AN EMPIRICAL STUDY ON THE EFFECTS OF ADVERTISEMENTS IN THE ECONOMY OF KARNATAKA –

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Abstract

Indian Economy is a developing economy and now it has become an open market economy. The country is still holding its ground in the midst of the current global financial crisis and the global investment firm is driven by renewed growth. Advertising is bringing a product or service to the attention of potential and current customers. There are various media of advertising which is having a great impact on the economy. The advertisement effectiveness is measured by the awareness, knowledge, liking, conviction and purchase decisions taken by the consumers. There have been many researches to develop the measurement of qualitative effects for advertising expression and contents. Modern marketing calls for more than developing a good product and making it accessible to target customers. The consumer market scenario is undergoing a rapid change. The Indian Government Policies and Economic reforms are changing the present consumer’s life style, literacy level, consumption expenditure and communication. In the present research paper the author has made an empirical study on the effects of advertisements which are having an impact on the economy of Karnataka.

Keywords: Advertisements, Economy, Government Policies, Consumer and Karnataka.

INTRODUCTION

Advertising is attempting to influence the buying behaviour of the customers or clients by providing a persuasive selling message about the products or services. Advertising is bringing a product or service to the attention of potential and current customers. There have been many researches to develop the measurement of qualitative effects for advertising expression and contents. Modern marketing calls for more than developing a good product and making it accessible to target customers. The word “Advertising” has its origin in a Latin word
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“Re-engineering of Indian Economy-Opportunities & Challenges” On 24th October 2013

“Adventure” which means “to turn to”. Kotler defines advertising as “any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor.”

The economy of India is the eleventh largest economy in the world by nominal GDP and the fourth largest by purchasing power parity. Following strong economic reforms from the socialist inspired economy of a post independence Indian nation, the country began to develop. Indian economy is developing into an open-market economy. Economic liberalization including reduced controls on foreign trade and investment began in the early 1990’s and has served to accelerate the country’s growth. The country is still holding its ground in the midst of the current global financial crisis and the global investment firm is driven by renewed growth. It is an art and not a science, effectiveness of which cannot be measured with a mathematical or empirical formula. Some researchers argue that advertising efforts go waste, but most of them are keenly interested in the evaluation of advertisement effectiveness. The basic purpose of advertising effectiveness is to avoid costly mistakes, to predict the relative strength of alternative advertising strategies and to increase their efficiency. It is not easy to measure advertising effectiveness. Sometimes, the results of measurement are just better guesses. Still, it is much better this way than not to address this problem at all. There are dramatic differences in the effectiveness of various forms of advertising. The final success of the campaign depends upon the medium, the copy, the format of the advertisement and the audience to whom the advertisement has reached out. Therefore, it is necessary to measure the effectiveness in this context.

OBJECTIVES OF THE STUDY

The primary objectives of this study are to measure the effectiveness of advertising in this current format in the Indian scenario. Various objectives can be summarized as under:

- To study the major components of an advertisement that proves to be more attractive for the advertisement.
- To study which media is more effective for purchase of different products.
October 2013, Volume: III, Special Issue: X

“Re-engineering of Indian Economy-Opportunities & Challenges” On 24th October 2013

- To measure advertisement effectiveness by measuring awareness, knowledge, liking, preference, conviction and purchase decisions taken by consumers.
- To study the extent up to which advertisements carry relevant and believable messages.
- To find out the motives behind purchase and factors affecting purchase and post-purchase decisions.
- To study the impact and effectiveness of advertisements in the economy of Karnataka.

REVIEW OF LITERATURE

El-Omari (1998) stated that many organizations relate their success with creative advertising campaigns. Tripathi and Mittal (2007) stated that innovation creates marketing opportunities and challenges. Tripathi and Siddiqui (2008) critically analyzed the results of binary logistic regression that mobile advertising in its current format does not have a significant impact on the purchase decision of a consumer and there might be other significant factors like a firm’s marketing efforts, a consumers’ socio-cultural environment and an individual’s psychological field that affects his purchase decision. Haque et al. (2005) aimed to identify attitudinal differences due to gender and race concerning internet advertising in Malaysia. Sachar and Anand (1995) described that television networks spend about 16 percent of their revenues on tune-ins, which are previews or advertisements for their own shows. Kotwal et al. (2005) concluded that television and advertising together present a lethal combination and has become an integral part of modern society. It is the most convenient route to reach not only the adult consumers but also the adolescents.

RESEARCH METHODOLOGY

The present study is descriptive and conclusive in nature, as it tries to measure the awareness, liking, preference and attitude of the people of Karnataka region towards advertising. Based on the studies and review of literature, the present study has been designed to abridge gaps in the existing literature. The study is based upon the primary survey and data has been collected from 220 respondents with the help of a well designed, pre-tested structured questionnaire. The sampling technique used was simple random sampling and convenience sampling. Out of 220 respondents, 71.82 percent were females, 78.64 percent were falling in the age group of 18-30
years and 77.73 percent were found to be single. In case of qualification, 57.27 percent were graduates and regarding the occupation, 68.18 percent came under the students’ category. The function of descriptive statistical analysis has been performed for each of the sections with the help of SPSS version 15.0. The study was conducted during January – April 2013.

FINDINGS AND DISCUSSION

a.) Attractive Component of Advertisements: There are various components of advertisements, which attract the audience in different ways. The level of effect depends upon the individual’s perception and how well that component is able to influence the viewer. Respondents were asked to rate the component on a 5-point liker scale and results were obtained for the mean and mode of the different components.

| Table 1 : Descriptive Statistics of Attractive Components of Advertisements |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Brand Ambassador           | Headlines / Message | Product         | Brand Logo / Image | Theme / Concept | Emotional Feelings |
| Mean                       | 4.40             | 3.95            | 4.50             | 3.76            | 2.46            | 1.90            |
| Mode                       | 5.00             | 4.00            | 5.00             | 4.00            | 3.00            | 2.00            |

Source: Primary Survey

It can be inferred from the Table 1 that brand ambassador/celebrities and products with mean (4.40 and 4.50 respectively) were found to be the most attractive components for advertisements. The mean and mode values for these two components are higher and this is because people prefer to use those products that are used by the celebrities and look costly as well as attractive. After using such products, the consumers try to relate themselves with the celebrities portrayed in the advertisements. On the contrary, a decrease in the attractiveness was found as people were giving less preference to other components while making the decision regarding the attractiveness of the product.

b.) Preferred Media: Media selection involves finding the most cost-effective media to deliver the desired number of exposures to the target audience. The suitability of different media for different products has been enquired and respondents have given their preference of the media as 1 to Preferred and 0 to Not-preferred for the mentioned products. The mean and
mode were calculated to know the behavior of the respondents towards different products advertised through different media.

c.) **Statement of Agreement:** In order to garner information regarding respondents views about the advertisements – whether the respondents agreed with the advertising message, or found it to be misleading, the respondents were asked to rate the statements on the 5-point Likert scale. For negative statements, the coding has been done in the reverse manner. From the Table 3, it can be concluded that the respondents mostly responded in favour of the advertisements as consumers prefer to spend their money after seeing the advertisements. Thus, it means that advertisements are a motivating factor for consumers while purchasing products.

d.) **Rank Values:** The respondents were asked to rank each statement according to how well they think each one fits with them. They had to rank each statement from 1 to 4 according to its importance for them. It is only the consumer who believes in the product shown in the advertisement when he or she tries the product himself or herself. Thus, the reception of information is an important antecedent of cognition, memory, beliefs, feelings, evaluation and action.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Advertisements are a wastage of money and are misleading</td>
<td>1.48</td>
<td>1</td>
</tr>
<tr>
<td>b. Advertisements are always exaggerations.</td>
<td>2.87</td>
<td>2</td>
</tr>
<tr>
<td>c. It is satisfactory to invest in a product after watching an advertisement</td>
<td>1.89</td>
<td>2</td>
</tr>
<tr>
<td>d. Advertisements are wastage of time.*</td>
<td>2.33</td>
<td>2</td>
</tr>
<tr>
<td>e. Advertisements are less informative</td>
<td>2.21</td>
<td>2</td>
</tr>
<tr>
<td>f. It is advisable to make calls on the phone numbers mentioned at the end of the advertisement</td>
<td>2.07</td>
<td>2</td>
</tr>
<tr>
<td>g. Advertisements with the sales offers / special promotions are more attractive and influential</td>
<td>1.7</td>
<td>2</td>
</tr>
<tr>
<td>h. We buy a new product after watching advertisements on media</td>
<td>1.52</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Primary Survey and * represents the negative statements.
“Re-engineering of Indian Economy-Opportunities & Challenges” On 24th October 2013

e.) **Remember the Product And its Characteristics:** Here, the respondents were asked to tick one of the options after viewing the advertisement to check whether they remembered the advertisement or not and then they had to describe its characteristics. The dichotomous scale had been used to measure the responses.

<table>
<thead>
<tr>
<th></th>
<th>I remember the advertisement</th>
<th>I remember the company, but not the product or the advertisement</th>
<th>I remember the company, and the product, but not the advertisement</th>
<th>Do no remember at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>0.0545</td>
<td>0.3727</td>
<td>0.5182</td>
<td>0.0591</td>
</tr>
<tr>
<td>Respondents saying NO</td>
<td>208(94.5)</td>
<td>138(62.7)</td>
<td>106(48.2)</td>
<td>207(94.1)</td>
</tr>
<tr>
<td>Respondents saying YES</td>
<td>12(5.5)</td>
<td>82(37.3)</td>
<td>114(51.8)</td>
<td>13(5.9)</td>
</tr>
</tbody>
</table>

Source: Primary Survey

People know this brand, even if they have not seen its advertisement on TV or any other media. When confronted with non – celebrity endorsers, consumers were significantly more focused on the brand and its features, whereas with celebrity endorsers, the subjects were significantly more concentrated on the celebrity in the advertisement. A considerable portion of the respondents also remembered the company, but not the product or the advertisement, as indicated by a percentage of 37.3% of the respondents.

f.) **Describe the Advertisement:** Here, the respondents were asked about the advertisement features and describe its characteristics. They had to give their responses on a dichotomous scale, and describe the factors that are essential while the advertisements are displayed.

**CONCLUSION**

The present study aims at studying the effectiveness of advertising in terms of impact of general advertising, whether it may be through any media on the Awareness, Knowledge, Liking, Preference, Trial, Purchase decision and Post purchase decision of the consumer and analyzing variation in consumer responses. It also tells about the effects of advertisements in the economy.
“Re-engineering of Indian Economy-Opportunities & Challenges” On 24th October 2013

of Karnataka. It has been concluded that in most of the research studies, customers were having positive perception towards advertising. Consumers tend to buy the products advertised by media, irrespective of its cost. From the present study, it can be concluded that there is a significant impact of advertisements on these parameters and the economy. The customers find the brand ambassadors very attractive in advertisements because they relate themselves with them easily. TV was found to be the most preferred media among all respondents as compared to the other media of advertisements. People have a positive perception towards advertising. It can also be concluded that the advertisements are being given more attention because people are not just watching advertisements for fun; they get more involved, they evaluate the things and they are more accepting of the same (rather than staying reserved). They believe the advertisement messages to be relevant and consider them while taking buying decisions. So, the marketers need to understand the needs and preferences of the customers before finalizing the marketing strategy.

RECOMMENDATIONS AND SUGGESTIONS

The above results revealed that impact of advertisement on the awareness, knowledge, liking, preference, conviction and finally, purchase decisions taken by the customers or consumer is very significant. People are considering advertisements to a greater extent while making purchase decisions, as indicated by the results of the present study. However, as a marketer, the first need is to understand the customers’ perception, the way they learn from an advertisement, the way they evaluate an advertisement, the way they believe an advertisement and then accordingly design the advertisement and marketing strategy. People suggest brand ambassadors, products, and messages to be more attractive in the advertisements. So, it becomes important to have a careful selection of these components while designing an advertisement. TV is considered to be the most believable medium. The customers prefer to buy branded and standardized products, which are more advertised on television. To sum up, it can be concluded that creating good advertising campaigns and executing them successfully requires good planning and coordination. By effective advertisements the customers get wide knowledge and prefer to buy branded and standardized products which increase the standard of living of the
October 2013, Volume: III, Special Issue: X

“Re-engineering of Indian Economy-Opportunities & Challenges” On 24th October 2013

people and the society. Implementing an advertising campaign successfully requires detailed schedules to ensure that the various phases are done on time. Ultimately it contributes to the economic development of the state.

REFERENCES