CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

In every industry, various types of functions are being performed like manufacturing, research, storage, transportation, marketing, human resource and public relations. Marketing is one of the important functions through which the products and services reach to the end users. It is an important activity in a business through which gets its return from business efforts. According to Bartle, “Marketing is the process whereby society, to supply its consumption needs, evolves distributive systems composed of participants, who, interacting under constraints - technical (economic) and ethical (social) - create the transactions or flows which resolve market separations and result in exchange and consumption.” Further Kotler defined, “Marketing is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.” Peter Druker opined that “Marketing is not only much broader than selling, it is not a specialized activity at all, It encompasses the entire business. It is the whole business seen from the point of view of the final result, that is, from the customer's point of view. Concern and responsibility for marketing must therefore permeate all areas of the enterprise.” The main elements of marketing are:-

- Marketing focuses on the satisfaction of customer needs, wants and requirements.
• The philosophy of marketing needs to be owned by everyone within the Organization

• Future needs have to be identified and anticipated.

• There is normally a focus upon profitability, especially in the corporate sector. However, as public sector organizations and non-profit organizations adopt the concept of marketing, this need not always is the case.

• More recent definitions recognize the influence of marketing upon society.

This is the source of return to the organization. A large number of activities are being performed to achieve the targets in the market. For easy understanding these activities are divided into four group i.e. product, price, promotion and placement. This is called marketing mix. Planned mix of the controllable elements of a product's marketing plan commonly termed as 4P's: product, price, place, and promotion. These elements are adjusted until a right combination is found that serves the needs of the product's customers while generating optimum income. These activities are to be managed time to time to achieve the objectives. One of the elements of marketing mix that is promotion is concerned with the research topic.

Promotion means development from the existing position to the new higher one. Business promotion means marketing activities used to inform, create awareness, remind, persuade and retain the target customers of its products and services being offered. Through promotion, the information is communicated to interest group i.e. present and prospects. This facilitates them to exchange goods or services by paying the price. The companies elaborate their objectives of being in business and maintain public relationship. For promotion different activities are performed and these are
called promotion mix. The main methods used for promotion are advertising, sales promotion, personal selling and publicity. There is very close relationship between promotion mix and marketing mix.

Advertising is a very important communication tool, highly visible and more effective. It helps to create awareness, remind, persuade to buy and retain the existing customers. People in markets feel that is the need of the time for business. We may like or not but advertisements are visible everywhere in our surrounding. It is very difficult to live in isolation without noticing advertisement in present time. It has become part of our social, economic, cultural and business environment. It is the indicator of advancement and progress of human civilization. Advertisements have affected our life style to a great extent.

Advertising has been defined by experts as follows.

“Advertising is any paid form, non-personal presentation of ideas, products and services by an identified sponsor.” - American Marketing Association

“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 achieve the specific objectives of the sponsor.” - J.J. Burnett

Advertising developed mainly in twentieth century. The development of technology and research brought sophistication in advertising in recent decades. It developed significantly after Second World War. After 1950, television became the important medium of advertising. Advertising business changed with the business environment. It is rarely a stable business. At present in India the advertising business is booming. There are now many
advertising clubs and advertising agencies in India. Advertising is an important form of communication and its basic responsibility is to deliver the message to the target audience. It is a very important tool of promotion. It performs the following functions:

- Contributes to increase demand.
- Helps other promotion mix elements.
- It creates satisfied customers and they make publicity by words of month.
- By increased sales production cost and price per unit comes down.
- Provides competitive edge over the other competitors in the business.
- Helps in building the brand image.
- It encourages new product development, innovation and reduces risks.
- Overall, contributes in development of the business.

In developing an advertising programme the major decision areas are: mission, message, media, money, and measuring effectiveness. These areas are starting with alphabet M, so these are called 5Ms of advertising. For effective advertising campaign proper care should be there on every aspect. For the study purpose, media is our selected topic. Media is defined as “the mix of media that carry the advertisers’ message to the target audience and forms an important link between the firms and customers”. There are different media available in the market like print, electronic and outdoor. Out of many media available and their unique features, the task of media planner has become difficult and risky. For effective advertising programme in present
situation the need for strategic media planning is strongly felt. The media planning is “a process of designing a course of action that shows how advertising time and space will be used to contribute for the achievement of marketing objectives”. Media Planning covers media objectives, selection of media, scheduling of media, budgeting and coordination. Proper media planning ensures the required information is communicated to the target group wherever they live as per their convenience and at reasonable cost. The objective must be fulfilled effectively. It contributes in achievement of the advertising objective properly. Without adequate media planning the whole purpose of advertising may be defeated. To a good extent advertising effectiveness depends upon media planning and its effectiveness.

India is a very big country in Asia continent. Indians are from different cultures, religions castes, creed and regions. Dozens of languages are spoken in India. In past, Indian economy was a slow developing but in last decade the development rate has been increased. It is the third most attractive economy for investment. Due to liberalization, many MNCs have entered in India for business. Now, business in agriculture and allied activities, manufacturing and service sector is growing fast. FMCG Sector is very important of Indian Industries. The demands of FMCG products are very high. There are a large number of customers because Indian population in nearly 120 crores scattered over a vast territory. There is a great potential for FMCG in Indian market. Sincere efforts are needed to attract a large number of prospects. Market situation is very competitive. For growth, excellence and to increase demands in business the need for advertising has been felt. Advertising contributes in growth of the business. If advertising with strategic media planning is done the effect will be higher. Keeping in view the significance of advertising and media planning in promotion of business, the topic “Effectiveness of Advertising in FMCG Sector in India” has been selected for research study.
1.2 STATEMENT OF THE PROBLEM

In this fast and technological world, advertisement plays a vital role in the mind of the consumers. There are many advertisements we come across daily through different medias but only few we remember that is why this study is to be undertaken which advertisement is effectiveness. As there are many industries which gives lot of advertisement in many medias whereas this research is only focusing on FMCG (Fast Moving Consumer Goods) industry as nowadays FMCG are mandatory in our everyday life. It also closely related to nation’s economic growth and income level. FMCG ads are channelized in many medias but the researcher has concentrated only on few medias such as TV, Radio, Press and Outdoor advertising because nowadays these becomes a comfortable item where once upon a time these medias was considered as luxury item. Everywhere in the world even in the remote places also one’s having a Television set. People spent 40% of their time to watch programs in the TV. That is why researcher is keen to know about FMCG’s advertisement effectiveness whether the ad makes the people to buy the product, in what way, how, when and why. This research study deals with various issues like impact of advertisement on consumer’s behavior whether the FMCG advertisements telecasted creates the desire in the mind of consumer to purchase. The consumers use FMCG in daily routine and demand uniqueness and variety among them that is why the researcher focused heavily to judge psyche of consumers; what they like in the advertisement, why they like and what will be appreciable in FMCG products.

1.3 NEED OF THE STUDY

In present scenario across the global market, tough competition is being faced. Even for MNCs, it has become difficult to survive, grow, stabilize and excel in the business. It has become very import to communicate to target customers regarding their products and service feature. Advertising is
a tool of marketing communication or promotion. It creates awareness, reminds, persuades and retains the existing customers. It helps to increase the new customers and retain the existing customers. It contributes in growth of the business. Further, if advertising is done with proper media planning, the communication effectiveness will be higher. Therefore, the advertising and strategic media planning is of great significance for promotion of the business in present competitive situation. Due to its greater importance this topic has been selected to research study.

1.4 OBJECTIVES OF THE STUDY

1. To Study the important attributes considered while purchase of FMCG Products.

2. To analyze the key areas for effective FMCG advertisement that affects and influence the purchasing decisions of the common people.

3. To find the suitable and applicable Brand Ambassador for FMCG Products.

4. To identify known factors in advertising that accomplishes audience persuasion in reference to FMCG advertising.

5. To study the various dimensions of factors influencing the selection of media for FMCG product advertising.

1.5 SCOPE OF THE STUDY

The study is relating to advertisement of business in FMCG sector in India. It covers the important attributes while purchase of FMCG products and the advertising as tool of promotion which influences purchasing decisions. It will study the relation of advertising and media planning and its
impact on effectiveness of promotion activities. In brief, Brand Ambassador, major decision areas media selection and known factors in advertising that accomplishes audience persuasion in reference to FMCG advertising and effectiveness in leading companies in Indian market.

1.6 RESEARCH GAP

Research gap is focusing on systematic research approach to find out the uncovered area for the present study. The literature reviews considered in the study are the psychological aspects of price that customers willing to pay average price for selected FMCG product, data capture in interactive television advertising turn-off some of the major FMCG brands, investigate the credibility of advertising vs publicity, to examine the credibility of advertising including a promotional endorser, new product and packaging development processes, crucial consumer related dimensions such as Value consciousness, Deal proneness and Price consciousness, existence and magnitude of long term advertising effects across FMCG product categories, Customer care line standards amongst FMCG brands, advertising campaigns, customer choice in FMCG product design during purchasing in retail outlets.

It also categories bridging the gap between companies and the customers, Medias as well as publicities are creating new demand of products, affordability for road shows for customer retention, personal care customers are greatly influence of advertisement, examine factors which influence the purchase of environmental-friendly products and determine the factors affecting purchase decision other than advertising, unethical side of advertising, different types of ad appeal, Indian FMCG sector in rural population, Impact of advertisement appeal and media context on consumers response and celebrity endorsements. This review are underwent but they concentrated only on limited aspects either advertisements or FMCG or
consumer preference or specific media where as in this study all the above aspects are concentrated.

This review analysis is covered almost many areas in FMCG product’s advertisements but coverage of advertising of FMCG in connection to attributes considered while purchase of FMCG Products, key areas for effective FMCG advertisement that influence the purchasing decisions, finding suitable and applicable Brand Ambassador for FMCG Products and identify known factors in advertising that accomplishes audience persuasion in reference to FMCG advertising and dimensions of factors influencing the selection of media for FMCG product advertising towards common respondents or households are covered little. This research intends to analyze these issues in depth to provide information for decision-making and effective development of FMCG product’s advertisement.

1.7 RESEARCH METHODOLOGY

A good research work requires a clear scientific methodology because only through the application of correct methodology in selection of sampling techniques, appropriate tools of data collection etc., so that well founded conclusion can be drawn on the phenomenon under consideration. The validity of a research depends upon the method of collecting the data and analyzing the same. In the present study, extensive use of both primary and secondary data was collected systematically.

1.7.1 Data Collection

The study was based on survey method. Taking the objective in account to this study, the information and data was totally collected from both primary and secondary sources.
1.7.1.1 Primary data

In order to fulfill the objectives set out, a sample study was undertaken using well-framed questionnaire and got it duly filled in by the sampled respondents. Respondents of varying nature were selected based on the important aspects of their Age, Education, Income, Occupation and so forth. A structured questionnaire and schedule were pre-tested and suitable modifications were carried out later.

1.7.1.2 Secondary data

The primary data were supplemented by enough secondary sources of data. The secondary data pertaining to the study were gathered from company profile, newspapers, magazines, journals, periodicals, reports, books, web portals and well-equipped university libraries at Bangalore, Chennai, Coimbatore, Pondicherry and Trichy. They were utilized to get the necessary past and latest information required for the study.

1.7.2 Period of the Study

The research has been conducted during the period from 2009 to 2015. The data collected from primary sources and secondary sources, the researcher tries the level best to obtain the recent reviews also.

1.7.3 Sample Size

Samples were collected from respondents to find the effects of advertisements on FMCG products from both male and female respondents. The sample sizes are totally 1000. (700 from male and 300 from female respondents)
1.7.4 Sampling Design and Area of Sampling

Sample design is determined before data is collected. There are many Sampling designs from which the researcher selected Systematic sampling design method in which sample members from a larger population are selected according to a random starting point and a fixed, periodic interval. This interval, called the sampling interval \((k)\), is calculated by dividing the population size \((N)\) by the desired sample size \((n)\), that is.

\[
k = \frac{N}{n}
\]

The totals of 1000 samples were collected from respondents in selected two taluks in each selected five districts of Tamilnadu and are clearly mentioned in the following Table 1.1.

**Table 1.1 Area of Sampling**

<table>
<thead>
<tr>
<th>Sampled Area</th>
<th>Sampled Area</th>
<th>No. of Respondents</th>
<th>No. of Respondents</th>
<th>Sampled Area</th>
<th>No. of Respondents</th>
<th>No. of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Namakkal</td>
<td>Paramathi Rasipuram</td>
<td>100</td>
<td>100</td>
<td>Tiruchirappalli</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Musiri Thottiyam</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Karur</td>
<td>Kulithalai Krishnanarayapuram</td>
<td>100</td>
<td>100</td>
<td>Perambalur</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Arumbavur Elambalur</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Salem</td>
<td>Attur Yeracadu</td>
<td>100</td>
<td>100</td>
<td>Total</td>
<td></td>
<td>1000</td>
</tr>
</tbody>
</table>

Sources: Primary Data
1.7.5 **Research Design**

Research design constitutes the blue print of collection, measures and analysis of data. In specific terms, a research design is the arrangement of conditions and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Here in this study, the researcher used Descriptive Research Design and studies concerned with specific predictions, with narration of facts and characteristics concerning individual, group or situation are all examples of descriptive research studies.

1.7.6 **Construction of Interview Schedule and Questionnaire**

The key aspects of the present research to be studied were identified from the Philip Kotler’s Advertisement concepts, websites, marketing journals and with some of the selected books. Then the researcher had conducted preliminary interview (Pilot Study) with some of 200 selected respondents and the same have been published in the Journal International Journal of Applied Environmental Sciences (ISSN 0973-6077 Volume 9, Number 5 (2014), pp. 2551-2563, http://www.ripublication.com). The drafted questionnaire and schedule was circulated among some research experts, managers (Marketing and advertisement) and research scholars for a critical view with respect to the wording, format, sequence and liking of the questionnaire. It was re-drafted in the light of their comments.

1.7.7 **Instruments for Data Collection**

To overview the effectiveness of Advertisement on FMCG, the following instruments were used for data collection such as Interview, Questionnaire, Telephones, Mobile phones, Mail and e-mail, Internet, Television, Newspapers, Magazines and journals and Camera and tape recorders.
1.7.8 Tools of Data Collection

By virtue of a mass data obtained from the research survey through questionnaire, as well as data from secondary sources collected and presented in this report, descriptive and analytical research was considered the most appropriate for this study. The researcher problem, questionnaire and interview schedule were all framed accordingly. The suggestions offered in the final chapter of the present research report emerged from the inferences drawn from the sample respondents. The data collected through these methods as per the requirements. One instrument has been considered at a particular point of time as per its suitability and other at a different time. There is no rule that all above mentioned instruments should be used. These have been used as per the need for the study.

1.7.9 Statistical Tools Used To Assess the Effectiveness of Advertising of FMCG

To analyze the Effectiveness of Advertising of FMCG the following statistical tools were used-

1.7.9.1 Weighted average

Weighted average technique was used to find out the total for each category of respondents over several attribute considered during purchase of FMCG to know their level of preference and consideration towards the price, quality and technology, well-known design, brand, usage pattern of FMCG products.

1.7.9.2 Henry Garrett ranking method

By application of Henry Garrett ranking method, the researcher tries to find out the details of key areas for effective FMCG Advertisement
that affects the purchasing decisions and suitable brand Ambassador for advertising of FMCG product’s brand.

1.7.9.3 Factor analysis

Factor analysis a method used to transform a set of variables into a small number of linear composites, which have maximum correlation with original variables. In this study, Factor analysis is used to study the reasons behind knowing factors in advertising that accomplishes audience persuasion in reference to message, rational appeal and emotional that affects the purchase decision in order to identify the major characteristics or factors considered as important by the respondents. The purpose of factor analysis is to determine the responses from the several numbers of statements, which are significantly correlated. If the responses of the several statements are significantly correlated, it is believed that the statement measures some factors common to all of them. Factor analysis can only be applied to continuous variables (or) intervals scaled variables.

1.7.9.4 KMO and bartlett’s test

Kaiser-Meyer-Olkin measures of sampling adequacy for individual variance were studied. It found sufficient correlation for all the variables titled “known factors in advertising that accomplishes audience persuasion in reference to message, rational appeal and emotional”.

1.7.9.5 F-Test using means, standard deviations with MANOVA

The MANOVA indicated a significant Wilks’ lambda effect ($\lambda =0.359, \text{d.f}=8,5,855, P<0.001$). All eight univariate ANOVAs for the sub dimensions were significant at the $P<0.001$ level. The means, standard deviation and F-test results are presented in the table under the title of factors
influencing the selection of media for FMCG advertising means, standard
deviations and F-test results for the four medias on the eight subdivisions.

1.7.9.6 Chi-square test

Chi-Square test is used to test if the two variables are statistically
associated with each other significantly. The degree of influence of the
following independent variables is pertaining to attribute considered while
purchasing of FMCG. The variables are respondents’ age, occupation,
educational background and annual income.

1.8 LIMITATIONS OF THE STUDY

1. Few of the sampled respondents neglected in sharing
information because of their busy schedule of business and
work.

2. To overcome the expected difficulties and to complete the
study, sincere and timely efforts have been put.

3. Sample size may be less representative of whole universe. The
survey was limited to some parts of central Tamilnadu state
only which covers selected districts such as Namakkal, Karur,
Salem, Tiruchirappalli and Perambalur only.

4. Few of the respondents in certain class are neglected the
request for answering the survey questionnaire. The feeling of
insecurity due to some unknown reasons may have prompted
the people to alter some information.

1.9 SCHEME OF THE CHAPTERS

The present empirical study has been divided into five chapters.
1. The first chapter deals with the introduction and design of the study. This includes Introduction, Statement of Problem, Need for the Study, Objectives of the Study, Scope of the Study, Research Gap, Methodology of the Study, Data collection, Period of the Study, Limitation of the Study, and Chapter Scheme.

2. The second chapter deals with Conceptual Framework of FMCG Advertising, Theoretical frame work of the study and Review of Literature which is useful to have a comprehensive understanding of the research topic under discussion.

3. The third chapter briefly presents profile of the study area of this research inclusive of the detailed industry profile, Current scenario of FMCG advertising, product profile and recent trend news.

4. The fourth chapter expresses the analysis and interpretation of the study. In this chapter attempts have been made to analyze the important attributes considered while purchase of FMCG Products, key areas for effective FMCG advertisement that affects and influence the purchasing decisions of the common people, finding suitable and applicable Brand Ambassador for FMCG Products and identify known factors in advertising that accomplishes audience persuasion in reference to FMCG advertising and dimensions of factors influencing the selection of media for FMCG product advertising.

5. The fifth chapter recapitulates the key findings and lists the conclusions of the study. Based on these findings, a few suggestions have been proposed for better marketing strategy implementation to the FMCG Advertisements.