

EFFECT OF ADVERTISEMENT ON CONSUMER BEHAVIOUR

(A CASE STUDY OF HUL & P&G)

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ABSTRACT: Advertising is a form of communication between a business and the consumers.

Advertisements are messages which give the customer more information about the brands that are in the market and the various products that might be useful to them. In today 's age of competition, advertising plays a vital role and has become a necessity in the lives of producers, traders, and even the customers. The influence of advertising on consumer behavior reflects in several ways and paradigms, such as; awareness of a product, attitude towards a brand, dispersing useful information, and encouraging repeat purchases. Therefore in this study Hindustan Unilever Limited (HUL) & P&G have been considered as the case companies for the study. The study is being conducted to find out relationship between advertisement and consumer in terms of its impact.

KEYWORDS: Advertisement, Consumer Behaviour, P&G & HUL.

INTRODUCTION:

Fast Moving Consumer Goods (FMCG) are defined as products which as low cost or sold quickly. The term FMCG is used to refer to those goods which are replaced within few days, weeks, months or years. They have a small shelf-life due to the high consumer demand. The short shelf life is due to the product deterioration or due to the increased customer demands.

FMCG has various characteristics which can be viewed from two perspectives: the customers and the organizations. The consumer's perspective the features include many purchases in that the product should be one that is frequently purchased with the time periods ranging from weeks, months or yearly. Also, these products should require low involvement on the side of the customers. Low participation here means that the customer needs minimal effort in selecting the item. Most times these products are necessities such as

toiletries, dairy products, meat, and other forms of groceries. An exception to this characteristic is products with strong brand loyalty. This is because there is involvement from the consumer being actively loyal to a particular brand.

Another characteristic from the consumer's perspective is the low price. As mentioned, one of the reasons these products have a short shelf life which means that the costs of these products are relatively small to enable consumers to purchase the products as much as they need. From the organizations perspective, the FMCG has a characteristic of high volume.

Advertising is a form of communication between a business and the consumers. Advertisements are messages which give the customer more information about the brands that are in the market and the various products that might be useful to them. It is aimed to speak to everybody, from children and the young, to the old, female or male depending on the product. Different companies choose different forms of communication to advertise. For instance, there are various types of advertisement which are categorized into traditional, modern and futuristic. Advertising requires innovation and creativity for it to be successful. The traditional modes of advertising include print media which comprises of newspapers, magazines brochures, and fliers. As explained by , this is a highly common type of advertising and has existed for numerous years before the other forms were introduced. Other forms of traditional advertising are the radio and television. Radio also is among the oldest forms of advertising.

OVERVIEW OF HUL & P&G :

HINDUSTAN UNILEVER : Unilever is an FMCG company originating from British- Dutch origin and it has its headquarters in both, London, United Kingdom and Rotterdam, the Netherlands. It was founded in the year 1929. In 1931, the first Indian subsidiary of Unilever Ltd. was set up by the name Hindustan Vanaspati Manufacturing Company. After that, two other companies were established in India that are named as United Traders Limited (1935) and Lever Brothers India Limited (1933) (Unilever, 2018b). Hindustan Unilever Limited was founded in 1956 after the merger of these three Indian subsidiaries of Unilever i.e. Lever Brothers, Hindustan Vanaspati Mfg. Co. Ltd. and United Traders Limited (Unilever, 2018b). It is a consumer

based company and is also India's largest Fast Moving Consumer Goods Company (FMCG). Its headquarter is in Mumbai, Maharashtra.

PROCTOR & GAMBLE : Procter & Gamble Co. (P&G) was founded in 1837 by William Procter and James Gamble with only soap and candle business. The company was set up in Cincinnati, Ohio and is also headquartered there. The company produces a wide range of cleaning agents and personal care and hygienic products. In India, P&G was established in 1964 and now it is one of the largest and fastest growing consumer goods company in India. It produces products for beauty and grooming segment, household care and health and well being sector, with the brands that can be trusted by over 650 million consumers across India (P&G, 2018b).

MEANING OF CONSUMER BEHAVIOUR

Consumer behavior is a rapidly growing field in academia and research. The field is of significant value to marketing managers and other related actors concerned with the consumers' purchasing activity. The study of how different factors influence the consumers' purchasing decision-making process helps business enterprises to boost their marketing communications and thence sales. Consumer behaviour defines the decisions and actions that influence the consumer's purchase. In essence, consumer behaviour involves the purchase, use, and disposal of products by consumers. A good understanding of this cycle is of great importance to marketing professionals as it outlines how to design the product as well as develop marketing strategies that would best suit the target audience's preferences and choice.

OBJECTIVES & RESEARCH METHODOLOGY :

Objectives :

1. To examine the effect of advertisement on consumer behavior.
2. To understand the Pre & Post buying behavior of Consumer before and after advertising.

HYPOTHESIS OF THE STUDY :

1. There is no relationship of advertisement with behavior of consumer.
2. There is no effect of advertisement on pre and post buying behavior of consumer.

Research Methodology :

In this study, the exploratory method was chosen as the most appropriate research method. In the context of the present research, exploratory research method provided the relevant factors of advertisement that could impact different aspects of consumer behavior. The chosen research method was expected to provide new knowledge and new insight to the topic. Therefore exploratory research method best supported the objectives of this study and helped in identifying factors related to effect of advertisement on consumer behavior. Exploratory method is known as the most appropriate research method when the research problem is unstructured and quite difficult to define . In this regard, this study attempted to identify and describe factors of advertisement that contributed in impacting consumer behavior of purchasing specific products from selected companies.

This study used both primary and secondary data to obtain an insight on the consumers' view or opinion. The research adopted quantitative analysis, where in a survey using a close ended structured questionnaire was conducted among consumers of five products of Hindustan Unilever and P&G to understand their perceptions of the advertisements of these products and how the advertisements influenced their decision to buy or not to buy these products. Numeric data obtained through the responses of the questionnaire was primary in nature. The sample of 500 consumers who use different products of HUL & P&G have been approached out of which only 474 have responded in total in Faridabad. Regression Analysis is used for checking the effectiveness of advertisement.

DATA ANALYSIS & INTERPRETATION :**Hypothesis 1:**

H₀: There is no relationship of advertisement with the behaviour of the consumer.

Adjusted R Square	Std. Error of the Estimate	F	Sig.
.001	.838	1.059	.383

Table 1: ANOVA for effectiveness of advertisement

Formula for ANOVA (F):

$$F = \frac{MST}{MSE}$$

F = Anova Coefficient

MST = Mean sum of squares due to treatment

MSE = Mean sum of squares due to error

INTERPRETATION :The table above represents the model summary of fourth hypothesis. R^2 shows a value equal to 0.139. This implies that roughly 13.9% of the variance found in the response variable (i.e. Purchase decision on the basis of advertisement) can be explained by the predictor variables. Also from the ANOVA analysis, overall impact of the independent variables on dependent variable is found to be insignificant in this case because significance value is 0.383 which is greater than 5%. Therefore, it can be concluded that there is no significant impact of independent variables on dependent variables.

Model		t	Sig.
Effectiveness of advertisement	The advertisement of HUL and P& G were interesting	1.289	.019
	Advertising was not informative about FMCG products	-1.254	.211
	Quality of advertisement does impact my purchasing behavior about the product	1.265	.207
	I believe that content of the advertising should be informative, only then I make purchases accordingly	.735	.046
	My buying preferences about product keeps on changing according to the effectiveness of advertising	.164	.870

Table 2: Regression for effectiveness of advertisement

Formula for liner regression (Y): $Y = a + bX$

X is the explanatory variable

Y is the dependent variable

The slope of the line is **b**, and **a** is the intercept (the value of **y**, when **x** = 0)

INTERPRETATION: The regression explores the relationship of advertising with the consumer behavior.

The statistics show a poor relationship between advertisement and behavior of the consumers. The first variable “*the advertisement of HUL and P&G were interesting*” and “*content of the advertising should be informative, only then I make purchases accordingly*” has a p-value 0.019 and 0.046 respectively which is lower than 5% level of significance. Therefore, it can be concluded that consumers strongly consider advertisement of HUL and P&G interesting and influencing and therefore it attracts the consumers to purchase that particular product. Similarly, all other independent variables such as “*Advertising was not informative about FMCG products*” and “*quality of advertisement does not impact purchasing behavior*” and others are insignificant implying that there is no strong association between advertisement and consumer behavior at $p < 0.05$ and 95% CI. This is implicative from the first hypothesis that consumer behavior is not determined by the advertisement practices of HUL. Similarly in this case, there is no relationship of advertisement with the behavior of the consumer. Therefore, the null hypothesis is rejected indicating that there is a relationship of advertisement with the behaviour of the consumer.

Hypothesis 2:

H0: There is no effect of advertisement on pre and post buying behavior of customer.

Model	R Square	Adjusted R Square	F	Sig.
Pre-Purchase behavior	.028	.006	1.255	.278
Post Purchase Behavior	.057	.035	2.665	.016

Table 3 : Model summary of pre purchase and post-purchase behavior of consumer

INTERPRETATION : From the ANOVA table, it was assessed that overall significance level of the regression analysis of the first model i.e. Pre Purchase Behavior is coming out to be 0.278, which implies that there is no overall significant impact of advertising on pre purchase behavior. However, assessment of impact of advertising on post purchase behavior of consumer shows that there is overall significant effect on

dependent variable. Moreover, F statistic is coming out to be 2.665 which are away from the value 1. This also verifies the strong impact of explanatory variables on dependent variables.

Pre Purchase Behavior	t	Sig.	Post Purchase Behavior	t	Sig.
I consider sales promotion schemes, before making purchase	-.561	.576	I regularly write reviews about the products purchased.	.950	.343
I keep a check at the different discount coupons which are currently available before making purchase	-1.036	.301	My purchase volume increased after first product purchase	-3.357	.001
Products with positive review on online social media platforms are good to purchase	.910	.363	I make sure that I share my reviews on different platforms	.485	.628
If I see that the product is popular among my family and friends then it automatically influences me to purchase it	.822	.412	I buy products mostly from the case organization since the time I have purchased the first product	1.157	.248
I prefer shopping products with which I get free gift as indicated in the advertisement	1.998	.047	I raise my queries about the post purchase experience with the case brand	1.087	.278
I prefer to wait for schemes and promotional offers on different platforms before making purchase	-.861	.390	I recommend the product of chosen brand to my family and friends	.345	.731

Table 4 : Regression for effect of advertisement on pre and post buying behavior of customer

INTERPRETATION : Hypothesis analyzed the impact of advertisement on pre and post buying behavior of customer. Pre buying behavior contains variables such as sales promotion, discount coupons, online positive review, popularity of the product, free gifts and promotional offers. None of the variable is coming out to be significant, indicating that there is no significant impact of advertisement on pre purchase behavior of consumer. On the contrary, post products behavior includes variables like regularly writing a post about purchased product, increase in purchase volume after first purchase, asking queries about the purchased products and then recommending products to other consumers. Only 1 out of 6 variables is coming out to be significant. Variable two “*My purchase volume increased after first product purchase*” shows that after buying first product purchase volume of the consumer increased. The regression analysis is coming out to be significant at 1% level of significance. This may be due to the fact that product had good quality. This implies that there is impact on post-purchase behavior of the consumers on their future purchases. In case of pre-

purchase behavior, there is no effect of advertisement on buying behavior of customer. However, in case of post-purchase behavior, there is significant effect of advertisement on buying behavior of customers.

FINDINGS OF STUDY :

Hypothesis 1 : The analysis found that there is a strong association between advertisements with behaviour of consumers.

Hypothesis 2: The testing of the hypothesis found that there is a significant impact of advertisement on the post purchase behavior of consumer.

SUGGESTIONS :

1. Effect of advertisement on cultural factors can also be analysed.
2. Company should choose best type of advertisement according to their product.

LIMITATIONS OF THE STUDY :

1. The study is confined to only two companies HUL & P&G.
2. Study doesnot statistically test different forms of advertisement on consumer separately. Only overall impact has been accessed in the study.

CONCLUSION : On the basis of the survey results, it is implicative that more the attractiveness of an advertisement, the more is the chance that the consumers will purchase them. In addition, advertisements must not only look attractive but also informative, educational, and interesting. In addition, the advertisements must also be innovative and competitive against its challengers. Repeated viewing of a particular product attracts consumers in purchasing the products.

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