

**ANALYZING THE EFFECTS OF ADVERTISING CHANNELS ON THE FINANCIAL  
PERFORMANCE OF FIVE STAR HOTELS IN NAIROBI, KENYA**

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**DECLARATION**

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other university. To the best of my knowledge the research contains no material previously published or written by any other person except where due reference is made in research project

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*[Signature]*

*2/2/2020*

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## ABSTRACT

At most times the service industry overlooks the fact that advertising channels used could improve the financial performance of a business or crash it. Since advertisement is a communication process, the hotel industry needs to find the best way in which they would communicate their message, be it brand awareness, product awareness or consumer attitudes toward a certain product or service. Consumers vary in how they perceive the advertisement message, firms need to analyze the appropriate channel for specific consumers and how that will boost the financial performance of the hotel industry. This study therefore aims to analyze the effects of advertising channels on the financial performance of five star hotels in Nairobi, Kenya. The study intends to assess the effect of radio advertisement to financial performance of five star hotel, to assess the effect of newspaper advertisement on the financial performance of five star hotel, to assess the effect of television advertisement on the financial performance of five star hotel and finally to assess the effect of social media advertisement on the financial performance of five star hotel. The study used questionnaires as primary data tool and secondary data sheet were used for secondary data. The ten five star hotels in Nairobi were the target population of the study. Sample sizes the senior management of the ten five star hotels were therefore used. The research also employed a research design of descriptive cross sectional survey.

**Keywords;** Advertising channels, Financial Performance

# 1. CHAPTER ONE

## 1.1 Background of the study

Advertising is considered to be a communication process. The communication is done through different channels to reach different audience. The advertisement information is perceived differently by the consumers. This form of marketing consists of both tangible and intangible assets which are products, services and ideas. Since advertisement is a process based on the general scheme of the marketing communication process, it uses impersonal media such as radio, television, newspaper and social media (Bogdan Nichifor, 2014)

The effectiveness of advertisement is based on the channel use. The choice of the media channel is very crucial to an organization. This is because the channels are different in terms of who they reach, cost and other factors that need to be considered (Kim, Hwang, & Fesenmaier, 2005). Due to the differences, advertisements delivered by different channels address different effective and cognitive processes and therefore different dimensions of psychological, it is therefore important for the five star hotel industry to understand the impact of the advertisement channel selection. This research now aims to contribute to the research in hotel industry advertising effectiveness by examining the different channels used and how they affect the financial performance.

Tourism is the second source of foreign exchange in Kenya after agriculture (“Tourism in Kenya,” 2019). Travel and tourism in Kenya grew by 5.6% which beats the average global growth of 3.9% and Sub Saharan Africa of 3.3%. This makes Kenya the third largest tourism economy in Sub Sahara Africa after South Africa and Nigeria (“Tourism in Kenya,” 2019)

The Kenyan hospitality industry is expected to grow by more than 8% from 2018 Onwards. It is still expected to increase at 6.9% compound annual growth rate to 20.6 million visitors in 2022 from 14.7 million in 2017. A five year forecast by PWC states that thirteen hotels with 2600 rooms will enter the market accounting for a 14% increase in hotel capacity. There has been increased traveller demand which has been driven by the position of Nairobi which is an East Africa’s commercial hub. The report by PWC has shown that there has been a significant differentiation within the hotels sector specifically among the four and five star hotel. Certain

hotels were able to host global leaders and international conferences helping to position them as high end and world class. Kenya has been reported to have the highest number of branded hotels in Sub Sahara Africa topping Nigeria, Ethiopia and Tanzania who are its competitors in the tourism market. The introduction of the direct flights by Kenya airways to New York will boost travel and hence increase the number of tourists visiting the country.

### **1.1.1 Radio advertisement**

Radio was a mass medium before the invention of the television and print, it appealed to majority of the people back then. Radio has however been considered highly specialized medium. Nowadays the people listening to it might be the commuters in the metropolitan. This is because majority of the people in the metropolitan areas use radio so that they can have information such as traffic or weather as they are in the go(Egbert, 1980) Despite radio being considered an old and outdated medium, it still holds the audience from large cities and metropolitan areas. Considering advertising options like developing appropriate communication mix and creating messages, the most used promotional medium is radio advertisements. However studies like(Puente, 2010) have suggested that radio advertisements is not applicable and neither is successful in certain industries like the travel and tourism. This is because consumers of such industry have a different reaction to a service rendered

Because of how specialized radio as medium has become programs are formulated so as to attract members of very specific demographics and psychographics(Puente, 2010), organizations therefore have to know in mind their target audience before doing their adverts on radio.

### **1.1.2 Television advertisements**

Television advertisement is considered to be the most effective medium to influence the purchase decision of consumers(Hassan, 2015) Television as a broadcast media has been considered to be more emotionally involving. This is because it works through a unique combination of sound, light and movement.

It is considered effective due to its satisfactory flexibility of rapid broadcasting of the message at different times. Advertisers however have to know their audience in depth so that they can formulate their message accordingly. This is because consumers perceive message differently. Firms that are considering television advertisement should consider persuasion and repetition of

the formulated message for purpose of effectiveness. These advertisements seem to be effective as they involve the consumer. This medium has been considered effective for the service industry like tourism and hotel industry(Hassan, 2015)

### **1.1.3 Newspaper advertisements**

The print media is one of the oldest and most highly regarded media for advertisement. The print contributes to providing information and transfer messages which have a longer impact on the minds of the consumers. The newspaper is considered to have such a high level of integrity as readers rely on it for factual information. Newspapers seems to engage its readers rationally as the information is perceived well making the readers conducive to receiving advertising messages and hence impact their purchases . The rationality that cokes with newspaper enhances the recognition of a brand by the readers.(Egbert, 1981).

### **1.1.4 Social media advertisements**

Social media is a media that is gaining popularity especially among the millennial. Companies have resorted to using the social media tools to reach their customers(Ainin, Parveen, Moghavvemi, Jaafar, & Mohd Shuib, 2015). Due to the busy lifestyle of the people, more and more people are opting for less television and more of the digital media

This media is considered to be cost effective because the audience is a click away and this therefore prevents firm from spending lots of money on it. It is beneficial as the millennial generation seems to have a huge presence on this channel therefore it is easier to reach the desired audience effectively.

### **1.1.5 Five star hotels in Kenya**

Hotels are establishments that offer accommodation, food and drinks for travellers, temporary residents and other facilities for the transaction of business meetings, conference and recreation and entertainment (Florence, 2018). This then makes hotels essential to economies. The hotel industry in Kenya plays a vital role to its economy as it supports tourism. The hotels are regulated by the Kenya Hotel and Restaurant Authority (KHRA).The general growth of the Kenyan economy and tourism sector has led to expansion of hotels. Hospitality industries have turned to measurement and management for international organizations in order to qualify for standardizations standard certification and company of the year awards. The managements of

hotels in Kenya have perfected the pursuit by focusing their attention on the coveted five star collections and have triggered the need for improved performance in the hotel industry which has contributed to the need for improved performance in the industry. This has pressured hotels to achieve the coveted five star ratings (Florence et al, 2018)

The five star hotels offer highest levels of luxury to its guest; they have range of amenities and sophisticated accommodation. In Nairobi they include; Serena hotel, Panari, Ole sereni, Sankara, Safari park etc.

## 1.2 Research problem

Tourism is the second income earner for Kenya after agriculture. This tells us that it is one of the key drivers of Kenyan socio-economic. The hotel industry also contributes to the Kenyan tourism industry. Reports have shown that there has been a decline in the number of tourists that are visiting Kenya, this could be attributed to the post-election violence and the terrorist attacks. This has therefore threatened the hotel industry as many hotels are dependent on the foreign tourist. This factor has contributed to the reduced bed occupancy rates which further trickles down to low financial performance. Another possible cause in the decline in the number of tourist could be attributed to inappropriate advertising channel that is undertaken by the hotel industry

A study by (Notta & Oustapassidis, 2001) evaluated the effects of the different advertising media and how they affect the profitability of the Greek food industry. This study evaluated the different advertising channels. The study examined the intensity of the different channels and how they each individually affect profitability of the firm .The results of the study show that television is the only medium that is likely to affect the profitability of the industry. This is because products of the food industry are experience products therefore television was effective in improving the profitability because of its persuasive nature. This study shows that different advertising media have different impact on the industries concerned. It was analyzed that other factors too affect the financial performance of industries apart from advertisement itself. A question of how the other advertising channels affecting the industry and the significant contribution however little did not really come out in this study.

A study by (Hu, Sung, & Keeler, 1995) analyzed the effect advertisement on the cigarette company. The study explains that advertisements do not really affect consumer preference nor does it affect financial performance. Despite the ban on advertisement of tobacco and its product the tobacco industry was seen to have increased sales. This clearly shows that advertisement does not in any way affect how consumers perceive products in any way. The study however does not analyze how the negative advertisement to be an impact in this kind of industry.

These contradictory findings have made it difficult to tell if really advertising channels affect financial performance. A study was therefore conducted to approve or disapprove these findings.

### **1.3 General objectives**

1. The main purpose of the study is to identify the effects of advertisement on the financial performance of a five star hotel in Nairobi

#### **1.3.1 Specific objectives**

1. To assess the effects of newspaper advertising on financial performance of five star hotels in Nairobi
2. To assess the effect of radio advertisement on financial performance of five star hotels in Nairobi
3. To assess the effect of television advertisement on financial performance of five star hotels in Nairobi
4. To assess the effect of social media advertisement on financial performance of five hotels in Nairobi

### **1.4 Research questions for the study**

1. How has newspaper advertisement affected the financial performance of five star hotels
2. How has radio advertisement affected the financial performance of five star hotels in Nairobi
3. How have television advertisement affected the financial performance of five star hotel in Nairobi
4. How has social media advertisement affected the financial performance of five star hotels in Nairobi

### **1.5 Value of the study**

The study may act as a tool for the five star hotels to plan their advertising strategies as they target their preferred audiences using the correct medium and focus on reducing cost of advertisement. It can also help the hotel industry to gauge their financial performance on the advertisement strategy used.

The study will also be a valuable to academics since it will have added to the existing information on the effects of advertising strategies on financial performance of five star hotels.

## **2. LITERATURE REVIEW**

### **2.1 Introduction**

This chapter has been based on the research objectives. It basically reviews literature that is relevant, theoretical foundations and the effects of the different channels of advertisement on financial performance of industries.

### **2.2 Theoretical review**

This tries to explain the relevant theory that tries to link how different advertisement channels affects firms financial performance in general based on their sales, operating income and revenue earned for that financial year. The theories that will be discussed in this chapter are; market response theory, cognitive theory and affective theory.

#### **2.2.1 Market response theory**

This is a theory that measure advertising as a function. It measures the effort invested against results gained(Brandt, n.d.). The purpose of market response theory is to measure the reaction of sales and market share to a certain advertising campaign. The theory is further divided into two dimensions which is aggregate and individual dimension. Aggregate dimension measures the relationship between market data regarding advertising spending or the audience and brand sales or market share while individual dimension measures the choice of brand or number of exposures to purchase power(Horsky, 1977).

The market response theory uses the concept of return on investments. The purpose of ROI is to measure how much is gained by investing in advertising. This helps investors to determine where to invest their resources so as to get the most profitable results(Brandt, n.d.) (Horsky, 1977) agree that this theory helps managers plan their advertisement expenses and come up with the best strategies of advertising that will earn them a return over a certain period of time.

### **2.2.2 Cognitive response theory**

This theory assumes that people are rational when making decision about their purchase (Brandt, n.d.). The model considers two categories of goods in the market, those involving the consumer experience and the ones that are related to search done by the consumer. The ones involving the consumer experience are as a result of continued use of the product by the consumer while the one related to searches is based on the objectives such as price. The model therefore explains the link between advertising and price elasticity of demand.

There are two types of cognitive responses: direct and indirect. Direct responses are relevant to the material being presenting and can increase persuasion. The cognitive response model suggests that effective messages of advertisements should take into account factors that are likely to enhance positive cognitive responses to the receivers (Brandt, n.d.)

### **2.2.3 Affective response theory**

This model focuses on the emotional response that advertisement can generate. This theory assumes that consumers form their preferences based on the emotion that arises on exposure to the message. The model emphasizes on the repeated exposure on the product to determine the effect (Brandt, n.d.). Studies by (Tellis, 2009) however show that the repeated exposure might lose effectiveness over a certain period of time. This is called the wear in-wear out.

In order to measure the effectiveness of this theory two criteria were combined: attitude towards advertised product and intention to try advertised product,

Wegener & Braverman (2004) provided evidence that people who are in a good mood like adverts more and are more capable and willing to process the information they have received. This means that when people are in good mood view the world through rose-colored glasses and evaluate events around them positively (Garsper, 2004)

A study by (Tellis, 2009) established that television advert processing is better when people get in a positive mood after seeing a program. Their explanation is that people who are in a bad mood after seeing a program are still processing the program centrally while seeing the advert, as a result of which the advert is processed peripherally. People who are in good mood after seeing a program are less inclined to analyze it further, and, therefore, are more capable of processing the advert centrally. As a result, a media context that is well appreciated may lead to a more

positive appreciation of the advert shown in that context and to more elaborate advert processing.

## **2.3 Empirical review**

This section looks at the different channels which include: radio, television, newspaper and social media. The relationship between these channels and financial performance is examined.

### **2.3.1 Radio advertisements**

Radio has been the largest medium for communication for a long time. It is able to reach a very large population and is very cost effective. This makes it the appropriate medium for advertising. There are so many factors that industries should understand when using this kind of medium; there is the growth of other advertising channels and sometimes makes it redundant and old fashioned for use.

A study by (Paul, Dihhlon, Bansal, & Bagga, 2017) researched on the effectiveness of radio as an advertising medium. The study assessed how radio could be effective for businesses in India by analysing its effectiveness; a primary research was conducted through an online survey to study the listenership pattern of a consumer. The study also aims to understand what kind of radio advertisement of advertisements aired on radio become successful and how consumers react to such advertisements. A primary research was conducted with structured questionnaires. The results of this research showed perception of listeners is influenced by various factors that allow them to act on an advertisement or not.

A study by (Puente, 2010) researched on the effect of radio advertising among urban commuters. This study aimed at analyzing the impact of radio advertisements on urban commuters towards buying behavior in retail stores and attempts to determine the role of radio advertising on dissemination of information on the sales promotions. The study used empirical analysis to analyze the data that it collected. The study revealed that the shopping behavior of urban consumers on retail stores in response to radio advertisement is highly influenced by the physical, cognitive and economic variables. Despite radio being old fashioned its radio are still effective even in this time and age.

An article by (Ergüven, 2015) studies the use of humour in radio advertisements and how that affected consumers. The study aimed to find the creative of commercials and their effects on purchase decisions using the content analysis techniques. The findings were that that radio creates this emotional connection with its listeners. Consumers that are involved emotionally in an advertisement were seen to make a purchase made. The more impersonal an advert lacks connection, the less of an emotional connection the consumer will feel. The loyalty and connection that listeners feel when listening to the chosen radio host means they trust their advice on an advertisement and are heavily influenced.

### **2.3.2 Television advertisements**

Television is the most prominent modality for the transmission and reception of video content. Television advertisement is considered to be the most effective medium to influence the purchase decision of consumers(Hassan, 2015) Television as a broadcast media has been considered to be more emotionally involving. This is because it works through a unique combination of sound, light and movement.

A study by (Lal & Vats, 2016) researched on the effectiveness of television and the attitude of the youth towards purchase of a product. This research study is done on the youth of Delhi. The study based on 125 youth selected by random sampling method and by applying both qualitative as well as quantitative techniques of research. The study concluded that advertisement does play a role in influencing the purchase decision of purchase. The study realized that foundation of television advertising is to create basic awareness about a product, service and ideas so that the consumers can make a rational decision from their mind. The research also calculated the consequences of consumer's frame of mind on advertising effectiveness using television; the result showed that consumers who are optimistic have a positive attitude towards advertisement and greater intent towards the brands and ads to try it than those with a negative mood.

A research by(Notta & Oustapassidis, 2001) studied the advertisement of food products on television and the effect it had on consumers. The research analyzed the eating behavior of consumers or the purchase of a food product after being exposed to it. The results showed that their behavior was heavily influenced by the advertisements. The study used the quantitative and qualitative method to analyze data .The research concluded that exposure to advertisements influenced buying decisions of consumers as it aids recall of brands at point of purchase.

A research by (Saumendra, 2018) studied the effectiveness of television advertisement on purchase intent of young people in the fashion industry on exposure to adverts. The research focused on certain products advertised and how it gets the brand awareness it needs. They used data from random cross-section sample to analyze data. The conclusion was that adverts help in enhancing knowledge about products, brands and availability. The research noted that advertisement quality and timing directly affects consumers.

### **2.3.2 Newspaper advertisement**

There are several factors that have been responsible for the high popularity of newspapers as an advertising medium: the extensive population coverage achieved, low cost per exposure resulting from its broad coverage as well as the relative cost of producing advertising materials. The flexibility offered by scheduling advertising on any day of the week as well as preparing advertisements at very short notice.

A study by (Bansal & Gupta, n.d.) Researched on the impact of informational content on the consumer buying behavior. The study assessed how advertisements with more informational content were found to influence the buying behavior of customers than advertisements with less informational content. Resnik and Stern criteria was used to evaluate the level of advertising information in newspaper advertisement. The findings were that advertisements with more informational content influenced more customers than the ones with less informational content.

A study by (Gurun & Butler, 2012) has analyzed on the immediacy, flexibility and relative economy of newspaper advertising in businesses. The study assesses how newspapers can be a useful tool in generating businesses for various companies. The study realized that newspapers are relatively cheap and are affordable to everyone; this therefore makes it accessible to all audiences hence making it the best tool for advertisement. The study used the quantitative and qualitative method to analyze data collected. Newspapers are rational in nature and therefore engage their consumers or readers in a rational manner, making it an effective method of advertising

### **2.3.4 Social media advertisement**

As social media continues to gain in popularity among consumers, companies seek to transform businesses with social media and capitalize on its financial value. Social media captures the “wisdom of the crowd.” This is their thought process. For executives, social media platforms can facilitate business transformation in terms of managing customer relationships, brand assets, and business processes. Executives may monitor the metrics of various digital social media in order to gauge customer feedback and brand buzz and ultimately improve firm performance(Oyoo, n.d.)

(Luo, Zhang, & Duan, 2013) did a study on the effects of social media advertisements and the impact they have on the firm equity. The study scrutinizes the predictive relationship between social media and firm equity value, the relative effects of social media compared with conventional online behavioural metrics and the dynamics of these relationships. The study used the vector auto regression (VAR) method to analyse data. Results showed that social media based metrics were a significant leading indicator of firm equity value when compared to Google searches which had a weaker predictive relationship to firm equity than social media. This is because social media had a wider reach.

A research by (Smits & Mogos, n.d.) Studied the impact of social media on business performances. Analysed how and what effects social media has on businesses. The study analysed how and what effects social media has on businesses. They studied a gaming company and reviewed that the company was able to make more sales when it was advertising on social media. The study used mixed research method including qualitative analysis based on interviews and quantitative analysis to analyse data. The findings were that use of social media enhances business capabilities and business performance. However, impact was not due to one social media tool by combining not one but six tools of social media into one effective social media ecosystem that enables coordination between internal and external business processes.

A study by (Anderson, 2012) researched on the role of social media on lodging performance in the hospitality industry. The study analyses the effects of social media upon consumers purchase

decisions and top line hotel performance. The study use regression analysis to analyse the data collected. The findings on the research were that hotel bookings improved over time after consumers were exposed to ratings of the hotel on social media. The study showed that social media has the potential to move markets by driving consumers' purchasing patterns and influencing lodging performance of hotels.

#### **2.4 Research gap**

While various authors show advertising channels have an effect on the financial performance(Egbert, 1981) very little attention is given to the specific variables that lead to the improved financial performance of the industries. (Siong, n.d.) Showed the extent to which various advertising channels had been used by industries in gauging the financial performance but with mixed feelings.

The review showed that much concentration had been directed to social media and television, for instance a study by (Tellis, 2009) while Radio and newspaper had received little attention in this setting despite findings from other scholars on the increasing use of these two advertising channels by industries. The existing studies on effects of radio and newspaper did not clearly show how the financial performance of the industries was influenced but focussed on purchase decisions. The review also showed that studies on this study area among five star hotels in Kenya were limited despite them being recognized as major advertising channels.

A study was therefore conducted to check of the effects of advertising channels on the financial performance of five star hotels in Nairobi was crucial in order to approve or disapprove the varying viewpoints on this study area which would lead to the expansion of the body of knowledge in this study area.

## **2.5 Conceptual framework**

This is a model where the relationships between the variables are explained. Radio advertisements, television advertisement, newspaper advertisement and social media advertisement are the independent variables while financial performance of hotels is the dependent variable.

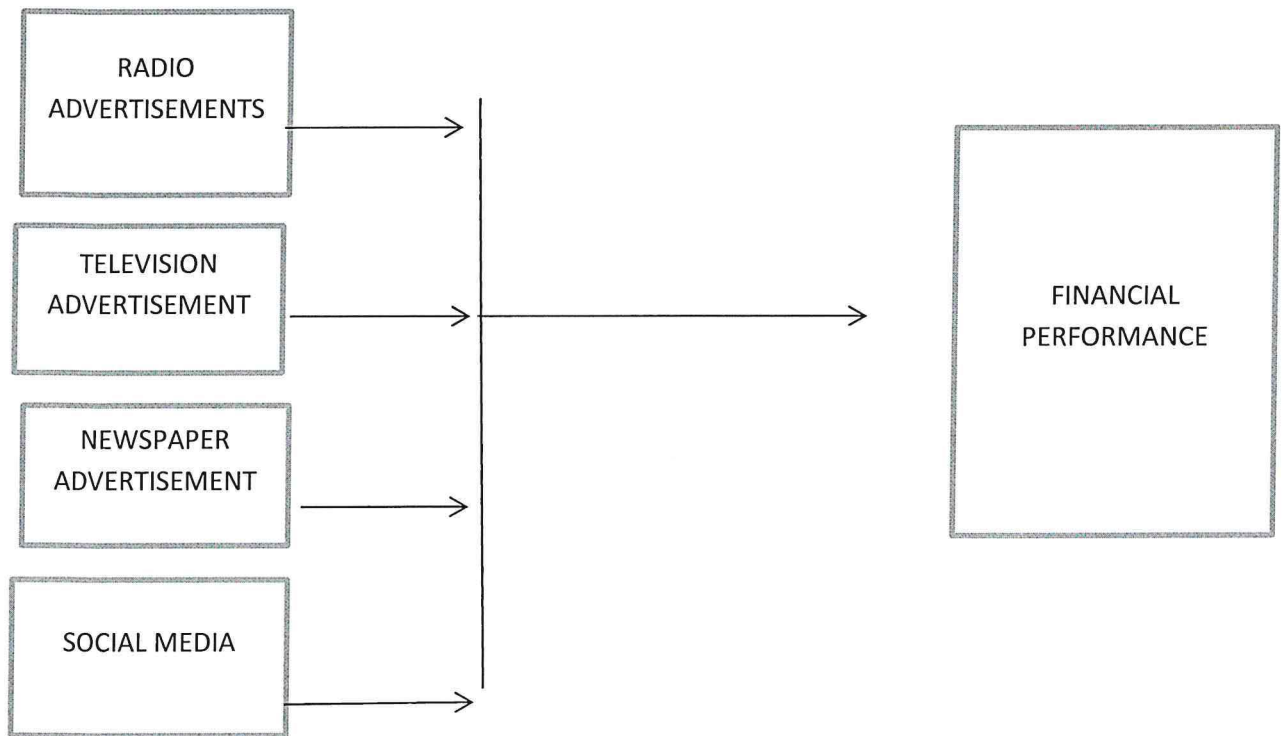
FIGURE 2.1 CONCEPTUAL FRAMEWORKS

**INDEPENDENT VARIABLE**

**DEPEENDENT VARIABLE**

**ADVERTISING CHANNELS**

**FINANCIAL PERFORMANCE**



## **2.6 Conclusion**

The literature review chapter illustrated the theoretical background and conceptual framework. From the literature reviewed in this chapter, there seemed to be mixed feelings with regards to the influence of advertising channels on the financial performance of five star hotels in Nairobi. There were suggestions that radio adverts were the least effective when it came to financial performance.

### 3 RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter talks of the methodology that was used to carry out the study. It describes the research design, population and sample, data collection and data analysis.

#### 3.2 Research design

A research design is not just a work plan; a work plan details what has to be done to complete the project. The function of a research design is to ensure that the evidence obtained enables us to answer the initial question as unambiguously as possible (Silva, 2017). This design is important so as we could explore how the different channels of advertising affect the financial performance of five star hotels.

The research design that was employed in this study was descriptive cross sectional survey. The design aims at describing the subject by use of data collected to its frequencies on research variables. The subjects of the study were the top managers of the five star hotels in Nairobi.

Cross sectional survey is described as a technique that is used to evaluate the relationship between variables and correlation studies (Silva, 2017). By using descriptive cross sectional survey, questions were posed to the respondents being studied thus facilitating the investigations that answered the research questions.

#### 3.3 Population and sample

A population is defined as the total respondents under the study focus which can help the researcher to achieve the intended purpose. Population defines the elements that are within the scope of the study. It is from the population that the sample was drawn.

The study's population consisted of the ten five star rated hotels in Nairobi County, Kenya... They include Sarova Stanley hotel, Hotel intercontinental, Hilton hotel, The Boma hotel, Panari hotel, Sovereign suites, Laico regency, Sankara hotel, Serena hotel and Villa Rossa Kempinski hotel (National tourism strategy, 2016)

The study targeted the entire management of the ten five star hotels. Kothari (2004) defines a sample as the selected respondent representing the population. The major criterion used when deciding on the sample size is the extent to which the sample size represents the population.

### **3.4 Validity and reliability**

#### **3.4.1 Validity**

As explained by (Shah, n.d.) Validity is the degree to which the analysis of results represents the phenomenon which is being studied. Questionnaires were used and pre tested among the five respondents within the study area who were excluded from the actual study to reduce potential biasness. In order to achieve content validity the researcher sought assistance from experts; supervisor who helped in the development of questionnaires so as to ensure that the data collected was relevant in answering the questions under the study.

#### **3.4 .2 Reliability**

This has been explained reliability as the degree of consistency by measuring instruments under the same conditions(Shah, n.d.). The respondents involved are able to arrive at the same results if they use the same instruments under the same circumstances. This research uses the Cronbach's alpha test method to check for reliability. Cronbach's alpha test is used to measure consistency in a set of survey options that the researcher believes measure the same construct ("Cronbach's Alpha," 2008)

### **3.5 Data collection**

Questionnaires were used to collect primary data. The research questionnaires were in two sections; the first section consisted of the questions of the respondents back story while the second one included questions from the study objective. The secondary data was collected from the hotel's websites, annual financial statements and company releases.

The questionnaires were carried out either through emails, word of mouth and on social media by creating various links so as to engage as many people as possible. Follow ups were done to ensure that the questions asked were well understood and they were not having trouble

answering them. This was also to make sure that the questions were answered within the given timeframe. This was done to ensure that they were valid and reliable for this study.

### **3.6 Data analysis**

Data analysis refers to the process of data reducing, summarizing, pattern examination and statistical evaluation necessary to prove or disapprove hypothesis (Cooper and Schindler, 2006). The data collected was checked for completeness and errors in the entries. It was then analyzed using the Statistical Program for Social Sciences (SPSS), which is the statistical program commonly used in research studies and has also been used in previous research work that have focused on a similar topic. The data collected was coded and categorized to make it easy to analyze and make conclusions and meaning of the data. Checking of errors before data analysis was undertaken to check for correctness of data input to the system.

#### **3.6.1 Descriptive Statistics**

This was used to analyze the objective that advertising channels have an effect on the financial performance of five star hotels in Nairobi. The mean and standard deviation were examined in this case. Descriptive statistics financial performances of the five star hotels were also extracted. Information related to the demographic characteristics the hotels was summarized in terms frequencies and percentages.

## 4 DATA ANALYSIS AND PRESENTATIONS

### 4.1 Introduction

The research objective was to find out the effect of advertising channels on the financial performance of five star hotels in Nairobi. This chapter presents the data analysis, findings and interpretation of the research carried out. Results are presented in tables and diagrams. The analyzed data was arranged under themes that reflected the research objectives. This included the demographic information of the students, descriptive statistics of social media platforms, correlation and regression analysis as well as a summary of the chapter.

### 4.2 Response rate

A total of 10 questionnaires were administered to each of the ten five star hotels. A total of 7 questionnaires were properly filled and returned. This represented an overall successful response rate of 70% as shown on Table 4.1. This response rate was considered adequate based on the assertions of recognized scholars such as Mugenda and Mugenda (2003) and Babbie (2004).

**Table 4.1 Response Rate**

<b>RESPONSE</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
<b>Responded</b>	<b>7</b>	<b>70%</b>
<b>Did not respond</b>	<b>3</b>	<b>30%</b>
<b>Total</b>	<b>10</b>	<b>100%</b>

### **4.3 demographic information**

This section discussed the information that describes the characteristics of the managers of the five star hotels. This included their age, gender, length of service with the hotel, level of education and we also looked at the duration of the hotel as a five star.

#### **4.3.1 Level of education**

This section studied the level of education each manager attained, this was essential in that it helped the research to identify if they were well versed with the advertisement channels and if they understood how each channel individually affected the financial performance of the hotel. This was also necessary in that it helped the research to know if the hotels really hired based on the qualifications too or if they considered other factors in the advertisement and marketing department.

#### **4.3.2 Length of service with the hotel**

The study included in the questionnaire the length of the service of each manager with the hotel. This was useful in that it would help the research to know if the person is well versed with the activities of the hotel. The longer the length of service the more answers we would get.

#### **4.3.3 Duration of the hotel as a five star**

The research also included a section on the questionnaire where it asked about the duration of the hotel as a five star. This is because of the competitive nature of the hospitality industry which has necessitated the rampant growth of five star hotels, A hotel that had been in service for a longer time was helpful in our research in that it would bring out the actual effects of the different advertising channels on the financial performance of the hotel over the length of time.

### **4.4 Descriptive analysis**

This section presents descriptive statistics pertaining to the extent to which five star hotels use advertisement instruments such as radio, television, newspaper and social media pertaining to their financial performance.

#### 4.4.1 Radio adverts and financial performance

A set of eleven questions representing different aspects of the extent to which radio influenced financial performance of five star hotels were presented to the respondents and they were in turn requested to express their degree of agreement on a Likert scale. This was where 1 represented a strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree and 5 was strongly agree... The respondents were requested to indicate their level of agreement with the number of questions administered. The results that were gotten from the questions answered were described using descriptive statistics where the mean and standard deviation were examined.

The results were first described using descriptive statistics where mean and standard deviation was computed to give the extent to which radio adverts influenced financial performance. As shown in Table 4.2, the overall mean was 2.35 while the standard deviation was 1.5. This implied that overall, the respondents disagreed that radio influences the financial performance of five star hotel.

**Table 4.2 Use of radio adverts to influence financial performance**

<b>Use of radio adverts to influence financial performance</b>	<b>Mean</b>	<b>Standard Deviation</b>
Does the hotel consider the cost of advertisement to gauge its effectiveness?	<b>3.42</b>	<b>2.03</b>
Does radio adverts increase sales volumes of the hotel?	<b>2.57</b>	<b>1.60</b>
Do radio adverts increase profits of the organization?	<b>4.2</b>	<b>2.04</b>
Do adverts on radio increase the purchase of the hotel products?	<b>4.2</b>	<b>2.04</b>
Do adverts on radio increase the hotel's relationships with the customers?	<b>2.57</b>	<b>1.60</b>
Does the advertisement on radio improve brand loyalty?	<b>2.57</b>	<b>1.60</b>
Do radio adverts promote offseason buying of the hotel product	<b>2.57</b>	<b>1.60</b>
<b>Total</b>	<b>2.35</b>	<b>1.5</b>

#### 4.4.2 Newspaper adverts and financial performance

A set of eleven questions representing different aspects of the extent to which Newspaper influenced financial performance of five star hotels were presented to the respondents and they were in turn requested to express their degree of agreement on a Likert scale. This was where 1 represented a strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree and 5 was strongly agree... The respondents were requested to indicate their level of agreement with the number of questions administered. The results that were gotten from the questions answered were described using descriptive statistics where the mean and standard deviation were examined. The results were first described using descriptive statistics where mean and standard deviation was computed to give the extent to which radio adverts influenced financial performance. As shown in Table 4.3, the overall mean was 2.89 while the standard deviation was 1.7. This implied that overall, the respondents disagreed that Television influences the financial performance of five star hotels

**Table 4.3 Newspaper advert and financial performance**

<b>Use of Newspaper adverts to influence financial performance</b>	<b>Mean</b>	<b>Standard Deviation</b>
Does the hotel consider the cost of advertisement to gauge its effectiveness?	<b>3.14</b>	<b>1.84</b>
Do Newspaper adverts increase sales volumes?	<b>2.28</b>	<b>1.50</b>
Do Newspaper adverts increase profits?	<b>2.8</b>	<b>1.67</b>
Do Newspaper adverts increase the purchase of the hotel products?	<b>2.8</b>	<b>1.67</b>
Do Newspaper adverts increase the hotel's relationships with the customers?	<b>2.57</b>	<b>1.60</b>
Do Newspaper adverts improve brand loyalty?	<b>2.57</b>	<b>1.60</b>
Do Newspaper adverts promote offseason buying of the hotel product	<b>2.57</b>	<b>1.60</b>
<b>TOTAL</b>	<b>2.89</b>	<b>1.7</b>

#### 4.4.3 Television adverts and financial performance

A set of eleven questions representing different aspects of the extent to which Television influenced financial performance of five star hotels were presented to the respondents and they were in turn requested to express their degree of agreement on a Likert scale. This was where 1 represented a strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree and 5 was strongly agree. The respondents were requested to indicate their level of agreement with the number of questions administered. The results that were gotten from the questions answered were described using descriptive statistics where the mean and standard deviation were examined. The results were first described using descriptive statistics where mean and standard deviation was computed to give the extent to which radio adverts influenced financial performance. As shown in Table 4.4, the overall mean was 3.36 while the standard deviation was 1.83. This implied that overall, the respondents disagreed that newspaper influences the financial performance of five star hotels.

**Table 4.4 Television adverts and financial performance**

<b>Use of newspaper adverts to influence financial performance</b>	<b>Mean</b>	<b>Standard Deviation</b>
Does the hotel consider the cost of advertisement to gauge its effectiveness?	<b>3.28</b>	<b>1.81</b>
Do Television adverts increase sales volumes?	<b>2.57</b>	<b>1.60</b>
Do Television adverts increase profits?	<b>3.57</b>	<b>1.88</b>
Do adverts on Television increase the purchase of the hotel products?	<b>2.85</b>	<b>1.68</b>
Do adverts on Television increase the hotel's relationships with the customers?	<b>4</b>	<b>2</b>
Do Television adverts improve brand loyalty?	<b>3.71</b>	<b>1.93</b>
Do Television adverts promote offseason buying of the product	<b>3.57</b>	<b>1.89</b>
<b>Total</b>	<b>3.36</b>	<b>1.83</b>

#### 4.4.4 Social media adverts and financial performance

A set of eleven questions representing different aspects of the extent to which social media influenced financial performance of five star hotels were presented to the respondents and they were in turn requested to express their degree of agreement on a Likert scale. This was where 1 represented a strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree and 5 was strongly agree. The respondents were requested to indicate their level of agreement with the number of questions administered. The results that were gotten from the questions answered were described using descriptive statistics where the mean and standard deviation were examined. The results were first described using descriptive statistics where mean and standard deviation was computed to give the extent to which radio adverts influenced financial performance. As shown in Table 4.5, the overall mean was 3.84 while the standard deviation was 1.94. This implied that overall, the respondents disagreed that social media influences the financial performance of five star hotel.

**Table 4.5 Social media adverts and financial performance**

<b>Use of social media adverts to influence financial performance</b>	<b>Mean</b>	<b>Standard Deviation</b>
Does the hotel consider the cost of advertisement to gauge its effectiveness	4.2	2.04
Does social media adverts increase sales volumes of the hotel?	3.71	1.92
Do social media adverts increase profits of the organization?	3.57	1.88
Do adverts on social media increase the purchase of the hotel products?	4.14	2.03
Do adverts on social media increase the hotel's relationships with the customers?	4	2
Do Social media adverts improve brand loyalty?	3.71	1.92
Do social media adverts promote offseason buying of the hotel product	3.57	1.88
<b>TOTAL</b>	<b>3.84</b>	<b>1.94</b>

#### **4.5 Financial performance of the hotels**

From the above information collected. It is observed that clearly the advertising channels do not have such an influence on the financial performance of the hotel. Other factors have to be considered by the five star hotels in Kenya apart from just the choice of the medium. The advertisement should include the message and also how frequently the consumers of such advertisement are exposed to the message. The five star hotels should consider the combination of two or three advertising channels to determine this effect on its financial performance. From the study done it is observed that advertising on different channels with all other factors held constant only contributes to a positive attitude toward the advert. This positive attitude therefore contributes to a positive attitude towards brand loyalty which in one way or another could now influence the number of sales hence increases financial performance of the five star hotels.

#### **4.8 Conclusion**

This chapter has provides a comprehensive account of how data gathered was analyzed in order to answer the stated research questions. The first objective of the study was to establish the extent to which to which radio adverts influence the financial performance. From the means of responses and standard deviations that were calculated, it can be said that Social media was the platform used to the largest extent in order to influence financial performance of the five star hotel followed by Television then Newspaper and Radio which was least utilized by the hotels to advertise.

The second objective of the study was to examine the extent to which Radio influenced the financial performance of the five star hotels. The study found that Radio had a weaker relationship with financial performance. This could be because of radio being an outdated medium for advertisement. The audience of five star hotels could possibly not be reached on this particular type of medium. The third objective of the study sought to determine the extent to which Newspaper influenced the financial .The study found that newspaper had a weak influence on financial performance. The fourth objective of the study was to examine the extent to which Television influenced the financial performance of five star hotels. The study found that

television adverts have a strong effect on the financial performance of five star hotels. This is because television adverts are visual and allow for consumers to process the message being passed across. It was determined that these were one of the best channels to advertise with when it comes to hotels and things like tourism. This is in relation to a study by (Stáfford & Day, 1995) where he talks of how medium appeals to consumers and he agreed that television had a combination of both sound and visual which stuck with consumers.

The fifth objective of the study was to check and examine the extent to which social media as an advertising medium affected the financial performance of five star hotels. The study found that social media was one of the cheapest medium to consider advertising on. This was included in the questionnaires where the respondents were asked if they considered cost of the medium before advertising to gauge performance. The responds on social media were different in that it was seen as one of the cheapest ways to advertise as consumers were easy to reach. The only cost that could be accounted for could be the use of influencers on social media which happens to fall on a different criterion.

The study examined that five star hotels did not hold a major preference for which medium of advertisement, however the results found that television and social media majorly influenced the hotel bookings of the hotels.

## **5. DISCUSSIONS, CONCLUSION AND RECOMMENDATION**

### **5.1 Introduction**

This chapter of the study presents discussions of the findings in the previous chapter. It also includes the recommendations, limitations and suggestions for the study in the future.

### **5.2 Discussions of study findings**

This section of the study presents the discussion of the major findings of the study; the discussions are in alignment with the objectives of the study. The discussions are presented first with the primary findings of the study which are later compared with the reviewed literature in the second chapter.

#### **5.2.1 Extent of use of advertising channels to influence financial performance of five star hotel**

The first objective of the study sought to establish the extent to which advertising channels influence the financial performance of five star hotels in Kenya. A questionnaire was administered where the five star hotels in the students were asked to state their extent of agreement with a number of items pertaining to the influence of each advertising channel on the financial performance.

The descriptive statistics obtained showed that social media had the highest overall mean of responses score of 3.84 followed by Television with a mean score of 3.36 and then newspaper with a mean score 2.89 and finally radio with a mean score of 2.35. These findings implied that the hotels were aware of the effect of advertising channels in their financial performance. The findings implied that Social media and Television had a major influence and was widely used by most hotels to market themselves.

#### **5.2.2 Extent of use of radio to influence financial performance of five star hotel**

The study sought to examine the extent to which radio as an advertisement channel influenced financial performance of five hotels in Kenya. The study found that Radio has to some extent significant and positive effect on the financial performance of the five star hotels. Radio however

is an important advertising channel used when the hotel intends to build brand loyalty with its consumers. The findings support that of (Puente, 2010) who found radio as a means of advertisement that does support buying behaviour of products advertised. It is not a tool that would be of much effect as hotel advertisements need to be as visual as possible in order to make an impact on their consumers. The study's findings support that of (Paul et al., 2017) who agreed that perception of listeners was influenced by various factors that allowed them to act on the advertisement or not. He continued to state that effectiveness of radio as an advertisement channel would be that it played on the right channel, at the right time at the right frequency which was mostly not achievable therefore effectiveness of radio as an advertisement channel was minimal especially on financial performance. The study also examined that radio was a good tool for one to build brand loyalty and connection among the consumers of five star hotel advertisements.

### **5.2.3 Extent of use of newspaper to influence financial performance of five star hotel**

The study sought to examine the extent to which newspaper advertisement influenced the financial performance of five star hotels in Kenya. The study found that newspaper influenced the financial performance in a positive and significant way. The findings also showed that newspaper had a significant influence on interest income, total operating income and return on assets as well as the overall financial performance of the five star hotels. The study's findings were in agreement with that of (Egbert, 1981) who found that Newspapers seems to engage its readers rationally as the information is perceived well making the readers conducive to receiving advertising messages and hence impact their purchases . The rationality that comes with newspaper enhances the recognition of a brand by the readers.(Egbert,1981).The studies also support findings by (Bansal & Gupta, n.d.) Who are in agreement that newspaper advertises to some degree influence the sale of a company? This is because the information received is deemed to be rational and hence engages the readers who are the consumers of the adverts.

### **5.2.4 Extent of use of television to influence financial performance of five star hotel**

The study sought to examine the extent to which television advertises influence financial performance of five star hotels in Kenya. The study found that Television advertises positively influenced the financial performance of the hotels in study. The findings found that television had a positive influence on the interest income, total operating income and returns on assets as

well as the overall financial performance of the five star hotels. The study's findings were in agreement with (Shachar & Anand, n.d.). The study concludes that exposure of consumers to television advertisements heavily influenced the recall of a brand and this led to purchase of the hotel products hence high operating income of a hotel. The study is also in line with the views of (Krugman, 1965) who agrees that the combination of both sound and visual products to consumers of the adverts was seen to be influencing purchase options and choice of brand. The study also agrees with the study of (Deng & Mela, 2018) who stated that television adverts were seen to raise profits relative to show level targeting of the firms that use it as a medium of advertising.

### **5.2.5 Extent of use of social media to influence financial performance of five star hotels**

The study sought to examine the extent to which social media influences financial performance of five star hotels in Kenya. The study found that social media positively influenced the overall performance of five star hotels in Kenya. Social media was seen to have a significant influence on interest income, total operating income and return on assets of the five star hotels in Kenya. The study findings are in agreement with the findings from (Anderson, 2012) who found that social media was the best tool to market products or services. This was due to it being cost effective and adverts being able to reach consumers quickly, either a retweet or a like or even a share could get an advert trending depending on its quality. They also support the study of (Smits & Mogos, n.d.) who reviewed that a company was able to make more sales when it was advertising on social media. The study is also in line with (Anderson, 2012) whose findings were that hotel bookings improved over time after consumers were exposed to ratings of the hotel on social media. The study agrees with (Luo et al., 2013) whose results showed that social media based metrics were a significant leading indicator of firm equity value when compared to Google searches which had a weaker predictive relationship to firm equity than social media. This is because social media had a wider reach.

### **5.3 Conclusions of the study**

According to the study findings, the study concluded that advertising channels under investigation namely radio, television, newspaper and social media significantly explained the variations in the or the extent to which they influence financial performance of the five star hotels in Kenya. The study concluded that Social media had the greatest influence on the financial performance while radio had the least influence on the financial performance of the five star hotels in Kenya.

The study also concluded that these advertising channels were attributed to 78.0% of the total variability in the financial performance of the hotels. These conclusions are in line with the findings of (Siong, n.d.) Who found that financial performance of each hotel was impacted to a different extent by advertising channels? However, the conclusions arise from a study (Tellis, 2009) that there was no relationship between advertising channels and financial performance of the hotels. The study concluded that advertising is not the variable of choice for increasing sales or financial performance but rather this was to build customer relationship and brand loyalty which in long term could influence the financial performance.

### **5.4 Recommendations of the study**

The study recommends that businesses and firms need to appreciate the potential of the various advertising channels to complement each other in influencing financial performance of the industry. Therefore, the study recommends that it is crucial for these businesses/firms to ensure that they exploit the advertising channels available to entice or impress their target markets so as to achieve greater success in marketing their products/services, brands.

The study also recommends that the management of various businesses or firms can apply the insights from this study for decision making purposes regarding the most suitable an efficient advertising channel to use in marketing and reaching out to their targeted customers and what action plans can be used to ensure that the platforms chosen are tailored to achieve maximum results. The study also recommends that these firms can use the information provided in this study to guide the type and amount of resources as well as the efforts that should be directed to the various social media platforms used in reaching out to the customers. These hotels should be aware of the fact that there are times when the effective use of the advertisement are needed like during the festive seasons. The hotels should take full advantage of peak seasons by developing

an effective and efficient advertisement campaign that increase consumer's awareness thereby leading to increased sales.

### **5.5 Limitations of the study**

The current study provided further insight into the influence of advertising channels on the financial performance of five star hotels but with limitations. The study's research design used which was cross-sectional method. This method was where the various respondents were assessed on their perspectives of the variables that were being studied. This method was a limitation in that it prevented close investigation of several aspects of the relationships in the study. The study suggest for further studies where using longitudinal study whereby the various aspects of the study will be assessed to determine if the results will be the same. The use of cross-sectional data prevented close investigation of several aspects of the relationships in the study. Further study should therefore be conducted on the same sector using the longitudinal study whereby the various aspects will be assessed to determine the whether the results will be the same.

Finally, the study only focused on five star hotels only while there are more hotels in the country. Future studies could focus on wider coverage of the hotel industry in order to assess the influence of advertising channels on financial performance

### **5.6 Suggestions for further studies**

The study recommends that a similar study should be conducted involving all the hotels in different categories to allow for comparisons as this are a case for five star hotels only. The study recommends further research to be conducted to show how the different features of the different advertising channels performs on the extent to which each advertising channel influences financial performance of hotels. A study that shows whether there are differences in the influence of the various advertising channels on financial performance is also recommended.

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## APPENDICES

This data collection tool has been designed to assist the researcher in gathering information pertaining to the “Influence of advertising channels on the financial performance of five star hotels in Kenya”. Kindly answer the following questions as honestly and accurately as possible. The information given will be treated with a lot of confidentiality. Please do not

write your name anywhere on this questionnaire. You are encouraged to give your honest opinion. Thank you.

1. What is your gender?

- a) Male [    ]
- b) Female [    ]

2. Length of service with the five star hotels

- a) Less than 5 years
- b) 5-10 years
- c) More than 10 years

B. Please indicate the extent to which you use the following social media platforms. Using the following scale 1=Not at all, 2= to a small extent, 3=to a moderate extent, 4= to a great extent, 5=to a very great extent

Advertisement channel	1	2	3	4	5
a) Radio					
b) Newspaper					
c) Television					
d) Social media					

C. Using the following scale 1= Strongly Disagree, 2=Agree, 3=Somewhat Agree, 4=Agree, 5=Strongly Agree. Please indicate the extent to which social media platforms influences your purchasing decisions.

Advertisement channel	1	2	3	4	5
Radio and financial performance					
Does the hotel consider the cost of					

advertisement to gauge its effectiveness?					
Does radio adverts increase sales volumes of the hotel?					
Do radio adverts increase profits of the organization?					
Do adverts on radio increase the purchase of the hotel products?					
Do adverts on radio increase the hotel's relationships with the customers?					
Does the advertisement on radio improve brand loyalty?					
Do radio adverts promote offseason buying of the hotel product					

Advertisement channel	1	2	3	4	5
Newspaper and financial performance					
Does the hotel consider the cost of advertisement to gauge its effectiveness?					
Does newspaper adverts increase sales volumes of the hotel?					

Do Newspaper adverts increase profits of the organization?					
Do adverts on Newspaper increase the purchase of the hotel products?					
Do adverts on Newspaper increase the hotel's relationships with the customers?					
Does the advertisement on Newspaper improve brand loyalty?					
Do Newspaper adverts promote offseason buying of the hotel product					

Advertisement channel	1	2	3	4	5
Television and financial performance					
Does the hotel consider the cost of advertisement to gauge its effectiveness?					
Do Television adverts increase sales volumes of the hotel?					
Do Television adverts increase profits of the organization?					
Do adverts on Television increase the purchase of the hotel products?					

Do adverts on Television increase the hotel's relationships with the customers?					
Does the advertisement on Television improve brand loyalty?					
Do Television adverts promote offseason buying of the hotel product					

Advertisement channel	1	2	3	4	5
Social media and financial performance					
Does the hotel consider the cost of advertisement to gauge its effectiveness?					
Does Social media adverts increase sales volumes of the hotel?					
Do social media adverts increase profits of the organization?					
Do adverts on social media increase the purchase of the hotel products?					

Do adverts on social media increase the hotel's relationships with the customers?					
Does the advertisement on social media improve brand loyalty?					
Do social media adverts promote offseason buying of the hotel product					

# Project Report

*by* Johna Mach Adior

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## 1. CHAPTER ONE

48

### 1.1 Background of the study

Advertising is considered to be a communication process. The communication is done through different channels to reach different audience. The advertisement information is perceived differently by the consumers. This form of marketing consists of both tangible and intangible assets which are products, services and ideas. Since advertisement is a process based on the general scheme of the marketing communication process, it uses impersonal media such as radio, television, newspaper and social media (Bogdan Nichifor, 2014)

The effectiveness of advertisement is based on the channel use. The choice of the media channel is very crucial to an organization. This is because the channels are different in terms of who they reach, cost and other factors that need to be considered (Kim, Hwang, & Fesenmaier, 2005). Due to the differences, advertisements delivered by different channels address different effective and cognitive processes and therefore different dimensions of psychological, it is therefore important for the five star hotel industry to understand the impact of the advertisement channel selection. This research now aims to contribute to the research in hotel industry advertising effectiveness by examining the different channels used and how they affect the financial performance.

Tourism is the second source of foreign exchange in Kenya after agriculture ("Tourism in Kenya," 2019). Travel and tourism in Kenya grew by 5.6% which beats the average global growth of 3.9% and Sub Saharan Africa of 3.3%. This makes Kenya the third largest tourism economy in Sub Sahara Africa after South Africa and Nigeria ("Tourism in Kenya," 2019)

The Kenyan hospitality industry is expected to grow by more than 8% from 2018 onwards. It is still expected to increase at 6.9% compound annual growth rate to 20.6 million visitors in 2022 from 14.7 million in 2017. A five year forecast by PWC states that thirteen hotels with 2600 rooms will enter the market accounting for a 14% increase in hotel capacity. There has been increased traveller demand which has been driven by the position of Nairobi which is an East Africa's commercial hub. The report by PWC has shown that there has been a significant

differentiation within the hotels sector specifically among the four and five star hotel. Certain hotels were able to host global leaders and international conferences helping to position them as high end and world class. Kenya has been reported to have the highest number of branded hotels in Sub Sahara Africa topping Nigeria, Ethiopia and Tanzania who are its competitors in the tourism market. The introduction of the direct flights by Kenya airways to New York will boost travel and hence increase the number of tourists visiting the country.

### 1.1.1 Radio advertisement

Radio was a mass medium before the invention of the television and print, it appealed to majority of the people back then. Radio has however been considered highly specialized medium. Nowadays the people listening to it might be the commuters in the metropolitan. This is because majority of the people in the metropolitan areas use radio so that they can have information such as traffic or weather as they are in the go (Egbert, 1980) Despite radio being considered an old and outdated medium, it still holds the audience from large cities and metropolitan areas. Considering advertising options like developing appropriate communication mix and creating messages, the most used promotional medium is radio advertisements. However studies like (Puente, 2010) have suggested that radio advertisements is not applicable and neither is successful in certain industries like the travel and tourism. This is because consumers of such industry have a different reaction to a service rendered

Because of how specialized radio as medium has become programs are formulated so as to attract members of very specific demographics and psychographics (Puente, 2010), organizations therefore have to know in mind their target audience before doing their adverts on radio.

### 1.1.2 Television advertisements

Television advertisement is considered to be the most effective medium to influence the purchase decision of consumers (Hassan, 2015) Television as a broadcast media has been considered to be more emotionally involving. This is because it works through a unique combination of sound, light and movement.

It is considered effective due to its satisfactory flexibility of rapid broadcasting of the message at different times. Advertisers however have to know their audience in depth so that they can formulate their message accordingly. This is because consumers perceive message differently.

Firms that are considering television advertisement should consider persuasion and repetition of the formulated message for purpose of effectiveness. These advertisements seem to be effective as they involve the consumer. This medium has been considered effective for the service industry like tourism and hotel industry(Hassan, 2015)

### **1.1.3 Newspaper advertisements**

The print media is one of the oldest and most highly regarded media for advertisement. The print contributes to providing information and transfer messages which have a longer impact on the minds of the consumers. The newspaper is considered to have such a high level of integrity as readers rely on it for factual information. Newspapers seems to engage its readers rationally as the information is perceived well making the readers conducive to receiving advertising messages and hence impact their purchases . The rationality that comes with newspaper enhances the recognition of a brand by the readers.(Egbert, 1981).

### **1.1.4 Social media advertisements**

Social media is a media that is gaining popularity especially among the millennial. Companies have resorted to using the social media tools to reach their customers(Ainin, Parveen, Moghavvemi, Jaafar, & Mohd Shuib, 2015). Due to the busy lifestyle of the people, more and more people are opting for less television and more of the digital media

This media is considered to be cost effective because the audience is a click away and this therefore prevents firm from spending lots of money on it. It is beneficial as the millennial generation seems to have a huge presence on this channel therefore it is easier to reach the desired audience effectively.

### **1.1.5 Five star hotels in Kenya**

Hotels are establishments that offer accommodation, food and drinks for travellers, temporary residents and other facilities for the transaction of business meetings, conference and recreation and entertainment (Florence, 2018). This then makes hotels essential to economies. The hotel industry in Kenya plays a vital role to its economy as it supports tourism. The hotels are regulated by the Kenya Hotel and Restaurant Authority (KHRA). The general growth of the Kenyan economy and tourism sector has led to expansion of hotels. Hospitality industries have turned to measurement and management for international organizations in order to qualify for

standardizations standard certification and company of the year awards. The managements of hotels in Kenya have perfected the pursuit by focusing their attention on the coveted five star collections and have triggered the need for improved performance in the hotel industry which has contributed to the need for improved performance in the industry. This has pressured hotels to achieve the coveted five star ratings (Florence et al, 2018)

The five star hotels offer highest levels of luxury to its guest; they have range of amenities and sophisticated accommodation. In Nairobi they include; Serena hotel, Panari, Ole sereni, Sankara, Safari park etc.

## 1.2 Research problem

Tourism is the second income earner for Kenya after agriculture. This tells us that it is one of the key drivers of Kenyan socio-economic. The hotel industry also contributes to the Kenyan tourism industry. Reports have shown that there has been a decline in the number of tourists that are visiting Kenya, this could be attributed to the post-election violence and the terrorist attacks. This has therefore threatened the hotel industry as many hotels are dependent on the foreign tourist. This factor has contributed to the reduced bed occupancy rates which further trickles down to low financial performance. Another possible cause in the decline in the number of tourist could be attributed to inappropriate advertising channel that is undertaken by the hotel industry

A study by (Notta & Oustapassidis, 2001) evaluated the effects of the different advertising media and how they affect the profitability of the Greek food industry. This study evaluated the different advertising channels. The study examined the intensity of the different channels and how they each individually affect profitability of the firm. The results of the study show that television is the only medium that is likely to affect the profitability of the industry. This is because products of the food industry are experience products therefore television was effective in improving the profitability because of its persuasive nature. This study shows that different advertising media have different impact on the industries concerned. It was analyzed that other factors too affect the financial performance of industries apart from advertisement itself. A question of how the other advertising channels affecting the industry and the significant contribution however little did not really come out in this study.

A study by (Hu, Sung, & Keeler, 1995) analyzed the effect advertisement on the cigarette company. The study explains that advertisements do not really affect consumer preference nor does it affect financial performance. Despite the ban on advertisement of tobacco and its product the tobacco industry was seen to have increased sales. This clearly shows that advertisement does not in any way affect how consumers perceive products in any way. The study however does not analyze how the negative advertisement to be an impact in this kind of industry.

These contradictory findings have made it difficult to tell if really advertising channels affect financial performance. A study was therefore conducted to approve or disapprove these findings.

### 1.3 General objectives

1. The main purpose of the study is to identify the effects of advertisement on the financial performance of a five star hotel in Nairobi

### **1.3.1 Specific objectives**

1. To assess the effects of newspaper advertising on financial performance of five star hotels in Nairobi
2. To assess the effect of radio advertisement on financial performance of five star hotels in Nairobi
3. To assess the effect of television advertisement on financial performance of five star hotels in Nairobi
4. To assess the effect of social media advertisement on financial performance of five hotels in Nairobi

### **1.4 Research questions for the study**

1. How has newspaper advertisement affected the financial performance of five star hotels
2. How has radio advertisement affected the financial performance of five star hotels in Nairobi
3. How have television advertisement affected the financial performance of five star hotel in Nairobi
4. How has social media advertisement affected the financial performance of five star hotels in Nairobi

### **1.5 Value of the study**

The study may act as a tool for the five star hotels to plan their advertising strategies as they target their preferred audiences using the correct medium and focus on reducing cost of

advertisement. It can also help the hotel industry to gauge their financial performance on the advertisement strategy used.

The study will also be a valuable to academics since it will have added to the existing information on the effects of advertising strategies on financial performance of five star hotels.

## **2.1 Introduction**

This chapter has been based on the research objectives. It basically reviews literature that is relevant, theoretical foundations and the effects of the different channels of advertisement on financial performance of industries.

## **2.2 Theoretical review**

This tries to explain the relevant theory that tries to link how different advertisement channels affects firms financial performance in general based on their sales, operating income and revenue earned for that financial year. The theories that will be discussed in this chapter are; market response theory, cognitive theory and affective theory.

### **2.2.1 Market response theory**

This is a theory that measure advertising as a function. It measures the effort invested against results gained (Brandt, n.d.). The purpose of market response theory is to measure the reaction of sales and market share to a certain advertising campaign. The theory is further divided into two dimensions which is aggregate and individual dimension. Aggregate dimension measures the relationship between market data regarding advertising spending or the audience and brand sales or market share while individual dimension measures the choice of brand or number of exposures to purchase power (Horsky, 1977).

The market response theory uses the concept of return on investments. The purpose of ROI is to measure how much is gained by investing in advertising. This helps investors to determine where to invest their resources so as to get the most profitable results (Brandt, n.d.) (Horsky, 1977) agree that this theory helps managers plan their advertisement expenses and come up with the best strategies of advertising that will earn them a return over a certain period of time.

### **2.2.2 Cognitive response theory**

This theory assumes that people are rational when making decision about their purchase (Brandt, n.d.). The model considers two categories of goods in the market, those involving the consumer experience and the ones that are related to search done by the consumer. The ones involving the consumer experience are as a result of continued use of the product by the consumer while the

one related to searches is based on the objectives such as price. The model therefore explains the link between advertising and price elasticity of demand.

There are two types of cognitive responses: direct and indirect. Direct responses are relevant to the material being presenting and can increase persuasion.

### 2.2.3 Affective response theory

This model focuses on the emotional response that advertisement can generate. This theory assumes that consumers form their preferences based on the emotion that arises on exposure to the message. The model emphasizes on the repeated exposure on the product to determine the effect (Brandt, n.d.). Studies by (Tellis, 2009) however show that the repeated exposure might lose effectiveness over a certain period of time. This is called the wear in-wear out.

In order to measure the effectiveness of this theory two criteria were combined: attitude towards advertised product and intention to try advertised product.

Wegener & Braverman (2004) provided evidence that people who are in a good mood like adverts more and are more capable and willing to process the information they have received. This means that when people are in good mood view the world through rose-colored glasses and evaluate events around them positively (Garsper, 2004)

## 2.3 Empirical review

This section looks at the different channels which include: radio, television, newspaper and social media. The relationship between these channels and financial performance is examined.

### 2.3.1 Radio advertisements

Radio has been the largest medium for communication for a long time. It is able to reach a very large population and is very cost effective. This makes it the appropriate medium for advertising. There are so many factors that industries should understand when using this kind of medium; there is the growth of other advertising channels and sometimes makes it redundant and old fashioned for use.

A study by (Paul, Dihhlon, Bansal, & Bagga, 2017) researched on the effectiveness of radio as an advertising medium. The study assessed how radio could be effective for businesses in India

by analysing its effectiveness; a primary research was conducted through an online survey to study the listenership pattern of a consumer. The study also aims to understand what kind of radio advertisement of advertisements aired on radio become successful and how consumers react to such advertisements. A primary research was conducted with structured questionnaires. The results of this research showed perception of listeners is influenced by various factors that allow them to act on an advertisement or not.

A study by (Puate, 2010) researched on the effect of radio advertising among urban commuters. The study used empirical analysis to analyze the data that it collected. The study revealed that the shopping behavior of urban consumers on retail stores in response to radio advertisement is highly influenced by the physical, cognitive and economic variables. Despite radio being old fashioned its radio are still effective even in this time and age.

An article by (Ergüven, 2015) studies the use of humour in radio advertisements and how that affected consumers. The study aimed to find the creative of commercials and their effects on purchase decisions using the content analysis techniques. The findings were that that radio creates this emotional connection with its listeners. Consumers that are involved emotionally in an advertisement were seen to make a purchase made. The more impersonal an advert lacks connection, the less of an emotional connection the consumer will feel. The loyalty and connection that listeners feel when listening to the chosen radio host means they trust their advice on an advertisement and are heavily influenced.

### **2.3.2 Television advertisements**

Television is the most prominent modality for the transmission and reception of video content. Television advertisement is considered to be the most effective medium to influence the purchase decision of consumers (Hassan, 2015) Television as a broadcast media has been considered to be more emotionally involving. This is because it works through a unique combination of sound, light and movement.

A study by (Lal & Vats, 2016) researched on the effectiveness of television and the attitude of the youth towards purchase of a product. This research study is done on the youth of Delhi. The study based on 125 youth selected by random sampling method and by applying both qualitative.

A research by (Notta & Oustapassidis, 2001) studied the advertisement of food products on television and the effect it had on consumers. The research analyzed the eating behavior of consumers or the purchase of a food product after being exposed to it. The results showed that their behavior was heavily influenced by the advertisements. The study used the quantitative and qualitative method to analyze data. The research concluded that exposure to advertisements influenced buying decisions of consumers as it aids recall of brands at point of purchase.

A research by (Saumendra, 2018) studied the effectiveness of television advertisement on purchase intent of young people in the fashion industry on exposure to adverts. The research focused on certain products advertised and how it gets the brand awareness it needs. They used data from random cross-section sample to analyze data. The conclusion was that adverts help in enhancing knowledge about products, brands and availability. The research noted that advertisement quality and timing directly affects consumers.

### 2.3.2 Newspaper advertisement

A study by (Gurun & Butler, 2012) has analyzed on the immediacy, flexibility and relative economy of newspaper advertising in businesses. The study assesses how newspapers can be a useful tool in generating businesses for various companies. The study realized that newspapers are relatively cheap and are affordable to everyone; this therefore makes it accessible to all audiences hence making it the best tool for advertisement. The study used the quantitative and qualitative method to analyze data collected. Newspapers are rational in nature and therefore engage their consumers or readers in a rational manner, making it an effective method of advertising

### 2.3.4 Social media advertisement

(Luo, Zhang, & Duan, 2013) did a study on the effects of social media advertisements and the impact they have on the firm equity. The study scrutinizes the predictive relationship between social media and firm equity value, the relative effects of social media compared with conventional online behavioural metrics and the dynamics of these relationships. The study used the vector auto regression (VAR) method to analyse data. Results showed that social media

based metrics were a significant leading indicator of firm equity value when compared to Google searches which had a weaker predictive relationship to firm equity than social media. This is because social media had a wider reach.

A research by (Smits & Mogos, n.d.) Studied the impact of social media on business performances. Analysed how and what effects social media has on businesses. The study analysed how and what effects social media has on businesses. They studied a gaming company and reviewed that the company was able to make more sales when it was advertising on social media. The study used mixed research method including qualitative analysis based on interviews and quantitative analysis to analyse data. The findings were that use of social media enhances business capabilities and business performance. However, impact was not due to one social media tool by combining not one but six tools of social media into one effective social media ecosystem that enables coordination between internal and external business processes.

#### Research gap

While various authors show advertising channels have an effect on the financial performance (Egbert, 1981) very little attention is given to the specific variables that lead to the improved financial performance of the industries. (Siong, n.d.) Showed the extent to which various advertising channels had been used by industries in gauging the financial performance but with mixed feelings.

The review showed that much concentration had been directed to social media and television, for instance a study by (Tellis, 2009) while Radio and newspaper had received little attention in this setting despite findings from other scholars on the increasing use of these two advertising channels by industries. The existing studies on effects of radio and newspaper did not clearly show how the financial performance of the industries was influenced but focussed on purchase decisions. The review also showed that studies on this study area among five star hotels in Kenya were limited despite them being recognized as major advertising channels.

A study was therefore conducted to check of the effects of advertising channels on the financial performance of five star hotels in Nairobi was crucial in order to approve or disapprove the varying viewpoints on this study area which would lead to the expansion of the body of knowledge in this study area.

#### **2.4 Conceptual framework**

This is a model where the relationships between the variables are explained. Radio advertisements, television advertisement, newspaper advertisement and social media advertisement are the independent variables while financial performance of hotels is the dependent variable.

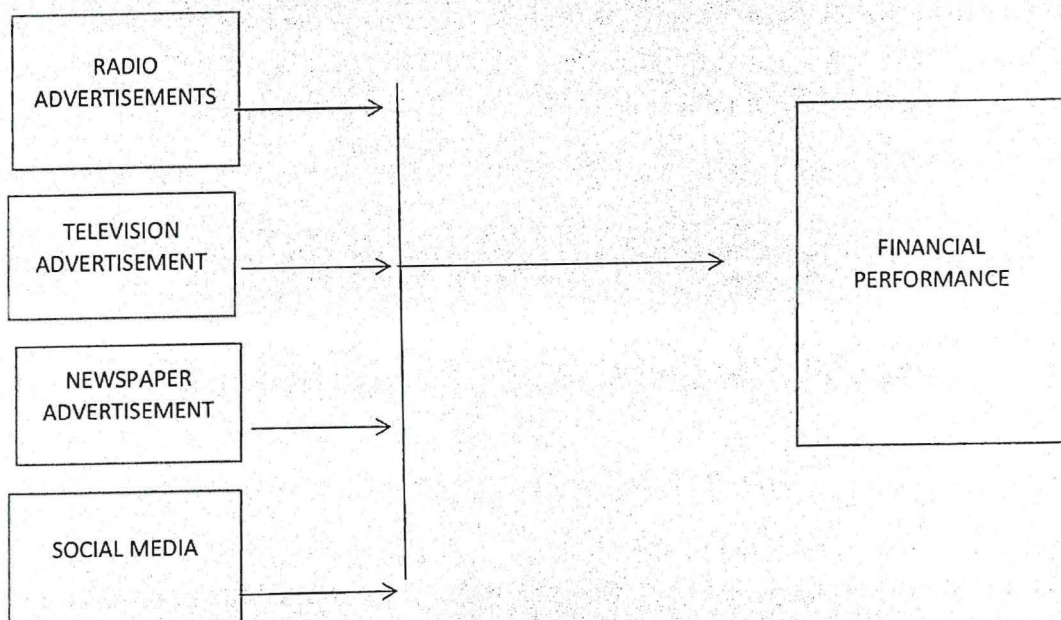
FIGURE 2.1 CONCEPTUAL FRAMEWORKS

INDEPENDENT VARIABLE

DEPENDENT VARIABLE

ADVERTISING CHANNELS

FINANCIAL PERFORMANCE



## **2.6 Conclusion**

The literature review chapter illustrated the theoretical background and conceptual framework. From the literature reviewed in this chapter, there seemed to be mixed feelings with regards to the influence of advertising channels on the financial performance of five star hotels in Nairobi. There were suggestions that radio adverts were the least effective when it came to financial performance.

### 3 RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter talks of the methodology that was used to carry out the study. It describes the research design, population and sample, data collection and data analysis.

#### 3.2 Research design

A research design is not just a work plan; a work plan details what has to be done to complete the project. The function of a research design is to ensure that the evidence obtained enables us to answer the initial question as unambiguously as possible (Silva, 2017). This design is important so as we could explore how the different channels of advertising affect the financial performance of five star hotels.

The research design that was employed in this study was descriptive cross sectional survey. The design aims at describing the subject by use of data collected to its frequencies on research variables. The subjects of the study were the top managers of the five star hotels in Nairobi.

Cross sectional survey is described as a technique that is used to evaluate the relationship between variables and correlation studies (Silva, 2017). By using descriptive cross sectional survey, questions were posed to the respondents being studied thus facilitating the investigations that answered the research questions.

#### 3.3 Population and sample

A population is defined as the total respondents under the study focus which can help the researcher to achieve the intended purpose. Population defines the elements that are within the

### **3.4 Validity and reliability**

#### **3.4.1 Validity**

In order to achieve content validity the researcher sought assistance from experts; supervisor who helped in the development of questionnaires so as to ensure that the data collected was relevant in answering the questions under the study.

#### **3.4.2 Reliability**

The respondents involved are able to arrive at the same results if they use the same instruments under the same circumstances. This research uses the Cronbach's alpha test method to check for reliability. Cronbach's alpha test is used to measure consistency in a set of survey options that the researcher believes measure the same construct ("Cronbach's Alpha," 2008)

### **3.5 Data collection**

The questionnaires were carried out either through emails, word of mouth and on social media by creating various links so as to engage as many people as possible. Follow ups were done to ensure that the questions asked were well understood and they were not having trouble answering them. This was also to make sure that the questions were answered within the given timeframe. This was done to ensure that they were valid and reliable for this study.

### **3.6 Data analysis**

Data analysis refers to the process of data reducing, summarizing, pattern examination and statistical evaluation necessary to prove or disapprove hypothesis (Cooper and Schindler, 2006). The data collected was checked for completeness and errors in the entries. It was then analyzed using the Statistical Program for Social Sciences (SPSS), which is the statistical program commonly used in research studies and has also been used in previous research work that have focused on a similar topic. The data collected was coded and categorized to make it easy to analyze and make conclusions and meaning of the data. Checking of errors before data analysis was undertaken to check for correctness of data input to the system.

#### **3.6.1 Descriptive Statistics**

This was used to analyze the objective that advertising channels have an effect on the financial performance of five star hotels in Nairobi. The mean and standard deviation were examined in

this case. Descriptive statistics financial performances of the five star hotels were also extracted. Information related to the demographic characteristics the hotels was summarized in terms frequencies and percentages.

## **4 DATA ANALYSIS AND PRESENTATIONS**

### **4.1 Introduction**

This included the demographic information of the students, descriptive statistics of social media platforms, correlation and regression analysis as well as a summary of the chapter.

### **4.3 demographic information**

This section discussed the information that describes the characteristics of the managers of the five star hotels. This included their age, gender, length of service with the hotel, level of education and we also looked at the duration of the hotel as a five star.

#### **4.3.1 Level of education**

This section studied the level of education each manager attained, this was essential in that it helped the research to identify if they were well versed with the advertisement channels and if

they understood how each channel individually affected the financial performance of the hotel. This was also necessary in that it helped the research to know if the hotels really hired based on the qualifications too or if they considered other factors in the advertisement and marketing department.

#### **4.3.2 Length of service with the hotel**

The study included in the questionnaire the length of the service of each manager with the hotel. This was useful in that it would help the research to know if the person is well versed with the activities of the hotel. The longer the length of service the more answers we would get.

#### **4.3.3 Duration of the hotel as a five star**

The research also included a section on the questionnaire where it asked about the duration of the hotel as a five star. This is because of the competitive nature of the hospitality industry which has necessitated the rampant growth of five star hotels. A hotel that had been in service for a longer time was helpful in our research in that it would bring out the actual effects of the different advertising channels on the financial performance of the hotel over the length of time.

#### **4.4 Descriptive analysis**

This section presents descriptive statistics pertaining to the extent to which five star hotels use advertisement instruments such as radio, television, newspaper and social media pertaining to their financial performance.

##### **4.4.1 Radio adverts and financial performance**

A set of eleven questions representing different aspects of the extent to which radio influenced financial performance of five star hotels were presented to the respondents and they were in turn requested to express their degree of agreement on a Likert scale. This was where 1 represented a strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree and 5 was strongly agree... The respondents were requested to indicate their level of agreement with the number of questions administered. The results that were gotten from the questions answered were described using descriptive statistics where the mean and standard deviation were examined.

The results were first described using descriptive statistics where mean and standard deviation was computed to give the extent to which radio adverts influenced financial performance. As

shown in Table 4.2, the overall mean was 2.35 while the standard deviation was 1.5. This implied that overall, the respondents disagreed that radio influences the financial performance of five star hotel.

#### 4.4.2 Newspaper adverts and financial performance

A set of eleven questions representing different aspects of the extent to which Newspaper influenced financial performance of five star hotels were presented to the respondents and they were in turn requested to express their degree of agreement on a Likert scale. This was where 1 represented a strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree and 5 was strongly agree... The respondents were requested to indicate their level of agreement with the number of questions administered. The results that were gotten from the questions answered were described using descriptive statistics where the mean and standard deviation were examined. The results were first described using descriptive statistics where mean and standard deviation was computed to give the extent to which radio adverts influenced financial performance. As shown in Table 4.3, the overall mean was 2.89 while the standard deviation was 1.7. This implied that overall, the respondents disagreed that Television influences the financial performance of five star hotels


#### 4.4.3 Television adverts and financial performance

A set of eleven questions representing different aspects of the extent to which Television influenced financial performance of five star hotels were presented to the respondents and they were in turn requested to express their degree of agreement on a Likert scale. This was where 1 represented a strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree and 5 was strongly agree. The respondents were requested to indicate their level of agreement with the

number of questions administered. The results that were gotten from the questions answered were described using descriptive statistics where the mean and standard deviation were examined. The results were first described using descriptive statistics where mean and standard deviation was computed to give the extent to which radio adverts influenced financial performance. As shown in Table 4.4, the overall mean was 3.36 while the standard deviation was 1.83. This implied that overall, the respondents disagreed that newspaper influences the financial performance of five star hotels.

#### 4.4.4 Social media adverts and financial performance

A set of eleven questions representing different aspects of the extent to which social media influenced financial performance of five star hotels were presented to the respondents and they were in turn requested to express their degree of agreement on a Likert scale. This was where 1 represented a strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree and 5 was strongly agree. The respondents were requested to indicate their level of agreement with the number of questions administered. The results that were gotten from the questions answered were described using descriptive statistics where the mean and standard deviation were examined. The results were first described using descriptive statistics where mean and standard deviation was computed to give the extent to which radio adverts influenced financial performance. As shown in Table 4.5, the overall mean was 3.84 while the standard deviation was 1.94. This implied that overall, the respondents disagreed that social media influences the financial performance of five star hotel.

#### 4.5 Financial performance of the hotels

From the above information collected. It is observed that clearly the advertising channels do not have such an influence on the financial performance of the hotel. Other factors have to be considered by the five star hotels in Kenya apart from just the choice of the medium. The advertisement should include the message and also how frequently the consumers of such advertisement are exposed to the message. The five star hotels should consider the combination of two or three advertising channels to determine this effect on its financial performance. From the study done it is observed that advertising on different channels with all other factors held constant only contributes to a positive attitude toward the advert. This positive attitude therefore

contributes to a positive attitude towards brand loyalty which in one way or another could now influence the number of sales hence increases financial performance of the five star hotels.

#### 4.8 Conclusion

This chapter has provides a comprehensive account of how data gathered was analyzed in order to answer the stated research questions. The first objective of the study was to establish the extent to which to which radio adverts influence the financial performance. From the means of responses and standard deviations that were calculated, it can be said that Social media was the platform used to the largest extent in order to influence financial performance of the five star hotel followed by Television then Newspaper and Radio which was least utilized by the hotels to advertise.

The second objective of the study was to examine the extent to which Radio influenced the financial performance of the five star hotels. The study found that Radio had a weaker relationship with financial performance. This could be because of radio being an outdated medium for advertisement. The audience of five star hotels could possibly not be reached on this particular type of medium. The third objective of the study sought to determine the extent to which Newspaper influenced the financial .The study found that newspaper had a weak influence on financial performance. The fourth objective of the study was to examine the extent to which Television influenced the financial performance of five star hotels. The study found that television adverts have a strong effect on the financial performance of five star hotels. This is because television adverts are visual and allow for consumers to process the message being passed across. It was determined that these were one of the best channels to advertise with when it comes to hotels and things like tourism. This is in relation to a study by (Stáfford & Day, 1995) where he talks of how medium appeals to consumers and he agreed that television had a combination of both sound and visual which stuck with consumers.

The fifth objective of the study was to check and examine the extent to which social media as an advertising medium affected the financial performance of five star hotels. The study found that social media was one of the cheapest medium to consider advertising on. This was included in the questionnaires where the respondents were asked if they considered cost of the medium before advertising to gauge performance. The responds on social media were different in that it was seen as one of the cheapest ways to advertise as consumers were easy to reach. The only

cost that could be accounted for could be the use of influencers on social media which happens to fall on a different criterion.

The study examined that five star hotels did not hold a major preference for which medium of advertisement, however the results found that television and social media majorly influenced the hotel bookings of the hotels.

## 5. DISCUSSIONS, CONCLUSION AND RECOMMENDATION

### 5.1 Introduction

This chapter of the study presents discussions of the findings in the previous chapter. It also includes the recommendations, limitations and suggestions for the study in the future.

### 5.2 Discussions of study findings

This section of the study presents the discussion of the major findings of the study; the discussions are in alignment with the objectives of the study. The discussions are presented first with the primary findings of the study which are later compared with the reviewed literature in the second chapter.

### 5.2.1 Extent of use of advertising channels to influence financial performance of five star hotel

The first objective of the study sought to establish the extent to which advertising channels influence the financial performance of five star hotels in Kenya. A questionnaire was administered where the five star hotels in the students were asked to state their extent of agreement with a number of items pertaining to the influence of each advertising channel on the financial performance.

The descriptive statistics obtained showed that social media had the highest overall mean of responses score of 3.84 followed by Television with a mean score of 3.36 and then newspaper with a mean score 2.89 and finally radio with a mean score of 2.35. These findings implied that the hotels were aware of the effect of advertising channels in their financial performance. The findings implied that Social media and Television had a major influence and was widely used by most hotels to market themselves.

### 5.2.2 Extent of use of radio to influence financial performance of five star hotel

The study sought to examine the extent to which radio as an advertisement channel influenced financial performance of five hotels in Kenya. The study found that Radio has to some extent significant and positive effect on the financial performance of the five star hotels. Radio however is an important advertising channel used when the hotel intends to build brand loyalty with its consumers. The findings support that of (Puente, 2010) who found radio as a means of advertisement that does support buying behaviour of products advertised. It is not a tool that would be of much effect as hotel advertisements need to be as visual as possible in order to make an impact on their consumers. The study's findings support that of (Paul et al., 2017) who agreed that perception of listeners was influenced by various factors that allowed them to act to on the advertisement or not. He continued to state that effectiveness of radio as an advertisement channel would be that it played on the right channel, at the right tie at the right frequency which was mostly not achievable therefore effectiveness of radio as an advertisement channel was minimal especially on financial performance. The study also examined that radio was a good tool for one to build brand loyalty and connection among the consumers of five star hotel advertisements.

### 5.2.3 Extent of use of newspaper to influence financial performance of five star hotel

The study sought to examine the extent to which newspaper advertisement influenced the financial performance of five star hotels in Kenya. The study found that newspaper influenced the financial performance in a positive and significant way. The findings also showed that newspaper had a significant influence on interest income, total operating income and return on assets as well as the overall financial performance of the five star hotels. The study's findings were in agreement with that of (Egbert, 1981) who found that Newspapers seems to engage its readers rationally as the information is perceived well making the readers conducive to receiving advertising messages and hence impact their purchases. The rationality that comes with newspaper enhances the recognition of a brand by the readers. (Egbert, 1981). The studies also support findings by (Bansal & Gupta, n.d.) Who are in agreement that newspaper adverts to some degree influence the sale of a company? This is because the information received is deemed to be rational and hence engages the readers who are the consumers of the adverts.

### 5.2.4 Extent of use of television to influence financial performance of five star hotel

The study sought to examine the extent to which television adverts influence financial performance of five star hotels in Kenya. The study found that Television adverts positively influenced the financial performance of the hotels in study. The findings found that television had a positive influence on the interest income, total operating income and returns on assets as well as the overall financial performance of the five star hotels. The study's finding were in agreement with (Shachar & Anand, n.d.). The conclude that exposure of consumers to television advertisements heavily influenced the recall of a brand and this led to purchase of the hotel products hence high operating income of a hotel. The study are also in line with the views of (Krugman, 1965) who agrees that the combination of both sound of visual products to consumers of the adverts was seen to be influencing purchase options and choice of brand. The study also agree with the study of (Deng & Mela, 2018) who stated that television adverts were seen to raise profits relative to show level targeting of the firms that use it as a medium of advertising.

### 5.2.5 Extent of use of social media to influence financial performance of five star hotels

The study sought to examine the extent to which social media influences financial performance of five star hotels in Kenya. The study found that social media positively influenced the overall

performance of five star hotels in Kenya. Social media was seen to have a significant influence on interest income, total operating income and return on assets of the five star hotels in Kenya. The study findings are in agreement with the findings from (Anderson, 2012) who found that social media was the best tool to market products or services. This was due to it being cost effective and adverts being able to reach consumers quickly, either a retweet or a like or even a share could get an advert trending depending on its quality. They also support the study of (Smits & Mogos, n.d.) Who reviewed that a company was able to make more sales when it was advertising on social media. The study is also in line with (Anderson, 2012) whose finding were that hotel bookings improved over time after consumers were exposed to ratings of the hotel on social media. The study agrees with (Luo et al., 2013) whose results showed that social media based metrics were a significant leading indicator of firm equity value when compared to Google searches which had a weaker predictive relationship to firm equity than social media. This is because social media had a wider reach.

### 5.3 Conclusions of the study

According to the study findings, the study concluded that advertising channels under investigation namely radio, television, newspaper and social media significantly explained the variations in the or the extent to which they influence financial performance of the five star hotels in Kenya. The study concluded that Social media had the greatest influence on the financial performance while radio had the least influence on the financial performance of the five star hotels in Kenya.

The study also concluded that these advertising channels were attributed to 78.0% of the total variability in the financial performance of the hotels. These conclusions are in line with the findings of (Siong, n.d.) Who found that financial performance of each hotel was impacted to a different extent by advertising channels? However, the conclusions arise from a study (Tellis, 2009) that there was no relationship between advertising channels and financial performance of

the hotels. The study concluded that advertising is not the variable of choice for increasing sales or financial performance but rather this was to build customer relationship and brand loyalty which in long term could influence the financial performance.

#### **5.4 Recommendations of the study**

The study recommends that businesses and firms need to appreciate the potential of the various advertising channels to complement each other in influencing financial performance of the industry. Therefore, the study recommends that it is crucial for these businesses/firms to ensure that they exploit the advertising channels available to entice or impress their target markets so as to achieve greater success in marketing their products/services, brands.

The study also recommends that the management of various businesses or firms can apply the insights from this study for decision making purposes regarding the most suitable an efficient advertising channel to use in marketing and reaching out to their targeted customers and what action plans can be used to ensure that the platforms chosen are tailored to achieve maximum results. The study also recommends that these firms can use the information provided in this study to guide the type and amount of resources as well as the efforts that should be directed to the various social media platforms used in reaching out to the customers. These hotels should be aware of the fact that there are times when the effective use of the advertisement are needed like during the festive seasons. The hotels should take full advantage of peak seasons by developing an effective and efficient advertisement campaign that increase consumer's awareness thereby leading to increased sales.

#### **5.5 Limitations of the study**

The current study provided further insight into the influence of advertising channels on the financial performance of five star hotels but with limitations. The study's research design used which was cross-sectional method. This method was where the various respondents were assessed on their perspectives of the variables that were being studied. This method was a limitation in that it prevented close investigation of several aspects of the relationships in the study. The study suggest for further studies where using longitudinal study whereby the various aspects of the study will be assessed to determine if the results will be the same. The use of cross-sectional data prevented close investigation of several aspects of the relationships in the study. Further study should therefore be conducted on the same sector using the longitudinal

study whereby the various aspects will be assessed to determine whether the results will be the same.

Finally, the study only focused on five star hotels only while there are more hotels in the country. Future studies could focus on wider coverage of the hotel industry in order to assess the influence of advertising channels on financial performance

### **5.6 Suggestions for further studies**

The study recommends that a similar study should be conducted involving all the hotels in different categories to allow differences in the influence of the various advertising channels on financial performance is also recommended for comparisons as this is a case for five star hotels only. The study recommends further research to be conducted to show how the different features of the different advertising channels perform on the extent to which each advertising channel influences financial performance of hotels. A study that shows whether there are

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