

Impacts of Advertising on Consumer Behaviour

Dr. Fuangfa Amponstira¹, Ratna Dev Bajracharya²

¹ Graduate School, Shinawatra University

² School of Management, Shinawatra University

Abstract

The paper examines the impact of advertising on consumer behavior. The study has tested the AIDA model to examine whether advertisements bring changes in the Nepali consumers. It has explored the basic elements such as advertising creating 'attention', 'interest', 'desire' and 'action' to buy the product. Based on the evidences obtained during the study, showed that three of the elements attention, desire and action had significant relations with respect to consumer behavior whereas advertisement were not able to create significant 'interest'.

Key Words: Brand Equity, Brand Recognition, Product Evaluation, Attention, Interest, Desire, Action and Consumer Behavior.

Introduction

Advertisement is considered as one of the vital elements for communication. Advertisement is required to provide knowledge about certain product to the people. The term "advertising" originates from the Latin word "advertere" which means, "to turn the mind towards". Advertising has a psychological impact on consumers and influences the buying decisions of consumers (Semenik, Allen, O'Guinn, & Kaufmann, 2012). Fahy and Jobber (2012) stated that advertisement is an imperative in modern business world, the strategy to keep the company profitable and to make maximum customers; the advertisement plays an important role. It has been argued that for the fast moving consumer



goods advertisement plays an important role, advertisement influence and antecedent of purchase intension towards FMCG product (Kumar & Kumar, 2016).

Similarly, Belch, Belch, and Purani (2009) stated that advertising and promotion are integral part of our economic and social system as advertisement has evolved to be a vital source of communication for both consumer and business organizations. Both companies and consumers have learned to rely on advertising and other form of promotion to gather information about the offerings of companies and finally make a purchase decision.

Belch et al. (2009) stated that different companies may undertake varying advertising strategies to communicate about their offerings with the target customers. Due to intense competition, development in technologies and increased demand of information about the product has made it very difficult for the organizations to choose the best advertising strategies. Taking the target customer in the mind, the selection of type of advertising media depends upon various factors like age, level of education of consumer and frequent engagement on the customer with particular media. Thus, it is also necessary for marketers to select choices of advertisement strategy according to target market. This involves analysis of consumer behavior according to ages, level of education and income for successful implementation.

Understanding consumer behavior is very important to the marketers because the effectiveness of advertising depends upon how accurately the profile of targeted consumers can be developed in order to find a common ground for communication and promotion (Arens, Weigold, & Arens, 2010). Thus, in order to understand the behavior of targeted consumers and make the advertising action oriented the mental and emotional processes and physical activities of people who purchase and use goods and the marketers should study services (Arens et al., 2010)

Kotler, Armstrong, Agnihotri, and Haque (2010) stated that consumers make buying decisions every day, and the buying decision is the focal point of marketer's effort. Most large companies research consumer buying decisions in great detail to answer

questions about what consumer buy, where they buy, how and how much they buy, when they buy and why they buy” (Kotler et al., 2010).

Similarly, most of the time consumers themselves don’t know exactly what influences their purchase. The driving force behind customers purchasing can be both external and internal factors. There are different factors affecting consumer behavior including cultural, social factors, personal factors like age and life cycle stages, psychological factors including motivation, perception, learning, beliefs and attitude, learning (Kotler et al., 2010). The study of consumer behavior and advertising is typically a case of trial and error (Erin , 2018). Erin (2018) stated that some advertisement when they follow conventional wisdom, simply don’t sell products and any ineffective advertising come as the result of not appealing to the right demographics. Further, other fails because they don’t address demographics at all, but they focus solely on the product or service being offered instead of consumer needs.

Perreault and McCarthy (1997) stated that identified sponsor might define advertising as any paid form of non-personal presentation of ideas, goods or services. Abiodun (2011) defines advertising as a non-personal paid form of “communication about an organization or its product to a target audience through a mass broadcast medium by an identified sponsor.” These definitions clearly establish that every product, service or idea being promoted has an identifiable sponsor, brand owner or service provider. Similarly, Belch and Belch (2003) states that advertising has become an integral part of our social and economic system. In our complex society, advertising has evolved into a vital communications system for both consumers and businesses.

Advertising as a promotional tool also tends to remind, reassure and influence the decisions of the consumers because an advertisement itself enlightens, and persuades consumers on their acceptability of the product offering. For any promotional activity to be called advertisement, it must be paid for (Abiodun, 2011). Abiodun (2011) also states every business organization that is determined to succeed has to adopt an effective system for the promotion, distribution and sales of its services. In order to fully understand the situation, the problem has to be determined if advertising has any impact on the volume of



sales for the consumer preference of a particular service. Broadbent (1997) have suggested advertising has the ultimate goal of expanding sales and consumption in two ways. It both reminds and teaches. Advertising reminds consumers in order to influence their immediate brand choice and teaches to increase brand awareness. This makes it easier for future advertising to influence brand choice.

Advertising is the key for building, creating and sustaining brands which play a major role in persuading, informing and reminding both potential and existing customers towards making a purchase decision (Ingavale, 2013; Tuckwell, 1992). Advertisers create advertisements with a variety of objectives in mind and they may have the ultimate goal of getting people to sample a product, or persuading them to take an action (Jones, 2002). Significantly, the media is the carrier of advertising messages from the sender (Advertisers) to the receiver target consumer (Hansen, 1972). The impact of such advertising is to persuade the consumer's purchasing power (Abiodun, 2011). Majority of adverts use appealing images and persuasive words as a code to convince individual's perception about the product. Persuasion has been defined as human communication that is designed to influence others by modifying beliefs, values or attitudes (Oberholzer, Kock, & Walker, 2008). This method of persuasion in advertising is based on reflexive purposes of imitation and the desire to be what is in the advert. Consumers are exposed daily to adverts of persuasive nature (Blake, Nosko, & Adelis, 2015)

Advertising plays a vital role in shaping dreams and aspirations and helps customers take conscious product and brand decisions. Often, advertisement with endorsements creates easy remembrance for the customer's for the advertised product. The customer tends to associate the brand with the celebrity and can easily register the brand in their mind (Ingavale, 2013). Measuring the influence of advertisement in consumer brand preference is very essential for every marketer. If advertisement does not create any positive change in consumers' brand preference, all the resources such as money, time and efforts spent on advertisement will go in vain (Ingavale, 2013).

Consumer behavior can be defined as the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and

services so as to satisfy their needs and desires (Pope, 1983). Most advertising agencies try to understand the mood and desires of their target market in their approach to advertising as research by (Hill & Gardner, 1986) on people and advertising shows explicitly that, consumers consciously or unconsciously utilize the buying process to manage their moods. Often, advertising agencies through their adverts, seek to build a lasting relationship with people. As a result, they find ways to turn one-time purchasers into lifelong customers (Robbs, 2009). (Arens & Bovée, 1994) stated that advertising are based on four factors. The factors are target audience, geographical area, medium and purpose

Considering various aspects of advertising, scholars like Moriarty, Burnett, and Wells (2014) and Belch et al. (2009) has discussed about AIDA model of advertising. They have defined AIDA as the most common and long-standing explanation of advertising effect, which stands for attention, interest, desire, and action. The basic idea of this model is that an advertisement at first gets attention, then it creates interest, then desire, and finally stimulates action. This theory assumes that consumer start with attention and wind up with decision.

Rawal (2013) agreed with the other scholars on AIDA model, has mentioned that the main objective of advertising is to influence the consumer behavior by making consumers aware about the availability of the products in the market and communicating other valuable information about the products that consumers will refer to while evaluating the products and make final purchasing decision. The second objective of advertising is to arouse interest in the viewer's mind so that they will be excited about the product and that they will repetitively watch the advertisement and finally a sense of brand is created in the mind of consumers and they are invoked to purchase the branded product being advertised. Arousing interest is not enough, so the next objective of advertisement is to create a strong desire about the products being advertised, and the advertisement should also be able to create a strong motivation and create a strong need of product in the mind of consumers. The final objective of advertisement is to convince their consumers to make a final purchase of the product. By viewing the advertisement consumer will make final decision i.e. whether to purchase or not to purchase the brand being advertised, whether to continue



the use of product or switch over to other brands, whether to communicate about the good features of brand to other social counterparts or to remain silent and not talk about the brand of product being advertised.

Hence, the importance of studying “impact of advertisement elements on consumer behavior” is very crucial as organizations rely on the advertisement to make sales of their product and the effectiveness of advertisement in terms of awareness, interest arousal, desire creation, and influencing the action is very important for the survival, growth and profitability of the organization. Companies must make sure that their advertisement campaign is able to influence the consumer behavior and if that is not happening, then they need to either make amendment in their advertising or conduct a systematic market research on the behavior of its actual and potential consumers.

Research Methodology

The present study used quantitative research attempts to achieve precise measure of something and it usually measures behavior knowledge, opinion and attitudes. This research is purely based on the quantitative research. The research design used by the present researcher is both exploratory in nature. The research is exploratory in a sense that the researcher has referred to various literary reviews and contributions of different scholars in the similar fields in order to develop the statement of problems develop hypothesis for the study as well as to gain knowledge on the subject matter of the study. Similarly, the research design of the present research is also conclusive (i.e. descriptive and causal research) in nature as it is based on large, representative samples and the data obtained are to be used for further quantitative analysis.

The research design of the ongoing research is also descriptive as it is used to describe the characteristics of population of the study and it will provide a clear picture of a situation through systematic collection and presentation of data. Descriptive research in the study will provide information like consumer preference, behavior and other related aspects of the population of study. The research design used in the study is casual in nature, as it tends to examine the cause and effect relationship between various variables that has

been used to develop multiple working hypotheses in chapter one of the study. The researcher has mainly collected primary data by conducting a survey through the distribution of well-structured questionnaire. The population of study of the ongoing research study was the general public residing in Kathmandu valley that are exposed to advertisement and watch advertisement on daily basis. There are total of 29,384,297 people residing in Kathmandu valley in the year 2017, as published by (Mundi, 2018). The population of study in the ongoing research will be selected from Kathmandu valley i.e. Kathmandu, Lalitpur and Bhaktapur.

The method of sampling that was used in the ongoing research was convenient sampling. Convenient method of sampling was used based on the convince of the researcher and it helped the research to achieve higher representativeness.

The sampling technique that was used was simple random sampling where the sampling frame and size of sample were determined and then the elements were taken in random manner.

Since, the population of study was very large, the researcher used simple random sampling. For the population that large, Cochran (1963) developed the equation to yield a representative sample for proportion.

$$n_0 = \frac{Z^2 pq}{e^2}$$

Source: (Cochran, 1963)

Here n_0 is the sample size, Z^2 is the abscissa of the normal curve that cuts off an area α at the tails ($1 - \alpha$ equals the desired confidence level, e.g., 95%), e is the desired level of precision, p is the estimated proportion of an attribute that is present in the population, and q is $1-p$.

So the total number of sample size is 385 where the confidence level is 95% and margin of error + or – 0.5.

Model Specification and Hypotheses

The following model is employed to test hypothesis that there is positive relation between consumer behavior and advertisement. Brand equity, brand reputation and product evaluation is the dependent variable for the study. Independents variables used in this study are attention, interest, desire and action. The regression model is used in the study to analyze the interrelationship between dependent and independent variables.

The dependent variable is the function of independent variable. Furthermore, mathematically:

$$VA = \beta_0 + \beta_1A + \beta_2I + \beta_3D + \beta_4Ac + e \dots \dots \dots (1) \text{ Where,}$$

Dependent Variable

BE = Brand Equity

BR = Brand Recognition

PE – Product Evaluation

Independent Variable

A = Attention

I = Interest

D = Desire

Au = Action

Results and discussion

Correlation analysis between study variables

Correlation is a technique for investigating the relationship between two quantitative, continuous variables. To measure the relationship between independent and dependent variable, Pearson correlation has been used in this study. Pearson's correlation is a measure of the strength of the association between the two variables. The variables of the study are attention, interest, desire and action.

Table 1

Correlation between Overall Consumer Behavior and Independent Variables

Correlations					
	Overall Consumer Behavior	Attention	Interest	Desire	Action
Overall Consumer Behavior	1				
Attention	.404**	1			
Interest	.358**	.562**	1		
Desire	.586**	.486**	.660**	1	
Action	.709**	.235**	.213**	.489**	1

** . Correlation is significant at the 0.01 level (2-tailed)

Result Having indicated the descriptive statistics correlation coefficient has been computed in the above table 4.6 we can see that correlation between dependent variable and independent variable. From the above table we can see that the P value being .443 between attention and dependent variable. From this we can infer that they have positive significant relation with each other. Likewise, the P value between interest and dependent variable is .358 from which we can infer that there is a positive significant relation between interest and dependent variable. The P value of desire and dependent variable also has a positive significant relation, which has the value of .586. Lastly, we can see from the table that the P value being .709 is between action and dependent variable. From which we can infer that there is also a positive significant relation with each other.

Regression Analysis This section basically deals with regression results from various specifications of the model to examine the consumer buying decision with its independent variables that include attention, interest, desire and action.

The following table displays the regression of attention, interest, desire and action on customer buying decision. The result of regression model to analyze the impact of advertisement on consumer behavior has been presented.

Table 2
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.772 ^a	.597	.592	.41509

a. Predictors: (Constant), Action, Interest, Attention, Desire

Result The above table 4.7 displays the model summary of the regression table. It illustrates that the coefficient of determinant is .592 which is 59.2 percent, which implies that 59.2 percent of the variance in the dependent variable. The adjusted R square shows that 59.2 percent of the variation in dependent variable is explained by independent variables.

Table 3
Anova Table

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	96.883	4	24.221	140.573	.000 ^b
	Residual	65.474	380	.172		
	Total	162.358	384			

a. Dependent Variable: Overall Consumer Behavior

b. Predictors: (Constant), Attention, Interest, Desire, Action

Result The above table 4.8 displays the analysis of ANOVA with taking dependent variables and independent variables i.e. attention, interest, desire and action. The table shows F value of 140.573, which is significant with $p < 0.001$.

Table 4
Coefficient table

Coefficients^a					
Model	Unstandardized		Standardized		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	.593	.157		3.367	.000
Attention	.166	.041	.160	4.018	.000
Interest	-.010	.040	-.012	-.245	.806
Desire	.204	.041	.244	4.907	.000
Action	.522	.036	.554	14.592	.000

a. Dependent Variable: Overall Consumer Behavior

Result In the above table 4.9 we can see the standard error, beta coefficient t value and significance of all the independent variables Attention, Interest, Desire and Action with respect to the dependent variable being Overall Consumer Behavior. Here from the very beginning of ANOVA table we found that the model used is relevant for the study. Now in the above table we can see that the t value of Attention, Desire and Action being 4.018, 4.907 and 14.592 respectively which is greater than 2. This helps us infer that we accept hypothesis that say Attention, Desire and Action have significant relationship with overall consumer behavior. Whereas we can see the t value of interest being -.245 which means we reject hypothesis saying interest and overall consumer behavior have no significant relationship. Also from the above table we can infer that One unit change in Attention will bring increment of 0.166 in overall consumer behavior, one unit change in interest will

bring no change in overall value addition since the b value is -0.010, one unit change in desire will bring 0.204 increment in overall consumer behavior and one unit change in action brings 0.522 change in overall consumer behavior.

Table 5

Reliability Statistics

Cronbach's Alpha	Number of Items
.878	16

Result The above table 4.10 displays the reliability test between independent and dependent variable. The table shows the Cronbach's alpha value of 87.8%, which is highly significant.

Table 6

Hypothesis Acceptance Table

Hypothesis	Statement	T value	Status
H1	There is positive and significant relationship between the advertisement of a product and the extent of awareness it creates in the minds of consumers.	4.018	Accepted
H2	Advertising has a positive and significant relationship between interests towards the products advertised targeting them.	-0.245	Rejected
H3	There is positive and significant relationship between the advertising being motivational factor to create desire towards product advertised targeting them.	4.907	Accepted

H4 Advertising has a positive and significant 14.592 Accepted
relationship to generate any post-purchase actions
from targeted consumers.

Result In the above table 4.11 we can see the t value that explains the acceptance and rejection of Alternative Hypothesis. Since the t value of H1, H3 and H4 concerned with variables like attention, desire and action is more than 2 we come to conclusion to accept the alternative hypothesis that explain “attention, desire, action and consumer behavior are statistically independent of each other”. On contrary we can see H2 having t value -0.245 which is less than 2. So here we come to conclusion to reject the alternative hypothesis that states, "Interest and consumer behavior have no any significant relationship with consumer behavior”.

Conclusion

The present study was conducted to analyse the impact of advertising elements on consumer behavior. Here the independent variables taken were attention, interest, desire and action. These variables were extracted from AIDA model of advertising. Considering various aspects of advertising, scholars like Moriarty, Burnett and Wells (2014) and Belch, Belch, & Purani (2012), have defined AIDA as the most common and long-standing explanation of advertising effect, which stands for attention, interest, desire, and action. The basic idea of this model is that an advertisement at first gets attention, then it creates interest, then desire, and finally stimulates action. This theory assumes that consumer start with attention and wind up with decision.

The main objective of advertising is to influence the consumer behavior by making consumers aware about the availability of the products. The second objective of advertising is to arouse interest in the viewer’s mind so that they will be excited about the product and that they will repetitively watch the advertisement. Arousing interest is not enough, so the next objective of advertisement is to create a strong desire about the products being advertised, and the advertisement should also be able to create a strong motivation and create a strong need of product in the mind of consumers. The final objective of



advertisement is to convince their consumers to make a final purchase of the product. By viewing the advertisement consumer will make final decision i.e. whether to purchase or not to purchase the brand being advertised, whether to continue the use of product or switch over to other brands, whether to communicate about the good features of brand to other social counterparts or to remain silent and not talk about the brand of product being advertised.

The findings of the research suggest that awareness, desire and action have significant relation on consumer behavior. Whereas interest didn't have significant impact on consumer behavior. This suggests that the advertising should focus on arousing interest in the viewer's mind and should adopt strategies that will make advertisement be a successful in that sector.

From the correlation and ANOVA it was found that the independent variable (interest) and the dependent variable (overall consumer behavior) have no significant relation with each other. Similarly, there was a positive significant relation between the independent variable (attention, desire and action) and the dependent variable (overall consumer behavior).

References

- Abiodun, A. O. (2011). The impact of advertising on sales volume of a product. *A Case Study of Starcomms Plc.* Nigeria.
- Arens , W., & Bovée, C. (1994). *Contemporary Advertising* (5th Edition ed.). Burr Ridge: Richard D. Irwin Inc.
- Arens, W., Weigold, M., & Arens, C. (2010). *Contemporary Advertising* (13th Edition ed.). McGraw-Hill Education.
- Bashir, A., & Malik, N. I. (2009). Effects of advertisement on consumer behaviour of university students.
- Belch, G. E., & Belch, M. A. (2003). *Advertising and Promotion : An Integrated Marketing Communications Perspective* (6th Edition ed.). Tata McGraw-Hill.



- Belch, G. E., & Belch, M. A. (2012). *Advertising and Promotion: An Integrated Marketing Communications Perspective* (9th Edition ed.). McGraw-Hill/Irwin.
- Belch, G. E., Belch, M. A., & Purani, K. (2009). *Advertising and Promotion: An Integrated Marketing Communications Perspective* (7th Edition ed.). Tata McGraw Hill Education.
- Blake, T., Nosko, C., & Adelis, S. (2015). Consumer heterogeneity and paid search effectiveness: A large scale field experiment. *Econometrica. Journal Of The Econometric Society*, 83(1), 155-174.
- Broadbent, S. (1997). *Accountable Advertising : A Handbook for Managers and Analysts* (1st Edition ed.). Admap Publications.
- Cochran, W. G. (1963). *Sampling Techniques*. New York.
- Cooper, D. R., & Schindler, P. S. (2006). *Business Research Methods* (9th Edition ed.). New Delhi: Tata McGraw Hill Education Private Limited.
- Erin , J. H. (2018, January 20). (B. Harris, Ed.) Retrieved from <http://www.wisegeek.com/what-is-the-relationship-between-consumer-behavior-and-advertising.htm>
- Fahy, J., & Jobber, D. (2012). *Foundation of Marketing*. New York: McGraw Hill Higher Education.
- Hansen, F. (1972). *Consumer Choive Behaviour : A Cognitive Theory*. New York & London: Free Press/McMillan.
- Hill, R., & Gardner, M. (1986). The Buying Process : Effects of and on Consumer Mood states. (M. Wallendorf, & P. Anderson, Eds.) *Advances in Consumer Research*, 14, 408-410.
- Ingavale, D. (2013, September). Impact of Advertisements on Purchase Decision of Youth with reference to Consumer Goods. *Advances In Management*, 6(9), 36-40.
- Jones, J. (2002). *The Ultimate Secretes of Advertising*. London: Sage Publications.
- Kotler, P., Armstrong, G., Agnihotri, P. Y., & Haque, E. u. (2010). *Principle of Marketing: A South Asian Perspective*. New Delhi: Dorling Kindersely (India) Pvt.Ltd., license of Pearson Education.
- Kumar, S. D., & Kumar, D. H. (2016). Advertisements'Influences and Antecedents of Purchase Intentionation towards FMCG Products in Chennai City - A Study. *SIBM Pune Research Journal*, XI, 65-70.



- Moriarty, S., Burnett, J., & Wells, D. W. (2014). *Advertising & IMC: Principles and Practice, Student Value Edition* (10th Edition ed.). Prentice Hall.
- Mundi, I. (2018). Retrieved from Index Mundi:
https://www.indexmundi.com/nepal/demographics_profile.html
- Oberholzer, R., Kock, D. d., & Walker, K. (2008). Routes of persuasion utilised in advertising appeals of South African revenue service among taxpayers in Guateng. Routes of persuasion utilised in advertising appeals of South African revenue service among taxpayers in Guateng, South Africa. *Southern African Business Review*, 12(2), 23-48.
- Perreault, W., & McCarthy, E. (1997). *Basic Marketing: A Global-Managerial Approach* (12th Edition ed.). McGraw-Hill Companies.
- Pope, D. (1983). *The Making of Modern Advertising*. New York: Basic Books.
- Rawal, P. (2013). AIDA Marketing Communication Model: Stimulating a purchase decision in the minds of the consumers through a linear progression of steps. *IRC'S INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH IN SOCIAL & MANAGEMENT SCIENCES*, 1(1).
- Robbs, B. (2009). *Advertising*. Redmond: Microsoft Corporation.
- Semenik, R. J., Allen, C. T., O'Guinn, T. C., & Kaufmann, H. R. (2012). *Advertising and Promotions: An Integrated Brand Approach* (6th Edition ed.). New Delhi: Cengage Learning.
- Tuckwell, K. J. (1992). *Canadian Advertising in Action* (2nd Edition ed.). Ontario: Prentice - Hall Canada Inc.