Chapter II

REVIEW OF LITERATURE

The search for the required literature was planned according to the needs of the study. A comprehensive search for full text articles was carried out at the Indian Institute of Management, Bangalore and Indian Institute of Science, Bangalore in addition to Web sources.

The researcher felt that presentation of theoretical literature is essential to provide a broad framework to build and explain the empirical findings. Accordingly, the following sections discuss the theoretical literature on advertising, consumer behaviour, and communication models before putting forth the empirical findings of the present study.

The researcher has also referred to the theories of advertising, communication models, brands and consumer behaviour which include Hierarchy of Effects, AIDA Model, Response Hierarchy models, and Linear Learning models before exploring directly studies on Advertising
effectiveness, Point of Purchase Ads and effectiveness of Celebrity endorsements on Attitude towards brand, Attitude towards the Ads and Purchase intent. A brief account of the same is presented in the following section.

2.1 Advertising & Communication Models

In the early years, it was believed that there was a simple relationship between Advertisement and its effectiveness in getting the purchase response from consumers.

It was believed that advertising against the right consumers would result in sales. Higher the advertising, higher would be the sales.

There were Hierarchy of Effects, Hierarchy response theory and Involvement theory which have tried to prove that Ads work. There is one model called AIDA (Attention, Interest, Desire, Action) which described the impact on consumers as a simple process beginning with drawing
attention, arousing interest, then kindling desire before finally resulting in action.

Figure 2.1 AIDA Model

![AIDA Model](image)

**Figure 2.1 AIDA Model**


AIDA model proposed during 1920s ruled the advertising world for a number of years in the absence of anything worthwhile which could have explained the process satisfactorily. It was believed that Consumers having minds of their own, emotions, senses, and all the psychological elements, would in some way ‘process’ the material coming to them in the form of advertisements which make them ‘aware’ of things that are advertised. For this to happen at all, it was assumed, an Ad would have to attract their attention. Once it had achieved this, if it was to go any further it would have to arouse their interest. For a sale to take place, however, would
require a desire for the product. The final step must be action. This, in essence, is the so called AIDA model\(^1\).

Other variation of this model is the ‘Think-feel-do’ model of message effects, which presumes that consumers approach a purchase situation using a sequence of responses. This model identifies three categories of effects namely Cognition (mental or rational), Affection (emotion) and Behaviour (decision or action).

Among the noteworthy models which tried to explain how Ads work, include, the ‘hierarchy of effects’ (Holbrook, 1986)\(^2\). Hierarchy-of-effects (HOE) models have been around in the literature of marketing in one form or another for more than 100 years as noted by Weilbacher (2001)\(^3\). These models demonstrate that advertising is mentally processed in a series of steps typically Cognition->Affect->Behaviour. There is a lot of

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1 The marketing and advertising literature generally attributes the development of AIDA to Strong, Edward K. Jr. (1925), “Theories of Selling,” Journal of Applied Psychology, 9, pp. 75-86.


literature available related to conceptualization of how advertising works from an intermediate to long-term perspective and is explained by many related theories known as Response Hierarchy Model (Strong, 1925; Lavidge and Steiner, 1961; McGuire, 1978; Vaughn, 1980).

Lavidge and Steiner (1961), in their response hierarchy model which is based on the premise that communication effects from advertising occur over a period of time, illustrates the process by which advertising works by assuming that a consumer passes through a series of steps in sequential order beginning from awareness → knowledge → liking → preference → conviction → and ending in purchase. They believe that, advertising generally, does not lead to immediate behavioral response and result in purchase, but rather a

1 Strong, Edward K.Jr., (1925), "Theories of Selling," Journal of Applied Psychology, 9, pp. 75-86
series of effects must occur, with each step fulfilled before the consumer moves to the next step in the hierarchy.

There are other noteworthy hierarchical response models proposing to create a paradigm for setting and measuring advertising objectives. Better known among them is the information processing model of advertising effects developed by McGuire (1968). This model is similar to the other Hierarchy of Effects models and has similar stages as shown in Figure 2.2.

**Figure 2.2 Information Processing Model**

![Diagram of Information Processing Model]

Source: McGuire (1968)

McGuire’s model mentions about retention stage which is receiver’s ability to retain the comprehended information that he or she accepts as valid or relevant. This stage is considered important since most advertising

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campaigns are designed not to motivate consumers to take immediate action, but rather to provide information they will use later when making a purchase decision.

Each stage of the response hierarchy is viewed by McGuire’s model as a dependent variable that should be attained and that may serve as an objective of the advertising communications process. He also notes that each stage can be measured and thus provide the advertiser with feedback regarding the effectiveness of various advertising strategies. For example, exposure/presentation can be measured with figures on audience size (television or radio ratings, magazine or newspaper circulation figures), attention, comprehension and/or retention can be assessed through recall or recognition tests, while acceptance or yielding can be measured through attitude and intention measures.

Both Lavidge and Steiner, and McGuire response hierarchy models mentioned above imply that advertising has some intermediate effect before it impacts the targeted behavior. The two of the major intermediate effects according to these models are cognition being the
thinking dimension of consumers’ response, and affect being the feeling dimension. Cognitive effects include outcomes such as awareness, knowledge, comprehension and retention. The affective dimension includes measures such as feelings, attitudes, preferences, desires, and intentions.

Ehrenberg’s ATR model of advertising (1974) proposed that ‘Trial’ results from continued ‘Awareness’ and advertising augmenting to ‘Reinforce’ behaviour. He proposed that at individual level the brand awareness and brand trial were random. This model states that advertising reinforces behaviour. Ehrenberg’s model does not see any role for cognition.

Vaughn (1980, 1986), made an effort to identify the factors responsible for Ad effectiveness. He stresses the need to explore all possibilities people have for thinking, feeling and behaving towards the various

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products and services in their lives given the fact that people are capable of being logical and illogical, objective and subjective, obvious and subtle simultaneously. Vaughn’s efforts in building a comprehensive communication model resulted in a matrix which is now identified as FCB Grid\(^1\).

This model combined high-low involvement and left-right brain specialization and suggested that communication response would be different for high versus low involvement products and those which required predominantly thinking (left brain) or feeling (right brain) information processing.

\(^1\) FCB Grid is a well-known advertising grid model developed at the advertising agency Foote Cone & Belding (Vaughn (1980, 1986))
The FCB Grid outlines four primary advertising planning strategies: informative, affective, habitual and satisfaction. The informative strategy is for highly involving products/services where thinking and economic considerations reign. Purchase of Cars, life style products, appliances and insurance is explained by the classical hierarchy of effects sequence: awareness \(\rightarrow\) knowledge \(\rightarrow\) liking \(\rightarrow\) preference \(\rightarrow\) conviction \(\rightarrow\)
purchase, shown in quadrant 1 of this model as learn → feel → do. Purchase of Cosmetics, jewelry and fashion clothing fall under the affective strategy in the second quadrant which entail highly involving and feeling led purchases fulfilling self-esteem, subconscious and ego. The habitual strategy is for those low involvement and thinking products such as paper products, household cleaners or gasoline for which minimal awareness may be required but deeper learning is not needed. The satisfaction strategy is for low involvement/feeling products, items of personal taste, life’s little pleasures such as cola, beer, cigarettes and candy. Here, the product experience forms part of an important communication process.

The FCB Grid has been able to condense almost three decades of consumer behaviour theory into a practical format and empirically has shown that it has worked surprisingly well in solving many problems faced by marketers. Several advertising success stories have underscored the value of this grid in real life applications and have made strategic creative planning more relevant in terms of potential consumer response.
There are several conceptualizations of Hierarchy of Effects models which have received a great deal of attention among practitioners as well as academicians. One variation of this model is DAGMAR\(^1\). This response model proposed by Russell Colley (1961)\(^2\), presented an approach to setting and measuring advertising goals and objectives based on a hierarchical model of response with four stages starting with awareness, comprehension, conviction and ending with action as shown in Figure 2.4.

![Figure 2.4 DAGMAR Model](image)

The advertising response hierarchy models not only have their proponents in stressing their contribution in establishing communication objectives but also opponents,

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1 DAGMAR – Defining Advertising Goals for Measuring Advertising Results
who undermine the models. Holbrook et al. (1990)\textsuperscript{1}, argue that the hierarchy of effects, and any other sequential models enumerating how Ads work must be wrong because the cognitive and emotional components of decision making should be balanced, in parallel, avoiding either polarity. Major criticisms of these models include their reliance on the concept of a linear, hierarchical response process (Huey, 1999\textsuperscript{2}; Moriarty, 1983\textsuperscript{3}; Preston, 1982\textsuperscript{4}), and that the models are poor predictors of actual behavior (Bendizlen 1993)\textsuperscript{5}.


Weibacher (2001\textsuperscript{1}, 2002\textsuperscript{2}) also has been critical of hierarchy models arguing that they do not provide an accurate description of the effects of advertising, and that they have never been explicitly validated. Weibacher, Vakratsas and Ambler (1999)\textsuperscript{3}, argue that the hierarchical temporal sequence on which these models are based cannot be empirically supported and substantiated in their explanation of how advertising works.

Maloney (1990)\textsuperscript{4} has rejected the persuasive hierarchy in his reviews of consumer psychology and its contribution to understanding advertising effects. He has suggested that the effects of advertising relate with the level of involvement of both advertising and brand.

\begin{itemize}
\end{itemize}
The role of advertising is maintenance of awareness and attitude, rather than necessarily increasing them (Tim Ambler, 1997). Studies by Maloney (1990) have similarly concluded that product experience dominated any persuasive effects of advertising. Vakratsas and Ambler (1999), and Ambler and Goldstein (2003) argue that experience is a third principal intermediate effect that must be considered when studying the impact of advertising. They argue that in some situations, product experience may be the dominant factor that impacts beliefs, attitudes and preferences, and the role of advertising is to reinforce existing habits, frame the experiences or serve more of a reminding or reinforcing role.


Vakratsas and Ambler (1999)\(^1\) reviewed more than 250 journal articles and books in an effort to better understand how advertising affects the consumer. They concluded that cognition, affect and experience are the three key intermediate measures of advertising effects. However they argue that there is little support for the concept of a hierarchy or temporal sequence of effects and suggest that they be studied in a three dimensional space rather as a hierarchy.

The need to state the past work on understanding role of advertising is very critical for this study in order to understand the effectiveness of Ads.

The role of advertising can be considered as a communication process consisting of three stages: input, processes, and outcomes (Tellis, 2004)\(^2\). All the measures of advertising can be broadly classified as belonging to one of these stages. The inputs can be classified into three groups: intensity, media and content. Outcomes can

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be classified as brand choices, purchase intensity and accounting, depending on the level of analysis. The processes can be classified as cognitive, affective, and conative, corresponding to the three dimensions of mental activity.

Table 2.1 shows the Model and Measures of Advertising Effectiveness.

**Table 2.1 Model and Measures of Advertising Effectiveness**

<table>
<thead>
<tr>
<th>Stage in Communication</th>
<th>Type of Variable</th>
<th>Typical measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm’s advertising input</td>
<td>Intensity</td>
<td>Ad expenditures, share of outlays, exposures, rating, reach, average frequency, gross rating points, share of voice</td>
</tr>
<tr>
<td></td>
<td>Media</td>
<td>TV, radio, newspapers, magazines, telephone, Internet, billboards, mail, yellow pages</td>
</tr>
<tr>
<td></td>
<td>Ad content: Creative</td>
<td>Argument and other verbal cues; pictures, sound, and other emotional cues; endorsement and other inferential cues</td>
</tr>
<tr>
<td>Consumer’s mental process</td>
<td>Cognitive</td>
<td>Thoughts, recognition, recall</td>
</tr>
<tr>
<td></td>
<td>Affective</td>
<td>Warmth, liking, attitude</td>
</tr>
<tr>
<td></td>
<td>Conative</td>
<td>Persuasion, purchase intention</td>
</tr>
<tr>
<td>Market outcomes</td>
<td>Brand choice</td>
<td>Trial, repurchase, switch</td>
</tr>
<tr>
<td></td>
<td>Purchase Intensity</td>
<td>Incidence, frequency, quantity</td>
</tr>
<tr>
<td></td>
<td>Accounting</td>
<td>(Absolute or share) sales, revenues, profits</td>
</tr>
</tbody>
</table>

The effects of advertising relate to each other through a hierarchy of effects, which is specific for each brand, product category, and consumer segment. Tellis (2004), observers, that identifying the hierarchy and role of advertising in it is essential for evaluating how, when and why advertising works.

Hierarchy may be classified into three types as shown in Table 2.2.

**Table 2.2 Classification of Hierarchies**

<table>
<thead>
<tr>
<th>Category</th>
<th>Hierarchy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning Hierarchy</td>
<td>Cognitive-&gt;Affective-&gt;Conative</td>
</tr>
<tr>
<td>Dissonance / Attribution Hierarchy</td>
<td>Conative-&gt;Affective-&gt;Cognitive</td>
</tr>
<tr>
<td>Low-involvement Hierarchy</td>
<td>Cognitive-&gt;Conative-&gt;Affective</td>
</tr>
</tbody>
</table>


The Learning hierarchy depicts how a consumer buys a product upon learning about the product. Decisions requiring careful consideration such as purchase of a

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Dissonance / attribution hierarchy theory suggests that consumers develop reasons for their observed behaviour which might not have been motivated. The hierarchy followed in this case is: purchase → liking → rationalization → brand repurchase.

Low-involvement hierarchy involves purchase of items like toothpaste, coffee, soft drink etc., where the trial precedes learning. Consumers try a brand through a sample they receive or pick up from a display rack, which could be an act of impulse buying and if the product is liked, they keep repurchasing it.

It is critical for advertisers to understand which hierarchy works for a particular product and accordingly adopt a marketing strategy around it.

The understanding of advertising processing and its correlation with established attitudes and buying
behaviour has grown over the century. Franzen (1994)\textsuperscript{1} observes that there is absolutely no succession of stages as modeled earlier but there is more likely to be a constant, more or less simultaneous interaction between existing knowledge, attitudes and behaviour on one hand, and the perception and processing of advertisements on the other. This led Preston and Thorson to come up with a new model called ‘the Expanded Association Model’ in 1984 (Franzen, 1994)\textsuperscript{1}. The Expanded Association Model tries to suggest the interaction between existing associations, evaluations and behavioural tendencies with that of assimilations of advertising.

Franzen, classified some of these effects and their interconnections in order to correlate the results of the empirical surveys and analyses. He stresses that there exist interactions between these groups of effects, and these interactions are seamlessly interconnected as shown in the following Figure 2.5. Interactions between groups of effects are summarized as observed by Franzen.

Attention for an advertisement is determined, amongst other things, by the existing attitude towards the product category and the brand. It is also affected by the extent of product usage experience. Advertising is processed at different levels which is influenced by
interest in the product, brand attitude, usage experience and brand associations. It is believed that consumers perceive what they expect to perceive, and look especially for confirmation of their beliefs.

Brand awareness is formed to a larger extent by advertisement and the extent of exposure to the brand by way of usage. Brand associations are formed by product usage experience and advertising processing and positive attitude stimulates positive associations, and reinforces them. Brand positioning is the grouping of a brand in a product group or subgroup based on characteristics and attributes of that group or subgroup. Brand attitude develops from awareness and associations and to a larger extent by usage experience and perceived uniqueness of the product in the product group. Buying behaviour and usage experience are influenced by brand awareness, brand associations, positioning and brand attitude, among other things. It is generally accepted that the awareness of the Ad or brand and attitude towards the brand does not necessarily precede buying behaviour. In case of Soft Drinks, prior product experience would also play a vital role in future buying behaviour.
Moriarty (1983)¹ suggested abandoning this very basic premise and proposed that the effects be regrouped in a meaningful way, and emphasizing their inter-relations. She identified three main areas namely Perception, Learning and Persuasion as having greater effects on purchase decisions and which can have subgroups at various levels depending on the extent of their involvement.

Advertising is assumed to lead to ‘lower order associations and beliefs’. ‘Higher order associations and beliefs’ allegedly develop from usage experience (Smith and Swinyard, 1983)², and are subsequently confirmed and reinforced by advertising.

2.2 Consumer Buying Behaviour Models

Theories of advertising and communication models aim at explaining the sequence of probable processes of how

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an Ad works on the consumer and his propensity to buy. Historically, the disciplines of cognitive and social psychology and economics dominated the field, providing a broader theoretical foundation for most consumer research. Recently, this domination has been challenged by postmodern approaches that focus on other avenues of investigation such as anthropology, sociology, and history (Jacoby, 1998).\(^1\)

Models of buying behaviour intend to characterize the overall market behaviour. Their goal is the accurate prediction of future market behaviour based on all influences on the market, including advertising.

Models of buying behaviour can be classified into two categories: Operational Models and Stochastic Models. Operational Models explore various market variables like shopping habits, price, promotion, advertising, market share and share of mind, and relationships between these are correlated with market data.

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Stochastic Models provide structural insights and theoretical understanding regarding consumer brand choices, purchase intent and timing. The use of stochastic models in analyzing and understanding complex buying behavioural process has interested marketing researchers and practitioners for many years (Massy, 1970)\(^1\). Stochastic models of brand choice can be distinguished by how they deal with purchase event feedback and the influence of current purchase behaviour on future brand choice probabilities (Lilien, Kotler and Moorthy, 1992)\(^2\).

Lilien, Kotler and Moorthy (1992) and Massy (1970) have observed that, there are three well known brand choice models: Zero-order, Markov and Linear Learning models. Zero-Order models assume that a consumer, regardless of what he and she is exposed to, has a constant purchase probability of buying a brand. Markov models, on the other hand consider the current brand purchase as a result of the previous brand selection. In


a Linear Learning model, the probability of present brand choice is a function of past brand purchase history.

There are also Purchase Incidence Models and Negative Binomial Distribution Models. Purchase incidence models are used in predicting the timing of purchase events. Negative Binomial Distribution (NBD) model is one of the earliest and an important purchase incidence models. NBD model assumes that the probability that a consumer makes the next purchase during a period of time interval is independent of the previous purchase time, and the time between two purchases follows an exponential distribution (Ehrenberg, 1959)¹.

Recent years have seen a new phenomenon called buyer concentration, gaining ground. Hallberg (1995)², explains 'why all consumers are not created equal' by equating the '80-20 Rule of Thumb' to the famous 'Pareto Principle³'. He describes that 80 percent of volume of a brand is

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3 The Pareto principle (also known as the 80-20 rule, the law of the vital few and the principle of factor sparsity) states that for many phenomena, 80% of the consequences stem from 20% of the causes.
generated by 20 percent of its buyers. This has been substantiated by a published paper from American Association (1996)\(^1\), which documented the case for brand loyalty as measured by buyer concentration. Many in the marketing field consider buyer concentration as an important measure of brand loyalty.

Anschuetz (1997)\(^2\) observes that, change in buyer concentration is determined by the variables - brand popularity and average frequency of buying that determine distribution of buying. He also observes that the buyer concentration plays a bigger role for less popular brands than for more popular brands in that category.

Research in consumer behaviour is still mostly relying on the information-processing paradigm, which assumes that any consumption behaviour consists of problem solving, in order to achieve goals (Bettman, 1979)\(^3\). It has also been recognized that, sometimes,

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some behaviours are not meant to be purposeful, but simply a goal in themselves. These behaviours have been called ‘exploratory’, as they introduce stimuli that can be said to be rewarding in themselves.

Consumer Behaviour and Marketing Researchers have been studying personal goals, motivations, and values with great interest. They are used as determinants of choice criteria in evaluating brands, a basis for segmentation, vectors of communications and antecedents of involvement.

Jolibert and Baumgartner (1998) have investigated and analyzed the relationships between values, motivations and personal goals both from conceptual standpoint of view and empirical survey. Their study showed that individuals structure these three concepts into four meaningful dimensions characterized by social, personal achievement and humanistic orientations. They have found strong associations between the three concepts of values, motivations, and personal goals.

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Another very important aspect affecting consumer behaviour is the pricing of the product which has a bearing on the marketability of the product. Price response functions are formal models about the relationship of the price of a product as an independent variable and the demand as a dependent variable. Price response functions are a special class of the general market response models in which the effects of all marketing activities, i.e., product, price, promotion and place, on the buying-decision behaviour are specified.

Historically, brand loyalty is considered a major component and a key determinant of brand choice and brand equity. David Aaker (1991)\(^1\) wrote, “The brand loyalty of the customer base is often the core of a brand’s equity. If customers are indifferent to the brand and, in fact, buy with respect to features, price, ...there is likely little equity.”

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Baldinger and Rubinson (1996)\(^1\), observe that loyalty is almost always defined behaviorally, either as a share of requirements measure, or as a pattern in choices. They believe that the importance of loyalty to a brand share growth and repeat purchase can be better understood by extending the typical definitions and measurements approaches of loyalty. They validated a model developed by NPD Group, Inc. in 1992. The study looked simultaneously at attitude and behaviour to measure loyalty.

**Figure 2.6 Behaviour / Attitude Matrix**

![Behavior / Attitude Matrix](image)

Source: Baldinger, Alan L. and Rubinson, Joel (1996)\(^1\)

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It was found that high loyal buyers who have consistent attitude tend to stay loyal to the same brand, whereas, high-loyal buyers who have inconsistent attitudes tend to switch away to other products. Low loyal buyers or non buyers of a certain brand who have strong favourable attitude toward that brand are much more likely to switch to it. They argue that the kind of high loyal buyer is the most important leading indicator of retention and the low loyal buyer is most indicative of a trial. This observation has been corroborated by internal studies by The Coca-Cola Company.

They conclude, that the assertion by some researchers (e.g., Ehrenberg, 1990\textsuperscript{1}, 1993\textsuperscript{2}) that the primary determinant of a brand’s health will be related to its ability to gain penetration, rather than develop a stable group of retained real loyal, is dangerous, especially for market leaders seeking incremental growth.

\textsuperscript{1} Ehrenberg, Andrew S.C., Gerald J.Goodhardt, and T.Patrick Barwise (1990), “Double Jeopardy Revisited.” Journal of Marketing, 54, 3, pp. 82-91

It may lead them to de-emphasize advertising and image building shift to Sales Promotions.

Historically, sales promotions have shown that they are most efficient in gaining the initial trial, whereas they are inconsistent with the long-term view of a big brand which almost always exhibit strong attribute ratings that reflect its image. It is critical that companies should direct their energies in building more favourable attitudes toward the brand among consumers thereby increasing loyalty.

Kapferer and Laurent’s study (1983)\(^1\) showed that the relationship between the consumer’s involvement and his brand loyalty must be analyzed at the disaggregate level of the involvement components. Studies in related areas have conclusive evidence of a positive link between the perceived product class importance and the amount of prior knowledge on the product.

Brand loyalty constructs have been defined differently by many approaches in the literature. The behavioral approach suggests that the action of repurchase of the same brand by a consumer expresses his loyalty while the attitudinal view assumes that brand repurchasing behaviour is a necessary but not sufficient condition to brand loyalty so it must be completed with a positive attitude towards the brand.

Brand reflects self identification and there is a strong sense of ownership. Brand loyalty is highest when consumers are personally involved with the product. On the contrary, when consumers have low involvement in a product class, they have no strong feeling towards the brand and consequently they are not committed to the brand.

Brand loyalty could result from a deep knowledge acquired about the product. This could intensify if there are some perceived differences between the brands on the selection criteria. The instances of purchases of such a product grow and the brand loyal consumer tends to be more self-confident in his choice.
Consumer researchers have been paying little attention to the role of sensation and perception. Majority of work is confined primarily to visual or auditory processes, as most forms of marketing communications rely on print, radio or television as communication modes. Raghubir and Krishna (1996)\(^1\) have done pioneering work on the role of sensory processes of smell, taste, and touch in the buying behavior of consumers.

Consumer knowledge is an important construct in understanding consumer behaviours such as information searching and information processing (Alba and Hutchinson, 1987)\(^2\). The amount of information sought decreases as consumers become more experienced and knowledgeable.

Much of the research work on Memory revolves around factors that affect memory for advertising. Brown and

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Rothschild (1993)\(^1\) have found that the consumer memory remained steady or improved as the number of Ads increased though it is generally thought that advertising clutter reduces recall value of a brand. Unnava et al. (1994)\(^2\) found that message order affected persuasion only for radio and not print Ads. It was suggested that this results from a first-in first-out retrieval strategy used only in the auditory mode.

Behavioral Decision theory suggests that consumers often use a number of simplifying decision rules or heuristics rather than the assumption that people engage in fully rational, optimizing choice behavior. Mazumdar and Jun (1993)\(^3\) have found that consumers evaluate multiple price decrease more favorably than single price decreases, and a single price increase more favorably

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than multiple price increases. Heath et. al. (1995)\textsuperscript{1}, examined the effects of stating discounts in percentage versus absolute dollar terms. Stating absolute terms in marketing communications have reported to be having greater impact on consumer psyche.

Group and Interpersonal influences have also been studied by many researchers from a social influence standpoint. Sen and Morwitaz (1996)\textsuperscript{2} showed that consumer consumption behaviours were affected by a provider’s position on a social issue and the manner in which the position was communicated.

Brands have several perceived roles to play in its relationship with consumers. It has practical role, reassuring consistency, quality and saves the consumers time, money, disappointment and even self blame for trying out a new product. In its emotional role, consumers identify with brands and use them for self expression. Brands play social roles and help consumers


make statements to other people as to who they are. They can standout among crowds.

The above research studies and findings cited in this chapter helped the researcher to draw a framework of a model for understanding the determinants of consumer behavior which play a role in purchase decision making, particularly in Soft Drink industry as well as in finding out research gap for the present study.

2.3 Advertising Effectiveness

The current section discusses the effectiveness of Advertisement which is the focus of the present study.

It is a general belief that advertising works by changing consumer attitudes towards a brand. Improved measures of brand loyalty and brand equity are viewed as intermediate criteria of success in advertising.

The following part of this chapter discusses the earlier studies conducted in the field of effectiveness of advertising.
While a majority of researchers held strongly to the belief that advertising works by changing brand image, the importance of brand presence or salience are gaining ground among the new breed of marketing thinkers.

‘Brand salience’ refers to the order in which brands are remembered by the consumers. It is about which brand comes to their mind first. In market research, the brand salience is frequently measured by top-of-mind awareness and total unaided brand awareness. The brand which comes to mind first has a higher probability of being purchased (Sutherland and Galloway, 1981).1

Brand image, on the other hand, is usually measured by brand rating and attribute measures. Sutherland and Galloway, also states that it is an established belief that consumers have a tendency to buy popular brands which normally have a better recall rating thus strengthening the fact that there is a connection between brand salience and sales.

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Miller and Berry (1998)\textsuperscript{1}, argues that the issue of whether advertising primarily works by improving brand salience or building imagery is not just an academic one, but it has implications on the strategies of a marketer. If it is believed that Ads primarily work because they build or reinforce brand imagery, then, the marketer has to concentrate on brand positioning and building brand’s equity. On the other hand, if it were to be believed that advertising works primarily by building brand salience, then it is very critical to build advertising that is eye catching, entertaining and intrusive. They elaborate a point-in-time tracking study conducted between 1986 and 1996 by Lieberman Research Inc (LSI) in the rent-a-car category which covered a variety of issues including brand and advertising awareness, communications, brand image, and share of the market. The study looked at the relationship between changes in advertising spending and changes on various tracking-study measures.

\footnotesize{\textsuperscript{1} Miller, Stephen and Berry, Lisette.(1998), “Brand Salience versus Brand Image: Two theories of Advertising Effectiveness.”, Journal of Advertising Research, September/October, pp. 77-82.}
The findings from this study supported the brand salience theory of advertising effectiveness rather than the brand imagery theory. Awareness measures accounted for approximately 70 percent of advertising’s effect on market share versus an approximately 30 percent effect due to content related measures like communications and imagery.

Advertising effectiveness in a multicultural environment is one of the most popular areas of research in the Advertising field. These researches deal with the relative influence of the ethnicity or race of characters used in advertising (Whittler, 1991). Distinctiveness theory provides a broad theoretical base for the use of ethnicity in Ads and entail that the ethnically targeted stimuli delivered through the advertisement is effective, when the minority group members in the overall population is small.

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Stayman and Deshpande (1994) conducted an empirical study to test distinctiveness theory within an advertising context. Following the Distinctiveness theory postulate, they found that members of the minority group were more likely than majority group to have their ethnicity salient. In applying distinctiveness theory to persuasion, they found that member of minority groups find an Ad spokesperson from their own ethnic group to be more trustworthy and that increased trustworthiness led to more positive attitudes toward the brand being advertised.

Day After Recall (DAR) and Brand Preference are the two measures historically employed to ascertain and evaluate the effectiveness of advertising (Gibson, 1983). Day after recall is employed as a measure of Ad effectiveness when the advertiser’s objective is to determine the extent to which consumers have learned or remembered an ad’s content. Brand preference, which is


measured as a difference between brand purchase intention before and after exposure to the brand, is the other measure of Ad effectiveness.

Higie and Sewall (1991)\(^1\) reviewed literature on day after recall and brand preference as measure of Ad effectiveness. They conducted test-retest reliability analysis on data from an archive of radio advertisement effectiveness tests to investigate the day after recall and brand preference as criteria for evaluating Ad effectiveness. The data set used in this study was drawn from 810 tests of 433 test radio commercials for 57 product categories which included Soft Drinks and Coffee among other products. The results from the analysis conducted corroborate the distinction between DAR and Brand Preference and substantiate that DAR is more reliable than Brand Preference. They empirically demonstrated that DAR consistently exhibits greater reliability within product category and for particular brands and also for brands across product categories.

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A broad understanding of how a commercial is perceived along a spectrum of dimensions can provide an understanding of its total impact upon the audience (Aaker and Stayman, 1990)\(^1\). Aaker and Stayman conducted a study using a set of 80 prime time commercials tested using the BRC\(^2\) system. The objective was to explore methodological issues in assessing the underlying dimensions in audience perceptions and to understand the relationship between factors of measures and commercial effectiveness.

The BRC study elicited mail questionnaire responses which had a list of measures including Ad liking and Ad effectiveness scales. The factor analysis at an individual level brought out nine dimensions: amusing/clever, informative/effective, irritating/silly, dull, warm, lively, familiar, believable, and confusing. These factors were then used in regressions to assess their impact on two measures: Ad liking and Ad


\(^2\) BRC - Bruzzone Research Corporation has a proprietary methodology for Ad evaluation.
effectiveness. Though there was evidence that the informative / effective factor was the most broadly important factor, it was difficult to predict which factor would be important for which cluster. The hypothesis that there would be a link between the type of Ad and the factors which would impact on Ads of that type was not supported.

Jones (1995)\(^1\) used Single-Source research to show that advertising triggers sales. His research study is mainly concerned with the repeat-purchase packaged goods, known popularly as fast moving consumer goods or FMCG.

The STAS (Short Term Advertising Strength) technique of market research developed by Jones on the basis of Single-Source research generated by A.C. Neilsen Company, involves three phases. Surveys are planned, fieldwork is carried out, and the data are analyzed. Information is collected by monitoring, observing or data collated mechanically and by querying the buyers. The technique stresses the need to isolate market place variables influencing the buyer.

Single-Source research, holds promise of replacing both econometrics and market experimentation methodologies as a device for measuring accurately advertising’s contribution to sales. The technique focuses attention on the field work stage and brings together data that must be compared to establish statistical relationships. This technique uses information collected at the same time from the same consumers. It accounts for the household’s exposure to the relevant advertisement and other market stimuli and the purchases of that brand by the same household.

The system though promises to be an exceptionally foolproof method to understand and study the effects of advertising on consumer purchasing patterns and the effects on sale, in its pure form, it is unsuitable to be implemented in our country given the requirements of deployment of sophisticated gadgets for data capture both at identified households and at advertisement relaying stations. Our demographic and cultural diversity also adds to the difficulty in deploying this method in its pure form.
2.4 Celebrity Endorsements

“A Celebrity endorser is an individual who is known to the public (actor, sports figure, entertainer, etc.) for his or her achievements in areas other than that of the product class endorsed” (Friedman, Friedman, 1979). It is estimated that nearly 20% of all advertisements make use of Celebrities to endorse the products (Agrawal and Kamakura, 1995).

Figure 2.7 Ads with Celebrities

Source - Collected by the researcher from the internal source of the Coca-Cola Company.


It is believed that when a celebrity is used to endorse a product or a service, the indirect information perceived by the consumer becomes more credible and more relevant. Consumers attribute higher quality for the endorsed product and the propensity to buy would increase.

Endorser credibility has received considerable attention by the researchers. Studies have been conducted to understand the characteristics affecting credibility of endorsers such as trustworthy, knowledgeable, believable, objectivity and expertise.

There is a universal agreement that the personality of the brand and the celebrity have to complement each other and the selection of the celebrity is, therefore, very important in ensuring the effectiveness of the ad. Heider (1944)\(^1\) noted “acts or products are colored by the qualities of the person to whom they are ascribed”.

Erdogan, Baker and Tagg (2001)\(^1\), observe that, the 
Source Credibility Model, the Source Attractiveness 
Model, the Match-up Hypothesis model and the Meaning 
Transfer Model are the four theoretical models which try 
to explain the effectiveness of Ads by celebrity 
endorsers.

Source Credibility Model suggests a relationship 
between the effectiveness of a message and perceived 
expertise and trustworthiness of an endorser (Hovland and 
Weiss, 1951)\(^2\). According to the Source Attractiveness 
Model (McGuire, 1968)\(^3\), the effectiveness of a message 
depends on the similarity, familiarity and liking of an 
endorser. The Match-up Hypothesis suggests that the 
physical attractiveness of a celebrity endorser will 
enhance evaluations of the product’s characteristics only 
if the characteristics of the product ‘match-up’ with the

Celebrity Endorsers: The Practitioner’s Perceptive”, 

Credibility on Communication Effectiveness”, Public Opinion 
Quarterly, 15, pp. 635-650.

\(^3\) McGuire, William J. (1968), Personality and Susceptibility to 
social Influence. Handbook of Personality Theory and Research, 
1130-1187.
image conveyed by the celebrity (Kahle and Homer 1985\(^1\),
Kamin, 1990\(^2\)). This indicates that the physical
attractiveness of an endorser has a greater bearing on
the effectiveness of the endorsement. Erdogan, Baker and
Tagg (2001)\(^3\), point out that the Match-up Hypothesis may
have to extend beyond attractiveness and credibility
towards matching of the entire image of the celebrity
with the endorsed brand.

According to McCracken (1989)\(^4\), who proposed the
Model of Meaning Transfer, celebrity endorsement is a
special instance of a more general process of meaning
transfer. Celebrities first acquire a cultural meaning
for the consumers based on their dramatic roles or
athletic accomplishments. This meaning is then
transferred to a brand when the celebrity appears in an

\(^1\) Kahle, L.R., and P.M. Homer (1985), "Physical Attractiveness of
the Celebrity Endorser: A Social Adaptation Perspective",

in Celebrity Advertising: When Beauty be Only Skin Deep”,

\(^3\) Erdogan, Z.B., Baker, M.J. and Tagg, S. (2001), Selecting
Celebrity Endorsers: The Practitioner’s Perceptive.

Foundations of the Endorsement Process,” Journal of Consumer
advertisement with a product. For instance, Akshay Kumar, the Indian Hindi film hero, who is an accomplished karate expert, carries a tough guy and a fighter image in his films, symbolizing toughness. This character of the film hero is transferred to Thumps Up, one of the leading Colas of India, which has a matching effect. This adds to the image of the beverage. McCracken's meaning transfer process is shown in Figure 2.8.

**Figure 2.8 Model of Meaning transfer process**

![Diagram of meaning transfer process]

Note: → Path of meaning movement  ■ Stage of meaning movement

**Source:** McCracken (1989)

McCracken (1989), states that a celebrity acquires some kind of a cultural meaning, which is then

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transferred to the product or brand through association. It is believed, that this enhances consumers’ evaluations of the advertisement and the advertised brand. McCracken’s arguments contradict the predictions made by Pretty, Cacioppo and Schumann (1983)\(^1\) that celebrity endorsers will be more effective than non-celebrity only under circumstances where consumers are not highly involved in the advertisement and that celebrities and non celebrities should be equally effective or ineffective among high involvement consumers.

Pretty, Cacioppo and Schumann (1983)\(^1\) have hypothesized that celebrity endorsement constitutes a ‘peripheral cue’ that is likely to be effective only among consumers processing an Ad via the peripheral route. In contrast, consumers processing the Ad via the central route are likely to be influenced only by the strength or quality of the message argument. They found that under high involvement conditions, arguments but not celebrities influenced attitudes, whereas under low

involvement conditions, celebrities but not arguments influenced attitudes. This clearly suggests that celebrity influence may be related to the nature of the product rather than the person and clearly give a cue to marketers in identifying the right celebrity for the product.

Empirical studies have shown that celebrity endorsements have revealed mixed results in terms of believability and ultimately in overall Ad effectiveness and purchase intent (Atkin and Block, 1983)\textsuperscript{1}. Friedman and Friedman (1979)\textsuperscript{2}, hypothesized and found that the use of celebrity endorsers would lead to higher believability, a more favourable evaluation of the product and advertisement, and a significantly higher intention to purchase the product than Ads using an expert or ‘typical consumer’ endorser.

Marketers claim that celebrities affect the credibility of the claims made, increase the memorability

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\textsuperscript{2} Friedman, H. and Friedman, L. (1979), “Endorser effectiveness by product type”, \textit{Journal of Advertising Research}, 19, 5, pp. 63-71
of the message, and may provide a positive effect that could be generalized to brand (Cooper, 1984). Assael (1984) suggests that celebrity advertising is effective because of their ability to tap into consumers’ symbolic association to aspirational reference groups. Such reference groups provide points of comparison through which the consumer may evaluate attitudes and behaviour (Kamins, 1990).

Roy (2006), in his study on celebrity endorsement, offers interesting propositions about celebrities and celebrity endorsed branding. He observes, that the choice of celebrity for endorsement cannot be based on a global assessment of his/her personality as the consumer’s assessment of a celebrity and a brand is neither global nor one-dimensional, but a complex and a dynamic process along a range of personality attributes. He argues, that celebrities like the Cricketers are tended to be judged on their performance on the field. When they fail or the


country loses a match, consumers react swiftly and negatively.

A look at Corporate India, reveal that, companies predominantly use movie stars or sports personalities to sell soft drinks, chocolates, biscuits, paints, cars, scooters, suiting, footwear, watches, pens, hair oil, insurance packages, diamonds, liquor, photo films to consumers. There is hardly any product that is not advertised without a celebrity endorser.

In India there are instances when celebrities are used at times when the product integrity was at stake and when negative communication was spreading in the market about the product.

A case in point, when Cadbury India wanted to restore the consumer's confidence in its chocolate brands
following the high-pitch worm controversy, the company appointed Amitabh Bachchan, a super film star of Hindi movies for the job. Similarly, when a more controversial pesticide issue cropped up against the products of both Coca-Cola and PepsiCo, both soft drink majors put out high-profile damage control Ad films featuring their best and most expensive celebrities. While Aamir Khan, who is again a popular Hindi film hero in India, led the Coke fight back as an ingenious and fastidious Bengali who finally gets convinced of the product's `purity,' PepsiCo brought Shah Rukh Khan, a popular Hindi film hero and Sachin Tendulkar, a popular world class cricketer, together in a television commercial which drew references to the `safety' of the product indirectly. These star celebrities have really worked wonders to mitigate the damage caused by negative press.

There are instances of companies utilizing the services of celebrities with the objective of infusing fresh life into the stagnant products. Dabur India’s chyawanprash, a food supplement product, is a glaring example of how a brand which was stagnating for years with dwindling sales, has turned around with stunning
sales performance after the company roped in Amitabh Bachchan, a super film star of Indian Cinema, as the brand ambassador.

Some of the other Indian success stories of using celebrities to revive or catapult brands, include, the Aamir Khan ‘thanda matlab Coca-Cola’ commercial series which brought Coca-Cola India, many awards and recognition.

Celebrity endorsements, of course, come with risks attached. For example, when Tendulkar, a cricketer par excellence with many world records to his credit, went through a prolonged lean patch recently, the inevitable question that cropped up in corporate circles was whether to continue to air his Ads. Similarly, when celebrities are embroiled in negative social acts which bring discredit, they cannot be continued as they can pass on that negative connotation to the brand. If the celebrity is strongly associated with the brand then the occurrence of the negative publicity about the celebrity can spill over to the brand. In a recent incidence, Shane Warne, a great cricketer of Australian origin, tested positive for
consuming banned substances and was subsequently withdrawn from the event, during the course of World Cup event. PepsiCo - the presenting sponsor of the World Cup 2003 - found itself on an uneasy wicket and had to withdraw all Ads featuring Shane Warne. The harm brought to the reputation of these companies may decrease trustworthiness and credibility in the eyes of the consumer (Till, 1996).  

Ad professionals are united in their opinion in linking a brand with an ambassador, who comes under fire for objectionable behaviour, is nightmarish.

Coca-Cola India was caught in a similar situation, when a couple of years ago, one of its star endorsers, Salman Khan, again an Indian film star, was accused in a couple of cases. Coca-Cola subsequently dropped Khan from its endorsement package and roped Akshay Kumar, another Indian Film hero with a clean image.

While the risks are aplenty, marketers are of the opinion that the benefits of celebrity endorsements

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outweigh the risks. Endorsement by Celebrities is not a panacea for all Ad effectiveness problems. It is fraught with perils. If a celebrity endorser is used, the risk of consumers focusing on the celebrity and not on the brand exists. This overshadowing effect occurs when the celebrity endorser occurs in the presence of multiple other stimuli which all compete to form a link with the celebrity endorser (Till, 1996).\(^1\)

Tripp, Jensen and Carlson (1994)\(^2\) observe that consumers get confused and are unable to recall which brand the celebrity stands for, when the endorser chooses to endorse several, different products simultaneously and become overexposed.

A study by Wang (2005)\(^3\), examined the process by which audiences integrate expert and endorsements into

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their product evaluations and how endorsement consensus affects this process. The results suggest that positive expert and consumer endorsements both enhance audiences’ attitudes towards the endorsed product.

The effectiveness of celebrity endorsement depends on how well or how badly brands use celebrities. Sometimes, a good brand uses a celebrity ineffectively, and there are times when a smaller brand does extremely well with good use of a celebrity endorser. Caution needs to be exercised while using celebrities as there is so much clutter these days that companies are constantly looking at ways to cut through it. Corporations believe that celebrity endorsements are the easy way out, with their mass appeal. However, there are chances of their backfiring if there is a basic mismatch between the star personalities and the brands in question.

There is another issue of using good celebrities badly - which also either backfires completely for the brand, or is a complete waste of money, effort and resources. A case in point is the examples of Ads where star ambassadors have been used ineffectively. To
illustrate, Castrol commercial, featuring Rahul Dravid, an eminent cricketer and the currently-on-air Ad film for Adidas which features Sachin Tendulkar and Virender Sehwag both eminent cricketers. While these are few examples where good, high-profile celebrities have been used badly, there is Coca-Cola's thanda matlab series which makes excellent use of Aamir Khan.

One can easily find examples in the corporate world where even the most powerful celebrities have failed to make an impact on popularizing the brand. The issue of 'overexposure' of celebrities is an issue that business corporations will need to contend with all the time. These days one can see 'commoditization of celebrities', who are willing to endorse anything for big money. The celebrities' parade in advertising seems to be just for gaining attention and as an alternate source of income. With corporate spending huge advertising budgets towards celebrity endorsement fees, it is critical to understand the risk factors of celebrity endorsement.

The other problem faced by marketers is the clutter in the advertising space. The current levels of clutter
are anything but discouraging for marketers when it comes to cornering the share of mind. Cobb (1985)\(^1\) studied the effects of the amount of clutter and measured its effectiveness in commercial recall. She found that high level of clutter has a negative impact on the recall of commercials than low levels of clutter. Other studies have looked at both recall and attention during differing levels of clutter. Webb and Ray (1979)\(^2\) manipulated the levels of clutter and found that as the non program material increased, commercial effectiveness decreased.

These factors result in lowering the desired effects of an advertisement. As a result, the resultant advertising is considered a weak force if it is not useful (Ephron, 1997)\(^3\). The key to making this weak force effective is to make available the advertising at the point of purchase.


2.5 Point of Purchase Advertising

Point of Purchase advertising, also called as Place based media, is one such new advertising approach, which deliver advertising messages at or close to the place where the product or service is being sold or offered. These media are designed to occur ‘at the confluence of message, customers and product or service’ (Lucas and Prensky, 1997)\(^1\). These place based media have their advantages in targeting specific and clearly defined consumer segments.

Evidence suggests that place based media are gaining prominence. In-store messages have a greater tendency to influence buying behaviour particularly in the Soft Drinks category. Determining the effectiveness of place based media in terms of brand sales and of consumer penetration remains an interesting area of research. This

assumes greater importance to the current study as the soft drinks are an impulse purchase products and internal company resources have established that more than 70% of purchase decisions occur in-store.

Gutierrez (2004)\textsuperscript{1}, in his study of determinants of planned and impulse buying habits of the Philippine consumers, has investigated factors influencing planned and impulse purchases in six personal care product categories. He found, that product category, purchase frequency, brand comparison, and age are significant factors influencing planned and impulse purchases.

The importance of POP Ads has been highlighted by both marketers and academicians. The soft drink companies in India have been investing heavily into making the Point of Purchase more attractive with top class merchandising. Commonly used merchandising at the Point of Purchase is shown in Figure 2.9.

Similarly, academicians have been experimenting with new ways of reaching out to consumers. Recency Planning is one such new concept in support of the effectiveness of Point of Purchase Ads. The underlying concept of Recency Planning is that advertising tends to be more influential to consumers when they are ‘ready to buy’. Whether a consumer is ‘in the market’ is more important
than the number of times he or she is exposed to the advertising message (Ephron, 1997).  

Quelch and Cannon-Bonventre (1983) maintain that POP promotion is useful because it has the ability to reach potential buyers at the time and place at which the buying decision is made. They argue that in-store displays are more productive than media advertising expenditures as they offer narrow focus, precise target marketing and easy evaluation of sales response.

Chevalier (1975), in an experiment, designed to measure the impact of in store displays, reported a 572 percent increase in unit sales of selected supermarket products. He also found that display effectiveness tends to be greater for products in a mature product category.

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3 Chevalier, Michel (1975), “Increase in Sales Due to In-Store Display”, Journal of Marketing Research, 12, 4, pp. 426-431.
In a similar supermarket experiment, Wilkinson, Mason and Paksoy (1982)\(^1\) found that within the aisle and end of aisle, displays had a much greater impact on unit sales than did expanded shelf space.

Caballero and Solomon (1984)\(^2\) have suggested that the presence of human models and celebrities in a POP display can help increase the product’s appeal.

Lumpkin and Festervand (1987)\(^3\), in a study of elderly apparel shoppers, found that point of purchase (POP) information as rated third most useful among the eight other information sources.

Davis and French (1989)\(^4\), in a non product specific study of information search behaviour, identified three sub segments of elderly females aged above 60: engaged,


receptive and autonomous. Autonomous sub segment was generally not receptive to media advertising, leading Davis and French to conclude that this group might be effectively reached through POP advertising.
Summary

The chapter ‘Review of Literature’ reviewed the literature needed for the current study in order to understand the research gaps and to help develop the current study.

In the initial sections, different models such as AIDA, Hierarchy of Effects, Response Hierarchy, Ehrenberg’s ATR model, FCB Grid models were presented and their relative merits and demerits were discussed.

Subsequent sections presented the Consumer Buying Behaviour models which included Operational models and Stochastic models. Operational Models explained market variables like shopping habit, price and promotion and Stochastic models provided structural insights and theoretical understanding of the complex buying behavioural process regarding consumer brand choices, purchase intent and timings. Different models and concepts presented include the Zero-order, Markov and Linear Learning models, Purchase incidence models, Buyer
concentration, Brand loyalty studies, Behavioural decision theory, and Group and Interpersonal influences.

Further sections presented theories and studies on Advertising Effectiveness which included the Distinctiveness theory, Day After Recall and Brand preference studies, Single Source research studies and Short Term Advertising Strength (STAS) study.

Subsequent sections presented the studies on Celebrity endorsements, which includes the Source Credibility Model, the Source Attractiveness Model and the Match up hypothesis model, Meaning Transfer Model and presented an industry perspective on Celebrity endorsements.

The final section of the current chapter, presented studies on Point of Purchase Advertisement which includes the Recency Planning model and the industry specific studies on effectiveness of POP Ads.

To sum up, advertising is an area with lots of scope for further research. Bearing in mind, the results of
extensive literature survey on advertising and communication models, consumer buying behaviour models, and effectiveness of advertisement, the researcher has set the objectives and hypothesis for the present study. A look into past through the literature survey has helped the researcher to see the research gap and develop the conceptual framework for the present study in clear terms.

The following chapter therefore, brings out the conceptual framework, outlines the research questions, identifies research variables and discusses in detail, the hypotheses framed for the present study.