CHAPTER - 1

INTRODUCTION

1.1. AN OVERVIEW ON ADVERTISING

Advertising in this era of modernity has gained profound recognition and importance all over the world as an indispensable tool of business due to its role in business. Today, advertising is omnipresent if not omnipotent. Consumers are confronted with substantial daily doses of advertising in multiple media. Advertising is not only the subject study of business practitioners, but also of economists, social thinkers, anthropologists and public policy makers (Pollay, 1986). Most of these people have made an attempt to study communication impact of advertising on society and consequently raised many social issues arising from advertising.

Advertising, which is a crux of any market economy, plays a pivotal role in the economic progress of a nation. Advertising is indeed the only direct method, which helps to reach masses of potential buyers. In the present era of information explosion and media influence, advertising plays a major role in changing the settled perception or thinking of the people. The divergent sections of the society may need advertisement for a variety of reasons from information sharing to consumer persuasion to decision making.

Advertising has witnessed a tremendous growth during the last few decades and it has been defined in many ways. Industry icon Leo Burnett defined it as "selling corn flakes to people who are eating Cheerios" (Bendinger, 1993). U.S. President Calvin Coolidge called it "the life of trade" (Bradley, Daniels, and Jones 1960). English professor S.I. Hayakawa termed it "a symbol-manipulating occupation" (Hayakawa, 1964). and media guru Marshall McLuhan referred to it as "the cave art of the twentieth century".

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Over a century ago, Harper's Weekly 1897 commented that advertisements were “a true mirror of life, a sort of fossil history from which the future chronicler, if all other historical monuments were to be lost, might fully and graphically rewrite the history of our time”, but in recent years scholars have creatively probed advertisements for clues about the society and the business environment that produced them.

Advertising is one of the most important and powerful expressions in the modern world. Encyclopedia Britannica (Vol.1.) defines and analyses advertising in the following words:

“the techniques used to bring products services opinions or causes to public notice for the purpose of persuading the public to respond in a certain way toward what is advertised. Most advertising involves promoting a good that is for sale, but similar methods are used to encourage people to drive safely, to support various charities, or to vote for political candidates, among many other examples. In many countries advertising is the most important source of income for media (e.g. newspapers, magazines, or television stations) through which it is conducted. In the non-communist world advertising has become a multibillion dollar business”.

Usually advertising tries to induce its audience to purchase a good or a service. Advertisements provide consumers with vital information about the marketplace and lead them over and over to trusted services and wares. But “institutional” advertising has for a century sought to build corporate reputations without appealing for sales. Political advertising solicits a vote (or a contribution), not a purchase. Many authors distinguish advertising from salesmanship by defining it as mediated persuasion aimed at an audience rather than one-to-one communication with a potential customer.

Over the years, the public perception and attitude towards advertising has become very negative. It is seen as a medium that inherently promotes a lie to encourage the target audience to submit to a cause or a belief, and act on it to the advertising party's
benefit and consequently the target's disadvantage. In this study researcher tries to measure the perception of viewers towards TV commercials.

Advertising in its twentieth century development has taken on the dignified, far-reaching, all-embracing name of publicity, a name that easily covers the entire range of methods and devices that may be used to catch and hold the public attention. Advertising in the present world, is not only being used by business organizations but also by a large numbers of not for profit oriented organizations. Advertising has been a major communication tool, is highly pervasive and reaches to people through various mass media vehicles. Advertising influences everyone, like other important institutions in the society, such as schools, marriage and religion. Hence advertising has become an institution in itself. Due to its role in business, advertising has grown tremendously both qualitatively and quantitatively.

This chapter deals with the general role which advertising plays and attempts to provide the rationale of the present study and a statement of the research problem and the benefits of the study.

1.2. ROLE OF ADVERTISING

Advertising plays an important role in human lives. As business competition becomes more intense, selling firms are likely to opt for advertising in persuading potential buyers to buy their products or services. Thus, effective advertising will be able to enhance a firm’s profitability.

Of all the business and marketing activities advertising is the most visible and well known. There is no denying the fact that advertising plays an important role in the promotion of various products and services. Albert Lasker, who is generally regarded as the father of modern advertising defined it as “salesmanship in print, driven by a reason, why” (McDonough, 1993). However, today advertising is carried out through
different media and not confined only to the print media. In order to encompass the various dimensions of advertising the definition given by Arens (1996) is suitable for our purpose. According to this definition, “advertising is the non-personal communication usually paid for and usually persuasive in nature about products (goods and services) or ideas by identified sponsor through various media. From this definition we can say that advertising is directed to groups of people rather than to individuals and is therefore non-personal. These groups might be consumers, such as people who buy products for their personal use or they might be the business people who buy various products and services to run their businesses. Secondly, most advertising is paid for by the sponsors. Sponsors are the organizations and institutions who are behind the advertising. Thirdly, advertising is intended to be persuasive i.e., to convince people to purchase a product, a service or an idea. Some advertisements such as legal announcements are intended merely to inform, not to persuade.

Besides, promoting tangible goods, advertising also helps in promoting intangible services and advocates a wide variety of ideas. Advertising reaches the people through a channel of communication called media. In addition to the traditional mass media, advertising also uses some other media such as direct mail, brochures, shopping cards and videocassettes etc. With the advent of Internet today advertisers are increasingly promoting their products and services through it. Online advertising is gaining popularity day by day.

Proponents of advertising argue that it is the life-blood of business-it provides consumers with information about products and services and encourages them to improve their standard of living. They argue that advertising creates jobs and helps new firms enter the marketplace (Belch and Belch, 2000).

People who use advertising for promoting their products and services know that advertising performs several functions, and its effects are profound. One of the foremost functions of advertising is to make a brand unique in the minds of the
consumers and differentiate the brand from other available brands. Some of the important functions of advertising are:

1) To identify products and differentiate them from others
2) To communicate information about the products, its features and its location of sale
3) To induce consumers to try new products and to suggest its reuse.
4) To stimulate the distribution of products
5) To increase products use
6) To build value, brand preference, and loyalty
7) To lower the overall cost of sales

1.2.1. The Economic Role of Advertising

People who use advertising for promoting their products and services claim that it creates positive economic impact on society. Developed countries spend more percent of their Gross Domestic Product (GDP) on advertising than less developed countries. The moment a company begins to advertise, a chain reaction of economic events take place. Some of the common economic effects of advertising are discussed in the following pages.

- **Effect of advertising on the value of products:** It is argued that advertising can add value to brand in the consumer’s mind. However some people do not agree with this statement. (Ditcher, 1964) was of the opinion that a product’s image, produced partially by advertising and promotion, is an inherent feature of a product itself. Subsequent studies showed that while an advertisement may not speak directly about a product’s quality, the positive image conveyed by advertising may imply quality, make the product more desirable to the consumer, and thereby add value to the product (Kihlstrom and Riordan,
Advertising also creates added value by educating customers about new uses of a product.

- **Effect of advertising on prices:** This is a debatable issue i.e. whether advertising increases the cost of the products or not. Some people are of the opinion that advertising, due high media cost, increases the price of the products advertised. However, many others hold the opinion that due to the persuasive qualities of advertising, it creates a positive impact on the overall demand of the advertised product. This increased demand leads to economies of scale in the production. As a result of this, the average cost of production goes down. Ultimately, the companies may reduce the prices of their products and services. Thus, one can say that advertising indirectly helps the companies in reducing the prices of their products and services. However, the relationship between advertising and prices has not been proved empirically.

- **Effect of advertising on competition:** Small companies because of their limited resources are not able to compete with the large companies who have greater resources, which can eventually drive the small companies out of business. Advertising limits the ability of smaller companies to compete effectively with large companies because of their financial clout, which manifests itself in their heavy spending on advertising. This may be true in some cases, but not in all. Intense competition tends to reduce the number of businesses in an industry. However, the firms eliminated by competition may be those, which did not satisfy the consumers effectively. In many cases, advertising by big companies has only a limited effect on small businesses because no advertiser is large enough to dominate the entire industry. It is a well-known fact that regional companies compete very successfully with national companies on regional and local level. However, sometimes it may happen that in industries characterized by heavy advertising expenditures, advertising does inhibit the entry of new competitors (Arens, 1996).
**Effect of advertising on demand:** The effect of advertising on consumer’s demand is important and studies have shown that advertising activity does affect aggregate consumption. There is no agreement however on the extent of this impact (Arens, 1996). Many social and economic forces including technological advances, increases in population and income, changes in lifestyles, and people’s educational levels, are some of the other factors, which influence the aggregate demand in addition to advertising. It is to be noted that when those conditions are favorable, advertising plays a positive role in increasing the consumption of certain products. At the same time, advertising does not reverse sales decline for those products, which are facing unfavorable market conditions. Advertising can also help get new products accepted in the market by stimulating the demand for the product class in which the new product falls. But in declining markets, advertising can only slow the rate of decline.

**Effect of advertising on business cycle:** The relationship between advertising and Gross Domestic Product (GDP) has long been debated. Galbraith (1988), a perennial critic of advertising, concedes that, by helping to maintain the flow of consumer demand, advertising helps sustain employment and income. It is a common practice when business cycles dip, companies cut advertising expenditures. That may help immediate short-term profits, but studies prove that businesses that continue to invest in advertising during a recession period are better able to protect, and sometimes build market shares (Giacomotti, 1994). However, no study has shown that if all companies keep advertising, the recessionary cycle will turn around (Arens, 1996).

**Effect of advertising on consumer choice:** Marketers who want compete effectively; choose to make their products different and to uniquely position their product against the competing products and services. This positioning is
possible only through effective advertising. The freedom to advertise
encourages businesses to create new brand and revitalize old ones.

1.3. EMERGENCE OF TV AS MAJOR ADVERTISING MEDIUM

Advertising emerged as an indispensable tool of marketing. Hence, both profit and
not-for-profit organizations are increasingly using advertising for furthering their
objectives. The competition has become extremely intense in consumer and industrial
goods. In the changed market scenario there is increased concern for the role of
advertising in society and its necessity as a business and marketing tool.

In the last few years India has witnessed the emergence of television as a powerful
advertising medium. The advertisers have realized its massive reach. The expenditure
on advertising on television is increased by leaps and bounds. It is generally felt that
television advertising has made a dent in the volume of print advertising. As the
experience of west shows, the importance of print media will not diminish under the
impact of television. The advent of Television in India and its going commercial have
changed the advertising patterns. Prior to TV, the major advertising media were
newspapers, magazines, cinema and radio (Khan & Khan. 2002). In Indian TV and
advertising go hand in hand. Television survives on advertising and subscription
revenues while advertisers reach their consumers via this potent communications
medium.

In Iran, like the rest of the world, television advertising has been used by various
industries for years in order to make their presence known to the public. Unlike other
countries, this dynamic industry in Iran has gone through a number of phases and
changes that are rarely seen elsewhere in the world. At the present time, advertising is
running a very interesting course in Iran as the Iranian consumer market reaches a
level of maturity and competitiveness and the situation will be further influenced as
the Iranian economy becomes more open to foreign investments in the future.
In Iran before the Islamic revolution (1979), advertising as a whole was modeled after those in the western countries. During this period, the industry had adapted to all the effective promotional tools needed for the Iranian market by using various media mix. The most commonly used advertising tools during this period were: print advertising, billboards, sweepstakes, & TV & radio commercials. However, with the revolution, the face of advertising in Iran completely changed overnight. The situation was further changed with the onset of Iran-Iraq war when the presence of the government became more conspicuous in the economy and the private sector became less important. As a result, advertising became less and less visible in most media mix, except for those in the print media. Even in cases where advertising was deemed to be appropriate and non-western, it was done in such a manner that it did not have the same level of creativity and intelligence present in the previous era. This trend of advertising bashing continued for a number of years until the end of the war. Once the war was finished, Iran started a new era of economical development and expansion. These economical reforms did not take place at once, but rather the government started to relinquish its control on the economy by allowing various private individuals to bid for its assets.

From the beginning of 1990's, the Iranian economy has started to change once again, becoming freer market oriented. In such a new atmosphere, advertising has also become more acceptable and less taboo as a way of promoting one's product or service. Numerous companies have started their activity in Iran, by focusing their attention to the needs & characteristics of the Iranian market. The growth of these agencies has also changed the face of advertising related media mix, especially that of TV & Radio. Nowadays, commercials have become an integral part of any TV program in Iran. Likewise, it has become more difficult to go anywhere in any of the big cities in Iran and try to avoid big billboards. advertising is running a very important role in Iran as the Iranian economy becomes more open to foreign investments.
The post-war economic boom, which began in the 1950s, saw a huge increase in advertising activity. Mass production of goods was taking place, there was a market for the goods and there was a new outlet for the advertisers, with the advent of commercial television. Until television arrived, magazine was the largest advertising media. During the first decade of television, advertiser usually used to sponsor and was identified with an entire programme. This differs from the present practice where several advertisers share a programme. Advertisers were naturally attracted to the television as a medium because it provided an opportunity for presenting live demonstration to large audiences.

Television commercials usually come immediately to mind when one mentions "advertisement". While proven to be very effective at selling products and helping to create high brand awareness, television advertising is facing new challenges from digital technologies that enable the skipping or "zapping" of commercials during playback/viewing. Yesterday's model of "mass advertising" on television is changing due to both market and media fragmentation Television advertising these days must be highly targeted toward the specific demographic desired. Not only that, but we are all becoming "advertisement intolerant" and are more and more likely to "zone out" during commercial messages.

Television commercial is a tool to inform about new consumer items, but no information can be effective unless it is acceptable or close to the cultural norms, practices and functioning of the cultural channels of communication. The information input, and consumption of information is very closely associated with the viewer’s socio-economic capability. Thus this electronic media as a technology to bring consumer information, if not used carefully may create frustration and tension among the viewers. Television commercial is an important media in the process of development, but such an important media should be based on the local needs and lake care of prevailing situation (Fatihi, 1991).
Many advertisements on television are ignored, many are watched in part, and some are watched all the way through. One study found that we absorb 25 percent of the advertisements that we watch. However, 25 percent of some thing that we see all day every day amounts to a great deal of selling that reaches its target (Young, 1990). Mayne (1994) in his research found, the respondents said that they were not influenced by the advertisers messages. However, all of those who took part in the study were highly familiar with the advertisements they were asked to identify a part of the research project.

The impact of television advertising on society as a whole has been debated continuously since television was introduced in the 1940s. Industry, consumer groups, and government have sought to gain better insight about how television contributes to (or detracts) from society. As television continues to expand its technological capabilities (e.g., interactive audience participation) and global penetration, both positive and normative questions arise about the medium and its role in countries around the globe. One of the most pressing questions (Hyman, Tansey, and Clark 1994) is: Does television viewership have a positive or negative effect on viewers' quality of life? (Does television viewership play a role in the perception of quality of life?)

1.4. STATEMENT OF THE PROBLEM

For researchers it will be interesting to find why some commercials are liked and some disliked? How and in what way these commercials are received and perceived by the audience? What impact do liked and disliked commercials exert on the purchase behaviour of the consumer? These are some of the questions that are to be answered. Present study attempts to address to first two questions i.e. how TV commercials are received and perceived by the viewers?
The answer to these questions is important because the perception of viewers towards commercials can affect to a great extent their effectiveness. Burke and Edel (1989) found that the feelings generated by advertisements were linked to the consumer’s evaluation of both advertisements and brands. Research also showed that those commercials, which leave pleasant feelings among audiences may prove to be effective in terms of attitudinal changes and finally in purchasing behaviour for advertised brands. Well-liked commercials were found to be more effective those than that are neither liked nor disliked (Aaker and Bruzzone, 1981). However, one research in Indian context has given somewhat different results for some disliked advertisements. It has been found that some advertisements, which generated strong reaction, were found to be effective in generating high levels of attention and subsequently high level of recall also (Shafiq, 1985)

There have been several studies on attitude towards advertising (for instance, Olney, Batra, & Holbrook, 1990; Rossiter, 1997), these researches were relatively fragmented and divided. Furthermore, these studies have been conducted in western countries particularly the United States and United Kingdom. Given the limited information regarding viewers’ attitudes toward advertising within the Malaysian context (for example, Rashid & Sidin, 1987; Adnan, 1991: Mohamad, 2000), the objective of those investigations was to examine:

(a) The relationship between belief dimensions and viewer’s attitude toward advertising,
(b) The effects of demographic variables on viewers’ attitude toward advertising.

In measuring the perception of the audience for TV commercials three areas are particularly important to understand. Firstly, how consumers are likely to perceive the advertising message. Secondly, how their attention can be captured. Finally, what interpretations are likely to be made of various components and parts of the
advertised message? These are important because negative perception process has long been recognized as the most significant barrier to effective communication.

Measuring audience perceptions for TV commercials has become even more important with the emergence of video technologies where the viewer have the option of mechanical zipping. However, this is not possible for TV. Another reason for measuring audience perception is the question of clutter i.e. placing a number of advertisements one after the other. Most of the TV commercials appear in clutter before or between the popular serials and there is a strong possibility of irritation on part of the viewers when their popular programmes are interrupted by the intrusion of commercials. If a negative attitude is developed because of these reasons towards the commercials then the purpose of airing them will become self-defeating and their effectiveness will decrease substantially. One possible offshoot of negative feelings towards the commercials may because in the form of public support for stringent Government regulations.

Keeping in mind the above reasons, present study has been undertaken to measure the viewers’ reaction towards TV commercials. The viewers’ reactions are measured in terms of five adjectives i.e. amusing, irritating, appealing, convincing and informative. These adjectives have been used because they reflect both cognitive and affective feelings of positive and negative attitudes.

1.5. OBJECTIVES OF THE STUDY

Based on the research issues explored, the general objectives of this study were delineated. The focus of this study is to explore the area of TV commercials and how this is affecting the perception of Indian and Iranian viewers.
• To find out the perceptions of Indian viewers towards the various TV commercials.
• To find out the perceptions of Iranian viewers towards the various TV commercials.
• To rank the Indian and Iranian TV commercials in terms of the following adjectives:
  i) Informative
  ii) Exciting
  iii) Appealing
  iv) Amusing
  v) Irritating

• To rank top ten TV commercials, both Indian and Iranian, on informative adjective.
• To rank top ten TV commercials, both Indian and Iranian, on exciting adjective.
• To rank top ten TV commercials, both Indian and Iranian, on appealing adjective.
• To rank top ten TV commercials, both Indian and Iranian, on amusing adjective.
• To rank top ten TV commercials, both Indian and Iranian, on irritating adjective.

• To study the effect of gender on perceptions vis-à-vis TV commercials on informative adjective.
• To study the effect of gender on perceptions vis-à-vis TV commercials on exciting adjective.
• To study out the effect of gender on perceptions vis-à-vis TV commercials on appealing adjective.
• To study the effect of gender on perceptions vis-à-vis TV commercials on *amusing* adjective.
• To study the effect of gender on perceptions vis-à-vis TV commercials on *irritating* adjective.

This effort has been made to understand how the viewers react after watching different TV commercials as it influences our daily life not only in choosing various products and services, but also shapes our perception, attitudes, values and aspirations.

1.6. BENEFITS OF THE STUDY

Today advertising on TV has grown tremendously both qualitatively and quantitatively. Most of the advertisers are spending large amount of money on TV. There is in fact too much of advertising on TV and there is a possibility that due to surffeit of advertising, those who are regularly exposed to TV advertising may develop negative feelings or attitudes towards various brands and products whose advertisements appear on TV. The present study attempts to find out the perception of Indian and Iranian viewers with respect to commercials that appear on TV. If one finds that the advertisements are being perceived positively in terms of the adjectives under study, one can safely surmise that people, despite the clutter, are still not averse to TV commercials. Conversely, if the perception is negative, it can save as an indicator that TV commercials are not being well received by the target audience.

It is important for the advertisers, in understanding how an advertisement ultimately affects consumer perceptions and attitudes, to see what kind of perceptions and attitudes people develop towards the advertisement itself. If the feeling that the advertisement creates is positive, and if the advertisement is evaluated favorably, then the advertisement is expected to lead to the formation of a positive attitude towards itself. The vise-versa may also be true.
This study has an applied bias and may benefit the advertisers of both the countries i.e. India and Iran, by providing them inputs regarding the perceptions and attitudes of viewers towards TV commercials.

Accordingly, they may try to develop better and creative advertisement in future. Further, from the academic point of view, this study may provide the academic fraternity a glimpse into the perception of viewers towards TV commercials, especially in the context of Iran. Finally, this study may also help in giving suggestions to future researches in the area of advertising.

1.7. NEED FOR STUDY

Increasing sales and getting consumer to buy the product is an important behavioral objectives for the marketers, therefore more often than not, the objective of advertising is to increase sales. With the onslaught of increased competition in the field of marketing, advertisement has interestingly become subtler in its presentation of the product image as also institutional image. In order to be purposeful, advertisement appeals should bring out the association with the feeling and physiological motives of the viewers or prospective consumer.

But despite huge expenditure on the development of the advertising campaigns, little empirical research has been conducted to test and measure the perception of people towards advertising, specially TV advertising, particularly in the context of Iran. Further, the survey of literature is indicative of the fact that comparative studies of the present nature, involving India and Iran, are also few and far between. Thus, the present study attempts to analyse the perceptions of Indian and Iranian viewers towards TV commercials with the objective of using the same as vital inputs in designing and formulating the right promotional strategy to effectively target them.
1.8. CHAPTER SCHEMA

This thesis work has been divided into five chapters; a brief outline of the chapter schema is presented in the following paragraph.

Chapter-I, titled “Introduction” discusses the general concept of advertising, the role of advertising, its impact on economy and markets, emergence of TV as advertising medium. The chapter details the statement of the problem, need for the study, and concludes with the objectives and benefits of this study.

Chapter-II, titled “Review of Literature” illustrates extant literature relevant to the role of advertising in marketing and the perception of viewers towards the TV commercials. The last section of this chapter deals with literature review concerning advertising and advertising effectiveness.

Chapter-III, titled “Research Methodology”, details the research methodology adopted to investigate the study model and the objectives framed. This chapter also discusses the development of hypothesis, the research instrument, the method adopted to conduct the research, data analysis procedure and the limitations of the study.

Chapter-IV, titled “Analysis and Interpretations of Data”. This chapter deals with the analysis and interpretation of the data collected. As this study is of comparative nature, the perception of both Indian and Iranian viewers were measured and compared for statistically significance differences, if any.

Chapter-V, titled “Discussion and Conclusions” tries to discuss the findings and draws conclusions on the basis of findings discussed in the previous chapter. This chapter also has a section on directions for future research.
REFERENCES


