CHAPTER-II
REVIEW AND RESEARCH METHODOLOGY

Review of literature

This chapter explains the review of literature and research methodology being adopted to carry out the study. It includes rationale of the study, sampling, database, statistical techniques, justification and significance of the study, hypotheses etc.

Planning and Execution of any research study should be preceded by a thorough review of the literature on the subject. A review helps to familiarize the researcher with the work that has already been done in the area and helps him to locate the gaps. Keeping in view the importance of this aspect, a thorough review was undertaken. The selection of the research topic ‘Evaluating Advertising Effectiveness- A case study of selected fast moving consumer goods (FMCG)’ was an outcome of the review itself. In this Index, research work done specially in the field of Advertising Effectiveness and its effect on consumer behaviour has been highlighted.

Suckle (1951) in his study on “consumer use and purchase of furniture” showed that both husband and wife participated in most of the planning and that they had made many purchases together. It was absolutely correct specially in case of purchase of slow moving consumer goods.
Smith (1970) examined certain hypotheses in brand choice determinants for slow moving consumer goods like refrigerators and television sets. He concluded that shopping for slow moving consumer goods was not a deliberate activity. Findings also revealed that

- Product information was more likely obtained by store visits rather than advertisements.
- Many consumers did shopping without specific brand in mind.
- Store loyalty was somewhat stronger than the brand loyalty.

Linda L. Golden (1979), attempted to measure the relative effectiveness of advertising. Five dependents were taken care of in this regard-purchase intention, claim believability, advertisement credibility, quantity of information, and usefulness of information. Some beneficial conclusions given in this regard were that the characteristics used for comparison appear to be relatively important to the respondents.

Droge and Rene (1987), presented a study based on MDS (multidimensional scaling) of similarity judgements concerned with overall positioning at brand level. They concluded that the associative strategies can achieve fast and accurate product positioning.

Darrel D. Muehling Donald E. Stem, Jr. and Peter Raven (1989), conducted a study to explore advertisers' agencies', and media/regulatory organizations perceptions of advertising on a number of important
dimensions. Surveys were sent to top-level managers representing the national advertisers and domestic advertising agencies. Media associations and regulatory agencies were represented by a sample including magazines, the major television and radio networks, cable networks and self-regulatory association. Results suggest that, as a group, advertising agencies, more than advertisers and media/regulators are most favorably predisposed to advertisements, especially ones that explicitly reference the competitive brand.

Rogers and Williams (1989) summarized the positive, neutral and negative findings related with advertising effectiveness. These findings contained conclusions from voluminous past researches and inferred that advertising positively influences shopping behavior in the areas of buying intentions and actual purchase behavior.

William T. Neese and Ronald D. Taylor (1994) mentioned that consumers considered the competitive information among alternate’s brands more seriously than information of single brand. The study conducted by them was designed to analyze the ability of advertising to accomplish certain tasks as it interacts with brand information for a high-involvement product type.

Roger Bennett (1997) conducted a survey on a sample consisting of 392 respondents and concluded that results of the survey are consistent with
those of previous studies reporting significant positive relationships between claims of brand superiority and improvements in consumer attitudes towards the advertised item.

**Sadar and Dhawale (1997)** attempted to ascertain the impact of slogans on consumer buying behaviour and also to study the awareness of consumers towards slogans through the questionnaire circulated among consumers and dealers and found that the respondents had a feeling that good slogans had great association with product popularity and the success. Consumers were found greatly influenced by the slogans in case of fast moving consumer goods (FMCG), but in case of slow moving consumer goods (SMCG), the response of slogan was comparatively weak and consumers’ main emphasis was on quality, availability and price while choosing slow moving consumer goods (SMCG).

**Spotts, Harlan E, Weinberger, Marc G, Parsons, Amy L (1997)** in his study showed that more than $150 billion is spent on advertising in national media on an annual basis, with between 10% and 30% of that amount going for the placement of ads that are intended to be humorous (Weinberger 1995). This study is attempted to ascertain whether advertisers' use of humor is justified by the influence of the humor on advertising performance.
This study also reveals that advertisements could be simple and humor could be effective in capturing and maintaining attention.

This study also concludes that the use of humor may be detrimental in ads for red and blue goods. Perhaps because red goods are high involvement products and are assumed to have a relationship to a consumer's personality, making fun of such products may be considered threatening. For blue goods, which are low involvement products, humor could interfere with attention and recall.

Lepkowska-White, Elzbieta, Brashear, Thomas G, Weinberger, Marc G (2003) in his study showed that Successful advertising is a key requirement for overall success in the international market.

This study is attempted to investigate whether ad appeals designed for different product types can be standardized in distinct cultural settings. We use thinking/feeling and involvement characteristics of products and distinct national cultural characteristics of consumers in Poland and the United States to predict and compare reactions to ads with different appeals.

Findings of the study indicate that marketers can standardize ad appeals tested in this study from the market. The Study also suggests that in the market, product characteristics are better predictors of consumer responses to ads than cultural characteristics or appeal types. This issue, along with
other factors, such as country of origin, brand names, and so forth, may affect reactions to ads, and needs to be investigated in the future to prevent advertising mistakes that have been common in the past.

**Zhou, Nan, Zhou, Dongsheng, Ouyang, Ming (2003)** conducted their study is to investigate the impact of short-term advertising on long-term sales of consumer fast moving and slow moving goods.

Our Results show that, as a whole, advertising had long-term effects on sales of consumer durables, but did not have long-term effects on sales of consumer fast moving goods.

As pointed out by Bass (1969) and Dekimpe and Hanssens (1995), past studies on the sales-advertising relationship were not designed to answer the following two questions: How do we isolate advertising's effects from other effects? How do we quantify the long-term effects? There was a need for new modeling approaches that address these types of questions (Leeflang and Wittink 2000). In this study, the researchers have presented a persistence model that both distinguishes and quantifies the long-term effect of specific underlying marketing actions. Results clearly show different long-term advertising impacts on sales for consumer fast moving and slow moving goods. These results support Ouyang, Zhou, and Zhou's (2002) findings. The results also support observations made in the literature on consumer behavior and advertising that the dynamic
evolvement of sales is related to the consumer's level of involvement with the product in making purchase decisions.

**Tobias Maria Günter (2003)** in his study on “Measurement of advertising effectiveness and goodwill-transfer in case of vertical product differentiation” showed that consumer goods manufacturer spend a high percentage of their marketing budget for advertising, e.g. TV-advertising. In order to efficiently allocate the budget across time it is necessary to quantify the dynamic effects of advertising. The measurement of advertising effectiveness needs to address two important issues: pulsing policies and wearout effects. Pulsing policies describe advertising strategies when companies choose between high and low advertising budget in successive periods. Wearout effects describe the declining effectiveness of an advertisement, which may lead to time-varying parameters. Time-series techniques will be used to quantify advertising response models, e.g. a Nerlove-Arrow model. This method will be modified and applied for the case of vertical product differentiation.

**Marisa Schlicthorst (2003)** in his study on “Dynamic Effects of Advertising - An Instrument to evaluate Ad-Tracking-Data” highlight the question that how does advertising really work? Advertising Research concerns about this complex question since almost 100 years but until now the results are more or less insufficient. Responsible for that are
individual Cognitive processes in consumers mind and dynamic effects like advertising wear-in und wear-out. In course of the past 100 years lots of Effect models were build but only little number of them could be proved empirically. Based on the knowledge of the hierarchical effect models, this thesis will develop a new model, which consider about the psychological effects of advertising over time. The target of this work is the development of an instrument to quantify the determinants of the advertising and to control them. To examine this model multivariate analysis are used. The data is given by different product categories and time periods as well as information about the advertising budgets over time. Furthermore this model is supposed to be constructed as a forecasting model. On the basis of different results from changes in variables over time it would be possible to give advices for companies about their optimal advertising strategies.

2.1 Research Problem

There can be little doubt that in an industry as dynamic and expansive and one, which appears to be inexorably, growing plays a vital role in its development. Research should not only be undertaken by every organization whether by every organization whether large or small to assist in the task of practical decision making at a strategic level, but it should also be acknowledged as important at the academic level to throw light on
the development of advertising on a global basis and bringing together the many different strands which comprise the advertising and its effect on consumer behaviour.

Now a day, advertising acts as an "informative tool" of promotion- mix. In this way, advertisement is an essence of consumer decision-making process. It provides all the required information to the consumer to take rationale and formal decisions to satisfy him. So, it plays a vital role in the consumer decision-making process. To make rationale decision, the customer require adequate information regarding the product i.e. price, availability, brand etc. In the modern era, we cannot think about selling a product without proper advertising programme, because consumer evaluates the quality of a product totally on the basis of the advertising campaign of the particular firm.

In this research, a comparative study was carried out to evaluate the effectiveness of advertisement in respect of fast moving consumer goods (FMCG). That is why 5 fast moving consumer goods (FMCG) are taken.

2.2 Objectives of the Study

The objectives of present study:

1. To examine consumer awareness about different brands of Toothpaste, Shampoo, Face Cream, Talcum Powder and Bathroom Soap.
2. To evaluate the consumer perception and learning ability.

3. To know how far is the consumers’ access to various advertising media.

4. To find out the relationship between educational background and perceiving ability of advertising message.

5. To find out the relationship between gender and the advertising impact.

6. To highlight the significance of time slots and advertising schedules with regards to its impact.

7. To determine the relationship between advertising frequency and advertising response.

8. To assess the effectiveness of advertising within the same product group and between different product group.

9. To evaluate the reasons of favourable advertising response.

10. To determine the relationship between the nature of product and the marital status of respondent.

11. To determine the relationship between various age groups and their response to the advertising.

2.3 Hypothesis
The null hypothesis assumed for the analysis of the data includes the followings:

1. There is no relationship between the creation of need and the nature of exposure to the advertisement.
2. There is no association of factors of product attributes keenly observed in the advertisements by the respondents with their age, education qualification, and income.

3. There are the respondents with their age, sex, income, educational qualification and marital status reveal no associations of different reasons of favourite advertisements.

4. The natures of purchase of the product on the basis of advertisements as revealed by the respondents are not associated with their age, sex, marital status, income and educational qualification.

5. Suggestions given by the respondent for making the effective advertisement is not associated with their age, income and educational qualification.

6. The nature of perception of the respondent regarding the future prospects of advertising is not associated with the age, sex, education qualification and occupation of the respondents.

7. The nature of perception of the respondent regarding the impact of advertising on social change is not associated with their age, sex, education qualification and occupation.
2.4 Justifications and Significance of the Study

The world economy has undergone a radical transformation in the last two decades. Fast changing information system and high-tech technological products have changed the complexion of business activities. In the last few years advertising has witnessed a phenomenal growth. It is considered as a component of the economic system, a means of financing mass media and social institution. The information revolution has brought economic development apart from fulfilling social objectives in the society. Advertising industry can be a true indicator of the level of the living standards in a country. The present study is an attempt to know the impact of advertising on consumer's decision-making process. The focus is on Fast Moving goods. It will provide new insights, particularly in the area of consumer behaviour.

The present study is exploratory and it aims to draw new insights and discover new ideas about the phenomenon. The research design needs to be more flexible so as to provide opportunity for considering different aspects of the problem. The present study has been initiated in the light of the difficulty of predicting as to how consumer takes a buying decision and checking out whether and to what extent the multi-dimensional tool of advertising can make its impact on buyers' decision making in the purchase of Fast Moving goods. In the present Study, 5 Fast Moving
Consumer goods - Toothpaste, Shampoo, Face Cream, Talcum Powder, and Bathroom Soap are taken.

Being Fast Moving Consumer goods, consumer does not go through a long process of thinking and buying. Hence, the promotional means like advertising can make a lasting impact over their buying decision and it is through this promotional means, the marketer can not only inform but also persuade and make them brand loyal towards his brands.

In the modern era, study of advertising effectiveness creates awareness among masses, provides information regarding varieties of products, establishes brand preferences, helps in the development of consumers liking and preferences for the product, has economic as well as social impact, influence the life style and values. Advertising can also be instrumental in providing social welfare.

In the modern business world, advertising has changed the life style of people. Their buying is very much under the influence of this strong persuasive communicational tool. It helps in the formation of attitude and the existing attitude can be changed with tactful advertising.

2.5 Sampling

All the primary data were collected through personal interview schedule.

While preparing personal interview schedule, an attempt was made to
include simple and specific questions and due care was taken to avoid complex, vague, ambiguous, hypothetical, presuming and personalized questions. We also use literature, books and other papers relevant to topic have been referred and the relevant primary data were collected form 500 respondents of chandigarh city by using random sample survey method. In the random sample survey method, the attention has also been given to the fact that all segment of the society should get the representations during the collection of the data.

2.6 Data Collection

All the Primary data was collected personally through interview schedule. In this study, we divide the whole data into 4 different Zones/Segments and those 4 Zones/Segments are again divided into sectors.

In this Study, a total sample of 500 respondents of Chandigarh city was collected. All the sample of 500 respondents, which were selected from Chandigarh, is equally divided into 4 zones, which are interlinked with different-different sectors of their related zones. All this, can well be understood with this presentation, which is as follows: -
CHANDIGARH

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<tr>
<th>NORTH ZONE</th>
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<th>EAST ZONE</th>
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Respondents

MAP OF CHANDIGARH
2.7 Limitations of the study

It is important to highlight the limitations of a work specially in case of a research. The limitations help us to understand and appreciate the work in proper perspective.

'Sample' is only sample, it can never be the 'universe'. This truth, in fact is the real cause of the limitations in all studies based on sampling techniques. The "uncontrollable factors", also contribute positively towards the number of limitations and some of them are listed below:

1. No primary data collected through the sample survey are free from biases and inaccuracies on one count or the other. In this study the data used for analysis are also subject to error in some cases as the respondents have lack of knowledge about the questions included in questionnaire.

2. The present study is a study of sample. Alternatively, we could have studied the universe. This has not been done because of two reasons. First, it was not possible to study the entire universe with the limited resources and time available at hand. Secondly, it is well-established fact that the study of universe and representative sample would provide similar results. It is in this background that a sample study
was opted. It is hoped that the results obtained would be appropriate for the strata studied as well as the universe.

3. The study could assume a better meaning by means of verification with some secondary data which was, however, not available.

4. The study is based on the primary data collected from the respondents assuming that they have given their genuine preferences without hiding anything. However, it is seen that differences do exist between how consumers say they behave and what they actually do.