

Effect of advertisement on brand and consumer durable products



Many people think of marketing as selling and advertising, and no wonder everyday we are bombarded with television commercials, direct mail offers, sales calls and internet pitches. However, selling and advertising is only the tip of the marketing iceberg.

Broadly defined, marketing is a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others (Kotler et al., 2008).

Advertising can be defined as any paid form of non-personal promotion transmitted through a mass medium. The sponsor should be clearly identified and the advertisement may relate to an organization, a product or a service. The key difference, therefore between advertising and other forms of proportion is that it is impersonal and communicates with large numbers of people through paid media channels.

Advertising normally conforms to one of the two basic types: product orientated or institutional (Berkowitz et al., 1992).

Advertising is modeled as a dynamic investment in a brands stocks of awareness and perceived quality and we ask how such an investment changes brand awareness and quality perceptions. It allows to control for unobserved heterogeneity across brands and to identify the effect of advertising from the time-series variation within brands. They also allow accounting for the endogenous of advertising through recently developed dynamic panel data estimation techniques. Advertising has consistently a significant positive effect on brand awareness but no significant effect on perceived quality (Clark, 2009).

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This report is a critical evaluation of how advertisement effect brand perception and how it impacts the sale of the products. It mainly concentrates on topics like advertising, branding and consumer behaviour in India. This report focuses on the significant role of advertising in terms of how it influences people to build up a brand image and how it impacts on the sale. Brand has a competitive advantage for a product so the question becomes whether the customers are willing to pay more for the brand.

Durable goods are those which dont wear out quickly, yielding utility over time rather than at once. Examples of consumer durable goods include electronic equipment, home furnishings and fixtures, photographic equipment, leisure equipment and kitchen appliances. They can be further classified as either white goods, such as refrigerators, washing machines and air conditioners or brown goods such as blenders, cooking ranges and microwaves or consumer electronics such as televisions and DVD players. Such big-ticket items typically continue to be serviceable for three years at least and are characterized by long inter-purchase times (Firefly, 2008).

Who hasnt heard about the brand name Sony? It was very fascinating to know how it started and how did it build its brand. It was the best consumer electronic then as it is now. We can still blindly pick up any Sony product without a second thought

Apart from looking at simply the corporate world of Sony consumer electronics, there is much more to Sony consumer electronics that makes it a leader in consumer electronics. This innovation comes with Sony not just simply recreating products, but actually inventing new technology.

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The name for the electronic company Sony was created by combining “SONUS,” the original Latin for “SONIC,” meaning sound, with “SONNY,” denoting small size, or a youthful boy. It was chosen for its simple pronunciation that is the same in any language (ArticleSnatch. com, 2009).

The Indian consumer durables industry has witnessed a considerable change in the past couple of years. Changing lifestyle, higher disposable income coupled with greater affordability and a surge in advertising has been instrumental in bringing about a sea change in the consumer behavior pattern. Apart from steady income gains, consumer financing and hire-purchase schemes have become a major driver in the consumer durables industry.

In the case of more expensive consumer goods, such as refrigerators, washing machines, color televisions and personal computers, retailers are joining forces with banks and finance companies to market their goods more aggressively. In addition, change in policy, such as the WTO FTA in 2005 resulted in zero customs duty on imports of all telecom equipment, thereby improving the pricing and affordability of imported goods (Fire Fly, 2008).

Aim and objectives

Purpose

The purpose of the dissertation would be to ascertain the effects of advertisement on brand perception. The dissertation will focus on issues relating to advertisements as a key marketing technique used by various companies for the purpose of Product branding. We will then analyse to see

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whether in fact these marketing tools control or impacts consumer behaviour in the South East Asian market.

Using some of the information above and combining it with some of the sales results at the back of some of the advertising campaigns we shall be able to find a correlation between advertising expenses, brand perception and the overall sales and profitability for an organisation.

Research Aim and Objectives

The aim of this project is to support the hypothesis by analysing primary and secondary data collected and obtaining a trend on the basis of hypothesised general relationship. The objectives of this project are:

To theoretically and practically find out the effect of advertisement on brand

To find out how brand personality dimensions, brand trust, brand affect, and brand loyalty correlate with consumer behaviour.

The degree of relationship between brand and sale of the product.

How important can the brand name be, to make the consumers spend extra for that?

Research Question

The research question in this dissertation will look to answer is whether the exorbitant investments of a company on advertising in order to create and maintain a brand image has any impact on consumer behaviour and if it has any impact on sales.

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Hypothesis

Advertising help in creation and maintenance of brand image

Consumers evaluate identical products differently depending on how it is branded

Brands guide consumers on making buying decisions

Consumer buying decisions are based on the brand value rather than price as a mark of quality

Consumers are willing to spend extra to obtain a branded products

Brand is a synonym for high quality and good workmanship

Own-label brands (sometimes called distributor brands) are created and owned by distributors. Sometimes the entire product mix of a distributor may be own-label or only part of the mix may be own-label as it is the case with many supermarket chains. The power of low-price supermarket own-label brands has focused many producers of manufacturer brands to introduce so-called fighter brands (Jobber, 2004).

Scope

This research is based on consumers of different age group as well as different background in India. This will mainly concentrate on products like refrigerator, washing machine or in other words, consumer durable products.

Literature Review

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Advertisement is a way by which a company communicates information about a product or service with the intention to persuade consumers to buy a product. It may also be used to expand an existing market by highlighting various innovations and ways in which the consumers could use the products thereby looking to increase consumption.

The consumer durables industry in Indian has seen a significant evolution over the past decade. Change in the lifestyle coupled with higher disposable income and a development in advertising has helped in bringing about a very big change in the consumer behaviour pattern. According to research completed by the Federation of Indian Chambers of Commerce and Industry (FICCI) on the Indian consumer durables industry, there has been a swing in consumer preferences towards higher-end, technologically superior brands has been quite remarkable. This movement can be explained by narrowing gaps between the prices of branded and unbranded products clubbed with high quality after-sales service that is being offered by some of the top brands. Another reason for this shift is the easy availability of foreign brands in India due to lower import duties and the considerably liberal attitude of the government in terms of foreign trade

In the year 2004, Pingjun Jiang mentioned in her article that the brand name makes a difference when a consumer is indecisive while making a purchase. She describes that brand has a conceptual effect and a customisation effect on the consumer market. She emphasises on the existing relationship between what is consumers perception of brand and the consumer is it actually willing to pay for the brand. Brand can usually be perceived as a product or service or information that is offered at a certain value but the <https://assignbuster.com/effect-of-advertisement-on-brand-and-consumer-durable-products/>

important question is whether the consumers are willing to pay the extra amount of cash to have it. Brand has always been considered to be an important element as it can customize in terms of getting preference for better choice and hence hold a critical position in the study of consumer communication. The main motive is to increase the effect of brand name to attract purchasing decision in their favour. Although the effect of brand name vary with product category (Pingjun Jiang, 2004)

A brand can be described as a product, service or a concept that has some unique features that it can be distinguished from the other products of the same category. Brand helps in easy communication and marketing. Similarly, brand name is a name that distinguishes itself from the other products of the same category. Branding is the process of creating that brand name.

Branding includes creation of identity for a company as a whole or just for the product. Logos, graphic designs are usually used to represent brands. For example, all computers having Intels microchip has a logo outside saying Intel Inside (Pingjun Jiang, 2004)

The American market has the concept of brand trust. Consumers are said to trust a brand when they develop a loyalty towards a particular brand and they want to use it for the rest of their lives. Companies spend millions to create these lifetime customers. The spending is in the form of advertising and marketing the product to create a long lasting brand to create lifetime customers. David Ogilvy believed that brand is the intangible sum of a product's attributes: its name, packaging, and price, its history, its reputation, and the way it's advertised. (David Ogilvy, 1985).

Brand effect means that when a product has its own brand name, it carries along some image in the consumers mind. The effect can be positive or negative. Brand can signify value for money, standard of quality, style or a symbol for class. For example, when people know that a particular brand is made in China; consumers have a particular kind of notion for it. Hence, this can be termed as china brand effect. Similarly, every brand brings along its own brand effect.

The process or the act of purchasing products by a person by taking several factors into consideration is referred to as consumer buying behaviour. The process involves the reasoning behind why the consumer chooses to buy a certain product or service. It looks at the various factors that influence their purchase decisions with the continuous changing factors in the business environment. It is important to note that the buying pattern of the consumer is the main aspect that will be used to analyse consumer behaviour. It is therefore important for a company to analyse buying behaviour of consumers to analyse consumers reaction to a companys marketing strategies (Academon, 2011).

Thereby we will look at the various principle surrounding market penetration, innovation, product development, customer retention and brand loyalty. These would be explored as the philosophies would contribute to a better understanding of the subject with a view to clarify and better analyse the results of data received from the primary and secondary research.

Methodology/ Data Collection Method/Analysis

Data Collection

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In order to be able to answer the research questions, primary research and secondary research will be used to obtain relevant data.

In order to be able to receive the right response to the questions to the questionnaire, it is very important to adopt the right method of sampling. For the purpose of this dissertation, we shall be using stratified sampling.

Stratified sampling refers to having more than one group or strata of people who have uniform characteristics. This is necessary as the research will try to establish the perspective of the company as well as the consumers. This will be a very interesting comparison since a company's marketing strategies are based on certain assumptions which we might well see is not true.

To my understanding and what I have learnt, Primary research is where information is gathered directly from respondents i. e. people who are linked to the research question. The data obtained through primary research is very important to the research since it gives the research data not only specific to the topic but also helps the researcher to understand trends for the particular group of individuals and how they link to the general perception of the same. Primary research will be used in this dissertation to establish out how individuals perceive brands and how advertising affect their thoughts.

Primary data will be collected by using questionnaires.

A questionnaire is a list of questions that requires to be completed by a respondent that would answer questions in order to arrive at conclusions.

Depending on what kind of information the research wants to tame, he will change the way each of those questions are asked. For example if the

research wishes to allow the respondent complete freedom of expression, then open ended questions will be used. If however the research wants to measure either of a given number of possibilities, in that case, close ended questions will be used.

An example of an open-ended question for the purpose of this dissertation would be, “ What is your overall opinion about an advertisement?” or “ Why do you think advertisements are necessary for a company?” Here respondent is able to express himself in the way he wants and he can cite as many scenarios as he chooses. However a close ended question like, “ Do you think that advertising expenses should be capped to allow fairness in market competition? Please answer yes or no”. This will limit the respondent to only two answers. “ A company cannot survive without a substantial investment of time and money on advertisements. Please rate this question in a scale of 1 to 10 when 1 is strongly disagreeing and 10 are strongly agreed.” This is an example of a question that uses the Likert scale by respondents are given a slightly more flexibility as although they would choose to either agree or disagree, they can show the degree to which they either agree or disagree.

This project will also strongly rely on Secondary data collection. This is a kind of data analysis that can be defined as data which has been obtained from secondary sources. The main secondary data that will be used in this dissertation would include:

Market Research Reports: Most companies publish their advertising expenditure and sale on different websites. This report will be a major source for the analysis

Literature Review: Original research articles will be assembled and reviewed which deals with this topic.

Scholarly Journals: These journals contain research written by experts in specific fields. These articles then go through a peer review by other experts in the same field.

Trade Journals: These contain articles that discuss practical information concerning the desired fields. Mainly, trade journals on hospitality industry will be used for the project.

Reference Books: Text books, handbooks, manuals, encyclopaedias, and dictionaries will be read for the project as a source of data collection.

The data collected will be analysed and then compared with the thoughts of other scholars to justify the hypothesis. For the purpose of data analysis, qualitative and quantitative methods will be used. s Alternatively, for some questions for example the open-ended questions, the researcher needs to establish why the respondent has given that particular response. Therefore the qualitative analysis technique would help the research in this situation.