

CHAPTER 1

INTRODUCTION

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“Advertising nourishes the consuming power of men. It creates wants for a better standard of living... It spurts individual’s exertion and greater production”

- Sri Winston Churchill.

1.1 INTRODUCTION

The present economy is characterized by excessive specialization, mass production and competition. This has increased the importance of advertising in the modern business world. Advertising is growing as an industry in the modern national and international market scenario (Juao C. Costa, 2012). Advertising is an integral part of the social and economic system. As a powerful technique of promoting sales, it has been doing wonders in the domain of distribution because, it influences the course of consumption, affects the process of production, enlarges exchange and diversifies distribution (Sontakki.C.N). Advertisements have two basic purpose: to inform and to persuade. It informs the consumers about a product-when it is available, where it is available and at what price and thereby, persuades them to buy the product. It enable the consumers to compare and choose from the products and services available. This helps them to exercise the right of free choice among the various alternatives available in the market (Juao C. Costa, 2012).

Modern marketing calls for more than developing a good product and making it accessible to target customers. Companies must also communicate with their present and potential customers. Every company is inevitable cast into the role of a communicator and a promoter (Dalip Raina, Kritika Khajuria 2010). Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor. The word, ‘Advertising’ has its origin in a Latin word ‘Adventure’ which means ‘to turn to’. “Advertising is the non-personal communication of marketing related information to a target audience, usually paid for by the advertiser, and delivered through mass media in order to reach the specific objectives of the sponsor”.(John. J Burnett. 1998). “ A message paid for by an identified sponsor and delivered through some medium of mass communication” (Thomas Russell J and Ronald Lane W, 1996). Advertising to be a persuasive communication, which is not neutral, not unbiased and always must have a selling objective.

Advertisements can be a cost-effective way to disseminate message, whether to build a brand preference or to educate people. Even in today's challenging media environment, good advertisements can pay off. There have been many researcher to develop the measurement of qualitative effects for advertising expression and content. A number of studies have also found the factor of advertising effect such as favorable attitude, purchase intention and so on (Edell and Burke, 1987; Mehta, 1994). In today's environment, where consumer have become more conscious about the product and advertisement, advertisers are facing difficulties in attracting the viewers. Therefore advertisers are looking for more creative and innovative ideas to reach consumers in their attempt to capture their attention. Advertisement is a part of marketing communication, which helps marketers to meet customers.

Advertisement is a vital marketing as well as a powerful communication tool. Advertising is a big business and ranks among the top industries of the world. The growth of advertising industry in any country is directly related to the level of business activity and the health of its economy. In facts, the size of the advertising industry is considered as an indicator of living standard in a particular country and the level of its economic development. Advertisement is a communication whose purpose is to inform potential customers about products and services and how to use and obtain them. After stating the importance of advertisement, one of the important issues in the realm of advertisement, is evaluated of advertisement effectiveness. The advertiser is increasingly focusing on the tangible value of the mediated messages directed at the consumer. If on the one hand, the expansion in the media landscape and technology has jettisoned a creative revolution in product promotion (Kulveen Trehan, 2012).

1.2 ADVERTISEMENT EFFECTIVENESS

To accomplish their advertising objectives, the company has to attract their customers or users of several media to see the advertisement and buy the product. For this, a new trend started by these producers was to also use a celebrity in their product's advertisement. (Virendra Chavda, 2011). Advertising effectiveness can be defined as the extent to which advertising generates a certain desired effect. Measuring the effects of advertising is very important, given the amount of investments needed for advertising. While it is not possible to obtain a global measure of the advertising effectiveness, we should seek to develop and apply methods and measures for a partial verification of results.

Some researchers argue that advertising efforts go waste, but most of them are keenly interested in the evaluation of advertisement effectiveness. The basic purpose of advertising effectiveness is to avoid costly mistakes, to predict the relative strength of alternative advertising strategies, and to increase their efficiency. It is not easy to measure advertising effectiveness. The final success of the campaign depends upon the medium, the copy, the format of the advertisement and the audience to whom the advertisement has reached out.

Effectiveness of advertisement to promote the appropriate use of previous conviction cultural and social norms is that the elements are defined. However, the crisis of shortage of financial resources and intense competition among companies, advertising spending has increased sensitivity and the need to investigate the effectiveness of advertisement has been more pronounced.

1.3 ADVERTISEMENT OF FAST-MOVING CONSUMER GOODS (FMCG)

Fast-moving consumer goods (FMCG) or consumer packaged goods (CPG) are products that are sold quickly and at relatively low cost. Examples include non-durable goods such as soft drinks, toiletries, and grocery items. Though the absolute profit made on FMCG products is relatively small, they are generally sold in large quantities, and so the cumulative profit on such products can be substantial. Examples of FMCG generally include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, tooth cleaning products, shaving products and detergents, as well as other non-durables such as glassware, bulbs, batteries, paper products, and plastic goods. FMCG may also include pharmaceuticals, consumer electronics, packaged food products, soft drinks, tissue paper, and chocolate bars. India's FMCG sector is the fourth largest sector in the economy and creates employment for more than three million people in downstream activities. Global leaders in the FMCG segment include, Anheuser-Busch InBev, Mars Inc., Nestlé, ITC, Hindustan Unilever Limited, Reckitt Benckiser, Unilever, Procter & Gamble, L'Oréal, Coca-Cola, Carlsberg, Kleenex, General Mills Inc., Pepsi, Mondelez International and Kraft Foods. Among these leading FMCG brands, the advertisement effectiveness is analyzed by purposively selecting the advertisement of four brands namely Hindustan Unilever Limited (HUL), Procter and Gamble (P&G), Indian Tobacco Company (ITC) and NESTLE, as these brands sell more number of products of different varieties (Exhibit 1).

EXHIBIT 1

ADVERTISEMENT OF SELECT FMCG BRANDS

ITC



NESTLE



HUL



P&G



1.4 STATEMENT OF THE PROBLEM

No one is left uncovered with the role and importance of advertisement, in the world today. Advertisement and marketing business has increased and has become a big business. Most newspaper, magazines, radio and television networks earn significant portion of its revenue through advertising and commercial business activities in line with these FMCG companies are being successful in the competitive arena, through its effective advertisement and they spend huge amounts on advertisement expecting return in the short run as well in the long run. Effectiveness of advertisement is one of the very important issues in the realm of advertisement. Every marketing activities aims at creating product awareness and desire among the consumer. This can be done through two broad classification of advertisement. Media viz., print and electronic media. Hence the problem for this present study has been formulated for analyzing about how the advertisement are holding a crucial impact among the modern consumer society particularly in FMCG segment. The study attempts to know the impact of the advertisement of select FMCG brands namely HUL, P&G, ITC, NESTLE which will satisfy the following queries:

- ✓ To what extend consumer remember and recall the advertisement?
- ✓ To what extend the advertisement influence the consumers?
- ✓ What are the factors influencing the advertisement effectiveness?
- ✓ How the advertisements has positioned brands in the minds of consumers?

1.5 OBJECTIVES OF THE STUDY

The main objective of the study is to understand the advertisement effectiveness, specifically the study is trying:

- ❖ To find out the respondents ability to recall advertisement of select brands.
- ❖ To find out whether advertisement which have influence the purchase intention of the respondents
- ❖ To examine the reasons for the memorability of advertisements among the respondents.
- ❖ To find out the determinants of overall effectiveness of advertisement from respondents perspectives

1.6 TESTING THE HYPOTHESES

Hypotheses have been tested for association between demographic and socio-economic profile of the respondents and reason for memorability of advertisement, advertisement viewing behavior of the respondents and reason for memorability of advertisements. Advertisement viewing behavior of the respondents and remembering products through advertisement of select four FMCG products.

1.7 SCOPE OF THE STUDY

The scope of the study was restricted to selected consumer of FMCG products. The average consumer is exposed to large number of advertising message every day. Advertising is everywhere. But where is it more apparent than television screen. Now research released by an advertising industry trade group says the number of television commercials, public service announcements and station promotions reached an all-time high. People may be most conscious of advertisement when they watch television, but advertising in its many forms nevertheless pervades society, invades households and persuades minds nearly every walking moment.

1.8 LIMITATIONS OF THE STUDY

The following are the major constraints pertaining to this study.

- Since the present study covers only to Coimbatore city the result may not be applicable to whole universe.
- As the study was conducted within a short period the resultant facts and figures obtained are not suitable to the present period. .
- The details furnished by the respondents are considered as true and the results of the study are based on this assumption.

1.9 CHAPTER SCHEME

The study was organized into five chapters

Chapter I

The chapter one contains introduction to advertisement, advertisement effectiveness, reason for measuring advertisement effectiveness, advertisement of fast-moving consumer

goods (FMCG), global leaders in the FMCG segment, statement of the problem, objectives of the study, scope and its limitations of the study and chapter scheme.

Chapter II

The chapter two discusses the review of the previous research studies related to advertisement effectiveness on FMCG products.

Chapter III

The chapter three deals with research methodology adopted in the study, which includes source of data, period of the study, area of the study, pre-test, pilot study, sampling procedure, and tools for analysis of data and definitions of the concepts.

Chapter-IV

The chapter four focuses on results and discussions.

Chapter-V

The chapter five presents the summary of findings, suggestions and conclusion.