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to Study

Fashion is defined as the various design of clothing as well as all the accessories that people put on at any particular time. The fashion industry is a multibillion-dollar international business that is dedicated to the design and sale of clothes. The fashion industry entails the design, manufacture, retail, advertisement, distribution and promotion of all the various types of attire either men's, women's and children's (Steele, 2005)

Advertisement plays a very important role in fashion. According to the Learner's English Dictionary (1998), Advertisement is anything either in the form of a short movie or a note that has been written that is made known or revealed to the public to help market a product. Manohar (2011), also defines advertising as any form of communication that is not personal nor free which has been planned to communicate in an ingenious way and is communicated via the mass media about the nature of products, services or any thoughts. It is a form of convincing communication that gives information on products, ideas, and services and tells the motives that the advertiser intends to portray to consumers. "Advertise" is a word derived from Latin and means to become aware of. Visual and oral industrial messages are added to advertising to serve the purpose of drawing people's notice to something and causing them to take an action. Certainly, the visual and verbal commercial messages that are a part of advertising are intended to attract attention and produce some response by the viewer. Advertising is insidious and thus practically impossible to flee. When people are exposed to advertising it is most likely to persuade them in various ways. However, the

main purpose of advertising is to make consumers who see these adverts amplify their chances that they would accept or do what the advertiser wants them to do. The main goal therefore of advertising is to market products and services convincingly and ingeniously (Manohar, 2011). Advertising is used by different categories of people for various reasons. For example, advertising is used by industrial companies to market their goods. It is used by politicians and political interest groups to convince voters to vote for them. It is also used by NGOs to solicit for money and volunteers. Governments use advertising to hearten or dishearten people to do or not to do certain things such as wearing seatbelts, taking part in census and desisting from smoking (Akrani, 2013).

The structure of advertising and the various media used for advertising differ a lot. The people who advertise and the messages they send out also differs a lot. There is fierce competition in the clothing industry. Everyone wants to be the most fashionable. This involves the effort to be different as well as the same, a difficult balance to strike. A firm's prices and a firm's profitability are distinct. The clothing industry has an important role in the economy and is different from other industries in the way it is always changing and manipulating consumer demand. Advertising influences demand in three ways: determining consumer tastes through product differentiation, providing consumers with information of product price and features, and through creating an image to be tied to the product. Advertising has the potential to increase demand and this increase in demand can lead to an increase in a firm's profits but this must be examined empirically and within distinct industries to see whether or not it exists in reality (Preston, 2013).

## 1.2 Problem Statement

Advertising has grown to be one of the difficult types of communication and there are many different ways that a company can use to send its message across to the consumer (Suggett (2012). According to Manohar (2011), the main aim of advertising is to increase the sales of a firm which is done by promoting the firm's products and services. One of the reasons for advertising is to improve one's brand identity and inform consumers of any novel product or service and tell consumers of any change that has been made to an old product or service. Advertising has developed and has become an important part of the business world and many firms apportion a great amount of resources for their advertising budget. One of the owners of a fashion institution lamented during a conversation that, 'It is not easy. We have spent a lot of money this year on advertisement. The radio stations are demanding a large sum of money to air an advert for just a few minutes. This is really having a toll on the profit of the institution. We have spent almost a quarter of our profit this year on only advertisement'.

The rate for advertising has increased rapidly in a lot of magazines in the last few years all over the world. For example in the U.S. A., a full-page advertisement that used to cost a hundred dollars in some magazines now cost two hundred and fifty dollars for the same amount of space. In Switzerland, the cost of advertising a product in colour in 2015 in Windows Developer Magazine which is one of the leading magazines is \$1,175 per issue on a full page. It cost \$1000 per issue to advertise a product on a full page in colour in Programmez magazine, a magazine in France.

Procter & Gamble Co. entered into a three year contract with an advertising agency for a single page in each issue for the advertisement of its Ivory Soap. They paid one hundred

and forty-four thousand dollars for the three years. There is a high risk involved in spending this amount of money for a single page advertisement. It will not be easy to get back the equivalent of such money from just one advertisement. A lot of companies run advertisement for which they do not get their money's worth. It is estimated that about seventy-five percent of advertisements do not pay and only twenty percent pay. No company wants to stand and do nothing while its competitor does the advertising. The cost in advertising has increased so has competition between rival firms. There are a lot of adverts that are not successful. A lot of companies have lost huge sums of monies in advertising and this has made other companies stand aghast at the thought of going into such an undertaking. There are a lot of companies who have appreciated the need for advertising their businesses but feel unable to enter the arena and compete with successful rivals (Scott, 1904).

It is of utmost importance for firms to understand the returns to advertising. Although a lot of work has been done on this in the seventies, recent studies are sparse despite the change in advertising. For example in the 1870s, a dermatologist called John Woodbury invented a facial soap with his name and picture on the package. The picture had his face cropped above his neck. In 1901, a company called Andrew Jergens bought the soap and marketed it still with the inventor's picture. Sales were very poor. The company was however bought by the J. Walter Advertising Agency in 1910. Helen Lansdowne, the head of the women's Editorial Department analysed the marketing challenge of the soap for six months and designed on the Woodbury's soap using the slogan, 'A Skin You Love to Touch'. The phrase appeared over gauzily romantic paintings of stylish young ladies,



gleefully receiving the appreciative attention of elegant young men. This advert raised sales up for about a decade (Pope, 1974).

Preston (2013) conducted a research on the returns to advertising in the Fashion retail industry in the United States as her thesis. The research concluded that a one dollar increase in advertising expenditure results in a corresponded increase of 0.83- 0.85 increase in a company's profits. All the results yielded a coefficient on advertising that was statistically significant at the one percent level. Thus the results of the research showed that if a company spends more money on advertising, it could result in increased profits in the clothing retail industry. The research has some limitations. One of the limitations was that the research did not proof any causality and more econometric analysis is needed to show that if a clothing company increases its advertising expenditure, it will yield a higher profit. There are many independent variables that affect the profitability of a company that were not captured in the research.

This research thus seeks to find out if there are other determinants that affect profitability and the impact and effects of advertisement on profitability in the fashion industry.

### **1.3 Research Objectives**

The main objective is to investigate the effects of advertisement on organisational profitability in the fashion industry. The specific objectives that would be looked at are to;

1. investigate the nature of advertisement employed by fashion industry in Ghana
2. determine the trend in profitability in the fashion industry in Ghana from 2008-

2012



3. establish the causes of profitability in the fashion industry in Ghana
4. determine the effects of advertisement on the profitability of fashion industry in Ghana

#### **1.4 Research Questions**

1. What is the nature of advertisement used by fashion industry in Ghana?
2. What is the trend in profitability in the fashion industry in Ghana from 2008-2012?
3. What are the causes of profitability in the fashion industry in Ghana?
4. What effect does advertisement have on the profitability of fashion industry in Ghana?

#### **1.5 Justification**

The study would unearth both the positive and negative effects of advertisements as well as the various types of advertisements available to people who are working or have the intention of working in the fashion industry in Ghana. The study would be beneficial especially to those in the manufacturing sector as well as those in the retail and other sectors of the fashion industry.

## **1.6 Scope of Study**

The study concentrated on the manufacturing sector of the fashion industry since this is the sector in Ghana that engages in advertisement most. And even within the manufacturing sector in Ghana, it is the fashion institutions that advertise extensively.

The study thus focused on the fashion institutions. The study was limited to Accra and Kumasi since these two cities are the hub of fashion institutions in Ghana and there is little variation in the population of fashion institutions in Ghana.

## **1.7 Brief Overview of Research Methodology**

The study was cross-sectional since interviews and questionnaires were administered once to twenty (20) fashion institutions in Kumasi and Accra. Twenty (20) proprietors in each of the twenty institutions were interviewed and questionnaires were administered to a total of one hundred and forty six (146) students in the twenty institutions out of a population of four hundred (400) students and twenty (20) proprietors. It was also a causal study because it analysed the impact of advertisement on profitability in the fashion industry in Ghana. The questionnaires were analysed quantitatively using line chart and bar chart. The responses to the interview questions were analysed qualitatively.

Secondary data from textbooks, journals and articles were also used to give an insight into the types of advertisements used in the fashion industry in Ghana.

Primary research was carried out to unearth the effects of advertisement on organizational profitability using indepth interviews and questionnaires.

A list of fashion institutions was obtained from the National Vocational institute but it did not contain a majority of the fashion institutions since most of the schools do not register and thus snowball sampling method was used.

### **1.8 Organisation of the Study**

The study is made up of five chapters. Chapter One comprises the background to the study, the problem statement, the research objectives and questions, the justification and arrangement of the study and the challenges stumbled upon during the study. Chapter Two consists of Literature Review. This chapter consists of previous works of others that has been perilously evaluated. Chapter Three is made of the Research Methodology. This chapter elaborates on the research design, the sampling technique, the type of research methods employed, the data collected and the methods used to analyse the data. Chapter Four looks at the outcomes of the study. Chapter Five consists of the Conclusion and Recommendations. The conclusion answers the objective questions which are backed by literature. Any recommendations that the study has come up with are also given in this chapter.

### **1.9 Limitations**

The main limitation of the research was an inability to get a full list of fashion institutions in Ghana.

## **CHAPTER TWO**

## **LITERATURE REVIEW**

### **2.0 Introduction**

This chapter critically reviews the work that has been previously done by others. It evaluates previous work that is relevant to the research problem and helps in solving the research problem.

### **2.1 Importance of Advertising**

It would sound absurd if no adverts are run on television, newspaper or radio. Advertising has a special duty in the life of customers. This is because there is a high chance that a customer will take an action to purchase a product when he has been exposed to an advert (Management Study Guide, 2012). A customer only becomes aware of a product and how useful it is to him after the product has been made known to him. Advertising exposes people to quality products and they are able to buy good products for their children, family and themselves. When people are exposed to a variety of products, they are able to make informed decisions by comparing the products to other products available and choosing the best so that they can get value for their money. Advertising dates back to ancient times. The only method of advertising known to the ancients was the word of mouth. In the olden days, people sold their goods on signpost in the markets. In Europe and colonial America, shopkeepers employed people to advertise their products for them by shouting out the product to the people in the town. The merchant who had wares to offer brought them to the gate of a city and there cried aloud, making the worth of his goods known to those who



were entering the city, and who might be induced to turn aside and purchase them (Scott, 1904).

There was a combination of entertainment and advertising in shows called medicine shows. In these shows, patent medicine was usually sold alongside some entertainment. In the mid nineteenth century, advertising became particularly crucial since retailers started advertising their products and prices with the intention of drawing customers to their shops. Patent medicine advertising played a major role in the advancement of advertising. Most of the companies that have become advertising agencies today took shape by the close of the nineteenth century as a result of patent medicine advertising (Management Study Guide, (2012).

The importance of advertisement makes it impossible for the fashion industry to strive without it. Fashion advertising is a division in the advertising discipline that concentrates on producing sponsorship in the fashion industry. The fashion industry has many distinctive desires from a promotional viewpoint and this makes it, demanding and interesting for most advertising agencies. Advertising in the fashion industry embraces advertisements for clothes, bags, sandals and other products in most fashion houses as well as body sprays (Smith, 2013).

According to Manohar(2012), advertising and marketing are crucial parts of the corporate world. Companies that have quality and proficient goods and services have to learn how to market them. A few companies are comfortable with conventional advertising methods but most firms have adopted new and advanced methods of advertising. There are several



reasons for advertising; some of these include raising the profits of a company, building and sustaining a brand identity, informing consumers of a change in a present product, bringing in a new product or service, improving the buss-value of a brand or company and many other reasons.

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## **2.2 Types of Advertising**

According to Manohar(2012), there is a fresh cult of advertisers who are researching into proposals that are genuinely advanced and novel. This has made advertising in the newspapers and colored fliers old fashioned. Many modern companies are now using on the spot, swift, elegant and out-of-the box ideas. But most African companies still rely on traditional forms of advertisement. Some of the types of advertisements are as follows;

**2.1.1 Institutional advertising:** This is a method of advertising that seeks to generate benevolence for a company. This type of advertising does not particularly sell a product. The major aim is to build the company's image, character and relations with the company's stakeholders. This list is not limited to consumers alone but also distributors, suppliers, shareholders, workers, and the entire public at large. Institutional advertising concentrates on the goodwill and status of the firm. This type of advertisement is usually employed by big firms who have many divisions. This is done to connect the various divisions in consumers' mind. It also serves as a link between the company's other products and the standing of a competitor's product (Manohar, 2012).

**2.1.2 Product Advertising:** This type of advertising seeks to actually sell a product. It normally focuses on consumers, prospective customers and distributors. This type of advertising is broken down into pioneering advertising, competitive advertising, and reminder advertising([www.meuse.com/mm/types.htm](http://www.meuse.com/mm/types.htm)).

*2.1.2a Pioneering Advertising* seeks to widen primary demand. Its main objective is to increase that demand for a product category and not a demand for a particular brand. This type of advertising is usually employed in start-up businesses to tell prospective consumers about a novel product in the market. If a firm uses an innovative technology to develop a product or service, it has the advantage of being the only company with that particular technology and would enjoy it for some time before competitors come in. Pioneering advertising is employed in the beginning of a product life cycle by the firm that brought about the technology.

*2.1.2b Competitive Advertising* seeks to increase selective demand. It focuses on demand for a particular company's product and not a product category. When a product advances in its life cycle, competition sets in the company that originally introduced the technology. The product has to find new and innovative technologies again in order to be a lead in the competition.

*2.1.2c Reminder Advertising* seeks to maintain the product's name in the mind's eye of the consumer before the public. This type of advertising is essential when a product has reached market supremacy. The company usually does something that serves as a reminder of the product's name to the consumer such as the use of 'soft-sell' adverts which showcases the

product name or just mentions it. Thus reminder advertising serves the purpose of sustaining a product's name in the market ([www.meuse.com/mm/types.htm](http://www.meuse.com/mm/types.htm)).

These classifications mentioned above are not restricted. A few firms put some elements of the institutional advertising together with some aspects of product advertising. These classifications only support a company to achieve its set objectives for advertisement (Wallace, 2013).

### **2.3 Types of Advertising Methods**

Many modern companies use different tactics to reach consumers since advertising has evolved into an immensely complicated type of communication. There are various ways that a firm can use to get its message across to consumers. History has it that the first type of advertising was cave paintings. Ancient description of advertising was done on papyrus by the Egyptians (Suggett, 2012).

Today a lot of companies have a wide range of options. There are so many types and forms of advertising in the internet. These include branded viral videos, banners, advertorials, sponsored websites, branded chat rooms and many more (Manali, 2011).

The main objective of advertising is to promote a firm's products and services. It aids in building a company's brand image and acts as an efficient way to tell to the universe the quality of the product or the service. Firms use various methods of increasing profit by drawing a lot of people to them. The various types of advertising methods available seek

to emphasize the product features. This helps to portray the distinctiveness of a product compared to that of competitors. Thus advertising aims to make the product more prominent by highlighting on the main features of the product that make it different from that of the competitors. In order to make a lot of people appreciate a product, advertising is done via different media. A message is send across to the masses through different routes so that the populace can be exposed to the product or service(Suggett, 2012).

The tactics available to the advertiser can be classified into of the following;

### ***2.3.1 Print Advertising***

Advertising via the print media still remains one of the common means of advertising. The most common form of print advertising is through newspapers or magazines. But these are not the only choices available. The print media also includes promotional materials, newsletters, booklets and fliers for advertising purposes. Advertising through direct mail, or other forms of portable printed medium can also be classified as print media advertising (Manali (2011) and Suggett (2012)]. According to Uttara(2011), how successful an advertisement would be via the print media is depended to a large extend on how many people patronize that particular medium. Thus if one advertises his products in a popular newspaper, he has a better chance of getting a majority of people who would be exposed to his advert. The cost of an advert in a newspaper or magazine depends on the position the advert would occupy and how popular that particular newspaper or magazine is. Therefore if you advertise your product or service in a new newspaper with low readership, the cost would be less and would also stand the chance of having only a few people exposed to your



advert. The superiority of the paper and the enhancement used also has an effect on the price of the advert.

### ***2.3.2 Guerrilla Advertising***

This type of advertising is also known as ambient media and has become famous in the last two decades. This type of advertising is commonly employed for anything that is eccentric, and its main aim is to attract the consumer to take part in the advert. The most essential point to note is that where the advert is run and the timing are very crucial. The motivating power in this type of advertising is not a big budget but rather imaginative ideas and originality. Guerrilla advertising is commonly broadcasted via word of mouth and public media (Suggett, 2012).

### ***2.3.3 Broadcast Advertising***

This type of advertising usually targets the large public. Examples are television and radio. Not until recently broadcast advertising was one of the main leading ways of communicating to a big number of people [Suggett (2012)]. Uttara(2011) also adds the internet as one of the means of broadcast advertising. According to him, how much a company would pay for an advert on television is depended on how long the advert is and the time of the day that the advert is aired. It also depends on the type of programme the advert would be aired and how popular that channel is. The radio is no longer an attractive



means of advertising these days due to modernization. But it is still one of the popular options for small firms and is very common in Africa. Radio jingles have a great influence on its listeners. This is because it is easy for most people to remember jingles and people are amused with common radio jingles.

#### ***2.3.4 Outdoor Advertising***

It is also called out-of-home (OOH) advertising and is a wide phrase that explains any form of advertising that gets to consumers when they are not in their home [Suggett (2012)]. It includes advertising on billboards, stalls, Trade-shows and gatherings. It incorporates a lot of tools and methods that draw people out of their homes. The most common example of this type of advertising is the billboard. However, information on billboards should be short, precise and attractive in order to appeal to people. Using kiosks is one of the means through which a firm can easily and efficiently advertise its products. One of the brilliant tactics that a firm can use to market its products is by organizing special events such as trade fairs and exhibitions. These events must however be related to what the company does. For example a firm that produces sports utilities can sponsor a sporting activity (Uttara, 2011).

#### ***2.3.5 Public Service Advertising***

According to Suggett (2011), Conventional adverts are done to sell a product but Public Service Advertisements (PSA) are planned with the intention of informing and educating the public on issues such as AIDS, conserving energy,, deforestation, illiteracy, poverty and

many other social issues. It is a very efficient means of informing and educating the public on very important matters in the society. No wonder David Ogilvy, a pioneer of advertising and marketing egged people to use advertising to champion social cause. He stressed on the need to use advertising for social cause and not just for making profit. Public Service Advertising has gained prominence today in many countries all over the world and these countries use this means to champion social causes (Uttara, 2011).

### ***2.3.6 Product Placement Advertising***

Product placement advertising is the type of advertising used in films or dramas for the advancement of products and services of a particular brand. Thus a specific brand is integrated in an entertainment show or sports and in films or, television programmes. In this type of advertising, a firm advertises its product or service through a television programme or a movie. The product or service usually appears in the show in motion picture. Other names that can be used for this kind of advertising are embedded marketing or advertising and covert advertising. This is an indirect form of advertising using specific brand names or real products in films or television programmes (Uttara, 2012 and Suggett, 2013).

Many companies have used this type of advertising for many decades now and companies are now finding a more classy way of using this type of advertisement. In a film, it would be observed that the brand of cars used is from a particular auto-maker, or, that all the people in the film drink a particular brand of beverage. An actress in a movie or a television

programme could also be showcased in specific type of garments or cosmetics. Also only one specific restaurant or just a company name would constantly be showcased in the programme or movie. All these are a form of covert advertising. The people watching the film or programmes will see the products or services that are appearing on the screen (Manali, 2011).

### ***2.3.7 Mobile Advertising***

One of the most widely used forms of advertising is through the mobile device. This type of advertising include advertising via cell phones, iPads, Kindles, Nooks as well as any type of moveable electronic device that has internet connectivity. The most popular way to use mobile in advertising these days is via the social media which include Facebook, Twitter and Whatsapp (Suggett, 2011). Most companies have developed a database on their customers and some even include prospective customers. This database includes the phone numbers of customers and companies send advertising messages through cell phones to their customers. This can be very irritating to customers but it is now one of the efficient means of advertising products and services of a company since these messages are seen by these customers (Uttara, 2012).

### ***2.3.8 Online Advertising***

It is also referred to as Digital advertising. It is advertisement through the Internet (World Wide Web). A lot of adverts are displayed on various websites, as they are the chief income driver for the Internet (Suggett, 2011).

### ***2.3.9 Surrogate Advertising***

This is an indirect form of advertising. This type of advertising is used in situations where a specific product is forbidden by law. Where a product is harmful to the health of people, its advertisement is usually forbidden by law in most countries. Examples include cigarette and alcohol. In order to advertise these products companies use surrogate advertising by advertising products that have the same brand names as these forbidden products. In this way, they remind consumers of the forbidden products that have the same brand name as the products they are advertising. For example, Kingfisher doesn't advertise its beer but rather advertises its aircraft which has the same brand name (Suggett, 2011).

### ***2.3.10 Celebrity Advertising***

This involves the use of celebrities in adverts. These celebrities could be used in advertisements in the television or print media. The effectiveness of these adverts is something that each consumer himself can determine. If a celebrity or public figure approves of a product or service, it attracts people to use that particular product. This makes this type of advertising effective. Since a lot of people identify themselves with certain celebrities, using them in adverts would have a psychological influence on the people who identify themselves with them. This would make them want to copy these celebrities and they might end up using the same products they see the celebrities use (Manali, 2011).



### ***2.3.11 Web Banner Advertising***

This is a type of advertising that is almost like billboard advertising. The difference is that, while billboards are used on the roads, web banners are used in the web page. The horizontal advertisement strips that are displayed on the top of a lot of web pages are what are classified as banner advertising. The web banners are the strips on the top of the web page. These strips are designed usually with pictures, JavaScript or objects of multimedia and cartoons. Web banners are normally connected to web pages that are associated with the subject matter of the website presented (Manali, 2011).

### ***2.3.12 Bandwagon Advertising***

In this type of advertising, the consumer is made to believe that everybody else is using the product or service and he is the only one left. This leaves the consumer with no other choice but to think about the product or service and try it to see whether what everybody is saying is true and thus the consumer jumps on the bandwagon too. This type of advertising has a psychological influence on people and is therefore an efficient method of advertising. The advert can be done in either the print or electronic media or any other type of media (Uttara, 2012).

### ***2.3.13 Promotional Advertising***

This is the type of advertising that deals with promotional give-away things. This type of advertising helps to gain mass attraction and is an efficient means of advertising. This type of advertising is a modern, innovative and effective technique of advertising (Uttara, 2012).

#### ***2.3.14 Contextual Advertising***

This is a type of internet marketing. It is the type of advertising where computerized system chooses a particular group of people based on their internet usage and expose them to certain types of adverts. The computerized system scrutinizes the content of a website for keywords and runs advertisements that go with the contents that the user is interested in. A lot of search engines capitalize on this type of advertising to show adverts on the search outcome pages (Uttara, 2012).

#### ***2.3.15 Keyword Advertising***

This type of advertising is a type of web advertisement and can also be called ‘pay per click advertising’ since you pay according to the number of clicks you make (Manali, 2011).

#### ***2.3.16 Blog Advertising***

A blog is an online journal. Because blogs are now very popular, companies have judiciously employed blogs as an efficient means of advertising. One of the brilliant means that firms use to get to their customers is through the use of commercial blogs.

These blogs employ the search engine selling method which yields good results on the web (Suggett, 2011).

### ***2.3.17 Bathroom Advertising***

Bathroom advertising is the placement of advertisements in public restrooms. People using a toilet are an excellent target group and as such this type of advertisement can catch the attention of many people (Uttara, 2012).

## **2.4 Types of Media Advertising**

Any company that runs an advert targets a particular group of people. Consumer will elicit an action based on the kind of advert one runs and as such companies should plan their advertisement well and choose the right medium to use so that they can get the desired response they are expecting from consumers. There are various types of media advertising. Some of these are enumerated below (Manali, 2011).

### ***2.4.1 Topical Advertising***

This type of advertising is one of the easiest to make. It has a precise aim which is to call the audience to action such as to tune into a newscast or pick up a paper. This type of advertisement usually highlights your content. An example is where a television station advances its news bulletin that it is a night of battle for bed bugs or it could also say there would be news at 6 o'clock tonight on channel 2. This type of advert is used when the news you have is so private or elite that consumers will have no choice but to read, listen or watch. It can also be used when you want increase the number of your audience at a fast rate.

Topical adverts are adverts that are not run for a long time. For example the story of the bed bugs is run once and will not be run again (Suggett, (2011).

#### ***2.4.2 Image Advertising***

An image advert is the opposite of a topical advert. Image advertising is done to boost brand image and not to attract the attention of audience to read, listen or watch. Its life span is longer than that of topical advertising. This type of advert stresses on the main features and values of your product or service which in turn causes the audience to take action. A television station that wants to be identified as the leader in breaking news would for example show courageous, belligerent pictures of its news crew at crises situations such as flood, earthquake, plane crash, etc giving brief edits of the news. Another station may choose to be different and would rather portray itself as a kindhearted neighbor who has your needs at heart by showing its news crew to be involved in communal labour, giving flowers to an old woman as a gift, playing with children at a playing ground or picking rubbish on the street. This kind of advertising is best suited for targeting demographics of audience. Some type of pictures would appeal to young people while others would suit the older generation (Suggett, (2011).

#### ***2.4.3. Comparison Advertising***

This type of advertising does not deal with pictures but rather true facts. It is one of the ways that a company can use to distinguish itself from competitors. For example, a radio station can say that it is the only station with live radar. This type of advertisement can be used in situations where the audience has not noticed the uniqueness of your product. In



using this type of advertising one must be cautious so as not to sound mean. Care must however be taken not to appear unfair. Thus this type of advertisement will not work if you want to be viewed as the pleasant, caring station. In order to be successful, your competitors should not be named directly. For example, it is better to say no other radio station but yours has live radar rather than mentioning specific radio stations (Manali, 2011).

#### ***2.4.4. Customer Testimonial Advertising***

In customer testimonial, consumers (people who have used the product before) are used. The consumer hypes the benefits of your company. Since actual people are used, people turn to believe in what they say and thus it is one of the plausible means of advertising. An example of this type of advertising is when a parent is used in an advertisement where she says that she uses her hometown website to learn how to dress her children for school and which routes to use to avoid traffic rather than using the newspaper. People would be more convinced hearing the parent talk rather than an announcer doing it. However, most of the testimonials have been edited to suit the advertiser. The parent could even be an actor and a studio may have been modified to form a home. A company that uses actual customers or actors must ensure that whatever they say or do helps build your brand. It is also important to be mindful of demographics and use young people rather than older people when you want to appeal to a younger generation (Uttara, 2012).

#### ***3.4.6. Proof of Performance Advertising***

A proof of performance advert is usually released after a big event such as after elections or hurricane. The news team was right at the spot when the hurricane occurred and gave live reports on the event as well as all vital information on emergency and ensured that people were out of danger till the hurricane was over. It could go on further to say that people could always rely on them for news in bad weather. The main objective of this kind of advertising is to call people's attention to something extraordinary that you did which your competitors could not do. This also gives people who were not present during the hurricane a feel of what you did and the message will be send across well to always choose your station for the best of news during a bad weather. You must however be cautious not to be too full of yourself especially in situations where people died as this would turn people off. For example you say you were the first to give people the news when ten people lost their lives. People might accuse you of poor taste (Manali, 2011).

#### **2.5 Functions of Advertising**

One of the main aims of advertising is to convince consumer to believe in what you are saying. Companies can achieve this through many ways. Persuasion is one of the main aims of advertising. Advertising gives information to the consumer on how the product or service will improve his life. Advertising inculcates pictures and ideas into products and services. The meanings of products and services are also inculcated into pictures and ideas (Akrani, 2013).

The function of identity is one of the important functions of advertising. This involves the identification of a product or service and how unique your product or service is from that of your competitors. This brings people's attention to your product or service and will make people prefer your product to that of competitors.

Giving relevant information about your product or service is another important function of advertising. This function communicates any information on the features of your product, where you can get the product to buy and even the cost.

Another very important function of advertising is convincing people to believe in your product or service. This wets the appetite of consumers and makes them want to use your product and even recommend your product to others.

Thus generally the aims of advertising include drawing people's attention to your brand, building on brand attitude, to give information about your product, to change product notion, to institute public opinion, to improve advertiser's image, to tell consumers of other promotion strategies and to develop a new fashion

The functions of advertising can be grouped into four main functions. These are marketing, economic, communication and social functions.

(Akrani, 2013).

## **2.6 Psychology and Advertising**

Advertising dates back into ancient times. Despite the age of advertising, it was only in the beginning of the twentieth century that serious research revealed that advertising had an effect on consumers. Because advertising forms a crucial part in communication,

psychologist then started using the theories and systems of psychology to analyze advertising. Renowned psychologist like Harlow Gale started performing tests to find out how powerful advertisements of individuals were in drawing awareness and convincing consumers to purchase products. He issued 200 questionnaires to companies in Minnesota in 1895 asking them their opinions on advertising to their practices. His interest was in finding out how people processed adverts right from the time they are exposed to the advert to the time they buy the product. Sadly however, the response he got was from only 10% of the companies. He therefore stopped his work in advertising (Scott, 1904).

*The Theory of Advertising*, which is a book written by Walter Dill of Northwestern University spells out the theoretical comprehension of advertising underlying the principles of the science of psychology. Scott puts it that in order to develop a reasonable theory based on advertising; some basic principles must be set up by companies. After the work of these psychologists, Professor Stanley Resor of J. Walter Thompson Agency authorized a research which looked at the demographics as well as the buying patterns of consumers to comprehend the reasons behind what moved consumers to purchase and how to convince these very consumers to purchase products. When this research was completed, other psychologists and social scientists have all contributed their quotas to the study and practice of advertising.

How a consumer deals with advertising messages and then decides what to buy are now better understood since the theories of psychology are now applied. In order to understand the consequences of advertising on consumers, one has to master the theories of awareness, how information is processed, the formation of the mind-set and how people take decisions. One also needs to build an understanding of what consumers desire so as to tailor products



and communicate well with consumers in a way that is crucial to customer needs (Tartakovsky, 2011).

## **2.7 The Psychology of Advertising**

Advertising is a way of communicating to people and as such has a lot of consequences. These consequences in many times are linked to one another. In order for a consumer to react to an advert, he or she must first be exposed to the advert. If the consumer is not made aware of the advert, it will have no effect on the consumer and he would not react to it no matter how convincing or powerful the advert is.

There are many factors which can influence attitudes aside product attributes. Factors include social, cultural environment, demographic, psychographic and geographic conditions. If a consumer's attitude is positive, then it is an advantage to a marketer. A knowledgeable marketer can develop a model for potential new consumers from the attributes of a satisfied existing customer.

The study of attitudes is crucial to understanding the motivation and decision strategies employed by consumers. How a consumer reacts to a product or service is as a result of the influence of combining beliefs, attitudes, and behaviors. The advertiser can thus

combine these and prepare a message that would influence consumer behavior (Arora, 2007).

The ABC Model of Attitudes has components. These are affect, behavior, and cognition. These three things highlight the connection between knowing, feeling, and doing (Solomon, 2008). How an individual feels about an object is what is referred to as affect. Thus affect symbolizes the emotion or opinion one has regarding a product or service. Behaviour on the other hand represents the reaction an individual elicits as a result of affect and cognition. Behaviour thus means intention. Cognition is one's understanding or belief regarding an attitude object. The hierarchy of effects is the result of all three components working together. The hierarchy of effects is a model used to differentiate between the involvement levels or motivation an individual might have toward the attitude object (Dean, 2010).

The hierarchy of effects model is a structure that helps one to understand the numerous effects of advertising and how they are related. This model recognizes the various phases in the communication process. Drawing the awareness of the consumer is the starting step of effective communication. After the consumer has been exposed to the advert, he then process the information he has received. This is followed by accessing the information and finding out the source. The consumer then accesses the attractiveness of the information and forms his own mind-set based on his evaluation. The consumer then decides what to do in future as to whether to buy the product or not. The various distinctiveness of an advertisement will have dire consequences at the various stages in the hierarchy (Goodwin, 1999).

### ***2.7.1 Awareness***

The first challenge for any adviser is drawing the awareness of the consumer. To succeed in this, two things are needed. The first relevant thing is location. That is the most strategic position to put the advert so that it can be exposed to the target consumer. The advertiser thus needs to research into the different types of media the consumer usually use including the type of programme he watches, which road he usually uses when going to work and any other relevant information. This will help the advertiser choose the right media. If an advert is place at a position that the target consumer is most likely not to be exposed to is useless. One has to note however that a consumer may watch a television programme in which an advert has been place but may not necessarily see it. Thus there is no guarantee that a consumer will notice an advert even if it is placed in his favorite television programme. The consumer may not be in the room at the time the advert is run. This challenge can be overcome by repeating the advert in the same medium as well as other media. This would enhance the chance of the consumer seeing the advert. It is therefore the duty of the advertiser to look for all the media that the target consumers frequently visits and design a schedule that would repeat the advert to cater for all various consumers who are most likely to see the advert (Dean, 2010).

According to Goodwin (1999), exposure to an advertisement is not a guarantee that a person will pay attention to that advert. If someone is not interested in your advert, he might decide to flip onto the next page of the newspaper or magazine. If he is watching television he might decide to switch it off, tune in to a different station or simply look away from your advert. It is therefore not easy to get people to pay attention to your advert. Studies have shown that different characteristics of an advert have the possibility of raising the

probability that consumers would pay attention to it. These include unique features of the product that are important to the consumer, latest information, innovative things such as the use of animation or humor, using popular celebrities or any form of presentation that is entertaining. In using innovative things such as humor, one has to be cautious least the consumer pays attention to these and not your message. It is therefore important to incorporate these things well with your main message so that consumers will get your message clearly. Creative clutter can be defined as the characteristics of an advertisement that creates awareness and at the same time divert the consumer's mind from the main message that the advertiser is trying to put across (Goodwin, 1999).

Another difficulty that advertisers face is how many times and how long an advertisement should be repeated in order to raise the chances of a consumer being exposed to the advert without wearing out the consumer. This is because the more a consumer sees the same advert, the more the probability that he would not pay attention to it. Advertising wear out is especially a challenge in places where consumers vastly differ in the probability of their advertising exposure. This is because it might be important to repeat an advert several times in order to reach some particular consumers.

In an attempt to do this, the people who have already seen the advert more than once get worn out. To solve this challenge, advertisers would have to use various forms of advertising that are different in their style of presentation and implementation. The differences in the advertisement tend to minimize the wear out because something different is added to catch the attention of the consumer (Goodwin, 1999).



### ***2.7.2 Information Processing***

The attention of consumers may be drawn to an advertisement for a number of reasons. The fact that a consumer has been made aware of an advertisement does not mean that the advertisement is has been a triumphant. If an advert is fun, entertaining or annoying it can arose awareness but a consumer may not react to it. The consumer may not even be able to comprehend the message the advertiser is trying to put across. It is crucial that you design your message in such a way that consumers will be attracted to and at the same time be able to comprehend the message you put across instead of paying attention to unimportant characteristics like humor or music. Studies proof that any message sent across to consumers must be understandable and significant in order to produce the required response. A smart way to advertise is to use the language that consumers understand. Thus the advertiser should try and find out what consumers perceive the product to be as well as its usefulness. The advertiser should concentrate on the product and the message he is trying to send across. The advertiser should buy enough space for the product and incorporate the message into the advert well. If your advert is full of creative clutter, it will not produce the desired response. If an advert is lengthy, it helps in processing the information better although long adverts are expensive and the cost may not merit the benefits.

It is crucial when running an advert to know how much information is relevant to the consumer in regards to the product. Some products require that you give a lot of information to the consumers. This requires a lot of sweat to process the information. However where a product is not expensive, consumers need little information and are not ready to process a great deal of information. Advertisers need to realize that even for the

same product consumers are different in terms of how much information they are ready to process. It is important therefore to know the differences among consumers and how much information each consumer needs and are ready to process. Armed with this information, an advertiser will not only know the quantity of information to place in an advertisement but also help to choose the best media to send your message across to consumers. Messages that are complicated are best if put in print while uncomplicated messages can be advertised via television or radio.

### ***2.7.3 Assessment of Information***

Assessment of information follows information processing. The consumer after processing the information then tries to find out how convincing the information is, how beneficial the information is to him currently in life and then decides on which action to take. The assessment stage is the stage that is challenging to advertisers because a lot of people believe that the advertising message is intended to convince them but is not necessarily true. It is therefore a difficult task to truly convince consumers. The consumer may not be convinced but the message may make him inquisitive to want to try the product. This type of inquisitiveness is called interested disbelief. A lot of devices are employed by advertisers to raise the possibility of convincing consumers. Some of these devices are using celebrities, customer testimonials, product displays, approvals and many other devices.

#### ***2.7.4 Formation of the Mind-set***

Some adverts need direct-response and the aim of such advertising is to get an instant reaction from a consumer. This immediate response may include the consumer purchasing the product or making a promise. In situations where there is a gap between the time the consumer sees the advert and the reaction of the consumer, the advertiser tries to build a positive mind-set towards the product. Attitudes can be defined as the inclinations or propensity to act in a steady way within a period of time. There are a lot of beliefs that offer explanation to the sentiments or outcomes linked with attitudes. The advertiser therefore seeks to create a positive effect on attitudes. When a positive attitude is created, it controls the reaction of the consumer in the future. If a consumer in the future enters a shop to purchase a product, the attitudes formed will help him decide on which product to buy.

In special situations, the advertiser may want to build a negative attitude. An example is where the product is likely to have health implications such as smoking, taking hard drugs, prostitution and many more. In such situations, the aim of advertising is to limit the probability of the consumer smoking, taking hard drugs or engaging in prostitution.

In the study of communication, the formation of attitude or mind-set is one of the many things that is extensively studied. Many attempts have been made to enlighten people on attitudes. Adverts may be tailored to suit the varying consumers. Advertising has an important duty to perform in the formation of attitude. In advertising the product that is being advertised is the most crucial factor in forming attitude over a long period of time. If a customer uses the product for the first time and encounters a problem, he will form a negative attitude of your product and this may be imprinted in the mind forever and there

would be no type of advertising that can correct it. You can however use advertising to convince people to have your experience with your product or service for the first time. If a consumer after using your product for the first time like it, he will form a positive attitude of your product. Aside these advantages advertising can also help strengthen positive attitude by constantly ringing a bell in the ears of consumers about the good things of your product such as attractive product features and good product experience (Greenwald, 1984).

#### ***2.7.5 Purpose and Behavior***

How triumphant advertising is depends on how much the advert was able to convince people to take a positive action. Advertisers advertise their products for various reasons. Although an advert can cause a consumer to take action, there are many other reasons that affect the way consumers behave. For example the non-availability of a product of a consumer's choice may make him buy another product. There may also be another product which the consumer does not like very much but because the product is cheap, the consumer may decide to buy that one instead. It is not easy to directly find the impact of advertising on consumers because many other things aside advertising affect the actions consumers take. It is only on a few occasions that one is able to directly measure the effect of advertising on consumers. Since it is not easy to measure the direct effect of advertising on consumers, it is advisable to look at the other possible factors that could

influence

consumer

behavior

([www.encyclopedia.jank.org/articles/pages/6414/Advertising-Effects.html](http://www.encyclopedia.jank.org/articles/pages/6414/Advertising-Effects.html)).



## 2.8 What Advertising Does Not Do

According to Fou (2009), the main objectives of advertising are to capture attention, inform and convince people. There are some advertisements that do not cause consumers to behave the way the advertiser wants. It is one of the complicated advertising tools. The complicated nature of the impact of advertising on consumers and the numerous different types of advertising used accounts for why some adverts fail to make consumers behave in the desired manner. It is crucial for advertisers to know and understand their consumers so that they can tailor adverts to meet their needs. This is what is going to make your advertising effective.

There are some people who believe that advertising has the power to arouse the needs of consumers and awaken innate motives. This has made some detractors say that advertising is a convincing tool that has the treacherous capability of arousing the needs of consumers. *The New Industrial State* written by John Kenneth Galbraith (1985) says that ‘the main role of advertising is to arouse needs including those that were not initially there. People constantly want things they know of and this is stimulated by advertising’. There are some people however who do not know what their needs are until something stimulates them before they realize they need something.

Advertising plays a role in satisfying demand but does not necessarily drive demand or create demand. For example, no amount of advertising will create demand for a diabetes drug if the person does not suffer from diabetes. A consumer may choose to buy a particular drug for diabetes because he was exposed to it through advertising but the advertising did

not create the demand. The demand was created by the diabetes the consumer had. The advert only helped the consumer to satisfy his demand. For novel products, advertising helps satisfy demand by creating awareness. If a product does not satisfy an actual demand, there will be no sales (Fou, 2009).

If the need is not innate, advertising cannot force it to be there. This makes advertising a feeble convincing tool. The proof of this feebleness is profuse and explicit and is clear in how approximately 90% of new products fail in the first year of their introduction. If it were indeed true that advertisers could build needs, then they should have been able to force consumers who do not want their products to desire them and buy them. It is also clear that advertising can only convince people when the advert highlights what the consumer already wants but cannot convince a consumer if he has no interest at all in your product or service (The Journal of Social Psychology, 2008).

## **2.9 Africa and Advertising**

Many types of advertising and marketing techniques are available in Africa. Just like in the America, many companies advertise their products and services via the radio, television and newspaper. These media for advertising is however not quite helpful in the villages. In Africa the most frequently used form of advertising is the outdoor advertising and this is particularly common in the villages. In Africa, a lot of companies advertise their goods and services through the media that is very efficient for that vicinity (Cymone and Johnson, 2000).

The use of billboards as a conventional method of advertising is very common in most African countries. Statistics in 2009 show that, apart from television the next most common type of advertising used in Nigeria was outdoor advertising (Maritz, 2011).

## **2.10 Fashion Industry**

The fashion industry started around the last half of the seventeenth century. The main purpose of the fashion industry is to provide clothing for people all over the world. The industry control what people wear. There are five clear and detached ranks in this industry. These include the haute couture wear, the luxury wear, the affordable luxury wear, the mainstream garments and the discount garments (Smith, 2013).

The root of the industry is in Paris. In Paris, seamstresses may design only one piece of clothing and these later became big boutiques that made couture garments. The dressmaker who started the couture business was Charles Frederick Worth. The haute couture started from the couture wear and continues till date.

The luxury wear and affordable luxury wear emanated from the haute couture. These clothing were however targeted masses and were not any extraordinary clothing. Luxury and affordable luxury wear are expensive are meant for the high class people. These clothing can only be found in expensive shops and boutiques and the number available is usually very small. Because very few are made, the demand for them is relatively high. The difference between luxury wear and affordable luxury wear is that, luxury wear is more

expensive than affordable luxury wear and luxury wear is also scarcer than affordable luxury wear.

Mainstream garments are designed for the masses. They are not very expensive and are usually called off the rack dresses which mean that these dresses are purchased straight from the rack. These dresses are thus ready-made dresses. The quality of these dresses differs in terms of their durability depending on the brand. But no matter how high their durability is, it is still lower than that of the luxury wear.

Discount garments are the most common among all the clothing. They are the cheapest. They are usually low quality garments. These clothing are normally copied from the luxury wear and are often referred to as knock-off clothing. These ranks follow a clearcut hierarchy.

The part of the industry which takes care of the cutting and sewing of the cloth until it becomes the finished product-garment, for the consumer to buy is called the production or manufacture part. The production part consists of four main divisions. These divisions are made up of those who manufacture the things needed for making the clothing, those who make the pieces, those that advertise and sell the garments. The production part of the fashion industry can be described to be a ladder. This is because the division that is on top reliance on the one that is beneath it for sustenance. Thus if the various divisions do not depend on each other, they would cease to exist. The division in charge of manufactures depends massively on those buying. If those buying refuse to buy, they cannot continue to produce. Thus when demand is low, production is low and vice versa. Although each



division depends on each other to survive, all the other divisions depend entirely on those who purchase the clothing (Adams, 2013).

### **2.11 Fashion in Africa**

Many people take pride in African fashion these days. Even some that don't even wear them create online accounts, and post and blog many fashion design images. It is easy to recognize African fashion when you see it. The textile print of African clothing is usually colourful textile with an ununiformed abstract pattern or collage on it. This is the true identity of African fashion.

Generally speaking, African fashion is not designed by the heritage of the designer; it is defined by the fabrics that are considered to be truly African.

Ghanaians are large purchasers of African fabrics, and most visitors to Ghana usually ensure they leave Ghana with African fabrics. It is something the country is known for and those from other African countries can testify to that (Nuruddeen, 2008).

### **2.12 Fashion Advertising**

The aim of advertising in fashion is to link prospective with the brand. Fashion advertisement supports a particular lifestyle and the product does the same thing. This makes consumers identify a specific brand to a particular lifestyle and common group. The type of market that a firm intends to target would determine the tone and content of the

advertisement. This may differ from very rich people to people with meager salaries yet plays an important role in the customer base(Smith, 2013).

Often, fashion advertising is greatly connected with sexuality. Inadequately dressed females in suggestive poses are universal in advertisements, irrespective of whether they are marketing garments, body sprays, or any other accessories of fashion. An assembly of models is employed in print adverts to produce suggestive pictures. A lot of people are of the view that these adverts are out of place particularly when they are exposed to children. This has generated a lot of hullabaloo particularly among critics (Wallace, 2013).

### **2.13 Components of an advertisement**

If an advertiser develops his advert well, he would have an advantage over other competitors. For an advert to be effective it must include the following elements:

#### ***2.13.1 Attention-grabbing headline***

Studies have shown that adverts have about three (3) seconds to grab attention. This can be achieved in the headline. It could be a brand promise or a benefit. An advertiser can also use humor or play on words to catch attention. An advertiser should use power words such as free, new, fast and easy.” They make a quick and universally understood benefit promise. The first thing the eye sees is the message in the headline. The headline must be captivating enough to make people want to know more about the product. The message must thus be in a form that is readable and in good contrast to the background. It should also be large enough to dominate the space(Bryan, 2013).

### ***2.13.2 Compelling image***

The image builds the mood and style of an advert. The image showcases the product or service that is being offered. It is advisable to use just one image instead of multiple images.

The quality of the image, especially photography, is very important. If the image is small, it may not capture the needed attention(Bryan, 2013).

### ***2.13.3 Benefits promise***

One of the mistakes advertisers make in developing their advertising message is highlighting the product features without stressing the benefits to the consumer. Let the consumer know how your product will help solve a problem or prevent a problem. Consumers are not interested in what you sell but rather are interested in how what you sell can help them. Include useful, factual and clear information to show precisely what the benefits are and how they are going to help the customer. For example instead of hyping how beautiful a dress is, an advertiser can tell a consumer the dress is ‘wash and wear’ and the consumer will not have to worry about ironing especially when there is no power (Bryan, 2013).

### ***2.13.4 Point of differentiation***

An advertiser should pick one or two of its features that make them distinct from their competitors and highlight on them. There may be one or two things that make your product

stand out when compared to the others that are in the market. The advertiser should highlight this distinctiveness. There may be many wrist watches on the market that are not waterproof. If an advertiser has a wrist watch that is waterproof, this unique feature should be highlighted since it distinguishes your product from the others in the market. Differentiation creates interest and influences buyer intent (Smith, 2013).

#### ***2.13. 5 Call to action***

This element of the advert must move a buyer from interest into action. An advert must be such that it would compel the consumer to take an action such as checking out your website, buying a product or contacting you for a service. Enticing words or phrases should be used that would compel or excite a consumer to take an action. Phrases like “Call today for a free catalog” or “Visit our website to see our photo gallery” should be used to excite consumers (Bryan, 2013).

#### ***2.13.6 Offer Proof***

An advertiser should offer information that ascertains credibility and past performance. This is where an advert should prove what one is offering. Advertisers should use people who have used the products before or patronise that service and are satisfied as examples to convince other consumers (Smith, 2013).



### **2.13. 7 Persuade**

An advertiser needs to add compelling reasons for potential customers to want to buy or purchase the products or services being offered. Hard sell approaches that create scarcity should be used to make potential buyers want to act immediately (Bryan, 2013).

### **2.14 Effects of Advertising on Audience**

Audience is very important in Media Studies. Without an audience, there is no communication. Audience theory is particularly important when studying advertising, since the whole practice depends on creating audience effect. Some adverts appeal only to a small, focused group in the hope that they will then influence others. One of the most useful theories is the Uses and Gratifications model. This model is very useful, regardless of the medium being studied. Some adverts are entertaining and offer diversion. Others are also informative and offer a form of surveillance. There are adverts that generate enough attention to become topics of conversation and thus offer a degree of social identity. There are adverts however, that strive to create a desirable personal identity for their audience compelling them to purchase something or take an action (Ryan, 2009).

### **2.15 Measuring Organisational profitability**

Profitability is the state or condition of generating a financial profit or gain.

There are various ways of measuring organizational profitability but there are four common ratios that are used to analyse organizational profitability. These are Return on

Assets (ROA), Return on Equity (ROE), Profit Margin and Asset Turnover(Rao, 2013).

## 2.16 Organisational Profitability in the Fashion Industry

There is an economic gloom but luxury brands are doing well. Sales went up by 8% in 2011 as predicted by a consultant of Bain & Co called Claudia D'Arpizio. There are firms that are making large sums of monies. Some of these firms include LVMH, a French group which owns 60 brands. Its sales went up by 13% in the first half of 2011, to €10.3 billion (\$14.4 billion). LVMH's profit margin is about 40% higher than its competitors according to analyst.

According to the boss of Burberry, Angela Ahrendts, one of the main challenges for the fashion industry is its grave to sell more to make more money. But the more they sell, the harder it is to convince customers that they are buying something exclusive or new that no one else has(The Economist,2011).

According to Langdon (2009),the basic costing formula for ready-to-wear apparel is this:

a) total of all raw materials (fabric, notions, cutting, sewing cost i.e.labour, label, ) x 2 = wholesale price

b) wholesale price x 2 = suggested retail price

A retail price is always needed because it gives all retailers the same opportunity to sell goods at the same price. It puts all customers on a just playing field so that no one cheats the other. The above basic formula is called the keystone pricing and it is suitable for selling

in domestic markets. It builds in a basic profit margin of 100% from raw material cost to wholesale and again from wholesale to retail.

If the suggested retail is high the raw material costs can be reduced by finding less expensive fabric or streamlining the production methods. The profit margin can also be increased to more than 100% between raw material cost to wholesale (not between wholesale to retail) so that it covers additional expenses like retailer discounts, sales representatives commissions and many others. Care must however be taken so as not to price oneself out of the market.

### **2.17 Organisational Profitability in the Fashion Industry in Africa**

There are many designers in Africa whose designs have global appeal but just lack global name recognition and access to the same distribution channels as their European counterparts. According to Franca Sozanni, many Africans still are not aware of the international value of what they produce, unlike the Chinese. But in spite of this lack of awareness, there is the potential for Africa to mimic what China, Italy, Brazil and Romania have done, which was to organize and develop their textile industries in a way that had a knock-on effect on the design, branding and retailing side of their respective fashion industries (Austin, 2013).

## **2.18 Effects of Advertisement on Organisational Profitability**

A study was conducted by Aremu et al (2014) on the effects of advertising on organizational profitability. The study concluded that there was a significant or positive relationship between advertising and organizational profitability. The more a company advertised, the higher their profits.

According to Adekoya(2011), MTN, Nigeria's largest communication network doubled their profit in Nigeria in a span of two years as compared to what they earned in South Africa for three years. This was because they employed rigorous and effective advertisement .Other companies like Nestle, Cadbury, and even some banks spent a lot of money in advertisement and this has impacted positively on their products and service sales. This has led to an increase in their profits.

In 2006, Starcomms launched a 3G EVDO mobile broadband Data service that gave its customers a smart, fast, convenient and mobile access to the internet. This was the first time that such a service had been introduced in Nigeria and West Africa. They quickly launched another service shortly after the 3G EVDO service called the value added service which came along with a series of promotional gifts. These services were advertised in almost every street in Nigeria. This increased the company's customer base to over two (2) million in just two months. This gave Starcomms a wide margin of profit in less than twenty four (24) months. The sales volume rose with about 60% far above what they recorded the previous year.



# KNUST

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter looks at the collection of data and the method used to analyze the data. It considers the population for the study as well as the sample collection techniques.

#### 3.2 Research Design

A research design is an outline of how an investigation was conducted. It includes how the data would be collected, the instruments that would be used to collect the data and how the data would be analysed (Alston and Bowles, 1998).

The study is a cross-sectional study since it looked at the types of advertisements employed by the fashion industry in Ghana as at the time of the research. It is also a causal study because it looked at the impact of advertisement on profitability in the fashion industry in Ghana. It was a descriptive study because it examined and described the types of advertisements used in the fashion industry in Ghana.

### **3.3 Population of the Study**

A research population is generally a large collection of individuals or objects that is the main focus of a scientific query. It can also be defined as a well-defined collection of individuals or objects known to have similar characteristics.

A population is usually large and it is very difficult, expensive and time-consuming to test every individual in the population. Researchers often use samples (Burns, 2000).

The population of the study included students and proprietors in fashion institutions in Kumasi and Accra. A list of registered fashion institutions was obtained from the National Vocational Institute in Kumasi and Accra. The institutions had an estimated population of four hundred and twenty (420) students and proprietors. The proprietors in the selected institutions were interviewed. Questionnaires were then administered to the students in the school.

### **3.4 Sample and Sample Technique**

A sample is a subset of the population. It is the selected elements (people or objects) chosen for participation in a study. The sample must be representative of the population from which it was drawn and it must have good size to warrant statistical analysis (Burns, 2000).

Sampling techniques involves the type of sampling method used. This could be either probability sampling or non- probability sampling. Probability Sampling involves the selection of elements from the population using random in which each element of the population has an equal and independent chance of being chosen. Non-Probability

Sampling involves the selection of elements from a population using non-random procedures. The members of sample are selected based on the judgment of the researcher (Nalzar, 2012).

Non-probability sampling was used in the study. Since the list of fashion institutions obtained from the National Vocational Institute was inadequate, convenient sampling was used. The twenty (20) institutions used for the study had an estimated population of four hundred (400) students. The actual sample size that was used for the study was calculated using the formula;

$$\text{Actual sample size } n^a = (n \times 100) / r\% \quad (\text{Saunders et al, 2008})$$

Where  $n$  = adjusted minimum sample size and  $r$  = response rate

But the adjusted minimum sample size,  $n$  can also be calculated

as;  $n = p\% \times q\% \times [(z/e\%)]^2$  where;  $p\%$  = proportion belonging to the specified category  $q\%$  = proportion not belonging to the specified category At 90% confidence level and assuming an error of 10%,  $z = 1.65$   $z$  = corresponding value to the level of confidence required  $e\%$  = margin of error required (Saunders et al, 2008)

If two (2) out of five (5) people answered questions in a pilot study, then

$$P = 30\% \text{ and } q = 70\%$$

$$\text{Thus } n^a = 30 \times 70 \times [(1.65/10)]^2$$

$$= 2100 \times (0.165)^2$$

$$= 57.1725$$

But total student population = 400 and

Number of proprietors = 20

Thus total population = 420

For a population of less than 10000,

Adjusted minimum sample size  $n' = n/[1 + (n/N)]$  (Saunders et al, 2008)

Where  $n$  = minimum sample size and  $N$  = total population

Thus  $n' = 57.1725 / [1 + (57.1725 / 420)]$

$$= 57.1725 / (1 + 0.1361)$$

$$= 50.322 \text{ but, } n^a = (n \times 100) / r\%$$

(Saunders et al, 2008)

Where  $n^a$  = Actual sample size,  $n$  = minimum sample size and  $r$  = response rate

According to Saunders et al, (2008), where top management would be interviewed in a research, response rate from literature is about 35%. Since proprietors were interviewed, the response rate of 35% was used.

Therefore,  $n^a = (51 \times 100) / 35$

$$= 5100 / 35$$

$$= 145.7$$



Thus the actual sample size used for the research was 146.

Accra and Kumasi are the hubs of fashion institutions in Ghana so the two cities were used for the study. Comparing Accra and Kumasi, Accra is the hub of fashion institutions so 60% of the interviews and questionnaires were administered there while the remaining 40% were administered in Kumasi. This means that out of the 146 questionnaires, 88 were administered in Accra and 58 were administered in Kumasi.

Since each school had one proprietor, each proprietor was interviewed. Where a proprietor was not available, a tutor who was present and could answer the questions was chosen at random and interviewed.

The interviews and questionnaires were administered to twelve (12) out of the twenty (20) schools in Accra. If the total number of interviews and questionnaires that were administered in Accra was 88 and a proprietor was interviewed in each school, then 12 proprietors were interviewed and 76 students in Accra were administered with questionnaires.

In Kumasi, a total of 58 interviews and questionnaires were administered. Since a proprietor was interviewed in each school, then 8 proprietors were interviewed and 50 students in Kumasi were administered with questionnaires. The total number of questionnaires thus distributed to each school was six (6). The students who were available were selected at random and the questionnaires were distributed to them. The proprietors were purposively selected and interviewed because they were the owners of the school and had information on the profitability and the types of advertisement used by the school.

### **3.5 Collection of Data**

Research data is the recorded factual material commonly accepted in the scientific community as necessary to validate research findings. There are basically two types of data; Primary and Secondary data. Primary data is data that we collected by the researcher during the period of the research. These include questionnaires, observations and interviews. Secondary data is data that has already been collected by others and is used for reference or to gain knowledge from other peoples experiences. These include published books, government publications, journals and the internet (Burns, 2000).

Both primary and secondary data were used for the study. Primary data was mainly used. Primary data was sourced from semi structured interviews conducted with top management. Questionnaires were also administered to students in fashion institutions. The interview guide and the interviews conducted are attached as appendices as well as the questionnaire for the students.

The Secondary data was also obtained from websites, research reports, books, textbooks, journals and articles.

### **3.6 Data Analysis**

Data Analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data (Shamoo, 1989).

The data gathered from the field was analyzed using the SPSS software. Statistical analysis comprising of regression and correlation was then used to analyse the data. The

correlation between the cost of advertisement and profit made was determined using SPSS. Regression analysis was used to assess the effect of advertisement on profit.

### **3.5 Brief Description of the Study Area**

Almost all fashion institutions in Ghana train people to take up careers in fashion design, event decoration, interior decoration, bridal fashions and accessories design such as footwear, hats, bags, jewelry and many more. The fashion schools usually offer courses on both part-time and full-time basis. The training usually lead to the award of NVTI Grade I and II as well as Advanced certificates which usually run for a period of three months to two years ([www.ghanaschools.info/abbi-creation-fashion-college](http://www.ghanaschools.info/abbi-creation-fashion-college)). There are however, a few schools in Accra which offer a four-year degree programme ([www.jaccd.edu.gh](http://www.jaccd.edu.gh)).



## **CHAPTER FOUR**

### **RESEARCH FINDINGS, ANALYSIS AND INTERPRETATION OF DATA**

#### **4.0 Introduction**

This chapter is devoted to providing critical analysis of data collected from the field through the questionnaires that were administered and the interviews conducted in the study area. The techniques of data analysis consist of quantitative and qualitative statistics via the use of percentages and quantitative method by the use of descriptions and explanations. The piece of information gathered and analysed are presented in the form of tables and charts. In reference to the objectives of this study, the chapter also focuses attention on the effects of advertisement on organizational profitability in the fashion industry in Ghana. The chapter is divided into two sections. The first section deals with the demographic characteristics of respondents in detail. The information provided on the demographic characteristics of respondents includes gender, age, level of education, among others. The second section addresses the specific objectives of the study.

#### **4.1 Response Rate**

The response rate of a survey is a measure of how many people approached, actually completed the survey (expressed as a percentage from 0% to 100%). It is usually assumed that the higher the response rate, the more likely the results are representative of the population, provided the sampling is appropriate in the first place and that the people who do not respond are roughly the same in their opinions as the people who do respond (Burns, 2000).



The response rate for the research expressed as a percentage was calculated using the formula below;

Response rate,  $r = \text{Total number of respondents} / [\text{Total number in sample} - (\text{ineligible} + \text{unreachable})]$  (Saunders et al, 2008).

From the research, total number of respondents = 110

Total number in sample = 146 and

Number of people who were unreachable = 4

There were no ineligible respondents

Therefore, the response rate,  $r = [110 / (146 - 4)] \times 100$

$r = (110 / 142) \times 100$   $r = 77\%$

The response rate for the research was 77% which was quite high. This was because questionnaires and interviews were administered together in the presence of the researcher and the responses were collected the same day.

#### **4.2 Demographic characteristics of stakeholders in the fashion industry**

The study was conducted among students and tutors of the various fashion institutions that were selected. Therefore the researcher seeks to analysis the demographic characteristics respectively taking into account the gender, age and level of education.

The table below gives a visual representation of the respondents' demographics.

**Table 4.1 Demographic characteristics of stakeholders**

Demographic characteristics	Frequency	Percentage
Gender		
Male	13	11.8
Female	97	88.2
Age		
15-20years	28	25.5
21-30years	68	61.8
31 years and above	14	12.7
Educational background		
None	2	1.8
Primary	23	20.9
Secondary	81	73.6
Tertiary	4	3.6

Field survey, June 2014

N=110

The table 4.1 shows the results from the field. It can be observed that the most of the players

in the fashion industry were females representing 88.2%. The high number of females could be due to the fact that in Ghana some professions are associated with females while others are associated with males. Males should therefore be encouraged to venture into fashion and not to leave it as a preserve for females. Also, the population of females outnumbered that of males in Ghana according to the 2012 population and housing census.

The study of the age limit of the respondents who were learning the trade indicates that more than half of them representing 61.8% were between the ages of 21-30 years, while one-quarter of the respondents representing 25.5% below 20 years and 12.7% above the ages of 30 years. Most of the respondents were youthful, thus 21-30 years it is positive for the industry.

In view of the level of education 20.9 percent had attained education to the primary level, and over 70 percent had secondary education. Only 3.6 percent of the respondent had tertiary education. A majority of the respondents were between the ages of 21-30 years and had attained secondary education. This is because, after secondary education, people who are not able to gain admission into other tertiary institutions divert into other areas such as fashion.

#### **4.2.1 Characteristics of the Organisation**

There were twenty schools that were sampled for the study and respective

proprietors/tutors were interviewed accordingly. Fifteen of the heads of the schools were interviewed. Among the selected were two males and thirteen females as heads of these institutions. This section takes a look at the age of the institutions and their enrolment levels.

The table shows a categorization of the institutions according to their capacities.

**Table 4.2 characteristics of organisation**

Size of the institution (Number of students)	Institution	Number of institutions
Below 10	X	5
11-50	Y	4
Above 50	Z	6

Field work, 2014

The institutions were categorized according to the size of the organisations. Three main groups were identified from the survey. The category X type of institution had the range of enrollment less than 10 students. The category Y had student enrollment between 11 and 50 people while majority of the contacted schools had their enrolment more than 50, thus the category Z. In effect the survey revealed that a majority of the institutions had enrolment above 50.



The study also identified that the schools had enrolment from 5 to 65 with some of them providing boarding facilities for their wards while the others also come from their respective houses.

#### **4.3 Nature of Advertisement**

Advertising has a special duty in the life of customers. This is because there is a high chance that a customer will take an action to purchase a product when he has been exposed to an advert. [Management Study Guide (2012)]. The survey therefore sought to investigate the nature of advertisement. This was viewed from the perspective of the students and proprietor/proprietress. The nature of advertisement took into account the types/media of advertisement employed by fashion institutions in Ghana as well as the components of a good advert.

##### **4.3.1 Types of Advertisement used by Institutions**

The study sought to investigate the types of advertisement used by the fashion institutions. From the interviews conducted, it came to light that all the schools engaged in multiple forms of advertisement to attract people to enroll in their schools and the very few who generated income also marketed their products and service. This affirms the view that in order to make a lot of people appreciate a product, advertising is done via different media. A message is sent across to the masses through different routes so that the populace can be exposed to the product or service[Suggett (2012)].

One of the proprietors reiterated: *“in this competitive market how can one’s business survive without running advertisement on your product and services. Of course our institution is no exception to this new phenomenon”*

Among the identified media through which the institutions advertised their product was through the print media, radio, television, internet and others.

The study revealed that although the institutions used various media to send their messages across, not all the media yielded effect. This is evidenced by the various media through which the students were exposed to the adverts. This is illustrated by table 4.3 below;

**Table 4.3 Medium of advertisement**

Medium of advertisement	Frequencies	Percent
Billboard	25	22.5
Banner	23	20.7
Radio	22	19.8
Friends/relatives	33	28.8
Others	7	6.4

Field survey, 2014

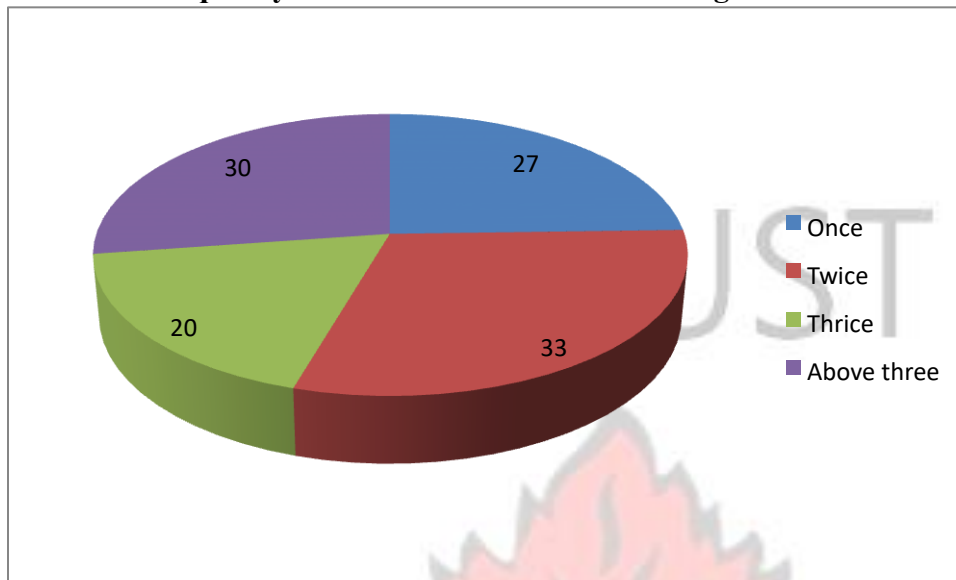
The results showed that among the variables, friends and relatives spearheaded the awareness of the fashion industry. This may have occurred through positive word of mouth from their previous encounter with the institution. Billboard, banner and radio contributed

more than two thirds to the media used by the institutions. The others in table 4.2 represent handbills, internet and the social media. These media were hardly used by the institutions. The results indicated that the main types of advertisement employed by fashion institutions in Ghana are through word of mouth, billboards, banners, radio and television. The reason why these types of advertisements are used is because most of the institutions are small with low enrolment of students. According to Uttara (2011) and Cymone and Johnson (2000), the most frequently used form of advertising in Africa is the outdoor advertising such as billboards and banners and most African companies still rely on traditional forms of advertisement. Mahonar (2012), is also of the view that, the radio though no longer attractive due to modernization is still one of the popular options for small firms and is very common in Africa.

Most of the proprietors interviewed were not aware of modern forms/types of advertisements.

Although the schools used varied media for their advertisement, some of the students were not exposed to the advert or were not aware of the adverts. Chart 4.1 shows the frequency of awareness of the adverts run by the schools.

**Chart 4.1 Frequency of Awareness of Adverts Among Students**



Field survey, 2014

Chart 4.1 above shows the frequency with which some of the students had encountered the advertisement of the institutions. It has obvious from the study that 30% of the participants were exposed to the adverts run by the schools more than three times. The remaining proportions representing 27%, 33% and 20% had encountered the advertisement for once, twice and thrice respectively.

The results showed that 30% of the students enrolled in the various schools because they were exposed to the adverts several times. The Management Study Guide (2012), says that there is a high chance that a customer will take an action to purchase a product when he has been exposed to an advert. The reason why the other forms of advertisements that were used by the institutions did not attract the students might be because the students were not exposed to them or the adverts were not run long enough for the students to be exposed to them. It is important to repeat an advert several times in order to reach some particular consumers [Godwin, (1999)]. If an advert is not strategically located, it is most likely not



to draw awareness [Dean (2010)]It could also be because the adverts were not attractive enough to elicit an action because according to Manali (2011) and Arora (2007), a consumer will elicit an action based on the kind of advert one runs and as such companies should plan their advertisement well and choose the right medium to use so that they can get the desired response they are expecting from consumers.

#### 4.3.2 Components of a Good Advert

This examines the things that make up a good advert. The components that were accessed included the heading, good things in the advert, picture, people used and how convincing the advert is. The table 4.3 below gives a view of what the students thought.

**Table 4.4 Components of Advert**

Variables	Frequencies	Percentage
Good things in advert	36	33.6
Picture	27	23.6
People	20	18.2
Convincing	16	14.5
Heading	11	10.0

Field survey, 2014

The table 4.3 shows that 33.6% of the students were of the view that the good things in an advert were an essential component of an advert. 23.6% percent of the respondents thought the picture used was important, while 18.2% opted for the people used as an essential component of an advert. The remaining 14.5% and 10.0% indicated the convincing nature of the advert and the heading used respectively as essential components of an advert. In effect, the study showed that the good things mentioned in an advert were the major component essential in an advert. This confirms the stance of Bryan (2013) who thinks that, a captivating image/picture and benefits are among the essential components of a good advert. This means that fashion institutions in Ghana should stress more on the good things or benefits their students stand to gain if they come to those institutions. They should also use captivating or compelling images to capture the attention of the students and draw them to those particular schools.

The study also showed that the heading was the least essential component of an advert. This refutes the stand by Bryan (2013), who adds the heading as one of the important components of a good advert. This means that probably, the headings used by the fashion schools were not captivating enough to catch the attention of the students and thus fashion institutions need to improve on their headings in order to attract and get more students to enroll in their schools.

#### **4.4 Causes of profitability in the fashion industry**

The study also sought to ascertain the variables that led to change in the profit levels of the fashion industry. All the schools that were interviewed measured profitability by how much profits they make at the end of the year.

It also became clear that some of the schools generated income from the annual enrolment of students. This came in the form of fees and other administrative charges.

The study also revealed that advertisement also had a positive impact on almost all the schools that advertise and this led to an increase in profits. A further probe of the interviewees also showed that one of the major things that increased profits was from the other income generating activities carried out by the schools.

##### **4.4.2 The use of modern technology**

The factors of production are key to a business industry most especially those into production. The type of technology employed contributed to the cost of production and hence the profit level of the organisation. The study revealed that most of the companies were using electricity for their production. These were for power supply, powering their sewing machines among others. This enabled them to work for long hours and to enjoy better working environment.

**Table 4.5 The Use of Technology in The Industry**

Equipment	Frequency	Percentage
Type of sewing machines		
Hand sewing machine	78	70.9
Foot operated machine	2	1.8
Electric machine	30	27.5
Type of iron		
Box iron	12	11.0
Electric iron	88	80.7
Box and electric iron	10	8.3

*Field survey, 2014*

The study of the level of technology used in the industry showed that over 70% of the respondents used hand sewing machine, 27.5% used electric machines while 1.8 per cent used the foot operated machine. It can be deduced that in the mist of the advancement in the used of modern to affect production in industry the fashion institutions were still behind time since most of the operators used hand sewing machines.

In terms of the type of pressing irons that were used, it was recorded that, 11 percent of the respondents used box iron which relied on the use of charcoal. Over 80 percent of the operators used electric pressing irons while 8.3 percent used both electric and box iron in the production and training.



This phenomenon which prevailed was as a result of the use of electricity. Most of them complained of the increasing charges for the use of the electricity.

*Category Z: “The rate at which the government has been increasing the electricity bills one cannot use only the electric machines. Even with current ones we are using, the bill at the end of the month is too much for us to bear. It is wise we balance it with the manual. The cost of the electric machines is very high. A huge capital is required to make such investments, so, I think, we can manage with the few we have”.*

#### **4.5 Trends in the profitability of the fashion industry**

The productivity of a business can be determined by their profit margins. The study sought to examine the profit margins of the players in the industry for a five year period, thus 2008 -2012. The table 4.7 gives a visual representation of the profitability of the industry. These profit margins were accrued after various forms of advertisement were made by the respective institutions.

The table 4.6 shows the profit margins of the various organisations taking into consideration all the factors of production and other expenditure including advertisement of the product and services of the fashion industry.

**Table 4.6 Profits of the Selected Organisations**

<b>Institutions</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
X	7000	7450	7360	7550	8000
X	7000	7500	7500	8000	8060
X	2400	3500	4180	4520	4670
Z	25100	32000	38200	40000	41300
Z	30000	39120	40000	46000	58000
Y	65000	65100	70000	68800	69400
X	-	-	-	7965	6065
Y	12000	15000	18000	15000	20000
Z	-	-	20000	50200	51420
Y	31000	36000	25000	30000	36150
Y	45000	51000	62000	75000	75300
Z	90000	99000	101000	121400	148800
Z	8000	8500	7800	7800	8120
X	-	-	13200	15400	16940
Z	422000	584000	712000	854000	976500

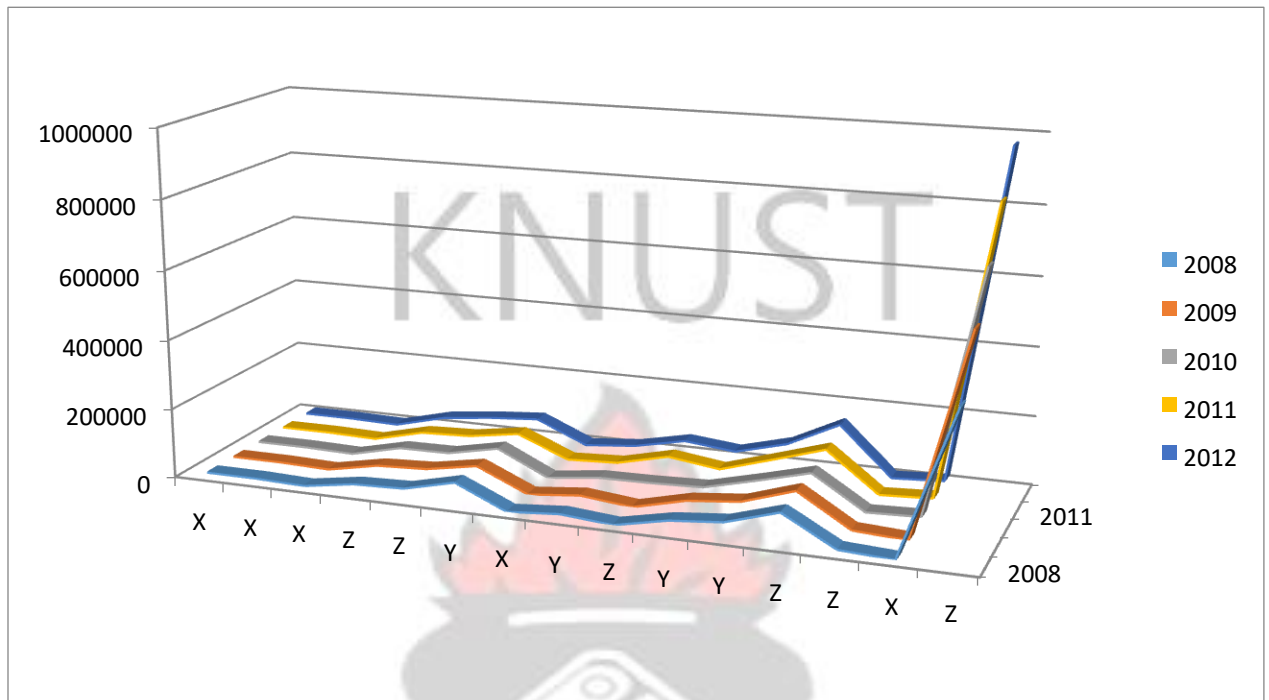
Field survey, 2014

It can be observed from the table that the higher the size of the organisation the better the profits accrued annually. The organisation with their enrolment less than 10 most of them enjoyed profit to 10,000 Ghana cedis with one exception accruing profit margin of 16940 at the end of 2012.

The mid category which had their enrolment to be more than the 10 but less than 50 had profit ranging from 12,000 Ghana cedis to about 80,000 Ghana cedis. The organisations with the highest enrolment also enjoyed higher profit over 100,000 Ghana cedis.

Furthermore the study sought to find out the investments that were made into profits of the organisations. Specifically the study sought to find out the cost of the advertisement and how it affected the profits of the organisation.

Figure 4.1 below shows the profitability trends of the fashion industry within a five year period. It can be observed that there is a general increase in the trend in profitability from 2008 to 2012. Each year observed a gradual increase from the beginning and this shot up towards the end of the year.



**Figure 4.1 Trends in Profitability of the Fashion Industry** Field Survey, 2014

Form the interviews that were conducted from the organisations, it can be observed that there was no consistency in the investment in advertisement most especially in the media. Some of the respondents attributed it to the high cost of media advertisement. This was evident from one of the respondents from the Category X:

*“We wish we could run these adverts but I must say that they are very expensive even though they are helpful”.*

This is illustrated in table 4.7 below.



**Table 4.7 Cost of advertisement**

Institutions	2008	2009	2010	2011	2012
X	-	-	100	-	-
X	300	350	500	950	1600
X	800	800	-	1000	-
Z	600	300	-	-	-
Z	500	1000	1000	1500	1700
Y	-	-	600	-	-
X	-	-	-	-	2500
Y	1000	1000	1200	-	1500
Z	-	-	16050	100	8080
Y	600	800	4120	280	280
Y	200	800	600	800	-
Z	3000	3500	4200	5000	5140
Z			4100	4500	4950
X					7060
Z	8000	1010	1660	1900	2100

Field survey, 2014

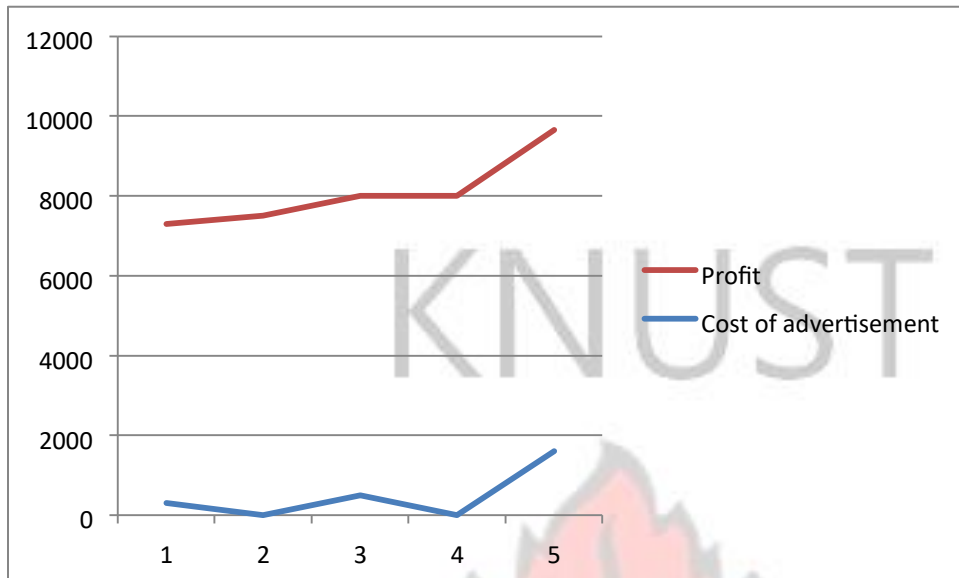
In general almost all the organisations that run advertisement experienced changes in their profit margins.

#### **4.6 Effects of advertisement on profitability**

Advertisement has got diverse influence on any organisation that employs them as part of their activities. The survey from the interviews indicated advertisement affected profit margins and also made the schools that advertised popular.

The revenue table and the cost of advertisement clearly indicate that there were profit margins that were recorded by the various organisations that were involved in the study. The interviewees affirmed that there was an increase in their profit margins as supporter by the respective tables. The only challenge was that the increase in the profit margins could not be attributed only to the advertisement that was instituted by the organisations.

Figure 4.2 below shows the effect of advertisement on the profit margins of the fashion industry.



**Figure 4.2 The Effect of Advertisement on the Profit Margins of the Fashion**

**Industry**

Field work, 2014

The plate shows that as advertisement were implemented in the organisation; the profit margin was also increased accordingly. In the case where advertisement were not in place the profit margins of the organisation was stagnant. This means that there was a positive effect on the profits of the organization after advertisement.

The table below gives the relationship between advertisement and the profitability of the fashion industry.

**Table 4.8 Correlation table for fashion industry**

		Advertisement	Profit
Advertisement	Pearson correlation	1	.495**
	Significant value	.	.000
	N	110	110
profit	Pearson correlation	.495**	1
	Significant value	.000	.
	N	110	110

Source: Field survey, 2014

At a statistically significant  $p$ -value of 0.000, the pearson correlation recorded between advertisement activities and profit was 0.495 which means that there is statistically significant positive medium relationship between advertisement activities and profit in the fashion industry. This implies that a unit change in cost of advertisement will cause a medium proportional change in the profit of the various organisations in the fashion industry.

The relationship between the two variables led to the researcher using regression analysis to explain the effect of advertisement activities and profit. The table below shows the results of the regression analysis.



**Table 4.9 Coefficient Table for the Fashion Industry**

	Unstandardised coefficients		Unstandardised coefficients	F	Sig.
	B	Std. Error	Beta	T	Sig.
Constant	0.226	0.2548		1.253	.204
Cost of Advertisement	1.112	0.104	0.595	11.618	.000

Source: Field survey, 2014

Regression model:  $y = a + bx$

[y = profit], [a = Constant], [b= beta coefficient], [x = cost of advertisement]

Regression model:  $y = 0.226 + 1.112 (x)$

At a statistically significant p-value of 0.000, profit will be equal to 0.226 if there is no unit change in the cost of advertisement. This means that if there are advertisement in the fashion industry, profit will be at constant of 0.226; given by profit = 0.226 all things being equal. On the other hand, a unit change in cost of advertisement will cause the profit to change by 1.212 in addition to the constant 0.226 all things being equal.

It can be deduced that cost of advertisement affects profit simply because, a unit change in the cost of advertisement will lead to an increase in profit all things being equal.

#### 4.6.1 Multiple Regressions of Types of Advertisement on Profit

The study sought to draw the effect of a combination of the various cost of advertisements that were used. The recorded correlation values p-shows that there is positive relationship between advertisement and profit at a statistically significant p-value of 0.000. This means that there is a change.

**Table 4.10 Multiple Regression of Types of Advertisement on Profit**

	Unstandardised coefficients		Correlation	Sig.
	B	Std. Error	R	Sig.
Constant	0.243	0.048		0.000
Banners	0.041	0.028	0.034	0.163
Billboards	0.104	0.019	0.211	0.000
Radio	0.061	0.027	0.021	0.000
Friends/Relatives	0.024	0.011	0.017	0.000
Others	0.012	0.009	0.014	0.000

Source: Field Survey, 2014

Regression model:  $y = a + bx$

[y = Profit], [a = Constant], [b= beta coefficient], [x = cost of advertisement]

Regression model:  $y = 0.243 + 0.041 (x) + 0.104 (x) + 0.061 (x) + 0.024 (x)$

The results indicate that, at a statistically significant p-value of 0.000, profit will be equal to the constant 'a' 0.314 when there is no change in cost of advertisement. But a unit change

in the cost of advertisement will lead to a change in the profit of the fashion industry. This given by: Profit = 0.314 + 0.041 (banners) + 0.104 (billboards) + 0.061 (radio) + 0.024 (friends/relatives) + 0.012 (others). For instance a 10% change in the cost of advertisement will lead to a change in the profit from 0.243 to 2.734. This indicates that the cost of advertisement have positive influence on the profit of fashion institutions in the fashion industry.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

## **5.1 Introduction**

This chapter presents a summary of the findings, draws conclusions based on the findings of the study and suggest policy recommendations for the solution of the problems identified and also implications for further empirical study.

## **5.2 Summary of Findings**

The under listed summarizes the findings of the research;

### **5.2.1 Socio-Demographic Characteristics of the Respondents**

The socio-demographic characteristics of the employees/students revealed that a majority of the students were between the ages of 21 and 30. This is due to the fact that organisations were made up of students who had completed secondary education and they were acquiring skills for the industry. The study also revealed that the females were more than the males because fashion is perceived in Ghana to be a reserve for females and also because the population of females is more than males in Ghana.

On the other hand the organisations were categorized in three: category X, which comprise organisation with student enrollment of not more than ten. Category Y had an enrollment between 11 and 50, while category Z had student enrollment more than 50. The study was dominated by the category Z meaning most of the organisations had enrollment of more than 50 students.



### **5.2.2 The nature of advertisement in the fashion industry**

The main types of advertisement used by institutions in the industry were radio, television, banners and billboards. The components of a good advert included the benefits of promise, the picture used and the people used.

### **5.2.3 Causes of profitability**

The interventions that led to the changes in the profit margins of the organisations were income generated from the annual enrolment of students, other income generating activities undertaken and engaging in advertisement.

It was identified that advertisement played a major role in increasing the sales of the organisation. The attractiveness, that is, the attractiveness and content of the advertisement were the key pulling factors that enhanced the people in patronizing the services of the respective organisation.

### **5.2.4 Trends in profitability of the fashion industry**

The profits of the various institutions over a period of five years generally showed that there was an increase in profitability over the past five years. The study revealed a tremendous improvement in their profit margins year after year. The larger the size of the organisation the larger the profit accrued.

### **5.2.5 Effects of advertisement on profitability**

The study showed that there was a positive effect of advertisement on profitability. This was manifested in the increase in profit margins after advertisements. The advertisements also made the school more popular which could result in an increase in enrolment.

### **5.3 Recommendations**

The researcher proposes the following measures to help improve the industry:

- We are in a technological world. Things are changing and a lot of people are using technology for a lot of things. A lot of the proprietors of the fashion institutions interviewed were not aware and were not using modern means of advertisement. Fashion institutions should update themselves with modern means of advertisement such as the social media and the World Wide Web (www). This would help them sell their schools to a larger population.
- The study revealed that one of the good components of an advertisement is the people used. Fashion institutions should therefore embrace celebrity endorsement in their adverts since this would help attract more students to their schools and thus help improve profitability.
- The government, Non-governmental organisations, benevolent bodies and individuals should support fashion institutions with infrastructure, equipment and teachers so that they can be more attractive and can produce resourceful individuals who will become useful to themselves and the society at large.

- There are many independent variables that affect profitability that were not captured in the research. A further research could be conducted to critically examine these factors and their effect on profitability.

## 5.4 Conclusion

In the 21st century of global challenges in all hemisphere of life, the innovations and dynamism in the fashion industry cannot be overemphasized. A great competition is therefore set among fashion industries in the developed and the under developed world causing most vulnerable local industries to collapse. The fashion industry in Ghana is not exempted in this regard with the independent fashion designers being the most affected. Their businesses have been crippled by the influx of foreign clothes and textiles on the Ghanaian market on the ticket of Trade Liberalization in the global front. In order to sustain the businesses of the local designers, the local industrialists have the hope that the ban of unnecessary importation of foreign clothes and textiles, especially the second-hand types, can go a long way to revive the clothing and textiles sub-sector.

The study focused on how advertisement could revive profitability in the fashion industry in Ghana, the following key areas were considered: the nature of the advertisement, the causes of profitability, the trends in the profitability and the effects of advertisement in the fashion industry

The researcher identified that advertisement was important and its effect depended on its attractiveness and the content.

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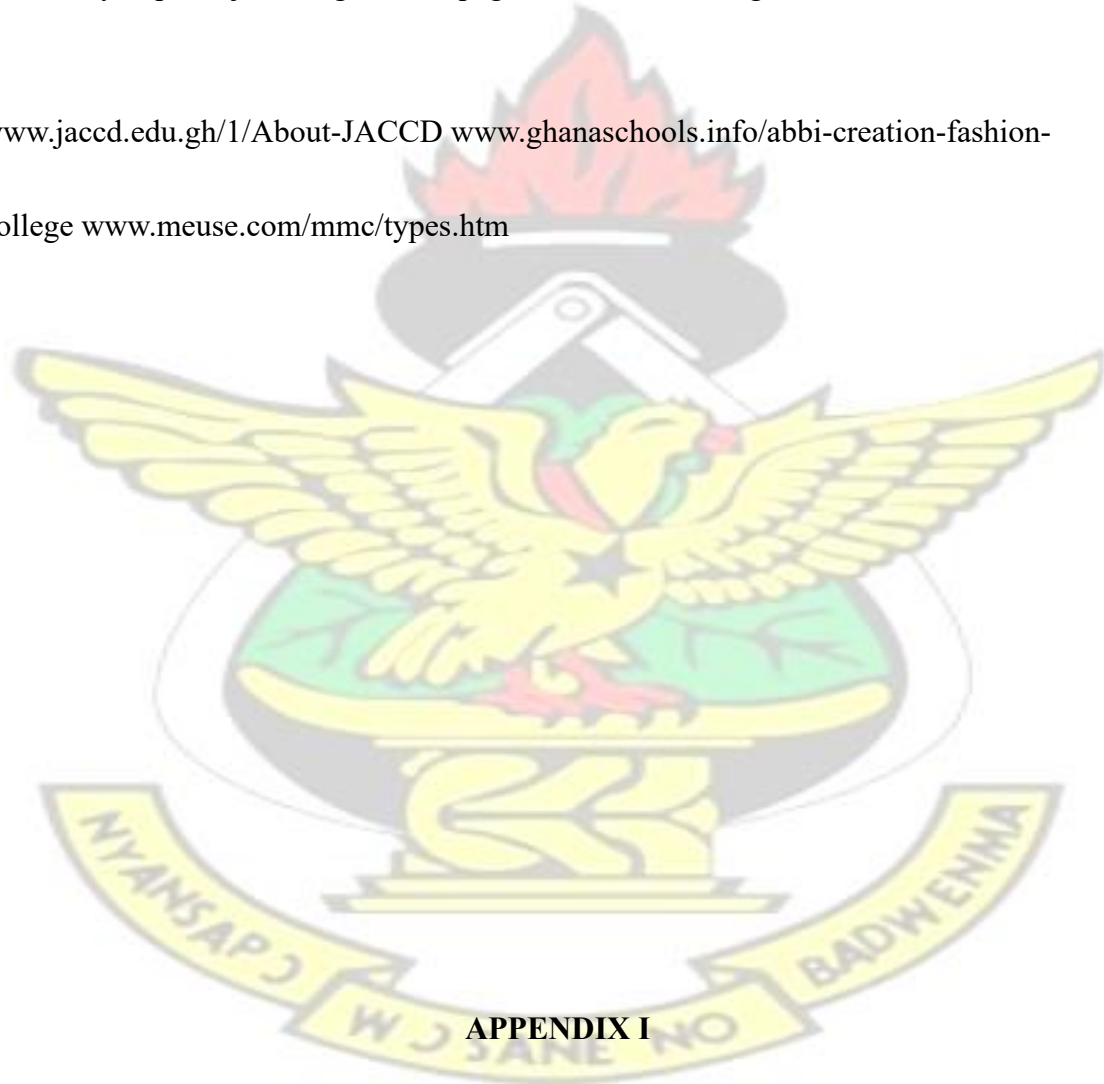
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## APPENDIX I

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**COLLEGE OF ARTS AND SOCIAL SCIENCES**

**DEPARTMENT OF MARKETING AND COOPERATE STRATEGY**

## **QUESTIONNAIRE (for students in the fashion institutions)**

This questionnaire is for investigating the effect of advertisement on organizational profitability in the fashion industry in Ghana. I would be grateful if you would answer the questions. This is for the thesis of a graduate student and your answers would be treated confidentially.

**Please circle the appropriate answer**

### **SECTION A Demographics**

1. What is your gender?

A) Male      B) Female

2. How old are you?

A) 15-20 years    B) 21-30 years    C) Above 30 years

3. What is your educational background

A) None    B) Primary    C) Secondary    D) Tertiary

### **SECTION B Types of Advertisement**

4. How did you know about the fashion school you attend?

A) Through a friend/relative    B) Bill Board    C) Radio

D) Others.....



5. How many times were you exposed to the means through which you heard about the school?
- A) Once    B) Two Times    C) Three Times    D) More than three times

6. Did you hear of advertisements of other fashion schools apart from yours? A) Yes
- B) No

If your answer to question 6 is yes then proceed to question 7; and if your answer is no, then proceed to question 8

7. Which medium did you hear about the advertisement?

- A) Bill board                      B) Radio                      C) Banner                      D) Friend/relative
- E)
- Others.....

8. Since you became a student has your school been advertising?

- A) Yes            B) No

If your answer to question eight (8) is yes then proceed to question nine (9) and if your answer is no; then proceed to question ten (10)

9. How many times in a year has your school been advertising since you became a student?

- A) Once    B) Two times    C) Three times    D) More than three times

### **SECTION C Components of Adverts**

10. Please number each of the following below in order of which one draws your attention most in an advert. Number the most important 1, the next 2 and so on

The heading

The picture used

The good things in the advert

The people used

How convincing it is

KNUST

11. What made you choose this particular

school.....

.....

.....

12. How would you describe adverts run by fashion schools?

A) Entertaining B) Informative C) Boring D) Others.....

13. Do you recommend your school to other people?

A) Yes B) No

14. If no give reasons.....

.....

15. Has your school satisfy your reason for choosing it?

A) Yes B) No

16. If No give

reasons.....

.....

## SECTION D

### Causes of Profitability

17. What type of sewing machine do you use in the school?

- A) Hand Sewing Machine    B) Foot-Operated Sewing Machine    C) Electric Machine

18. What type of iron do you use in the school?

- A) Box Iron    B) Electric Iron    C) Both box and electric iron



## APPENDIX II

### INTERVIEW GUIDE

1. Name of institution
2. Age of institution
3. Enrollment of students
4. Has student enrollment decreased, increased or stagnant over the years?

5. What do you think account for the student enrollment increasing, decreasing or stagnant?
6. Do you think advertising is important?
7. What are the types of adverts you know?
8. Do you advertise?
9. How often do you advertise
10. Medium for advertisement
11. Do you use only words, pictures or both in your adverts?
12. Do you use the same adverts for all the various media?
13. How much do you charge as fees?
14. What is the mode of payment for your fees?
15. Are there instances where students finish and still owe the school?
16. How do you recover such unpaid fees?
17. What is your source of power?
18. How much do you spend on electricity/fuel in a month when students are in school and when they are on recess?
19. Does your school engage in other activities that generate extra income?
20. Cost of advertisement
21. Do you allocate a budget for adverts?
22. How much do you spent per each advert?
23. How much do you spent on advertisement in 2008, 2009.....2012
24. How do you measure your profitability?



25. Has your profits been increasing, decreasing or stagnant over the past 5 years?
26. What do you think account for it
27. Profit before advertisement
28. Effect on profit after advertisement
29. Do you hear of other institutions being advertised?
30. What are your profits from 2008-2012?

