

MARKETING BUDGET AND CUSTOMER GROWTH A CASE STUDY OF CORAR AG LTD

**BY
MANYWA JAPHET
MBA/3246/11**

ABSTRACT

Budgeting lies at the heart of the businesses' financial management and provides for the clear plan of finance spending. Though budgeting for marketing is new, it proved positive results in boosting customer equity.

Marketing has long been thought to be telling by word of mouth, and this resulted in the complication of proper measurement of its output. Recent literature has shown that very recently marketing became a unit of interest by financial managers and different techniques for measuring the outcome were developed.

Budgeting for marketing became a business concern in order to boost business value and shareholders' value as well. Under this perspective, many authors tried to put forward the relationship between marketing budget and customer growth, most of them agree that marketing budget can influence customer value.

In Rwanda, where a good number of companies do neglect the role of budgeting for marketing components, customer growth is not measured against its benefits and the impact of the marketing budget on customer growth is also not taken with care.

Therefore, the interest of the study lies in the assessing of the impact of marketing budget on customer growth, and measuring the causal effect between the independent variable and dependent variable. The study takes a case study of CORAR Ag Ltd which is one of insurance institutions which started budgeting for marketing in Rwanda.

The sampling procedures involved CORAR Ag Ltd staff in department of finance and administration and commercial department. From 55 staff of the said departments, the research used purposive sampling using Amin (2005) table to decide on 48 staff. Secondary data involves documentations and other report on budgeting and customer growth and helped to support information from primary data through a list of data which was requested for in CORAR Ag Ltd. The primary data was validated by ensuring each question is independently answered, and the data was analyzed and interpreted to give meaningful context to the reader. Thus, the study was equally qualitative and quantitative.

It is after analyzing the effect of marketing budget on customer growth, that the general inference can be generated concluding that marketing budget influenced the increased customer acquisition and retention by increasing the market share of CORAR Ag. Ltd. Therefore, all objectives and study questions of the study were successfully achieved and thereafter recommendations are put forward.