INVESTIGATION ON THE IMPACT OF PROMOTIONAL BUDGET ON BUSINESS PERFORMANCE. CASE STUDY ON NICOZDIAMOND INSURANCE LIMITED (2009-2012)

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ABSTRACT

The study was carried out to examine the impact of promotional budget on business performance with reference to NicozDiamond Insurance Limited (NDI). The study was guided by the following objectives; to establish the relationship between promotional budget and Gross Premium Written (GPW); to establish the relationship between promotional budget and profit and to establish the relationship that exist between promotional budget and market share.

The researcher used descriptive research design. Data was collected from secondary sources using the company’s financial statements for the past four years from January 2009 to September 2012. NDI increased its promotional budget inorder to stimulate business performance and it was established that, there was a strong positive relationship between promotional budget and GPW, a strong positive relationship between promotional budget and profit was observed; and, a strong positive relationship between promotional budget and market share growth was also established. These results were established through the implementation of correlation coefficiency which established statistically that, the relationship between the independent and the dependent variable had the following correlation (r) of 0.7681, 0.787 and 0.835 respectively which reflects a positive relationship between promotional budget and business performance. The study concluded that promotional spending help to induce promotional activities which in turn encourage customers to consume more of NDI products on the market thus increasing consumption rate and business performance. The researcher recommended that NDI need to understand its promotional activities and establish which media best reaches its potential and current customers. NDI should put a lot of emphasis on planning promotional programs and set promotional goals and strategies which should ensure it to carryout evaluations and control promotional spending and make adjustments where possible.