

The Impact of Online Advertising on Company Performance: A Namibian Perspective.

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Abstract - The purpose of the study was to examine the impact of using social network ads, website ads and pop up ads on the sales volume of a company. The fast growth of technology in today's world makes internet users continue to increase. A total of 114 questionnaires were distributed; 105 to Unibest customers and 9 to Unibest employees. In addition, an in-depth interview was conducted with 3 top managers at Unibest. Secondary data from past financial information from the company was used to examine the past company performance trends. The study results shows that website advertising has a significant positive impact on the sales volume of company. Furthermore, the study results indicated that social network advertising has a fairly reasonable contribution to the market share of a company. Pop up advertising has no significant impact on the company performance at all. The study presented different theoretical models and frameworks in explaining advertisement process.

Keywords – Internet, Advertising, Competitors, Social network ads, Website ads, Pop up ads.

I. INTRODUCTION

According to [15], online advertising is a marketing strategy that involves the use of the internet as a medium to obtain website traffic and target and deliver marketing messages to the right customers. Online advertising is geared toward defining markets through unique and useful applications. Since the early 1990s there has been an exponential increase in the growth of online advertising, which has evolved into a standard for small and large organizations. In the 21st century, e-advertising is becoming a very efficient and effective communication tool in distributing information about the products and services.

In marketing, e-advertising is very important as messages can be distributed instantly to various people who are geographically separated at a lower cost. When products and services information is spread adequately through proper media and creative advertising campaigns, high investment will be realised, which in turn will result in increase in sales volume, production and profitability of company [3]. Contrary to that, insufficient services and product communication to the final consumers could give competitors opportunities in terms of loyalty to brands, sales volume and market share. Major consequences of this poor product communication and marketing is customers switching to other available competitors in the market [3]. According to [2], it should be noted that advertising alone cannot be the sole variable used to increase the company turnover. There is various factors that also affect organizational sales like fiscal policy, monetary policy and consumer spending power.

Reference [11] noted that advertising and marketing campaigns gives the knowledge about the product and create awareness about the product to the potential customers. Prior studies has mainly focused on the traditional advertising strategies (advertising in the offline environment) namely; televisions, radios, newspapers and word of mouth. Few studies have been conducted to assess the effects of advertising on sales volume of companies in the online environments like social network advertising, website advertising and pop up advertising. It is against this background that there is a need to study and reconnoiter the facets of online advertising strategies that can be used to boost company performance. As Namibia increases its digital reach, online advertising is expected to grow even quicker, taking business away from traditional advertising in much the same way that it has in Europe and America. According to [16], online advertising has the benefit of being a lot cheaper than conventional alternatives, providing a greater return on investment than TV and print marketing strategies.

According to Hoang [8], e-advertising is relatively cheap embark on and can include facility for quick and instant feedback thus giving a personal touch to customers. He further noted that a facility for return messages allows one to progressively tailor e-mail advertisements. The internet provides an effective and excellent way for online advertising and marketing. The fast growing number of internet users and web visitors around the world has led to Unibest Consultants Namibia see the need to use internet as a tool for advertising. It allows the companies to reach its local and international customers immediately and at a cheaper cost. The global reach of e-advertising can help to build the relationship between the brand and consumer. It provides an effective and reliable way to communicate to customers and employees of the organization. Web advertising is also relatively easy to update, thus it is convenient.

Along with the fast increase in the number of people using Internet around the globe, the World Wide Web (www) has become the fastest and most preferred advertising medium in the world. According to [10], the USA online advertising revenue has been growing sharply from US\$1.8 billion in 2012 to US\$20 billion in 2014. This sharp increase in sales not only shows how vital online advertising is to the industry, but also the advantages of moving on with the ever changing technology. Namibia is one of the countries where online advertising has been used successfully. According to Namibia statistics agency, about 90% of all Namibians have access to the internet. The country has approximately 1.8 million internet users, which is approximately 95% of the total population. According to Ratliff (2010), South Africa has an estimated value of R320-million in online advertising industry and it is growing sharply. It is also believed that online retails in South Africa generates approximately R688 million per year, and online air ticket sales generates approximately R2.5 billion per year.

A. *Statement of the problem*

The well-known traditional advertising media are outdoor advertisements, newspaper advertisements, radio advertisements and television advertisements [2]. While TV and newspapers account for the majority of advertising spending in the early 1990s, the internet channel has grown fastest since 2000. According to [14], revenue generated from internet advertising in the U.S. total spending was \$22.7 billion in 2016. Despite these rising percentages in sales volumes of companies due to internet technology, only few studies have been conducted to have better knowledge on the impact of online advertising on the company performance. Furthermore, almost all previous studies examining online advertising were focusing on purchasing decisions and consumer attitudes towards online adverts. Few studies have focused on the effect of online adverts on the sales volume of companies. Of those few studies that focused on the sales volume, they were mostly researching about traditional advertising methods. This has left a gap in the studies that have been done since internet technology took away the traditional ways of doing business throughout the world.

To bridge these research gaps and also contribute to the limited available literature, the study investigated the impact of social network advertising, website advertising and online pop up advertising on the sales volume of companies with special reference to Unibest. The Business directory of Namibia (2015), showed that there are more than 1500 registered consultants companies in Namibia. This indicates that there is high competition as there is a lot of consultants companies in Namibia. The use of website advertising, pop up advertisements and use of social network advertising like Facebook have been triggered by the intense competition in the market place. Also the increased use of the internet in Namibia for the past 10 years has triggered the use of these tools. It is not known whether adopting electronic advertising as a tool may actually improve the company performance hence the researcher would like to evaluate the effect of electronic advertising on the sales volume and market share of Unibest.

B. *Research questions*

In order to achieve the desired results, the study objectives as outlined below were examined. The objectives of the study were used to guide and direct the research.

- To what extent does social media advertising contribute to sales volume of Unibest?
- What is the effect of creating a website on the market share of Unibest?
- What impact does pop up advertising have on the sales volume of Unibest?

C. *Importance of the study*

The significance of the study can be summarised as follows:

- The findings from the study enabled the company to enhance their e-advertising strategies so as to survive competition and boosting sales as well.
- The findings from the study makes the company to know how it can implement new technology in order to improve its market share.
- The members of the public in general and customers to be specific became more familiar with electronic advertising tools.

- The findings can also help other researchers who are carrying out studies in the same area. In other words, this research has also contributed to the available literature to be used in further studies.

The whole paper has been outlined as follows; the review of related works have been outlined in Section II. Section III has outlined in detail the methodology that have been used in order to achieve the study objectives. The results of the study were presented in Section IV. The conclusion of the paper has been outlined in Section V.

II. LITERATURE REVIEW

According to [7], advertising can be defined as any paid form of non-personal communication of ideas and information about products in the media with the objective of creating brand image. In the past, marketing on the offline environment (TV, Radio, newspapers etc.) was the major type of advertisement widely used by many organisations and companies. However, in today's world, internet marketing has become the major marketing technique being adopted by many companies [6]. It is beyond reasonable doubt that internet advertising is becoming popular in many promotion initiatives and efforts [3].

Prior studies has indicated that most marketing gurus are constantly trying to define and explain different models on how advertising works [4]. Reference [13] researched on the impact of Advertising on Organizational Sales Turnover: Nigerian Breweries Plc Experience. Their research paper examined the impact of advertising on sales turnover and it was a case study for Nigerian Breweries Company. Data was gathered through questionnaires. In addition to that, data was also collected from six years annual reports and financial information of Nigerian Breweries. The sample size used on their study was hundred participants and the collected data was analyzed through Pearson Product Moment Correlation coefficient in conjunction with the statistical package for social science (SPSS) version 16. The correlation coefficient (r) was found to be 0.92, showing that there was a very strong positive relationship between advertising and company turnover. Results obtained showed that there was a very strong positive significant relationship between advertising and sales turnover. It was also discovered that advertising is very important if the company has to survive in the tight competition that exists among companies. Major recommendations were also made to the management to increase advertising budget every year and also to engage in electronic advertising so as to have access to international market and cover a big geographical area.

Reference [10], researched on the "impact of advertising on consumer behaviour and attitude with reference to consumer durables" for the International Journal of Management Research and Business Strategy (IJMRBS). Rai in his research paper emphasized that advertising in today's world plays a major role in the consumer behavior and attitude. He further outlined that these changes in behaviors will be as a result of the products and services which are on the advertisements and promotions. He further argues that whenever the potential customer is repeatedly exposed to a certain advert, this will change the way they perceive certain products and services. He also concluded in his research that advertising has great influence in the purchasing decision of customers for particular brands. The current study is focusing on the effect of advertising on the sales volume of a company. His research is similar to the one of the researcher in the sense that it all start with consumer behavior before actual purchase of a product or service. Understanding consumer behavior will help the researcher to determine what causes a consumer to buy some certain products after seeing an advert. However, he emphasized on how the consumer behaves after seeing an advert; that is whether he will buy or not buy. The researcher went on a further step to find out whether advertising increases the company sales and not only to find out whether the customer will buy or not after seeing an advert. Thus the researcher is trying to fill the gap that has been left by the study.

Reference [1] also conducted a research on the topic "impact of advertising on sales volume of a product". Abiodum's main aim was to identify and demonstrate the impact of advertising on sales and profit of a business organization considering Starcomms Plc as a case study. In Abiodum's work he states that "in a growing economy such as Nigeria, it is often very difficult to have a regular and consistent increase in the sales volume of a product because of the political and socio-economic instability in the country which directly affect the standard of living and the purchasing power of the consumers." He further identified the fact that good advertising requires high skilled people including a number of specialists to enable it succeed in the ever dynamic and competitive business environment. Reference [1] recognized how advertising can play an important role and he states that "a growing number of companies and establishments have to embark on a nationwide advertising campaign". Abiodum's work clearly showed how advertising can really affect any consumer's buying decisions in a growing economy like that of Nigeria. It also showed how successful advertising can keep business sailing through even though there is a very stiff competition.

Reference [1] in his research examined how marketing and sales managers determine which advertising technique can be of much help at any particular moment. The advertising technique used should also try as much as possible to outshine the techniques that is used by other competitors in order to gain a competitive advantage. Also he studied the advertising program of the company and a cost benefit analysis of the advertising tools employed by the company. Reference [1] in his findings explained that the role of advertising on the sales volume of a product or service is very vital. This is because most people they tend to buy a certain service or product because they have seen or heard it somewhere. Online advertising helps in that it can transmit large amounts of information to a very wider geographical area that the advertiser or producer could not have reached it at once so easily and at a very cheap cost. In the mind of the customers, the company was using advertising strategies suitable for the company as well as the markets in which it exists. More of the findings reveal that advertising is very important so that customers can repeat to use the products and services of the company otherwise failure to advertise will cause the customers to switch to other competitors. This in turn will also create good brand loyalty and product differentiation and customers will stay committed to the services of that company.

III. METHODOLOGY

According to [17], research design is defined as the scheme that aids the researcher to come up with various answers to problems and guides him/her in the various stages of the research. In this research, the case study design was used. A target population normally is made up of the complete group of people or objects that are specifically identified for investigation according to the objectives of the study. The target population was made up of all the people living in Windhoek, Namibia. The study used non probability sampling techniques. When using non-probability sampling techniques, the chance of selecting an element from the population is not known and each element has an equal chance of being selected [5]. Thus using this method to draw up samples is very fair. Reference [9] pointed out that it is not necessary to sample the entire target population or even a substantial portion to achieve reliable results. Samples of less than one per cent of a population can often provide good reliability, given a credible sampling procedure. A sample size of 30% was used for customers, 10% for employees and all managers were interviewed since they were only three. The sample in this research was made up of 105 Windhoek customers, 3 managers and 9 employees at Unibest. Therefore the sample of the study was 117.

The researcher used data collection instruments that took into account the nature of the study and respondents. Personal interviews and self-administered surveys through questionnaires were used to obtain information from the target population. Secondary data e.g. past financial information trends were also examined so as to gather informative and meaning data that could be analysed later. The data collected through questionnaires and interviews was analysed using graphs and tables.

IV. RESULTS ANALYSIS

A total of 105 questionnaires were distributed to customers and 9 questionnaires to employees and one set of interviews was conducted with 3 Unibest management. However, five of the questionnaires given to customers were not returned resulting in a 95.2% response rate for customers and an overall response rate of 95.7%. Table below shows the responses and the response rate.

Table 1: Questionnaire and interviews response categories

Respondents	No. of questionnaires	No. of Interviews	Responses	Response rate %
Management		3	3	100
Employees	9		9	100
Customers	105		100	95.2
Total	114	3	112	95.7

Table 1 shows that there was an overall response rate of 95.7% on the questionnaires and interviews. The customers' response rate was 95.2% because the researcher was personally distributing the questionnaires to minimize the number of questionnaires getting lost hence reducing response rate. To make sure he would get high response rate, the researcher also gave enough time to the respondents to fill in the questionnaires. Interviews were held in group sessions allowing every respondent a chance to respond or contribute to the discussion. Generally the response was good enough to render the results of the research valid and representative, though the researcher would have preferred a 100% response rate in each respondent category.

A. Demographic characteristics of respondents (customers)

Table 2: Demographic characteristics of respondents (customers)

<i>Description</i>	<i>Total N = 100 (Customers)</i>	
Age	N	%
Over 40	17	17
30 - 40	19	19
18 - 29	57	57
Under 18	7	7
Gender	N	%
Female	47	47
Male	53	53
Period of customers using Unibest's products	N	%
1 years	13	13
2 years	54	54
3 years	17	17
Over 3 years	16	16

The table 2 shows the demographic characteristics of the customer respondents. From the results shown in table 2 above, 57 customers indicated that their age group is between 18-29 years, 19 said they were between 30-40 years, 17 customers indicated that they were over 40 years. Only 7 customers were below 18 years of age. This may be an indication that the age group of 18-29 years has more exposure to the internet hence frequently use electronic advertising tools. This may be true because ages below 18 years are not working and most of them do not afford to buy laptops and smart phones that can be used to access internet easily. In addition to that, most people above 40 years are not well versed with technology and they only use traditional cellphones that do not even go on internet. Furthermore the results indicated 53% of the customers indicated that they were male. On the other hand 47% indicated that they were female. This may mean that it is true that male have more access to the internet hence have more exposure to electronic ads. More than 30% of the customers have more than 2 years using Unibest's Products. Hence from the results shown indicates that more customers have more experience in Using Unibest's products and thus they have strong knowledge about products. This may mean that the information which was obtained by the researcher from the customers maybe be more reliable. However, only 13% of the customers have only one year using the Unibest's products.

B. Demographic characteristics of respondents (employees)

Table 3: Demographic characteristics of respondents (employees)

<i>Description</i>	<i>Total N = 9 (Employees)</i>	
Department of employees	N	%
Others	2	22.22
IT	2	22.22
Finance	2	22.22
Sales and Marketing	3	33.33
Experience of employees	N	%
More than 3 years	5	55.56
2-3 years	3	33.33
0-1 years	1	11.11

The table 3 shows the demographic characteristics of the employees respondents. From the results obtained, it can be shown that most of the employees (5 out of 9) have more than five years working in the company and hence they have more knowledge on the company strategies and operations. Only one employee has less than one year experience working in the company. Thus it may be true that all responses got from the employees are reliable as they are experienced employees of the company. From the table 3 above, there was equal representation of departments by employees. This is important as it removes the aspect of bias. Hence the results gathered from employees were equally represented. However, more employees were from marketing (3 out of 9) and this was done because employees from marketing departments are well versed with different types of marketing tools and thus they will give more accurate results.

C. Research question 1: To what extent does social media advertising contribute to sales volume of Unibest?

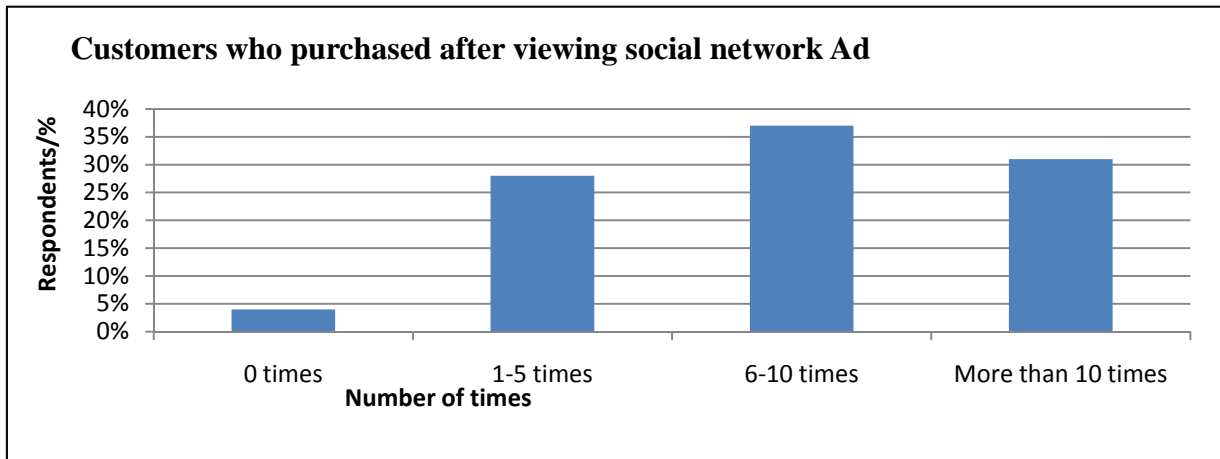


Figure 1: Contribution made by social network advertising towards sales- source: Primary data from customers

As shown by the graph in Figure 1, 37% of customers purchased products after viewing ads on social network site an average of 6-10 times. Thirty one percent (31%) of customers purchased products after viewing ads for more than 10 times followed by 28% of customers who purchased the products after watching ads on social network sites for 1-5 times. Four percent (4%) of the customers never purchased products after viewing advertisements on social networks. These results obtained are in line with the AIDA (awareness, interest, desire and action) model that was propounded by Elmo Lewis. The model states that to get customers, it starts with awareness through advertising mediums (social networks in this case). Once the customers are aware they will develop interest in the products they see and they will have a desire to purchase the product.

Impact of social network advertising on the sales volumes of Unibest

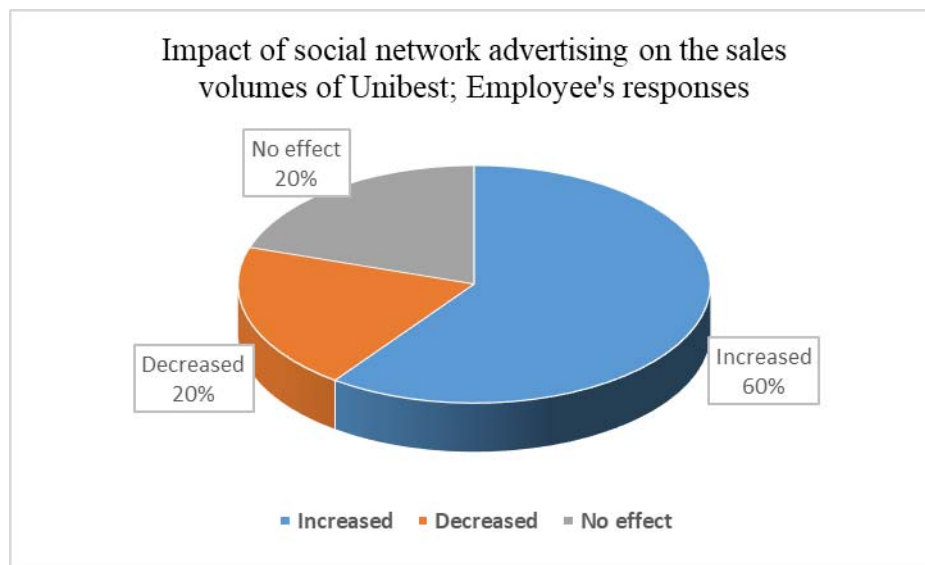


Figure 2: Impact of social network advertising on the sales volumes of Unibest Namibia. Primary data from employees

Sixty percent (60%) of the employees said that social network ads can increase significantly the sales volume of Unibest Namibia. However, 20% of the employees said that social network ads can reduce the sales volume of Unibest Namibia. Another 20% of the employees were also of the opinion that social network ads has no effect on the sales volume of the company. From the pie chart in Figure 6, it may be true that social network ads are effective in boosting sales since 60% of the employees are of the opinion that social network ads have a significant increase on the sales volume of Unibest Namibia. This was also supported by the management interviewed who pointed out that with the emergency of Facebook tool, it had enabled the organization to market its products and boost sales by more than 70%. The researcher agree with that because in this 21st century most people are using social networks and as a result marketing your products through these tools will increase the number of people who can see the advert and hence increase the sales volume and market share of the company. Literature that has been reviewed also showed that it is very necessary to embark on electronic advertisement so as to reach all international markets in spite of the geographical location.

D. Research question 2: What is the effect of creating a website on the market share of Unibest?

The researcher asked the respondents whether they would continue using Unibest website when making purchases in the future. They had to state whether they would definitely, possibly, unlikely or not use the website. Results obtained are as illustrated in the figure below.

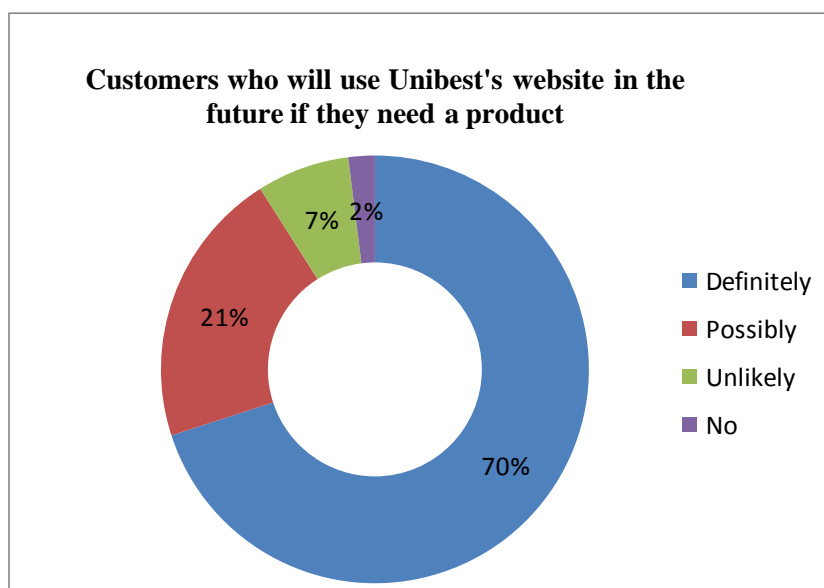


Figure 3: Summary of Customers who will use Unibest’s website in the future when they need services.

From the results shown in Figure 3, it may be true that website advertising can help maintain or improve the market share as evidenced by the fact that 70% of the customers said that they will definitely use Unibest’s website in the future if they need a product. In addition, 21% of the customers said that they will possibly use the website in the future. However 7% said they were unlikely and 2% said they will not use the website. This was also supported by the management interviewed who pointed out that since from the time they have launched website, their customers increased tremendously and so is the company sales volume.

E. Research question 3: What impact does pop up advertising have on the sales volume of Unibest?

The researcher asked the respondents (customers) whether pop up ads stimulate them to make purchases. They had to respond whether they strongly agreed, agreed, not sure, disagreed or strongly disagreed. Results obtained are as illustrated in the figure below.

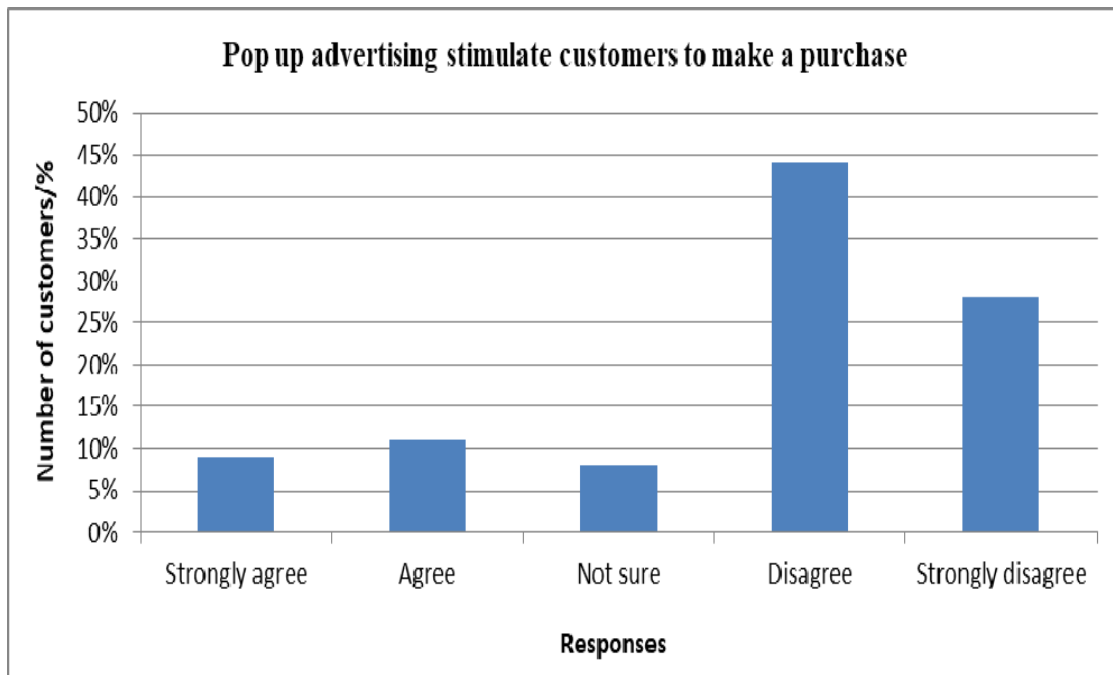


Figure 4: Graphical representation of whether pop up ads stimulate customers to make a purchase-source: primary data from customers

From the results shown in Figure 4 the majority of customers (44%) disagree that pop up advertisement stimulate them to make purchases. A fairly large number (28%) also strongly disagreed that pop ups make them purchase. This may imply that pop up ads are not a powerful tool in boosting sales of the organisation. However only 11% and 9% agreed and strongly disagreed respectively that pop up ads make them purchase products. Eight percent were not sure whether pop up ads make them purchase the products. However, results are in contradiction to the magic bullet theory which was propounded by Harold Laswell in 1948. The theory propagates the media as a force that has direct, immediate and powerful effects on its target customers.

V. CONCLUSION

From the findings, social network advertising is a new but effective tool of electronic advertising. Most of the customers said that they purchased Unibest products after viewing ads on social network site an average of 10 times. The management interviewed also pointed out that with the emergency of Facebook, the tool have since enabled the organisation to market its products and boost sales. Based upon these findings, one can safely conclude that social network sites are useful in boosting sales volumes of an organisation. Customers feel that the website advertising being used by the organization is making significant contribution towards market share. Management also indicated that websites were contributing significantly to the market share and sales volume of Unibest Namibia.

This was also in line with responses from employees who indicated as well the importance of the websites. Triangulation was therefore very important as we could easily validate data from various respondents before making any conclusion. From the findings it shows that popup advertising contributes a low percentage in terms of sales volume as 44% of the customers disagreed that pop up ads stimulate them to make purchases. Also 77 % of the customers also said pop up ads are irritating hence are not effective as advertising tools. This means the company needs to put more attention on pop up advertising in order for it to increase sales volume of the company.

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