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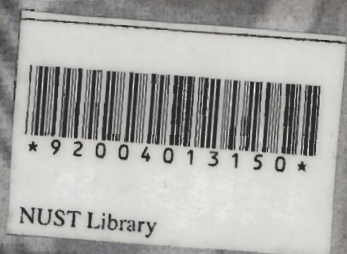
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS MANAGEMENT

RESEARCH TOPIC

**ADVERTISING IN A RECESSIONARY ENVIRONMENT:
Consumer response to advertisements and marketer reaction to the
environmental changes. A case study of Zimbabwean retail outlets.**

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Executive summary

Background of the study

Zimbabwe was hit by a great economic crunch, which was characterized by high inflation rates, foreign currency shortages, an ailing exchange rate and a shortage of basic commodities since early 2006, which made significant impact on the viability of the Retail Industry in Zimbabwe. Within the last three years, the industry has experienced massive decline in consumer response to advertisements and an increase in advertising and other promotion costs due to inflation. Hence it is important to note that the retail industry has been on the decline since 2006 due to the economic downturn which affected firms. This situation forced producer prices to go up due to cost-push inflation. Advertising and other promotion costs were equally affected by this economic situation. Both firms and consumers became cost oriented and one wonders if heavy expenditure on advertising will be of any fruition, either to the company or to the customer; and if ever the consumer still responds to promotional gimmicks.

Statement of the research problem

There has been a great economic recession in Zimbabwe for the past three years which saw the decline in consumer confidence in advertisements and an increase in the cost of advertising.

Research objectives:

To find out if consumers still respond to advertisements in Zimbabwe given the economic downturn effects still impacting on them; to investigate if firms still benefit from engaging in advertising activities as they did before; to investigate if firms still continue to extensively engage in advertising activities; to establish if consumers still buy products in response to advertisements; find out why marketers still advertise in the current economic environment... if they still do.

Methodology

The research was based on the case study of Retail outlets in Zimbabwe, in particular the Promotion and Advertising departments as they possessed the hands-on information for

the purpose of the study. A sample size of sixty respondents was used; which constituted of ten retail managers and fifty retail consumers who were selected at randomly.

Conclusions

The Zimbabwean economy, which declined, posed a great challenge to consumer response to advertisements. It was noted, however that consumers do not stop spending money in a recession but they spend more carefully. They deal with companies they are more comfortable with. Thus the consumer in Zimbabwe at present can still respond to adverts in the media. The fact that consumers now spend more carefully means that they might require an apt and reliable source of information. In consequence the retail marketer should provide information to the consumer for ease of their decision making process.

Recommendations

To make sure that there advertising dollars are not wasted, retailers should conduct on-going customer researches because customer needs and expectations are ever changing.

Retailers should also improve on their automation; more technologically advanced machines should be brought in to facilitate advertising effectiveness.

Limitations of the study

The researcher was constrained mainly in terms of the following:

Time restrictions – there was restricted time available for the research as it had to be done concurrently with the degree program hence the time for the research was limited.

The geographical scope of the research is also another limitation. The research was done in Bulawayo only and no samples were drawn from other towns. Therefore the results may not be a true representation of the real opinions and tastes of all the people in Zimbabwe.