

# **TECHNIQUES IN SOCIAL RESEARCH**



## A STUDY OF DETERMINANTS INFLUENCING PERCEPTION OF CONSUMERS TOWARDS ADVERTISEMENTS.

**NOVEMBER, 2016**

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## **ABSTRACT**

Research in layman terms refers to a search for knowledge. Research can also be defined as a scientific and systematic search for appropriate information on a particular topic. One can say that research is an art of scientific investigation. The purpose of doing research is to gain familiarity with an event/ product / service or to determine the frequency with which something happens, with which something is associated with something else or to test a hypothesis of relationship between the variables. Customer perception research is the process of systematically obtaining, analyzing and interpreting the data for proper decision making in perception of a customer towards a product or service.

The basic objective of this study is to analyze the effect of various factors on customer perception. We have assumed following dimensions that affect customer perception about the claims: brand value, celebrity endorsement, extent of awareness about the terms used in claims .This study helped us determine which of these dimensions actually has any impact on customer perception about the claims and if so, to what extent?

Celebrity endorsement appears to create appeal for a product/service mostly in the uneducated sector (mess workers in our sample). Educated population who are not experts (bitsian population in the sample) go for brand value and don't see a lot to the feasibility of the claims. Experts of any field (medical practitioners in our sample for health related ads) also look for the feasibility of features in the claims.

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# **1. INTRODUCTION**

## **MARKETING**

According to the American Marketing Association (AMA) definition of 1988:

"Marketing is the process of planning and executing the conception. Pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual (customer) and organizational objectives."

Marketing has now become one of the most important activity of any firm. The distributors, sellers, advertising agencies, consultants, transporters, financiers, store agencies, etc. are part of the marketing system. Any exchange process be it consumer goods, intermediary goods, services, comes under marketing. In the growing business world, marketing is regarded as a key element for the success of an Enterprise.

As quoted by Beth Comstock (an American business executive, currently the vice chair of General Electric) "Marketing's job is never done. It's about perpetual motion. We must continue to innovate every day."

## **CONSUMERS AND ADVERTISEMENTS**

Anyone who consumes goods is a consumer. As a promotional strategy, advertising serves as a major tool in creating product awareness in the mind of a potential consumer to take eventual purchase decision. The major aim of advertising is to impact on buying behavior; however, this impact about brand is changed or strengthened frequently in people's memories. Memories about the brand consist of those associations that are related to brand name in consumer mind. These brand cognition influence consideration, evaluation, and finally purchases. .However, generally, advertisements do not give all the information that a consumer needs to know or wants to know about a product. Many times advertisements may be misleading. Also, many consumers are unaware of the actual meaning of certain terms like "Clinically

proven”, “0% trans-fat” etc used frequently in advertising. Most of the time they make their decision just by looking at the brand name.

## **CONSUMER BEHAVIOUR**

Everybody in this world is a consumer, every day we are buying and consuming various kinds of goods and services. However, we all have different tastes and have different behavior while making purchase decisions. The term consumer behavior refers to the behavior that consumers show in searching for purchasing. It includes the study of ‘what they buy’, ‘Why they buy’, ‘When they buy it’, ‘Where they buy it’, ‘how often they buy it’ and ‘how often they use’.

The American Marketing Association (AMA) defines consumer behavior as “The dynamic interaction of cognition, behavior & environmental events by which human beings conduct the exchange aspect of their lives.” The principal aim of consumer behavior 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. When young people choose advertising information and characters as their role models, they may not only identify with them but also intend to copy them in terms of how they dress and what they are going to buy.

## **ABOUT THE PROJECT**

In this project, we are going to study about consumer perception across different advertisements. We are also going to try to find out the different factors affecting the preference of the product for the consumer when they see an advertisement. We are going to take the bitsian population, some outsiders/mess workers and medical practitioners as the sample population for our study.

## **OBJECTIVES OF THE STUDY:**

**Given below are the two objectives:**

*A. To study how same advertisement may have varying level of influence, depending upon the demographic distribution of the population.*

*B. To study how brand value factor can be of importance in advertising, and how its importance varies across different demographic distributions.*

## **OPERATIONAL DEFINITIONS OF VARIABLES:**

**BRANDED COMPANY:** company with net worth greater than 1 billion USD.

**EDUCATED:** person having an education at least till class 8

**MEDICAL PRACTITIONER:** Has an MBBS degree.

**Y:** member who is educated.

**Z:** member who is educated and a medical practitioner/has BSc. in biology

**AD:** short form for advertisement

**X1:** presence of celebrity on the advertisement

**X2:** advertisement of a branded company.

**X3:** advertisement related to fitness or health.

**NOTE:** Variable X1, X2 and X3 are independent variable (manipulated by researcher)

## **2. LITERATURE REVIEW**

### **ADVERTISEMENTS**

The word advertising comes from the Latin word *advertere* meaning to turn the minds of towards". According to American Marketing Association "advertising is any paid form of non - personal presentation and promotion of ideas, goods and services by an identified sponsor".

Advertising informs the buyers about the benefits they would get when they purchase a particular product. Advertising is a vital marketing activity in the modern era of large scale production and serve competition in the market. It helps in promoting the sale of goods and services in by informing people about the product.

The influence of advertisements on consumer choice is undeniable and it's this fact that makes it imperative that advertisements be fair and truthful. Misleading and false advertisements are not just unethical; they distort competition and of Course, consumer choice example when a toothpaste advertisement says that it prevents cavities, one expects the manufacturer to have the data to prove this. If he fails to do that, then he is making a vague claim or a false statement.

However there are a number of Laws and Regulations that prohibit false and misleading advertisements. These have been enacted to protect the consumers from various forms of exploitation .But still many consumers are unaware of them.

### **PERCEPTION AND ADVERTISING**

Our perception is an approximation of reality. Our perception is mainly determined by,

- Exposure: exposure involves the extent to which we encounter stimuli.
- Interpretation: this involves making sense out of a stimulus.
- Relevance :similarity to the existing perception

Consumers differ on various aspects such as sex, age, education, occupation, income, Family setup, religion, and nationality and social status .hence their exposure, interpretation and relevance would be different. This results in different perception.

Consumers' knowledge can be formed by personal experience, socialization, and Education (*Tan & Tan, 2007*). Consumer's perception towards a product defines his behavior. Therefore all firms tend to influence a consumer's perception towards their product. This is mainly achieved through ADVERTISING.

Advertising is an important way for a company or organization to get the word out about a product or service and grow a customer base, which usually translates to increased sales and higher profits. The psychology of advertising includes many different elements such as visual appeal and message, all of this to influence a consumer's perception and hence his behavior.

Without the knowledge about perception in advertising, businesses will find it harder to make their products appeal to consumers. Advertising often works by appealing to consumer tastes, desires, fantasies and wants. Perception can be an important tool in advertising to make consumers feel like they can be a certain person, look a certain way or feel a certain feeling when using a specific product. For example, a beer commercial set on a sunny, tropical beach may make you feel that you can relax and unwind if you drink the beer.

## **PERSUASSION KNOWLEDGE:**

Persuasion knowledge as defined by the persuasion knowledge model is defined as consumers' beliefs in and knowledge of the marketing system (e.g., production and consumption), a company's goals, marketing strategies, and products (*Friestad and Wright, 1994*).

According to the model consumers process persuasive attempts by using their knowledge: "Consumers' persuasion coping knowledge enables them to recognize,



analyse, interpret, evaluate, and remember persuasion attempts and to select and execute coping tactics believed to be effective and appropriate” (*Friestad & Wright, 1994, p. 3*). By using their persuasion knowledge, consumers can trigger appropriate coping responses and decide whether to accept or resist the persuasive communication (*Friestad & Wright, 1994; Koslow, 2000; Taylor & Nelson, 2012*). In addition, when consumers have more sophisticated knowledge, they can more easily recognize persuasive attempts and advertisers motives and then they tend to be more sceptical of persuasive communication (*Taylor & Nelson, 2012*). The studies suggested that level of persuasion knowledge is influenced by age, education, and socialization; thus, older, well-educated, and socialized consumers have higher persuasion knowledge than other consumers.

## SIGNIFICANCE OF STUDY

Consumer awareness is a need of present days. Since we are inspired to buy different products through advertisement but many of them are not same as shown in the advertisement so it is required to have a study about what people perceive, how brand value and presence of celebrity changes the perception of consumers. There are many researches done to show disparity between advertisements and actual products. Sometimes even claims and statistics shown by the companies are misleading. Government has provided various consumer rights to safeguard consumer interest but this is not sufficient as to achieve consumer protection, consumers also need to understand their responsibilities. Most of the consumer believe on exactly what they see and past experience of their own. Studies show 80% of the decisions leading to purchase happen through visual representations.

Humans can't form new brand perceptions without replacing a previous experience. “That dog bit me, it will bite me again!” Brands take on the form of what they have proven themselves to be. Perceptions formed, hardened and fixed by experience, an

association of good or bad. If consumer's mind is made up about a brand, it's incredibly difficult sometimes impossible to change it.

Today, celebrity endorsement is also an important factor, which is able to grab the customer's attention towards the product and services. The buying behavior of a customer is strongly influenced by the efforts made by the advertisers to build brand loyalty. Attention seeking ads and the use of celebrities in ads are very popular.

It seems that the use of celebrities is increasing day by day. The popularity and credibility of a celebrity helps the companies to attract more and more customers. There is a need to find out the impact of celebrity endorsement on the buying trends or purchasing behaviours of the consumers. Celebrity endorsements have long been used and which are one of the most popular advertising strategies and recognized as “ubiquitous feature of modern day marketing” (*Biswas, Hussain, & O'Donnell, 2009; White, 2004*). Many studies show strong support for the use of celebrity endorsements, arguing that celebrities help make brands recognizable and create a positive brand attitude (*Petty, Cacioppo, & Schumann, 1983*), enhance the likelihood of purchase (*Friedman & Friedman, 1979*), foster brand loyalty, and positively impact word-of-mouth (*Bush, Martin, & Bush, 2004*).

Advertising the health benefits of product like fruit juices is fine but adding that it can reduce the chances of health problems like heart attack etc. need to be properly explained. And terms like Cholesterol free means that the food must contain fewer than 2 milligrams of cholesterol and 2 grams or less of saturated fat per serving and not exactly zero cholesterol as most people would think. Past researches show that most of the people don't know the meaning of these terms.

Hence we see that for maximizing sales we need to influence consumer's perception, and for this we need to advertise. But since consumers are different, full understanding of demography of the target population is necessary so as to find out how a product must be advertised for maximum influence.

### **3: METHODOLOGY OF STUDY**

#### **POPULATION , SAMPLE AND SAMPLING TECHNIQUE :**

Based on the demography had to divide the population into three categories, hence at the highest level have employed STRATIFIED SAMPLING.

- 1) Population stratum 1 [P1]: population of pilani not having Y(education)

Sample of P1 [S1] : 22 members from P1.

**Sampling technique** : simple random sampling technique

- 2) Population stratum 2[P2] :population of pilani having Y(education) but not Z(medical awareness), here we will be considering students of bits pilani as our sampling frame.

Sample of P2[S2] : 73 members from P2.

**Sampling technique**: simple random sampling technique

- 3) population stratum 3[P3]:population having Y (education) and Z(medical awareness).

Sample of P2[S3] : 13 members from P3.

**Sampling technique** : simple random sampling technique

## ADVERTISEMENTS USED IN STUDY:



AD –A



AD –B

Both AD- A and B – has presence of celebrity

- is not of branded company
- is not health related



### AD – C

**AD –C: Does not have celebrity**

- is of branded company
- is not heath related



### AD – D

**AD –D: Does not have celebrity**

- is of branded company
- is heath related



AD –E

AD –D: Does not have celebrity

- is of branded company
- is health related

- The above five advertisements were shown to the samples and were asked how much each of the ad's influenced them.
- The responses were recorded in a five point LIKERT SCALE. Each member questioned gave his rating for each of the five advertisements.

## **4. RESULT AND DISCUSSIONS**

Here we present the results of the study and analyze it.

### **PART 1:**

#### **OBJECTIVES STUDIED**

*A) To study if a single advertisement has varying level of influence depending upon the demographic distribution of the population.*

Population was differing in education factor. Sample S2 and S3 has education while S1 does not.

Hence the above objective is studied with respect to education factor.

*B) To study how brand value factor can be of importance in advertising, and how its importance varies across different demographic distributions.*

Three ad's were shown to the population with education and to the ones without education.

The ad's differed in presence of celebrity and brand name as shown below.





Ad –A



Ad – B

Ad –A and B – have celebrities on them. But not of a branded company.



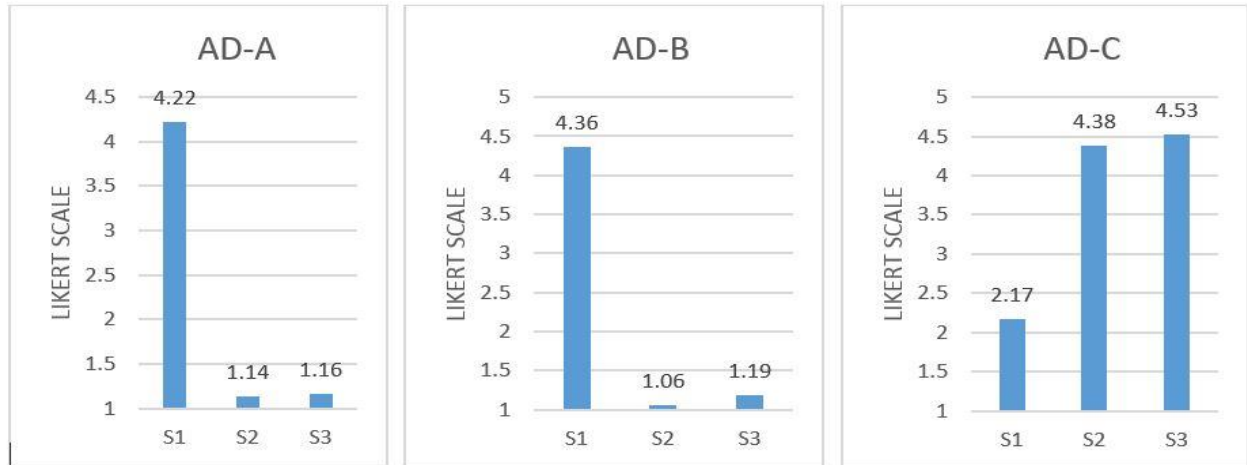
Ad-C

Ad-C is not having celebrity. But it is of a branded company.

### RESULT:

| SAMPLE NAME | SAMPLE SIZE | AD NAME | MEAN READING<br>(LIKERT SCALE VALUE) |
|-------------|-------------|---------|--------------------------------------|
| S1          | 22          | A       | 4.22                                 |
|             |             | B       | 4.36                                 |
|             |             | C       | 2.17                                 |
| S2          | 73          | A       | 1.14                                 |
|             |             | B       | 1.06                                 |
|             |             | C       | 4.38                                 |
| S3          | 9           | A       | 1.16                                 |
|             |             | B       | 1.19                                 |
|             |             | C       | 4.53                                 |



**AD WISE ANALYSIS:**

It is clear from the data's graphical representation that S1 is highly influenced by ads A and B whereas S2,S3 is not influenced at all.

Also since A and B, does not have brand value, yet appeals to S1. This shows S1 do not care much about brand value.

Thus from this it is clear that the S1 population prefer the products which are cheaper and have a local actor/celebrity printed on them .They have not been educated and are easily swayed by old tricks that the advertisers still use. They make the advertisement colorful as these people are not expected to understand the appeal of the more cosmopolitan style advertisement.

AD-C also tells the same thing in another way. Even though it was of branded company, S1 were not appealed as there was no local actors/celebrity. However in case of S2,S3 who are educated are appealed by brand value factor but not by celebrities.

The BITSIAN and doctors population goes more by the brand value and not merely looking at the promoters. So, they found the advertisement containing the iPhone more lucrative. You can also see that apple is one of the most successful companies in the world in terms of sales, even though their features are not comparable to the other features of the smartphones that are of the same selling price. We can clearly see the effect of the brand value of a product in this scenario.

## **PART 2:**

### **OBJECTIVE STUDIED**

*To study if a single advertisement has varying level of influence depending upon the demographic distribution of the population.*



AD-D

We see that the above ad is related to health.

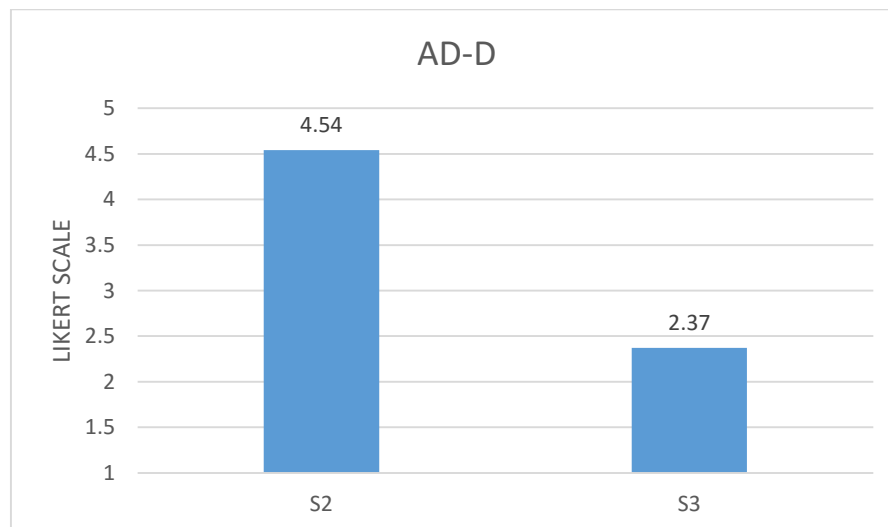
The above given ad was shown to samples 2 and 3. Sample 2 do not have medical experience whereas sample 3 has.

Hence the population is differing in terms of medical awareness.

#### RESULT:

| <u>SAMPLE NAME</u> | <u>SAMPLE SIZE</u> | <u>AD NAME</u> | <u>MEAN READING</u><br><u>(LIKERT SCALE VALUE)</u> |
|--------------------|--------------------|----------------|--|
| <b>S2</b>          | <b>73</b>          | <b>D</b>       | <b>4.54</b>  |
| <b>S3</b>          | <b>9</b>           | <b>D</b>       | <b>2.37</b>  |

#### ANALYSIS:



Here we see that Sample 2(bitsian sample) lacking in medical awareness is highly influenced by AD-D . However Sample 3(medical practitioners), which has medical awareness is not influenced by AD-D.

The bitsian populations believes in this ads as they do not have much technical knowledge about biology and thus did believe that the cereal actually improved immunity more than the normal cereal

As the results of our study suggests, the doctors ,having adequate knowledge about these issues do not usually believe in these kind of advertisements. So ,most of them refrained from buying this cereal.

Actually doctors were true in this case as, Kellogg's popular Rice Krispies cereal had a crisis in 2010 when it was accused of misleading consumers about its immunity boosting properties. The Federal Trade Commission ordered Kellogg to halt all advertising that claimed that the cereal improved a child's immunity with "25 percent Daily Value of Antioxidants and Nutrients -- Vitamins A, B, C and E," stating the the claims were "dubious." [source:CNM]

### **PART 3**

#### **OBJECTIVE STUDIED**

*To study if a single advertisement has varying level of influence depending upon the demographic distribution of the population.*



AD-E

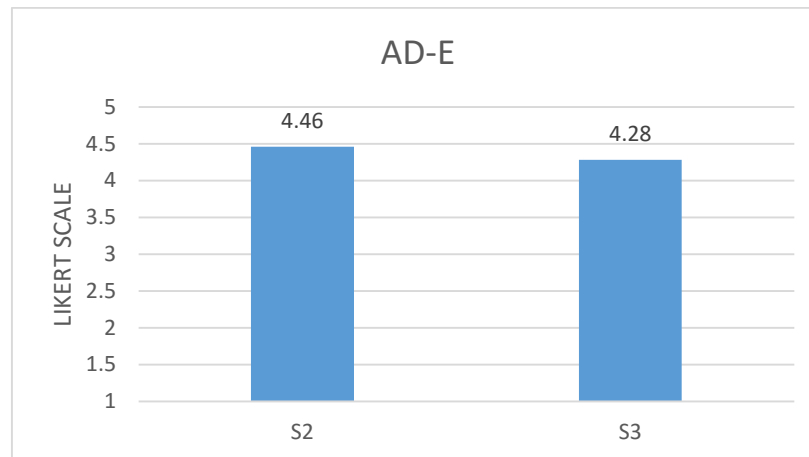
We see that the above ad is related to health.

The above given ad was shown to samples 2 and 3. Sample 2 do not have medical experience whereas sample 3 has.

Hence the population is differing in terms of medical awareness

#### RESULT:

| <u>SAMPLE NAME</u> | <u>SAMPLE SIZE</u> | <u>AD NAME</u> | <u>MEAN READING</u><br><u>(LIKERT SCALE VALUE)</u> |
|--------------------|--------------------|----------------|--|
| <b>S2</b>          | <b>73</b>          | <b>E</b>       | <b>4.46</b>  |
| <b>S3</b>          | <b>9</b>           | <b>E</b>       | <b>4.28</b>  |

**ANALYSIS:**

Here we see that Sample 2(bitsian sample) lacking in medical awareness is highly influenced by AD-D. Sample 3(medical practitioners), which has medical awareness is also influenced by AD-D.

Here we see that the Sample 2 well as Sample 3 believed in the ad. But actually both the population were fooled by reebok in this case as:

The ads claimed that laboratory tests had found that Tone shoes were "proven to work your hamstrings and calves up to 11% harder and tone your butt up to 28% more than regular sneakers ... just by walking!" Apparently, the special uneven sole of the shoe forced you to use more muscles when you moved. *The LA Times* reported that an FTC investigation found the only thing that EasyTone shoes actually did was make it uncomfortable to walk. As a result, Reebok was forced to refund more than \$25 million in purchases. [*Source: investopedia*]

We see that AD's-D (Kellogg's ad) and E (given above), do not vary with respect to independent variables brand name, celebrity .also both of them claim to improve the health of individual. In order to check the influence of extraneous variables in determining the perspective of an individual, we had selected the AD's D and E.

And the effect was clearly visible in sample 3(medical practioners) , who were not influenced by AD-D , but were influenced by AD-E.

## **CONCLUSION**

We can conclude from the study that any firm must consider its brand value and the demography of the target population while advertising its product.

We see that if the target population is not that aware of the real world scenario they can be influenced with the help of celebrities. Brand value hardly matters in this case.

However this is reversed if the target population is educated. Now the brand of the product advertised plays an important role in perception of the consumer towards the product.

We also see that the amount of awareness and knowledge also matters in perception of the product advertised even though it is from a branded company.

We also see that there are several other factors that shape the consumers perception other than the ones controlled in this study.



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