

THE EFFECT OF ADVERTISEMENT ON CONSUMER PREFERENCES AND BEHAVIOUR

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ABSTRACT

Organizations of today are under intense competition with one another for a share of the customers and consumers patronage. With the vast array of many substitutes of similar products available to consumers, making the decision to choose a particular brand of a product by the consumer would require consideration of many factors; to assist in this decision making. Managers and marketers in these companies invest in different advertising activities through different media, like television, newspapers, magazines, internet platforms among others, to make potential consumers aware of their products and also to influence their purchase decisions. The purpose of this research is to investigate the effect of advertisement on consumer preferences

Introduction:

The motive of being in business is to produce goods or/and services for sale and profit. In order to remain in business, an organization must generate enough sales from its products to cover operating cost and post reasonable profits (Ayanwale, Adeolu, Alimi and Mathew, 2005). However, taking decision on sales is the most difficult to predict, estimate, or determine with accuracy, potential customers demands as they are uncontrolled factors external to an organization. Considering the

and behavior. The research was done with a case study of Access Bank Plc. The participants are twenty (20) employees that were randomly selected from the bank from the marketing department. The data was obtained from interviews, informal discussion and questionnaires distributed. The results indicated that consumers were significantly induced by advertisements in their decisions of product purchase. It was evident that advertisement is a major tool for companies to gain market share. Therefore, Managers are encouraged to invest in advertisement activities to drive increased sales of the Bank's products and services.

Keywords: *Advertisement, bank performance, access bank*

Importance of sales on business survival and the connection between it and customers, it is therefore, expedient for organizations to engaged in programme that can influence customers decision to purchase its products.

A business' total marketing communication program is called the promotional mix and consists of a combination of advertising, personal selling, sales promotion, public relation and direct marketing (Kotler,2012). Of all the marketing tools, advertisement is an effective way to influence the mind of viewers and gives viewers' exposure towards a particular product or service (Katke, 2007).

This is where advertising comes into play in an organization that is into manufacturing of products or providers of services. According to Arens (2005), advertising is a form of communication intended to convince an audience (viewers, readers or listeners) to purchase or take some action upon products, Information or services.

Advertising is a planned phenomenon. It has become an essential element of the corporate world and hence companies allot a considerable amount of revenues as their advertising budget. Experts in the field make use of their knowledge of advertising techniques to promote likeness on the part of the consumers and to change their behavior towards a product at any time (Samuel, 1987).

The American Marketing Association has defined consumer behavior as, “the dynamic interaction of affect and cognition, behavior and the environment by which human beings to conduct the exchange aspects of their lives.” Peter (1995) expressed consumer behavior as, “.....the actions and decision processes of people who purchase goods and services for personal consumption. According to Morris (1998), consumer behavior has two aspects: the final purchase activity which is visible to us and the decision process which may involve the interaction of a number of complex variables not visible to us. As a matter of fact, purchase behavior is the end result of a long process of consumer decision-making (Duffy, 2005). According to Folkes (1984), the term consumer is used for both personal consumers and organizational consumers and represents two different kinds of consuming entities.

Advertisement can be done through different media. The most widely used are print medium (newspapers, magazines and brochures), outdoor medium (billboards and events) and broadcast medium (television, radio and internet) (Bearden, 1999). The main aim of advertising is to impact on buying behavior. However, this impact about brand is changed and strengthened frequently by peoples“ memories. Memories about the brand consist of those associations that are related to brand name in the consumer mind. These brand cognitions influence consideration, evaluation, and finally purchases (Romaniuk and Sharp, 2004). The advertising has a foremost and vital effect on purchasing behavior of consumers. If an advert is effective enough to impress, the viewer will be more willing to pay attention to it and is less likely to avoid the advert the next time it is shown (Biel, 1990); therefore it will get more exposure, because of the positive first impression.

Consumers have limited financial resources and consequently spend the available money on commodities they value. Advertising is interested in helping to raise the value attributed to a product, as in the case of completing brand products. There is the usual existence of several brands of the same products (Access Bank Plc for example), all priced competitively. However, before the purchase of competing brands, choice

between products or services must be made first. For example, choice must be made between Access Bank Plc products and services and First Bank of Nigeria before choosing which type of Access Bank Product and of which price range.

In the light of the above statement, this research work will look at how effective advertising works on consumers buying preferences and behavior. It will also assess the impact of advertising towards solving the invading problems faced by companies to maintain their leadership position in the business environment.

OBJECTIVES OF THE RESEARCH

The objectives of this research work are:

1. To determine the effect of advertisement on consumer buying behavior.

RESEARCH HYPOTHESES

The following hypotheses will be tested in this research:

1. There is a relationship between advertisement and consumer buying behavior.
2. There is a correlation between advertising and enhanced sales and profit level of the company.

Empirical relationship between advertising and consumer behavior

Abey P. Philip (2007) in his study of “The Relationship between Advertising and Consumption in India: An Analysis of Causality” made use of unit root test, co integration and error correction model and found out that, fluctuations in advertising expenditure positively impacts consumption expenditure.

Sharma and Sharma (2009), using Fixed Effect Model of Panel Data Analysis for 134 companies, found in their study that, besides advertising, factors like company’s brand, quality of the product and company’s reputation affect the sales of a company.

Naveen Kumar et al. (2011), using mean and standard deviation, in their study of advertising and consumer buying behavior with special reference to Nestle Limited, India found that, advertising and sales promotion together with the image of a company influence the consumer buying decision. They added that, the quality and price of a product also influences a consumer's purchase of a good. Banerjee et al (2012) found evidence of co integration between marketing communication and sales in the personal care industry in India. Bin Junaid A. et al (2013) found in their study of female buying behavior of cosmetic products in New Delhi and NCR that, as income of females increase, their purchase of cosmetic products also increase. They also, added that, this increase in expenses on cosmetic product is made possible by the advertisement made on them. ASSOCHAM (2013) in a survey of 2000 youth in major cities in India found that, there is a high increase in the consumption of cosmetic goods among the youth. They added that, men on average spend more on cosmetic products than their female counterparts and attributed this increase to the awareness created on the products.

ADVERTISING AND CONSUMER BEHAVIOUR – A THEORETICAL EXPLANATION

Advertisers' primary aim is to reach prospective customers and influence their awareness, attitude and buying behaviour. They spend a lot of money to keep individuals (consumer) interested in their products. To succeed, they need to understand what makes potential customers behave the way they do. (Ayanwale et al 2005) Proctor et al (1982) noted that the principal aim of consumer behaviour analysis is to explain why consumers act in particular ways under certain circumstances. It tries to determine the factors that influence consumer behavior, especially the economic, social and psychological aspects which can indicate the most favorable marketing mix that management should select. Economic theory has sought to establish relationships between selling prices, sales achieved and consumer's income; similarly, advertising expenditure is frequently compared with sales. Ayanwale et al (2005) stated in their research on food drink that advertising and quality are the major factors responsible for the success of a product. This implies that price and other variables seem not to count much to the consumers, as long as the quality of the product is maintained and the brand is also supported by heavy advertising, reminding and persuading consumers to continue to buy. The

results of the study also showed that advertising of various kinds served as the major source of awareness to consumers. Combinations of different media, both electronic and print are employed in advertising.

POPULATION AND SAMPLE OF THE STUDY

The population from which the sample is drawn is the whole employees working in the company. The sample drawn from the population is twenty (20) employees that were randomly selected for the research work.

HYPOTHESES TESTING METHOD

In testing the hypotheses designed for this research work, the statistical techniques which will be employed is Chi-Square χ^2 method, which is used to test the relationship between the variables concerned and the reality of the study.

Hypothesis 1

Table 4.12: Whether Advertisement Have any Effect on Consumer Behaviour.

Response	Frequency	Percentage
Yes	18	90
No	----	----
Undecided	2	10
Total	20	100

The first hypothesis to be tested is "There is a relationship between advertisement and consumer behavior."

Ho: There is no relationship between advertisement and consumer buying behavior.

H1: There is a relationship between advertisement and consumer buying behavior.

Where:

O_i = Observed frequency

E_i = Expected frequency

$$\chi^2 = \frac{(18 - 3)^2}{3} + \frac{(0 - 3)^2}{3} + \frac{(2 - 3)^2}{3}$$

$$= \frac{(15)^2}{3} + \frac{(-3)^2}{3} + \frac{(-1)^2}{3}$$

$$= \frac{225}{3} + \frac{9}{3} + \frac{1}{3}$$

$$= 75 + 3 + 0.33 = 78.33$$

Degree of freedom (df) = (k - 1) (3 - 1) = 2

Critical value $\chi^2 = df = 2\alpha = 0.05 = 5.991$

Since the test statistic is calculated to be 78.33, which is greater than the critical value (χ^2 table) that is 5.991.

Therefore, the null hypothesis (Ho) which states "There is no relationship between advertisement and consumer behavior" is rejected. The alternate hypothesis (H1) which states "There is a relationship between advertisement and consumer behavior" is accepted.

The researcher will confirm the above decision with question 12 on the questionnaire, when the marketing staffs were asked whether advertisement have any effect on consumer buying behavior and their responses are shown as in table 4.12.

As observed on that table, it could be seen that 18 staff i.e. 90% of the total respondents answered 'Yes' that advertisement have an effect on consumer buying behavior of the company's product, while the remaining 2 staff i.e. 10% answered undecided meaning they do not know whether advertisement have any effect on consumer behavior in the purchase of the company's product.

Therefore, from the analysis of question 12 on the questionnaire, the researcher found out from the opinions of the respondents administered by the researcher that advertisement has an effect on consumer buying behavior of the company's product.

Hypothesis 2:

The second hypothesis to be tested is "There is a correlation between advertisement and enhance sales and profit level of the company."

Ho: There is no correlation between advertisement and enhance sales and profit level of the company.

H1: There is a correlation between advertisement and enhance sales and profit level of the company.

$$\chi^2 = \frac{(20 - 3)^2}{3} + \frac{(0 + 3)^2}{3} + \frac{(0 - 3)^2}{3}$$

$$= \frac{(17)^2}{3} + \frac{(-3)^2}{3} + \frac{(-3)^2}{3}$$

$$= 289 + 9 + 9$$

$$= 96.33 + 3.00 + 3.00 = 102.33$$

$$\text{Degree of freedom (df)} = (k - 1) (3 - 1) = 2$$

$$\text{Critical value } \chi^2 = df = 2\alpha = 0.05 = 5.991$$

In conclusion, since the test statistics χ^2 is calculated to be 102.33, which is greater than the critical value (χ^2 table) that is 5.991. Therefore, the null hypothesis (H_0) that states "there is no correlation between advertisement and enhance profit level of the company" is rejected. The alternate hypothesis

(H_1) which states "there is a correlation between advertisement and enhance profit level of the company" is accepted.

Table 4.9: Whether Advertisement Enhances the Profit Level

Response	Frequency	Percentage
Yes	20	100
No	----	----
Undecided	----	----
Total	20	100

The researcher will also confirm the above decision with question 9 on the questionnaire when the respondents were asked whether advertisement enhances the profit level of the company and their responses are above as in table 4.9.

As observed in that table, it could be seen that all 20 respondents i.e. 100% of the total respondents administered answered "Yes" that advertisement enhances the profit level of the company with increased sales. During an interview with all the respondents they informed him that the organization usually conducts regular survey to measure the effect of advertisement on the profit level of the company. The conclusion appears that advertisement have a positive effect on the profit level of the company due to purchases by loyal buyers and also winning of new buyers for the company, which help to increase sales and profit level.

Therefore, from the analysis of question 9 on the questionnaire, we could conclude that there is a correlation between advertisement and enhance sales and profit level of the company. The above analysis will validate the second hypothesis which states "there is a correlation between advertisement and enhance sales and profit level of the company".

Discussion and Conclusion

From the research work, the following findings were observed:

- i. It was discovered that the management of the company gives advertising the importance it deserves as a promotional mix in the marketing of its product.
- ii. Advertising as a promotional mix is a huge task because of the characteristic involved; the researcher found out that though the company promotes its products using advertisement, most consumers in the rural areas are not usually targeted.
- iii. The researcher was able to find out that there exists a high dissatisfaction among their customers in the rural areas because products are usually not available.
- iv. During the research work, it was discovered that the company takes advertisement with much importance because it helps to communicate their products to the targeted consumers.
- v. By conducting market research regularly to gather information about sales and profit level, it will help them to develop new ways to meet their annual projected sales.
- vi. The researcher discovered that there is no constant meeting between management and her customers so as to answer some of the customers complains on their products.
- vii. The sales and marketing department should put much emphasis in employing competent personnel and giving them the required training needed so as to excel.
- viii. Finally, though the company gives good packages to her staff as motivation, it was discovered that total emoluments given is not satisfactorily to the staff.

Generally, businesses say that advertising provides a public service because it gives them information about their products and in its broadest sense; it is the vital conduct for information between producers and consumers.

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