

The Economic Impact Analysis of Advertising in the Republic of Kosovo

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Abstract

The study aims to analyze the economic impact of advertising in the Republic of Kosovo. This aim is achieved through (1) an analysis of the direct effects of advertising on the economy (the impact of advertising on company sales and the impact of advertising on customer brand loyalty); and (2) an analysis of the indirect effects of advertising on the economy that includes an analysis of the impact of advertising spending on the profitability of banks in Kosovo. This section includes an analysis of the eight largest banks in the country and the data used cover the period 2011-2018. The study findings speak of a significant positive impact of advertising on the economy of Kosovo, both directly as well as indirectly. In general, companies spending more on advertising, achieve better financial performance, such as higher sales and higher profitability and thus they have a positive impact on the relevant industry and the economy in general.

Keywords: Advertising, Advertising Spending, Economic Effects, Sales, Profitability.

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