

Advertising Effectiveness and influence on Fast Moving Consumer Goods

Dr. Chanpreet

Assistant Professor, University College,
Chaudhary Devi Lal University, Sirsa.

ABSTRACT

The purpose of advertising may also be to reassure employees or shareholders that a company is viable or successful. Advertising messages are usually paid for by sponsor¹ and viewed via various traditional media; including mass media such as newspaper, magazines, television, commercial, radio, advertisement, outdoor advertising or direct mail; or new media such as blogs, websites or text messages. The main objective of the paper was to find out the factors influencing the purchase decision and features of advertisements influencing the purchase decisions regarding FMCGs in rural markets. The suitable statistical tools were used to analyse the data. It was found that rural buyers perceived that the advertisements of these FMCGs given by different media are informative and they agreed with the role of celebrity which attracts them for the purchase of the consumer goods.

Keyword: FMCGs, advertisement, celebrity, newspaper, and magazines etc.

INTRODUCTION

Advertising is a very crucial element in the rural marketing mix. With the growth in demand for FMCGs and agricultural inputs in the rural markets, rural advertising has become a challenging area. It is important to inform and educate rural mass about FMCGs which can improve the productivity of their fields and also upgrade their living standards. Advertising also has a critical role to play in changing the attitudes, habits and lifestyles of rural buyers. FMCGs companies have not given adequate importance to exclusive advertising for rural markets. With the rural consumer acquiring the means to buy consumer and agricultural products, it will be necessary and challenging to focus on exclusive advertising for rural markets. It is vital to ensure that advertising is in harmony with the values and cultural ethos of the villages. To carry credulity, it is important for advertising to be in congruence with the value systems and life styles of the rural buyers. The rural marketing to be successful requires review of rural marketing environment, proper understanding of the nature and profile of the rural buyer, designing the right products to appeal to them and suitable media for communication and distribution (**Singh and Pandey, 2011**)². An important tool to reach out the rural people is through effective communication. A rural consumer is brand loyal and understands advertised information better. The rural audience has matured enough to understand the advertisement developed for the urban markets especially with reference to FMCGs. Television has been a major effective communication system for rural mass and as a result FMCGs companies should identify themselves with their advertisements. Advertisements touching the emotions of the rural folks which could drive a quantum jump in

¹ <http://en.wikipedia.org/wiki/Advertising> accessed on 26 July, 2012.

² Singh, P. B., and Pandey, K. K. (2011), A comprehensive study of Indian rural consumer behavior and strategies for rural markets, *Asia Pacific Journal of Research in Business Management*, Vol. 2, Issue 9, pp. 11-20, retrieved from: <http://www.skirec.com> on 17 June, 2012.

sales of FMCGs (**Behura and Panda, 2012**)³. Rural markets are important and growing markets which offer immense growth opportunities like untapped market, large population, first mover advantage and huge scope for penetration. Rural markets challenges include heterogeneity, low literacy rate among rural buyers, limited purchasing power and cyclical cash flows of rural consumers make them less attractive for FMCG companies. With the help of suitable marketing strategy such as bottom of pyramid, 4 'As' mode- availability, acceptability, affordability and awareness and adopting some innovative marketing strategies, FMCG companies may grasp the vast rural market. It is also fact that rural markets are volume game rather than value game (**Hagargi, 2011**)⁴. Today, rural markets have acquired significance because the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural masses. On account of green revolution, the rural markets are consuming a large quantity of FMCGs. In this context, a special marketing strategy, called rural marketing has evolved. Rural marketing involves delivering manufactured or processed inputs or services to rural producers or consumers. The rural market in India is scattered and spread over a wide geographical area. Rural marketing broadly involves reaching rural buyers, understanding their wants, supply of goods and services and ultimately satisfying buyers, leading to more sales. The general impression is that only agricultural inputs like seeds, fertilizers, pesticides, cattle feed and agricultural machinery has a potential for growth in the rural market. However, there is a growing market for FMCGs now. It has been estimated that the rural market is growing at the rate of five times its urban counterpart (**Rachna, 2011**)⁵. The environment of rural market in India is fascinating and challenging due to the vast size and demand base. Rural market in India started showing its potential since 1960 and this coincided with the green revolution. But many producers were hesitant to enter into rural market for a long time, as they believed that rural folks cannot be convinced of use and hence a need for manufactured products cannot be created in villages. Besides, difficulties in having a free accessibility to these distant markets forced the producers to think that these markets cannot be served economically and profitable. Prosperity in rural areas is very much reflected in the buying and consumption habits of rural folks (**Singh and Pandey, 2011**)⁶. Rural consumers spend about \$9 billion per annum on FMCG items and product categories such as instant noodles, deodorant and fabric with the pace of consumption growing much faster than urban areas. The FMCGs market in rural India is tipped to touch \$100 billion (around Rs. 45,735 crore) by 2025 on the back of unrelenting demand driven by rising income levels.

REVIEW OF LITERATURE

³ Behura, K. C., and Panda, J. K. (2012), Rural marketing of FMCG companies in India, *VSRD International Journal of Business and Management Research*, Vol. 2, Issue 2, pp. 65-74, retrieved from: www.vsrjournals.com on 17 June, 2012.

⁴ Hagargi, A. K. S. (2011), Rural market in India: some opportunities and challenges, *International Journal of Exclusive Management Research*, Vol. 1, Issue 1, pp. 1-15, retrieved from: <http://www.exclusivemba.com/ijemr> on 18 February, 2012.

⁵ Rachna, T. (2011), Changing trends in rural marketing, *Journal of Applied Management and Computer Science*, Vol. 4, pp. 1-14.

⁶ *Op. cit.*

Soman (1998)⁷ studies the likely consumer response to promotions where incentives are not immediate but delayed and the level of effort which varies depending on the nature of the offer required availing incentives. The promotional planning process and its impact on consumer franchise building in New Zealand in the FMCG category has been studied by **Stewart and Gallen (1998)**⁸. **Gedenk and Neslin (1999)**⁹ analyzed the role of retail promotion in determining future brand loyalty through its effect on purchase event feedback. The purchase event feedback represented the effect of current purchases on future brand preference. The model was employed to two product categories and comparison of the effects of price versus non price retail promotions was made. The study found that in-store price promotions were related with negative purchase event feedback as compared to non promotion purchases, whereas non price promotions such as features or sampling had no effect or in fact were related with positive purchase event feedback as compared to purchases made off promotion. **Sharma and Saxena (2009)**¹⁰ analyzed the role of children in buying decision of parents of FMCG in rural market and found that rural children are more media savvy. The role of television and other advertising media are very much prominent in their day to day life; therefore, children are exposed to various media also. They found that in rural market that children accompany their parent for their FMCG shopping and influence their decision. Rural children are the best source of information for parents to satisfy their need of information for their FMCG purchase. Rural parents are having low brand awareness so they are looking towards their children for brand selection. The study also confirmed that rural parents and children are not easy brand switcher or they are brand loyal. **Vani, Babu and Panchanathan (2010)**¹¹ examined consumer behaviour in Bangalore city regarding toothpaste brands and found that consumer awareness of toothpaste is less in Bangalore city. Oral care market offers huge potential as penetration and per capita consumption of oral care product is very low in India. Further, the study found that brand image, advertising and offer play an important role in purchasing toothpaste, sometimes based on the offer the consumer compare with competitor product and select the best one. Product attribute also analyzed by the consumer for deciding a brand. Switching of one product to other company product is mainly based on advertisement, brand name, packaging availability and price rise. **Jayswal and Shah (2012)**¹² analyzed the effect of some selected FMCGs television advertisements with commonly used negative emotional appeals on cognitive message processing style of Indian house wives. The study revealed different effect of different advertisement with negative emotional appeals

⁷ Soman, D. (1998). "The illusion of delayed incentives: evaluating future effort-money transactions," *Journal of Marketing Research*, Vol. 35, No. 4, pp. 427-438.

⁸ Stewart, D. and Gallen, B. (1998), "The promotional planning process and its impact on consumer franchise building: the case of fast moving goods companies in New Zealand," *Journal of Product and Brand Management*, Vol. 7, No. 6, pp. 557-568.

⁹ Gedenk, K., and Neslin, S. A. (1999), "The role of retail promotion in determining future brand loyalty: effects on purchase event feedback", *Journal of Retailing*, Vol. 75, Issue, 4, pp 433-459.

¹⁰ Sharma, L. K., and Saxena, V. (2009), Impact of emotional attachment between children and parents in rural market: a case study of children and parents in purchase of FMCG, *Pranjana*, Vol. 12, No. 2, pp. 116-121.

¹¹ Vani, G., Babu, M. G., and Panchanathan, N. (2010), "Toothpaste brands: a study of consumer behaviour in Bangalore city", *Journal of Economics and Behavioral Studies*, Vol. 1, No. 1, pp. 27-39.

¹² Jayswal, M., and Shah, K. (2012), "A study of effect of negative emotional appeals on cognitive message processing style of Indian house wives with specific focus on FMCG product's television advertisements", *Asian Journal of Research in Business Economics and Management*, Vol. 2, Issue 3, pp. 58-72.

derived that advertising creative aspect has considered most important and it has been truly said that “what you say is equally important to how you say.” Through varied hypothesis developed by the researcher, the findings is negative emotional advertising appeal makes the cognitive response positive, helps to form positive attitude and this increases the customer intention to buy the brand. The different advertising themes have difference in their effect on individual perception.

OBJECTIVES OF THE STUDY

The main objective of the study were

- To find out the sources of awareness about the brands of FMCGs.
- To analyse the factors influencing the purchase of FMCGs.
- To know the features of advertisements that influences the purchasing decision.

RESEARCH METHODOLOGY

The present study is based on a primary survey conducted among the rural buyers of Sirsa District. The FMCG products so selected were Flour, salt sugar and tea to study the preferences of buyers. The suitable statistical tools were used to analyse the data.

Sampling Plan

In the present study, the steps in the sampling design were as follows:

Target Population: Rural buyers of Sirsa district

Elements: Rural buyers

Sampling Unit: Rural Buyer

Extent: District Sirsa

Sampling Frame: Map of District Sirsa

Sampling Technique: Convenience Sampling.

Sample Size: 384 (300 were considered for final analysis.)

Execution: Personal Interviews from each respondent selected on the basis of convenience sampling.

Hypothesis of the Study

H₁: There is no significant difference among the rural buyers towards the source of awareness used by them for getting the knowledge about the brands of different FMCGs.

Table 1: Source of Awareness about the Brands of different FMCGs

Source	Number of Rural Buyers (Rank)	Percentage	Chi-square test (df=1)	Asymp. significance level
Wall Paintings	45 (13.5)	15	147.000	.000
Bill Boards	13 (37)	4.3	250.253	.000
Skywriting	3 (49)	1	288.120	.000
Elastic bands	4 (45.5)	1.3	284.213	.000
Stickers	28 (26)	9.3	442.260	.000
Back of event tickets	14 (35.5)	4.7	246.613	.000
Human billboards	4 (45.5)	1.3	284.213	.000
Town criers	6 (43)	2	276.480	.000
Bus Stop Benches	31 (22)	10.3	188.813	.000
Pamphlets	38 (16.5)	12.7	167.253	.000
Direct mail	14 (35.5)	4.7	246.613	.000

Sales person	76 (6)	25.3	73.013	.000
Samples	37 (18)	12.3	170.253	.000
Tradeshows	51 (12)	17	341.060	.000
Radio	178 (3)	59.3	314.480	.000
Cinema	110 (5)	36.7	21.333	.000
Television	214 (1.5)	71.3	54.613	.000
Subway Platforms and trains	19 (31)	6.3	487.620	.000
Mobile phone screens	18 (32)	6	231.324	.000
Web pop ups	9 (41)	3	265.080	.000
Passenger screens	9 (41)	3	188.813	.000
Posters	65 (8)	21.7	96.333	.000
Supermarket receipts	31 (22)	10.3	188.813	.000
Demonstration	69(7)	23	276.620	.000
Brochures	43 (15)	14.3	152.653	.000
E-Mails	60 (9.5)	20	108.000	.000
Telephones	52 (11)	17.3	128.053	.000
Speech	30 (24)	10	432.620	.000
Shopping Malls	45 (13.5)	15	365.420	.000
Playgrounds	4 (45.5)	1.3	284.213	.000
Sides of buses	38 (16.5)	12.7	167.253	.000
Logo Jets	4 (45.5)	1.3	284.213	.000
In flight ad's on seat back tray tables	3 (49)	1	288.120	.000
Taxi cab doors	29 (25)	9.7	437.420	.000
Roof mount	5 (44)	1.7	280.333	.000
Musical stage show	11 (38)	3.7	530.660	.000
Web banners	17 (33.5)	5.7	235.853	.000
Word of mouth	34 (20)	11.3	179.413	.000
Catalogs	17 (35.5)	5.7	235.853	.000
Signboards	35 (19)	11.7	176.333	.000
Coupons	23 (27)	7.7	215.053	.000
presentations	21 (29.5)	9	471.740	.000
Magazines	162 (4)	54	1.920	.000
Newspapers	214 (1.5)	71.3	230.200	.000
Banners	60 (9.5)	20	108.000	.000
Street furniture components	7 (42)	2.3	272.653	.000
Opening section of streaming	17 (33.5)	5.7	235.853	.000
Shopping cart handles	10 (39)	3.3	261.333	.000
Rack card	4 (45.5)	1.3	284.213	.000
Doors of bathrooms	3 (49)	1	288.120	.000
Printed flyers	1 (52)	0.3	296.013	.000
In store displays	31 (22)	10.3	188.813	.000
Motion pictures	9 (41)	3	265.080	.000
Air balloons	21 (27.5)	7	477.260	.000
Tie- ins	2 (51)	0.7	292.053	.000
Any other	22 (28)	7.3	218.453	.000

Note: Value in parenthesis is the rank for purchase of the FMCG

Source: Survey (Data processed through PASW 18.0).

Table 1 depicts that most of the rural buyers use Television and Newspapers (71.3 per cent) simultaneously followed by Radio (59.3 per cent) and Magazines (54 per cent). Further, the Table displays that cinema (36.7 per cent), advice of salesperson (25.3 per cent) and demonstrations (23 per cent), posters (21.7 per cent), e-mail (20 per cent) and banners (20 per cent) are considered by rural buyers for getting the awareness towards different brands of FMCGs. On contrary, printed flyers, tie-ins, in-flight advertisements on seat back tray tables, sky writings, logo jets, play grounds, elastic bands and doors of bathrooms are considered by the rural buyers less than two per cent as the source of awareness about these brands of FMCGs. Statistically, χ^2 test statistic signifies that there is significant difference at 1 per cent significant level with 1 degree of freedom among the rural buyers towards the source of awareness used by them for getting the knowledge about the brands of different FMCGs and rejects null hypothesis (H_1).

Table 2: Factors Influencing the Purchase of FMCGs

Factors	Mean	Std. Deviation
Print Advertisement	3.9167	.96583
T.V Commercials	4.1533	.97278
Word Of Mouth	3.4467	.91100
Sales person	3.2100	1.03738
Incentive Schemes	3.5233	1.15784
Own Experience	4.0000	1.01164
Display at shop	3.5333	.91195
Occasion	3.3133	.99253
Reference group	3.1067	1.03547
Trial	3.3433	1.15899
Non availability of the brands	3.2133	1.08246
Income	3.7133	1.08092
Family	3.6833	1.02627
Locality	3.3433	1.08137
Age	3.2400	1.10747
Climate/Environment	3.1400	1.07591
Price	3.7467	1.06125
Taste Change	3.6500	1.07922
Defective Products	3.2333	1.04364
Out dated	3.2933	1.09145
New ingredient	3.5533	1.03152
Brand Loyalty	3.8400	1.03180
Life of the Product	3.7433	1.06830
Follow the celebrity	3.6533	1.11533
Status	3.5533	1.14814

Source: Survey (Data processed through PASW 18.0).

Table 2 depicts that TV commercials (M 4.1533, S.D 0.97278) influence the respondents the most for the purchase of FMCG followed by the Own Experience (4.000 Mean, S.D 1.01164)

further comes the Print Advertisements. The respondents are least influenced by Sales person (3.2100 Mean, S.D 1.03738) followed by the Climate/Environment (3.1400, S.D 1.07591) and the least influence is of the Reference group (3.1067 Mean S.D 1.03547). In total we can say that T.V commercials have the maximum influence for the purchase of FMCG.

Table 3: Intend to Purchase the FMCGs after Observing the Advertisements/Getting the Awareness about them

FMCGs	Not at all	Rare	Occasionally	Sometime	Every time	N	Mean	Std. Deviation
Flour	26	39	51	114	70	300	3.5433	1.22466
Salt	15	43	40	120	82	300	3.7033	1.16038
Sugar	23	53	73	99	52	300	3.3467	1.17946
Tea	3	35	46	116	100	300	3.9167	1.01973

Source: Survey (Data processed through PASW 18.0).

Table 3 depicts that the respondents purchase Tea (Mean 3.9167, S.D 1.01973) the most after observing the advertisements and getting awareness about them followed by Salt (Mean 3.7033, S.D 1.16038) next comes Flour (3.5433, S.D 1.22466) and the least is Sugar with mean 3.3467 and S.D 1.17946.

Table 4: Features of Advertisements that Influence the Purchasing Decisions with regard to FMCGs.

Features of Advertisement	N	Mean	Std. Deviation
Informative	300	4.0300	.91207
Comparative	300	3.5967	.92927
Size	300	3.4233	1.03004
Color	300	3.3000	1.14354
Story	300	3.2533	1.04537
Layout	300	3.2633	1.04449
Headline	300	3.5633	1.02444
Appeal	300	3.7200	.96854
Celebrity	300	3.9100	.94775
Product	300	3.8367	.97287
Brand name	300	3.7900	1.01785
Cultural background	300	3.0700	1.03699
Social background	300	2.9800	1.08483
Cinematography	300	3.0467	1.12340
Timings	300	3.2033	1.05785
Slogan	300	3.3400	1.04629
Punch line	300	3.4200	1.10499

Source: Survey (Data processed through PASW 18.0).

Table 4 depicts that the rural respondents agree most to the informative features (Mean 4.0300, S.D 0.91207) of advertisements with regard to FMCGs. Next is the role of Celebrity (Mean 3.9100, S.D 0.94775) which attracts the rural buyers for the purchase of the consumer goods, followed by the Product features (Mean 3.8367, S.D 0.97287) which have the influence over the

purchasing decision of the buyers. On the other hand the features to which the rural respondent neither agree nor disagree are Timings (Mean 3.2033, S.D 1.05785), Cultural background (Mean 3.0700, S.D 1.03699) and Social Background (Mean 2.9800, S.D 1.08483).

Table 5: Recall the Advertisements of the Consumer Goods Immediately

FMC Gs	Not at all	Rare	Occasionally	Sometime	Every time	Total	Mean	Std. Deviation
Flour	17	47	57	103	76	300	3.5800	1.18672
Salt	13	60	45	110	72	300	3.5600	1.17942
Sugar	35	63	68	69	65	300	3.2333	1.33347
Tea	13	51	39	94	103	300	3.7433	1.21754

Source: Survey (Data processed through PASW 18.0).

Table 5 depicts that the rural consumer recall the advertisement of Flour sometimes (Mean 3.5800, S.D 1.18672). Followed by Salt (Mean 3.5600, S.D 1.17942) and then the FMCG Tea (Mean 3.7433, S.D 1.21754) and the advertisement for Sugar (Mean 3.2333, S.D 1.33347) can be recalled occasionally by the rural buyer.

CONCLUSION

1. The rural buyers use television and newspapers simultaneously followed by radio and magazines to get awareness about different types of FMCGs. On the contrary, printed flyers, tie-ins, in-flight advertisements on seat back tray tables, sky writings, logo jets, play grounds, elastic bands and doors of bathrooms are considered less by the rural buyers as the source of awareness.
2. Most of the rural buyers perceived that the advertisements given in various media for flour are good, understandable and interesting. Further, it is found that there is positive impact of the advertisements on the buyers' behavior towards the purchase/consumption of this FMCG. In case of salt, they perceived that advertisement available in various media is good and interesting with a positive impact towards this FMCG. As far as sugar is concerned, it is found that advertisement for this FMCG is good and interesting but not understandable with a positive impact on the rural buyers' behavior towards the purchase/consumption of this FMCG. The advertisement for tea is perceived good, interesting and understandable by the rural buyers with a positive impact on the mindset of rural buyers towards the purchase/consumption of this FMCG.
3. Television commercials followed by experiences and print advertisements influence most of the rural buyers towards the purchase of FMCG. On the other hand, the rural buyers do not intend to purchase such types of FMCGs immediately on the recommendation of influenced by sales person, climate/environment and reference groups.
4. Rural buyers intend to purchase tea followed salt and flour after observing the advertisements of these FMCGs; whereas, they are reluctant to purchase sugar after observing the advertisement of it. Hence, it may be concluded that advertising is effective in case of tea, sugar and flour; but, not in the case of sugar.
5. Rural buyers perceived that the advertisements of these FMCGs given by different media are informative and they agreed with the role of celebrity which attracts them for the purchase of the consumer goods. Further, they admitted that features of different products influence them and help them making the purchase decision with regard to FMCGs. On the other hand, rural

buyers are neutral to say that timings, cultural background and social background of them influence their decision making process.

6. The rural buyers may recall the advertisement of flour and salt sometimes and advertisement of tea and sugar they may recall occasionally.

REFERENCES

- Gedenk, K., and Neslin, S. A. (1999), “The role of retail promotion in determining future brand loyalty: effects on purchase event feedback”, *Journal of Retailing*, Vol. 75, Issue, 4, pp 433-459.
- Jayswal, M., and Shah, K. (2012), “A study of effect of negative emotional appeals on cognitive message processing style of Indian house wives with specific focus on FMCG product’s television advertisements”, *Asian Journal of Research in Business Economics and Management*, Vol. 2, Issue 3, pp. 58-72.
- Sharma, L. K., and Saxena, V. (2009), Impact of emotional attachment between children and parents in rural market: a case study of children and parents in purchase of FMCG, *Pranjana*, Vol. 12, No. 2, pp. 116-121.
- Soman, D. (1998). “The illusion of delayed incentives: evaluating future effort-money transactions,” *Journal of Marketing Research*, Vol. 35, No. 4, pp. 427-438.
- Vani, G., Babu, M. G., and Panchanathan, N. (2010), “Toothpaste brands: a study of consumer behaviour in Bangalore city”, *Journal of Economics and Behavioral Studies*, Vol. 1, No. 1, pp. 27-39.