CHAPTER II
REVIEW OF LITERATURE

INTRODUCTION

Consumer is the study of the processes involved when individuals or groups select, purchase use or dispose of products, services, ideas, or experiences to satisfy needs and desires.

In the marketing context, the term consumer refers not only to the act of purchase itself, but also to patterns of aggregate buying which include pre-purchase and post-purchase activities.

Pre-purchase activity might consist of the growing awareness of a need or want, and a search for and evaluation of information about the products and brands that might satisfy it.

Post-purchase activities include the evaluation of the purchased item in use and reduction of any anxiety which accompanies the purchase of expensive and infrequently bought items. Each of these has implications for purchase and repurchase and they are amenable in differing degrees to market influence.
Engel, et al define consumer perceptions as “those acts of individuals directly involved in obtaining, using and disposing of economic goods and services, including the decision processes that precede and determine these acts.”

This chapter reviews available review of literature on consumer perceptions and impact of advertisements to find the research gap. In this chapter, a detailed literature survey on consumer perceptions is presented by classifying consumer perceptual patterns under two heads;

- Consumer preferences
- Consumer decision making

Further, literature survey on advertisement is reviewed classifying those under five heads;

1. Measurement of Consumer choice
2. Factors influence to purchase the products
3. Advertisements influences while making purchasing decision.
4. Measurement of impact of advertisements on buying perceptions of the respondents.
5. Measurement of advertising value
Consumer preference:

Concept and Importance:

Consumer preferences are defined as the subjective (individual) tastes, as measured by utility, of various bundles of goods. They permit the consumer to rank these bundles of goods according to the levels of utility they give the consumer. Preferences are independent of income and prices. Ability to purchase goods does not determine a consumer’s likes or dislikes. One can have a preference for Porsches over Fords but only have the financial means to drive a Ford.$^3$

Consumer preference is used primarily to mean an option that has the greatest anticipated value among a number of options. This is an economic definition and doesn’t tap in to wishes or dreams, but for all practical purposes is an appropriate definition.

Preference and acceptance can in certain circumstances mean the same thing, but, it is useful to keep the distinction in mind with preference tending to indicate choices among neutral or more valued options while acceptance indicating a willingness to tolerate the status quo or some less desirable option.$^4$
Therefore, to design and evaluate new product or service strategies, managers require an understanding of how consumer form preferences and how they will behave if a new product or service is launched. Accurate predictions on consumer response coupled with models of production costs, tax rates, cash flow and product line considerations can lead to more successful products and can reduce the risk of failure⁵.

**Theories of Consumer preference**

Two important managerial problems addressed by marketing research are 1) explaining how consumers form preferences and 2) predicting their purchase perceptions. Explanatory models provide diagnostic information to managers, so that, they can modify demand by altering product characteristics, advertising appeals or other aspects of the marketing strategy. Predictive models provide information to managers, so that, they can evaluate alternative strategies or plan production, inventory and sales force⁶.

Four distinct streams of research in marketing and economics have addressed certain aspects of these problems.
Consumer perceptionsists have postulated and tested models which identify the process by which consumers form preferences. The Von Neumann–Morgenstern utility theorists have axiomatically studied models to prescribe rational perceptions. Both sets of models study perceptions deterministically and at the level of the individual consumer\textsuperscript{7}.

Stochastic modelers have postulated and tested models which identify the structure of a market and the distribution of preferences across the population. These models explain consumer perceptions stochastically and at the aggregate level\textsuperscript{8}. Econometricians have too postulated and estimated models based on observations of past perceptions in an attempt to predict future perceptions. These models explain perceptions stochastically and at an intermediate level\textsuperscript{9}.

The multi-attributed preference theories have been devoted to models which predict preference or attitude toward a product preference or weighted sum of consumer perceptions of the levels of the attributes describing that product\textsuperscript{10}. This model implies that consumer should deterministically select the product with the
highest preference value. Additive, multiplicative, and pair wise interactive models estimate consumer preference from consumers’ perceptions of a product’s attribute levels and their choice levels\textsuperscript{11}.

**In 1974, Bass\textsuperscript{12}** postulated and tested empirically a theory of stochastic preference and brand switching that tries to predict aggregate stochastic perceptions while making no claims about a specific individual’s perceptions. Bass’ model does not try to measure, model, or predicts preferences as a function of the perceived levels of product attributes recognizing that, for practical purchases, it is impossible ever to measure fully a utility function; econometricians have also postulated that the true utility function can only be partially observed. Mcfadden\textsuperscript{13} had put this concept into operation in his research by postulating that the true ordinal utility of product consists of an observation portion plus an error term.

**Measures of consumer preference:**

Many researchers have investigated the twin problems of understanding consumer preferences and predicting consumer choices. Some techniques estimate consumer preference functions
by representing consumer utility as a function of the products’ attribute levels\textsuperscript{14}. These techniques assume either 1) the product with the largest utility is chosen or 2) the higher the utility of a product, the more likely a consumer is to choose that product\textsuperscript{15}. Such techniques are useful in the product design because they indicate the relative effects of changes in the attributes of that product. Other techniques measure interval or ratio scaled preference directly based on consumer products prior to test market or national introduction\textsuperscript{16}. These techniques are useful in the evaluation of new products because they are based on actual products and on strong direct preference measures.

In this respect, conjoint analysis\textsuperscript{17} is one effective technique to measure preference functions. Conjoint analysis has been quite successful in marketing\textsuperscript{18}. In conjoint analysis, the consumer task can be quite tedious, often requiring each consumer to rank order 20-40 products in terms of preference. The products can be real or represented by attribute levels. The number of products is usually kept at minimum with a fractional factorial design\textsuperscript{19}. Furthermore, many measurements estimate ordinal preferences of consumers by rank order correlation over products, rather than intensity of preference, i.e., how much a product is preferred over another.
Finally, because the conjoint measurement task can be tedious, it is difficult to ask further questions to check perceptual assumptions underlying the preference measurement.

But, it is possible to use a form of conjoint analysis called trade off analysis\(^\text{20}\) which reduces the consumer task by having consumer’s rank order the products where only two attributes vary at a time. Preference measures are still ordinal and assumptions still difficult to check. Therefore, the present study attempted to employ intensity measures of consumer preferences.

Consumer preference pattern is ordinal; however, the preference function can handle products with certain attributes. The consumer task, indifference measurement, provides more information per question and the axiomatic theory allows the measurement of more complex preference functions\(^\text{21}\).

Another form of preference intensity measures is Constant Sum Paired Comparisons (CSPC). With CSPC, consumers are asked to allocate fixed sum of points or chips between pairs of actual products or product concepts in proportion to their preferences for those products. Ratio scaled preference scales are developed from
analyses of these responses. Silk and Urban\textsuperscript{22} report ease of measurement and excellent predictive capability in over 10 product categories.

Intensity measures ask respondents normally for more information about their preferences\textsuperscript{23}. Therefore, CSPC measures provide the potential to estimate more accurate preference functions and to do so using fewer questions.

Third form of preference intensity measures is Graded Paired Comparisons (GPC). With GPC, consumers are asked to choose between two ranges of stimuli and to indicate the intensity of their preference between the stimuli. In marketing, Huber and sheluga\textsuperscript{24} have used GPC measures to estimate consumer preference functions and/or functions mapping product attributes to perceptions.

**Consumption pattern:**

Important observations on consumer pattern and perceptions are presented below.
Philip Kotler\textsuperscript{25} opined that all the models so far developed by various scientists should be used in an integrated manner in order to understand the customer in general. In his opinion, buying patterns are being influenced by price, quality, availability, service, style, option and image. Depending on the product involved, different variables and perceptual mechanisms assume different degree of importance in influencing the purchase decision process.

Kaul et al\textsuperscript{26}, in their study conducted in Punjab, analyzing the rural and urban food consumption pattern found that consumption of relatively superior food is positively correlated with the income level of individuals. The study also found that the usage of millets and to some extent cereals is higher in rural areas.

Mahajan\textsuperscript{27}, in his study on inter-regional homogeneity of consumer perceptions in India revealed that consumer perceptions markedly differs between the rural and urban sectors. It further revealed that inter-regional homogeneity in consumption seems to be realized at best in the case of north India and central India.
Ramesh and Tajinder\textsuperscript{28} while studying the extent of popularity and nutritional contribution of processed fruit product among different socio-economic groups observed that consumption of processed fruit products like jam, squash and juice showed an increase with education of  

Raut\textsuperscript{29} in his study on consumer attitudes towards advertising pointed out that 89 per cent of the respondents believed that advertising is useful to the consumers for giving convenient information about the products and to increase customer awareness. It also provides an opportunity to the consumers to make comparison and make shopping easier to the consumers particularly for consumers.

Mani and Srinivasan\textsuperscript{30} in their analysis on buying perceptions of consumers with respect to processed fruits and vegetables found that majority of the consumers purchased jam in large quantity followed by squash. Many consumers were loyal to a particular brand and were conscious of quality (taste) than price or shelf life.
Raveendran\textsuperscript{31} in his study on marketing of coconut and its products in Orissa state found that about 70 percent of coconut oil arriving in the market in 15 kg and 5 kg tins are traded in rural areas. The main consumers are middle class and lower class population. Among the upper class both in urban and rural areas the preference for small packs are increasing.

Ramachandran\textsuperscript{32} et al in their study found that coconut oil is the most preferred oil for edible and toiletry purposes in Kerala. Higher income groups make monthly purchases where as lower income groups purchase weekly. Palm oil is the second preference among other edible oils. Homemade oils are used because of low cost, availability of by-products and purity. Purchase of other edible oils was due to the fluctuations in price than health factors.

Katy and Dipika (1997) in their study attempted to analysis consumer’s purchase perceptions over two periods in the cities of Mumbai, Calcutta and Delhi. The study showed that while segmenting market on the basis of consumption pattern of various product categories, Calcutta seemed to be opting for reduced consumption as a way of economizing rather than downgrading on product quality\textsuperscript{33}.
Bagozzi and Dholakia (1999) found that goals played an essential role in purchase perceptions of consumers and be traded in the marketing of durables, non-durables, services and even ideas or persons. They also pointed out that goals provide a conceptual framework for thinking, influence decision making and guide consumer choice and action\textsuperscript{34}.

Kishore and Nabi (2000) in the study “Television industry: A cut throat competition” opined that durable product marketers (including television) do not enjoy considerable flexibility in the matter of price because of highly competitive markets on the one hand and high price sensitivity of the major chunk of Indian consumers on the other. They also inferred that just like price, the consumers attach considerable significance to the brand image while purchasing a durable product like television. Essentially, television is a branded product and consumers always go for established brand names\textsuperscript{35}.

Rodge (2001) found that the rural consumers give more importance to the advertisement compared to urban consumers. Both rural and urban groups found that all the advertising media are equally important and effective\textsuperscript{36}. 
Sathya Sundaram (2002) has reviewed that a silent revolution is taking place in rural areas where the majority of the population lives. The consumption patterns and preferences of the rural consumers are changing. The rural population is being influenced by television advertisement campaigns. Moreover, the farm sector is having considerable amount of accumulated disposable income. Of course, the real challenge lies in understanding the actual needs of rural consumers\textsuperscript{37}.

Ruchi Treham and Harmandeep Singh (2003) pointed out that Indian market is a huge market with lot of potential in it. Nearly 70 per cent of the population lives in rural areas. They also pointed out that Indian markets have both urban and rural characters. Both markets significantly differ from one another while considering general and product specific factors and making their purchase decisions\textsuperscript{38}.

Kuldeep Singh and Varshney (2003), in their study observed that shrinking market share and reduction in sale do not mean consumers have actually been cutting back on their use of toilet soaps. They also stated that it is not the lack of awareness
but lack of affordability which restricts consumers from buying toilet soaps\textsuperscript{39}.

\textbf{Polegato and Zaichkowsky (2004)} observed that husbands are seen increasingly willing to take on food shopping and revealed that 25 to 45 per cent of husbands share family food shopping role with their wives\textsuperscript{40}.

\textbf{K.C. Raju (2005)} studied the budget share among different items of consumption of rural Kerala over a period from 1972-2000, by estimating monthly per capita expenditure at 93-94 prices. He estimated 10 broad groups of items and their percentage to total expenditure. He found that in rural Kerala there has been a general increase in the total expenditure on food and non food items over the years. But the proportion of food expenditure on non food items over the period is quite visible\textsuperscript{41}.

\textbf{Vijayakumar (2005)} found that the age group of people is an important criterion to determine the consumption pattern of carbonated soft drinks. It is also pointed out that age, marital status: occupation and family income were significantly related to the monthly spending on soft drinks\textsuperscript{42}. 
Factors influencing Consumer Choice

Over long period of time, there has been extensive research on factors influencing consumer choice in the field of consumer perceptions. Important studies on factors influencing consumer choice are presented below.

According to Singh and Singhal (1986) a well-designed packaging acts as the main identifying feature for quality and quantity and makes the consumers more informative and choosy. It further informs the consumers as to what quality, quantity and price, the package is worth of.

Bhavani Prasad and Sitakumari (1987) while evaluating the impact of advertising on consumer durables market observed that ‘friends’ is the main influence followed by relatives and hence they should be given more emphasis while planning promotion strategies. Advertisement is the next major influencing factor for the consumer durables.
**Hundal and Sandhu (1987)** in their study on buying perceptions of television buyers in Punjab identified reasonable price as the major factor which influences the brand preference among the consumers. They also added that friends and relatives are the major influence in selecting a brand\textsuperscript{45}.

**Venkateshwarlu et al. (1987)** in their study on factors influencing consumer decision making process towards biscuits found that sample consumers mostly purchased biscuits at least once in a week. Consumers preferred packed biscuits to loose ones and small packets to big ones. Parents and children were more or less equally involved in decision making. Consumers’ perceived quality and taste were important influencing variables that determined brand loyalty\textsuperscript{46}.

**Kramar (1988)** stated that the recent trends appeared motivated by nutritional food safety perceptions, and health concerns were not the only factors. He also observed that taste, price, convenience, variety and quality were also important. He found that the consumers were increasingly demanding safe and nutritious food appropriately processed, labeled and certified\textsuperscript{47}. 

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**Xavier (1991)** in his study to determine the chief influence in the family decision process found that in more than half of the households, husband is the major influence. In households with college going children, they influenced the decision highly. He also determined the major factors which have a bearing on the television purchase decision process such as picture sharpness, sound, quality appearance and brand reputation\(^{48}\).

**Kinnucan et al. (1993)** found that quality and flavor perception were important determinants for purchasing catfish. Convenience was an important factor influencing the decision to purchase lobster. Nutritional value and health considerations were important determinants in the decision to purchase shrimp in the United States\(^{49}\).

**Metwally (1994)** in his research paper attempted to determine the main factors affecting the decision of import agents in the Middle East to import consumer goods from a specific country using discriminant analysis. It was found that quality, price and credit facilities were the most important discriminators between the two groups of agent\(^{50}\).
Mohammed Abdul Nazeem (1996) in his study referred that brand name, picture, quality, price, availability, service, design, sound system and numbers of channels were the factors that influenced purchase of television. Majority of respondents were aware of the existence of multinational companies also. The study also revealed that when India’s television choice is made most on quality basis, multinational television choice is made nearly on brand name basis.\(^{51}\)

Rao (1997) who studied the purchase timing of consumer durables observed that influence of advertisement, absence of servant maid help, life style changes etc, are the factors that are mostly agreed by the consumers as the factors that influenced the purchase of durables. He also identified income as an important factor influencing the purchase. Consumers in all income groups felt that company reputation and product or brand image played an important role in their purchase decisions. The study also revealed that higher income group is influenced more by word of mouth while lower and middle income groups are influenced by dealer recommendations.\(^{52}\)
Raka and Arora (1997) who examined the buying perceptions towards processed fruits and vegetables products, identified taste as the most important factor which influences the purchase decision followed by price and quality\textsuperscript{53}.

Kempt and Smith (1998) observed that consumers’ first usage experience with a brand is a critical factor in determining brand beliefs, attitudes and purchase intention\textsuperscript{54}.

Subbalakshmi (1999) observed that rural consumers in general were influenced by the packing of the product where as urban consumers by the promotion and product features like taste of the product\textsuperscript{55}.

Gupta and Verma (2000) examined the influence of husband, wife and children and the interaction between them in the purchase decision process. The study also focused on the influence of socio-economic variables like age, education, income and employment in the decision dimensions and found that incomes of the family and employment are the major factor
influencing family decision making. In the purchase decisions, husbands tend to concern themselves with relatively important and functional product attributes like price while wives concentrate on relatively minor aesthetic product attributes like colour. He pointed out that financial resources that husband or wife brings to the household also influence household decisions\textsuperscript{56}.

\textbf{Rodge (2001)} found that the rural consumers attach more importance to the advertisement and its impact as compared to urban consumers. He also pointed out that rural consumers are more influenced by electronic media than print media\textsuperscript{57}.

\textbf{Kumar (2003)} revealed that the majority of consumers are highly enlightened and are concerned of quality of the products. He also revealed that the consumers uniformly, both in urban and rural areas, desire to have quality of the products at reasonable price and trust more the advice of the retailers\textsuperscript{58}. 
Consumer decision making

Research on consumer decision making has been consistently undertaken for many in the field of marketing. Important studies relating to consumer decision making are presented in the following paragraphs.

Davis and Rigux (1974) inferred in study on husband and wife influence on problem recognition, information search and final decision of customers’ choices that there is a clear pattern of wife dominance in decision making regarding Kitchenware, household cleaning products, food, wife and children’s clothing59.

Gupta and Singh (1989) in their study on consumer brand choice perceptions for television observed that majority of consumers owned black and while televisions. Durability, brand image and price were the reasons for preference followed by family liking and after sale service60.

Thanulingam & Kochadai (1989) while studying the awareness of consumers towards food products, drugs, cosmetic
and certain services like banking services, life insurance etc. found that consumers make purchase decisions before buying food items. They look for the label on food products, demand product information at the time of purchase and give importance to trademarks and quality.\textsuperscript{61}

\textbf{Nabi and Raut (1990)} made a study to examine the influence of various media in the consumer decision making process particularly of television buyers, opined that television and newspaper are two effective media used for advertising television. Income-wise analysis also showed that television is considered as the most effective media by all the respondents irrespective of income differences.\textsuperscript{62}

\textbf{Skinner (1990)} opined that when a consumer purchases an unfamiliar expensive product, he uses a large number of criteria to evaluate alternative brands and spends a great deal of time seeking information and deciding on the purchase. The type of decision making used varied from person to person and from product to product.\textsuperscript{63}
Sathyaraju (1992) who made a study on the refrigerator market in Kerala observed that around 44 per cent of the decision regarding refrigerator’s purchase is taken by a decision making unit consists of husband and wife. Brand choice was influenced mainly by factors like good compressor, price, durability, word of mouth, etc. He also pointed out that capacity is an important factor in refrigerator purchase and 88 per cent of the buyers preferred 165 liters capacity.

William and Narasimham (1994) developed a theory of the evolution of choice decision for consumer durable products which addressed information acquisition perceptions and the duration of the purchase deliberation process itself.

Jayasankar (1995) while examining the performance of BPL found that despite the minor role played by impulse in the purchase decision of consumer durables, emotional involvement had also been found important in recent years. Involvement refers to the personal relevance or importance of a product or service that a consumer perceives in a given situation.
Freda (1995) observed that for consumer durable goods, the family members together decide on the product to be purchased, brand and shop\textsuperscript{67}.

Bronnenberg et al. (1996) in their article observed that it is becoming increasingly evident that a consumer's brand choice decision in low involvement categories does not involve full search, evaluation and comparisons of price of all brands available at the point of purchase. The authors proposed a two-stage choice in which consumer first identifies a subset of brands within the universal set of brands called the choice set and then evaluates only those brands that are in choice set relative to one another to select a single brand\textsuperscript{68}.

Kulkarni and Murali (1996) in their study on purchase practices of consumers of Parbhani town observed that majority of the household’s purchase were done by husband alone followed by husband and wife jointly. Most of the consumers preferred quality of the goods, while purchasing adopted cash payment method and brought the goods from retail shops\textsuperscript{69}.
Yadav (1998) opined that the decision for buying vegetables for family consumption is dominated by wife, influenced by the likes and dislikes of the family members and by the influence of electronic media on the children\textsuperscript{70}.

Venkateswaralu and Rao (2000) in their study opined the role of in decision making for consumer non- durables is high and in the case of durables both husband and wife decide together\textsuperscript{71}.

Verma and Varshney (2000) conducted a survey to find out the consumers attitude towards the advertisement messages revealed that the general attitude of the majority of consumers is favorable towards advertisement messages. They also pointed out that it is not easy for advertisers to persuade adult consumers to shift their brand preferences based on product advertisement alone\textsuperscript{72}.

Raju and Saravanan (2001) pointed out that most of the families take purchase decisions collectively in the case of consumer durables and revealed that advertisement or publicity
through mass media proves to be the best source of reaching the public closely followed by information from friends and relatives.\textsuperscript{73}

**Gaur and Vaheed (2002)** observed that consumers buying perceptions normally should include the less observable decision process that accompany consumption including where, how often and under what conditions consumers make their purchase of desired goods and services.\textsuperscript{74}

**Vikas Sarab (2003)** in his study opined that brands are successful because the people prefer them to ordinary products. In addition to the psychological factors, brands give consumers the means whereby they can make choice and judgments. Consumers can then rely on chosen brands to guarantee standard quality and services. People believe that the brand itself is something that changes consumer perceptions.\textsuperscript{75}

**Post Purchase Perceptions/Brand Loyalty**

The studies on post purchase perceptions/Brand loyalty are presented below.
Singh (1980) examined consumers’ store loyalty and preferences in his study and revealed that nearness, reputation of the store and acquaintance with store owner attracted store loyalty. While analyzing correlation between store loyalty and brand loyalty, store loyalty was found stronger than the other.\textsuperscript{76}

Singh and Singh (1981) while studying the brand loyalty in India observed that single brand loyalty is very less and dual or multi brand loyalty exists now. He also ranked reasons for loyalty based on importance of factors such as quality, previous usage, availability and company/brand reputation.\textsuperscript{77}

Holbrook et al. (1982) opined that variety seeking or exploratory purchase perceptions are to be explained by experimental or hedonic motives rather than by utilitarian aspects of consumption. Preference towards new varieties has been identified as a determinant factor in brand switching.\textsuperscript{78}
Singh and Prabhakar (1989) stated that on the basis of consumer perception, a consumer would take the purchase decision and a particular brand was getting priority over other brands. They also observed that the marketers realized the importance of consumer perception and attempted to create a unique image for their products, which enable to achieve an advantage over their competitors’ products.79

Jagdish et al (1991) who studied customer satisfaction on Allwyn trendy watches identified certain unique features which influence the consumers especially the youngsters such as light weight, water proof, wide choice of designs and colours, accurate indication of time and flexibility to change cases and straps.80

Broudbridge and Morgan (2001) in their study on consumer buying perceptions of and perception towards retail brand baby products found that consumers need to feel confident with the product in terms of reliability and performance and brand names provided this assurance of quality with baby products. Further it appeared that the more distinctive a brand positioning
is, the less likelihood that the consumers will accept a substitute or own brands.

**Consumer attitude:**

In general, attitudes are mental states used by individuals to structure the way they perceive their environment and guide the way they respond it. As it is known from theory of Reasoned Action and theory of planned Perceptions, attitudes have a considerable impact on perceptions. A major influencing factor on attitude toward an advertisement is the general attitude toward the advertising medium. Consumer attitudes consist of three components that is cognition, affect and conation.

According to Fishbein’s attitude theory, a stimulus, such as media advertisements of a particular brand, has an effect on a Consumer’s belief system which in turn influences and leads to the consumer developing a specific attitude towards the advertised brand. The attitude which a consumer has with regards to a brand has an impact on a consumer’s intention to purchase the brand offering.
Attitude towards advertising in general were expected to influence the success of any particular advertising. It seemed reasonable to anticipate a person’s predisposition to respond consistently towards advertising in general, either favorable or unfavorable, would mediate the effectiveness of any given ad. Interest in the attitudes towards advertising in general construct gained momentum as researchers showed it was an important underlying determinant of attitude towards the ad.

An advertisement affects advertising effectiveness since it was found to be an important antecedent of brand attitudes. Over the years, researchers have tried to measure attitudes towards advertising among adult consumers and among student samples and these attitudes have been the focus of comparisons on a cross-cultural basis.

Until the early 1960s, studies measured general advertising attitudes as an overall favorability or unfavorability factor. Bauer and Greyser suggested advertising had important economic and social effects, and developed a set of belief items related to positive and negative outcomes of advertising in these specific
areas\textsuperscript{96}. Other researchers expanded the belief inventory to include perceptions related to other aspects sexual content and use of, ethics, deception and falsehood\textsuperscript{97}.

During 1990s, thought listings in reaction the word “advertising” were categorized in to areas such as function, affective response, practice, industry and user related, to measure attitudes towards advertising in general\textsuperscript{98}. Mihal used customized rating scales to measure attitudes specifically towards television advertising\textsuperscript{99}.

**ADVERTISING**

Advertising is an important marketing communication strategy, in marketing mix. It is an external stimulus that arouses dormant needs. It results in ‘inner tension’ among prospective buyers. Ultimately, It leads to different stages of decision-making process namely identification of alternatives, evaluation of alternatives, purchase perceptions. Generally speaking, advertising fills “consumer information gap”. But the specific meaning attributed to advertising should be viewed from different angles.
According to David Ogilvy, who popularized the concept of ‘Brand Image’ in 1953 and promoted world-renowned advertising agency O&M (Ogilvy &Mather), every ad should be thought of as a contribution to the brand image. In this sense, advertising is basically a brand exercise.

From the communication point of view, advertising is the art of moving an idea from one man’s head into the head of another. The single crucial reason that advertising does not work is that in specific instances the information it conveys never reaches the consumer at all, or is judged by the consumer to be redundant, meaningless or irrelevant. In fact, advertising is communication that provides generally useful, relevant and pertinent information upon which the consumer either acts immediately or stores for later reference, application and use.

Form the viewpoint of sending and receiving message, advertising is a fraction of the incoming messages that the individual receives. Advertising messages seek to attract our attention and to convert our allegiance to products, services and institutions, in competition both with message that have nothing to
do with them and with message about them from other non advertising sources, frequently more credible than advertising".

When compared to other communication mixes, advertising is a much cheaper way to reach target consumer since it uses mass media. Advertising can use complex and emotional devices to increase the persuasiveness of the message. The relevance of advertising is that it is the most effective way for reaching mass audience, creating awareness and building preferences.

In general, advertising has two objectives namely, Perceptual or action objective and sales objective. From the perceptual point of view, it is an important tool that influences the buyer perceptions of consumers. It is an accepted fact that all perceptions starts with motivation. Ad motivates people by arousing or stimulating their dormant needs. Ad can effectively arouse both biogenic and psychogenic needs. An intellectually planned ad can be the door opener in the decision-making process in buying.
An article titled “To succeed in advertising, believe the hype” highlights the impact of advertising. It reads “Advertising can create awareness”. Brand awareness alone works in 3 important ways: 1) It creates the possibility of purchase 2) It helps people see a brand in the store 3) It biases people in favor of the known brand. Advertising can create a model people wish to identify with and imitate. Advertising can communicate new information. Advertising can suggest, and humans are suggestible being (Thomas, 1996).

There are a set of opponents who hold that advertising is a pack of lies and a manipulation. They even go further and say that it can persuade people to buy inferior products. The existence of this cynical view aroused the interest of researcher in knowing how ads work and whether all ads work? It is an accepted fact that all ads do not work in the same direction and are not equally effective. Then, the motivation turns to probe the reasons for the success of some ads based on the psychology of advertising.

Aaker et.al (1997) quoted that the competent advertising man must understand psychology. The move he knows about it, the better. He must learn that certain effects lead to certain reactions, and use that knowledge to increase results and avoid
mistakes. Of course, various factors contribute in different dimensions to the success of an advertisement. The basic principles in successful advertising are: Developing a central sales idea; having a central sales idea, give it news; having a central sales idea, make it swing. But, according to Devoe (1956), it was through the interpretation of “make it swing” that creative ability comes to its full flow in advertising. People could develop central theme, they could give it news, but only an expert, only a skilled man, only a master could “make it swing”\(^{105}\).

In Jerome D. Scott’s (1943)\(^{106}\) opinion the effects on advertising outlays upon profit and liquidity are important considerations in setting outer limits for advertising. He also describes that normally a time lag occurs between advertising outlay and sale results. In his opinion the firm’s resources set a real limit on advertising outlay.

Analyzing the maximum extent up to which a firm can spend on advertising. Joel Dean (1951)\(^{107}\) observes that the advertising expenditures for each product should be pushed to the
point where the additional outlay equals the profit from the sales caused by the outlay.

**Martin Mayer (1958)** puts forward three basic concepts with regard to a good advertisement: in his opinion, an advertisement must basically be a believable one. Simple techniques, such as the use of pictures or diagrams also increase the believability of the advertisement. Repetition is another key concept in the case of advertising. He suggests that it is better to have a long series of small advertisements than one extremely large advertisement as these act as memory ticklers among the consumers. The third concept put forward by him is the concept of the impression of message. In his opinion, messages should be clear, complete and attractive.

**In Roose Reeves (1967)** opinions, all products are not equally advertable. They are of the view that there are five factors, viz, the Primary demand, buying motives, hidden qualities, differential advantage and money in every marketing situation, which must be analyzed carefully to determine the advertise ability of a product.
In C.B. Mamoria and R.L. Joshi (1968)\textsuperscript{110} state an effective advertisement should be done strictly in the language of the customer and it should be inserted at the right time in the right place and also in the right media. Moreover the advertisement should be communicated to the people on whom it is aimed.

D.P. Agarwal (1978)\textsuperscript{111} argues about the useful roles of advertisements in the society by citing a series of advertisements released by the Loss Prevention Association of India urging people to prevent losses, avoid accidents. Advertisements released by the Cancer Society of India and several other advertisements are of a similar nature.

Acharya and Govekar (1980)\textsuperscript{112} observe that the cost of advertising is not a heavy burden on customer when the unit costs are taken into account. By giving some statistical information pertaining to the advertisement expenditure in relation to the Gross National Product from 1930-1975, they prove that the advertising industry is spending less now than in pre-war period.
due to the availability of low cost mass media such as newspapers, television and radio.

**T.A.A. Latif (1981)**\(^{113}\) states advertising induces familiarity with the brand name of the product and the consumers feel more confident about a product with which they are familiar. He is of the opinion that by giving a proper message the advertising aims at shaping the motives and desires at building believability and at creating a certain brand image in the minds of the consumers.

**As per the National Readership Survey (1981)**\(^{114}\) the newspaper plays a prominent role in India with regard to the advertisements despite the spread of radio and T.V. as per the survey the national newspapers. A particularly English Language papers dominate the advertising area.

**In T.A.A. Latif’s (1981)**\(^{115}\) opinions the most notable trend in recent Indian advertising is the involvement of religious organizations like the Devaswom Board of Kerala, which had a
national campaign inviting pilgrims to visit the temple at Sabarimala.

**R.S.N. Pillai and Mrs. Bagavathy (1987)** observe that the evolution of printing technology and the changes of the marketing policies have been greatly utilized and many are benefited from advertising. In their view, increasing literacy, modern techniques of printing, stiff competition, etc. add to the necessity of advertisement.

**Jha and Singh (1988)** are of the opinion that advertising in Indian condition is a tough task, which needs a scientific approach for creating the effective advertisement. In their opinion, the layout and colour would be proactive, especially when one prepare these in the background of the standard of rural folk who are illiterate.

**Sajeev. B. (1991)** states that the brand name and the company image play important roles in the purchase of toilet
soaps, His survey among select consumers in Kerala indicates that majority of the consumers are brand loyal.

**Divya Bhandary (1993)** opines that the models and their actions projected in majority of the advertisements have considerable impact on the viewers that by seeing advertisements people get observed with the style and actions of the models presented. She also observes from the responses of both the urban and rural respondents that the three most attractive parts in T.V advertisements, which appeal most to the viewers, are “Model”, “Product” and “Action of Models”.

**Uma Ramachandran (1993)** observes that the advertising industry in India has been growing at the rate of 20-25 per cent a year. In her opinion India’s advertising standards are higher than those in Korea, Taiwan and a number of Middle East and South East Asian Countries.

**S.R. Madhu (1996)** states that the technology has changed the way of functioning of agencies in our country: in his
opinion, computers and computer graphics have brought in new
power, versatility, speed and value to advertisement production.
He also observes that several Indian companies are using internet
to market their product and services.

Madhukar Sabnavis (1996)\textsuperscript{122} is of the view that the
generational change might necessitates either leaps in or drastic
change in any of the four P’s of advertisement ,Viz , the
Proposition , Personality, Presentation and Positioning . He
concludes his study by suggesting that all elements of the mix
need to be reevaluated against the generation change. He also
suggests that if required, marketers and advertisement agencies
should be ready to shift their paradigms.

Babar Zaidi (1996)\textsuperscript{123} observes that insertions of leaflets in
newspapers are on the rise in India. In his opinion, the increase in
advertisements through leaflets is due to the steep rise in print
advertisement rates. He also opines that insertions on the other
hand are usually about local shops and stores and help an
advertiser reach his target without wasting his advertisement
revenue.
R.K. Swamy (1996)\textsuperscript{124} observes that advertising helped America to become the world’s number one economic power. In his opinion, America reached the stage of high consumption in 1920, while Europe did so only after 1945. America was the first to reach the high consumption stage, because advertising and attention given to the consumers had created the mass markets needed for high consumption.

Bishwambhar Jha (1997)\textsuperscript{125} observes that even the ordinary people of India understand the information contained in advertisements and they even find the same as a sort of entertainment. In his opinion, advertisements have gained popularity, among both the urban and rural audience of India. He also opines that almost all Indian consumers’ take things and information in the same way in which they view such items through advertisements.

Minari Shah (1997)\textsuperscript{126}, in her article, opines that about two years back, when satellite television was picking up momentum, obscenity and irrelevant sexual contents in the advertisements had formed the bulk of complaints and their
regulations had been a tough task. Now, these are a negligible percentage of the total complaints. In her view, the Advertising Standard Authority (ASA) can refer a misleading advertisement of fair-trading, which in turn, can obtain an injunction to prevent the advertisers from using the same or similar claims in the future advertisements. She also observes that there are a number of complaints against the advertisements making false or unsubstantiated claims and those indulging in intra-industry comparisons as in the case of the advertisement of “Lakme Face Wash” in which they had given a misleading statement highlighting the destructive impacts of soaps on the skin.

Harish Bijoor (1998)\textsuperscript{127} observes that the extended television viewing time will have a telling effect on advertising. In his view, the more the quantum of television programme viewing, the less will be propensity to watch the advertisements as the viewer may be tempted to take breaks to do other things at home during the time of exhibition of advertisements.

In Soma Sen Gupta and D.P.S. Varma’s (2000)\textsuperscript{128} opinions, marketers should design promotional strategies to reach
each member of the families. They suggest that marketers may advertise their products in Sunday newspapers, magazines or a special supplement of the product, which is read by majority of the members of the families and the products can be advertised in radio and television during or before the programmes, which are enjoyed by the whole family. They also observed that if the marketers desire to put advertisements in magazines, which are read by men, the emphasis should be on the technical aspects of the products, dealers name, addresses and prices of products. They also suggest that on advertising in ‘s magazine, the beauty and aesthetic aspects of the model should be given prominence, emphasizing at the same time, the price cuts or any other sales promotion offers.

H.Ventaeshwarlu and P.Purushothaman (2000)\textsuperscript{129} are of the view that advertising should be linked with the frequency of purchase: As per their study, majority of the urban working purchase their products either in the beginning or once in three months which led to the attention of several companies for concentrating their advertising campaign during that period of time.
C. Samudhrarajakumar, C. Madhavi and John William (2000) in their attempt to analyze the attitudes of four categories of respondents from the society, viz., students, academicians, executives and housewives towards the positive and negative sides of advertising came to the conclusion that people with positive attitude are more in number than people with negative attitude. They had also observed that there was no significant difference towards both the positive and negative aspects of advertisements among the male and female respondents. They suggest that advertisement creators must concentrate more on the information and social aspects in any advertising and must avoid advertising for harmful products and exploitation of. They are also of the opinion that avoidance of unreal situations and false promises will definitely increase the value of any advertisement.

Rajagopalan Nair and D. Sudarsan (2000) observe that advertisement strategies of many companies, which use to sell their products to the markets are focusing very well on the child community. They view that many companies, which address
child community through their advertisements and other activities range from baby food manufacturers to automobile giants. In their opinion, parents had no choice but to satisfy the needs of their children. They also indicate that communication through visuals is more effective than verbal or written communication and the barrier of languages and other geographic limitations are solved, to a certain extent, through effective visual communication using television.

John Philip Jones (2000)\textsuperscript{132} opines that any advertisement campaign proves to be a successful one if the extra business generated by it makes a significant contribution to the cost of the campaign. In his opinion, if the financial return is less than the cost of advertising, it will lead to advertisement wastage.

Sathyasundaram (2001)\textsuperscript{133} observes that advertising industry in India concentrates mainly on consumer durables. Because of the current stress on globalization, liberalization and privatization, competition has become severe and advertisements too have become aggressive. He also observes that good advertising stimulates aspirations and wants, which in turn induces
mass marketing of products and devices. In his opinion, advertising on the internet is expected to grow rapidly and India’s on-line advertising revenues are expected to increase from $2.5 million in 1999 to $150 million by the end of 2003.

**Ruchi Bhatia (2001)**\(^\text{134}\) observes that both television and print media have proved to be the media suitable for communication objectives in different stages of product life cycle. In her view, India with 70 million TV-owning households and an equal number with the potential to own one and cable penetration at over 30 million homes, TV has the most eyeball power. She also opines that advertisers rely on print media for exposure, while the electronic media for reach and frequency.

**Dr Goutham K. Mukherjee & Dr. Dileep Roy (2002)**\(^\text{135}\) observe that giant organizations are now eager to know the effect of advertising on Indian consumers. In their view, a large portion of the Indian market is the rural market where the traditional Indian customs are still being followed and the purchasing power of rural consumers is markedly lower than the purchasing power of the urban consumers and as such the price sensitivity of overall
Indian market is expected to be higher than the western market. They are also of the view that the speed and shape of advertising – sales response are also expected to be different from the ones observed from the western market analysis.

Mohinder Singh (2002)\textsuperscript{136} observes that children spend more time sitting in front of the idiot box than in schools. As they grow old, they make their own decisions over the way they dress, what to eat and how to spend time. He is also of the view that children even influence their parent’s decision in buying things. He also opines that advertisers are exploiting this fact to the maximum by including kids in more and more advertisements of fast food, confectionary and toothpastes. In his opinion, there is a growing concern for safeguarding children, especially younger ones, against manipulation through TV and internet advertisement, considering that the involved commercial stakes are enormous and the manipulators are the most ingenious ones.

Anu Chawla (2002)\textsuperscript{137} observes that child focused advertising has increased tremendously in India since the mid 1990’s. Consequently, marketing expenses by advertisers on child-
focused events have also increased significantly. She also opines that children constitute nearly 34.75 per cent of the total population and therefore it is imperative that they may be an important part of promotions. Besides, major television channels devote between three to four hours a week for programmes intended exclusively for children. In her view, advertisements seen in these channels are targeted at the child audience and the advertisers constantly come up with their own new ways of targeting this segment.

**Aliefys Vahanvaty (2002)**\(^{138}\) states that road show is a new medium, which reaches the target audience at a lower cost to the advertisers. She observes that the best advantage of this medium is that there is a firsthand product trial, direct consumer interaction and consequent building of relationship with the customers. She also opines that there is an instant customer feedback and above all there will be a total brand recall.

**Madhukar Sabnavis (2003)**\(^{139}\) stated that advertisement industry in India has slowed down during 2003. In his opinion, the reasons for the slow down during this period were: (i) Recession,
(ii) Discounts (Low rate for canvassing advertisement), (iii) Dot Com Deaths, (iv) Diversion of funds from conventional advertising and (v) the delay in emergence of new segments. On analyzing the advertising spends to GDP ratios across countries, he also observes that India is lagging behind both the developed and developing countries of the world. At 0.4 per cent India was much lower than the US (1.3). U.K (1.1) and Germany (0.9) at one end and even developing countries like Brazil (1.6) Thailand (0.9) and Indonesia (0.6) on the other end.

**Rina Chandran (2003)**\(^{140}\) observes that the average duration of TV commercials in 1994 was 25.5 seconds and it had fallen to 20.4 seconds in 2002. Sizes of advertisements in magazines have also shown a 30 per cent decline in the last 8 years. In newspapers, where the average size of an advertisement fell from 124 cc in 1994 to 98 cc in 2002, there was a 21 per cent decline. She also states that advertisers pushed advertising agencies to communicate the same message in shorter durations in an effective manner than before.
Neeru Bhatia (2003) states that before the commencement of last world cup, cricketers brand equity has shot up by 30 per cent, which was a good sign of advertising industry in India. Her study also reveals that the official sponsors of Pepsi and LG Electronics registered a brand recall of 70 per cent, while Hero Honda registered a brand recall of 28 per cent. Other companies like Samsung, Reliance Infocom, Coca-Cola and Britannia registered between 10 and 20 per cent. She also opines that the advertisements for Lays Potato Chips shot up in the cricket stadium resulting in an increase in sales by 75 per cent.

Subhash Ghosai (2003) reveals that real truthful information about the product is the most important ingredient and the most persuasive element in its advertising. He also observes that advertising can add a value represented by an increased satisfaction in the use of the product by the consumer and this capability of advertising (which also happens to be the favorite target of its critics) is the one, which has to be brought into use and exploited more often.
CONCLUSION

The detailed review of research studies on consumer perceptions and advertisements in general, advertisements in particular reveal that variety of correlates influence both consumer perceptions and advertisements.

More particularly, consumer preferences and consumer buying pattern seem to play vital roles in consumers’ buying perceptions. It appears that attitude of consumers towards advertisements, recall and recognition of advertisements and portrayals of good image of advertisements have significant impact on consumers’ buying perceptions.

Therefore, it is hypothesized that, to study impact of advertisements on consumer perceptions and attitudinal preference of, the above variables are to be analyzed in detail to understand their implications in addition to the influences of personal characteristics.
The main issue centers on seeking explanation to the question “How attitudes of consumers towards advertisements influence consumers’ buying perceptions from the view of advertisement’s effectiveness, credibility, creativity, social responsibility and information. An important understanding gained while comprehensively reviewing advertisements’ literatures and consumer perceptions literatures, is that there are few studies relating to advertising values and their impact on consumer perceptions.

There is almost nil literature which studies advertising values and their impact on consumers’ buying perceptions. Hence, the study has incorporated advertising values also to have better understanding about impact of advertisements on consumers’ buying perceptions. Accordingly, the conceptual framework of the present study can be depicted in the following figure.
FIGURE – 2.1

CONCEPTUAL FRAMEWORK OF THE PRESENT STUDY

Demographic variables:
- Age
- Occupation
- Monthly income
- Gender
- Marital status
- Education

Factors influence to purchase the products

Advertisements influences while making purchasing decision.

Consumer choice

Advertising values

Consumers’ buying behavior/ perceptions