IMPACT OF ADVERTISEMENT ON THE BRAND PREFERENCE OF AERATED DRINKS

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ABSTRACT

This paper extends research linking advertisement factors which effecting consumer Preference from one product to another product. aerated drinks companies are spending a lot of money on their Advertisements, celebrities etc. About 35% of the total cost is Advertising cost for a aerated drink company. Therefore Advertising is an important aspect of the companies to promote their product, and generate sales. It is also important for the companies to know whether their advertisements are effective or not. In order to check the impact of the advertisements, we have taken this as our research problem.

KEYWORDS: Advertisement, impact, brand.

INTRODUCTION

It is well known fact that people in India do not just watch their favorite sport, film or serial, many are watching to see the commercials. Regardless of how good the game was, there are usually a few ads that people talk about the next day. But one thing that people may not think about is how trustworthy an advertisement may be and, at a higher level, how much trust one can, or cannot, place in an industry's advertisements. In Indian scenario it is proved that advertisements from soft drink companies are most effective. As we know these days soft drink companies are advertising their product so much on televisions and are spending so much money on the celebrities to endorse their products. In soft drink industry the cost of advertising is nearly 35 % of the total cost. For increasing the sale of their product they are taking film stars, cricket stars in their advertisements of their products which is again very costly. Therefore we took this as opportunity to study different aspects of Advertisements, their impact on consumer perception etc. Each advertisement is a specific communication that must be effective, not just for one customer, but for many target buyers. This means that specific objectives should be set for each particular advertisement campaign.

Advertising is a form of promotion and like a promotion; the objectives of advertising should be specific. This requires that the target consumers should be specifically identified and that the
effect which advertising is intended to have upon the consumer should be clearly indicated. The objectives of advertising were traditionally stated in terms of direct sales. Now, it is to view advertising as having communication objectives that seek to inform persuade and remind potential customers of the worth of the product. Advertising seeks to condition the consumer so that he/she may have a favourable reaction to the promotional message. Advertising objectives serve as guidelines for the planning and implementation of the entire advertising programme.

The basic objectives of an advertising programme may be listed as below:
(i) To communicate with consumers.

(ii) To retain the loyalty of present and former consumers. Advertising may be used to reassure buyers that they have made the best purchase, thus building loyalty to the brand name or the firm.

(iii) To increase support. Advertising impliedly boost the morale of the sales force and of distributors, wholesalers, and retailers, ; it thus contributes to enthusiasts and confidence attitude in the organizational.

(iv) To project an image. Advertising is used to promote an overall image of respect and trust for an organization. This message is aimed not only at consumers, but also at the government, shareholders, and the general public.

Importance of Advertising
Generally, advertising is a relatively low-cost method of conveying selling messages to numerous prospective customers. It can secure leads for salesmen and middlemen by convincing readers to request more information and by identifying outlets handling the product. It can force middlemen to stock the product by building consumer interest. It can help train dealers salesmen in product uses and applications. It can build dealer and consumer confidence in the company and its products by building familiarity.

Advertising is to stimulate market demand. While sometimes advertising alone may succeed in achieving buyer acceptance, preference, or even demand for the product, it is seldom solely relied upon. Advertising is efficiently used with at least one other sales method, such as personal selling or point-of-purchase display, to directly move customers to buying action.

Advertising has become increasingly important to business enterprises –both large and small. Outlay on advertising certainly is the voucher. Non-business enterprises have also recognized the importance of advertising. The attempt by army recruitment is bases on a substantial advertising campaign, stressing the advantages of a military career. The health department popularizes family planning through advertising Labor organizations have also used advertising to make their viewpoints known to the public at large. Advertising assumes real economic importance too. Advertising strategies that increase the number of units sold stimulate economies in the production process. The production cost per unit of output is lowered. It in turn leads to lower prices. Lower consumer prices then allow these products to become available to more people.

Similarly, the price of newspapers, professional sports, radio and TV programmed, and the like might be prohibitive without advertising. In short, advertising pays for many of the enjoyable entertainment and educational aspects of contemporary life. Advertising has become an important factor in the campaigns to achieve such societal-oriented objectives such as the discontinuance of smoking, family planning, physical fitness, and the elimination of drug abuse.
Though in India, advertising was accepted as a potent and recognized means of promotion only 25 years ago, its growing productive capacity and output necessitates the finding of consumers and advertising plays an important role in this process. Advertising helps to increase mass marketing while helping the consumer to choose from amongst the variety of products offered for his selection. In India, advertising as a profession is in its infancy. Because of this fact, there is a tremendous scope for development so that it may be productively used for the benefit of producers, traders, consumers, and the country’s economy.

Everyday consumers are exposed to thousands of voices and images in magazines, newspapers, and on billboards, websites, radio and television. Every brand attempts to steal at least a fraction of a person’s time to inform him or her of the amazing and different attributes of the product at hand. The challenge of the marketer is to find a hook that will hold the subject’s attention. In helping to achieve this, use of celebrity endorsers is a widely used marketing strategy.

STUDY OF GROWTH OF SOFT DRINK MARKET

SOFT DRINKS
Carbonated drinks are dominated by artificial flavors based on cola, orange and lime with Pepsi and coca-cola dominating the market. The entire part of the drink is based on its artificial flavors and sweetening agents as no natural juice is used.

MARKET

Cola products account for nearly 61-62% of the total soft drinks market.
- Two global majors’ Pepsi and Coke dominate the soft drink market.
- NCAER survey says 91% of soft drink in the country is in the lower, lower middle and upper middle class people.
- The market is worth around Rs.5000 crores with growth rate of around 10-15%.
- The production as soft drinks has increased from 5670 million bottles in 1998-99 to 9783 million bottles in 2000-2008 industry source.
- Growth market this year is expected to be 10-15% in value terms and 20-22% in volume terms.

However, the market for carbonated drinks is stagnating and not growing as expected. The total soft drink (carbonated beverages and juices) market is estimated at 284 million crates a year or $1 billion. The market is highly seasonal in nature with consumption varying from 25 million crates per month during peak season to 15 million during off-season. The market is predominantly urban with 25 per cent contribution from rural areas. Coca cola and Pepsi dominate the Indian soft drinks market. Mineral water market in India is a 65 million crates ($50 million). On an average, the monthly consumption is estimated at 4.9 million crates, which increases to 5.2 million during peak season.
Review of Literature
Advertising is more than a tool for selling foods and services. It has one overriding task, to position a brand in the prospectus perception or perceptual space in relation to competitors, so as to create distinctiveness and preference.
To formulate the problem scientifically, and to point out the importance of undertaking this study, it is essential to present a brief review of Researches undertaking in this area. Although the review involved a large number of studies only a few studies which have a direct and indirect bearing in the present study have been reviewed.

Eva-Lena (2006): International Advertising and International sponsorship respectively influence the local target group in different ways, but also affect International brand, they have an impact on brand image and brand equity. Moreover, depending on a person’s age consumers view brands differently and thus have an effect on International brand alone, but also in combination with International Advertising and International sponsorship together these factors influence the way in which a brand is perceived and consequently influence consumers preferences.

Strout R (2008) in his case material “Pepsi and Madonna” examines the use of entertainment personalities in advertising commercial products through the example of Pepsi's use of Madonna. It illustrates how companies try to tie the success of the artist to their product. The paper demonstrates the need for clear evaluation of the celebrity endorser, their public image, and if the relationship between the artist and the product applies to the advertising rules. When Pepsi picked Madonna, the choice turned out to be too hot to handle. The $5 million campaign featuring the extravagant vocalist had to be scrapped because of its links to Madonna's highly controversial "Like a Prayer" music video.

David H. Silvera, Austad B (2008) in their research topic have examined whether consumers infer that celebrity endorsers like the products they endorse, and presents a model using these inferences and other characteristics of the endorser to predict attitudes toward the endorsed product. Participants in two experiments examined written endorsement advertisements and were asked to infer the extent to which the endorser truly liked the advertised product and to rate the endorser's attractiveness, similarity to themselves, and knowledge of the product. Attitudes toward the advertisement, the endorser and the product were also measured. The resulting model indicated that product attitudes were predicted by inferences about the endorser's liking for the product and by attitudes toward the endorser.

Goddard L, Wilbur N (2009) in their study provide a starting-point for further research on negative information transference in the celebrity endorsement relationship. It is crucial that organisations be aware of the risks associated with using celebrities to endorse their stores and products. Given that these results provide tentative support for the commonly held belief that a decline in the celebrity's image can impact the image of the brand, it is important that retailers carefully choose an endorser who currently has a good image and will likely be able to uphold this image in the future.
Dix S, Pougnet S (2009) in their research have found that Athlete role model endorsers have a positive influence on young adults' product switching behaviour, complaint behaviour, positive word-of-mouth behaviour and brand loyalty. This confirms the assumption that sports celebrities are important socialisation agents and can have significant impact on purchase intentions and behaviours. This research provides useful insight into the influence of athlete endorsers on young adults and suggests athletes have a positive influence on young adults' behavioural intentions in switching products, generating word-of-mouth and establishing brand loyalty.

Biswa S, Hussain M, O'Donnell K say that here is a positive, although moderate, impact of celebrity endorsements on attention and exposure of consumers. Implications for marketers as well as suggestions for future research are discussed. The article is of the view that although there is considerable risk in endorsing celebrities for products and services, the firms need to analyse the various factors that can reduce such risks and hence increase the likeability of transfer of leverage of the brand image from the celebrity to the products and services.

John Deighton : The Effect of advertising on brand switching and repeat purchasing,

The authors examine switching and repeat purchase effects of advertising in mature, frequently purchased product categories. They draw on consumer behaviour theories of framing and usage dominance to formulate a logic choice model for measuring these effects. They estimate the model using single-source scanner data. Their results suggest that advertising induces brand switching but does not affect the repeat purchase rates of consumers who have just purchased the brand, a result consistent with usage dominance rather than framing. They find the switching influence to be largely confined between the current and previous purchase occasions. They illustrate the magnitude of this effect and explore potential profitability.

Lalitha Balakrishnan* and C.Shalini Kumar: Effect of Celebrity Based Advertisements on the Purchase Attitude of Consumers towards Durable Products (A study with reference to the city of Chennai) Celebrity Endorsements act as a credible means of spending money .This is because this is a world of products for which the value a consumer obtains from purchasing any given variety. This could be for reasons of social standing-People want to wear the “right” clothes, drink the “right” beverages and use the “right” fragrances. Specifically a consumer that observes messages for two different firm’ s products, one product’ s message containing a celebrity endorsed and the other not, believes the celebrity endorsed product will have more purchases and so be of higher value.(Clark & Horstman, 2003) Celebrity endorsement is more likely to be observed for those products having a high price-production cost margin and on a large customer base.In short, celebrity endorsements are more typical for nationally marketed products then for local or niche market products and for products such as running shoes, soft drinks and the like for which the price cost margins are apparently large.

Thomas Michael: Impact of Media on Consumers’ Brand Preference - A Study on Carbonated Beverage Market with Reference to Coca-Cola

The collected data from the survey shows that brand preference exists in the carbonated beverage market and the media efforts affects consumer preferences and their brand choice. Out of 8 different carbonated beverage brands which featured in this study, Coca-Cola topped the brand preference table in carbonated beverage industry. Hence it is clear that Coca-Cola is the favorite carbonated beverage among consumers. Based on this study, advertisement and taste are the major factors responsible for the success of Coca-Cola. The implication of this is that, other
variables does not influence much when brand is supported by heavy advertisements and appeals to consumers’ taste buds which persuades them to continue buying. Majority of the respondents claimed to have known Coca-Cola over 15 years and Coca-Cola having been in existence for more than 20 years still remain the delight of many consumers of carbonated beverage. It is evident that the brand has enjoyed a relatively prolonged life cycle. The study also showed that advertisement is the major source of awareness of Coca-Cola and Television is the most effective medium as cited by most of the respondents.

Objectives

1. To study the impact of the Advertisements on the brand preference of consumers.
2. To study the consumer perception regarding the most effective media for Advertisements.
3. To study the impact of the celebrity endorsement on the consumer buying behaviour.

Hypothesis

Hypothesis 1:

H0: There is no significant relationship between the advertisement(s) and the brand preference of consumers.

H1: There is significant relationship between the advertisement(s) and the brand preference of consumers.

Hypothesis 2

H0: There is no impact of the celebrity endorsement on the consumer buying behaviour.

H1: There is impact of the celebrity endorsement on the consumer buying behaviour.

Need and scope of the study:
As we know these days soft drink companies are advertising their product so much on televisions and are spending so much money on the Advertisements of their products. In soft drink industry the cost of advertising is nearly 35% of the total cost. For increasing the sale of their product they are taking film stars, cricket stars in their advertisements of their products which is again very costly.

The soft drink companies are spending so much on the sponsorship of events like cricket match etc. so this study deals with these aspects that whether Advertising is having any effect on consumers or not.
This study will help

- To know that people are influenced by Brand Ambassadors or not.
- Analyze different media options available for Advertisements and which are most influential ones.
- Influence of Advertisements on their brands and brand loyalty.

SCOPe OF THE STUDY

- The scope of this study, as far as the area is concerned, is limited area only. Due to time and other resource constraints I have limited scope of study to this particular area and hope to focus entirely on our objectives.

Research Methodology

RESEARCH DESIGN
A research design is a framework or blueprint for conducting the marketing research project. It specifies the details of the procedures necessary for obtaining the information needed to structure and/or solve marketing research problem.
The research design used in this project is Descriptive research design.

Sample Design

- SAMPLING TECHNIQUE USED:
  In this research we have used Convience Sampling.

- SAMPLE SIZE:
  For this study, a sample of 150 has been taken.

- Data Collection Instrument:
  Questionnaire

- SOURCES OF DATA COLLECTION:
  1. Primary data: It is the first hand information collected through questionnaire.
  2. Secondary data: Secondary data was collected from the following sources:
     - Books
     - Newspapers
     - Journals
     - Magazines.
     - Research Papers
Tools of Investigation
The study was conducted with the help of questionnaire which was administered personally to all the respondents. The questionnaire is aimed at fulfilling out the impact of Advertisements of Coke and Pepsi in terms of Consumer preferences, recall and purchase behavior. The questionnaire dealt with aspects like

- Impact of Advertisement of the purchase behaviour of soft drinks
- Factors influencing choice of a brand
- Influence of advertisements on the preference and purchase of a soft drink brand
- Reasons for brand preference.

Aided Recall test will be used to study the Recall ability of respondents for the Advertisements of Coke and Pepsi. For Aided Recall various clues will be given e.g. Slogans and name of the model and respondents will be asked to identify the soft drink brand ambassador associated with them. In some questions ranking method is used.

STATISTICAL TOOLS USED
Different statistical tools are available that help us to reach to the conclusion. In this research we have used Chi- Square test and Co-relation wherever required. All the tests were done using software i.e. SPSS 16 (Statistical Package For Social Services)

Empirical Data Analysis

Hypothesis 1:

H0: There is no significant relationship between the advertisement(s) and the brand preference of consumers.

H1: There is significant relationship between the advertisement(s) and the brand preference of consumers.

For testing the above hypothesis we have used Chi Square test. The variables used are Age and Advertisement affect your choice of Brand
### Case Processing Summary

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### Chi-Square Tests

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**Interpretation**

According to chi-square test rules if the asymp. significant value comes out to be less than 0.05 then we accept null hypothesis, otherwise we accept alternative hypothesis. And in our case Asymp. Sig. value comes out to be 0.459, which is higher than 0.05 significance level.

So, we reject the null hypothesis and accept the alternative hypothesis. This means there is a significant relationship between advertisements and the brand preference of consumers. In other words we can say advertisement affect the choice of brands among the consumers.
Hypothesis 2:

H0: There is no impact of the celebrity endorsement on the consumer buying behaviour.

H1: There is impact of the celebrity endorsement on the consumer buying behaviour.

For testing the above hypothesis we have used Chi Square test. The variables used are Age and Celebrity affect your choice of Brand.

### Case Processing Summary

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### age * Celebrity_affect_choice Crosstabulation

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### Chi-Square Tests

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*a. 12 cells (80.0%) have expected count less than 5. The minimum expected count is .13.*
Findings
1. After analyzing the data collected from 150 respondents, it is revealed that most preferred brand is Thumps Up followed by Coca Cola and Mountain Dew.

2. Majority of the respondents uses their respective brands because of the quality and it is revealed that there is no significant relationship between the choice of brand and price of the product.

3. There is an impact of the Advertisements on the consumers regarding the choice of their brand, i.e., there is a significant relationship between advertisements and the choice of the brand.

4. The most liked medium of Advertisements is television followed by Internet and Outdoor media.

5. Newspapers and Radio has the low rating as compared to other mediums, because they are still used by aged people.

6. There is a great impact of the advertisements on the consumers as 83% respondents replied they do recall the advertisements of their brands. This recall helps them in decision making while making a purchase.

7. People remember different aspect(s) of the advertisements. The most remembered aspect by respondents is Punch Line, followed by Celebrity.

8. Celebrity endorsement has a positive effect on the perception of the respondents.

9. Almost all the respondents were able to answer the last question which was based on the aided recall. Respondents were given punch lines of different brands and respondents have to identify the brands with which they are associated.

Conclusion
As there is cut throat competition in the soft drink industry mainly between the two big giants i.e. Coca Cola and Pepsi and both are striving very hard for their market share. Therefore it becomes very hard for the companies to retain their customers. It is also evident that 34% of the total costs, these companies spend on Advertisements. Therefore Advertisements are the backbone for this Industry, they act as a glue to retain their consumers and target the prospectus. Also the consumer’s preferences and the attitudes change with the passage of the time and age, Mediums of Advertisements also play an important role in promoting the products among the masses.
Advertisements play a pivotal role in changing the consumer’s perception. Television is an important and effective medium used for communication with the consumers, and Internet has emerged one of the strongest medium that youngsters use to gather the information.

Also celebrities affect the consumer perception and buying behavior, and celebrities are one of the most remembered aspects of the advertisement. Companies should use those celebrities that have the greater credibility and fan following.

At last we can say that there is a direct relation between Advertisements and the consumer buying behavior which has been proved.

**Recommendations**

1. Companies should aggressively go for Internet marketing as there is a great scope for it because youngsters are in close contact round the clock with Internet
2. Companies should come up with new and affective advertisement companies.
3. Companies should focus on creative advertisements, because people want something different, something new that will attract their attention.
4. Companies should make use different mediums of Advertisements.
5. Advertisements should be made according to the taste of people.
6. Companies should go for Sponsorships of different events.
7. Companies should select the celebrities that has greater credibility and fan following.
8. Companies should promote their product of FM Radio stations in jalandar and almost every body listen to FM radio Stations on their cell phones so there is a great scope for this.

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